



Currie & Brown

Scotland's Challenge

by Stephen Gemmell

Public service spending is beginning to dominate political, economic and social debate in the UK, as the coalition government grapples with the legacy of an ambitious expansion of services, coupled with the credit crunch.

It always seems easy to cut public spending, but the devil is in the detail.

For example, is it wise to halt capital spending as a way to cut budgets, or is that simply a means of delaying the inevitable? Assets need to be upgraded and replaced, whether they be schools, hospital facilities, or community facilities.

On the other hand, cutbacks in revenue spending – the year on year costs of running facilities, employing people and so on – may seem more attractive to central and local government agencies as they try to find ways to cut spending very quickly.

The UK coalition's recent statements, the emergency budget and the Treasury's autumn statement underline the need to cut public spending forcefully and quickly.

However, there is an important element to the whole debate about spending, it is not about how much is spent, but how it is spent. It is abundantly clear that a strategic approach that takes into account the life span of assets such as buildings and information technology systems actually saves money.

The current buzz phrases are "shared services", "hub", "operational efficiency" and "total place". At various levels, the providers of local services – such as councils, police, and health, for example – are being urged to work together to make better use of their assets.



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This is Scotland's challenge. Whatever the debate about protecting certain spending levels, especially in key services, the plain fact is that we shall have to deliver more for less and for the foreseeable future.

Based on our experience at the heart of project management and providing technical advice to major projects such as the Access LLP project in Glasgow, or major capital expenditure projects in the health and education sectors, we believe that a more strategic approach could save hundreds of millions in property running costs.

Services could be protected, and even enhanced, while saving that money. There is real potential for the public sector to achieve savings in the order of 20 per cent by taking a much more holistic approach to managing assets; seeing beyond the "bricks and mortar" to the people, technology and ultimately the citizen-consumers who use services.

Audit Scotland looked into asset management in Scotland's local authorities

and identified total spending on property running costs for council buildings at £1.1 billion. A tailored whole life asset management strategy could deliver up to 20 per cent savings on those costs - around £200 million that could provide more spending, or savings.

The Scottish Government owns over 700 buildings, yet a review in 2008 revealed that asset management strategies only existed for one-third of the estate, so there is huge potential for efficiency savings.

Significant operational savings are available by taking a long-term approach and examining work practices – including flexible working, 'hot-desking' and so on – and the likely IT and space requirements over a medium to long term outlook.

There is a clear link between improving services and sound asset management where service delivery plans drive the asset response.

So while the need to reduce spending and therefore debt is vital for the UK right now, real savings and real gains will only be made if a long-term strategy is developed. We can deliver far more efficient public services without loss of quality but at significantly lower cost by focusing on how we use facilities and the way we deliver property services.

How we do that must be a key part of public debate, as much as the urgent need to remove billions of pounds from public expenditure.

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