

# Strategic Asset Management Plan 2017/18

## Department for Work & Pensions

### Executive Summary

DWP does not own any of the property it occupies. Around 96% of its sites are occupied under the Private Sector Resource Initiative for Management of the Estate (PRIME contract) with Telereal Trillium (TT): of the circa 850 buildings in the estate over three quarters are customer facing Jobcentres, others are a mixture of back office, support and corporate sites. The remaining 4% is split between DWP's occupation of the Newcastle Estate (3.4%) and other Memorandum of Terms for Occupation with other Government Departments and Co-locations with Local Authorities (0.6%).

In March 2018 the PRIME contract will end and DWP has an associated ability to vacate buildings. This opportunity is significant and means that DWP can plan around the whole portfolio to maximise efficiency, provide the right footprint for the Department and optimise cost at 31st March 2018.

Delivering a more cost effective estate is a key area through which we will achieve savings to meet SR challenge. Our 20-year PRIME estate contract with Telereal Trillium expires in March 2018. Through our People and Locations programme (PLP) we have used this opportunity to rationalise our property portfolio and to negotiate more flexible terms, whilst reflecting the needs of corporate, digital, back-office and public-facing functions within the Department.

We aim to deliver an estate that is able to meet changing demand over time by negotiating for the space we need, identifying co-location opportunities with Local Authorities and improving the working environment.

The PLP blueprint represents a significant programme that drives:

- Consolidation of the Estate from 1,000 sites to 801 sites by 2018
- Active co-location programme that primarily seeks to co-locate jobcentres in local council buildings (in alignment with the One Public Estate agenda)
- Hub Consolidations in major UK cities (in alignment with GPU National Hub Strategy) as well as other targeted acquisitions
- Negotiation of leases across the Estate incorporating 5 year flexibility where possible (in alignment with National Property Control guidance)
- Corporate Centre Strategy, which incorporates Smart Working.

The exit of the PRIME contract has also enabled us to redesign the way in which our estates will be managed and maintained in the future. We are implementing a Target Operating Model (TOM) which will drive continuous improvement in the efficient and effective use of our estate, for our staff and customers, whilst

providing best value through our supply chain partners. The TOM will be constructed through contracts awarded in 2017 and by building up the in-house capability of the Estates Organisation within DWP. The procurement of the Integrator and the principal supply chain (Facilities Management, Security, Lease and Landlord Management and Projects) is currently in progress.

The future Estates Organisation is being designed and will be implemented in parallel with the supply chain restructuring. This involves a significant repositioning into a strategic, high performing real estate function, delivering real estate operational excellence which is aligned to the business, and which is recognised across Government as a leader in its field.

The rationalised estate and the new TOM is expected to provide an overall reduction in estate running costs averaging £143m per annum over ten years in economic terms starting from April 2018 and £168m per annum in financial terms.

We are on track to meet our target to exit the Telereal Trillium Prime contract by March 2018 but there are significant challenges and milestones which need to be achieved by this date.