

## Department For Work & Pensions (DWP)

### Strategic Asset Management Plan - Executive Summary

#### **Key Statistics**

|   | <b>Outturn for FY 18/19</b>   |
|---|---|
| <b>Total estate running cost (annual)</b>   | £517 million (TOC <sup>1</sup> – gross)<br>£499 million (TOC – net)<br>£620 million total estates outturn |
| <b>Holdings (number)</b>                    | 807   |
| <b>Floorspace (buildings) sq.m</b>          | 1.4 million   |
| <b>Land area (ha)</b>                       | n/a   |
| <b>Any planned land release for housing</b> | n/a   |
| <b>Staff number (headcount/ FTE)</b>        | 74,000 (ex contractors)<br>78,000 (inc contractors)   |
| <b>Locations (towns)</b>                    | 555   |

- The Department for Work and Pensions (DWP) estate comprises primarily of Corporate Centres (CC), Back of House (BoH) Offices, Job Centres (JCP) and Health Assessment Centres (HAC).
- The total estate is 1.4 million sqm across 807 sites and 555 locations, accommodating circa 78k FTEs and costing £482 million pa in net total occupancy cost (TOC).
- The estate is 100% leasehold and is held on generally flexible lease terms, spread relatively evenly across the UK.
- Space occupancy has improved since the end of the PRIME contract, albeit remaining slightly above occupancy targets of 16 sq m per FTE for job centres and 8 sqm per FTE for office space.
- Progress has been made in terms of space rationalisation over the last 3 years (from 1.6 million sq m to 1.4 million sq m). There is further consolidation planned in the coming years in order to move closer to occupancy targets.
- During 2019/2020 the estate in overall terms will be stable in terms of sq m and number of sites.

#### **Our Business**

The DWP is responsible for welfare, pensions and child maintenance policy. As the UK's biggest public service department it administers the State Pension and a range of working age, disability and ill health benefits to around 18 million claimants and customers.

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<sup>1</sup> TOC = rent, rates, service charge, supply chain, utilities (FM, Security, Integrator, LLM, Legal)

DWP is a ministerial department, supported by 14 agencies and public bodies, including the Health and Safety Executive, The Pensions Regulator and the Pension Protection Fund.

Our business priorities include dealing with automatic enrolment in workplace pensions, use of European funds, and work on household energy, poverty and social justice, care for older people, and reforms to state pension age, child maintenance, employment, health and safety, and welfare.

The department's objectives are to:

- Build a more prosperous society by supporting people into work and helping them to realise their potential.
- Improve outcomes and ensure financial security for disabled people and people with health conditions by increasing opportunities to realise their full potential with the help of the welfare system and through the labour market.
- Ensure financial security for current and future pensioners by: helping people to increase their pension savings; providing information on their private and state pension provision to enable effective planning for the future; and supporting older people to extend their working lives.
- Increase every child's opportunity to succeed by helping separated parents agree effective child maintenance arrangements and supporting families in distress to reduce parental breakdown and separation.
- Transform our services and work with the devolved administrations to deliver an effective welfare system for citizens when they need it while reducing costs, and achieving value for money for taxpayers.

Further information is available in our single departmental plan<sup>2</sup>.

### ***Our Estate***

- DWP successfully exited the 20 Year PFI ("Prime") contract at the end of March 2018, the first major PFI exit of its kind across government.
- This has resulted in the successful implementation of the new Estates Operating Model, the successful mobilisation of the new estates supply chain, successful estates rationalisation from 905 offices to 810 offices as well as securing a flexible estate for DWP that is more efficient and better suited to its operational requirements. The portfolio current stands at 807 properties.
- This fundamental change was delivered at zero service interruption.
- The new structure for DWP estates provision took effect from 1 April 2018 and is expected to save £1.4 billion over ten years. Rather than having one long-term contractual relationship, the new approach is more flexible with discrete suppliers with whom DWP contract directly to provide the necessary services including: facilities management, security services, projects, landlord and lease management, and furniture, fittings and equipment.

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<sup>2</sup> available at:

<https://www.gov.uk/government/publications/department-for-work-and-pensions-single-departmental-plan>

- 2018-19 has seen the bedding in of the new DWP operating model, the new independent “integrator” partner and new supplier arrangements as well as the DWP more generally getting accustomed to the new ways of working.
- The deliberate increased level of transparency across all aspects of estates in terms of cost, quality, activity and performance has meant that DWP is now in a far better position to make informed and evidence based decisions.
- Through 2018-19 estates have also positively responding to the departmental challenge of being more centrally responsible for end to end delivery across estates related change, co-ordinating and managing across not just the estates supply chain but also across internal departmental delivery partners.
- The changes and improvements to the estate have also continued through 2018-2019, through ongoing office consolidation, the opening of new offices and job centres, as well as an increased level of lifecycle investment across the estate aimed at improving portfolio quality and resilience.

### **Refreshing Estate (Portfolio) Strategy**

The department estates strategy is currently being refreshed as part of the Network Design 2023 and SR19 work, in several workstreams:

**Back of House (BoH) Operations** – the department location strategy has been revisited, which largely corroborates the remaining transitional locations under P&LP and the further consolidations planned particularly in 2020/2021 and then 2022/2023 in line with transitional leases and further lease breaks. The ambition is to achieve PAS3000 compliance (Cabinet Office guidelines) with regard to Smartworking, footprint efficiency, portfolio quality and sustainability. DWP is also fully engaged with the GPA Hubs Programme and Places for Growth and the Department will continue to work with Cabinet Office to bring forward proposals ahead of the next Spending Review.

**Front of House (FoH) Network** – DWP is currently reviewing targets for the front office job centre network, with particular regard to efficiency, actual UC full service roll footfall and demand, the ongoing colocation agenda and ensuring adequate investment in the estate to ensure quality improvements and appropriate platform from front line services to the departments customer base.

**Health Assessment Centre (HAC) Portfolio** - DWP is currently planning the HAC portfolio, linked to the operational decisions around how the currently outsourced Health Assessment services are delivered. There are multiple scenarios being reviewed for which the estates consequence. Estates are working closely with the Operational Design and Commercial teams to assess options and impact as part of the overall Health Transformation Programme (HTP) business case. It is anticipated that the outcome could involve further sites coming into the DWP estate.

The resultant strategies that will form the basis of SR19 are aimed at ensuring the P&LP final business case is delivered and if possible that further savings can be delivered.

### **Smarter working and using property as a catalyst for change within the department**

- The intent for smarter working in back of house office environments is to move to a position of multi product line buildings where physical, digital, training and HR policies work together to provide greater operational resilience, flexibility and efficiency.
- There are a number of new buildings that have and are scheduled to come into the estate (Cardiff, Birmingham, Hastings, Glasgow, Manchester) and will provide modern working environments that can operate smarter working practises. These buildings provide anchor and catalyst points from which the department can transform its operations.

### **Take full advantage of portfolio flexibility, through planning for the longer term now and ensuring capability remains in place beyond the end of the PRIME contract**

- The department remains on track to deliver the further portfolio consolidation envisaged under the final P&LP business case and associated transitional lease arrangements (hub consolidations and further colocations).
- The further opportunities for change then fall primarily at 2023, in line with the extensive lease breaks across the estate at that point.
- The department are currently actively planning for further footprint rationalisation at that juncture as well as identifying opportunities to leverage savings through lease renegotiation where flexibility is not required.
- Estates have invested in portfolio planning capability and a best in class supply chain in recognition of the requirement to more actively manage and plan the estate into the future

### **Focus on controlling costs and making decisions in light of wider departmental affordability rather than on a case by case basis**

- The department is taking a dual approach to cost management.
- Estates are developing a whole of portfolio cost simulation and scenario model that will provide the overall direction of travel and targets (running cost and implementation).
- This is being done to ensure that property by property decisions can be made both on standalone basis but also with a lens on holistic portfolio level impact.
- This is both to ensure integrity of strategic portfolio management as well as value for money case by case decisions.
- It is crucial that decisions be made beyond just pure financial drivers and are equally minded towards portfolio performance in a wider sense (including drivers relating to quality, operationally and sustainability).

### **Ensuring property decisions are embedded fully within standard business planning cycles**

As part of Programme closure a fully documented approach was created and agreed to that ensured the standard business planning process cycle was enhanced with estates input. This included the establishment of a Strategic Oversight Board and a specific Property Board sub-group. Similarly, the operational planning capability was enhanced with skills from

the People and Locations Programme to ensure the business as usual teams were factoring this activity in all decision making.

## **Our Capability**

- The Estates Vision under the new operating model is “to be a strategic, high performing real estate function which is aligned to the business and recognised across Government as a leader in its field”.
- DWP Estates have implemented the new internal organisation design as well as the new estates supply chain. The new structure for DWP estates provision took effect from 1 April 2018.
- The Operating Model targets continuous improvement in the efficient and effective use of our estate, for our staff and customers, while providing best value through our supply chain partners. The new supply chain has been operational throughout 2018/19.
- DWP Estates now has fully functional Strategy & Planning, Compliance and Service Delivery teams supported by an Integrator (Sodexo) and supply chain to deliver the approved estates strategy.
- The Strategy & Planning function (Business Intelligence, Portfolio Planning and Stakeholder Engagement) serve to develop the DWP estates function into an Intelligence Client Function.
- The estates function has aligned all roles to the wider Government job families and has also aligned training and development needs working closely with GPP (Government Property Profession). Therefore the structure and framework are in place to enable DWP estates to continue to develop capability and to progress towards the overall vision for the function.
- Through 2018-19 estates have also positively responded to the departmental challenge of being more centrally responsible for end to end delivery across estates related change, co-ordinating and managing across not just the estates supply chain but also across internal departmental delivery partners.
- DWP is in dialogue with Cabinet Office regarding the extend and timing of any on-boarding of the DWP portfolio and associated management into GPA.