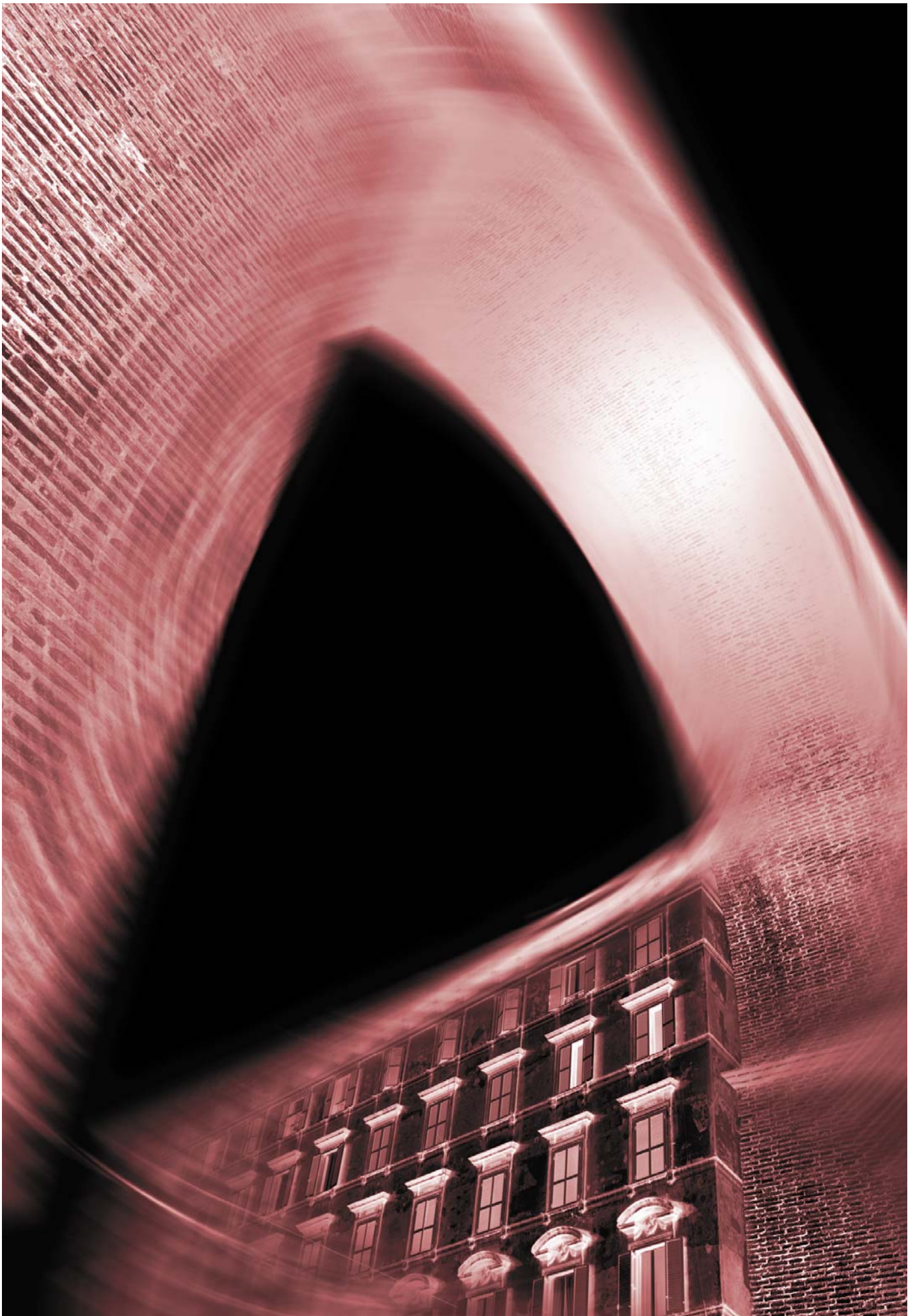


PURENET 2007 – 2010

Beyond the bricks

**Creating value
through cooperation**



summary

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Economic growth slowed significantly in the last couple of years, and therefore financial conditions are likely to remain more difficult than before the crisis. This

energy consumption -, urban development and regeneration together with emission cuts are key challenges for every European country. Therefore paramount importance

Three years of international cooperation

will probably lead to an even stronger emphasis, from the policymaker's side, on cost containment and efficiency improvement in particular for the public sector, given its significant proportion of overall spending. Modernisation plans for the public sector are under way in Europe both at system (e.g. increased emphasis on performance based management) and at

service delivery levels (e.g. E-government uptake and level of readiness) to

achieve higher levels of satisfaction for citizens and other stakeholders.

With the increasing worldwide demand for use of urban land - and urban areas in the EU accounting for some 70% of total

is being placed on energy performance monitoring and improvement of public buildings (HQ offices, client-facing offices or other administrative offices), quite often located in city centres, and on the development of eco-buildings and eco-constructions. Property asset management should be positioned as a strategic arm of

OECD countries account for an average 14% of public sector employees over the total

a public sector organisation's business delivery in order to achieve a rationalised "fit for purpose" and sustainable public sector estate, given that property is for most organisations a quite expensive asset

together with staff. Given the huge amount of floor space which is being used, even minor improvements in performance will end up in significant opportunities for delivering savings.

This report summarises the main issues addressed and the results achieved so far by the Public Real Estate Network

(PuRE-net), almost 3 years after its first plenary meeting. PuRE-net is a group of Government organisations aiming at supporting the development and dissemination of a culture and approach to better

been possible without the commitment, support and experience - coupled with a knowledge sharing approach - of a number of member organisations from 16

By 2030 cities are expected to account for more than 60% of the world's population

European Countries.

We are convinced that public estate will remain a critical issue and that networking, data collection, analysis and best practice identification and dissemination will

strongly contribute, over the medium-long term, to overall performance improvement

More than 40% of the total final energy demand in Europe is related to non-residential buildings

property asset management that requires transparency, evidence based review, positive challenge and continuous improvement among participant organisations. A quite simple idea, yet a significant step forward on achieving effective pan European intelligence gathering, that could not have

and saving achievements envisaged by a single State's financial plans.



PuRE-net - launched in October 2007 - is an international network of Government organisations and their representatives that are responsible for public properties in their own countries. This responsibility is delivered either as an owner and manager of property, or as a coordinator for

ships within the public sector.

PuRE-net aims to provide the public real estate community with effective solutions in matters of common interest encouraging discussions regarding issues that impact the public real estate sector.

The network represents a think tank

What is PuRE-net

16 active members from across Europe

improvement in property owned or occupied by individual government organisations.

PuRE-net is committed to ever-increasing quality and continuous improvement for

where members - drawing upon the experience of its participating countries - grow through knowledge sharing and problem solving in the use of land and buildings to support complex planning and

Countries' total population represents 82% of the UE 27

its members. PuRE-net runs its activities through a number of technical work groups focused on different topics, a collection of annual meetings and the extensive use of the web to build close relation-

development of programmes and projects. The network relies heavily on the proactive contribution of its members, reflecting a full range of disciplines, traditions and cultures from different countries.

The main objective is to share knowledge and identify possible standards, to improve work procedures under a common public real estate reference framework.

Members are committed to:

- ▶ fostering collaboration, exploring issues of urbanization, conservation, regeneration, land use, capital formation and

The average number of Ministers in the member countries amounts to 18, with a maximum of 23 and a minimum of 13

Mission & Objectives

The mission statement of PuRE-net is to promote, develop and represent a public real estate reference framework, intended to help its members to improve their organisations, to build interpersonal relationships and cooperate for a highly effective and responsible use of public real estate assets.

sustainable development;

- ▶ advancing land use policies and design practices that respect the uniqueness of both buildings and natural environments;
- ▶ sharing knowledge through education, applied research, publishing and electronic media;
- ▶ sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Principles & Governance

Membership of PuRE-net is open to senior Government officials in the public real estate arena that find it beneficial to belong to an international community in their area of work.

The President

The PuRE-net President - elected for a term of 2 years by two thirds majority of the members - chairs the annual conference and the meetings of the Steering Committee.

The Steering Committee

The Committee is composed by 7 members - elected for a term of 2 years - drawn from the member countries.

The Secretariat

The monitoring and support of the day to day operation is the responsibility of the secretariat whose function covers, among the others, PuRE-net website operation and improvement.

Some statistics about PuRE-net participants

A comparison among the 16 PuRE-net countries shows that on average govern-

4 member countries have at least two cities with more than 1 million inhabitants

ment employment accounts for 16.5 % of the total labour force (OECD average being 14.8). The percentage - at more than 20% - is higher in Scandinavian countries. Another interesting statistic is the age

profile of public sector workers: 88% of the employees of PuRE-net members range between 35 and 50 years old, and almost one third (33%) will retire in the next 15 years.

The 16 participating countries have 82 cities with over 300.000 inhabitants. But there are quite large differences: more than the half (45) is comprised in three countries - Germany, Spain and United Kingdom - with more than 10 cities each.

Considering only cities above 1 million inhabitants, the list become shorter with just 12 cities from 8 different countries.

Most of the participating countries' employees are young

Another aspect concerns the distribution of the national population into urban and rural regions: across the 16 countries, on average 40% of the population resides in urban regions.

Belgium and the Netherlands are the most “urbanised” with 80% of their population living in these areas. These two countries also have the highest population densities

The use of renewable energy by PuRE-net members to offset gross energy consumption is variable: on average this is 13% of total energy consumption but

The population density of the member countries varies from 350 to less than 20 inhabitants per sq km

of the PuRE-net community.

Conversely, around 24% of the population of participating countries live in rural regions (50% in Finland, Norway and Sweden, which also have the lowest population densities).

within a range between 2% and 46%.

The top 30 world economies in terms of fixed broadband subscribers (per 100 population) include 13 member countries, which have an average of 28.5% of users.

The work done so far

From the operational point of view, PuRE-net activities are:



In less than three years of activity three annual conferences have been held, several working tables have been launched to address issues of common interests, some collaborative projects on specific technical issues have been activated. Working Tables are active on the following topics, with a number of final papers already produced: Strategic systems and tools, Building performances, (including environmental performance), Public procurement law, Corporate social responsibility, Cultural heritage and Core business IT systems. To facilitate information exchange and networking among participants, a dedicated website has been developed with complete information about members and activities of the network, making PuRE-net a truly professional community.

www.pure-net.org



Focus: Context setting survey

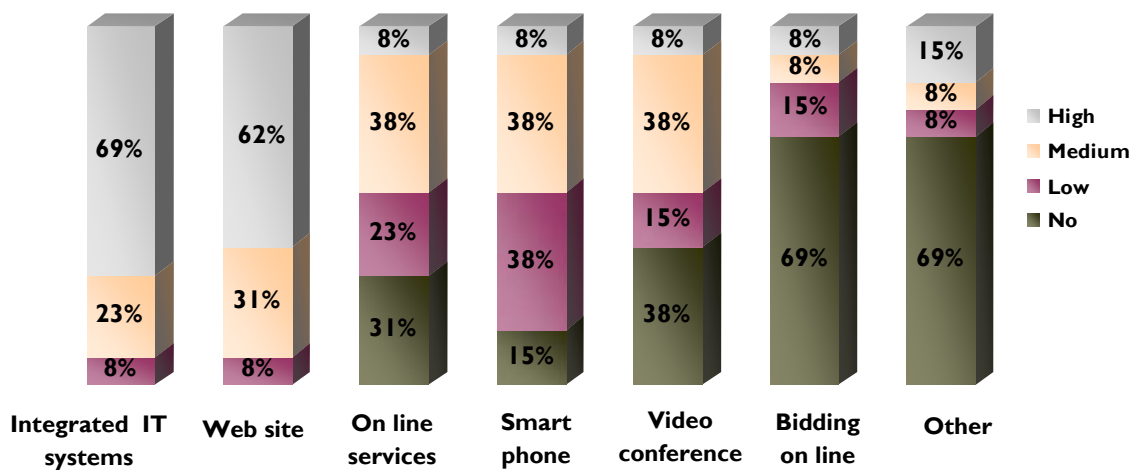
In November 2009 a survey was launched among PuRE-net members to improve the level of knowledge about the organisations and their systems for managing their portfolios, and to provide an overall picture of the key issues being addressed and value chain activities.

Some key findings have emerged:

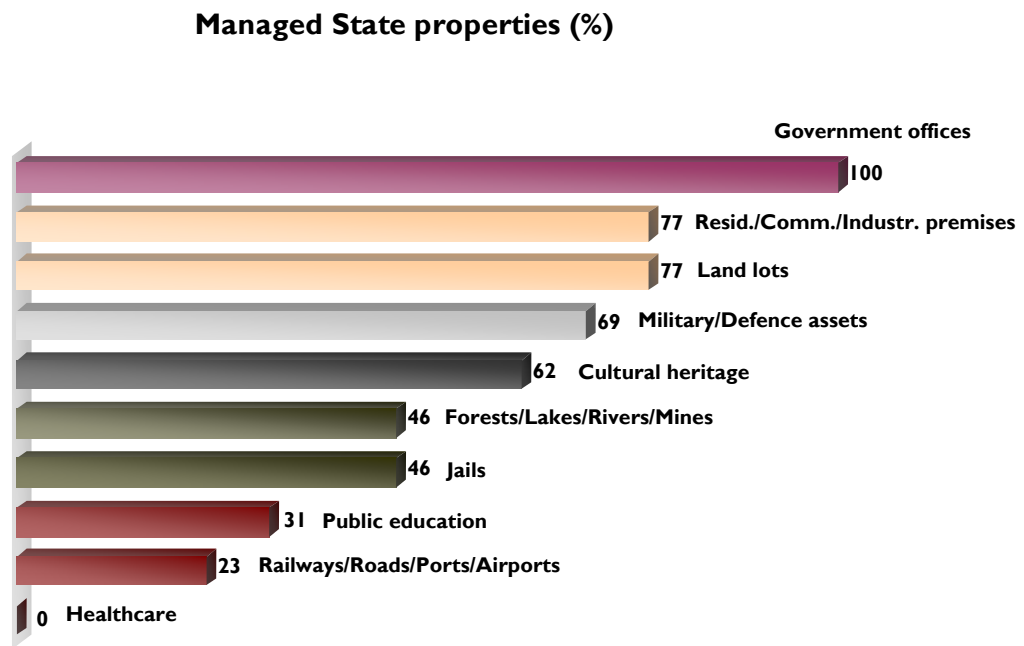
- ▶ The role and purpose of the member organisations are broadly homogeneous, with all mainly focused on managing State properties and providing optimal solutions for their government estate.
- ▶ A further comparison among PuRE-net members highlights that the majority of the countries placed emphasis on public real estate management issues from the 90's.
- ▶ All participating countries have a central controlling or coordinating body with varying degrees of regulation; medium to low for 69% of organisations and higher for 31%.
- ▶ The majority of organisations rely on a public budget, with some of them also funded from other income.
- ▶ No single European model for public real estate exists. Different contexts lead to quite different organisational solutions.
- ▶ A number of common issues are facing the organisations. More emphasis being recently placed on: portfolio knowledge, effective asset management, environmental impact and energy consumption, cost containment.

- ▶ Ownership of the managed estate is distributed among the State (62%) and the Organisations themselves (38%).
- ▶ On average, an organisation's operation (processes and/or core decisions) is influenced by approximately 7 external stakeholders. Norway has the highest number of external stakeholders and Denmark and Finland the lowest.
- ▶ Most influential external stakeholders are: Ministry of Economy and Finance, Ministry of Cultural Heritage, Local Authorities, Ministry of Transport and Court of Auditors.
- ▶ 100% of respondents manage core data through an integrated IT systems (and the institutional website). Widely adopted technologies are: on line services (69%), smart phones (85%), video conference (62%) and bidding on line procedures (31%).

IT systems



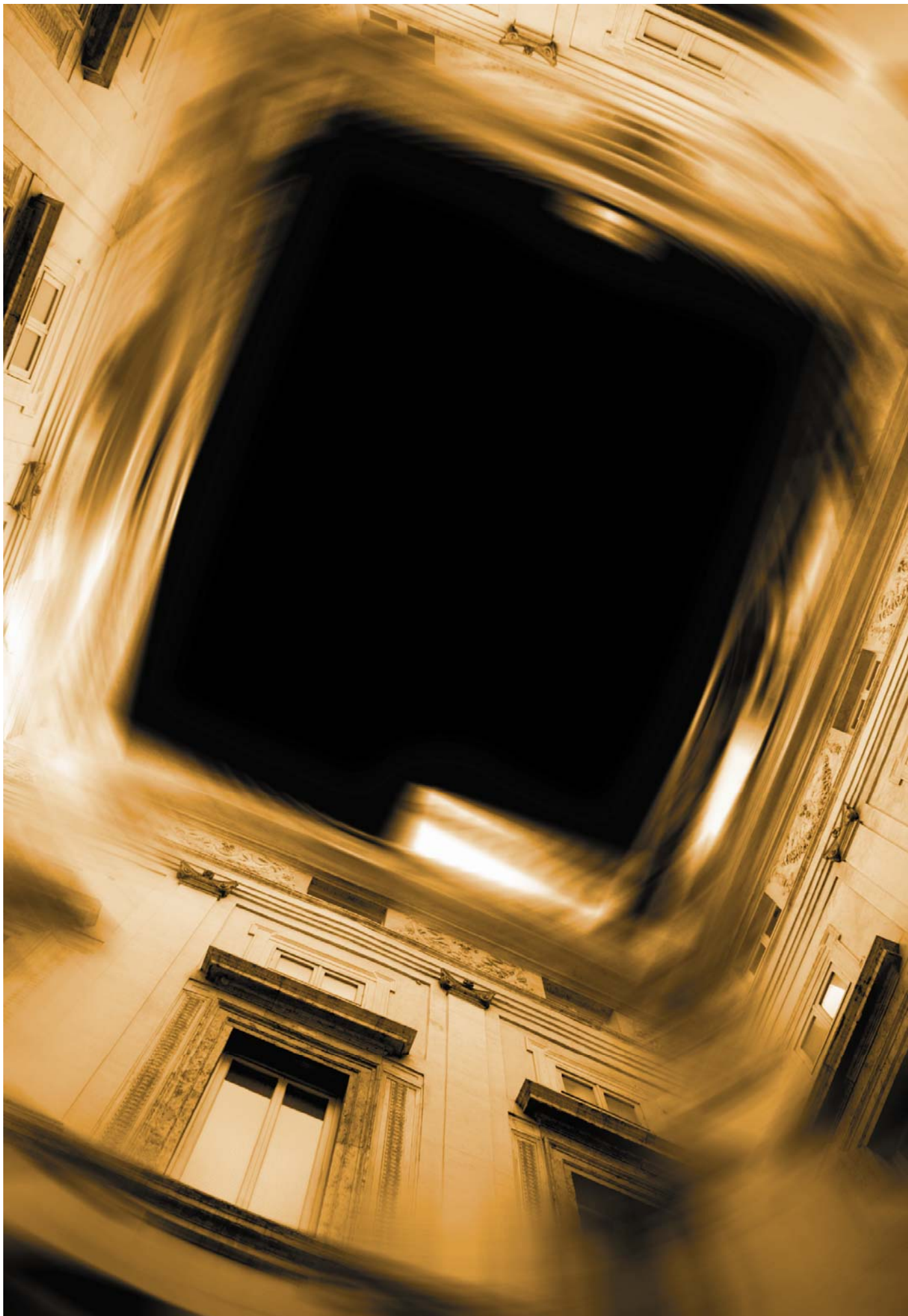
► Managed portfolios are mainly comprised of government offices and land lots, with 69% of organisations also managing military/defence assets and 62% of them cultural heritage estate too.



► 92% of organisations cover the entire RE value chain - which includes portfolio strategy definition, investment, redevelopment, property and facility management, sales and funds.

► On average, more technical and labour intensive activities are outsourced, while fund set-up and management are still considered not strategically relevant.





Focus: learning programme

The “Learning programme” is a PuRE-net initiative aimed at building-up and disseminating common basic knowledge of public real estate management key issues in order to facilitate and increase operational interaction between the participating countries and future staff mobility. An interactive distance learning experience - supported by the use of internet and the latest multimedia technologies - is focused on young employees within the network, who will be given the opportunity to participate in web-based “learning laboratories” on selected common interest topics.

The main goals of this initiative are to:

- Achieve direct involvement and empowerment of staff
- Rethink and challenge existing practices
- Provide participative and reflective open discussion
- Stimulate organisational development
- Deliver clear, effective and high impact results

**Emphasis
on individual
talent and
knowledge
dissemination**

Each lab is composed by a small group of people with complementary skills committed to develop learning multimedia content which will be published on line. Each lab has a nominated tutor with the key role of supporting and guiding participants to become a truly integrated development team. Final content delivered by the lab is intended to be shared with other PuRE-net employees through the network website.

The expected outcomes from the labs will address organisational development and personal plus professional growth for the participants. The first pilot lab on cultural heritage was launched in January 2010, tutored by Sweden, with 4 other Countries participating.

Some Public estate experiences

System governance

- Different governance models are in use among PuRE-net member countries.
- In the Netherlands, the Real Estate Council was established in 2001 by the government to improve cooperation between existing agencies and strengthen central government's position and role in the commercial property market.

Government estate performance improvement

- The UK Government office estate is worth £30 billion and costs £3.6 billion a year to run.
- In November 2006, a seven year strategy was launched for transforming the management and use of the estate.
- The programme is expected to realise savings between £1 billion and £1.5 billion a year by 2013. Savings of £740 million had been achieved by the end of 2009, average space use had reduced from 17 sq ms per person to 13.1 sq ms and the average cost per sq m was £319. The overall size of the estate had reduced by 660,000 sq ms to 10.7 million sq ms.

Strategic systems and tools

- The focal point is the use of strategic frameworks and models (e.g. the strategy map, already in use in Denmark, Finland, Italy) with an holistic approach.
- Such models could be used to build bridges between strategy and people management, as well as to improve efficiency and organisational development.
- There is a continuous and increasing interest in helping each other to address common existing strategic challenges, such as budget and energy-efficiency.

Corporate social responsibility

- Activities and service solutions should be based on environmental, economical and social sustainability.
- Healthy construction, sustainable development and minimising the environmental impacts are among the key issues.
- Social Responsibility Reports have been published by PuRE-net members (Finland and Greece).

Cultural heritage redevelopment

- Economic value could also be found in cultural heritage assets.
- Investments are necessary for profitable development.
- Global approach with regard to property, surroundings and relevant stakeholders is recommended.
- Development does not always implies rents maximisation although accurate tenant selection is paramount.

Public procurement

- Optimal use of private market (increased cross-border competition) to get more for less expenditure.
- Output/Outcome specifications rather than process/product specifications (in particular for energy saving contracts).
- Purchase process improvement due to electronic procurement.

PuRE-net current active members

- ▶ Austria
- ▶ Belgium
- ▶ Czech Republic
- ▶ Denmark
- ▶ Estonia
- ▶ Finland
- ▶ France
- ▶ Germany
- ▶ Greece
- ▶ Italy
- ▶ Norway
- ▶ Republic of Slovak
- ▶ Spain
- ▶ Sweden
- ▶ The Netherlands
- ▶ United Kingdom

www.pure-net.org



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