Abstract
Recent management initiatives in both local government and corporate property management contain an inherent human factor. Initiatives range from those contained in ‘New Public Management’ with its general adoption of private sector approaches; specific local government initiatives such as Best Value and the service-balanced approach to facilities performance; and private sector property management practices such as Joroff’s 5 levels of evolution in Corporate Real Estate management (CREM), and Corporate Infrastructure Resources. Within each of these initiatives are several dimensions –physical, financial, strategic, process, political and human. This paper teases out the human dimension contained in each initiative as an argument for a new epistemology. Several possible methods of enquiry are proposed to provide this new basis of knowledge for strategic local government property management, and as a future field of research.

Keywords
Best Value, corporate real estate, local government, property management, strategic management.

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Introduction

Local government property management has the physical asset as a powerful focus. Issues of their physical construction and maintenance, and their financing dominate both management practice and the literature. Recent topics include quantification of assets (Deans 1999), asset valuation (Bishop 1997), adoption of a corporate approach (Ching 1994), change in local authorities (Lander 1995; Westwater 1993), capital improvement preferences (Hildreth 1997), performance management (Kloot 1999; Jones 2001; Sanderson 2001), and managerialism (Van Gramberg & Teicher 2000).

On the face of it, this emphasis appears to satisfy accountability for and governance of the asset, a key requirement of public administration (Bishop 1997, 172-3; Aulich et al. 2001).

The physical-financial foci, through recurrent practice, are evidence of an epistemology (basis of knowing (Macey 2000)) that emphasises tangibility.

However, local government is a more contested arena than merely being public administration. Is local government an agency of central government, or a manifestation of local democracy (Saunders 1979; McNeill 1997)? Is such a democracy representational or participatory (Lowndes et al. 2001a & 2001b)? Is local government management, or democracy (Newnham & Winston 1997, 111-2)? Are a city’s residents disinterested ‘hotel’ guests, or local citizens engaged in a political community (Friedmann 1999), or civil society? Are residents citizens or customers (Corrigan & Joyce 1997)? Are local government’s services the leftovers from central government’s brief (Winder 2001; Newnham & Winston 1997, 105), or of vital importance to their community (Michalos & Zumbo 1999)? What is community (Barnett & Crowther 1998; Gibson & Cameron 2001; Hesselbein et al. 1998)?

Answers to any of the above questions, to the extent they are answerable at all, rarely require ways of knowing about the tangible. Rather intangibles predominate; intangibles, perversely, capable of provoking both uproar and disinterest.

Aim

Through a re-examination of recent bodies of literature on local government reform and corporate property management this paper aims to identify a human dimension, inherent but overlooked, in the literature. Identifying this conceptual thread reveals the need for an epistemology applicable to this intangible human dimension for local government property management. Several possible methods of enquiry are identified to address this basis of knowledge, providing a field of future research in strategic local government property management.

Context

Both local government and property management have been subject to a range of influences or initiatives that come together in consideration of current local government property management practice. Six initiatives from both fields are discussed in this paper to discern ways of approaching local government property management that reflects the current political and management environment.

The structure and scope of local government activity varies depending on its national political context. Australian local government is typically limited in its responsibility. It is largely restricted to property related services and a range of relatively minor person related services. It has little or no control over major local social policy issues such as education, health, and law and order, in contrast to other local government systems such as the US, or the UK (McNeill 1997).
The initiatives

1. Public sector reform generally
Recent local government reforms represent responses to a range of political, social and administrative forces. In an Australian context it is true that these forces have largely been generated externally to local government itself (Wensing 1997; Johnston 1997).

Reform in local government is integral with a general push for reform in public administration (Corrigan & Joyce 1997). The reform is generally a response to considerations that public management is considered moribund and inefficient (Aulich et al. 2001). The ‘answer,’ according to E.V. Salas (as cited by Osborne & Gaebler 1992) is to consider government as being about ‘steering’ rather than ‘rowing.’ Otherwise called ‘New Public Management’ (NPM), various authors have identified component threads as being marketisation and managerialism (Tucker 1997, Deakin 1999), managerialism and entrepreneurialism (Murphy & Wu 1999). These threads, intellectually, draw heavily on private sector models of management.

Rather than a coherent theory, NPM is more of a loose collected set of ideas that augments rather than totally replaces previous conceptions of public administration (Aulich et al. 2001, 14-15). These ideas cluster around several themes:

- Adoption of publicly disseminated performance measures;
- Separation of policy making and service delivery functions thereby opening up opportunities for public contestability of public service provision;
- Preference for private sector models of relating, including:
  - Human resource management (HRM) policies (for example, short-term labour contracts and performance-related reward systems);
- Strategic and business planning; and
- Greater customer orientation with an emphasis on customers as consumers of services rather than citizenship or other models of relating (after Aulich et al. 2001,15; Van Gramberg & Teicher 2000, 476-7 similarly).

In reform considerations parallel to NPM, Thomas (1995, 1999) and Kramer (1999) separately contend that issues of participation, citizenship and public-ness are important. Lowndes, similarly considers innovations in public participation processes in UK local government (Lowndes et al. 2001a & 2001b) as important.

Johnston (1997) contends that NPM has not been transferred to local government, but the use of Compulsory Competitive Tendering (CCT) in the UK and in Victoria (Kloot 1999) as a model of contestability of service delivery is consistent with NPM. Both these arenas have recently replaced CCT with Best Value (BV) as a more ‘palatable’ version of contestability.

2. Strategic management in local government
The adoption of strategic management and business planning within local government originates within the NPM framework (Aulich et al. 2001,15). In Australia, the application of strategic management and business planning has come from both policy and legislative changes (Johnston (1997) citing Jones (1993)). Strategic management and business planning is seen as a means of meeting community needs and of gaining planning time frames to satisfy those needs that require longer time frames than their budgeting periods (Glaser & Denhardt 1999), and as a means of balancing competing demands for resources (Johnston 1997).

Strategic management in local government is caught between interpretation and implementation of central government (State
and Federal) strategies and local needs. It also addresses both external program provisions to the municipality and internal organisational management strategic requirements (Johnston 1997, 230).

The rhetoric of local government strategic plans is largely orientated towards local audiences despite needing to also address central government. Regardless of the rhetorical audience, until recently, Victorian local government strategic plans have been called ‘Corporate Plans’ in response to central government pressures to appear business-like. Some strategic plans still are Corporate Plans, such as City of Maroondah Corporate Plan 2000-2003 (City of Maroondah 2000). Other municipal strategies have been rebadged. Community Plan 2001-2004 (City of Glen Eira 2001) and Community Plan 2001-2005 (City of Brimbank 2001) are typical examples. The change in nomenclature reflects a deliberate change in emphasis, while still being strategic.

The plans frequently invoke community needs, aspirations and vision as outcomes of local government strategies.

‘Maroondah will have a clear identity and a highly informed and responsible community actively involved in the achievement of an environment that values choice, co-operation, respect and participation.’ (City of Maroondah 2000)

‘Glen Eira City Council works to develop a tolerant and caring community, where everyone can feel they belong and participate in the decision-making that leads to achieving the best possible health, safety and lifestyle options within the city’ (City of Glen Eira 2001).

As such, strategic plans are qualitative expressions evoking senses of those needs, aspirations and vision.

Local government is inevitably linked to its immediate population in a number of possible ways. An extensive but not exhaustive list is – as citizens, customers of its services, as a funding source (through rates), as a form of representative government, as law enforcers, or as certifiers of (or protectors against) development. Adopting a strategic management view raises the importance of improving the connection with the municipal population in order to achieve more appropriate services.

3. Best Value
Essentially a performance management framework, Best Value (BV) originated in the UK as part of a broad program of local democracy renewal through accountable and participatory processes (Dept. of the Environment, Transport & the Regions (UK) 1998). Victoria adopted Best Value after a change in government. The preceding government introduced Compulsory Competitive Tendering (CCT), which was seen as centrally imposed and not responsive to local conditions. Consequently, Victoria’s Best Value, as a panacea to the deemed ill of CCT, emphasises consultation and local responsiveness (Dept. of Infrastructure 2000a, 2000b, 2000c).

Best Value is characterised by several principles. In Victoria the principles are:

- Specification and Measurement of performance, including:
  - Service provision specification;
  - Performance outcomes;
  - Service specific measures are permitted;
  - Assessment of value for money;
  - Community expectations;
  - Balance of affordability and accessibility;
  - Opportunities for employment growth and retention;
  - Partnerships with other bodies; and
- Environmental advantages\(^1\).
- Responsiveness to communities;
- Accessibility and affordability;
- Continuous improvement;
- Community consultation; and
- Reporting (Dept. of Infrastructure 2000c).

In the UK the principles are:
- A ‘corporate’ view, including:
  - Whole of organisation;
  - Performance measures; and
  - Local aspirations.
- Program of performance reviews;
- Performance reviews to challenge the status quo;
- Targets for improvement (continuous improvement);
- Auditing (external review); and
- Intervention (in worst case scenarios) (Dept. of the Environment, Transport & the Regions (UK) 1997).

Extracting principles common to both manifestations provides 4 key principles (with sub-principles):
- Performance management, including:
  - Reviews;
  - Outcome specifications;
  - Measures; and
  - Service provision specifications.
- Continuous improvement;
- Local aspirations/expectations, including:
  - Responsiveness;
  - Consultation; and
  - Participation; and
- Reporting/auditing.

Property management approaches
Recent initiatives in property management approaches draw on both the private and public sectors. Two recent influential private sector initiatives are Joroff’s levels of Corporate Real Estate management (CREM) development and International Development Research Council’s (IDRC) Corporate Infrastructure Resources (CIR). The public sector initiative is the adoption of a service delivery approach to facilities performance.

It is reasonable to draw on initiatives in the private sector’s corporate property approaches as these approaches spill over into the intellectual, if not specific operational environment, of local government property management. This is in the same sense that New Public Management draws on private sector influences.

4. Joroff’s 5 levels of CREM evolution
Joroff (Joroff et al. 1993) proposes that evolution in Corporate Real estate management (CREM) is a 5-step process. The 5 levels are:
- Taskmaster;
- (Cost) Controller;
- Dealmaker;
- Intrapreneur; and
- Business Strategist.

Each level is characterised by different considerations of information used to make decisions, financial issues, and people involved in management processes. While no perjorative assessment should be made about the respective levels, the Business Strategist level is preferred.

At the Business Strategist level, information requirements expand to include a range of strategic data, financial issues result in preparation of business plans to justify use of space and all stakeholders are required to be considered. (Joroff et al. 1993, 32). In local government these stakeholders include councillors, service providers (in-house or outsourced), property management, and customers or citizens.

\(^1\) The last two of these are guidelines only the remainder are legislated requirements.
5. Corporate Infrastructure Resources

A second recent non-government corporate property approach is Corporate Infrastructure Resources (CIR) (Materna & Parker 1998). CIR is an organisation wide resource integration of

- Finance:
- Property:
- Information Technology: and
- Human Resources (HR).

Through strategic and physical coordination of resources that supports an organisation’s operations, implementation of organisational goals and objectives is enhanced.

In local government, as well as considering financial implication and enabling technology, CIR influenced property management requires considerations of HR factors. For a service and community orientated organisation, such as local government, this will include workplace designs for facility staff to achieve service delivery (productivity) objectives. Following this consideration of HR to its logical conclusion may also include consideration of other users of the property.

6. Service delivery approach to facilities performance

A further multi-strand initiative for local government at a property, or facility, level is the service delivery approach to facilities performance (Brackertz & Kenley 2000). This initiative contains 4 strands:

- Financial perspective;
- Community, or Customer, perspective;
- Service perspective; and
- Building perspective.

This approach broadens the measurement of facilities performance to include non-financial measures that require balancing in assessing facility performance.

Discussion

Tying the threads together

The 6 initiatives discussed in this paper affect property management in local government, either directly or as part of the general intellectual environment surrounding property management. The initiatives contain, in varying amounts dimensions relating to politics, management processes and practices, physical issues of the building itself, strategic matters and the community (either collectively or as an assemblage of individuals).

Many of these dimensions are long familiar to local government property management, due to the location of local government in a service delivery environment in immediate contact with its municipality. However, the adoption of strategic emphases for property management has added a cultural-communicative dimension to property’s technical-economic dimensions (Deakin 1999). The addition of the cultural-communicative dimension reflects a recognition that property management is embedded in a context (culture) where communication is important. Culture and communication may both be considered as key defining marks of being human.

Within each of the 6 initiatives discussed in this paper may be found a human dimension.

From the general public sector reforms of New Public Management the human dimension is seen in the customer orientation that supplants the equally human experience of citizenship inherent in traditional public administration.

From the emphasis on strategic planning strategic plans qualitatively express intangible human needs, aspirations, goals and values.

Best Value’s human dimension is found in the Best Value principles of expressing local aspirations, consultation and participation, and reporting. These processes expose public administration to the culture of their community.
while the reporting requirement is clearly a communicative process.

Joroff’s evolution model has its human dimension in the range of stakeholders drawn into property management strategic processes, while Corporate Infrastructure Resource’s Human Resources strand recognises the importance of people aspects to successful organisations.

Finally, the service delivery approach contains a human dimension through its Community-customer perspective.

It can be seen that there is a human dimension inherent in each of these initiatives. It may not be the most emphasised aspect, but is certainly there. Adopting a strategic property management approach with its cultural-communicative dimension means that consideration of human elements becomes at least as important as any of the other property management dimensions.

Further to this identification of a human dimension, in addition to the ‘traditional’ physical asset concerns of local government property management is a recognition that human orientated management processes are required (Nalbandian 1999; Corrigan & Joyce 1997; Lowndes et al. 2001a, 2001b). These management processes require a basis of knowledge (epistemology) appropriate to this human dimension. In short, there is a requirement for an epistemology in local government property management that is applicable to the intangible characteristics of humans.

Possible methods of enquiry
The requirement to address the intangible human dimension gives rise to speculations as to what methods of enquiry are suitable for this epistemology.

These speculations might involve an exploration of the marketing knowledge domain where issues of ‘brand value’ and service quality are of concern (Ehrenberg & Barnard 1990; Cronin Jr et al. 1997). Or the speculations might utilise one or more of the various psychological disciplines (such as social, or environmental), which have a long history of grappling with the human condition. Furthermore, sociology or political science might provide useful domains for informing understanding of the human dimension in the local government property management arena. Any considerations of ways of knowing will almost certainly engage with the differences of opinions and evaluations made by experts (administration) and lay persons (community) (Hubbard 1996; Priestley & Evans 1996; Sastre 1999; Skjaeveland & Garling 1997).

At this time we do not specifically propose any of these methods of enquiry as a solution to the epistemological need. Rather, it is for future research to explore and postulate which methods of enquiry of the intangible are more or less applicable.

Conclusion

Property management in local government has emphasised technical, economic and rational dimensions of property and its management. The adoption of strategic approaches that emphasises community inevitably raises issues of dealing with the human dimension. A number of recent initiatives in public administration generally, in local government administration, and corporate property management also provide sources for extending the traditional dimensions to incorporate a human dimension. This requires an epistemology beyond that encountered in the traditional property domain.

This basis of knowledge needs to be acknowledged if strategic property management is to be effectively operationalised in local government.
References


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