



Vale of Glamorgan

Review of Asset Management – Final Report

December 2011

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1 Introduction

As part of our work to support the WAO Improvement Assessment in 2011, it was agreed that we would review the Council's progress in strengthening its asset management arrangements.

Previous work in the area had identified a number of issues, including:

- the need to ensure that the Corporate Asset Management Plan was up to date;
- the need to justify holding land and buildings, based on business cases; and
- the need to strengthen the performance management of assets.

The Council's Improvement Objective number 33 is, 'to make best use of our assets and to procure good, sustainable services and facilities'. Given this, it is hoped that our short overview of progress will also contribute to the Council's own work in this area.

The study question agreed, in our original terms of reference, asked, 'Is the Council ensuring that its land and buildings management arrangements support improvements in efficiency and service delivery?' Under this, a number of sub questions were proposed:

- Is there a formal up to date justification for holding property?
- What was the outcome of the 2010 review of the Asset Management Plan?
- Is there detailed and regular performance management of land and buildings assets?
- Are building assets effectively managed?
- How are the views of service users evaluated?
- What arrangements are in place to introduce the CRC Energy Efficiency Scheme? How far have they progressed?

Section Two, which sets out review findings, is organised around these challenges. Our answers have been drawn together following discussions with the Operational Manager of Property and a review of relevant documentation.

Section Three presents a suggested way forward and the main proposals for improvement are summarised in an action plan in Appendix A. *These actions have been agreed with the lead officers.*

2. Review Findings

Introduction

In this section, we present the key findings from our review, under the sub questions agreed within the terms of reference.

The over-arching question for the work asked, 'Is the Council ensuring that its land and buildings management arrangements support improvement in efficiency and service delivery'?

Our work suggests that, overall, recent developments should lead to the more efficient and effective use of land and property assets by the Council.

- An updated Corporate Asset Management Plan was published in November 2010 and arrangements are in place to refresh it.
- Capacity and capability is to be enhanced by the addition of six new staff and an Asset Manager.
- The policy framework necessary to introduce new space standards and ways of working has recently been approved.
- There is senior level of commitment to implementing the changes necessary to improve asset management.

However, work to improve asset management within the Council is at a relatively early stage and there is a significant amount still to do. This includes:

- understanding how assets can be used more effectively to deliver corporate priorities;
- mapping assets- what the Council has, what it needs and agreeing a strategy for disposing of assets surplus to requirement;
- developing relationships with public sector partners in the Vale, so that opportunities for shared premises, for example, can be realised; and
- strengthening the performance management arrangements for asset management- including building databases that produce high quality data and setting meaningful targets so that the Council can monitor its progress.

The Council is aware of these points and some plans are in place to address them. Given the financial position of the Council, and the potential savings to be made through better asset use¹, addressing the weakness' in asset management should be high on the Council's list of priorities and mechanisms must be in place to ensure that planned changes are supported with the necessary resources and senior level attention.

¹ For example, a report published in July 2011 by the Local Government Group, detailed the savings made by Worcestershire, Hampshire and Cambridgeshire through the better management of assets.

http://www.local.gov.uk/web/10161/media-releases/-/journal_content/56/10161/65817/NEWS-TEMPLATE

Review Findings

Is there a formal, up to date, justification for holding property?

Our work found that the Council is improving its knowledge of its estate and now has a comprehensive list of property assets, including those that it owns and those that it leases. The procedures for agreeing any new leases have been strengthened, to avoid any unnecessary commitments, although it is accepted that an amount of leased accommodation will be required to provide flexibility whilst building use is reconfigured, as part of the SPACE project.

The SPACE project is the vehicle through which the accommodation demands of the Council are being assessed. Key to optimising the use of property has been the agreement of space standards and a homeworking policy for Council employees. Following on from the recent agreement of these two policies, the Council is now in a position to evaluate the space currently occupied, the amount of space needed and the residual area available for release. This will contribute to the target property portfolio being developed. As part of the work, all space has been traffic lighted. This completes the first phase of the project and an action plan for moving forward is now being developed. A Project Board has been set up to support implementation but has yet to meet.

Mechanisms for sharing information with partners on property are improving. This is a precursor to the longer term aspiration for a joint public sector asset management strategy. There are some examples of services being co-located but robust underpinning data is needed to develop a more comprehensive shared agenda.

Whilst these developments represent some progress since our previous reviews, a number of issues remain, in respect of developing an up to date and formal justification for holding property, including the following:

- **assets are not currently matched to corporate priorities or assessed in terms of what they can contribute to achieving specific aims.** Although the Corporate Asset Management Plan (CAMP) sets out the corporate priorities in its opening chapters, there is no explicit connection between asset use and the achievement of specific targets; and

- due to the early stage of the SPACE project, **the Council is not yet in a position whereby available assets can be mapped and any surplus identified.**

In moving forward, we propose that:

- *assets should be evaluated in terms of how they contribute to corporate priorities. This should drive the CAMP;*
- *the Council should clearly document its current property portfolio, the property that is required and the property that can be released, following the completion of the SPACE project and the implementation of recommendation one;*
- *work continues with partners to develop a shared database that can inform a wider debate across the area regarding how public sector assets are used; and*
- *the SPACE project is implemented using the Council's formal project management approach, to ensure that the aims and objectives are fully realised.*

What was the outcome of the 2010 review of the Asset Management Plan?

The Council has a Corporate Asset Management Plan that was approved in December 2010. Arrangements are now in place to review the plan annually.

However, as noted previously, further work is needed to ensure that the Asset Management Plan builds upon, and is driven by, corporate priorities.

Is there detailed and regular performance management of land and buildings assets?

Our review found that some data is collected on the fitness for purpose of assets through the pro forma used for the service asset management plans.

Data collection systems are in place within service areas, which also have responsibility for populating the database. However, there is some concern that it is not always completed consistently. The need to improve data quality is referred to within the CAMP. Currently, this data is not collected to measure performance within the Council. There are no internal targets.

Although the Council does contribute to the Local Government Data Unit for asset management benchmarking, the data submitted is based on historic figures and is not considered to be reliable (this is also the case for data submitted by some other authorities).

Work to build a complete and comprehensive dataset is planned for 2011.

We propose that:

- *performance targets are set for asset management, in order to assess and monitor the value for money achieved through asset use (please refer to the Audit Commission report 'Room for Improvement' if further guidance is required);*
- *action is taken to ensure that the right data is collected, in the right way and at the right time so that consistent and high quality management information can be reported; and*
- *the Council supports external benchmarking work on asset management, to enable it to better understand how it performs and where there is scope for improvement.*

Are building assets effectively managed?

As discussed, the Council is working to improve the management of its buildings assets, in part, through the SPACE project. Building conditions surveys are partially completed, as a component of this review, and are due to be finished over the coming months. Buildings have been evaluated on a risk basis. Education and leisure are complete whilst condition surveys of some Social Services buildings remain outstanding as the Council considers them less of a priority due to the standards that must be maintained for CSSIW.

Historically, the Council has underinvested in leisure, although funding is now available to get facilities ready to pass over to new suppliers (following agreement that services should be outsourced). The capital will be spent in collaboration with the partner organisation, when they have been identified.

In respect of capital charges, only nominal charges are currently imposed on services. Plans are in place to increase the charges to a meaningful level. This will support service managers in being more accountable for the cost of the capital they use.

The Council does not currently have a Land and Buildings Strategy that is monitored.

To improve the effective management of building assets, we propose that:

- *a Land and Buildings Strategy is prepared that supports the corporate asset management plan;*
- *mechanisms are established to monitor the implementation of the strategy; and*
- *capital charges are introduced as soon as possible, to ensure that the cost of assets to services are appropriately reflected in service costs and understood by service managers.*

How are the views of service users evaluated?

User views are collected, primarily, through Service Asset Management Plans and the Local Service Board Asset Management Group (LSB AMG).

Service Asset Management Plans are based on a pro forma that assesses the fitness for purpose of the buildings and assets available, from the perspective of staff. Returns have to be completed which assess:

- how the Service is supported by the property;
- legislative and policy issues affecting service delivery and subsequent implications upon property requirements;
- any policies that will influence the way in which services are delivered;
- the suitability of properties;
- the condition of properties; and
- the sufficiency of each type of property in the short, medium and long term.

This data has been used to identify under-utilised and poorly performing assets that are not required.

The LSB AMG contributes the views of partner organisations. Specific consultation was carried out with the group on the CAMP.

What arrangements are in place to introduce the CRC Energy Efficiency Scheme? How much progress has been made so far?

The Council has placed meters in all of its buildings and an action plan is in place to reduce carbon emissions. A Carbon Management meeting takes place every two months to monitor the Council's progress in delivering to this action plan and achieving the desired outcomes. Progress will be reported to Cabinet in December.

The Council's target for reducing emissions is 3%, which is the same as the target for last year, which was achieved. Given the constraints on the capital budget, following extensive debate, it was agreed that the target for 2011/12 should be the same, especially as the 'quick wins' have been captured and the reduction expected is incremental.

Targets have also been set jointly with the LSB AMG, which monitors collective progress.

3. The Way Forward

Our brief review has shown that some progress has been made, in respect of improving the efficient and effective use of assets over the last year (for example, through the conduct of the SPACE review and the agreement of a home working policy).

However, there remains a significant agenda to complete, including:

- ensuring that the CAMP is updated and clearly demonstrates how assets will support the delivery of corporate objectives;
- ensuring that all assets are mapped and understood in terms of whether they need to be retained as they are, their use changed or disposed of; and
- developing appropriate performance management arrangements around the use of assets.

We understand that increases to the Property Team, including the appointment of an Asset Manager will aid this work and also help to push forward the agenda with partner organisations.

In view of the potential savings that better asset management can offer the Council, we recommend that asset management is given a high priority and that a mechanism is agreed for regular feedback on developments.

We will review progress as part of our work during the next audit year.

Appendix A. Action Plan

Proposed Improvement	Priority	Agreed	Comments	Due Date
1. Evaluate assets in terms of how they contribute to corporate priorities. This should drive the CAMP.	1	Yes	We will address this aspect as part of our annual review of the Corporate Asset Management Plan (CAMP) due for completion in January/February 2012.	February 2012
2. Document the Council's current property portfolio, detailing the property required and the property that can be released, following the completion of the SPACE project and the implementation of recommendation one.	1	Yes	<p>The portfolio has been documented. We are currently undertaking a review of the portfolio through Service Asset Management Plans (SAMPs) and Area Reviews to ensure properties:</p> <ul style="list-style-type: none"> • contribute to corporate objectives • are suitable • are in good condition • are utilised to their optimum level. <p>On completion, we will identify properties that could be released with a re-alignment of service provision and methods of working.</p>	December 2012
			In addition, there will be reviews of Day Services and Residential Home provision over the forthcoming months, which may offer further rationalisation opportunities.	December 2013
3. Work with partners to develop a shared database that can inform a wider debate across the area regarding how the use of public sector assets can be optimised.	2	Yes	The council's property portfolio has already been mapped on e-pims (Welsh Government initiative), together with the majority of our partners. Once the scope of the Space Project has been agreed, we will work with partners to offer any opportunities that may arise from the authority vacating buildings. Our Audit service is now a joint project with Bridgend Council and is located in office accommodation belonging to them. We have	June 2012

Proposed Improvement	Priority	Agreed	Comments	Due Date
			regular ongoing dialogue with our partners through the Local Service Board (LSB) Asset Management Group, as well as through existing relationships between, for example, Social Services and Health Board (eg we currently occupy space in 2 UHB properties, and will be probably be occupying space in a third shortly). The local Health board are currently utilising some office accommodation of ours and this will increase over future months.	
4. Set performance targets for asset management, in order to assess and monitor the value for money achieved (please refer to the Audit Commission report 'Room for Improvement' if further guidance is required).	3	Yes	As part of the review of the CAMP, we will introduce a range of local performance indicators which will be monitored and reviewed on a regular basis by the Corporate Asset Management Group (CAMG). The relevance of each PI will be reviewed on an annual basis as part of the CAMP review.	March 2012
5. Take steps to ensure that the right data is collected, in the right way and at the right time to ensure that consistent and high quality data is collected, to support the performance management arrangements referred to in recommendation 4.	3	Yes	On completion of item 4, we will instigate a suitable data collection system to ensure that the information is reliable and of suitable quality to support the performance management arrangements.	June 2012
6. Conduct meaningful, external benchmarking to allow the Council to better understand how it performs and where there is scope for improvement.	4	Yes	We appreciate the benefits of benchmarking and will look at opportunities to carry this out by working with groups such as CLAW to ensure that the data used is reliable and comparable.	December 2012
7. Prepare a Land and Buildings Strategy that supports the corporate asset management plan and agree mechanisms to monitor its implementation.	3	Yes	A Land & Building Strategy will be incorporated within a comprehensive review of the CAMP in 2013. The monitoring will be undertaken by the CAMG.	December 2012
8. Introduce capital charges to ensure that the costs of assets are understood by service managers and the costs to the service appropriately recognised.	2	Yes	Once the scope of the Space project is finalised, we will review the capital charges and ensure the charges reflect actual occupation and costs incurred.	June 2012



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