

Asset Management in the Public Sector

Caerphilly County Borough Council

Strategic Links & Leadership

1. How does asset management fit within the organisation's overall strategy?

For the purpose of this response the term "asset management" is restricted to the management of Caerphilly county borough council's management of its land and buildings assets.

In January 2011 the council published its "Asset Management (Land & Property) Strategy". The Strategy has been approved as a key document for the council if it is to react positively to continuing funding pressures and the Welsh Government's drive for greater collaboration between public services.

The Strategy has been based around a need to review how the council manages its land and buildings and also to understand and develop the relationship between service delivery and property management to draw out the benefits of an integrated approach and develop a property portfolio that is flexible enough to react to change.

2. Does the organisation have an overall asset management strategy and published plans which support the corporate objectives?
 - a. How does this strategy link into the capital investment strategy and wider financial planning?

The Council has an Asset Management Strategy. Individual "Service Asset Management Plans" are under development aimed at:

- Identifying and disposing of, where appropriate, surplus and under-performing assets.
- Reviewing and challenging the way council services utilise property to deliver services.
- Consider new ways of working so that less office space is required.
- Share accommodation with other services and/or public bodies to make more efficient use of assets.
- Consider opportunities to make vacant properties available to other public services or the community.
- Create a flexible portfolio that is able to react to the changing needs of the services, community and government targets.

The Strategy links to the council's Medium Term Financial Plan. Under that Plan both Capital and Revenue budget investments are identified. The council has committed itself to a significant Capital programme of investment concentrating on key publicly accessible buildings identified as in need of improvement via a regular regime of building condition surveys.

3. Who has responsibility for leadership on asset management:

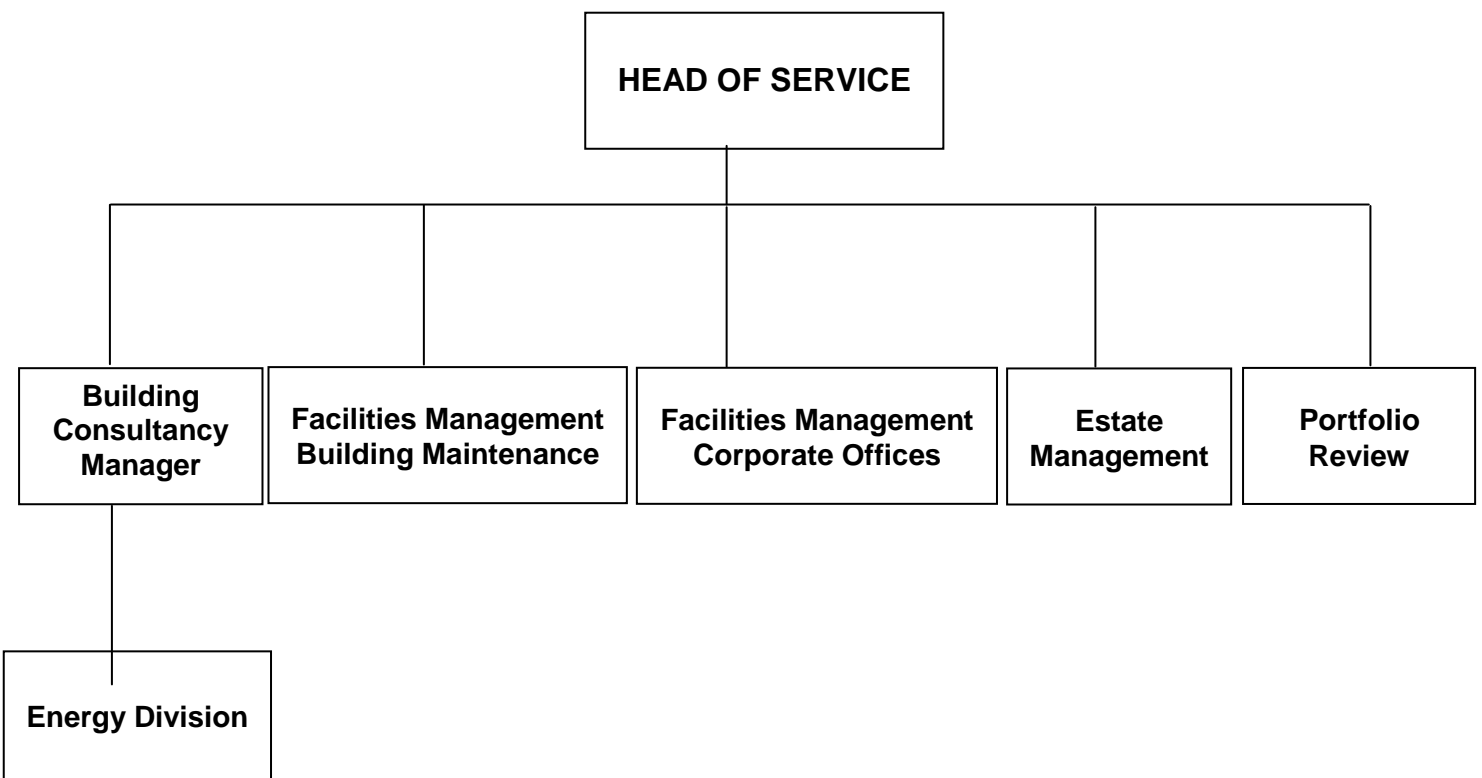
- a. At a Cabinet/board Level?
The council has a dedicated Cabinet Member with responsibility for Asset Management
- b. At Executive Level?
The Council's Director of Corporate Services/Deputy Chief Executive has responsibility for Asset Management.
- c. At Service Level?
The Head of Performance & Property Services has responsibility for Asset Management.

4. How are Council/Board members engaged with property asset management and how regularly does the Council/Board review asset performance?

The Council has established, via its Asset Management Strategy, an Asset Management Group (AMG). The AMG is chaired by the Deputy Chief Executive and includes a core of key officers such as Head of Property/Head of Regeneration & Planning/ Head of Corporate Finance supplemented by other officers as required by the Agenda. The Group meets 3 – 4 times a year. Its primary role is to maintain a strategic approach to Asset Management and to develop a 5 and 10 year vision for Property management.

5. Is there a dedicated property division or similar? If so please detail its structure and relationship with other service divisions.

There is a dedicated Property Service, structured as below.



The Asset Management Strategy centralised responsibility for Asset Management to Property Services. Property Services works closely with operational services.

6. Across the organisation can you demonstrate that property is utilised as a corporate resource and enabler of service provision?

The Asset Management Strategy highlighted the need for property to be appreciated as a corporate resource and enabler of service provision. This led to the centralisation of responsibility for Asset Management and is leading to the establishment of an internal Landlord/Tenant relationship.

The implementation of the Strategy has raised the profile of asset management and established a structure where all property decisions are made centrally, enabling the use of property to be reviewed and inefficiencies targeted to realise financial and non financial benefits.

Corporate Property Services provide a skilled and experienced resource and act as a corporate landlord for services directorates, managing property and providing FM services. This removes responsibility from service directorates enabling them to focus upon core service provision.

Systems and Processes

7. Can you demonstrate that Property maintenance is supported by adequate information systems? Are these information systems used to:

- Benchmark performance against that of other bodies and/or
- Link with other relevant systems (e.g. GIS)

The Asset Management Strategy identified the need to bring together, as far as is possible, the various information systems relating to Property management. Existing systems have been reviewed and are currently being linked to each other.

A single Property Information template has been developed with our IT supplier “Tribal K2”. This will allow us to have all the management information we need on each and every building in our ownership and/or leased at a single point. The Building referencing is being linked to the council’s Local Land & Property Gazetteer. Refer to Appendix 1 for a sample of a draft “Property Asset Management Report”

The Council benchmarks property performance on an all Wales basis.

8. How often does the organisation conduct an options appraisal to ensure that the property maintenance backlog is being managed effectively?
- a. Is there a programme of regular property reviews? If so, what do these consider and how often are they conducted?
 - b. Is information on running costs and environmental impact available to the review team?

There is not a formal programme of regular property reviews although such reviews are carried out on a regular basis. Condition surveys are completed every 5 years. Property reviews are being held with services/directorates at which running costs and condition priorities are highlighted (refer to Appendix 2 for a typical information report).

The council is committed to moving from an over reliance on reactive maintenance to a planned maintenance programme and are currently seeking combined reactive/planned maintenance tenders.

9. Can you demonstrate that decisions on new capital projects and other planned works are based on a clear business case, including options appraisal and whole life costing?

No, although the council is moving towards that position. For example recently details from a combination of a building condition survey, running costs and service provision were used to promote a discussion around the long term future of a Leisure Centre in the county borough. This led to a decision to invest in the development of a new Leisure Centre provision.

10. How does the property division interact with service divisions, what are the arrangements for involvement/support?

The centralisation of property management has highlighted the need for the Property division to work closely with other service divisions. A dedicated officer from Property Services has been identified responsible for consulting and liaising with the various services. The primary purpose of this role is to encourage all services to think in the wider context of asset management planning and also for the Property Service to develop an understanding of service's needs, both in the short and long term.

Existing, well established, relationships will also be maintained.

Resources and Value for Money

11. What are the level of resource available, at corporate level, to review property assets and running costs? Is this adequate?

The level of resource available is currently adequate. Having a dedicated finance officer for Property Services certainly helps in establishing running costs. Additionally the council's Energy Team is placed within Property Services and this helps the collation and dissemination of information on building efficiency.

12. What information on the property costs of the buildings occupied by services is available to senior management, and how is this utilised by them in considering service delivery?

Full details of property costs are made available to all senior managers. Most recently the council took advantage, promoted by Property Services, of a break clause in two building leases to terminate those leases and create space in a corporate office hence realising savings approaching £800k/yr.

The AMG is also made aware of property costs.

13. Does property maintenance have adequate resources to meet its policy objectives and is sufficient priority given to routine maintenance within the budget process?

a. Is funding maintenance linked to the condition of assets?

Property maintenance never has adequate financial resources. The trick is to make sure that the limited resources are spent where there is most need. Caerphilly has a robust mechanism and budget for reactive maintenance but is determined to move away from reactive to planned. We believe that in doing so our budget will be spent more effectively and leave us better placed to react positively to future budget pressures.

A centralised Property Maintenance service has been established which will serve all council serves except public housing. Our schools are encouraged to utilise this centralised Property Maintenance service.

14. Given the current climate of reducing budgets, is there any perception at corporate, or service, level that resources should be diverted directly to front line services rather than to property management?

Our Asset Management Strategy has reinforced the message that improved and robust property management can initiate efficiencies that can be diverted to front line services. It is not a matter of us or them but rather taking a strategic corporate approach towards service delivery as a whole. Asset management planning introduces the type of challenges to the status quo of service provision that has historically been missing in public services.

15. Can you provide examples of how the organisation works with partners to achieve economies of scale in asset management?

Although not as well developed as we might like there are good examples of where this authority has worked with other public service providers:

- The regional Education Advisory Service for S.E. Wales is utilising council offices and contributing to the running costs of those offices.
- The council operates in Partnership with the Aneurin Bevan Health Board to share offices particularly where there is joint service provision
- The Caerphilly Safer Community Partnership includes council officers working alongside Gwent Police and working from a shared building.

16. Can you please detail the framework in place to continuously review and improve the performance of property management?

- a. Are there annual performance plans, agreed by Council/board Members, setting clear targets for improvement?
- b. Does the organisation include this information in public performance reporting?

There are several arrangements in place to monitor and manage performance of Asset Management. Primarily these are:

External: The use of Corporate Asset Management (CAM) data Performance Indicators benchmarked across Wales via the Local Government Data Unit. This benchmarking data is publicly available.

Internal: The authority uses the balanced scorecard (Ffynnon) to monitor performance information across all its services, including Asset Management.

Each service within the authority develops annual Service Improvement Plans, which are “signed off” by an appropriate Director. In the case of Asset Management this is the Deputy Chief Executive.

The Asset Management Strategy includes an Action Plan

Guidance and good practice

17. What if any, guidance is adhered to in conducting asset management in the organisation?

The authority adheres to its responsibilities for the statutory testing of all its buildings.

The authority adheres to its responsibilities for the management of performance under the local Government (Wales) Measure 2009.

The Asset Management Strategy included a reference to the Office of Government Commerce Asset Management Maturity Matrix

18. Do you share good practice and lessons learned on asset management with other organisations/professional bodies, and if so via what mechanisms?

The authority is represented at both CLAW and ACES and looks to draw on experience gained and offered through these bodies and also takes note of RICS guidance. We would be pleased to share our own experiences through both these bodies and direct discussions

19. Would a central source of expertise and good practice be beneficial to the Welsh public sector, and if so where should this sit?

a. Would training in property/asset management be beneficial?

The answer to both the questions above is a resounding yes. Where such a resource should sit is a matter for further debate but my initial reaction would be within the Welsh Government.

Whatever the resource might look like it would hopefully be seen as somewhere that would offer guidance rather than be prescriptive and potentially stymie innovation.

20. Would the drive to improve asset management benefit from a repeat of the Wales Audit Office’s 2010 report on building management?

My initial response is to question what difference the WAO report made in 2010? It is my experience that WAO reports tend to be based on an idealistic model and judgements are made around whether or not organisations adhere to that model.

This approach may be seen as offering consistency of approach but equally it can lead to a lack of individual thought.

Personally I would not favour a repeat of the WAO report.

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