

FIN(4) AM 08
Inquiry into Asset Management Survey
Response from Anglesey County Council

The Finance Committee are currently undertaking an inquiry into the process of asset management in the Welsh public sector. This inquiry is considering two main areas:

- **processes involved in the management of the Welsh Government's own estate; and**
- guidance, support and the promotion of good practice by the Welsh Government in relation to asset management across the wider Welsh public sector.

Further detail on the terms of reference for this inquiry can be found on the committee's webpages.¹

The Committee previously called for information,² however due to the limited responses received, now requires further evidence in support of this inquiry. In order to properly understand the issues involved and to gain appropriate evidence for consideration, the Committee needs to develop an understanding of how asset management is approached in local government/health bodies.

To this end, we are seeking further detailed information in relation to the process and practice of asset management within your organisation and would appreciate it if you could provide the information requested below, as fully as possible, and provide examples where you feel it is appropriate.

Strategic links and leadership

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

The authority is embarking upon a process of service transformation which includes the establishment of three programmes Boards to oversee Island of Enterprise, Service Excellence and Business Transformation. Running concurrently with this the Council has established the Anglesey Asset Rationalisation Programme (AARP) as a key element of the review **of the Council's Capital Investment Strategy and Asset Management Plan**. The asset rationalisation programme has carried out strategic asset reviews with a number of key services and is working at a high level to confirm **the Council's corporate approach to assets**, whilst also reviewing the way in which **the Council's assets will support service delivery for the future**. Asset Management **is therefore an integral part of the organisation's corporate strategies for future delivery of public services on the island**.

2. Does the organisation have an overall asset management strategy and published plans which support the corporate objectives?

¹ National Assembly for Wales, Finance Committee, [Asset Management Inquiry](#)

² National Assembly for Wales, Finance Committee, [Asset Management Inquiry](#)

The current Asset Management Plan (AMP) was approved in 2009 for the period to 2013, and this is currently being reviewed in light of the work in connection with the AARP. The AMP supported the corporate objectives at the time of preparation, **however, as the Council's strategic direction changes the AMP will need to be reviewed and re-aligned to the new Transformation Plan priorities.**

- a. How does this strategy link into the capital investment strategy and wider financial planning?

In the past links to the Capital Investment Strategy have been weak and whilst needs have been identified there have been no clearly identified solutions which stem from the wider medium and long term financial planning. The Council is now linking medium term financial plans to include the full cost of running and maintaining properties. A schedule of programmed works is being included in the mtfp subject to value for money assessment in the investment and proposals for future use of the assets. Plans for closure, sale or alternative use of buildings will be included in the capital strategy along with associated costs.

3. Who has responsibility for leadership on asset management:

- a. At a Cabinet/Board level?

Corporate Director Sustainability Development

- b. At Executive level?

Portfolio Holder for Property and Asset Management

- c. At Service level?

Head of Service Property

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

Regular reports are made to the Portfolio Holder and periodic reports to the Executive and County Council. In 2010 the Council Leader established a series of Task and Finish Panels to review assets and identify potential for rationalisation within various services. Currently there is a Board for the AARP which is in progress and which meets monthly to receive details of the reviews are taking place with Education, Social Services, Leisure and Libraries services. A review of the office accommodation strategy is also underway and which will form part of this programme of work.

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

Currently all property related services are structured together within the Property

Service under one Head of Service. This includes estates and valuation services, corporate asset management, energy management, Architectural services, building maintenance and office facilities management. Property Services have a number of Service Level Agreements (SLA) in place with other services and budget holders, for example Schools, Education and Social Services. A programme of work is in progress to ensure SLAs are in place with all relevant services. All relevant services are represented on the Corporate Property Group which provides a forum for review of capital programmes of work, service asset management plans (SAMP) and office campus issues.

6. Across the organisations (e.g. at Council/Board, Executive and Service level) can you demonstrate that property is utilised as a corporate resource and enabler of service provision?

The work on-going as part of the AARP will, when concluded, enable the Council to demonstrate efficient and effective use of corporate property assets across the organisation to support 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. geographical information systems)

Property Services have implemented an asset management system based on Technology Forge to maintain records of all Council owned property assets. Property Services maintain asset condition surveys of all Council owned property and these, along with SAMPs, are used on an annual basis to determine maintenance priorities. Asset surveys for all properties are renewed and updated over a 5 year rolling programme. The Council contributes to the Welsh Government Core Asset Management (CAM) performance indicators and also the Consortium of Local Authorities in Wales (CLAW) suite of benchmarking indicators. These are reviewed annually and trends of performance for Council property are reviewed at quarterly service performance review meetings. All Council owned property is identified on GIS and part of the current AARP work **is considering the “governance of place”** by utilising GIS information to review corporate asset strategies. In addition the Council maintains an energy monitoring and targeting system to identify poor performing buildings.

8. How often does the organisation conduct an options appraisal to ensure that the property maintenance backlog is being managed effectively?

Annual reviews are undertaken at the Corporate Property Group to review the impact of expenditure on backlog maintenance and to prioritise future spending on needs.

- a. Is there a programme of regular property reviews? If so, what do these consider and how often are they conducted?

All Council assets were reviewed in 2010 under the work of various Member led Task and Finish Panels. The current work being undertaken for AARP is reviewing all property portfolios on a prioritised basis. These reviews include consideration of how the service visions support the corporate strategies and **how the Council's** corporate assets can best provide support and enable the service delivery plans, whilst ensuring governance of place.

- b. Is information on running costs and environmental impact available to the review team?

Information on revenue and capital costs is being gathered as part of the AARP work. Information on energy usage is also available to inform decisions on future use of assets. Asset condition survey information over a projected 5 year period is also included in these reviews.

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?

To date the Council has not considered whole life costing as part of a business case for decision on new projects, although this is an aspiration included within the current AMP. Whole life costs are now to be included in business cases before decisions are taken. Decisions with regard to planned maintenance works are determined at the Corporate Property Group meetings and are informed by a formal process of risk assessment undertaken through a matrix which includes and scores a variety of elements including, for example, health and safety, legislative requirements, service requirements, availability of grant funding, etc.

Decisions in relation to new capital projects are taken following consideration of business cases submitted by the relevant services and following consultation with Property Services. Assessments of value for money arising from the use of assets are to be monitored regularly.

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

The SLAs with various services and the Corporate Property Group are the main formal means of interaction with service divisions. A Property Helpdesk has been established to deal with day to day responsive needs from all service areas. Communication at officer level also takes place to progress specific matters of concern.

Resources and value for money

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

Currently there are two members of staff within the Corporate Asset Management Team and a further 3 members of staff are employed within the energy team monitoring running costs, energy contracts and identifying energy efficiency schemes. In addition a revenue budget of some £27,000 is available during 2012/13, but reducing to some £14,000 in 2013/14, for employing external consultants to carry out asset condition surveys. The current provision will need to be increased by one post for a Programme Manager in relation to the AARP once key decisions are taken after the local election in May 2013.

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?

Costs are available in relation to energy usage and costs, planned and reactive maintenance and capital improvements/ capitalised planned maintenance. Energy/ Water usage costs, day to day maintenance costs, Backlog Maintenance costs and Facility Management costs are available for Service managers to use which allows them to compare the performance of buildings their services are provided from.

The use of this information in connection with service delivery is under consideration as part of the on-going AARP work.

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

Currently the Council does not have adequate funding resources to keep pace with maintenance requirements. A number of reports during the past 2-3 years have highlighted concerns raised by Property staff that there is a growing risk of unplanned closure of buildings due to health and safety or environmental issues, including, for example, failure of heating systems. This risk of unplanned building closures would clearly have an impact on the delivery of services across the island, and hence also on the **Council's policy objectives**. There have been concerns raised during the budget setting process in recent years when maintenance budgets have been under pressure in the search to achieve budget cuts.

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

No. Maintenance budgets are largely based on historical spend profiles, however, additional funding is made available from time to time to meet particular needs and following consideration at Executive level.

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?

This forms part of a review which is presently underway to examine and change the current service structure within the authority. Current indications suggest that the Property function will be retained as a central provision, rather than being devolved to front-line services.

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

A number of collaborative initiatives exist through the CLAW network. These include the shared provision of standard specification documents for M&E maintenance and new works, consortium purchasing arrangements for building components, joint membership of the CIPFA AMP Network at reduced rates to member authorities and use of frameworks for the procurement of maintenance works.

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

Property management is reviewed formally on a quarterly basis at Performance Management meetings at which Board members and the Performance Team may challenge various aspects of work and progress.

- a. Are there annual performance plans, agreed by Council/Board Members, setting clear targets for improvement?

The Council has an annual improvement plan which is approved by the Council. Annual business plans have been prepared for all services for a number of years, however as **part of the Council's Transformation Plan** new arrangements for agreeing and setting annual targets, together with monitoring of progress is currently being introduced. The Property Service Annual Business Plan is used to review and improve property management which sets clear targets for improvement of energy & water usage, property condition, sale of surplus properties etc. Some of this information is used to report on the CAM & CLAW performance indicators mentioned in item 7 which is made available to the public once audited.

- b. Does the organisation include this information in public performance reporting?

Information on the CAM and CLAW performance indicators is made available in the public domain.

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

The Council has utilised guidance contained within **“A Guidance to Asset Management Planning in Wales”** published by **WLGGA (Welsh Local Government Association)** and **CLAW (Consortium Local Authorities Wales)** published in September 2001, and more recently the Royal Institution of Chartered Surveyors (RICS) document **entitled “RICS Public Sector Asset Management Guidelines – A guide to best practice” that was produced in January 2008.**

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

Officers within various disciplines share good practice and resources through the CLAW network and Working Groups. The various CLAW Working Groups cover the following areas of property related work – estates management, asset management, building maintenance, energy management, design, mechanical & electrical building services. Such matters are also discussed with fellow property professionals during regular meetings and seminars such as the CIPFA/CLAW meetings, ACES/CAPE meetings etc.

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

Currently there is a central source of expertise available to local authorities and Police/Fire authorities through CLAW and the agreement with CIPFA in relation to the asset management network. Currently this does not extend to the further education sector, health sector or central government, although CLAW has links in place with Welsh Government through Constructing Excellence Wales and Value Wales. There would be value in bringing together all public sector areas in Wales to share good practice and facilitate greater cross sector use of assets.

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

The Council makes good use of training programmes provided by CIPFA under agreement with CLAW as part of the Asset Management Planning Network, and also from time to time as part of the CPAS programme. Other training packages may be of benefit and help to ensure a consistent approach in relation to asset management across the Principality.

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

Probably not. The sorts of issues contained within this request for information are very similar to those items discussed during the 2010 report. From the original



report we know where the gaps are and what we should be doing but the lack of resources and possibly political will are the biggest bars to the drive for the improvement of asset management.