

FIN(4) AM 14
Inquiry into Asset Management Survey
Response from Denbighshire 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?**
2. Does the organisation have an overall asset management strategy and published plans which support the corporate objectives?

A Corporate Asset Management Plan (AMP) is produced every five years and is due for updating in 2014/15. However, due to a number of changes in policy and corporate structure in response to the regional, national and international economic downturn, it is intended to update the Corporate AMP in 2013/14. The Corporate AMP is supported by **Service AMP's which outline service specific strategies.**

The production of Service AMP's on an annual basis has suffered since 2011/12 due to corporate and service restructuring – leading to numerous changes in portfolio responsibility and changes to service delivery strategies. It is intended that the annual production will resume in 2013/14. Consultation with service departments and Service AMP production is currently underway.

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

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

- a. How does this strategy link into the capital investment strategy and wider financial planning?
3. Who has responsibility for leadership on asset management:
 - a. At a Cabinet/Board level? **Lead Member for Finance & Assets**
 - b. At Executive level? **Head of Finance & Assets**
 - c. At Service level? **Nominated Service Property Officers (SPO's) are responsible for production of the Service AMP's and attendance at Asset Management Group. The process is administered through the Property Department and overseen by the Property Manager (or Strategic Asset Team Leader?).**
4. How are Council/Board Members engaged with property asset management and how regularly does the Council/Board review asset performance?

The asset management process is called in for review at Communities Scrutiny Committee. Updates in respect of the Council's **land and property holdings, together with service and corporate proposals** are presented to Area Member Groups which cover all of **the Council's electoral areas. The Lead Member for Finance and Assets attends the Asset Management Group and Property meetings.** All reports to the Asset Management Group must demonstrate Local Member consultation.

The Council last undertook a wholesale review of all Service AMP's in January 2011 (findings and recommendations presented to Cabinet). The aforementioned restructuring exercises have impacted on subsequent Service AMP reviews (as there haven't been any to review), but completed Service AMP's will be challenged in 2013/14.

Service specific reviews have scrutinised asset performance in order to facilitate informed decision making. Most notably since 2011:

Education – Primary School Area Reviews;

Property – Agricultural Estate Review, Commercial Estate Review, Office Accommodation Reviews;

Leisure Services – Town Halls Review;

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 department divided into four main service teams:

Strategic Assets;

Valuation & Estates;

Design & Construction;

Facilities & Maintenance;

Structure chart attached.

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 Council has undertaken several schemes which have utilised assets from service portfolios for alternative service provision in order to deliver corporately beneficial projects, including collaborative schemes with non Council organisations. Current examples:

Prestatyn library project – reconfiguration of asset utilisation within the Library, Commercial/Regeneration and Environmental Services portfolios to deliver a new Library facility for the town;

Single Point of Access Team (including Local Health Board [LHB] staff) – Consideration of accommodation in the corporate office portfolio, existing Social Services Portfolio and Commercial portfolio;

Registrar Service (North) – Consideration of accommodation provision across all service portfolios. Options appraisal has reduced the potential use of two buildings, one in the Communications, Marketing & Leisure portfolio, the other in the Corporate Property portfolio;

First Contact Team (DCC Education and LHB staff) – proposed utilisation of available space within Rhyl Leisure Centre (following options appraisals of other properties);

Office accommodation reviews – looking at service provision needs, including customer facing provision, and considering alternative use across the portfolio.

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)

The Property department utilises the CIPFA Property Asset Manager.Net system. This is linked to the D Maps Intranet Mapping System. The CIPFA system enables the Council to produce and scrutinise a range of performance indicators including condition, suitability, and sufficiency. Information held is submitted to the Local Government Data Unit – Wales for national asset management benchmarking.

Property also populate, update and utilise the national e-PIMS lite system.

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

Annually – in line with the Capital Bidding process.

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

See response to question 4. The reviews undertaken are not focused solely on maintenance backlog, although this is a factor when considering options. Notwithstanding the problems encountered due to service and corporate restructuring, it is intended that generic reviews of Service AMP's will be undertaken annually. Service led reviews (Agricultural Estate, Corporate Property etc.) are ongoing and will consider maintenance requirements. All property costs are considered together with strategic considerations such as future service delivery needs, regeneration, and efficiency agendas etc.

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

Yes.

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?

The Council has an established Project Management Methodology which requires detailed briefing and business case documents to be completed prior to project instigation. Property projects over £0.5 Million are subject to whole life costing analysis utilising the Standardised Method of Life Cycle Costing for Construction Procurement through an additional module which compliments the current Building Construction Information Service online cost database.

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

The project management process requires sign off from the Property Manager/Principal Asset Manager for any property related project. Furthermore, a policy is in place which stipulates that any project which involves changes to the Council's property or land holdings should be procured and managed through the relevant property function.

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?

The Council has a dedicated Strategic Assets Team. The Principal Asset Manager and Asset Manager within this team are charged with reviewing Service AMP's, including, but not exclusively, running cost. They are supported by officers from the Energy Management Team, Facilities and Maintenance and Finance. Comprehensive property running costs are available.

Notwithstanding the additional work generated by service and corporate restructuring, once the Service AMP production process is re-established, the existing resources should be adequate.

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?

Information available includes:

Rental/Lease/Unitary charge costs;

Rates;

Utilities;

Facility Management;

Grounds maintenance;

Building maintenance backlog & annual spend (averaged over the last 3 yrs);

Insurances;

Phones/ICT costs;

Costs can be broken down into £/m², £/workstation, £/staff etc. Where required and possible, future costs are also projected.

When considering strategic property decisions, the opportunity cost (potential income generation/capital receipt/alternative use) is also considered.

The information is used predominantly in asset reviews, property reviews and cross service project delivery as outlined in response to questions 4, 6, 8 and 9.

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?

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?

The current climate has emphasised the need for accurate property data and alignment of property needs to core service delivery. This, together with the realisation that significant efficiencies need to be gained through strategic property management, has subsequently increased the focus on property management.

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

The Council is actively working with other public sector bodies to identify and achieve property efficiencies through co-location schemes.

Current examples:

Single Point of Access Team (including Local Health Board [LHB] staff) - Consideration of accommodation in the corporate office portfolio, existing Social Services Portfolio and Commercial portfolio;

First Contact Team (DCC Education and LHB staff) - proposed utilisation of available space within Rhyl Leisure Centre (following options appraisals of other properties);

LHB staff currently occupying space in corporate office accommodation in Prestatyn;

North Wales Police imminently occupying space in Prestatyn offices;
DCC utilising space within Rhyl Police Station for CCTV control room;
North Wales Coroners Service to be accommodated in County Hall Ruthin;
Working with the Courts Service to identify potential accommodation in DCC offices;
Regeneration working with the Welsh Government and Registered Social Landlords to kick start regeneration schemes through co-location developments;
Information gathered from and posted on the e-PIMS system.

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?

Guidance and good practice

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

The Council considers guidance from (not exhaustive):

RICS (More Effective Public Sector Property Asset Management);

CIPFA (A Guide to Asset Management and Capital Planning in Local Authorities);

Welsh Audit Office (Good Practice Exchange);

CLAW (website)

National Assets Working Group (good practice);

HM Gov't publications (Operational Efficiency Programme – Asset Portfolio, The State of the Estate etc.).

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

Yes – with other LA's generally and with other bodies where possible.

CLAW (website and related enquiries);

CLAW meetings and seminars;

CIPFA meetings and seminars;

National Assets Working Group – e-mail contact and attendance at meetings;

Regional North Wales group established as a result of the Support Services Programme – Property.

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

Asset Management practice and procedures should be well established enough throughout Wales to negate the need for the establishment of a new source of good practice – there are enough existing sources together with an established asset management “network”.

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

Not unless there are some major changes in the processes/guidance envisaged. High level training of the principles aimed at Director, CEO and Member level might assist in establishing/reinforcing the advantages of property and asset management.

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

Not in terms of the process. An audit would undoubtedly divert the attention of Asset Managers/property departments from the actual delivery of strategies and efficiencies. There may be some argument for an audit in terms of improving the corporate focus on AM but this would need to be specifically targeted as a high level review designed to embed Asset Management as a core corporate function.



