

FIN(4) AM 18  
Inquiry into Asset Management Survey  
Response from Carmarthenshire 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.**<sup>1</sup>

The Committee previously called for information,<sup>2</sup> 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?**

Asset management planning within Carmarthenshire County Council aligns with the Organisation's aims and objectives. The integrated Community Strategy provides the overarching vision for the County between various partner organisations. The vision is guided by corporate priorities, statutory requirements and government policy. In delivering this vision, the various services have highlighted their property related issues and requirements via service asset management plans, with support where required from the Corporate Property Division. The corporate planning process within the organisation enables the prioritisation and management of capital requirements stemming from these property issues which are governed by a cross departmental officer group. There are clear linkages in relation to the aims within the integrated community strategy and their property implications, and the management of the organisation's capital to meet those aims. The overview and strategy are contained within **the Council's Corporate Asset Management Plan** which has recently been refreshed.

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

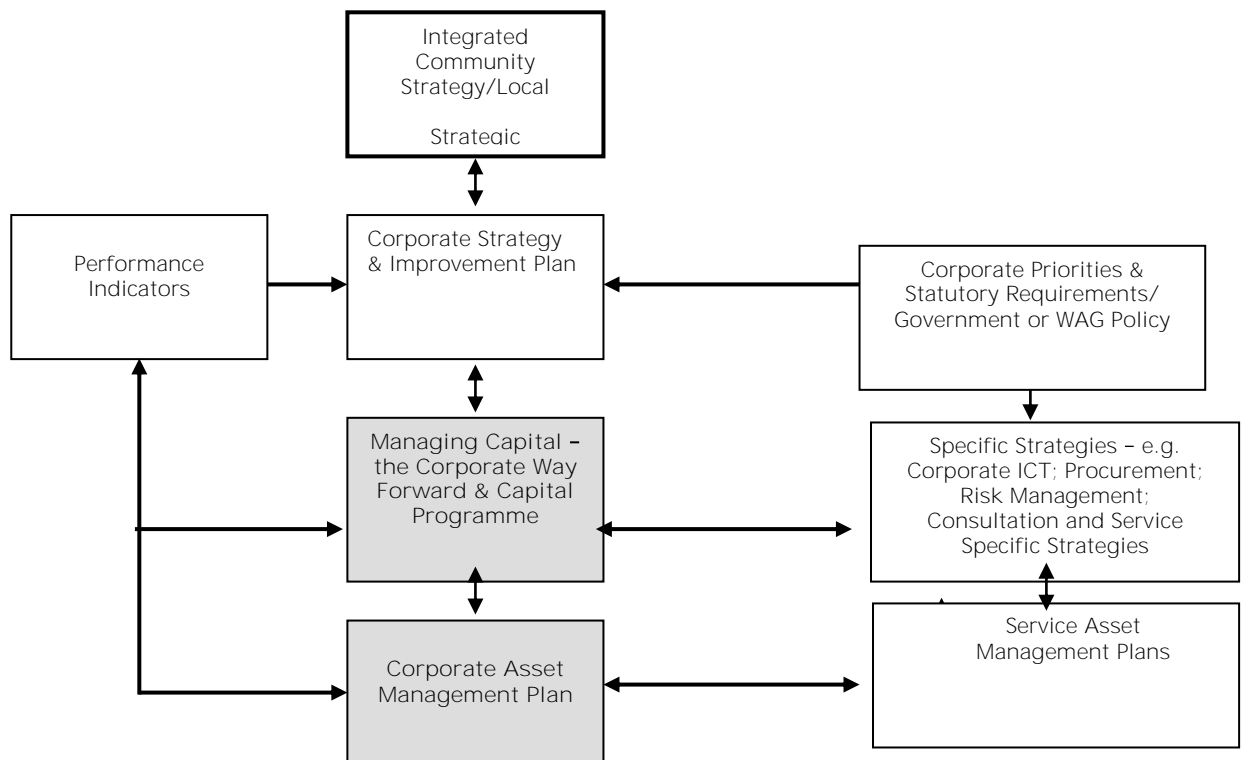
<sup>2</sup> National Assembly for Wales, Finance Committee, [Asset Management Inquiry](#)

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

Yes – The Council has a Corporate Asset Management Plan (AMP), underpinned by individual Service Asset Management Plans. The first edition of the AMP was published in 2005 and the 3<sup>rd</sup> edition is about to be adopted following consultation with Scrutiny Committee

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

**The Councils “Managing Capital” strategy sits alongside the Asset Management Plan** (see extract from the Corporate AMP attached):



The Council’s Head of Corporate Property chairs the Strategic Asset Steering Group, the stated objectives of which are:

- to develop and maintain on a rolling basis a longer-term ‘vision’ of the capital investment requirements of the authority, together with the likely funding
- to co-ordinate the development of the Asset Management Plan
- to explore and identify potential alternative external funding sources
- to develop and control the Managing Capital Document

- to promote best practice in capital and project management, undertaking any development that could improve this process

3. Who has responsibility for leadership on asset management:

- a. At a Cabinet/Board level?  
Executive Board Member for Resources
- b. At Executive level?  
Director of Resources
- c. At Service level?  
Head of Corporate Property

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

Members are engaged with asset management via annual updates of the Corporate Asset Management Plan together with a 3 year comprehensive review cycle of the plan. The present 2013 -2016 AMP has been considered and endorsed by the **Council's Policy and Resources Scrutiny Committee** and Executive Board is scheduled to adopt the document on 29<sup>th</sup> April 2013. The Wales Audit Office Buildings Management report in 2010 led to an action plan which has now been completed. Prior to completion of the Action Plan it was the subject of periodic update reports to the Policy and Resources Scrutiny committee. Asset Management and wider property management was one of the key Actions within the **Council's Outcome Agreement** with the Welsh Government and was also the subject of regular reports to Members as a result.

In 2010 – 2011 The Corporate Property Division undertook a Local Asset Review Process which split the County into 6 areas then reviewed and consulted with County, Town and Community Councillors and local community groups on proposals for public sector assets.

The Executive Board Member for Resources and Members of the Policy and Resources Scrutiny Committee have also received Member Development Training on asset management and the Asset Review process from the Corporate Property Division.

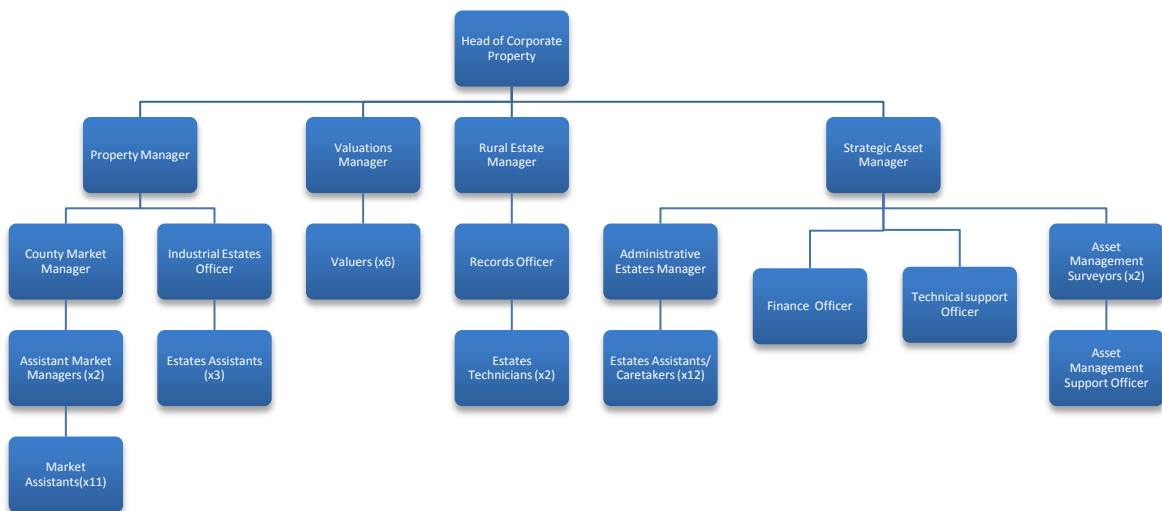
Reports to Members refer to key performance indicators reported internally or via the Consortium of Local Authorities in Wales (CLAW)

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

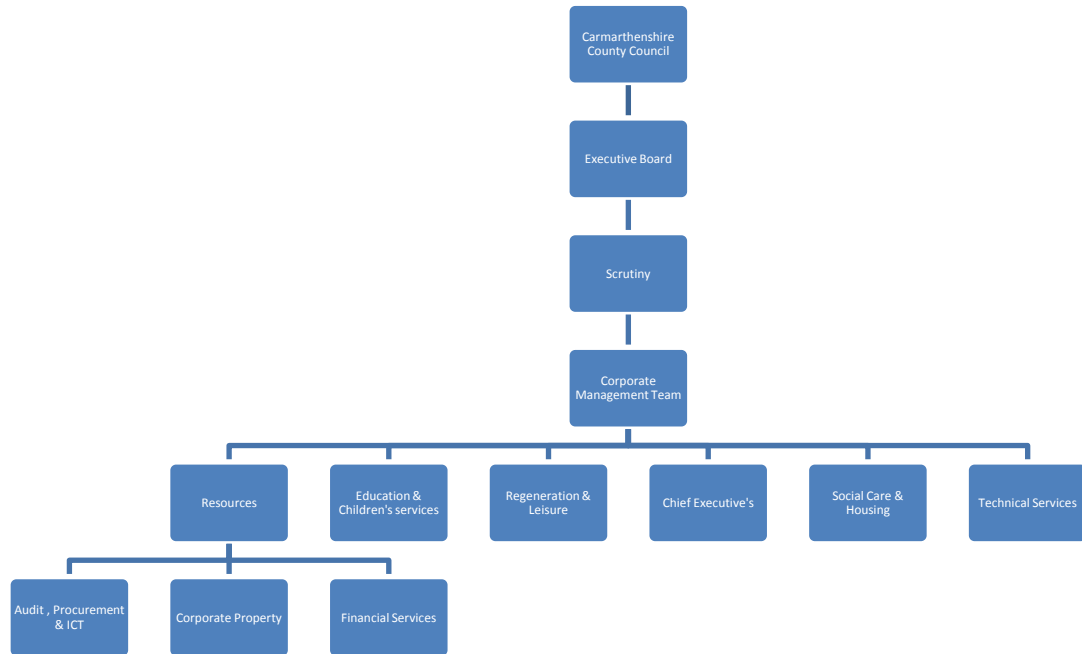
The Council has a Corporate Property Division within its Resources Directorate covering estates, valuation and property management. Within Corporate Property is an Asset Management Team, dedicated to taking a strategic lead on the property objectives of

- ensuring that the authority's asset portfolio supports the delivery of its services and objectives, with specific reference to suitability, sufficiency and condition
- ensuring that all assets deliver value for money
- ensuring that all assets are managed in the most economic, efficient and effective manner.
- actively pursuing a programme of disposal in relation to underperforming or surplus properties
- driving forward collaborative working on property matters

A structure chart for the Corporate Property Division is set out below:



The Corporate structure is set out below:



The Council also has a Property Services Division within its Technical Services Directorate which arranges buildings and grounds maintenance, property compliance and property design.

Property is treated as a central resource with centralised maintenance, office allocation, property negotiation and strategy.

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?

Yes – all property assets are held corporately and disposal / maintenance / improvements are prioritised centrally.

The Council recently undertook Local Asset Reviews to highlight and review its property portfolio in various wards. Workshops and events were held to share ownership information with partner organisations with a view to highlighting where better use could be made of Council assets through joint working, asset transfer etc. The review looked at whether property could be utilised as a catalyst for maintaining and improving service provision, both with external parties and between in house service providers. The Review was identified as one of 9 Partnership Projects by the **Welsh Government's** National Assets Working Group.

#### 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 maintenance is managed through computerised records and data is shared via CLAW benchmarking

The Council has various property management and maintenance systems which currently being reviewed with a view to developing a single property database for all property functions. There is an opportunity to develop links between this project **and the National Assets Working Group's ICT Workstream.**

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?

Meetings are scheduled with service representatives to review respective portfolios. Prioritisation of current projects and expenditure on reactive issues is considered. Running costs and environmental impacts are amongst a variety of issues discussed in considering prioritisation of expenditure.

The most recent comprehensive property review has been set out in responses to previous sections above

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, via its Managing Capital document, requires the submission of a Project Initiation Document (PID) and subsequent Project Business Plan which sets **out each project's** linkages with the **Council's** strategic aims and how each project will be managed/ outcomes monitored. Whole life costing and options appraisal are included in these processes.

Prioritisation of investment is planned via the Strategic Assets Steering Group with recommendations to Corporate Management Team (Directors and Chief Executive) then Executive Board and County Council.

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

Please refer to above flowchart and previous comments regarding the preparation of Service Asset Management Plans which the Services prepare in conjunction with the asset management section in order to inform the Corporate AMP.

## 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?

Following on from the WAO report an Asset Review Team was established. The resource is considered to 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?

Property running costs including rents, rates, energy and maintenance to building level forms part of budgeting reviews within departments. Service Asset Management Plans use this data for service planning purposes, along with suitability and sufficient assessments of the portfolios.

Regular energy analysis is also used to identify poorly performing buildings where opportunities can be taken for energy saving initiatives.

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?

**There remains a significant gap between what is required to bring the Council's portfolio into a good state of repair and fit for purpose, and the resources available.**

**The Council's strategic objective is to rationalise its estate so that expenditure can be invested in maintaining its core properties.**

High level condition surveys inform the asset management strategy and where funding for maintenance should be prioritised. By the same token poor performing assets in physical and functional terms are highlighted for disposal rather than subject to any significant maintenance funding.

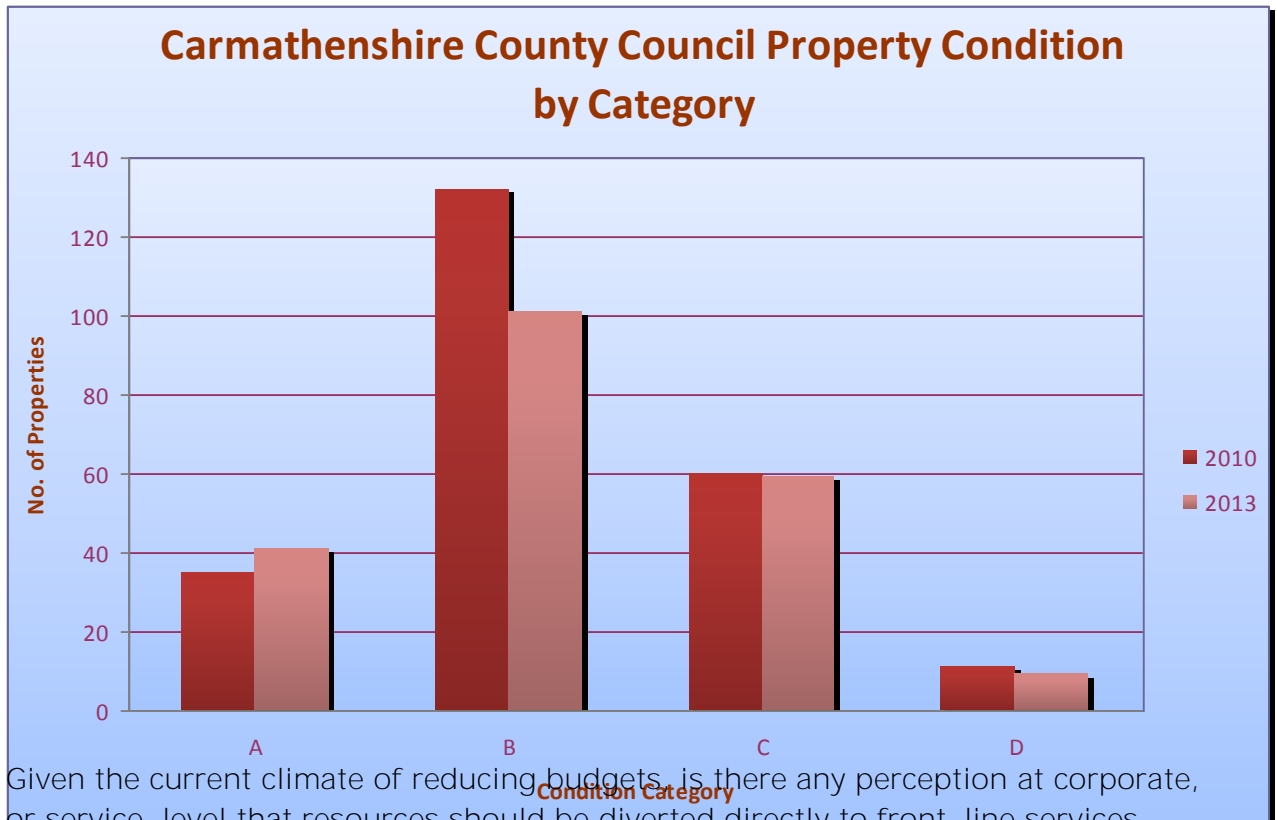
The recently completed AMP highlights that, in comparison with the outcomes of the assessment undertaken for the previous AMP, the number of Council Properties in category A (Good) has increased from 14.7% to 19.5% of the portfolio. The number of properties in the poorer categories of C (Poor) and D (Bad) have shown a marginal decrease compared to previous data.

Overall the figures show a drop in the number of properties assessed. This reduction is due to factors such as the rationalisation of various service portfolios e.g. libraries and schools. The **reclassification of assets in the Council's asset register** has also contributed to the reduction in the number of assets identified for assessment.

As with the previous assessments, a large proportion of the portfolio remains in satisfactory condition (B). A continuing area of concern is the number of assets in

condition categories C & D. Investment plans for strategic leisure facilities in the county and continued investment in new schools should improve the position on certain elements of the portfolio.

A comparison between the 2010 and 2013 AMPs is set out below:



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?

Not at present, as reduction in property related expenditure and generating capital receipts are seen as essential in order to help deliver efficiencies and fund the **Council's capital programme**.

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

The Executive Summary of the Corporate AMP gives a flavour of the work being undertaken:



**Asset  
Management Plan 2013**

Meetings are held six-monthly with Carmarthenshire public sector estates colleagues, Welsh Government and Housing Associations to discuss evolving estates



strategies and share information. A number of co-locations have resulted from this forum.

**The Council's Executive Board has also followed up the 6 seminars in regions of the County with a series of meetings with Town and Community Councils to discuss local issues and in particular the opportunity for local management of assets**

**The Council's Head of Corporate Property is a member of the National Assets Working Group and Chairs the Working Group's ICT Workstream which is exploring the opportunity for developing a single property database for the Welsh public sector.**

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?

The Buildings Management Action Plan has been the focus for the last 3 years, as part of the Outcome Agreement with the Welsh Government. Ongoing performance indicators relate to income, office utilisation and capital receipts (see attached)



**asset  
management plan app**

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

The AMP and Outcome Agreement are public documents and include a range of performance data.

#### Guidance and good practice

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

CLAW, RICS, WAO and CIPFA guidance forms the background to acknowledged best practice in Asset Management.

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

The Council hosts regular meetings with counterparts in various organisations including, amongst others, Hywel Dda Health Board, Dyfed Powys Police, Mid & West Wales Fire Authority, University of Wales Trinity St David, Coleg Sir Gar, Ministry of Justice, Welsh Ambulance Trust and local Housing Associations to look at opportunities for collaboration, to share property strategies and good practice.

CLAW-funded CIPFA Asset Management Network workshops throughout the year assist in sharing of best practice.

Also, the CLAW / ACES Asset Management and Estates Group meets regularly as a further opportunity to share best practice.

The National Assets Working Group also has a significant role.

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

Not required in our view, as the National Assets Working Group, and other groups set out above, fulfil this role and includes representatives from across the public sector

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

Not required in our view.

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

Potentially, as this would identify further best practice and highlight actions taken since the last Review.