

**Written Response by the Welsh Government to the report of the National Assembly for Wales Finance Committee entitled Asset Management in the Public Sector**

**Recommendation 1**

**We recommend that the Welsh Government draws up an Asset Management Plan for its entire administrative estate, (or revises the content of the State of the Estates Report) with appropriate targets, and reports regularly on performance against those targets.**

**Response:** Accept

The Welsh Government holds all the relevant information that makes up the components of an Asset Management Plan. Officials will consolidate this information into a formal Plan for the Administrative Estate.

The plan will be placed on both the Welsh Government Internet site and *AssetsCymru* and will be a model of best practice for other public sector organisations to consider and if appropriate, adopt.

The State of the Estate report is not an asset management plan; its aim is to provide a *snapshot* at a particular point in time on the performance of the administrative estate. The Finance Committee report has raised questions about how we present our estate information and I am happy to accept the recommendations made. For the forthcoming 2012/13 State of the Estate report we have introduced specific performance targets, the development of which will remain a work in progress and will be reflected in future reports.

**Financial implication** – None.

**Recommendation 2**

**We recommend that the Welsh Government draws up an overarching Asset Management Strategy which covers ALL the assets it holds, not just its administrative estate. This is not to suggest that assets should necessarily be managed from the centre; rather there is a clear strategy for the management of the asset base, linked to the wider objectives and goals. Such a strategy would need to be supplemented by individual Asset Management Plans for each of the portfolio areas, (especially by the Business and Enterprise division) to provide the flexibility required to manage the assets at this level, according to portfolio priorities and requirements.**

**Response:** Accept

I recognise that a Corporate Asset Management Plan is a key part of business planning. The development of a Welsh Government Corporate Asset Management Plan is a priority and it will ensure that our property assets are used in the most effective way to meet policy objectives and support the needs of the business. Development of this overarching strategic plan will support Wales' Infrastructure Investment Planning (WIIP), which recognises that 'strategic property asset management means aligning our asset base with corporate goals and objectives and ensuring that our land and buildings asset base is optimally structured'.

Information relating to all Welsh Government land and property holdings is available on e-PIMS. Work is underway to explore how quickly details of any surplus property can be provided through a public access portal. This development will provide greater transparency around the land and property assets held by Welsh Ministers and about how those assets are being used.

While existing Departmental plans exist, it is intended that standardised Asset Management Plans will be put in place for each of the portfolio areas to provide the flexibility required to manage the assets at the appropriate level, according to portfolio priorities and requirements.

The development of a Corporate Asset Management Plan and standardised Departmental Asset Management plans will demonstrate more clearly, the Welsh Government's strategic approach to asset management, help encourage the sharing of information across public services and be a model of good practice.

**Financial Implication:** None - the activity will be met from existing resources and through the reprioritisation of work.

### **Recommendation 3**

**We recommend that the Welsh Government reports back annually on how it is working with senior leaders across the public sector to highlight the importance and benefits that can be derived from sound asset management, and maintaining up to date records and plans.**

**Response:** Accept

Chaired by the Minister for Local Government and Government Business, the Public Service Leadership Group (PSLG) has been established to provide national leadership for public service reform and collaboration and drive the pace of improvement in public services in Wales. The National Assets Working Group (NAWG), under the direction of PSLG, will continue to promote the importance and benefits of effective asset management using appropriate tools. The work of these Groups will be supported by local government via the Partnership Council's Reform Delivery Group (RDG) also

chaired by the Minister for Local Government and Government Business. The work of the NAWG is presented to the PSLG and RDG on a regular basis to ensure engagement is maintained and action taken.

The NAWG will continue to report its regular updates on progress to PSLG, in accordance with this recommendation.

**Financial Implication:** None

#### **Recommendation 4**

**We note that local government – which is required to produce asset management plans – is widely acknowledged to be stronger in this area than other areas of the public sector. We recommend that the Welsh Government considers whether this requirement to produce asset management plans should be extended to other parts of the public sector.**

**Response:** Accept

I am committed to the development of a Welsh Government Corporate Asset Management Plan and a consolidated Asset Management Plan for the Administrative Estate. Both these documents will be made available as models of best practice.

My officials are currently preparing an Estates Co-ordination Protocol, which will encourage public sector organisations to produce asset management plans to aid effective and efficient use of the assets available to them.

**Financial Implication:** None - the activity will be met from existing resources and through the reprioritisation of work.

#### **Recommendation 5**

**We recommend that the Welsh Government agree with relevant stakeholders a streamlined set of indicators, which enable the condition and performance of assets to be clearly and appropriately assessed and reported. In doing so, consideration should be given to the suite of indicators used in Scotland and England. The Welsh Government should consider how best to encourage, or mandate, the consistent collection or use of agreed indicators across the public sector in Wales.**

**Response:** Accept.

This is an extremely complex area with significant challenges to establish a single set of agreed indicators for all assets.

NHS bodies are required to report annually through the Welsh Government Estates and Facilities Performance Management System (EFPMS). Indicators captured include estate age, physical condition statutory compliance, space utilisation, energy performance etc.

In order to create the most impact within existing constraints, my officials will look to develop a set of performance indicators that could be applied to 'office accommodation' across the Welsh public sector. This work will include engagement with counterparts in Scotland and England to establish what indicators they use and to consider how they may be applied in Wales.

It is important that this work includes a review of the impact and value achieved by applying the indicators. The review will enable us to determine the value of common indicators to be applied to other sectors e.g. strategic land held for economic development.

**Financial Implication:** None - the activity will be met from existing resources and through the reprioritisation of work.

## **Recommendation 6**

**We recommend that the National Assets Working Group takes steps to ensure all collaborative projects consider whether there is, or should be, an asset management strand to the project at an early stage.**

**Response:** Accept

The National Asset Working Group already works closely with programmes such as the Invest-to-Save Fund where many such potential projects are identified. Criteria used by NAWG during project consideration, includes the potential for service improvement and efficiencies, but also the potential for using assets as a tool for delivery.

When such opportunities are identified, the NAWG works closely with projects to provide advice and support on project management and best practice guidance. The Group also monitors progress and ensures that lessons are captured and shared across the wider public sector.

The NAWG will continue to engage with and support the wider public sector to share information with each other and with us. It is essential for public sector leaders to engage with the agenda in order to deliver for the best possible outcome. We cannot achieve a step change in isolation and the PSLG and RDG have a key role in promoting and encouraging this.

**Financial Implication:** None

## **Recommendation 7**

**We recommend that the Welsh Government takes a thorough review of the incentives and disincentives which affect asset transfers, both within the Welsh Government itself and the wider Welsh public sector.**

**Response:** Accept

**In particular we believe the fact that health bodies can only keep the first £500,000 of any asset deal discourages large scale activity. We recommend it should be replaced with an agreed proportion of the total value of the asset, to encourage large-scale strategic transfers, where this represents appropriate management of property.**

**Response:** Accept in principle

We will continue to review how best to ensure that Welsh public assets, are used in a way which maximises value for money, which will include an analysis of current incentives and disincentives. This will be considered as part of refreshing the overarching Land Transfer Protocol, individual sector protocols and guidelines (including NHS Wales), together with developing a Welsh Government Corporate Asset Management Plan. Work being undertaken to gather data on e-PIMS and the Vacant Space register will provide a useful tool to support this.

## **Recommendation 8**

**We recommend that public bodies are given greater incentives to effectively manage their assets, by ensuring that they keep an appropriate proportion of any value accrued by transfer or disposal.**

**Response:** Accept in principle

## **Recommendation 9**

**We recommend that the Welsh Government's Asset Management Strategy (as referred to in recommendation 2) is used to aid in identifying assets and property available for transfer, either between departments, or to other organisations, to tackle the perception of silo working in departments. It should be ensured that such transfers contribute to the wider strategic goals and objectives of the Welsh Government and those of individual departments. Given the concerns raised with regard to the impact of such transfers on departmental budgets, protocols should be established to ensure that where assets are identified for transfer, the transferring department is not discouraged by any potential adverse impact on their departmental budget.**

**Response:** Accept

Activity is underway to address the challenge of ensuring optimal use of public assets through the development of a Wales Public Sector Estates Co-ordination Protocol. As part of this, consideration may need to be given when Departments are disadvantaged by asset transfers, to ensure that appropriate compensation measures are put in place. In particular this will be taken into account as part of the review of the existing Land Transfer Protocol together with any specific protocol that may be required to accompany the Welsh Government Corporate Asset Management Plan.

The Permanent Secretary has established a Cross Government Working Group on Land which will be looking at how Welsh Government property and land holdings can be used in a more strategic way to deliver ministerial priorities, in particular to provide land for housing.

On 23 September 2013, the newly formed Finance and Corporate Services Directorate came into existence, bringing together property and strategic financial planning functions. There is an opportunity for this Directorate to improve management of asset disposals across the Welsh public sector to avoid silo working and to build a more coordinated approach

**Financial Implication:** Any financial implication arising from transfers between Welsh Government departments will be addressed through relevant protocols.

## **Recommendation 10**

**We recommend that the Welsh Government (via the NAWG) does more to encourage public sector organisations to see assets as enablers of policy and service delivery and share the good practice demonstrated in this area.**

**Response:** Accept

Through PSLG and the Reform Delivery Group, work will continue to encourage interest and engagement by senior public leaders to promote assets as enablers to more effective service delivery. There is a responsibility on public sector leaders to engage with this agenda. NAWG will continue to promote and support the use of e-PIMS as a strategic tool.

In response to feedback from across the sector, an important development by NAWG has been the launch of the network portal, *Assets Cymru*. The web page provides a host site for best practice guidance and case studies as well as an opportunity to engage in discussion forums and share current thinking. NAWG will also continue to work closely with the WAO and Good Practice Wales to ensure the wider dissemination of examples of good practice and maximise opportunities for shared learning.

**Financial Implication:** None.

## **Recommendation 11**

**However, there is a question about the capacity of the National Assets Working Group (NAWG) to drive this agenda. We recommend that all partners consider the level of resource required to deliver the work that is expected of the NAWG, and whether that resource should come from the Welsh Government, or from a contribution shared among all partners.**

**Response:** Accept.

The Welsh Government will keep under review the resource required from across public services to help drive forward this agenda. The approach of the NAWG, under the direction of the PSLG, is to deliver a shared programme of activity to support an improvement in the provision of public services across Wales. In this context, it is appropriate that the resources required to deliver this shared agenda is met from across the whole of the public sector.

Political and senior leaders are encouraged to engage and contribute, but to date the level of interest and engagement by other partners has been varied with only a limited number of organisations engaging fully. In order to realise the opportunities presented by the work of the NAWG, we are expecting to see broader engagement and commitment from all partners.

It is appropriate that the group give consideration to identifying dedicated resource on a regional and or sectoral basis to support the delivery of this agenda. The PSLG will keep under review any developing resource implications.

**Financial implication:** None, but this will be kept under review by the PSLG.

## **Recommendation 12**

**We acknowledge that the Welsh Government believes that their approach is delivering comparable benefits to the Scottish Government's more centralised approach, without the upfront costs of establishing a new body. However, we recommend that the Welsh Government continues to monitor the results of both approaches to ensure that Wales is getting comparable benefits.**

**Response:** Accept

The centralised approach adopted by Scottish Model incurs significant running costs and the remit of the arms length agency also goes beyond that of the current scope of NAWG. Similarly, the investment in such a body is

beyond the level which we are able to support in this current financial climate. For the level of investment made to date, NAWG has made good progress. For this reason, I continue to support the current approach of using NAWG as a catalyst to improving asset management by influencing, encouraging, supporting, identifying potential funding methods and putting in place appropriate tools for delivery upon which organisations may draw. We will examine progress elsewhere, particularly in respect of mandating, to consider both the relative impact and whether such developments could be applied in Wales.

We will continue to monitor the benefits of the work and provide regular updates.

**Financial Implications:** None

### **Recommendation 13**

**We recommend that the Welsh Government continues to work through the PSLG to ensure examples of good practice are shared not just among those in the asset management business, but also among senior leaders to ensure that good examples are put in to practice.**

**Response:** Accept

The Committee's endorsement of the Welsh Government's existing approach is welcome. We will share examples of good practice as widely as possible by engaging with the Public Service Leadership Group to encourage the wider take up and adoption of tried and tested good practice project proposals. Specifically, we will continue to publish and promote project case studies. Such studies have been published for various projects including those backed by Invest-to-Save funding such as Bridgend County Borough Council's project to rationalise their estate, the One Newport information station and the PVSolar installation energy efficiency project at the National Botanic Garden of Wales. We will continue to engage with the Good Practice Exchange on the Wales Audit Office's website and develop *Assets Cymru*, the asset management network portal developed by the National Assets Working Group to improve communication around the issue of improved property and asset management. Further case studies are being published this autumn in a new Investing-to-Save publication and in the New Year, as part of the latest evaluation of the Invest-to-Save fund.

The NAWG has developed a stakeholder management strategy to ensure that appropriate messages are targeted to relevant stakeholders, enabling a greater understanding of the role of asset management in delivering public service reform.

The PSLG and RDG will provide political and executive leadership to drive forward the asset management agenda. For example, the NAWG is currently considering the potential savings to be gained from improvements to Fleet



Management. The Minister for Local Government and Government Business recently discussed the issue at the Reform Delivery Group to encourage appropriate action to be taken to realise the savings potential within their regions and report back at the next meeting. The active engagement of partner organisations is key in ensuring that information is disseminated as widely as possible.

**Financial Implication:** None.

#### **Recommendation 14**

**We recommend that the Welsh Government considers whether the expertise it already has among its own staff could be made more widely available to other public sector bodies, and should explore the possibility of secondments to/from other areas of the public sector.**

**Response:** Accept

Expertise is already shared through the work of NAWG as far as it is practical. Resources within WG professional teams are insufficient to support all activities and any such consideration will need to take account of resource requirements of WG Departments and associated impacts in terms of policy delivery. Any approach would also rely heavily on engagement by wider public sector partners.

NAWG are exploring the potential for the sharing of professional skills capability across the sector, by gathering details of organisations prepared to offer services based on existing skills and expertise. Work is being undertaken to consider opportunities to host a central database on *Assets Cymru*. This will be subject to further discussions with the wider public sector.

**Financial Implication:** None.