

Welsh Government Asset Management queries

Strategic links and leadership

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

The Council has long term Property Strategy and regular Asset Management Plans in place. The development of service asset management planning through Directorate Plans and Service Plans means that asset management becomes embedded in the organisation as a natural part of the overall plan process rather than being seen as a separate area and role which is buildings orientated and merely a bolt on. In addition to this Asset Management is a key component of the Councils Flintshire Futures programme. Flintshire Futures is a major change programme and assets play an important role in reshaping the future service delivery of the Council.

In addition to our Asset Management Plan there are also a number of other key strategy documents that combine to support our overall approach to service delivery and these include our Improvement Plan, Strategic Assessment of Risks and Challenges, Performance Indicators, Medium Term Financial Plan (MTFP) together with Directorate and Service Plans.

The authority has had in a place for almost ten years a Corporate Asset Management Group (CAMG) which was also tasked some five years ago with managing the Councils capital programme including capital receipt generation from land and property sales. This group has been useful in managing and coordinating a single corporate and strategic approach particularly in this difficult economic climate, which has made property sales more uncertain.

In developing its Medium Term Financial Plan (MTFP) and the capital element of the workstream the Council has recently commenced detailed work to review all of its assets this will cover:

- Achievement of a comprehensive Capital Strategy and 10 year vision which sets the aspirations of the Council for its Capital Programme and resources
- Options for delivering the vision, including , Joint Ventures, Local Asset Backed Vehicles and the role of Prudential Borrowing

- Links with the MTFP/Revenue Budgets/Scrutiny/Members/External funding sources
- The role of CAMG/Corporate Management Team (CMT)/Cabinet in developing and managing the Capital Programme
- The potential for Service Plans to include five year Capital Plans, setting out capital need, availability of external funding, the benefits to be gained from capital investment, and any risks for not investing.
- The process for evaluation and management of capital projects, including budget monitoring and reporting. Together with more practical guidance on this process.

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 authority has an Asset Management Plan with linkage to its Medium Term Financial Plan, Flintshire Futures programme, Strategic Assessment of Risks and Challenges and Improvement Plan. These provide a key framework of corporate initiatives through which we deliver programmes of activity.

This links to the Councils capital investment plans which form an integral part of its Medium Term Financial Plan and wider elements of financial planning and investment. This overall approach sees investment being targeted at our 21st Century schools modernisation programme, depot rationalisation, housing modernisation programme, Council Property rationalisation programme, Flintshire Connects (one stop shop), Clwyd Theatr Cymru proposed redevelopment and regeneration strategy to name a few.

3. Who has responsibility for leadership on asset management?

a. At a Cabinet/Board level?

b. At Executive level?

c. At Service level?

The authority has two Cabinet Members with responsibility for Assets as it is seen as a critical component within the Councils Leadership. At a strategic level the Leader of the Council has oversight of assets and this enables connectivity and visibility to be made with his other role with responsibility for Finance, in this way two key workstreams can be managed. At another level the Deputy Leader and Cabinet Member for Environment deals with any day to day issues which affect Cabinet from an assets perspective.

At an Executive level the Director of Environment has responsibility for managing delivery of the capital programme and works closely with the Head of Finance and CAMG to develop and deliver workstreams linked to the medium term financial plan. The Director is supported by the Head of Assets and Transportation, who has specific responsibility for the Valuation and Estates Service who manage the land and property assets for the County Council. The Head of Assets and Transportation is also the Councils Corporate Property Officer (CPO).

At a specific service level the Corporate Property Officer is the authority's Senior Manager for Asset Management and is responsible for the Asset Management Plan and associated work as "central service manager" in this area.

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

This happens at a number of levels within the organisation, at Cabinet, within the Council and through scrutiny.

Asset performance is reviewed quarterly through review of quarterly reports which are presented to Scrutiny and Cabinet. These reports cover a number of specific issues, assets being one of them. Corporate Resources Overview and Scrutiny Committee (CROSC), covers the specific review of progress and direction and emphasis of the Asset Management Plan. The assets workstream within Flintshire Futures has a number of levels of review and Member engagement, at its highest level the overall programme is covered by a programme board, chaired by the Chief Executive, and attended by Directors Head of Service and Leader and Deputy Leader, the assets project board reports into this programme board, various work groups below this deliver workstreams flowing from the assets projects. Progress in relation to assets linked specifically to Flintshire Futures is reported into CROSC at a six monthly intervals.

In addition to the above the Council delivers a number of Member workshops on the capital programme, its content development and challenges.

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

In addition to the valuation and estates / asset management function the authority also has a Property and Design Service together with Property Maintenance function and an Energy and Water Conservation team, all report to the Head of Assets and Transportation. This approach provides a degree of robustness in decision making processes and enables a more consistent approach to be overlaid to work programmes and activities.

The service managers for these areas meet on a monthly basis and review work programmes with Lifelong Learning and Culture and Leisure colleagues. The Property and Design Service also does this with Community Services which is a more compact workstream.

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 authority has a single pool for asset receipts which can be called upon by making proposals in a detailed and standard format. This particular process framework was identified as good practice by Wales Audit Office and we were pleased to be asked to share the format for wider circulation. The basis of asset ownership being vested in the single corporate legal entity of the Council is now well established and understood.

As part of the corporate planning process a clearing arrangement and flow process for service surplus assets has been established for some years and is understood at all levels in the organisation and forms part of a straight forward flow chart process included within the Valuation and Estates Services Quality Assured ISO 9001 statements.

The Director of Environment chairs the Corporate Asset Management Group and the Head of Assets and Transportation, Corporate Valuer, Heads of Service representing the three directorates and financial officers also attend this monthly forum.

The meetings are split up into financial and budget review and monitoring along with corporate requests, strategic discussion and reports and operational asset discussions and reports. As part of this process service updates and discussions can take place at a strategic level.

Within the Flintshire Futures programme as well as the property rationalisation programme, linked to the assets component of the programme, we also have a workstream which seeks to increase the levels of front line service we provide to our customers, we intend to achieve this through our Flintshire Connects hubs, which will be located in all of our main town centres. In addition we are delivering our 21st Century schools programme (£64m programme) 50% of which will be funded through the Councils own resources. We have also undertaken a detailed feasibility study on Clwyd Theatr Cymru in preparation for the next stage of the proposed study and development.

Finally the Council has developed and adopted a policy to deal with its assets which it considers are surplus to its own requirements but may have a community use or focus within the local community. The use of Community Asset Transfers, is relatively new in Flintshire , however, there is considerable interest in some areas of the community and a real desire to take over the management and running of facilities using funding models through the big lottery fund and other mechanisms to develop and add longevity to assets which the County Council could not deal with financially and which would

better be placed in community hands. The County Council, in this respect is currently dealing with a number of levels of interest on its assets and these are being pursued.

Systems / processes

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

- a. Benchmark performance against that of other bodies; and/or**
- b. Link with other relevant systems (e.g. geographical information systems)**

The authority uses Technology Forge which is a modular based asset management system that can be used for maintenance, valuations, estate management, project management and a wide variety of other property related functions. The system also has key interfaces with our GIS system and financial system, and currently we are exploring on line processing of payments through P2P and TF. We also use ePIMs lite for identifying, managing and sharing our assets information at a higher strategic public sector level.

The data from these systems is used to inform the authority's property and service review processes in addition to geographical analysis.

The County Council carries out formal performance benchmarking through the auspices of CLAW / COPROP. Process benchmarking and best practice is also undertaken through CIPFA (quarterly meetings) ACES (quarterly meetings) NAWG (monthly and bi monthly meetings) and Public Sector Construction Procurement Forum

CLAW- Consortium of Local Authorities' Wales.

COPROP- Chief Property officers group

ACES- Association of Chief Estates Officers

NAWG - National Assets Working Group

The Head of Assets and Transportation is currently part of and working with a number of other Public Sector partners at a National Level in the exploration and potential development of a National Asset Management System for Wales. This is a sub workstream flowing from the NAWG.

The Corporate Valuer is the Vice Chairman of ACES Wales and the Property and Design Manager is on the Board of Nominated Officers for CLAW. The authority therefore takes an active and direct part in feeding into and out of a wide variety of organisations both in the region and across other sectors in this area.

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?

The authority has been active in service reviews and planning which has resulted in the closure of several unviable library buildings and the amalgamation of a number of schools creating new buildings. This work is in addition to the 21st Century Schools proposals. Reviews are generally on a rolling programme; however, this is being accelerated to cover more of our property and land portfolio. (see Item 1)

The NEWCES building (North East Wales Community Equipment Store) was opened just over three years ago in collaboration with an adjacent local authority, Local Health Board and third sector and was the first pooling of funding in this way in Wales. Three elderly buildings were closed as a consequence and the Flintshire premises were sold to achieve a capital receipt.

We are also consolidating our highway maintenance depots into one strategic facility which, as well as creating service efficiencies, which is part of an ongoing service modernisation programme, will also assist us in realising revenue savings and generate capital receipts.

Maintenance backlog and running costs play an important part in our property review and analysis procedure. Using a best practice balanced scorecard approach we create a list of key inputs and outputs (hence balanced scorecard) which is broken down to green amber or red boxes (RAG status). This format clearly marks up effective and efficient service delivery facilities or the opposite if that is the case. This process enables the Council to take a more informed decision on any disposal, transfer, refurbishment, new build outcome. This format was also of considerable interest to WAO when they audited the authority and again we were pleased to be asked to share this framework with them to be shared further as good practice.

Programme of reviews

- Two reviews of the commercial and industrial estate (operational and strategic)
- Strategic review of the agricultural estate
- Operational pilot review of libraries
- Youth and Community Facility review (stage 1 data)

The following strategic reviews are earmarked or being undertaken

- Youth and Community Facilities
- Schools and associated issues

- Leisure Services
- Further strategic review of Commercial Estate

The authority has a maintenance service which currently utilises CIPFA to undertake detailed condition surveys on a rolling basis and which cover condition and priority of work in the nationally recognised and prescribed format. We have made positive inroads into the property backlog but this is significant and the age and condition of many of our properties is reflective off the age they were constructed. Our reviews consider this and such information is used to develop and inform our wider rationalisation and modernisation strategies.

We consider sustainability in much of what we do in the property context and the direct links to our in-house Energy and Water Conservation team under one Head of Service has been effective in ensuring that our project decisions are more informed when it comes to carbon reduction, environmental impact and sustainability issues. A recent assessment by the Carbon Trust on our performance against our Carbon Reduction target was very positive, however, we acknowledge that we have some significant challenges ahead in terms of delivering an increased level of renewable technologies into our schemes both new and retrofit.

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 a robust mechanism for delivering its capital and planned programme of work which has clear linkage to the Councils Medium Term Financial Plan, Improvement Plan and Flintshire Futures programme.

The Councils Corporate Asset Management Group consider a range of service requests and evaluate their relationship with the above plans and strategies to ensure decisions are made on the basis of these key objectives.

The three areas are dealt with proportionately to the size of the project. Again best practice as put forward in the RICS guidance (Royal Institution of Chartered Surveyors) is used so that a minimum of five options for projects in the £1-5 million range is used. For larger projects a minimum of seven options is considered and the use and framing of similar timescales and financial assessments seek to ensure objectivity and fairness in considering the different options at the analysis stage.

A clear business case for projects must be put forward. The format of this may vary slightly according to the route of funding being followed. For instance NEWCES was through a standard funding application to Welsh Government. The schools are undertaken using internal formats. Finally the Strategic Outline Case using the five case business model has been used for the 21st Century Schools modernisation project.

Whole life costing of revenue and capital projects is undertaken and the scale and detail of this is again proportionate to the project its scale and differences between the options and analysis. However, we acknowledge that there is a greater role for whole life costs in the way we develop projects and its use needs to become embedded in the decision making process.

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

There are a number of key routes and interactions for the property and asset services with other service colleagues:

- Corporate Asset Management Group where asset representation and service representation takes place at a higher strategic level.
- Flintshire Futures where the councils Asset Manager who sits within Valuation and Estates is a core member of the framework / project team.
- Service manager contact through “day to day” operations for a wide variety of needs or proposals.
- Work stream development under the Local Service Board which the Director of Environment sits on. The Corporate Valuer attends the Regeneration Board and Social / Community Enterprises Board and its work streams.
- Office accommodation and property searches / review are another important means of working relationships and understanding on the ground, with specific service areas.

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?*

Resources at a corporate level flow from a number of areas to support our overall understanding and approach around running costs. Our Flintshire Futures Programme, Assets, is reviewing property costs and this data is being used to make informed management decisions on the future of the Councils corporate buildings. The resource to deliver this comes from the existing property teams, members of which have been effectively seconded onto these work streams. The Council has acknowledged that, in order to deliver this work faster it needs to be resourced sufficiently and in recognising this has created specific budget allocations for Project Management and other specialist support to assist delivery of the programme. The need for such funding was presented to Members of the Cabinet, Flintshire Futures

Programme Board and Scrutiny and fully supported, on the basis that these initiatives are effectively spend to save.

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?

In reality this is an area that needs to be much more transparent to senior managers and their teams. The general impression from some service areas was that accommodation is a resource that has no cost, clearly that is not the case and a more robust approach, which adopts a pay for what you occupy approach is needed. The Council has been considering, in the development of its Medium Term Financial Plan how this can be taken forward. In the business case for property rationalisation costs per sqm of accommodation have been set and it is proposed to communicate this information to service teams so that accommodation costs are visible and real and sit alongside other budget headings so their content and scale is better understood.

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

- **Is funding maintenance linked to the condition of assets?**

Property maintenance is adequately resourced to meet policy objectives with sufficient priority given to routine maintenance.

Funding is linked to the condition of assets and data feeds into this analysis via regular condition surveys. All data is held on the Technology Forge Asset database, which is able to prioritise expenditure against need.

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 approach has been modified in relation to property management and this is being influenced by the activity within our Flintshire Futures Programme, Assets work stream, this sees levels of investment into our Flintshire Connects hubs, other work strands look at property rationalisation which will see an overall reduction in our corporate property. Through agile and mobile

working we aim to reduce our main office footprint and hence cost. Our capital resource budgets are reflective of the Councils objectives as determined by its Improvement Plan.

As such we have continued to invest in our property management activity but been clear that the level of investment and where it is targeted is in line with our overall corporate strategies and the ongoing delivery of our front line services. In addition we have a major programme of investment linked to our schools, depots and property rationalisation programme.

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

The Council is currently working with Deeside College and in the development of a joint facility (Tertiary College) as part of its 21st Century modernisation programme. This facility will see 6th Form provision across the County reviewed and dealt with through a new facility located at Deeside College.

Its Flintshire Connects hubs provide public sector service space incorporating the services of Police, Job Centre Plus, and Communities First. They also act as drop in centres/hot desks for service areas when working in the locality. Our first 'Connects' opened in November last year and we are currently developing three more (Flint, Connahs Quay and Buckley). These facilities support the core services of the Council and at the same time create a public sector facility where other non Council Services can also be accessed by the public.

Work has also commenced on two other substantial workstream:

The redevelopment of Clwyd Theatr Cymru and the rationalisation of our corporate accommodation. In relation to Theatre Clwyd, we have completed work on a detailed feasibility study into the Theatre, a project supported by Arts Council Wales, Flintshire County Council and Welsh Government. A team of specialist consultants were commissioned to deliver a detailed review of the facility and prepare a number of options which were subsequently developed, further costed and presented to the Theatre Board. This project is now moving forward to more detailed design phases, subject to funding.

The Councils rationalisation project is an ambitious programme of property remodelling and relocation to achieve a more cost effective core workforce which is highly agile or mobile and which is flexible and responsive to

customer needs. The project seeks to redevelop the site of the current Civic administration headquarters in Mold and rationalise the operation into three core units of accommodation but which are far more intensively utilised and cost effective. As noted whilst the administration centre in Mold will ultimately be demolished under these proposals, the intention is that a much smaller administration centre, ideally a public sector hub, will be developed somewhere on the existing site or elsewhere.

As part of its community engagement initiative we are seeking to encourage communities to engage with us and take over the management of our surplus assets through Community Asset Transfers, the concept has been explained earlier in this response.

In addition the Council also utilises ePMIS Lite. This enables visibility of our property assets and available space on a wider platform across Wales.

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

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

The Councils Performance plan addresses assets and the contribution they make to the delivery of services to customers. In addition there is also linkage within performance measures that cover property rationalisation. Reports are presented to scrutiny and Cabinet on our achievement and we have a range of performance indicators (PIs) which are used as national comparators through CLAW.

Service and Directorate Plans cover a wide range of issues including property related matters and these form the basis of understanding at a more local level.

Guidance and good practice

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

The Councils refers to guidance from a number of organisations such as:

Royal Institution of Chartered Surveyors

Institute of Facilities Management

CIPFA

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

The Council shares best practice through a number of channels as noted above. In many of these cases interaction via general meetings and conferences is a common way of networking and sharing knowledge. Officers also, through their professional obligations to their Institutes/Institutions regularly update through Continuing Professional Development.

At a national level within Wales we are engaged with the National Assets Working group and share information and knowledge across the Public Sector on a wide range of asset related issues.

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

- **Would training in property/asset management be beneficial?**

This could ideally sit with the National Assets Working Group and be delivered through best practice portals managed through Audit Office Wales or other suitable mechanisms.

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

A light touch assessment would possibly be helpful.