

Barriers to Change

- 3.3 As the above list indicates, the authority has made significant progress since the Round 1 review. There remain two key barriers to change:
- **Resources** – the progress that the authority has made in relation to asset management planning has been achieved without the commitment of significant additional resources. The preparation of asset management plan documents, the Best Value review and other activities have been undertaken by shifting existing staff resources from other areas, most notably economic development. To some extent, the impact of the role of the Economic Development Manager as the CPO has been offset by the addition of a new member of staff and the reallocation of some business support responsibilities to the Chamber of Commerce. It remains to be seen whether this approach to resources for asset management planning represents a sustainable strategy in the medium/long term;
 - **Corporate Working** – whilst the signs from the operation of the new AMMG are positive, it is still early days. If the Best Value improvement plan is to be implemented successfully, AMMG will need to continue to develop as an effective corporate group, engaging those involved in property management across the authority. The overall corporate working, culture and capacity of the authority will need to develop in parallel so that it does not act as a brake on the implementation of corporate asset management planning.

4 LOCAL AUTHORITY PROCESSES

Introduction

- 4.1 The evaluation framework for the development and implementation of corporate capital strategies and asset management plans identifies 16 processes that should be found in all local authorities. In this Section, we review the position of case study authority No 12 in relation to the 16 processes.

Corporate Management

Process No 1: “Local authorities develop new management arrangements in order to respond to the corporate capital strategy and asset management planning initiative”

- 4.2 We have assessed the management arrangements put in place by the authority in relation to the following five national good practice criteria:
- *“a clear corporate framework within which the council can develop and implement its strategies and plans, in terms of both a clear link between corporate and property objectives and priorities and the involvement of all service areas at an appropriate level”* - the authority has a strength relative to many other councils in making clear and explicit links between its corporate and property objectives. The establishment of AMMG has created the basis for a more corporate group but it will take some time for this to develop;
 - *“a clear distinction between strategic thinking/decision-making and operational issues”* – an important element of the development of AMMG will involve establishing a clearer distinction between strategic and operational thinking and decision-making. In part, this is also linked to resolving outstanding issues regarding the organisation of property management;

- *“key individual officers driving the whole capital strategy and asset management planning process, including a champion of the process at a senior level”* - the Chief Finance Officer and the CPO are the key officer drivers, but they will need increased support from a more fully corporate AMMG and clearer elected Member responsibility for property and asset management issues;
- *“clear reporting lines to the council’s Management Team”* - the development of a strong corporate centre providing a clear lead for the asset management process and ensuring that the decisions taken are then implemented will need to continue;
- *“integration of the development and implementation of the corporate capital strategy and asset management plan”* – this has been achieved through the establishment of AMMG, subject to its continued development as a fully corporate group.

4.3 Therefore, there are still a number of areas where further development is needed before the authority can be said to meet fully the five good practice criteria.

Process No 2: “Local authorities restructure their governance arrangements so that they are better able to focus on strategic property issues and hence improve their decision-making capability”

4.4 The authority has adopted a streamlined committee structure, with responsibility for property issues divided between the three new committees. Following the Round 2 assessment process, the authority is moving towards formalising the position in which the Chair of Finance and Management Committee takes the lead on property and asset management issues. This change should assist in engaging other elected Members and raising the profile of asset management in the authority.

Capacity Building

Process No 3: “Local authorities appoint an appropriate member of staff as Corporate Property Officer (CPO) with responsibility for the development of a corporate approach to asset management”

- 4.5 The CPO is the authority’s Economic Development Manager, in which role he has been responsible for the letting of the council’s industrial estates. The current arrangements, in which operational management responsibility for the authority’s property portfolio largely lies elsewhere in Technical Services and Housing, place a premium on the CPO being an effective “operator” in the council, engaging other key players to take forward the corporate agenda. The experience of other authorities indicates that this is a model that can work effectively. However, for it to do so, it is vital that the CPO commands widespread respect, and hence wields influence, across the authority in order to drive the implementation of the Best Value improvement plan. An alternative model, which also works well in other authorities, is one in which the CPO has direct operational management responsibility for property services.
- 4.6 Therefore, the authority has appointed an appropriate member of staff as CPO, but there are outstanding issues regarding the organisation of, and the links between, strategic and operational property management to be resolved before the current arrangements can be said to be fully effective.

Process No 4: “Local authorities develop an effective organisation of their property management services as the basis for implementing a more corporate and strategic approach to asset management”

- 4.7 In the Round 1 review, we argued that the CPO needed to be the manager of a centralised corporate property team, bringing together the key responsibilities for property management in the council. As we have indicated earlier, this is one model that other authorities have adopted successfully, but other councils have adopted alternative models that are also working effectively. In other words, there is more than one possible way of implementing a more corporate and strategic approach to the capital programme and asset management planning.

- 4.8 In the context of this case study authority, the creation of a fully centralised corporate property services team is one option, but so too is using AMMG as a mechanism for developing a more corporate approach to property and asset management amongst the small number of players involved.
- 4.9 Irrespective of a decision about which model to adopt, there is trend towards a greater centralisation of management responsibility for property and asset issues in the authority. Management responsibility for industrial estates had been transferred to Facilities and Development in Technical Services and it was expected that the same change would also be made in relation to leisure centres and cemeteries.
- 4.10 As noted earlier, at the time of the case study visit it was a "live" issue in the authority as to whether Building Maintenance should remain part of Housing and, if not, whether it should become part of Facilities and Development or Economic Development (under the CPO). The context for this debate was a poor Best Value review of Housing and a perception elsewhere in the council that the current management arrangements meant that non-Housing areas were not being given sufficient priority by Building Maintenance. As noted earlier, we consider that all of the options being discussed are potentially consistent with developing the corporate and strategic role of AMMG and its support for the work of the CPO.

Process No 5: "Local authorities enhance their project planning and management capability, including undertaking post-implementation reviews, in order to support a larger and more complex capital programme"

- 4.11 Given the small size of the authority and the limited scale of its capital programme, there has not been an issue of project planning and management capability and capacity. Unlike many unitary and upper tier councils, this case study authority cannot be said to have a significantly larger and more complex capital programme than it did a few years ago.
- 4.12 The authority has started to focus more on the outcomes of capital projects. For the first time, all officers responsible for capital projects were required to identify measurable outputs from their schemes in 2002/03. AMMG is responsible for monitoring this process.
-

Information and Evidence

Process No 6: “Local authorities gather, store, maintain and update information on the size, value, condition, suitability and sufficiency, and other relevant details, of their property holdings”

- 4.13 All council-owned non Housing Revenue Account property is recorded in an asset register held in an Access database. The data includes size, value, condition, how the asset was acquired, whether it is still required, whether users have been consulted, and whether it has been subject to any form of review. The information included in the database was validated in 2002 and it is a “live” system that can be updated by nominated officers in each service area. The database can be used in conjunction with other relevant databases in the authority.
- 4.14 Following the Best Value review of asset management planning, the authority has decided to develop a Corporate Property Database using an Excel spreadsheet. This decision reflected the fact that the council wanted a system that is tailored to its needs, whereas bought-in packages involve a lot of modules that would never be used. Effectively, the new Database will draw together existing sources of information into one place under the control of the CPO. At this stage, it is not planned to include maintenance information in the new Database, although this depends on the outcome of discussions regarding the organisation of property management.
- 4.15 As we have highlighted earlier, the authority’s backlog of maintenance works is relatively low. Most of the maintenance works identified were the subject of bids for the 2002/03 capital programme but none were successful. Some of the works of a minor nature were included in the planned maintenance programme. A five-year planned cyclical external repair and painting programme was introduced in August 2002 with the aim of maintaining properties to at least a satisfactory condition. Previously, most of the planned maintenance programme budget was spent on services, plant and equipment.

Process No 7: “Local authorities ensure that all relevant staff have access to the corporate property database”

- 4.16 As part of the baseline assessment for the Best Value review of asset management, the authority carried out an audit of training needs in relation to the use of the property databases, which concluded that staff were adequately skilled to use the existing systems effectively. This assessment will need to be reviewed once the new Corporate Property Database is established.

Process No 8: “Local authorities have considered, identified and calculated a suite of property performance indicators that is appropriate to the local context”

- 4.17 Linked to the overall council aims and the resulting property objectives, the authority has identified the following suite of local pPIs that it is intending to monitor initially:
- the number of units for small businesses that are provided by the council;
 - the number of facilities whose management has been devolved to the local community on long term leases;
 - the number of users per square metre for each type of use in the operational property portfolio;
 - the percentage variation of income received from non-operational property compared to the annual target;
 - the number of void non-operational properties as a percentage of the total;
 - the number of partners located in council buildings;
 - the number of formal consultation exercises with stakeholders per annum;
 - the number of actual changes costed and considered as a percentage of changes identified through consultation exercises.

Process No 9: “Local authorities draw on the experience of asset management planning from other organisations in order to improve their own performance”

- 4.18 The authority is a member of a new regional benchmarking group on property issues involving 15 other non-metropolitan district councils, and also in a sub-group also involving two neighbouring councils that has decided to focus on six indicators of property performance.
- 4.19 The authority is also a member of the Institute of Public Finance Asset Management Planning Network. It is hoped that the Network will provide a vehicle for benchmarking using the ODPM pPIs.

Process No 10: “Local authorities develop processes through which to consult with partners/stakeholders, service users, the general public and staff regarding the capital programme and property-related issues”

- 4.20 The authority has consulted extensively with key stakeholders regarding the best use of assets, both before and during the Best Value review of asset management, including the following:
- council divisional managers, as users of asset management services;
 - council staff, especially as occupiers of the Civic Offices and the depot;
 - other users of the Civic Offices;
 - users of the council’s other directly held assets, such as the Town Hall, sports pavilions and parks, toilets, car parks and bus shelters;
 - users of facilities managed on behalf of the council by private sector contractors, such as the market and leisure centres;
 - tenants of commercial premises.

Strategic Planning

Process No 11: “Local authorities integrate asset management planning, including a 3/5-year strategy to meet their future property requirements, with their medium term planning at both corporate and service levels”

- 4.21 The authority has integrated its asset management planning with its medium term plan. As the Round 2 assessment indicated, the council has yet to develop a medium term property strategy and this is one of the actions identified in the Best Value improvement plan.
- 4.22 Our consultations with staff suggest that the ethos of corporate asset management planning is beginning to become embedded in the authority. The new service planning process requires managers to consider the medium and long term opportunities and challenges that will impact on the assets required in the delivery of the service.

Process No 12: “Local authorities develop a clear strategic approach to the disposal of surplus land and property, the utilisation of space by staff (including flexible working), co-location with partners and stakeholders, and procurement in line with Egan principles”

- 4.23 The authority has a written procurement strategy in line with Egan principles.
- 4.24 The authority needs to dispose of surplus land and property in order to help it achieve some of its aspirations outlined in the corporate capital strategy. The council has begun to consider which of its assets are no longer required and has already completed a number of disposals. Formal procedures for identifying under-used or surplus property are to be developed as part of the corporate property strategy, which is a key element in the Best Value improvement plan.

4.25 The Best Value improvement plan also covers a range of issues relating to the Civic Offices, including the following relevant to space utilisation by staff:

- identify the amount and position of surplus space, plus the degree to which floorspace standards are being met;
- calculate the cost of moving people/partitions versus the income that might be achieved. Also consider further the introduction of asset rents to encourage building users to minimise space used;
- continue to seek out suitable organisations for property sharing, through proactive discussions by Chief Executive, CPO and other officers;
- develop a home-working policy.

4.26 Therefore, the authority is at an early stage in developing a clear strategic approach to the disposal of surplus land and property, the utilisation of space by staff (including flexible working) and co-location with partners and stakeholders.

Process No 13: “Local authorities undertake accommodation reviews and area/service property reviews in order to improve service delivery and the performance of their property assets”

4.27 Specific issues relating to individual properties are addressed within Best Value and other reviews of the relevant services. Guidance on how to address asset issues in these reviews will be prepared as part of the corporate property strategy.

Capital Programme

Process No 14: “Local authorities develop objectives for their 3/5-year rolling capital programmes and property portfolios that are clearly linked to their overall corporate aims and objectives, with the property implications of the corporate aims and objectives being explicitly and clearly identified”

4.28 The authority has a five-year capital programme. The eight key aims of the council's Corporate Plan are linked to the following five Key Capital Focus areas:

- Housing;
- Regeneration;
- Leisure and Tourism;
- Crime and Disorder;
- E-Government.

4.29 Similarly, the authority has identified 19 property objectives that are also linked to the eight key corporate aims.

4.30 Therefore, as we have highlighted earlier, the authority has a strength relative to many other councils in making clear and explicit links between its corporate and capital programme and property objectives.

Process No 15: “Local authorities develop formal approaches to the appraisal of the options available for meeting the objectives of proposed capital projects, integrated with a formal approach to the prioritisation of capital projects”

4.31 The authority does not undertake any formal option appraisal of capital projects because most, if not all, of the schemes are too small to warrant such an approach.

Process No 16: “Local authorities develop a formal corporate approach to the prioritisation of capital projects in line with corporate objectives and priorities, integrated with a formal approach to option appraisal”

4.32 One of the key changes in the authority resulting from the introduction of the Single Capital Pot has been the development of the system for prioritising capital expenditure. This system focuses on five weighted areas, comprising questions with optional answers that are scored on a scale of 0-3:

- External Finance (20% weighting):
 - Has money been set aside to provide the capital provision for the council element of the scheme?
 - How secure is the external finance?
 - What conditions apply to the external finance?
- Sustainability (30% weighting):
 - How have the capital costs been assessed?
 - What action could be taken if the final capital costs exceeded the budget?
 - Would other partners increase their contributions if capital costs rose?
 - What assumptions have been made in assessing running costs?
 - Where running costs are to be covered from existing budgets, what will be the impact of making reductions elsewhere be, and how will reductions be made in time to implement the new scheme?
 - To what extent do running costs require an additional growth bid to be approved?
 - Where income is anticipated, on what basis has the income been estimated, what track record is there to justify anticipated levels of income, what is the maximum fluctuation in income and why, and how will anticipated spending adjust to increases or decreases in income?

- Council Aims and Objectives (30% weighting):
 - What are the main aims and objectives that the project will contribute towards?
 - If a strategy is mentioned, when was the strategy formally adopted?
- National Priorities (10% weighting):
 - What are the main national and regional priorities that the project will contribute towards?
 - If a priority is mentioned, when was the strategy formally adopted?
- Service Priorities (10% weighting):
 - What will be the impact of failing to implement the project on agreed service plan priorities and national and service plan performance indicators and targets?

4.33 This prioritisation scheme has been used to assess all projects within the capital programme. The chairs of the council committees and the Leader of the Opposition are involved with officers in scoring the potential schemes. The Service and Financial Planning Working Group, which comprises the Leader or Deputy Leader of the council, the chairs of the committees and the Leader or Deputy Leader of the Opposition and meets twice a year to consider the budget and the allocation of any spare funding, then looks at the scoring. This process provides elected Members with some discretion over the capital programme, whilst limiting the range of debate over the outcomes.

5 PROCESS OUTPUTS

5.1 In this Section, we summarise the process outputs, defined as the actions and activities stemming from the processes discussed in Section 4, that we have identified to date in the authority.

5.2 We have identified the following three process outputs:

“Local authority decisions regarding the use, retention and maintenance of property are based on accurate and up-to-date information”

5.3 The authority has a property database that includes a comprehensive set of information on the assets held by the council. This is now being used to target planned expenditure on maintenance and to inform decisions regarding the use and retention of properties.

“Local authorities introduce better management of their capital programmes”

5.4 The authority has extended its capital programme to cover a five-year period. It has also established effective systems to manage and monitor the capital programme, with regular monitoring meetings involving managers of capital projects. The whole process is overseen by AMMG. Results of the monitoring are reported to elected Members in the council’s Finance Briefing document.

“Local authorities implement a prioritised list of potential capital projects”

5.5 This has been one of the key changes in the authority resulting from the introduction of the Single Capital Pot.

6 KEY MESSAGES FOR THE EVALUATION

6.1 The following are the key messages emerging from the Round 2 review of this case study authority for the evaluation of the processes by which corporate capital strategies and asset management plans are developed and implemented by local authorities:

- following the inevitable hiatus caused by the Best Value review, there is evidence that the authority has started to generate momentum in its corporate asset management planning work. The immediate challenge is to achieve this momentum and to implement the actions set out in the Best Value improvement plan;
- compared to the baseline and Round 1 reviews, we have adopted a less prescriptive view of the organisation of property management in the authority. In particular, we would now emphasise the importance of developing effective corporate working and support for the work of the CPO in driving the implementation of the Best Value improvement plan through AMMG;
- the authority has made progress in the following areas over the past years:
 - amalgamation of the corporate groups in order to integrate work on the capital strategy and asset management plan, leading to a greater engagement of service areas with the process;
 - completion of the Best Value review, which provides the medium term agenda for the development of corporate asset management planning in the authority;
 - elected Member responsibility for property issues, with the Chair of Finance and Management Committee formally taking the lead on asset management planning;
 - rationalisation of asset holdings, with the authority beginning to identify assets that are no longer required;

- in relation to the local authority processes identified in the evaluation framework, the council's main areas of weakness are in relation to a clear strategic approach to the disposal of surplus land and property, the utilisation of space by staff (including flexible working) and co-location with partners and stakeholders, property reviews and option appraisal;
- process outputs have been identified to date in relation to the use of property data, better management of the capital programme and the prioritisation of capital projects.