

Springing Forward: Asset Management – Powys County Council

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Contents

The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring.

Summary report

Summary 4

Recommendations 5

Detailed report

The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring 7

The Council has a clear high-level Asset Management Strategy in place with links to its Corporate and Strategic Equality Plan 7

The Council is collaborating with internal and external partners on long-term property-related initiatives 9

The Council has developed high-level key performance indicators but there is opportunity to align and enhance business plans and performance monitoring 10

Summary report

Summary

What we reviewed and why

- 1 We reviewed the Council's arrangements for managing its assets with a focus on office accommodation and buildings from which the Council delivers services to its residents. We looked at how the Council strategically plans the use of its assets, how it monitors the use of its assets and how it reviews and evaluates the effectiveness of its arrangements.
- 2 We delivered this review as the world moves forward, using the experiences from the global COVID-19 pandemic, to look at how councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 3 We have undertaken this project at all councils as part of our 2021 audit plans to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 4 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 (the Act) we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is approaching seven years since the Act was passed and we are now into the second reporting period for the Act. Therefore, we would expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 5 Under the Act, councils must carry out sustainable development in accordance with the sustainable development principle. To do something in accordance with the sustainable development principle means that the Council must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. To act in that manner, the Council must take account of the five ways of working: long-term, integration, involvement, collaboration, and prevention. Statutory guidance on the Act sets out seven core organisational activities that it is essential that the sustainable development principle is applied to. Assets is one of those core organisational activities.
- 6 This review had three main aims:
 - to gain assurance that councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that councils are taking both individually and collectively to strengthen their arrangements; and

- to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.

7 We undertook the review during the period November 2021 to May 2022 and updated it in May 2023.

8 The Council holds a wide range of building assets including: administrative buildings, leisure centres, libraries, schools, children’s centres, care homes, community centres, day centres and commercial properties. The value of the Council’s properties, excluding housing and infrastructure assets, is approximately £421 million.

What we found

9 Our review sought to answer the question: Is the Council’s strategic approach to its assets effectively helping the Council to strengthen its ability to transform, adapt and maintain the delivery of its services in the short and longer term?

10 Overall, we found that: The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring.

11 We reached this conclusion because:

- the Council has a clear high level Asset Management Strategy in place with links to its Corporate and Strategic Equality Plan;
- the Council is collaborating with internal and external partners on long-term property-related initiatives; and
- the Council has developed high-level key performance indicators but there is opportunity to align and enhance business plans and performance monitoring.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations

Asset Management Planning

R1 To implement and achieve the objectives of the Asset Management Plan the Council should ensure there is alignment between the Strategy, Policy and business plans so that the strategy is driving operational delivery. .

Recommendations

Performance management

R2 The Council should improve the performance management of its assets to assure itself progress is being made on its Asset Management Plan by:

- developing a suite of actions and measures within the Property, Planning and Public Protection Integrated Business Plans that reflect the Council's ambitions for its assets; and
- benchmarking asset management approaches with other organisations.

Detailed report

The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring

The Council has a clear high-level Asset Management Strategy in place with links to its Corporate and Strategic Equality Plan

- 12 The Council recognises the importance assets have in the county's communities, and the role effective asset management has in enabling effective service provision. The Council also recognises decision making relating to assets can drive corporate objectives. This is particularly relevant to a Council with a large geographical area and allows asset management to be about opportunity as well as managing risk.
- 13 The Council has assets across a range of services and intended to rationalise its asset base before the pandemic began. The Council implemented a 'New Ways of Working Strategy' in September 2021 building on the different ways the Council had been delivering services since the beginning of the pandemic. Its New Ways of Working Strategy has categorised staff into three distinct groups:
 - Place Based Workers
 - On the Go Workers
 - Flexible Workers
- 14 The Council initiated a Strategic Asset Review in 2021. The aims of the review were to provide the Council with a clear methodology for effective asset management and business planning and to provide key decision makers with critical information to make informed decisions. The Council is in the early stages of implementing its vision on assets and it is too early to say whether the review has fully achieved its intended outcomes.
- 15 The impact of the pandemic and the requirement for people to work from home where possible expedited some of the Council's plans around more flexible and agile working, and this impacts how it uses its assets as a result. The Council approved a high-level Asset Management Strategy in October 2022 which is due for review in 2025.
- 16 The Asset Management Strategy provides a useful starting point for the Council's vision for its assets which is in part 'The efficient and effective acquisition, management, use and release of property assets is fundamental to sound financial management and the delivery of exemplary public services.' The Asset Management Strategy also provides strategic guidance to the Council's decision makers on asset management. But the Council should embed this vision in the service going forward to ensure it can implement and deliver intended outcomes.

- 17 The Council's recently approved Asset Management Strategy contains an action plan with four key areas.
- a) Condition assessments/surveys
 - b) User Reviews and Action Plans
 - c) A new Asset Management Policy
 - d) Asset Reviews
- 18 The Council has identified the condition and compliance of its assets could be a corporate risk if there is insufficient revenue for maintenance.
- 19 The Council is responding to the corporate risk relating to asset condition by creating arrangements within the service to address it both in the medium and longer term. This will help mitigate the possibility of unknown asset deterioration and help financial planning in relation to remedial work and repairs. The Council intends for all its assets to have further condition assessments/surveys on a minimum five-year rolling period by creating a relevant key performance indicator which requires 100% of Council assets to have had condition assessments/surveys by 2025-26.
- 20 The Council's future approach to asset management is to improve engagement with asset users through user reviews and action plans. The Council has developed another new key performance indicator requiring annual reviews of asset service users' and tenants' experience from 2023-24 onwards. The Council's intention is that information gathered from these annual reviews and any related action plans will inform 'user choice and corporate landlord decisions to deliver the Corporate Plan'. The Council will need to consider the practical implications of carrying out this large programme of activity on an annual basis, including the resources required and how it will respond to this volume and frequency of information.
- 21 The action plan within the Asset Management Strategy includes reviewing and refreshing the operational guidance relating to the management of its assets. This is contained in the Council's current Corporate Asset Policy which was updated in 2017 and provides day to day guidance for the use of assets by services. There are existing mechanisms within the Council's current Corporate Asset Policy for the community to benefit from Council assets under the Community Asset Transfer process and Disposal of Surplus Property guidance. The Corporate Asset Policy also contains criteria relating to the organisation hoping to take over the asset which must be community led. Communities must be able to use and enjoy any transferred assets in line with Council guidance. Having an option to transfer assets to community groups for public use helps the Council's services to support its Corporate Strategic Equality Plan and the aim to have well connected communities.
- 22 The Council's current Corporate Asset Policy also encourages collaboration and engagement with key stakeholders such as Registered Social Landlords and the Local Health Board where surplus property has been identified. This is positive and creates opportunity to increase income and maximise output from Council assets which may otherwise be unused.

- 23 Updating the current Corporate Asset Policy provides an opportunity for the Council to enhance the positive aspects of the current guidance and create better alignment with the newly updated Asset Management Strategy. This will strengthen the link between the sustainable development principle-based approach in the strategic guidance and the operational delivery of assets.
- 24 The action plan requires the Council's Strategic Property Team to undertake specific asset reviews (appraisals) every five years. The purpose of these appraisals is to consider relevant data and inform recommendations on the future of particular assets. This should provide better assurance for the Council that assets are regularly assessed for their purpose and future use.
- 25 The Council has designed a matrix within its Asset Management Strategy for assessing the future use of an asset using a broad range of considerations. These considerations have clear links to the objectives within the Council's updated Corporate and Strategic Plan 'Stronger, Fairer, Greener'.
- 26 This matrix-based review should help the Council demonstrate a consistent way of applying criteria which considers key aspects of both the Corporate and Strategic Equality Plan and elements of the Sustainable Development Principle. The matrix considers future demand for an asset and the social impacts of investing in or withdrawing an asset from a community. The matrix assessment encourages the Council to reflect on the long-term impact of asset value to its users and consider what assets represent in communities, which is often much more than the physical asset itself.

The Council is collaborating with internal and external partners on long-term property-related initiatives

- 27 The Council's vision in its Asset Management Strategy intends to 'promote collaboration' in the way it manages assets. This allows the Council to maximise opportunities in areas such as grant funding and joint asset use. The Council already has numerous examples of current asset collaboration with partners, reflecting aspects of the Council's strategic ambition. Our judgement is the Asset Management Strategy is likely to help encourage more asset collaboration going forward.
- 28 The Council continues to progress its joint asset projects with Powys Teaching Health Board, and the North Powys Wellbeing Programme is currently underway. This Programme will have medical and training facilities. The Council intends that one of the outcomes this new project could help ease some of its wider risks, such as a lack of social work resource, as the facility will provide training for future health and social care workers. This is an example of the role assets can play to help mitigate Council challenges in the medium to long term.
- 29 The pace and ambition at which the Council collaborates with assets since the pandemic have increased, and the New Ways of Working Strategy has created more flexibility for the Council to consider how it uses assets. This will help the Council be more agile in how it uses assets and maximises benefits.

- 30 The Council recognises that whilst financial considerations are not the only aspect to determine the future use of an asset, it is an important one. The Council's Strategic Asset Review is likely to help identify any potential future income and liabilities relating to its assets. In 2020-21 the Council achieved £2.098 million for corporate land and property capital receipts against a disposal target of £2 million.
- 31 The Council has integrated the management of its assets into other internal plans and strategies, which supports its Council-wide approach to asset management. This is positive and demonstrates how integral assets are in service design and delivery. The Workforce and Organisational Design Strategy for 2020-21 recognises agile working as a substantial part of its approach to organisational agility. The Council's Red Kite Climate Vision and Strategy 2021-2030 recognises the role its assets have in how the Council plans to achieve carbon zero by 2030 and become carbon net positive beyond 2030. There are five key areas within the Climate Vision and Strategy and 'Buildings' is one of them, with the aim to make the estate energy efficient and by using renewable energy solutions.

The Council has developed high-level key performance indicators but there is opportunity to align and enhance business plans and performance monitoring

- 32 The Council has developed a new suite of high-level Key Performance Indicators as part of the action plan in the Asset Management Strategy. These relate to:
- percentage of assets with condition assessment or condition survey within the last five years:
 - 2023-24 onwards – 100% of service areas and tenants have an annual asset review with clear action points as appropriate; and
 - 2023-24 – at least 25% of assets have had an asset review undertaken within the last five years (with this target rising to 100% by 2026-27).
- 33 The Council has not yet developed a clear line of sight between its strategic Asset Management Strategy, its updated operational Asset Management Policy, and its service level integrated business plans. Currently the integrated business plan for Property, Planning and Public Protection has high level performance aims including 'having a cost effective and efficient strategic property service' and 'implementing a new IT system'. However, clearer alignment between strategy, actions and measures would ensure the service is working towards the strategic ambitions and facilitate clear accountability.
- 34 The Council has not developed these performance aims with the sustainable development principle in mind. The Council's broader approach to assets focusses on collaboration and involvement and there is an opportunity to ensure that this thinking, as well as consideration of other ways of working, also informs their business planning.

- 35 The Council established an internal Strategic Asset Board before the pandemic comprising the relevant Cabinet Member, Heads of Service and relevant officers to discuss and monitor the work involving assets. The Board receives regular updates on the progress of the Strategic Asset Review. To date, high-level findings have been reported to Governance and Audit Committee, Executive Management Team and Cabinet. However, the relevant scrutiny committee does not have regular updates on the progress of the Strategic Asset Review and its impact, which limits the overview of this important area.
- 36 The Council told us that it has informal learning discussions about its approach to asset management, however, it does not formally capture this learning or data to inform future decisions. The Council aims to improve this within its new IT system which could also strengthen monitoring and review.
- 37 The Council is not actively benchmarking its performance in relation to asset management and recognises this is an area it should develop. This will help it determine whether and how it is delivering value for money and opportunities to improve.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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