

# Making the most of your assets

Using the results of asset management  
peer reviews to improve the performance  
of your property portfolio.



**Centre of  
Excellence**

East Midlands

## Introduction

The Government's White Paper 'Strong and Prosperous Communities' published in October 2007 identified the importance of asset management in helping local authorities improve the delivery of their services.

It stated, 'Managing assets effectively is vital to achieving cost savings for local authorities and helping them to deliver better outcomes for citizens: disposing of, or improving, underperforming assets, and modernising assets that can be expensive to maintain is key to this.'

Following the White Paper, the 'Value for Money Delivery Plan' which was published alongside the Comprehensive Spending Review 07 announced that £4.9 billion value for money savings will be achieved by local government by 2010-11, including 'better asset management which could deliver up to £300 million net cash savings per annum by 2010-11.'

The message from government is loud and clear and local authorities will need to act now if these savings are to be made.

'Making the most of your assets' aims to help authorities improve and get better value from their property portfolio. Using the results from peer reviews and independent health checks, it makes sensible and practical recommendations for improvement.

The peer review approach for asset management was developed between CIPFA's Asset Management Network and the Improvement and Development Agency in 2006. So far, 15 authorities have been through the peer review process with more in the pipeline. Prior to this approach, CIPFA independently carried out a number of asset management health checks.

## The must haves

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1. Take a strategic approach to asset management and make sure your strategy links to corporate objectives.
  2. Engage members, senior officers and service departments through a workable governance structure. Keep this under review.
  3. Don't let operational issues get in the way of longer-term strategic planning.
  4. Keep your asset management plan up-to-date but succinct and maintain a long-term horizon.
  5. Integrate asset planning and financial planning.
  6. Implement a standard corporate approach to options appraisal and whole life costing.
  7. Ensure you have accurate stock condition data, particularly on maintenance needs.
  8. Set challenging targets for property performance, including your commercial portfolio, and keep performance under regular review.
  9. Take a holistic view of new ways of working and joint service delivery.
  10. Make sure you can demonstrate value for money in your approach to asset management.
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# Key findings

## 1. Leadership and strategy

By far the biggest issue for the majority of councils reviewed was the need to take a strategic approach to asset management. There needs to be more effective strategic engagement by members, senior decision makers and departments and a clear link should be established between asset management policy and priorities and wider corporate objectives.

The reviews also found that asset management strategic planning was often under-resourced which resulted in the function being neglected in favour of day-to-day operational matters.

## 2. Asset management plans and capital strategies

Most asset management plans (AMPs) would pass external scrutiny, apart from a few which were clearly out of date. The biggest question mark was whether the AMP actually reflected what was happening on the ground on a daily basis. A number of plans were overly long and discussions with members and service managers indicated a lack of awareness of their contents. Many AMPs would benefit from being shorter, less technical and longer term in their horizons. This is also true for many capital strategies.



There is also a need for much greater integration between asset planning and financial planning in the majority of councils reviewed.

## 3. Structures, roles and responsibilities

This section sets out the findings in relation to the role of key stakeholders in authorities and recommends a best practice structure to support effective asset management.

### Elected member committee

This important level of decision-making was often not engaged fully with asset management in terms of setting policy, steering direction and challenging performance. Too often, it was found that this group merely rubber stamped AMPs and other strategies rather than getting fully involved in the strategic asset management process.

### Elected member property champion

Most local authorities have a portfolio holder in place. Some, however, are not fully engaged in property matters because they have many other responsibilities or they concentrate on a specific area of asset management, such as the commercial estate, to the neglect of the bigger picture.

### Corporate property group

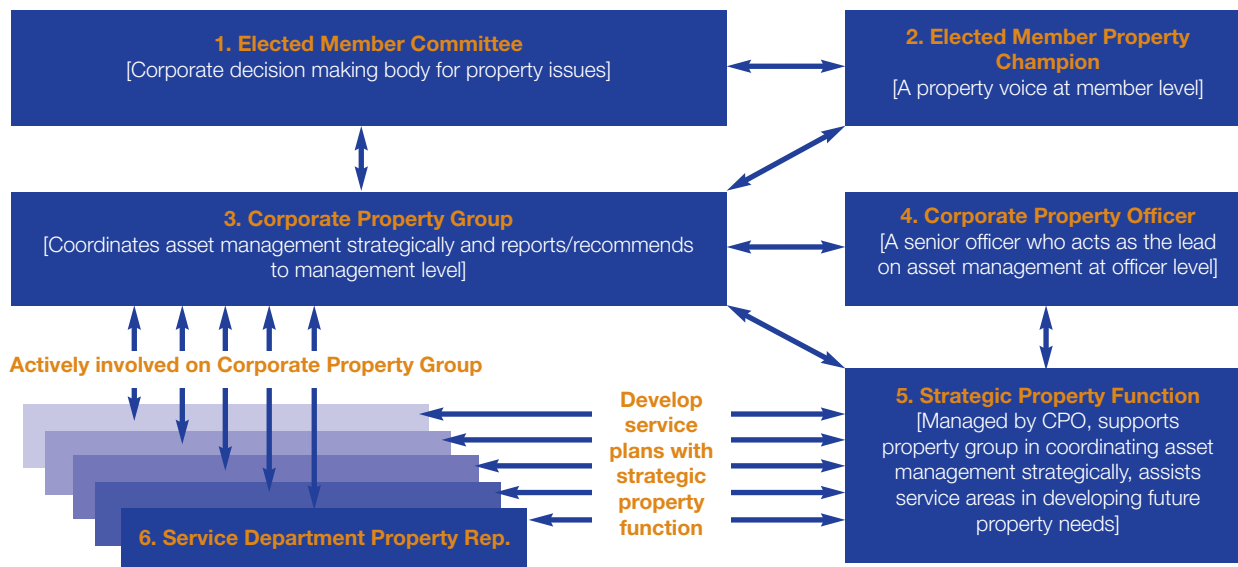
To be effective, this group should meet on a regular basis and have full engagement at a suitable level from all service departments and key supporting areas. The reviews found in practice that these groups often start off with good intentions but attendance dwindles because of competing priorities. Sometimes service departments get around this by sending more junior staff without the authority to make decisions and who often simply report back proceedings.

## Corporate Property Officer

The Corporate Property Officer (CPO) has a pivotal role within an organisation, acting as the focal point for asset management. It is important that the person fulfilling this role is senior enough to be influential but not so senior that they have many other roles to perform. In most peer reviews, the CPO seemed to be positioned at the right level although in a few cases this was at director level where they held a number of other responsibilities that had the potential to dilute the effectiveness of the CPO role.

## Service department property representatives

Service department representatives provide a crucial role in asset management processes. Not only should they bring departmental asset requirements to the table but they should understand and translate strategic issues, such as opportunities for shared use and more effective use of assets, for their departments. In some authorities, these roles were working effectively but often the role was focused on the singular needs of a department to the detriment of potential strategic opportunities.



## Strategic property function

In the majority of authorities, this is an area that is under-resourced. Far too often, the reviews found that the reaction to day-to-day operational issues hinders effective longer term strategic planning. For smaller authorities, it is often not practical to have a separate section dealing with strategic asset planning but there still needs to be a clear demarcation of roles or time allocated to strategic and operational issues.

## 4. Implementation

### Option appraisal and whole life costing

While the majority of councils could point to examples of option appraisal and some whole life costing on major schemes, little evidence was found of corporate approaches to these. Most councils would benefit from developing standard approaches including training for staff, members and other stakeholders. 'Cost in use' information should also be utilised more effectively to support planning; little evidence was found of such information being used in either option appraisal or whole life analysis.

### Condition and other surveys

Most councils carry out a rolling programme of property surveys to ensure 100% coverage over four or five year periods. However, recent surveys carried out by some councils indicated that their historic information was underestimated and their estate was in a worse condition than they thought. This was often because the latest on-site surveys replaced original desktop exercises.

Most authorities have reasonable approaches to conducting other surveys such as asbestos and health and safety, although there were a few examples where these were not being carried out as effectively as they should be.



### Required maintenance

It is fair to conclude that most councils were 'fire fighting' their backlog requirements without strategic plans in place to reduce maintenance figures. Anecdotal evidence points to a picture of an increasing maintenance requirement as programmes for maintenance are often under-resourced. In a number of councils, decision makers were often not aware of the total amount of maintenance and, if they were, it was a historic figure that was less than the true amount.

### Disability Discrimination Act (DDA)

The majority of councils had a reasonable approach to assessing property for DDA access requirements although some regarded it as a building issue rather than one of service delivery. It is important that access is viewed in the light of which services are delivered, how they are delivered and who they are delivered to. A focus simply on the building environment alone often misses opportunities for providing services in other ways to ensure better accessibility.

### Office rationalisation

With an increased focus on office efficiency, a number of councils have carried out reviews which have resulted in space and efficiency savings. Even so, many still focus on office space per person rather than a full examination of joint service delivery and new ways of working such as hot desking and home working. Councils tend to have pilots in place although the effectiveness and impact of these is relatively minor as they examine a small number of staff in a specific office location or service area.

## 5. Inclusion and engagement

Most councils have approaches for consultation on asset management although few have converted these into a formal strategy or policy. With the focus on community engagement and working with partners, there is potential for improvement in this area.

## 6. Performance measurement and management

The majority of councils reviewed now collect the NAPPMI suite of performance indicators although reporting and benchmarking arrangements are mixed. Most have introduced asset management software to handle data although in some authorities it is not kept up to date. Others keep performance data in a number of different areas or on a range of systems which makes it difficult to gather real time information. Very few councils set challenging targets for property performance or regularly monitor achievement towards these goals.

## 7. Non-operational property

Approaches for managing non-operational (commercial) property are mixed. The reviews found a wide spectrum of approaches, with some councils setting targets and challenging performance while others having little knowledge of how this area of the estate performs or even possessing a rationale for retaining such property.

## 8. Value for money

While a number of councils could point to measures that demonstrate value for money (VFM) in the management and operation of assets, most struggled to identify what VFM really meant for their authority. There is a need to define clearly VFM which must be benchmarked as part of a performance management regime. Authorities should be able to demonstrate that VFM reflects financial, corporate and community priorities.

## Conclusion

This review does not pretend to paint a conclusive picture of how local authorities are addressing asset management but by analysing the findings of peer reviews and other health checks, it provides a good indication of local authorities' performance and what they must do to perform better.

Local authority assets offer huge potential for new ways of working and service delivery that will benefit staff and citizens alike. But this potential will only be fully realised if authorities focus less on immediate operational matters and do more to embed a strategic, performance driven approach to asset management.

## Acknowledgements and references

Our grateful thanks go to David Bentley, Head of Asset Management, CIPFA/IPF for his work in leading the peer review programme and in compiling the findings contained in this report.

For further reading, please see 'Strategic Asset Management Guidance' published by the East Midlands Centre of Excellence, November 2007.

For further information on asset management, visit [www.ipfproperty.net](http://www.ipfproperty.net) and [www.publicsectorassetmanagement.com](http://www.publicsectorassetmanagement.com)

For general information on property and efficiency related matters, visit [www.emce.gov.uk](http://www.emce.gov.uk) and [www.lgtf.org.uk](http://www.lgtf.org.uk)