

Audit and Governance Committee

21st December 2009

Report of the Assistant Director (Property Services)

Asset Management Report 2008/09 – Audit Commission

Summary

- 1 The purpose of this report is to allow consideration of the Asset Management Report produced by the Audit Commission (see Annex) as part of the 2008/09 audit. The report reviews the Council's arrangements for:
 - The extent of the Council's strategic approach to asset management
 - How assets are managed to deliver value for money
 - Partnership and community involvement in asset management.
- 2 The Audit Commission have assessed the asset management arrangements under the Use of Resources assessment as meeting minimum requirements.

Background

- 3 The Audit Commission developed an audit approach, that integrated the key elements of:
 - the relevant 2008/09 use of resources KLOE;
 - the Audit Commission's national report, 'Hot Property: Getting the best from local authority assets'; and
 - the CLG report, 'Building on Strong Foundations'.
- 4 In summary the Audit Commission report that the council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation.
- 5 Delivery of ambitions for asset management is constrained by limited financial resources and a lack of a full understanding of how assets contribute to corporate priorities. This undermines the Council's ability to demonstrate value for money in asset management.
- 6 It is improving the quality of information on its asset base as a step towards addressing its weak performance management of assets. Tight financial constraints on service-based budgets undermine corporate prioritisation and backlog maintenance is not being reduced.

- 7 There are examples of asset transfer to local communities which have provided benefits. The Council is developing a more strategic approach to sharing assets with partners, to build on examples already in place.
- 8 As a result of discussions resulting from this review, an action plan has been agreed with the Audit Commission and this can be found at Appendix 1 within the report.
- 9 In response to this report and to the Audit & Governance Committee's request for further information relating to the national 'Room for Improvement' report (21 September 2009), a separate report is contained in this Committee's agenda papers.

Consultation

- 10 Corporate officers have contributed to this report where appropriate.

Options

- 11 Not relevant for the purpose of the report.

Analysis

- 12 Not relevant for the purpose of the report.

Corporate Priorities

- 13 Links can be made to a number of the council's priorities:

Thriving City - the council's non-operational (commercial) portfolio provides opportunities for a number of businesses to provide employment, especially for start-up and small businesses.

Sustainable City - new development and refurbishment of Council properties such as schools and the new HQ all have high sustainable standards and the service and area asset management planning process gives an opportunity to relocate from unsustainable existing buildings - those with high energy costs and outstanding repairs etc.

Learning City - provision of fit-for-purpose schools, library learning centres etc. will help with the access to the education and training.

Inclusive City - again construction of new buildings and refurbishment of key existing buildings will ensure access for all, especially for those with disabilities - buildings which cannot be adapted or made accessible will be closed.

City of Culture - service and area asset management plans look at sporting and cultural provision and audit existing facilities against the service vision and priorities. Completing these plans is vital in bidding for external money as it complements a lot of the work needed for the bids.

Healthy City - again review of the location and suitability of appropriate buildings and assets can highlight the priorities needed to respond to the objectives.

Effective Organisation - Proper Asset Management Planning will ensure the Council occupies property and land assets which are 'fit-for-purpose' and sustainable which will improve the effectiveness of service delivery and make best use of limited revenue and capital budgets.

Implications

14 The implications are:

- **Financial** – implementing the action plan contained in the audit report will have resourcing implications both in terms of staffing and also capital and revenue needed to deliver the outcomes - i.e. funds to put buildings in a decent state of repair, make them accessible, carry out refurbishments and/or sell and buy develop new buildings. These actions of course will be subject of separate reports, bids etc. and will be commented on and detailed more in the new Corporate Asset Management Plan which will be brought to members in the Autumn.
- **Human Resources (HR)** – there are no HR implications to this report.
- **Equalities** - there are no equalities implications to this report.
- **Legal** – there are no legal implications to this report.
- **Crime and Disorder** – there are no crime and disorder implications to this report.
- **Information Technology (IT)** - there are no IT implications to this report.
- **Property** –implications are fully outlined in the report.

Risk Management

15. Failure to provide adequate arrangements for effective property management could present risks that range from basic and safety hazards to significantly impacting on the ability to deliver services effectively. Failure to implement the proposed action plan at Annex 1 may result in property and land assets continuing to deteriorate, both in terms of condition, performance, suitability and so the 'fit-for-purpose' and sustainable goals will not be achieved which will affect the effectiveness of service delivery and put pressure on revenue and capital budgets as well as the Use of Resources/Organisational Assessment score under the KLOE 3.1.

Recommendation

16 Members are asked to:

- a. Consider the content of the Asset Management Report;

Reason

To enable Members to consider the effectiveness of the council's asset management activity, and in particular the areas for improvement identified within the report.

- b. Note the agreed Action Plan presented as Appendix 1 to the Audit Commission Report.

Reason

To enable Members to comment on the proposed improvement arrangements.

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Report Approved



Date 7 December
2009

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

Annex – Asset Management Report 2008/09