

SCRUTINY COMMISSION – 5TH FEBRUARY 2008

CORPORATE ASSET MANAGEMENT – PROGRESS REPORT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose

1. At the meeting of Scrutiny Commission on 14th December 2006, it was resolved that a further report be brought to the Commission, within twelve months, on the continuing progress with the implementation of Corporate Asset Management and specifically, the work associated in creating a more corporate approach to the management of the Council's property assets.

Background

2. In December 2006, the Organisational Efficiency Board approved a business case for the restructure of Property Services in order to support a more corporate approach to the management of the Council's land and property assets.
3. A fundamental part of that restructure was to separate the strategic and operational elements of the work of Property Services. This was to enable Property Services to focus on the land and property needs of the County Council in a holistic way ensuring any future changes, acquisitions and disposals meet the overall aims and objectives of the organisation.
4. In addition to a restructure of Property Services, plans were developed to move service based staff, who carry out property related functions, into a new corporate Property Services structure. Subject to the final outcome of the restructure, a temporary strategic asset management team was created to carry forward the Asset Challenge and other asset management improvements described below.
5. New governance arrangements were put into place to ensure all service areas of the Council are involved in land and property asset decisions to ensure service need is met at the same time as considering the wider strategic needs of the organisation.

6. Property Services has developed a comprehensive land and property review process called the Asset Challenge (Corporate Property Review). This is a methodology which systematically reviews and challenges every land and property asset the County Council owns or leases and identifies opportunities for improving performance or realising new possibilities.
7. The review is taking place on an area basis. Work has been completed on the Hinckley and South West area and the Melton and North East area. Each area review takes three months and the findings are reported through the governance arrangements set out below. The programme of review is set out in Appendix 1.
8. Governance arrangements are set out in Appendix 2 but largely consist of two governance groups, the Corporate Property Steering Group and the Asset Management Working Group.
9. The Corporate Property Steering Group (CPSG) held its first meeting in May 2007 and meets monthly. It is chaired by the Director of Corporate Resources and its membership is made up of senior representatives of all key service areas together with property professionals.
10. The Asset Management Working Group (AMWG), which supports the CPSG, met for the first time in July 2007 and meets monthly to coincide with the CPSG meetings. Its membership is made up of Service Intelligent Clients working with the new Asset Management Team within Property Services.
11. Using the results of the comprehensive Asset Challenge, the AMWG discuss and make recommendations on specific land and property issues to the CPSG. The CPSG acts as the County Council's main land and property decision making body reporting to Corporate Management Team and Cabinet as appropriate.

Current Position

12. Work has now been completed on the Property Services restructure and subject to a successful consultation with staff which ends on 8 December 2007, the new Property Services structure will be implemented in the New Year. This means that all appropriate staff from front line service areas, who currently undertake property related work, will transfer into Property Services. This work is known as Property Review Phase 1
13. The temporary arrangements which are currently in place providing a strategic asset management team will be finalised and become permanent.

14. A second phase of the Property Review will concentrate on service improvement, process re-engineering and removal of duplication. This work is expected to deliver revenue savings to the organisation whilst providing service improvement.
15. Once the new structure is in place, and the benefits of a more corporate approach to the management of the Council's land and property assets are realised, significant ongoing savings can be expected due to better management of the asset base. This work can be better quantified once the first cycle of property reviews (Asset Challenge) are completed, outcomes known and recommendations agreed and implemented.
16. Work has commenced on a new Corporate Accommodation Strategy which will examine current office arrangements at County Hall and other offices across the county. It will seek to establish new standards of accommodation which will support the more flexible and mobile workforce of the future whilst, at the same time, making most effective use of our offices and storage.
17. The Asset Management Plan (2006) provided an Implementation Plan for the delivery of key objectives for improving corporate asset management. A report on progress with that plan is set out in Appendix 3.

Conclusion

18. The Property Services reorganisation is helping the Council to deliver corporate management of land and property assets. The Asset Challenge is identifying the most appropriate assets to deliver services in a cost effective way and to share those assets with partner organisations where possible. The new governance arrangements allow informed corporate decisions to be made on management of assets, disposals and acquisitions and capital spending. In future, all decisions regarding the management of the Council's assets will be made corporately and with the support of all front line services.

Equal Opportunities Implications

19. None

Recommendations

20. The Scrutiny Commission is asked to note the report and the progress made in delivering corporate asset management.

Circulation under Sensitive Issues Procedure

21. None

Background Papers

Corporate Asset Management Plan (2006)
Resources Scrutiny Committee – 31 March 2006
Scrutiny Commission - 15 December 2006

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List of Appendices

Appendix 1 – Asset Challenge – Programme of Review

Appendix 2 – Asset Management Governance Arrangements

Appendix 3 – Update on progress with the Corporate Asset Management Plan –
Implementation Plan

Appendix 1

Asset Challenge – Programme of Review

1. Hinckley and South West
2. Melton and North East
3. Primary School Review
4. Office Review
5. Charnwood and Soar Valley
6. Coalville and North West
7. Blaby, Oadby and Wigston
8. Harborough and South
9. Non-operational property

Appendix 2

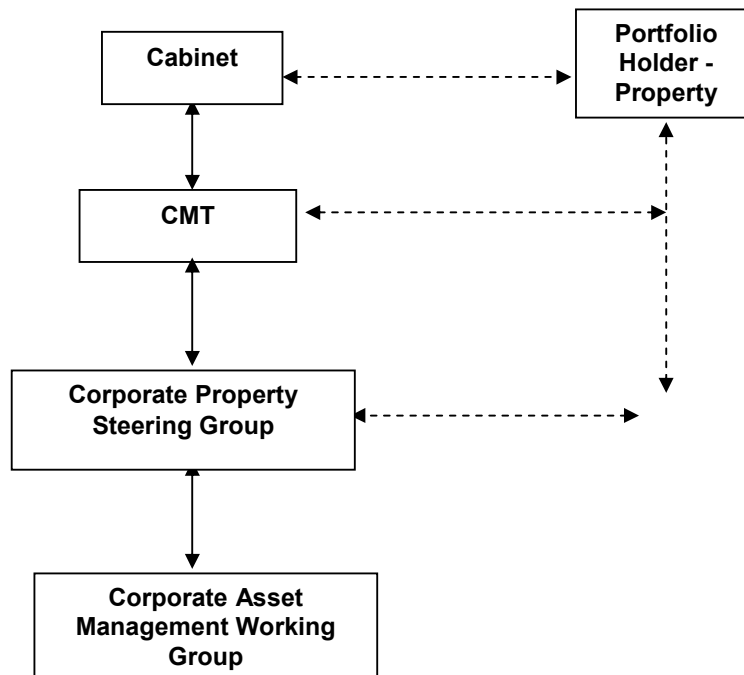
Asset Management Governance Arrangements

Having the correct organisational framework in place is the first essential step in being able to develop and deliver effective corporate asset management. Aligning the new structure with the other relevant parts and activities of the organisation is equally critical in ensuring that asset management is properly connected and integrated with the Council's overall management and planning of its resources and services.

Figure 1 below sets out the decision-making and reporting structure for corporate asset management. This is followed by the outline Terms of Reference for the officer based policy and working groups who are the principal forces for driving asset management through the strategic and operational levels of the organisation.

Figure 2 indicates how corporate asset management planning should link in with key financial, corporate and service delivery planning.

Figure 1: Overall Corporate Asset Management Planning Framework



- **Cabinet**

Terms of Reference

Responsible for:

- Establishing and confirming corporate asset management policy
- Communicating asset management policy developments and changes on a regular basis to CMT and CPSG. This to occur by way of formal six monthly feedback sessions and by more regular informal communication between the Portfolio Holder – Property and CMT and CPSG
- Receiving and considering asset management reports and recommendations from CMT and confirming final decisions, as appropriate
- Ensuring that the Council's corporate property resources are properly considered and included in the strategic planning and delivery of the Council's corporate business and services
- Providing strategic direction and support for the successful and effective delivery of corporate asset management

- **Portfolio Holder – Property**

Terms of Reference

- To act as the lead Cabinet member for 'championing' corporate asset management and supporting senior officers in the delivery of sound asset management
- To provide an informal communication link between Cabinet and senior officers on corporate asset management issues

- **CMT**

Terms of Reference

Responsible for:

- Receiving and considering asset management reports and recommendations from CPSG and confirming final decisions and recommendations to CMT, as appropriate
- Providing the strategic executive direction and support that is required for CPSG to be able to fulfil its corporate asset management remit and effectively discharge its responsibilities and obligations

- **Corporate Property Steering Group**

Composition

Chaired by Director of Resources and comprising senior officer representatives (Heads of Services) from all front-line and support Service Areas and from Change Programme, as indicated below.

- Resources:
- Property Services – Head of Property Services
- Finance
- Adult Social Care Service
- Children and Young People's Service
- Community Services
- Highways, Transportation and Waste Management

- Chief Executive's – Policy/LAA
- LCC Change Programme

Reports

Directly to Corporate Management Team and, from there, to Cabinet or Lead Members, as appropriate.

Terms of Reference

Responsible for:

- Overseeing the development and delivery of the Corporate Asset Management Plan, the Schools Asset Management Plan and all other asset management strategies
 - Ensuring that the Council's assets are managed, planned, used, procured and developed corporately and provide value for money. This includes:
 - Overseeing the delivery of a regular review of all property assets (Corporate Property Review) and reporting decisions and recommendations to CMT
 - Considering all property-related Business Cases and submitting final reports for CMT and/or Change Programme approval
 - Reviewing and maintaining the effectiveness of asset management policy and direction and recommending any necessary improvements and changes for CMT/Cabinet consideration
 - Ensuring the effective co-ordination of asset management planning with the Council's other corporate, financial and service planning policies and objectives. This includes:
 - Considering, advising and agreeing upon the Council's capital investment and revenue programmes for property
 - Implementing effective capital project bidding, evaluation and selection processes and recommending decisions for formal approval
 - Challenging, reviewing and monitoring the performance of the asset base in support of the aim for continuous improvement
 - Ensuring that CMT and Cabinet are properly informed and consulted about the performance of the Council's property resources and future asset requirements
 - Ensuring that corporate asset management information is effectively communicated to all stakeholders
 - Monitoring and promoting the successful and effective interface between the client support function (based in the Corporate Asset Management Unit) and the Service based intelligent client functions
 - Ensure Level 3 CPA key line of enquiry 'Use of Resources' compliance for asset management by 2006/07 (as required by LCC Corporate Asset Management Plan 2006)
- **Corporate Asset Management Working Group**

Composition

Chaired by Head of Property Services and comprising lead officers from Asset Management, Estates Management, Construction and Design, Facilities Management, Corporate Finance and Service Area based Intelligent Client officers

Reports

Reports to Corporate Property Steering Group

Terms of Reference

To be responsible for:

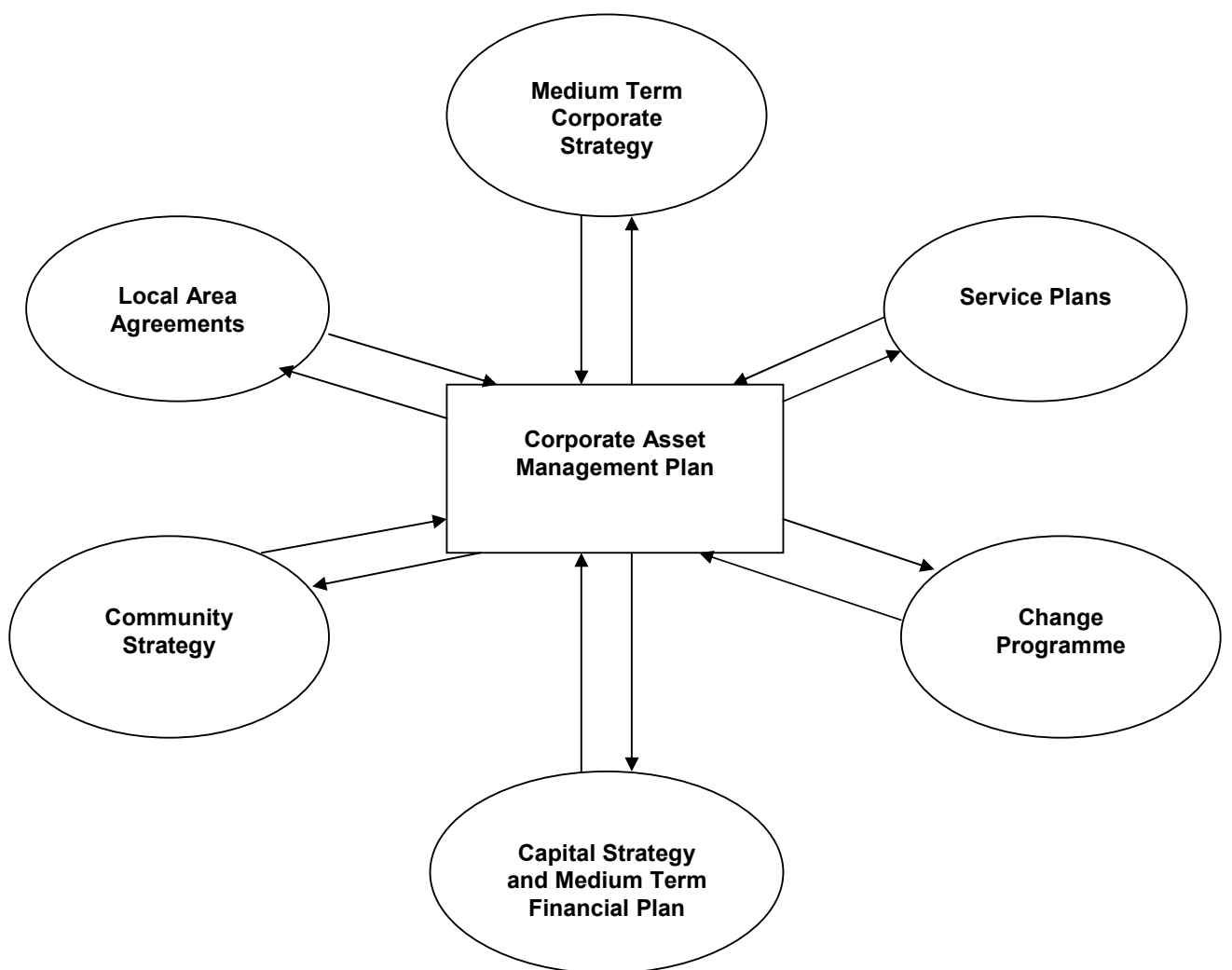
- Preparing and producing the Corporate Asset Management Plan, the Schools Asset Management Plan and all other asset and facilities management strategies, plans and programmes for CPSG approval
- Implementing and maintaining the successful delivery of all approved asset management plans and policies
- Providing the information, reports, business cases and advice required for the Corporate Property Steering Group to be able to fulfil its corporate asset management remit and make the necessary decisions and/or recommendations for formal approval
- Delivering sound and effective asset management practices and procedures
- Implementing an effective interface between the centralised customer support function (based in the Corporate Asset Management Unit) and the Service based intelligent client functions

Linked Asset Management, Financial, Corporate and Service Planning

Linkages between the key resource and service planning activities, as indicated in Figure 2 below, can be further re-inforced through:

- Co-ordinating yearly planning cycles and timetables
- Specifying that asset management be included in other key corporate and service planning documents
- Information sharing and document exchange between the resource management and service planning areas
- CPSG and CAMWG representatives to be joint members of other resource and service planning groups

Figure 2: Linked Asset Management, Financial, Corporate and Service Planning



Appendix 3 – Update on Implementation Plan

The following table shows the implementation plan set out in the Corporate Asset Management Plan 2006 and progress with delivery of the proposals.

ASSET MANAGEMENT PLAN PROPOSALS	TIMING	PRIORITY	PROGRESS
Undertake a Council wide review of property functions	Short term	1	The review of Property Services and its associated restructure is almost complete. The proposed structure which was published in November 2007 has just completed its consultation phase. The new structure is due to be implemented in Jan – Mar 2008. This will see all property related services move from service areas to a corporate property service
Re-introduce revised and updated Corporate Property Review process	Short term	1	The Asset Challenge is well underway with the completion of an area review for both Hinckley & South West and Melton & North East. This review is identifying redundant properties for disposal and opportunities for development
Produce Service Based Asset Management Plans as part of the Corporate Property Review process, including an Accommodation Annual Efficiency Plans	Short term	1	All major service areas are represented on the Asset Challenge and the needs of service areas will be included in the outcomes.
Instigate and deliver council-wide Office Accommodation Review	Short term	1	The current phase is developing a corporate accommodation strategy. This is due to be completed in July 2008.
Instigate and deliver council-wide Review of Storage Facilities, linking in with Office Accommodation Review	Short term	1	This is an integral part of the Office Accommodation Strategy.
Produce and implement detailed Action Plan for developing corporate asset management practices and procedures to meet with Level 4 CPA compliance (2006/07)	Short term	1	New procedures have been implemented during 2007 to provide clear corporate asset management through the Corporate Property Steering Group and the Asset Management Working Group. Further work is required on performance management and a dedicated team is proposed in the Property Services restructure.
Develop and introduce improved Capital Project processes and practices	Short term	1	The processes described above will lead to corporate development of the capital programme where key council wide priorities will receive preference.
Develop and implement maintenance programme for all assets where council has direct maintenance responsibilities	Short term	1	The Asset Challenge will identify those assets which require investment in maintenance and improvement and a programme of planned work will develop from there.
Introduce initiatives for promoting proper maintenance of assets covered by delegated budgets	Short term	1	All delegated budgets for maintenance and improvement will transfer to property Services from April 2008 and be used in accordance with the above procedures.
Develop and deliver improved and extended property and property services performance management systems	Short term	1	A Value and Performance Team have been proposed in the new Property Services structure. A manager will be appointed in the New Year to lead the team.
Secure closer links between asset and financial planning (supported by above Corporate Property Review; Corporate Asset Management (CPA) Action Plan; improved capital project processes)	Short term	1	The above processes will develop a co-ordinated approach to delivering best value in asset management.
Develop and produce 'Greener Environment Guidance' for council's Property Resources	Short term	1	The Asset Challenge will identify assets which have a poor performance in relation to energy usage and develop proposals to improve that performance.
Produce and implement Asset and Accommodation Plan in support of Catering Services Review	Short term	1	The Corporate Accommodation Strategy and the FM Review will include the development of catering services for the future.
Develop and produce Land and Facilities Strategy for Waste Management Services	Short term	1	Identification of land to meet the Waste Management Strategy is a key priority.

Complete Snibston Museum Review and deliver resultant property strategy	Short term	1	The Snibston Museum Review will be included in the Asset Challenge for Coalville and North West Leicestershire.
Complete Social Services Asset Transfer Plans	Short term	1	Work is ongoing to support these plans.
Cultivate active CPO representative membership of Emergency Planning Group	Short term	2	This has not yet been fully developed although Property Services remain a key partner in emergency planning work.
Produce and implement Asset and Accommodation Plan in support of Printing, Reprographics and Design Service Review	Short term	2	This work has now transferred to Shared Services
Undertake a Depot Review	Short term	2	The Highways review has identified efficiency opportunities for the existing depots. This will result in office accommodation being reduced to two depots. This work is continuing along with delivery of four touchdown sites for Highways Inspectors initially.
Undertake Strategic Review of Non-Operational Property	Med Term	2	Reviews of County Farms and the Industrial Portfolio are planned in the Asset Challenge programme.