Making the Connections 3

Torfaen County Borough Council
Buildings and Land Management
Nick Selwyn, Claire Worrall and David Davies
Purpose of this meeting

- Revisit the background to the Buildings Management study.
- Agree the conclusions arising from the fieldwork.
- Agree areas of good practice.
- Agree recommendations for improvement.
The Council owns 570 buildings:
- 41 properties are schools;
- 165 core properties including leisure centres, libraries, corporate (offices) etc; and
- 364 properties form the commercial / industrial estate.

As at 31 March 2008, the land and property assets were valued at £272.8 million.

Backlog maintenance costs are those that would be incurred in repairing properties in a like for like manner, not improvements or modifications:
- non schools estimated cost of £18 million;
- schools estimated cost of £82 million - £116 million (18 March 2009 Report to Children and Young People Scrutiny Committee); and
- £6.5 million has been identified as immediate spend on high risk items.

2008/09 Council allocated on Repairs and Maintenance:
- revenue – £1.14 million; and
- capital - £0.8 million.

Current levels of spend will do very little to reduce the level of backlog of repairs and it is probable that the investment required will become larger over time.
Is the AIB ensuring that its land and buildings management arrangements support improvements in efficiency and service delivery to meet the needs and expectations of users for the 21st century?

A - Has the Council developed a robust strategy for the management of its land and buildings?

B – Does the Council have robust performance management arrangements in place to inform and deliver the corporate land and buildings strategy?

C – Can the Council demonstrate that it is securing value for money from its strategic management of land and buildings?

D – Can the Council demonstrate that it is securing value for money from its operational management of land and buildings?
Answer: The Council’s land and buildings management arrangements are not sufficiently developed, robust nor consistently applied to support tangible improvements in efficiency and service delivery to meet the needs and expectations of users for the 21st century.

We have come to this conclusion as:

• The Council has an understanding of its asset base but no consistent strategy to manage land and buildings.
• The Council does not have robust performance management arrangements in place to inform and deliver the CLBS.
• The Council cannot demonstrate that it is securing value for money from its strategic management of land and buildings.
• The Council cannot demonstrate that it is securing value for money from its operational management of land and buildings.
Has the Council developed a robust strategy for the management of its land and buildings?

- Corporate Asset Management Plan (CAMP) adopted October 2007.
- CAMP sets the framework for delivery by departments who have individual Service Asset Management Plans (SAMP) - most services have a SAMP.
- The CAMP is clearly linked to the Corporate Plan priorities.
- The CAMP includes a the capital and revenue allocation process but does not make explicit how much money is available for investment and how the gap will be addressed.
- The CAMP notes that revenue spend on maintenance was centralised.
- The CAMP does not include robust information on stock condition, maintenance and improvement backlog and costs.
- The CAMP has no focus on joint work with external agencies and stakeholders.
- The CAMP identifies issues of duty of care in relation to asbestos, energy management and DDA but does not highlight current levels of compliance or how the Council will ensure these are achieved.
- It is not clear from the CAMP what the business needs for the retention of an asset are and how they are being delivered.
Has the Council developed a robust strategy for the management of its land and buildings?

- All SAMPs follow corporate template except for Education.
- SAMPs based on review of assets and include conclusions on whether to:
  - retain, maintain and invest;
  - targeted spend to meet leasehold obligations or to keep safe and comfortable until alternative arrangements are made;
  - dispose/replace; and
  - alternative use.
- Based decisions on assessments of core data such as energy costs, duty of care costs, total annual running and maintenance backlog for example.
- The databases do not capture detailed information on all assets to inform strategic decision making and gaps exist in all – eg, maintenance, energy and running costs.
- SAMPs highlight critical issues that need to be addressed but they are not progressed – eg, clarify the basis on which shared accommodation is paid for.
- SAMPs include annual, bi annual and five yearly review periods but no updates have been apparent since their adoption in 2007 onwards.
Has the Council developed a robust strategy for the management of its land and buildings?

- Education SAMP follows different methodology and is based on assessment of investment needs of schools based on:
  - condition - condition of buildings and facilities;
  - suitability – suitability of premises; and
  - sufficiency – provision of sufficient school places.

- SAMP considers all assets against these criteria and scores individual premises on their levels of compliance:
  - total building and DDA cost per school; and
  - surplus capacity per school.

- This results in priority order for tackling capital investment needs in schools with an allocation to one of nine priority bandings. Further sub division between Council and non Council maintained schools.

- This is then the basis for capital investment.

- It doesn’t however address anything apart from maintenance, and does not deal with over-supply of space and planning for dealing with this.

- Education modernisation group oversaw development of Education SAMP and consulted with key stakeholders – eg, Head teachers, Governors, etc.
Has the Council developed a robust strategy for the management of its land and buildings?

- Plans have no information on key stakeholder groups or joint collaboration to make best use of assets - no joint CAMPs, SAMPs or involvement with key partners or external agencies on asset management:
  - this has changed since the fieldwork was carried out.
- The CAMP does not refer to a representative Asset Management Group or equivalent to oversee its delivery.
- Land and buildings management objectives exist, but there is no information in the CAMP or SAMPs setting out how these will be disseminated to ensure staff are fully aware of commitments and the priorities for services.
- Objectives are included within the individual SAMPs.
- The CAMP and individual SAMPs refer to yearly reviews but there is no evidence to indicate that these have happened.
- Some land and buildings services work streams focused around the achievement of the land and buildings objectives in relation to the Capital Project Review Board.
- Education has five year capital programme of indicative spend to improve all schools.
Has the Council developed a robust strategy for the management of its land and buildings?

- The Objectives of the CAMP are not set against timescales (short/medium and long term) and there are no clear plans to deliver improvements attached to either the CAMP or individual non-Education SAMPs.

- The asset management policy has a clear objective to treat assets corporately:
  - The Council will retain or seek ownership or tenancy/lease of sufficient, suitable and sustainable property assets to deliver its Corporate Plan priorities and will prioritise use of its capital and revenue budgets accordingly. Property resources that are surplus to or unsuitable or unsustainable in the delivery of Corporate Plan priorities will be considered for surrender or disposal at best value.

- This has been formally approved and adopted at Executive level.

- No formal adopted policy in place on the use of assets in a corporate manner.

- Capital receipts – some service areas still keen to use receipts for their service and do not always view money as a corporate resource.

- The Corporate Lead is the Director of Resources and operational lead on day to day issues of the Head of Asset Management.
Has the Council developed a robust strategy for the management of its land and buildings?

- Capital Programme Review Board (CPRB) is an internal group focused on delivering capital schemes and establishing a framework to support future capital investment activity. Has clear terms of reference (last updated January 2008).
- There is no formal Asset Management Group established:
  - One of the objectives of CPRB is to ensure all proposed projects are complementary to the aims and objectives of the CAMP; and
  - CPRB does not therefore have responsibility for asset management issues.
- Staff awareness on asset management responsibilities varies across the Council.
- Brought all individual service budgets into one corporate budget for maintenance.
- No resource requirements are identified to deliver the objectives set out in the CAMP or SAMPs relating to – staff (both property and corporate); staff skills; staff development requirements; and financial resources (revenue and capital).
- The level of resources required to maintain, improve, and manage assets is not clearly set out in the CAMP or individual SAMPs except the Education SAMP.
- Current investment insufficient to meet identified costs.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- There is no single comprehensive land and buildings database.
- The IPF database holds records of key asset data - UPRN; type of asset; Location; Committee; asbestos presence; DDA survey; property condition survey; rooms (no.), blocks (no.); size; lease and license agreement specifics; if leased energy certificate; if leased have information on insurance.
- All changes to the portfolio are formally recorded in the database, and there is a robust permissions hierarchy to enable access to view and amend data – audit trail.
- Some key data is not held on the IPF system - Water hygiene; Suitability; Sufficiency; benchmarking; managed; PPI; fire risk. Majority of this information is captured in another database managed by OSD:
  - up to date Asbestos information is held on separate system in OSD; and
  - energy consumption and cost is held on by the energy manager.
- There is inconsistency in the quality and accuracy of data held:
  - DDA – civic centre information shows that a lot of the work to make it compliant has not been completed but work has been undertaken. Some records not updated promptly – eg, Suitability.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- There are targets for asset management but these have not been translated consistently into clear short, medium and long term objectives.
- SAMPs use same base data to identify current issues focussing on condition, suitability and sufficiency and include base data on some asset management issues:
  - condition and maintenance backlog;
  - suitability; and
  - running costs.
- The CAMP and SAMPs highlight issues of concern and provide summaries of some elements of current performance.
- Base data has not been updated since the CAMP and SAMPs were adopted.
- There is no consistent baseline data – eg, gaps in SAMPs.
- There are no SMART action plans with outcome focussed targets to deliver Asset Management improvements outside education five year indicative capital programme.
- There is no clear plan to address the maintenance backlog.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

• Benchmarking and good practice is not used to set appropriate performance targets.
• The development of the CLBs involves most internal departments but does not make links with partners and external stakeholders.
• The Council participates in a number of national forums in key areas:
  – the all Wales forward planning education group – focussed on not just buildings but population and migration issues.
  – Welsh purchasing consortium energy group.
• There is awareness across the Council of the maintenance and improvement backlog that needs to be addressed.
• The Council does not participate in benchmarking groups or good practice forums on land and buildings management.
• There is an absence of data to compare with other organisations except in respect of national performance indicator returns – this does not assist in setting performance targets.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- There are some processes and systems in place to collect and record some performance information – e.g., Energy efficiency, NSIs and CLAW returns.
- Performance management is not robust:
  - there is no agreed suite of performance measures in place that are subject to regular monitoring and evaluation to underpin delivery of asset management;
  - the data needed has not been identified and there is no agreed reporting timetable – frequency and consistency – for the production of data;
  - there are no clear targets set and internal trend data is not reported;
  - there is no clear rationale for assessing performance of the Council’s land and building service;
  - building occupiers are not aware of their contribution to, and impact on, the performance of the building; and
  - no action is taken to identify areas of poor performance, prioritise action accordingly and effect improvements.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- The CAMP sets out review process for individual SAMPs.
- There has been a review of land holdings as part of the Local Development Plan process but this was not comprehensive.
- The CPRB uses a template for assessment of individual projects which requires links to be made to outcome statements in the corporate plan.
- School projects are subject to detailed review – eg, Trevethin and Pentwyn Schools.
- The review approach is focused on the Council and does not involve partners or stakeholders and the reviews are consequently not subject to external challenge.
- The review process does not always consider alternative use:
  - by the Council or partner organisations; and
  - include land and buildings assets in the vicinity or scope of the review that are outside the Council’s land and buildings portfolio.
- SAMP reviews are limited to identified departments and have not been cross cutting.
- Wales Audit Office review of half of SAMPs found that not all data is present and gaps exist in key areas. This undermines strategic decision making.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- All capital projects are considered and approved by the CPRB. This is applied consistently and is the recognised route for approving schemes.
- An education board meets monthly to review all schools projects.
- The CPRB is viewed positively and is seen to work.
- Schemes are approved using a standard form which identifies how the project contributes to meeting the Corporate Plan objectives.
- The form also captures important information around capital cost, revenue implications, risk, efficiency, MTC, timescale and partners.
- Services identify the individual projects and these are vetted by OSD to ensure accurate costs are recorded and they are then prioritised by CPRB.
- Wales Audit Office sample review confirms a consistent application of this approach.
- Capital investment decisions are not based around outcome indicators eg, providing facilities for more people, improving user experience and increasing satisfaction.
- There is no operating protocol to give a basis for appraising options consistently – Wales Audit Office review of sample of cases found no options appraisal.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- Staff are aware of the importance of whole life issues but feel the Council is not delivering this yet.
- Have awareness of whole-life issues but focus is currently on long term revenue costs when agreeing projects rather than investing to save.
- There are very few examples available on whole life cost schemes that have been delivered – eg, Blaenavon campus.
- Tendering processes in line with the standing orders, EU regulations and treaties and UK competition law.
- Maintenance partnered framework contracts let in 2008/09 for general building, mechanical and electrical work.
- There is an awareness of the good practice principles of the Constructing Excellence/Egan/Rethinking - Five year framework agreement entered into in 2005 with Kiers for major construction projects over a value of £500,000.
- 2011/12 assumption of £4 million prudential borrowing for Blaenavon campus.
- Procurement strategy lacks information on PFI or borrowing for construction projects.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- There are written disposals procedures and IPF is updated when asset is disposed.
- There are no written acquisition or disposals policies that link to and support delivery of the CAMP - policies have yet to be developed and approved.
- There appears to be no involvement with other organisations or automatic consideration of potential partnership working prior to acquisition or disposal.
- One off examples found of a comprehensive approach to the assessment of disposals but nothing documented to support this approach on a regular basis.
- The Council approach to acquisitions and disposals is not widely known.
- New approaches are being developed to determine how Council will seek to balance income maximisation with delivery of corporate priorities – eg, Grazing Land policy.
- The CAMP does not include any clear objectives to generate income from the land and buildings portfolio.
- The CAMP does not set out how the Council would consider and agree proposals at less than optimum financial value although this is covered by other protocols.
Does the Council have robust performance management arrangements in place to inform and deliver the Corporate Land and Buildings Strategy (CLBS)?

- The Council does not have an agreed consistent project management system or framework in place at present.
- There are no consistent structured project management arrangements in place although some staff have been on PRINCE2 training.
- Seeking to develop a bespoke software project management system.
- Current approach is based on individual’s experience – loose approach and needs to be formally brought together:
  - this only applies to large projects not smaller ones; and
  - currently have four/five major projects underway (£1 million+) and 40–50 smaller projects at various stages ranging from feasibility to project on site to completion.
Can the Council demonstrate that it is securing value for money from its operational management of land and buildings?

- There are two formal handbooks - Property Management Handbook for Council Premises and Property Management Handbook for Schools. These set out procedures for the operational management of all buildings.
- Each building has a designated responsible officer (e.g., Buildings Manager) – although some of the positions are vacant and some Building Managers cover more than one site and are not always present.
- The handbook identifies responsibilities for buildings management administration.
- The handbooks include sample forms for key areas of work – e.g., Duty of care checklist and contractor permits.
- The handbook does not cover in detail issues around health and safety, energy conservation and workplace legislation.
- The handbook sets out options for management of buildings and contractors but does not provide a model for Building Managers to follow.
- There is a database of all completed duty of care checks in OSD but it is unclear whether the system is operating effectively.
Can the Council demonstrate that it is securing value for money from its operational management of land and buildings?

- The structure of buildings management has been reviewed and service delivery realigned as a result of this review.
- Building and property management is split between:
  - strategic approach led by Corporate Director of resources and head of asset management;
  - operational elements of day to day maintenance and repairs led by Operational Service department; and
  - premises managers for individual buildings who report to different directors/heads of services.
- The Council has reviewed its Duty of Care responsibilities and undertakes an annual compliance check.
- Wales Audit Office found no evidence that service departments had reviewed the structure as fit for purpose or against alternative methods of delivery.
Can the Council demonstrate that it is securing value for money from its operational management of land and buildings?

- There is a knowledge of the Council’s statutory duties in respect of land and buildings.
- There are robust arrangements in place to ensure the Council effectively discharges its duty of care in some areas including water testing; asbestos; electrical and gas equipment testing; and lift examination/testing.
- The Council has an office accommodation strategy and promotes flexible working.
- There are a few identified plans to support the delivery of the CAMP and SAMPs – eg, CPRB, Procurement Strategy and Maintenance partner framework agreements.
- Some key plans are in place but these are not directly linked to delivering the CAMP.
- Neither the CAMP nor individual SAMPs clearly set out how key objectives will be delivered including areas such as energy management, building conditions and the maintenance backlog.
- The CAMP and SAMPs investment needs have been recognised but not resourced.
- The Council is aware of the need to effectively discharge its duty of care but in some areas limited progress has been made - DDA – corporate and schools.
Can the Council demonstrate that it is securing value for money from its operational management of land and buildings?

- The Council has considered some outsourcing but not agreed a strategy.
- Some elements of land and buildings service have been subject to review in terms of cost, quality and service delivery – eg, Maintenance and project management services.
- Monitor manage County Hall, Cwmbran – but unclear how this arrangement was developed.
- The land and buildings services have not been subject to review in terms of cost, quality and service delivery which would support alternative procurement:
  - Facilities Management services;
  - architectural design services;
  - estates and valuation services; and
  - strategic property management.
- The procurement Strategy does not include any proposed actions on partnering or joint procurement of buildings with partners.
Can the Council demonstrate that it is securing value for money from its operational management of land and buildings?

- Procurement Strategy 2007-2010 with 89 target action plan focussed on Supplier, Tender and Contract Management and Value for Money.
- Strategy focussed on joint working:
  - Torfaen member of local authority Welsh Purchasing Consortium since 1996;
  - Joint Procurement Unit with Monmouthshire and Newport; and
  - Council works with Value Wales.
- Cleaning and maintenance managed in house but procured via a number of routes.
- Schools decide whether the Council or contractor leads goods and services provision.
- There is limited evidence of the Procurement Strategy targets having been delivered:
  - no information to identify how the 89 targets of the procurement Strategy adopted in 2007 have been progressed; and
  - not clear how weaknesses identified in the Strategy have been addressed.
- There is an inconsistent and ad hoc approach to provision of service contracts:
  - there is no approved tender list for all goods and services contracts; and
  - standing orders do not encourage collaborative working.
What is our overall conclusion?

Answer: The Council’s land and buildings management arrangements are not sufficiently developed, robust nor consistently applied to support tangible improvements in efficiency and service delivery to meet the needs and expectations of users for the 21st century.

We have come to this conclusion as:

- The Council has an understanding of its asset base but no consistent strategy to manage land and buildings.
- The Council does not have robust performance management arrangements in place to inform and deliver the CLBS
- The Council cannot demonstrate that it is securing value for money from its strategic management of land and buildings
- The Council cannot demonstrate that it is securing value for money from its operational management of land and buildings
Recommendations for improvement:
• See separate handout.

Potential Good Practice:
• Capital Programme Review Board.
• Corporate Office Accommodation Policy.
• Education SAMP.