

REVIEW OF ASSET MANAGEMENT AND PROPERTY SERVICES

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

25 JUNE 2009

Wards Affected

County-wide

Purpose

To update Cabinet on the review of Asset Management and Property Services and to propose alignment of the work with the emerging Shared Services activity.

Key Decision

This is a Key Decision because it is significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

It was included in the Forward Plan.

Recommendations

THAT:

- (a) **the contents of the report be noted; and**
- (b) **Cabinet agree that, pending the outcome of the work on Shared Services, the Asset Management and Property Services Division continues to explore service improvements.**

Reasons

- 1.1 In September 2008, Cabinet decided there should be a service review of the Asset Management & Property Services (AMPS) Division of the Resources Directorate. This decision came about as one of the outcomes of the Council's Service Delivery Review of Contract and Technical Consultancy Services provided by Amey plc. Whereas it was considered appropriate to proceed with the integration of the Council's and Amey's Highways Services to form a single delivery vehicle, it was suggested that any decision to consider this vehicle for some element of Operational Property Services be set aside pending the outcome of a review of the Council's property estate.
- 1.2 The Cabinet resolution of 11 September stated that "Asset Management and Property Services be excluded from the negotiation whilst a wider review of the property estate and its management is carried out and that this is completed by the end of March 2009".

- 1.3 The 2007 Review of AMPS which was approved by Cabinet in February 2007 set out the operating structure, functional scope and terms of reference for the then new AMPS Division. The procedures established in that Review for the management of corporate property assets were formally incorporated into the July 2008 version of the Herefordshire Constitution. These procedures form the basis upon which the service is managed.

Considerations

2. Work to deliver the Cabinet recommendation was undertaken and produced useful information such as identifying the areas of pressure for the service as well as a greater understanding of the key strategic and operational requirements to be delivered.
3. A number of significant benefits have accrued from the work carried out to date and these are as follows:
- i) The Strategic Asset Manager has held a series of meetings with directorate and service management teams to ascertain their medium term aspirations in terms of asset utilisation for service delivery purposes. This series of meetings has raised the profile of asset utilisation. Services are challenged to project their service delivery needs into the future and then translate those needs into a clear identification of the size, scope and location of buildings and land to support the service delivery.
 - ii) As part of the process, the Council's asset management arrangements were explained and support provided as part of the service planning and performance improvement cycle to ensure that long term pressures could be managed and brought to the Executive in sufficient time to allow proper consideration of options. The principal aim was to reduce duplication of effort and resource and to ensure that any opportunities for co-location and shared infrastructure were fully explored in the time available. Examples include Replacement MRU/Records office, Cultural Service Consolidation, identification of potential sites for affordable housing and Community Asset Transfer.
 - iii) Over the last year, the division has progressively developed a capacity to support the development of major capital projects and, with the commissioning of third party support, is currently involved in the ESG, Rotherwas Futures, accommodation rationalisation, replacement Livestock Market, replacement Data Centre/Modern Records Unit (MRU), Building Schools for the Future, Primary Strategy for Change and Special Educational Needs review programmes.
 - iv) The remit of the Strategic Asset Management team has incorporated the revision of standing orders, the scheme of delegation and the updating of the contracts and procurement elements in Appendix 5 of the Constitution.
 - v) Responsibility for asset management is clearly defined within Appendix 4, Section 3, of the Constitution and the roles and responsibilities of officers and their supporting corporate groups are highlighted alongside the relevant policies and procedures. The mechanisms detailed in the constitution are in place, as are the internal controls to ensure that compliance takes place. In terms of contract and procurement compliance, the post of Contract Commissioning Officer has now

been filled, with the specific responsibility for overseeing all procurement for the division and ensuring compliance.

vi) The current use of resources judgment assesses the management of assets as a “3” on a scale of 1-4. This is an improvement on the previous judgment where a “2” was achieved.

vii) The property management satisfaction indicators used for benchmarking with other members of Chief Corporate Property Officers in Local Government (COPROP) currently rate the service in the top 10% of authorities in the group. In addition, work is currently being undertaken to prepare the baseline data for the new corporate estates VfM indicators, of which there are five primary and eleven secondary PIs (two of these are awaiting final definition from the Audit Commission). As many of these are new or amended indicators it is too early to rate our relative performance with other COPROP members. Benchmarking of performance will begin from 2010 using the baseline data collected this year.

viii) In 2007 the government, committed to implementing the recommendations of the Quirk Review, set up a detailed implementation plan “Opening the Transfer Window”, in conjunction with a range of Government departments, public and third sector bodies to effect their delivery in partnership with each other. As part of this commitment the Government is supporting a demonstration programme called “Advancing Assets for Communities” which is designed to provide expert advice and support to local authority-community sector partnerships where they are principally concerned with community asset transfer.

ix) Following the launch of the programme in June 2007, 20 demonstration areas were selected from the 57 expressions of interest received by the Development Trusts Association (DTA) who are co-ordinating the exercise on behalf of the government.

x) Herefordshire Council, as one of these authorities, has been in discussions with the DTA and has benefited from advisory support to progress policy development in this area. The recent award to progress the transfer of Grange Court to a local development trust has raised interest in the process and prompted the need for a policy to be developed at a county level which reflects the aspirations of all the strategic partners.

xi) There exists a strong legacy of public sector asset transfers to community organisations during the lifetime of the authority and the current policy development will build on this position.

xii) From April 2010, the Council will be affected by a new, legally binding climate change and energy saving scheme, called the Carbon Reduction Commitment. This is a mandatory scheme to promote energy efficiency and help reduce carbon emissions. It will introduce an emissions trading system which will provide a financial incentive to reduce CO² emissions by placing a price on those emissions and participants will have to purchase allowances equivalent to their annual emissions.

xiii) There will be a financial incentive scheme to reward high performers and performance league tables will be published and available for scrutiny. The proposals are designed to encourage organisations to create energy management strategies and generate awareness amongst senior management.

xiv) Although the detailed impact is unclear, as the data is still being collected, the likely impact in financial terms for the authority is that it would cost up to £200k per annum to purchase sufficient allowances, based on current levels of consumption.

xv) The first payment is due in 2010 based upon consumption in 2008/09 and 2009/10 combined (i.e. £400k). This figure will form part of the review of the Medium Term Financial Management Strategy.. It is also unclear at present as to whether the Council and NHHSH will be treated as single or separate entities and which of their partners will be included in the calculations e.g. HALO and The Courtyard.

xvi) The current working relationship between client managers and building services staff at Amey is effective and with clear direction and close support, high quality projects can be delivered. An example of this has been the Interim Accommodation Strategy which was delivered to timetable and within budget. In 2009, service managers met their counterparts in Amey to review the project and to consider how ongoing working arrangements may be improved by the use of the newly acquired strategic capacity within the division.

xvii) The CAA Framework was confirmed in February 2009. This will have significant implications for the way AMPS will need to be structured and for the priorities it will need to adopt if it is to properly support the council in achieving an acceptable overall judgement. Whereas the service has an integral part to play in supporting the overall assessment, it has a critical role to play in supporting the UoR assessment and in particular the KLOEs in relation to the management of its assets. The particular KLOE which relates to Asset Management is 3.2 – *Does the Organisation manage its assets effectively to help deliver its strategic priorities and service needs?* This Division is working on the elements of the KLOE, looking at the basic requirements that need to be met; what a well performing Council might look like; and the sources of evidence that are likely to be required to support our self assessment and judgement.

Conclusions

4. The overall conclusion is that the 2007 review of AMPS did provide a structure and framework that, at the time, was fit to support the needs of the Council. However, with the onset of the “deep partnership” with NHHSH and subsequent changes taking place at a national level to major capital funding programmes, climate change legislation, new performance frameworks and wider initiatives around shared services, the 2007 arrangements are being re-visited, to ensure the Division meets changing priorities.
5. The 2007 review set up four service areas within the divisional structure. Whereas all of these are now substantially staffed, some structures have only been fully populated for a few months. Given the very short time that the divisional restructure has had to bed in, it is too early to assess the full impact of the new organisation. However, there is evidence to demonstrate that the strategic part of the structure is starting to meet the needs of the organisation. Early performance results would indicate that improvement has already taken place (UoR judgement and COPROP benchmarking results) and work is under way to embed the organisation’s emerging new culture and establish the principle of partnership working. The successes established around collaborative working to deliver the Interim Accommodation Strategy would suggest that strong potential exists for future joint working and the emerging direction of travel indicates that further improvement is highly likely to take place.

6. Given that, since the Cabinet decision in September 2008, there is now a focus on exploring shared services, it is appropriate that this work is used to shape the future position of the Asset Management and Property Services Division.

Legal Implications

7. None arise directly, but an effective Property Services function will ensure the council meets statutory compliance obligations.

Financial Implications

8. None arise from the report.

Risk Management

9. The Resources Directorate risk register covers property-related risks and their mitigation. An effective Asset Management and Property Service is a key requirement in order to manage these risks.

Alternative Options

10. None identified

Appendices

None

Background Papers

Review of Service Delivery Partnership with Amey – Report to Cabinet on 11 September, 2008.