

Springing Forward Asset Management – Pembrokeshire County Council

Audit year: 2021-22

Date issued: August 2022

Document reference: 3145A2022

This document has been prepared for the internal use of Pembrokeshire County Council as part of work performed/to be performed in accordance with Section 17 of the Public Audit (Wales) Act 2004, and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

Contents

The Council recognises that there are significant weaknesses in its strategic arrangements for managing its assets and is looking at options to make improvements, in so doing it needs to consider how it can use the sustainable development principle to shape its work in this area.

Summary report

Summary 4

Detailed report

The Council recognises that there are significant weaknesses in its strategic arrangements for managing its assets and is looking at options to make improvements, in so doing it needs to consider how it can use the sustainable development principle to shape its work in this area 7

The Council recognises that it does not have a clear corporate vision for its assets or an up-to-date asset management plan but it is in the process of developing these 7

The lack of a strong corporate framework for the management of the Council's assets and deficiencies in the asset data it holds are hindering its corporate understanding of its assets and its ability to effectively plan for them over the short and longer term 8

The Council is currently not effectively monitoring its performance on asset management and has been slow to act on recommendations arising from previous internal reviews, but it is now actively looking at how to strengthen its arrangements in this area 9

Summary report

Summary

What we reviewed and why

- 1 We reviewed the Council's arrangements for managing its assets with a focus on office accommodation and buildings from which the Council delivers services to its residents. We looked at how the Council strategically plans the use of its assets, how it monitors the use of its assets and how it reviews and evaluates the effectiveness of its arrangements.
- 2 We delivered this review as the world moves forward, using the experiences from the global COVID-19 pandemic, to look at how councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 3 We have undertaken this project at all councils as part of our 2021 audit plans to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 4 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 (the Act) we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is approaching seven years since the Act was passed and we are now into the second reporting period for the Act. Therefore, we would expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 5 Under the Act, councils must carry out sustainable development in accordance with the sustainable development principle. To do something in accordance with the sustainable development principle means that the Council must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. To act in that manner, the Council must take account of the five ways of working: long-term, integration, involvement, collaboration, and prevention. Statutory guidance on the Act sets out seven core organisational activities that it is essential that the sustainable development principle is applied to. Assets is one of those core organisational activities.
- 6 This review had three main aims:
 - to gain assurance that councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that councils are taking both individually and collectively to strengthen their arrangements; and
 - to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.

- 7 We undertook the review during the period November 2021 to April 2022.
- 8 The Council holds a wide range of building assets including: administrative buildings, leisure centres, libraries, schools, youth centres, community centres, an airport, and commercial properties, including the Riverside Shopping Centre. The value of the Council's properties, excluding housing and infrastructure assets is approximately £416 million.

What we found

- 9 Our review sought to answer the question: Is the Council's strategic approach to its assets effectively helping the Council to strengthen its ability to transform, adapt and maintain the delivery of its services in the short and longer term?
- 10 Overall, we found that: the Council recognises that there are significant weaknesses in its strategic arrangements for managing its assets and is looking at options to make improvements, in so doing it needs to consider how it can use the sustainable development principle to shape its work in this area.
- 11 We reached this conclusion because:
 - the Council recognises that it does not have a clear corporate vision for its assets or an up-to-date asset management plan but it is in the process of developing these;
 - the lack of a strong corporate framework for the management of the Council's assets and deficiencies in the asset data it holds are hindering its corporate understanding of its assets and its ability to effectively plan for them over the short and longer term; and
 - the Council is currently not effectively monitoring its performance on asset management and has been slow to act on recommendations arising from previous internal reviews, but it is now actively looking at how to strengthen its arrangements in this area.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Asset Management Planning	
R1	The Council should use the sustainable development principle ¹ to improve the way it plans, delivers, and monitors the management of its assets.
Asset Management Delivery	
R2	The Council needs to review its governance arrangements for asset management to ensure itself that it has proper arrangements in place to secure economy, efficiency, and effectiveness in its asset management arrangements.
R3	The Council, in reviewing its arrangements for managing its assets, needs to ensure that its new delivery model is sufficiently resourced.
R4	The Council needs to improve the data that it holds on its assets, ensuring that the information is current, comprehensive, and accessible to those that need it, and that the information is used effectively to inform its decision making.
Performance management	
R5	The Council needs to strengthen the performance management of its assets by: <ul style="list-style-type: none">• developing a set of performance and outcome measures that reflect the Council's ambitions for its assets, and monitor these measures at a corporate level, including reporting to overview and scrutiny committee(s); and• benchmarking performance on asset management with other organisations.

¹ The sustainable development principle is set out in the Well-Being of Future Generations (Wales) Act 2015.

Detailed report

The Council recognises that there are significant weaknesses in its strategic arrangements for managing its assets and is looking at options to make improvements, in so doing it needs to consider how it can use the sustainable development principle to shape its work in this area

The Council recognises that it does not have a clear corporate vision for its assets or an up-to-date asset management plan but it is in the process of developing these

- 12 The Council has not currently identified any major changes in the way that it will use its retained buildings in the future as a direct result of the COVID-19 pandemic. Prior to the pandemic, the Council had been creating an agile working environment and investing in its information technology. This meant that when offices shut, staff had the necessary IT equipment and infrastructure to enable them to work remotely. The Council was also already undertaking an office rationalisation programme as part of its transformation agenda.
- 13 The Council has recently recognised that it does not have a clear corporate vision for all its assets or an up-to-date asset management plan and as such has brought in external support to help it develop them. The Council intends to agree a revised asset management plan with Councillors following the local government elections in May 2022.
- 14 There are opportunities for the Council to strengthen its application of the sustainable development principle in how it is approaching the planning for and management of its assets. In terms of timescales some service areas are looking longer term at their assets eg schools, but the Council is not currently systematically looking at the risks and opportunities in relation to how it manages and uses its assets collectively over the short and longer term.
- 15 The Council is not demonstrating at a corporate level that it is actively considering how it can use its assets to help contribute to delivering its own or other public bodies' well-being objectives.

The lack of a strong corporate framework for the management of the Council's assets and deficiencies in the asset data it holds are hindering its corporate understanding of its assets and its ability to effectively plan for them over the short and longer term

- 16 The Council's management arrangements for its assets and the information it has on its assets are dispersed throughout various services across the organisation. In the absence of strong corporate oversight, this is hindering organisational understanding of and planning for its assets over the short and longer term. There is a corporate Strategic Asset Management Group (which is attended by both officers and Members). The Council recognises that its current arrangements for asset management need strengthening and has brought in external consultants to support them in this work.
- 17 The Council's stock condition survey data is incomplete and out of date (the data on some buildings is over ten years old and some other buildings have no condition data at all). There appears to be a lack of capacity in the survey team to undertake this work, although the Council provided it with some additional funding in 2021-22 to allow additional condition surveys to be undertaken. However, the Council does not have a strategic programme for undertaking condition surveys and the survey team is working in an ad hoc manner in response to requests. The Council has not set out a corporate strategic approach for investment in the maintenance of its assets, and its maintenance team is not involved in decisions about disposal of assets.
- 18 Property information is held by different Council departments on several systems. There is not one central system, so it is difficult to see how the Council can have a clear corporate understanding of the current position on its assets that will enable it to take informed decisions in planning for its assets both in the short and longer term. There is also the risk that, because information is held disparately and not shared effectively, the Council will undertake maintenance on buildings that are earmarked for disposal.
- 19 The Council has some examples of working collaboratively with partners on its assets and has strengthened this by successfully receiving two 'levelling up' bids from the UK government, £17.7 million awarded for the economic regeneration of Haverfordwest and £4.1 million for a second phase community and social care hub project at South Quay.
- 20 The Council has undertaken some community asset management transfers (where Town and Community Councils or other organisations manage and maintain Council assets, usually under long leases) but wants to do more of this and at a faster pace. The Council has approximately 50 community asset management transfers in process at the current time, but limited Council resources are affecting its ability to complete these.

- 21 The Council's Property Services Service Plan 2022-25 highlights capacity issues in the service. We were told that the Property Service has gone from a team of 26.5 full-time equivalents (FTEs) in 2014-15, to 12.1 FTEs 2021-22. A number of people we interviewed felt that the service lacked the resources to do the work required.
- 22 To date, there has been limited corporate engagement or consultation with the public about the future of the Council's assets, although service areas have consulted on specific matters eg school closures and proposed changes to day centres.
- 23 The Council introduced a new integrated impact assessment (IIA) process in September 2021. This process should help the Council to strengthen its application of the sustainable development principle. However, the Council recognises, through its own assurance work, that greater consistency in the use of this IIA tool is required to ensure the Council meets its duties under the relevant legislation covered by the impact assessment.

The Council is currently not effectively monitoring its performance on asset management and has been slow to act on recommendations arising from previous internal reviews, but it is now actively looking at how to strengthen its arrangements in this area

- 24 The Council recognises that it has not been effectively monitoring its approach to its assets. The performance indicators being reported corporately are very limited and there are known concerns around the quality and sufficiency of the data held on assets. An Internal Audit report (May 2021) on asset management systems and asset valuations gave a limited assurance rating² in this area.
- 25 There is limited benchmarking by the Council against other organisations on asset management. Using benchmarking data can provide useful insight into councils' individual performance and can identify opportunities for learning from other organisations.
- 26 The Council has been slow to take effective action on recommendations arising from earlier internal reviews of the asset management function, but is currently looking at options for how it manages its assets moving forward and is using external resources to support this work.

² The Council's definition of a limited assurance rating is that, 'There are weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, which, in aggregate, have a significant impact on the ability of the service to achieve its objectives and could have a significant effect on the achievement of the Council's Well-Being Objectives.'



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.