

National Assembly for Wales
Finance Committee

Asset Management in the Public Sector

August 2013



Cynulliad
Cenedlaethol
Cymru

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Wales

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Information on the Committee, its membership, its remit and previous publications can be found at: **www.senedd.assemblywales.org/mgCommitteeDetails.aspx?ID=229**

A list of witnesses and oral and written evidence of relevance to this report is available at: **<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?IId=5722>**

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The Committee was established on 22 June 2011. The Finance Committee's role is to carry out the functions set out in Standing Order 19. This includes consideration of the use of resources by the Assembly Commission or Welsh Ministers, and in particular reporting during the annual budget round. The Committee may also consider any other matter relating to expenditure from the Welsh Consolidated Fund.

Current Committee membership



Jocelyn Davies (Chair)
Plaid Cymru
South Wales East



Peter Black
Welsh Liberal Democrats
South Wales West



Christine Chapman
Welsh Labour
Cynon Valley



Paul Davies
Welsh Conservatives
Preseli Pembrokeshire



Mike Hedges
Welsh Labour
Swansea East



Ann Jones**
Welsh Labour
Vale of Clwyd



Julie Morgan
Welsh Labour
Cardiff North



Ieuan Wyn Jones*
Plaid Cymru
Ynys Môn

*Ieuan Wyn Jones attended all the evidence gathering sessions but had resigned by the time the report was finalised.

**Vaughan Gething, Labour, Cardiff South & Penarth, attended our final evidence gathering session as a substitute for Ann Jones.

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Chair's foreword

Changing economic conditions have brought new interest to the unheralded world of asset management. Public service leaders across Wales and the UK are coming to realise that as budgets get squeezed, they have to wring the maximum efficiency from every part of the organisation; so asset management is rising up the agenda.

At its simplest, efficient management of assets saves money. The less you have to spend on accommodation, the more there is to go in to front-line services.

We came to look at this area after hearing about associated issues in our inquiry in to *Borrowing Powers and Innovative Approaches to Capital Funding*, and also from hearing some inspiring examples during our work on the *Invest to Save Scheme*. We heard of examples where millions had been saved by rationalising office space, or by installing solar panels on existing buildings.

We had two main concerns: how effective is the Welsh Government at managing its own assets; and how effective is it in the guidance **and support** it gives to the wider public sector. The evidence is a mixed bag on both fronts.

Inside government there is a confusing sub-division of assets, where individual ministerial fiefdoms take precedence over an integrated whole. And outside, it is clear that where there is advice it is not always being followed, and that inconsistent data makes effective monitoring practically impossible.

And yet, we heard time and again that Wales is ahead of the game in UK terms and that other parts of the United Kingdom are looking to Wales's lead. The evidence suggests both are true.

What is clear to us is there needs to be a step-change when it comes to asset management. There is a small pool of expertise, which needs to be nurtured and developed. And there needs to be greater priority given to the area by senior leaders. Investing in back office efficiency seems fraught with peril for ambitious leaders in a world where frontline services are all. But unless the books are balanced, there will be no 'frontline services'.

I hope, at the very least, this inquiry has raised the profile of asset management, and I would like to thank everyone who has contributed to this inquiry for their input.

The Committee's Recommendations

The Committee's recommendations to the Welsh Government are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

Recommendation 1. We recommend that the Welsh Government draws up an Asset Management Plan for its entire administrative estate, (or revises the content of the State of the Estates Report) with appropriate targets, and reports regularly on performance against those targets. (Page 14)

Recommendation 2. We recommend that the Welsh Government draws up an overarching Asset Management Strategy which covers ALL the assets it holds, not just its administrative estate. This is not to suggest that assets should necessarily be managed from the centre; rather there is a clear strategy for the management of the asset base, linked to the wider objectives and goals. Such a strategy would need to be supplemented by individual Asset Management Plans for each of the portfolio areas, (especially by the Business and Enterprise division) to provide the flexibility required to manage the assets at this level, according to portfolio priorities and requirements. (Page 16)

Recommendation 3. We recommend that the Welsh Government reports back annually on how it is working with senior leaders across the public sector to highlight the importance and benefits that can be derived from sound asset management, and maintaining up to date records and plans. (Page 20)

Recommendation 4. We note that local government – which is required to produce asset management plans – is widely acknowledged to be stronger in this area than other areas of the public sector. We recommend that the Welsh Government considers whether this requirement to produce asset management plans should be extended to other parts of the public sector. (Page 20)

Recommendation 5. We recommend that Welsh Government agree with relevant stakeholders a streamlined set of indicators, which

enable the condition and performance of assets to be clearly and appropriately assessed and reported. In doing so, consideration should be given to the suite of indicators used in Scotland and England. The Welsh Government should consider how best to encourage, or mandate, the consistent collection or use of agreed indicators across the public sector in Wales. (Page 24)

Recommendation 6. We recommend that the National Assets Working Group takes steps to ensure all collaborative projects consider whether there is, or should be, an asset management strand to the project at an early stage. (Page 26)

Recommendation 7. We recommend that the Welsh Government takes a thorough review of the incentives and disincentives which affect asset transfers, both within the Welsh Government itself and the wider Welsh public sector. In particular we believe the fact that health bodies can only keep the first £500,000 of any asset deal discourages large scale activity. We recommend it should be replaced with an agreed proportion of the total value of the asset, to encourage large-scale strategic transfers, where this represents appropriate management of property. (Page 29)

Recommendation 8. We recommend that public bodies are given greater incentives to effectively manage their assets, by ensuring that they keep an appropriate proportion of any value accrued by transfer or disposal. (Page 30)

Recommendation 9. We recommend that the Welsh Government's Asset Management Strategy (as referred to in recommendation 2) is used to aid in identifying assets and property available for transfer, either between departments, or to other organisations, to tackle the perception of silo working in departments. It should be ensured that such transfers contribute to the wider strategic goals and objectives of the Welsh Government and those of individual departments. Given the concerns raised with regard to the impact of such transfers on departmental budgets, protocols should be established to ensure that where assets are identified for transfer, the transferring department is not discouraged by any potential adverse impact on their departmental budget. (Page 30)

Recommendation 10. We recommend that the Welsh Government (via the NAWG) does more to encourage public sector organisations to

see assets as enablers of policy and service delivery and share the good practice demonstrated in this area. (Page 33)

Recommendation 11. However, there is a question about the capacity of the National Assets Working Group (NAWG) to drive this agenda. We recommend that all partners consider the level of resource required to deliver the work that is expected of the NAWG, and whether that resource should come from the Welsh Government, or from a contribution shared among all partners. (Page 34)

Recommendation 12. We acknowledge that the Welsh Government believes that their approach is delivering comparable benefits to the Scottish Government's more centralised approach, without the upfront costs of establishing a new body. However, we recommend that the Welsh Government continues to monitor the results of both approaches to ensure that Wales is getting comparable benefits. (Page 36)

Recommendation 13. We recommend that the Welsh Government continues to work through the Public Service Leadership Group (PSLG) to ensure examples of good practice are shared not just among those in the asset management business, but also among senior leaders to ensure that good examples are put in to practice. (Page 40)

Recommendation 14. We recommend that the Welsh Government considers whether the expertise it already has among its own staff could be made more widely available to other public sector bodies, and should explore the possibility of secondments to/from other areas of the public sector. (Page 40)

1. Introduction

1. The Finance Committee agreed to look at this issue on 25 October 2012.
2. The Terms of Reference¹ set out two main areas for investigation: the Welsh Government's management of its own assets, and how it supports and promotes effective asset management in the wider public sector in Wales.
3. We launched our consultation in November 2012, and details of the responses can be seen on the committee's website.² To supplement this information, we also issued a short survey to local authorities, and other public bodies.
4. This report is structured around the following themes:

Strategic links – links between asset management and the wider strategic and policy objectives of the public sector organisation, including financial plans and collaborative efforts. Here we also considered the responsibility and leadership for asset management.

Systems and processes – the processes and practices in place for asset management, including availability of information and performance measurement/evaluation to assess its effectiveness.

Resources and value for money – the resources available for asset management, including capacity and capability and how value for money is assessed and demonstrated.

Good practice - support and guidance available to promote best practice in asset management, lessons learnt within Wales and from elsewhere, and mechanisms by which this is promoted and disseminated.

Previous recommendations

5. The Committee's report on Borrowing Powers and Innovative Approaches to Capital Funding included a section on asset

¹ See Annex A

² Full details of the inquiry can be seen on the committee's website <http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=4996>

management.³ This made two recommendations directly related to asset management.

“Recommendation 16. The Welsh Government should commission an independent assessment of the quality of asset management across the public sector in Wales, with a specific focus on reviewing the systems in place to ensure investment needs are robustly challenged. Subject to the findings of such an assessment, the Welsh Government should consider lessons which could be learned from Scotland on the role of an independent body to challenge the assessment of investment need by public bodies.”

6. In their response, the Welsh Government said an independent review would not be appropriate at this time. It cited the annual State of the Estate Report, progress in implementing the Welsh Government’s Location Strategy Programme and the work of the Public Services Leadership Group (PSLG) as evidence it was dealing with asset management. It also noted the cost of an independent review.

“Recommendation 17. The Welsh Government should consider lessons which could be learned from Scotland on the role of an independent body to co-ordinate asset management planning and decision making across multi-agency boundaries.”

7. The Welsh Government accepted this recommendation, saying that the National Assets Working Group (NAWG) was working with public service organisations on such multi-agency working. But it argued that establishing and running an independent body (like Scotland) would create on-going costs and therefore has not done so.⁴

8. The Committee’s recent report on the Invest to Save Scheme⁵ also touched on a number of asset management projects. We were particularly impressed by the oral evidence we received from Bridgend County Borough Council, where they had used Invest to Save funding to rationalise their estate.

³ National Assembly for Wales, Finance Committee, [Borrowing powers and innovative approaches to capital funding](#), July 2012 [accessed 16 November 2012]

⁴ National Assembly for Wales, Finance Committee, [Response from the Welsh Government to the Finance Committee report: Borrowing Powers and Innovative Approaches to Capital Funding](#), August 2012 [accessed 16 November 2012]

⁵ National Assembly for Wales, Finance Committee, [Invest-to-Save Report - March 2013](#)

2. Strategic Links

Asset management within the Welsh Government

Management of the administrative estate

9. The Welsh Government's Location Strategy 2010-15 outlines a five year strategy "*to continue to improve the efficient and effectiveness of the Welsh Government's administrative office estate.*"⁶ It is now in its second phase.

10. In her paper to the Committee of January 2013, the Minister for Finance stated:

"Over the first two full years of the Location Strategy (2010-15), the number of properties on the Estate has reduced from 75 (65 offices) to 52 (44 offices) with cumulative running cost savings of £4,898,704. At the end of the strategy period based on current projections and policies the administrative estate will comprise 21 properties (13 offices)."⁷

11. The Wales Audit Office has indicated its intention to examine phase one of the Location Strategy, to identify whether the objectives were delivered in a manner which is sustainable and delivers value for money. The report may also consider progress with phase two of the programme. This report is scheduled for publication in summer 2013.⁸

12. The Welsh Government's latest State of the Estate Report 2011/12⁹ was published on 7 November 2012. This is the fourth annual report on the Welsh Government's administrative estate and it focuses on efficiency and environmental performance.

⁶ Welsh Government, [Cabinet Meeting 26 July 2011](#) [accessed 11 April 2013]

⁷ [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Minister for Finance](#), January 2013 [accessed 11 April 2013]

⁸ Wales Audit Office, [Programme of Value for Money Studies: Briefing Paper for the Public Accounts Committee](#), January 2012 [accessed 11 April 2013]

⁹ Welsh Government, [State of the Estate 1 April 2011 - 31 March 2012](#), November 2012 [accessed 11 April 2013]

13. Previous State of the Estate reports can be accessed via the Welsh Government's website.¹⁰

14. The report refers only to office accommodation held as part of the administrative estate, occupied by the Welsh Government as at 31 March 2012. It does not include specialised properties such as the Royal Welsh Showground pavilion, storage facilities or properties located outside Wales.¹¹ It also states that there are 10 properties that are held on the administrative estate which are excluded from the report, as they have 'specialist purpose'.¹²

15. In their written submission to the committee, the Chartered Institute of Public Finance and Accountancy (CIPFA) were critical of some of the measures used in the State of the Estate Report and its lack of specific targets:

"Counting the number of buildings is a crude measure, as the amount of space occupied is a more valuable indication of success in estate rationalisation. This is evidenced by the reduction in number of buildings of 16.33% over the past year, whilst floor area has reduced by only 5.58%.

"Over the period March 2008 to March 2012 the number of buildings reduced by 46% with floor area reducing by only 8.7%.

"...One weakness of the report is that the performance does not appear to be reported against any specific targets. Each indicator has a traffic light indicator which highlights whether or not performance is improving against that performance indicator. However, where performance has changed from one datum point to another, it is not clear whether this is actually good or bad compared to where the organisation could be. In

¹⁰ Welsh Government Civil Service, [Our Buildings](#). Note that since the publication of the 2011/12 report on 7 November 2012, the links to the 2010/11 report appear to have broken, and therefore this is no longer accessible. [accessed 11 April 2013]

¹¹ Appendix 1 of the report details the accommodation covered. Welsh Government, [State of the Estate 1 April 2011 - 31 March 2012](#), November 2012 (Appendix I) [accessed 11 April 2013]

¹² Welsh Government, [State of the Estate 1 April 2011 - 31 March 2012](#), November 2012 (Appendix II) [accessed 11 April 2013]

other words, is performance on target against an overall strategy or not?”¹³

16. During the evidence session with officials from the NAWG, when questioned on the targets to be achieved in relation to the Welsh Government’s administrative estate, Sioned Evans, Deputy Director, Property Division, told the Committee:

“I am sorry, but we do not have targets in terms of actual figures. We have an indication of where we know we will be and where we are projected to be, but it is not a target.”¹⁴

17. In her evidence, Finance Minister Jane Hutt said:

“So, on your question about targets and projections, clearly, we set out what we sought to deliver in terms of our estate and savings that could be made, but Welsh Government businesses can change, so we have to ensure that we take that into account and there has to be some flexibility in delivery.”¹⁵

18. While we accept the need for flexibility, we believe that targets are vital if the Welsh Government is to achieve its aim.

19. One of the key tensions throughout our inquiry has arisen from the fact that the State of the Estate Report is not an Asset Management Plan for the administrative estate. Although it does include some of the information that an Asset Management Plan would, much of its data is a snapshot in time.

We recommend that the Welsh Government draws up an Asset Management Plan for its entire administrative estate, (or revises the content of the State of the Estates Report) with appropriate targets, and reports regularly on performance against those targets.

¹³ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

¹⁴ National Assembly for Wales, Finance Committee, [RoP \[para 301\] 30 January 2013](#) [accessed 11 April 2013]

¹⁵

An overall asset management strategy for the Welsh Government?

20. The Welsh Government's Wales Infrastructure Investment Plan (WIIP) recognises that better use should be made of assets:

“Strategic property asset management means aligning our asset base with corporate goals and objectives and ensuring that our land and buildings asset base is optimally structured. We aspire to be responsible stewards for all public infrastructure in Wales – working to develop centralised knowledge of all Welsh public assets, including those not managed by the public sector – their condition and associated obligations and liabilities. We can improve the management and control of our national asset base through such collaboration.”¹⁶

21. In relation to a Corporate Asset Management Plan, the Minister's earlier paper states:

“The Location Strategy, as developed, would form an integral part of any updated WG Corporate Asset Management Plan.”¹⁷

22. During the evidence session with officials from the NAWG, when questioned as to whether the Welsh Government has an asset management plan comparable to those local authorities are required to prepare, officials responded:

“Individual areas and departments have their own monitoring systems for their assets. There are four big landholding departments, namely us, BETS, Cadw and transport. They all have different policy objectives and different budgets, and they manage them individually. At the moment, there is no overarching plan—we are relying on a plan that was produced in 2008-09, and we are operating in that way.”¹⁸

¹⁶ Welsh Government, Wales Infrastructure Investment Plan, [Chapter 3: Delivering the plan](#), May 2012 [accessed 11 April 2013]

¹⁷ [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Minister for Finance](#), January 2013 [accessed 11 April 2013]

¹⁸ National Assembly for Wales, Finance Committee, [RoP \[para 304\] 30 January 2013](#) [accessed 11 April 2013]

23. In their paper to the Committee, CIPFA suggest that:

“...there is evidence of a strategic vision for managing public assets in all devolved nations and Wales compares favourably with the other devolved nations although ‘The State of the Estate Report’ is not a full asset management plan and does not include all property.”¹⁹

24. During the evidence session with Edwina Hart AM the then Minister for Business, Enterprise, Technology and Science, when asked about the possibility of an overarching Welsh Government asset management strategy, she suggested that this may not be appropriate for the nature of the property portfolio held within her department. She stated that this use of assets for economic purposes was very different from the centre’s management of the administrative estate.²⁰

25. This seems to back the view which has been encountered in much of the evidence received, that the Welsh Government’s central asset management refers only to the administrative estate held, as covered in the State of the Estate Reports,²¹ rather than the possibility of considering a strategy which encompasses all the assets of the Welsh Government across all portfolio areas, similar to that which is required of local government.

26. Committee fails to understand why the expectations on local government are different to those on the Welsh Government. We do not understand how the asset base can be aligned with corporate goals or objectives when there is no overarching register of what the asset base comprises.

We recommend that the Welsh Government draws up an overarching Asset Management Strategy which covers ALL the assets it holds, not just its administrative estate. This is not to suggest that assets should necessarily be managed from the centre; rather there is a clear strategy for the management of the asset base, linked to the wider objectives and goals. Such a strategy would need to be supplemented by individual Asset

¹⁹ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

²⁰ National Assembly for Wales, Finance Committee, [RoP 6 March 2013](#) [link not available at time of writing]

²¹ Welsh Government Civil Service, [Our Buildings](#) [accessed 11 April 2013]

Management Plans for each of the portfolio areas, (especially by the Business and Enterprise division) to provide the flexibility required to manage the assets at this level, according to portfolio priorities and requirements.

***Approach to asset management in the wider public sector
(Strategic links)***

27. The Wales Audit Office (WAO) report on *Buildings Management National Briefing*²² published in June 2010 summarises the findings from work done across 30 of the larger Welsh public sector bodies. The report concludes that:

- The Welsh public sector spends over £500 million per annum running land and buildings worth some £12 billion. However, most organisations' land and buildings are not keeping pace with changing demands and, as a consequence, do not deliver the best possible value for money.
- Most organisations have developed land and buildings related strategies, but many of these are out of date, insufficiently flexible or inadequately resourced.
- The performance management of land and buildings is weak in terms of setting objectives and monitoring performance and so it is unclear whether the effective use of land and buildings is improving.

28. The report goes on to make a number of recommendations, including:

“The Assembly Government should enable more effective land and buildings management across Wales by consulting with public bodies to ascertain what further guidance, information, support and incentives may be required to encourage an improved and more co-ordinated approach to the management of land and buildings.”²³

29. In the Committee's report on borrowing powers and approaches to capital funding, it recommended that:

²² Wales, Audit Office, [Buildings Management National Briefing](#), June 2010 [accessed 11 April 2013]

²³ Wales, Audit Office, [Buildings Management National Briefing](#), June 2010 [accessed 11 April 2013]

“The Welsh Government should commission an independent assessment of the quality of asset management across the public sector in Wales, with a specific focus on reviewing the systems in place to ensure investment needs are robustly challenged. Subject to the findings of such an assessment, the Welsh Government should consider lessons which could be learned from Scotland on the role of an independent body to challenge the assessment of investment need by public bodies.”²⁴

30. The Welsh Government did not accept this recommendation stating that:

“Whilst the Welsh Government agrees with the Committee that quality asset management is essential it believes that an independent review is not appropriate at this time. The annual State of the Estate Report provides an assessment of the performance of the administrative estate against key benchmark indicators and the Property Division within the Welsh Government has made significant progress in strategic asset management, implementing a number of initiatives to improve the efficiency of public sector asset management across Wales. The Welsh Government Location Strategy Programme is already delivering savings while work continues with the public sector organisations in Wales to improve co-ordination and collaboration in Asset Management, which is being led by the Public Service Leadership Group.

“Financial Implications – There would be a cost incurred were an independent body commissioned. At present, there are Departmental Running Costs being incurred as the Welsh Government is devoting resource to the assessment and improvement of asset management across the public sector.”²⁵

31. However, in the earlier paper to Committee from the Minister for Finance, she recognises the potential for improvement in the wider public sector:

²⁴ National Assembly for Wales, Finance Committee, [Borrowing powers and innovative approaches to capital funding](#), July 2012 [accessed 11 April 2013]

²⁵ [Welsh Government Response to Finance Committee Report: Borrowing powers and innovative approaches to capital funding](#), August 2012 [accessed 11 April 2013]

“Public sector property plays a key role in delivering public services and can be used as a catalyst for service rationalisation. There is potential for public sector organisations to jointly improve the planning and operation of their property and aid service delivery across Wales generating more benefits and using fewer resources.”²⁶

32. During earlier evidence there has been a suggestion that engagement and interest in asset management may be an issue in taking forward improvements. For example, officials from the NAWG told us:

“We have been working with the national assets working group programme for some time now; probably the best part of two years, if not longer. From the experience that we have had to date, it is quite patchy. Some authorities and organisations are very engaged, not only with their own systems, but in terms of collaboration. Others are less so.”²⁷

33. Later in the session, officials stated that in relation to asset management “we do not get much public sector feedback on this work.”²⁸

34. This suggestion of the lack of interest or engagement in some parts of the public sector was also expressed by the WLGA, who suggested that asset and property management are viewed as a ‘support service’.²⁹ This seems to echo some of the consultation and survey responses received by the Committee, in terms of the variance between organisations in terms of their interest and engagement with asset management as an enabler of policy and service delivery.

35. CIPFA state in their paper to the Committee:

“The Welsh Government established a requirement over ten years ago for each local authority to produce an AMP (Asset Management Plan). A framework for this was commissioned by CLAW in September 2001 and is widely regarded as a solid

²⁶ [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Minister for Finance](#), January 2013 [accessed 11 April 2013]

²⁷ National Assembly for Wales, Finance Committee, [RoP \[para 72\] 30 January 2013](#) [accessed 11 April 2013]

²⁸ National Assembly for Wales, Finance Committee, [RoP \[para 185\] 30 January 2013](#) [accessed 11 April 2013]

²⁹ National Assembly for Wales, Finance Committee, [RoP \[para 28\] 20 February 2013](#) [accessed 11 April 2013]

approach. The momentum that was generated by the production of the CLAW guidance has been lost and, aside from the continued success of CIPFA asset management network, there is little resource provided to support local authorities in developing their approaches. The Welsh Government requirement for local authorities to produce an AMP was not extended to other public sector bodies, and as a consequence asset management is generally not so strong in these areas.”³⁰

36. The evidence raises serious questions about the priority given to asset management, particularly at the most senior levels, and there seems a near universal recognition that while tough economic times have driven a greater interest in this field, there remains more to be done.

We recommend that the Welsh Government reports back annually on how it is working with senior leaders across the public sector to highlight the importance and benefits that can be derived from sound asset management, and maintaining up to date records and plans.

37. In her evidence, Lesley Griffiths told us that in her role as Minister with responsibility for public service reform she expected all public bodies to have up to date Asset Management Plans – not just local authorities.³¹

We note that local government – which is required to produce asset management plans – is widely acknowledged to be stronger in this area than other areas of the public sector. We recommend that the Welsh Government considers whether this requirement to produce asset management plans should be extended to other parts of the public sector.

³⁰ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

³¹ National Assembly for Wales, Finance Committee, [RoP \[para 29\] 20 February 2013](#) [accessed 11 April 2013]

3. Systems and processes

Information available for benchmarking and performance management (*Systems and processes*)

38. The consultation response from CLAW refers to benchmarking:

“CLAW commissions annual benchmarking of key asset management performance indicators for unitary authorities through the Local Government Data Unit Wales. The indicators cover:

- condition
- cost of maintenance
- office space planning
- office occupation costs
- levels of surplus and vacant property

Results have been collated over several years which help to support individual organisations in mapping progress and in benchmarking across the sector, which can feed into individual asset management plans and strategies.”³²

39. The Data Unit Wales have information regarding this benchmarking on their website, which states that:

“The Data Unit was commissioned by the Consortium of Local Authorities in Wales (CLAW) to facilitate a national benchmarking exercise across the 22 local authorities in Wales. Building on the existing national indicators, Welsh authorities agreed a set of relevant benchmarking data in 2006-07. We continue to work closely with CLAW to develop, collect and disseminate the benchmarking data. The set is reviewed each year to ensure the needs of local government are being met. We provided specific bespoke analysis to aid in local and national discussions.”³³

³² National Assembly for Wales, Finance Committee, [FIN\(4\) AM 07 - The Association of Chief Estates Surveyors - The Consortium of Local Authorities in Wales](#) [accessed 11 April 2013]

³³ Data Unit Wales, [Asset Management benchmarking](#) [accessed 11 April 2013]

40. However, evidence collected during this inquiry suggests that the information available is disparate across authorities making analyses difficult and that many authorities still do not fully understand their property maintenance issues due to lack of reliable data.³⁴ This problem seems to be wider than local government, with other areas of the public sector also citing lack of reliable information as an issue.

41. In relation to performance measurement and benchmarking, CIPFA state in their paper:

“In both England and Scotland there is an established suite of property performance indicators that have been developed by and for the local government community. Whilst CLAW is represented on the English group, this has not resulted in the area being developed by Welsh Authorities.

“At present there is only one area of property performance that Welsh Authorities regularly measure, and that is property condition (via the Local Government Data Unit). Even this data is not collected by all 22 local authorities. In the most recent analysis year of 2010/2011 only 20 Authorities reported the condition of their buildings and only 19 reported the urgency of outstanding maintenance.”³⁵

42. In their paper CIPFA also note that England and Wales are following divergent paths:

“DCLG is currently consulting on a property attribute list that would mean all local authorities having to publish key data on its property assets, probably from April 2014. The Welsh Government has not pursued the same course.”³⁶

43. CIPFA also consider the state of local government buildings (based on their own assessment) and suggest that:

³⁴ National Assembly for Wales, Finance Committee, [FIN\(4\) AM 08 - Cardiff City Council and National Assembly for Wales, Finance Committee, FIN\(4\) AM 02 - Blaenau Gwent \[accessed 11 April 2013\]](#)

³⁵ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy \[accessed 11 April 2013\]](#)

³⁶ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy \[accessed 11 April 2013\]](#)

“Welsh local government is lagging behind their English counterparts in every measure, and also lagging behind Scotland in measures around building condition.

...

“This snapshot raises a serious issue around the economic sustainability of the current building stock for some Welsh authorities risking future funding difficulties. On a positive note Welsh local authorities appear to be keeping condition of their stock under control and at a steady state, even if that does lag behind other parts of the UK in some areas.”³⁷

44. During evidence, Jonathan Fearn from CLAW stated:

“Performance indicators have become dirty words and are associated with bureaucracy and inefficiency. However, they can be a good driver for change and demonstrate an improving or worsening position over a trend analysis.

“...Condition is important, but if you do not have the money to improve it, it is difficult to see what the benefit is of collecting lots of data for the sake of it. I think that pinpointed performance indicators are probably needed. The suite that CLAW commissions through the local government data unit is about right. There is, possibly, a need to encourage greater compliance and uptake with those measures across the board. The national assets working group, and particularly the IT work stream, is looking at a single property database for Wales across all sectors, and that would be a good way to achieve that, with everyone storing data in the same way. At the moment, different sectors are storing things in different ways. ...A consistent set of performance indicators would go a long way to helping comparisons across and within the sectors.”³⁸

45. This lack of consistency of information available has been echoed in other evidence sessions, particularly by Lesley Griffiths AM the then

³⁷ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

³⁸ National Assembly for Wales, Finance Committee, [RoP \[para 49\] 20 February 2013](#) [accessed 11 April 2013]

Minister for Health, Social Services and Children in relation to the NHS.³⁹

We recommend that Welsh Government agree with relevant stakeholders a streamlined set of indicators, which enable the condition and performance of assets to be clearly and appropriately assessed and reported. In doing so, consideration should be given to the suite of indicators used in Scotland and England. The Welsh Government should consider how best to encourage, or mandate, the consistent collection or use of agreed indicators across the public sector in Wales.

Collaborative arrangements (*Systems and processes*)

46. The Welsh Government's Programme for Government includes a commitment to:

“Explore innovative, collaborative ways in which the Welsh Government (looking particularly at experiences in Scotland and Northern Ireland) and others, such as local authorities and the private sector, can manage assets and raise capital for investment in public service infrastructure.”⁴⁰

47. The 2012 progress report provided no information in relation to the asset management aspect of this commitment.⁴¹ However, the importance of this is highlighted in the Wales Infrastructure Investment Plan.

48. The Wales Infrastructure Investment Plan states that:

“There is a clear need for the public sector in Wales to collaborate around the property estate in order to meet financial targets and service delivery aspirations, through collaboration around both delivery of services and asset management.”⁴²

³⁹ National Assembly for Wales, Finance Committee, [RoP \[paras 149-150\] 6 March 2013](#) [accessed 11 April 2013]

⁴⁰ Welsh Government, Programme for Government Progress Report 2012, [Annex Public Services](#), Commitment 2/010 [accessed 11 April 2013]

⁴¹ Welsh Government, Programme for Government Progress Report 2012, [Annex Public Services](#), Commitment 2/010 [accessed 11 April 2013]

⁴² Welsh Government, [Wales Infrastructure Investment Plan](#), 2012 [accessed 11 April 2013]

49. In her earlier paper to Committee, the Minister of Finance states:

“Under Public Service Leadership Group (PSLG), the National Assets Working Group (NAWG) continues to take forward a programme of work aimed at delivering on the agenda for collaborative asset management by identifying, supporting and encouraging innovation in the management of the public estate and its corresponding assets, which present opportunities for improved service delivery and realise significant efficiencies.

“Collaboration is critical across the wider Welsh public sector estate in order to meet financial targets and service delivery aspirations. The drive for collaboration around the public sector asset base has three main strands:

- Collaboration around delivery of services;
- Collaboration around asset management; and
- Collaboration around policy development.”⁴³

50. The Minister’s paper also states:

“It is impossible to force action or collaboration but it is possible to drive the change agenda through highlighting best practice, developing and sharing practical steps and enabling organisations to measure where they are against a standard framework.”⁴⁴

51. Evidence received in response to the Committee’s consultation suggests that there is variation in the approach to collaborative arrangements. Some organisations are keen to engage in asset sharing projects and considering asset management at an early stage of collaborative arrangements; others perceive asset management as a barrier to collaboration.⁴⁵

52. In relation to collaborative arrangements, the paper from CIPFA identifies examples in England and Scotland, but makes little mention of Welsh examples. It states:

⁴³ [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Minister for Finance](#), January 2013 [accessed 11 April 2013]

⁴⁴ [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Minister for Finance](#), January 2013 [accessed 11 April 2013]

⁴⁵ National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 01 - Ceredigion](#) and [FIN\(4\) AM 02 - Blaenau Gwent](#) [accessed 11 April 2013]

“Despite [Welsh] Government policy initiatives around encouraging local authorities to collaborate, this appears to be happening in isolated pockets and is certainly fairly rare when it comes to sharing property services or sharing of assets with other public bodies. The public bodies in Wales tend to operate as defined sectors with many practices and procedures around asset management being sector specific. This often creates challenges that actively discourage collaboration.”⁴⁶

53. The paper also states, in relation to the NAWG of the Public Services Leadership Group:

“...in our view, the work stream has not tackled some of the bigger issues around cultural and political barriers to collaboration and asset performance that are in desperate need of addressing.”⁴⁷

54. In relation to collaborative arrangements, officials from the NAWG suggested:

“There is an opinion that collaboration is quite difficult. In reality, it is. It is less to do with talking to one another and trying to reach consensus and more to do with some of the logistics around organisational governance, and boundaries around some of these regional collaborative agendas.”⁴⁸

55. Our evidence highlights a wider point that public bodies in Wales are still struggling with collaboration in general. However, with reference to asset management, it is clear that the traditional low profile of this area has meant that some collaborative projects are failing to consider the asset management dimension of projects at an early stage.

We recommend that the National Assets Working Group takes steps to ensure all collaborative projects consider whether there

⁴⁶ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

⁴⁷ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

⁴⁸ National Assembly for Wales, Finance Committee, [RoP \[para 72\] 30 January 2013](#) [accessed 11 April 2013]

is, or should be, an asset management strand to the project at an early stage.

Transfer of land and property (*Systems and processes*)

56. The Welsh Government's Land Transfer Protocol was developed by the previous NAWG, and it:

“...sets out best practice for the transfer or disposal of land between public bodies in Wales.

“The Land Transfer Protocol can be used by the Welsh public sector to help reduce cost and time associated with the transfer, use and disposal of the public estate between public bodies in Wales.”⁴⁹

57. The Welsh Government's Disposal of Land for Affordable Housing Protocol,⁵⁰ aims to consider how surplus land can be used to help implement their objectives for the delivery of affordable housing and sustainable development.

58. During the course of our inquiry the Committee has taken evidence on the use of both these protocols in the disposal and transfer of land assets within the Welsh public sector, and how the protocol is being developed to improve these arrangements. Officials from the NAWG told the Committee that the Land Transfer Protocol is used by the Welsh Government itself, as well as its use being encouraged in the wider public sector.⁵¹

59. In relation to the incentives to dispose of assets, the NHS Shared Services Partnership told the Committee that where disposal receipts go to health bodies, they are permitted to retain the first £500,000.

⁴⁹ Welsh Government, National Assets Working Group, [Land Transfer Protocol: A Best Practice Guide for disposal & transfer of land and property assets between public bodies in Wales](#), February 2011 [accessed 11 April 2013]

⁵⁰ National Assembly for Wales, Finance Committee, [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Public Service Leadership Group](#), January 2013 [accessed 11 April 2013]

⁵¹ National Assembly for Wales, Finance Committee, [RoP \[paras 144-145\] 30 January 2013](#) [accessed 11 April 2013]

Anything above this threshold is returned to the Minister's departmental budget.⁵²

60. The committee's questioning about the threshold uncovered that it had been in place for a number of years, and that very few disposals had taken place above the limit – the vast majority were below.⁵³

61. During her appearance before the Committee the then Minister for Business, Enterprise, Technology and Science (Edwina Hart, AM) spoke of arrangements for transferring property between Welsh Government departments and the subsequent impact on her departmental budget. She stated that:

“...there is no clear protocol on options for the transfer of land between Government departments.”⁵⁴

62. She went on to clarify that when her department transfers land to another department to meet Welsh Government policy objectives, such as releasing land for affordable housing, this comes at a cost to her departmental budget:

“We have been prepared to do the financial stuff ourselves so far, but if it is always going to dig into our budgets, meaning it stops us doing other things that we need to do within the BETS portfolio and the way that it works strategically, it could prove quite difficult.”

63. In response to questions, Mrs Hart, highlighted some of the difficulties around transferring property:

“... we have an arrangement with colleagues in the housing department for looking at what possible land we can release. As I indicated, there are issues to do with transfer value and so on that impact our portfolio, but we are pretty keen to do it. We have had discussions about a number of sites with them, but, of course, they are in a difficult position, because the budget in housing is finite. They want the best deal that they can get with us, but that best deal then affects our resources. So, it comes

⁵² National Assembly for Wales, Finance Committee, [RoP \[para 121\] 6 March 2013](#) [accessed 11 April 2013]

⁵³ National Assembly for Wales, Finance Committee, [RoP \[paras 143-146\] 6 March 2013](#) [accessed 11 April 2013]

⁵⁴ National Assembly for Wales, Finance Committee, [RoP \[para 199\] 6 March 2013](#) [accessed 11 April 2013]

back to the discussion that arose from a question from you, Chair, about how it should be dealt with if the Government is helping other departments with no-one losing out with regard to how they manage their portfolios as a result of any transfer.”⁵⁵

64. In her subsequent letter to the Committee the Minister stated explicitly that she would transfer more land if compensation arrangements for the department were stronger:

“Where assets within my portfolio align with policy objectives of other departments within Welsh Government, I have agreed to their transfer. However, there is no single protocol for land transfers between Government Departments. I would be minded to transfer more land provided that appropriate recompense is made to my department’s budget.”⁵⁶

65. In written evidence responding to specific questions from the Committee, Community Housing Cymru drew attention to the ‘silo-working’ within Welsh government:

“To transfer land from one department of Welsh Government to another requires cross-departmental collaboration. Our experience at CHC has been that departments work in silos and it is very difficult to have cross-departmental discussions let alone transfer of assets, hence the reason why so few transfers have taken place despite a Protocol being in place.

“CHC understands the budgeting mechanisms and organisational structure and culture Welsh Government operates within which upholds the internal departmental focus but we also recognise that Welsh Government is establishing a strategy that works across departments.”⁵⁷

We recommend that the Welsh Government takes a thorough review of the incentives and disincentives which affect asset transfers, both within the Welsh Government itself and the wider Welsh public sector. In particular we believe the fact that health

⁵⁵ National Assembly for Wales, Finance Committee, [RoP \[paras 205 and 292-293\] 6 March 2013](#) [accessed 11 April 2013]

⁵⁶ National Assembly for Wales, Finance Committee, *Letter from Minister for Economy, Science and Transport*, 4 April 2013 [accessed 11 April 2013]

⁵⁷ National Assembly for Wales, Finance Committee, Asset Management, Additional information, [Community Housing Cymru](#) [accessed 11 April 2013]

bodies can only keep the first £500,000 of any asset deal discourages large scale activity. We recommend it should be replaced with an agreed proportion of the total value of the asset, to encourage large-scale strategic transfers, where this represents appropriate management of property.

We recommend that public bodies are given greater incentives to effectively manage their assets, by ensuring that they keep an appropriate proportion of any value accrued by transfer or disposal.

We recommend that the Welsh Government's Asset Management Strategy (as referred to in recommendation 2) is used to aid in identifying assets and property available for transfer, either between departments, or to other organisations, to tackle the perception of silo working in departments. It should be ensured that such transfers contribute to the wider strategic goals and objectives of the Welsh Government and those of individual departments. Given the concerns raised with regard to the impact of such transfers on departmental budgets, protocols should be established to ensure that where assets are identified for transfer, the transferring department is not discouraged by any potential adverse impact on their departmental budget.

4. Resources and value for money

Resource availability as a barrier to improvement

66. Some of the consultation and survey responses received suggested that in the current climate of spending restraint, lack of resources inhibits progress and improvements in asset management. For example, Blaenau Gwent CBC stated:

“One of the main issues that inhibits progress within Blaenau Gwent is a lack of resources. We are fortunate to have received NAWG and WG Invest to Save funding which means we can progress our Workplace Transformation, Collaborative Asset Management and LABV projects. However, there are some areas we still need to progress...”⁵⁸

67. Evidence from the WLGA has suggested that resources are a potential barrier to improvements in asset management; in their written evidence they stated:

...in times of diminishing resources targeting additional support to what may be perceived as ‘back office’ functions can be contentious.”⁵⁹

68. However, when pressed on this before the Committee, they recognised that savings can be made in this way thus using assets as an enabler of front line service provision, but that the decision to make any initial investment in this regard may still be difficult in the current climate. The WLGA stated that resource availability:

“...is a barrier to the speed of progress. Everybody is on board with the idea that asset management is a tool that we can use to deliver. As I have said, it is more a case that, in the current financial position, things are getting tighter. We have to put our resources generally into front-line services rather than spend money on developing an asset database or a process of dealing with assets, which takes our resources away from such issues

⁵⁸ National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 02 - Blaenau Gwent](#) [accessed 11 April 2013]

⁵⁹ National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 03 - Wales Local Government Association](#) [accessed 11 April 2013]

as childcare and the education agenda. It is a balancing act, as you can well appreciate.”⁶⁰

When asked why diversion of resource for asset management was contentious, Mr Chapman of the WLGA responded:

“What I wrote was from an overview position in the WLGA. When you go into individual local authorities—to be fair, Carmarthenshire is probably one of the better ones in this area—you see that they can be quite progressive. They see these things slightly differently. It has to be contentious in a sense, because people have to make decisions about where things go.”⁶¹

69. There appears to be different views on this amongst different authorities, with some keen to look at estate management to make savings, whilst others seem reticent to target resources in this manner.⁶²

70. Officials from the NAWG suggested that those authorities involved with pilot projects did not seem to be seeking additional resources, in the main. When asked about the potential barrier of resources being targeted to ‘back office’ functions the Chair of the NAWG Dr Helen Paterson stated:

“The assets of an organisation are a resource to enable it to develop in the direction that it wants to develop. So, the organisation, whatever it may be, is policy driven, service driven, and then focuses on its customers. I do not think that they are accurate in what they are saying, in the sense that I do not think that it is a focus on back-office functionality because the assets of an organisation, [...] are enablers of that policy development. Therefore, if you need to put some resource in, such as the small amounts of invest-to-save that make a massive difference in initiating those projects and getting them running—£50,000 to £60,000 can make a massive amount of difference—or even if you need to map the assets that you have with another organisation, with the aim of bringing them

⁶⁰ National Assembly for Wales, Finance Committee, [RoP \[para 63\] 20 February 2013](#) [accessed 11 April 2013]

⁶¹ National Assembly for Wales, Finance Committee, [RoP \[para 86\] 20 February 2013](#) [accessed 11 April 2013]

⁶² National Assembly for Wales, Finance Committee, [RoP \[para 75-86\] 20 February 2013](#) [accessed 11 April 2013]

together in a small locality, thereby reducing the amount of back-office and office functionality so that you can get more services to the front line, that would be why you were doing it, not because you wanted to grow your asset team or your number of surveyors.”⁶³

We recommend that the Welsh Government (via the NAWG) does more to encourage public sector organisations to see assets as enablers of policy and service delivery and share the good practice demonstrated in this area.

Resource availability for the NAWG

71. In their response to the Committee’s consultation, the Wales Audit Office (WAO) raised concern regarding the level of resource available to the NAWG itself:

“The Working Group has a challenging agenda ahead and the main constraint on progress is arguably the level of resource to drive forward its work.”⁶⁴

72. When this was raised with officials from the NAWG, they agreed that resource was a constraint on their work, but added:

“... it would not necessarily all be resourced by the Welsh Government. This goes back to the theme that has been running throughout this: the Welsh Government should not be leading it—well, we should be leading it, but we should not be the only players in this; there is a responsibility across the whole of the public service to engage with this, and I just think that we are not quite there yet.”⁶⁵

Value for money

73. In their paper to the Committee CIPFA state:

“The way in which public sector organisations manage their assets, both strategically and operationally, directly affects

⁶³ National Assembly for Wales, Finance Committee, [RoP \[para 275\] 30 January 2013](#) [accessed 11 April 2013]

⁶⁴ National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 06 - Wales Audit Office](#) [accessed 11 April 2013]

⁶⁵ National Assembly for Wales, Finance Committee, [RoP \[para 281\] 30 January 2013](#) [accessed 11 April 2013]

their ability to deliver value for money and so deliver better outcomes for their citizens.”⁶⁶

74. The WAO’s *Buildings Management National Briefing*⁶⁷ from June 2010 included the following conclusions in relation to value for money:

“The Welsh public sector spends over £500 million per annum running land and buildings worth some £12 billion. However, most organisations’ land and buildings are not keeping pace with changing demands and, as a consequence, do not deliver the best possible value for money.

“Organisations could obtain better value for money from their land and buildings through more robust project appraisals, joint procurement and better post-project evaluations.”⁶⁸

75. Lots of the evidence we received mentioned lack of resource – but in many cases this was really a question of lack of priority. We believe that effective asset management saves money. With additional funding available through Invest-to-Save and (for local government) the Regional Collaboration Fund, we do not believe that a lack resources is the main barrier to success.

However, there is a question about the capacity of the National Assets Working Group (NAWG) to drive this agenda. We recommend that all partners consider the level of resource required to deliver the work that is expected of the NAWG, and whether that resource should come from the Welsh Government, or from a contribution shared among all partners.

⁶⁶ National Assembly for Wales, Finance Committee, Asset Management Inquiry, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

⁶⁷ Wales, Audit Office, [Buildings Management National Briefing](#), June 2010 [accessed 11 April 2013]

⁶⁸ Wales, Audit Office, [Buildings Management National Briefing](#), June 2010 [accessed 11 April 2013]

5. Good practice

Centre of expertise (Guidance and good practice)

Independent body with oversight of asset management

76. The Committee heard during their previous inquiry into *Borrowing Powers and Innovative Approaches to Capital Funding*, that in Scotland, the Scottish Futures Trust (SFT) acts as a centre for expertise in relation to asset management.⁶⁹ In their 2011-12 Statement of Benefits report, the SFT claim they have achieved net benefits and savings of £131.4 million in 2011-12. Of this they estimate that £23.3 million is attributable to their role as a centre for expertise for asset management.⁷⁰ The Statement of Benefits goes on to explain their expanding role in this area:

“... SFT has recently been tasked to champion a more collaborative approach to property asset management within the public sector. Working with public sector partners, this initiative is expected to realise cost efficiencies of over £500m as a direct result of a five year programme, as well as leading to improved service delivery, reducing the carbon footprint and releasing land for other uses.”⁷¹

77. In our report on Borrowing powers and innovative approaches to capital funding, the Committee recommended:

“The Welsh Government should consider lessons which could be learned from Scotland on the role of an independent body to co-ordinate asset management planning and decision making across multi-agency boundaries.”⁷²

78. This recommendation was accepted by the Welsh Government, stating:

⁶⁹ National Assembly for Wales, Finance Committee, [RoP \[para 21\]](#), 2 May 2012 [accessed 11 April 2013]

⁷⁰ Scottish Futures Trust, [Statement of Benefits 2011-12](#), July 2012 [accessed 11 April 2013]

⁷¹ Scottish Futures Trust, [Statement of Benefits 2011-12](#), July 2012 [accessed 11 April 2013]

⁷² National Assembly for Wales, Finance Committee, [Borrowing powers and innovative approaches to capital funding](#), July 2012 [accessed 11 April 2013]

“The National Assets Working Group is working with public service partners to identify and address common themes, issues and trends and build responses to them. For instance, a Land Transfer Protocol has been established, along with an All Wales Public Sector Land and Property Database. Lessons from this experience can be considered alongside information on the experience in Scotland.

“Financial Implications – Were an independent body to undertake this work on an ongoing basis, the running costs would be carried forward. At present, there are Departmental Running Costs being incurred as the Welsh Government is devoting resource to improving the co-ordination of asset management across the public sector.”⁷³

79. However, this response refers to the NAWG, which is part of the Welsh Government, and their role is not really related to the co-ordination of planning and decision making in relation to asset management. During evidence the Chair of the NAWG Dr Helen Paterson made it clear that this is not really their role and stated that:

“I am not so sure that I would want there to be a centralised team, because the change within the organisation needs to be held, managed and owned by the individual organisation. It is fantastic to call upon a resource; maybe we could have more of that resource and a different kind of resource available. However, change within an organisation needs to be rooted in the organisation in order for it to be sustainable and for it to work appropriately. So, A.N.Other coming in to ‘do to’ an organisation does not make for a solid and robust organisation. I would not necessarily want that to happen.”⁷⁴

80. In the Minister’s responses to questions from the committee, it became clear that the passing of time has not made the Finance Minister more open to the Scottish experience.

We acknowledge that the Welsh Government believes that their approach is delivering comparable benefits to the Scottish Government’s more centralised approach, without the upfront

⁷³ [Welsh Government Response to Finance Committee Report: Borrowing powers and innovative approaches to capital funding](#), August 2012 [accessed 11 April 2013]

⁷⁴ National Assembly for Wales, Finance Committee, [RoP \[para 282\] 30 January 2013](#) [accessed 11 April 2013]

costs of establishing a new body. However, we recommend that the Welsh Government continues to monitor the results of both approaches to ensure that Wales is getting comparable benefits.

Central hub for sharing skills, good practice and guidance

81. In her earlier paper to Committee, the Minister for Finance outlines the aim of the NAWG as:

“The aim of the NAW Group is to develop a structure to help ensure that the public estate, including land, is utilised to its maximum efficiency to support service delivery and value for money across a wide range of assets. Its objective is to work in collaboration with public sector bodies to influence and persuade in order to facilitate a change in the way in which public assets are procured, operated, shared and disposed.”⁷⁵

82. In April 2012, the National Assembly’s Public Accounts Committee (PAC), in their report on the WAO’s Picture of Public Services report noted that:

“The Auditor General found that one of the key challenges for the new PSLG would be to implement ideas developed under the Efficiency and Innovation Programme, which focused on transferring ‘good’ or ‘best’ practice between public services. He reported that the Efficiency and Innovation Programme had:

“[...] made good progress in identifying good practices and approaches [...] it would benefit from greater clarity around how it intends to get public services to share, learn from and adopt or adapt those practices.

“We welcome the Welsh Government’s action to engage with public services leaders to encourage them to share concerns and good practice. However, we are concerned that the evidence of inquiry suggests that although good things are happening in Wales, good practice is not applied consistently.”⁷⁶

83. PAC’s report went on to make the following recommendations:

⁷⁵ [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Minister for Finance](#), January 2013 [accessed 11 April 2013]

⁷⁶ National Assembly for Wales, Public Accounts Committee, [A Picture of Public Services](#), April 2012 [accessed 11 April 2013]

“We recommend that the Welsh Government supports existing methods for disseminating good practice, such as promoting use of the Good Practice Exchange on the Wales Audit Office’s website, to systematically draw together the characteristics of good practice from all areas of the public sector, and to ensure that such practice can be effectively transferred to services at a local level.”⁷⁷

84. Consultation responses received indicated a mixed picture with regard to the availability of guidance on good practice. CLAW, who produced asset management guidance for local government, stated that existing guidance from professional bodies is sufficient and additional guidance from the Welsh Government is not necessary.⁷⁸ In contrast to this some local authorities stated that whilst facilities are available for sharing good practice and guidance they do not appear to be used or updated, and that a centrally maintained and regularly updated resource would be very useful.⁷⁹

85. CIPFA stated that:

“We do not detect much evidence of organisations actively seeking out that good practice.”⁸⁰

86. A further area which has been highlighted is the level of skills, capacity and capability in relation to asset management in the wider public sector.

87. In evidence the NHS Shared Services Partnership raised the issue that many of the staff involved in asset management come from different professional backgrounds and the skill base is therefore variable:

“...it is fair to say that there is a different skill base available to different organisations across Wales. There are inconsistent

⁷⁷ National Assembly for Wales, Public Accounts Committee, [A Picture of Public Services](#), April 2012 [accessed 11 April 2013]

⁷⁸ Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 07 - The Association of Chief Estates Surveyors - The Consortium of Local authorities in Wales](#) [accessed 11 April 2013]

⁷⁹ National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 02 - Blaenau Gwent](#) and [FIN\(4\) AM 08 - Cardiff City Council](#) [accessed 11 April 2013]

⁸⁰ National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 05 - Chartered Institute Public Finance Accountancy](#) [accessed 11 April 2013]

levels. My organisation is a central, shared service, but the ultimate responsibility for the health care estate rests with the health boards. The resources that are available to different organisations to assist them with that local asset management planning process are variable.”⁸¹

88. In their consultation response, Blaenau Gwent Council said:

“...there are some areas we still need to progress, particularly those involving non-traditional approaches that we have limited or no experience of. We are not able to utilise consultancy due to budget constraints. WG (Welsh Government) did at one time consider a secondment scheme for their property staff. A centralised WG Asset Management Team to provide specialist consultancy as needed could be a significant benefit.”⁸²

89. In their written evidence to the Committee officials from the National Assets Working Group set out the role of the Property Division of the Welsh Government in providing advice to other departments:

“Property Division – Estates (PPCS) provide professional advice and support across the Welsh Government, on all issues relating to land and property assets. A proportion of the advice is delivered to Departments via formal Service Level Agreements, which are regularly reviewed to ensure that performance meets client department’ requirements e.g. Welsh European Funding Office (BETS) – undertake an independent assurance role on capital projects to provide assurance on ‘value for money’ and provide advice on compliance against European regulations to internal & external organisations.”⁸³

90. However, it is not clear how available such support is to the wider public sector.

91. Evidence we have received recognises that although sources of guidance and good practice are in existence, they do not appear to be widely utilised or updated.

⁸¹ National Assembly for Wales, Finance Committee, [RoP \[para 171\] 20 February 2013](#) [accessed 11 April 2013]

⁸² National Assembly for Wales, Finance Committee, Asset Management, Consultation Responses, [FIN\(4\) AM 02 - Blaenau Gwent](#) [accessed 11 April 2013]

⁸³ National Assembly for Wales, Finance Committee, [FIN\(4\) 02-13 Paper 2 - Asset Management Evidence from Public Service Leadership Group](#), January 2013 [accessed 11 April 2013]

We recommend that the Welsh Government continues to work through the Public Service Leadership Group (PSLG) to ensure examples of good practice are shared not just among those in the asset management business, but also among senior leaders to ensure that good examples are put in to practice.

We recommend that the Welsh Government considers whether the expertise it already has among its own staff could be made more widely available to other public sector bodies, and should explore the possibility of secondments to/from other areas of the public sector.

Annex A

Terms of reference

To consider:

- Whether asset management is linked to wider strategic and policy objectives, both in the Welsh Government, and across the wider public sector
- To examine progress made by the Welsh Government in strategic asset management and implementing initiatives to improve the efficiency of asset management across the Welsh public sector. (with particular reference to progress made against the recommendations in the Wales Audit Office 2010 report.)⁸⁴
- Whether lessons can be learnt from existing good practice, or elsewhere, in relation to approaches to asset management improvement in the public sector.

⁸⁴ Wales Audit Office, [Buildings Management National Briefing](#), June 2010. This report is discussed in section 5.1 of this briefing. It summarises findings from work done across 30 of the larger Welsh public sector bodies. [accessed 16 November 2012]

Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at

<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=1243>

30 January 2013	Public Service Leadership Group
Dr Helen Paterson	Chair of the asset management
Sioned Evans	Public Services Leadership Group
20 February 2013	Wales Council Voluntary Action Group
Phil Fiander	Director of Enterprise and Regeneration
Mathew Brown	Communities Investment Fund Manager
Peter Williams	Director, Development Trusts Association Wales
	NHS Wales Shared Services
Neil Davies	Assistant Director Facilities Service, NHS Wales Shared Services
	Welsh Local Government Association
Christopher Chapman	Programme Manager -Efficiency and Procurement
Jonathan Fearn	Chair of the joint CLAW / ACES Property & Estates Group
6 March 2013	Welsh Government
Lesley Griffiths	Minister for Health and Social Services
Mark Osland	Deputy Director of Finance, Department for Health, Social Services & Children.
Val Whitting	Head of Capital, Estates and Facilities, H&SC
Edwina Hart	Minister for Business, Enterprise, Technology

	and Science
James Price	Director General, Department for Business, Enterprise, Technology and Science
Chris Sutton	Board Member of the Cardiff Central Enterprise Zone and Member of the Business Rates Task and Finish Group
18/04/2013	Welsh Government
Lesley Griffiths AM,	Minister for Local Government and Government Business
Piers Bisson	Deputy Director, Public Service Reform Division
Jane Hutt AM,	Minister for Finance
Sioned Evans	Deputy Director, Property Division
24/04/2013	Chartered Institute Public Finance Accountancy
David Bentley,	Head of Asset Management, Chartered Institute Public Finance Accountancy Property

List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at

<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=4996>

Ceredigion County Council	AM 01
Blaenau Gwent County Borough Council	AM 02
Wales Local Government Association	AM 03
Carmarthenshire County Council	AM 04
Chartered Institute Public Finance Accountancy	AM 05
Wales Audit Office	AM 06
The Association of Chief Estates Surveyors – The Consortium of Local Authorities in Wales	AM 07
Cardiff City Council	AM 08
Asset Management Survey February 2013	
Conwy County Borough Council	AMS 01
Caerphilly Borough Council	AMS 02
Bridgend County Borough Council	AMS 03
Neath Port Talbot College	AMS 04
Hywel Dda Local Health Boards	AMS 05
Coleg Morgannwg	AMS 06
Pembrokeshire County Council	AMS 07
Anglesey County Council	AMS 08
Wrexham Council (Survey)	AMS 09
Glyndwr University	AMS 10
Older Peoples Commissioner	AMS 11
Rhondda Cynon Taff County Borough Council	AMS 12
Vale of Glamorgan Council	AMS 13
Denbighshire County Council	AMS 14

Blaenau Gwent County Borough Council	AMS 15
Cardiff County Council	AMS 16
Flintshire County Council	AMS 17
Carmarthenshire County Council	AMS 18
Abertawe Bro Morgannwg University Health Board	AMS 19