

## Luton Borough Council

Value for Money report 2011-12: Review of asset and capital management

December 2012

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# 1 Executive Summary

## 1.1 Background

Against the backdrop of the current economic environment local government organisations are facing significant constraints on their resources, which has a direct impact on both existing and future assets. Luton Borough Council have responded to this challenge by restructuring aspects of the Council to focus on delivery of services in line with considerable budget reductions. One significant change in 2012 has been the restructure of the asset management department.

To support the value for money conclusion for 2011-12, Grant Thornton have carried out a review of the Council's approach to asset management and to managing capital projects. Due to the timing of the restructure, this review has taken account of historic performance during 2011-12 and addresses some key considerations in line with the new management structure which has now been implemented.

## 1.2 Key findings

Our review has not identified any major concerns with the asset and capital arrangements, however we have made a number of recommendations to further enhance these as the restructure becomes embedded throughout the Council.

In particular we identified that the Council have established a strategy to deliver improvements within asset management. Changes have been made through centralising the asset management structure and the application of strict criteria against existing and future capital projects prior to investment being made.

Following our review based on discussions with key officers and reviewing relevant documents, we have identified three key areas where further improvements should benefit the Council. We have grouped these under the following themes:

- asset management structure;
- capital and investment strategy; and
- integration of asset systems.

## 1.3 Next steps

As part of the Council's continual transformation for existing assets and future capital schemes, the Council should continue to ensure that they are making best use of their assets to deliver on the overall vision and corporate priorities.

The Council should consider our findings and recommendations to strengthen these arrangements further.

## 2 Introduction

### 2.1 Background

The 2011-12 audit plan for Luton Borough Council (the Council) identified a requirement to review the arrangements for asset management and the approach to managing capital projects. In light of the current economic environment local government organisations are facing significant constraints on their resources, which has a direct impact on both existing and future assets.

The Council have considered the budget constraints and responded through reorganisation at the Council including the restructure of the asset management department in early 2012.

The Council is taking steps to ensure, with the limited resources available, that they are gaining best use from their existing assets in relation to value for money and ensuring they are fit for purpose in contributing to the vision and key objectives for the Council. In addition, the Council is working towards a sustainable and affordable capital programme, that benefits service users.

Our high level review has focused on the arrangements in place at the Council for asset and capital management, taking into account the transformation scheme in place from 2012.

### 2.2 Audit Objectives and scope

The scope of our work was agreed with the Council in September 2012 and set out the following objectives:

- to provide assurance to Grant Thornton UK LLP that there are no major concerns with the way that the Council manages its assets so as to provide a basis for consideration in forming the external audit value for money conclusion 2011-12;
- to consider whether the work undertaken has identified any key risks to the Council in managing the existing assets and future capital programme; and
- to make recommendations, if and where appropriate, to help the Council to strengthen the asset and capital management process.

We have used this work to inform our overall view that will support our statutory duties. We emphasise that our review focussed at a relatively high level on the overall arrangements in place and as such, was only intended to indicate potential risk areas. Our work has not encompassed the detailed work that would be required to provide full assurance to the Council on all potentially significant risks.

### 2.3 Audit approach

Our audit approach has included interviews with key officers and reviewing a sample of Council documentation. We have reviewed the capital outturn for 2011-12 and reviewed in further detail the new arrangements in place as part of the restructure and the transformation of the service.

The key officers that we have interviewed include:



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- Capital programme delivery manager
- Investment portfolio manager
- Capital planning and asset management team leader
- Corporate Landlord and FM Services Manager
- Interim head of fixed assets
- Luton Excellence – Project manager for estates rationalisation.

The key documents we have reviewed include the following:

- Corporate Plan 2011-2014
- Asset Management Plan and Capital Strategy 2011-2016
- 2011-12 capital budget
- 2012-2017 capital programme
- Luton aquatics centre - business case.pdf
- Capital outturn 2011-12 report.pdf
- Luton Dunstable Busway (LDB) progress report
- Member reports on capital assets and performance 2011-12
- Fixed asset review, April 2012

## 2.4 Report structure

The following sections set out our findings in relation to the asset and capital arrangements in place at the Council. Each section identifies our findings of the current arrangements in place, and highlights any potential issues and recommendations for improvements going forward.

A summary of our findings and the recommendations is included in Appendix B of this report.

### 3 Status of the asset management and capital programme

#### 3.1 Summary

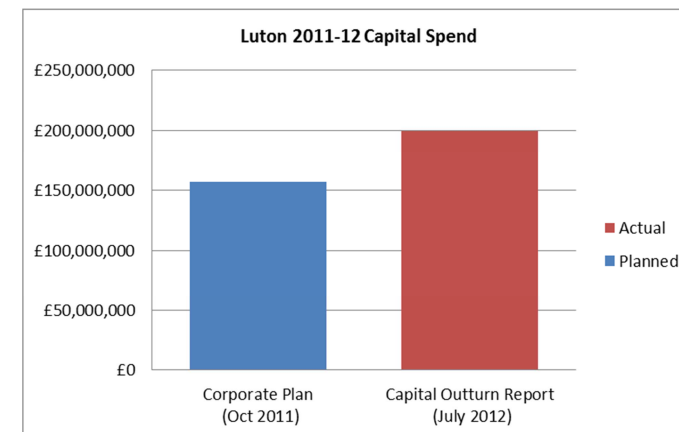
The Council has a five year Asset Management Plan and Capital Strategy which sets out the overall approach to assets at the Council and the planned investments over this period. We have considered how this plan is being used to drive forward asset management and how it has informed the Council's approach to planning for 2012-17.

**Our review has found that the Council have arrangements in place to identify and prioritise capital projects and monitor delivery of these. However, improvements could be made in the reporting of capital outturn and progress in the achievement of asset management objectives in the short and longer term (see 3.3 below).**

#### 3.2 2011-16 Asset Management Plan

The 2011-2016 Asset Management Plan identified the total capital spend, and sources of funding for the Council over this period.

The planned capital spend for 2011-12 was £157m<sup>1</sup>, against an actual spend of £200m.. The quarterly reporting of Capital performance to the Executive demonstrates a significant level of variance between actual outturn and capital plans set out in the annual budget and the corporate plan. The Council currently monitor and report capital outturn against forecast spend, which includes planned adjustments. Variations to the capital budget are approved as part of the quarterly financial report to the Executive and at this point a revised budget is set, based on these amendments.



Forecast information reflects predicted variations against the revised budget over the next quarter. Variances between this forecast and the actual outturn have to be justified to the Executive.

By focusing reporting on variances against the revised forecast, without reconciliation to the original budget set in the Green Book or the Corporate plan, it will be difficult for members to assess how the Council has performed in delivering its capital plans. The extent to which unplanned costs, slippages, re-phasing and additional projects are due to weaknesses in the Council's processes or to external factors is not always made clear through the reporting process, which could reduce the council's ability to take corrective action promptly.

<sup>1</sup> Corporate Plan 2011-2014

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## 3.3 2011-12 Asset Performance Management

The 2011-2016 Asset Management Plan outlines four key performance measures for the existing operational asset portfolio. These performance measures can then be benchmarked and reviewed as part of the overall consideration of asset usage and effectiveness. These measures include:

- cost of portfolio per head;
- maintenance backlog;
- office accommodation utilisation; and
- income from the investment portfolio.

The targets to support these measures and desired timescales for achievement are not clearly documented. In addition, the Council has yet to report performance against these measures to members on a regular basis. The current sole reliance on performance against capital budgets for monitoring purposes, provides only a narrow view to members and senior management of the performance of the Council's asset portfolio.

There is an opportunity to improve the current arrangements for capital monitoring to enhance transparency of the finance and performance outturn which is reported to Members.

**We therefore recommend that the Council consider the current reporting arrangements for capital monitoring, in order to improve the transparency of the finance and performance outturn reported to members.**

## 3.4 2012-17 Asset Management Plan

The capital programme is set out over a five year period, in line with the medium term revenue projections. This involves a significant amount of work by the service directorates, the finance team and the new asset management team to ensure that all service areas are clear on their capital and asset needs, that the needs are in line with the Council's strategy and that the funding options are available to deliver the need.

A capital asset forum has been established which is responsible for monitoring the delivery of the capital programme and for approval of new capital schemes. The arrangements for this forum continue to be developed and expanded, but the Council should continue to review the remit to ensure that they cover all existing capital projects and new developments going forward (including both operational assets and regeneration projects)

In February 2012, the Council approved the 2012 – 2017 capital programme, which included a review of the existing agreed projects. The new approved capital project total for this period was £121 million, excluding maintenance and existing programmes, allocated across the five years.

This approach should ensure that the projects identified remain in line with Council priorities and with the funding options available. Any slippage or increase in costs however is likely to have a direct impact on other projects and future years availability, therefore it is important that the slippages or increases are identified and scrutinised for the wider impact on a regular basis.

**We recommend that the Council continue to use the capital asset forum to challenge and review existing capital projects to ensure that the capital programme is delivered to plan.**

## 4 Alignment with strategic objectives

### 4.1 Summary

The vision of Luton is set out in the Corporate Plan, with eight key strategic priorities ranging from improving life and learning opportunities for all to ensuring a financially sound and efficient Council. Our review has considered how the asset management plan aligns to these strategic priorities in 2011-12.

**The Asset Management Plan is a strategic part of the Corporate Plan, and there are a number of additional objectives outlined which are specific to asset and capital management. To ensure the plan can be implemented effectively, the Council should consider how the high level strategy is linked to individual services and that they have the mechanisms in place to track achievement.**

### 4.2 Asset Management Plan

The 2011-2016 Asset Management Plan identifies the link between the strategic objectives and the capital programme and asset management arrangements. The overarching objective for asset management at the Council is linked to supporting the delivery of service priorities, and a number of asset management priorities have been set, forming the basis of an action plan.

These priorities are clearly linked to the Council's strategic priorities. This creates the opportunity to measure how the actions of the asset management approach are directly delivering on the achievement of the overall strategic priorities. This is an important measure for the Council and enables clear links and transparency to be made in terms of how the assets

are being used and investment is being made to further improve Luton and make progress to the overall vision.

In the 2011 - 16 Asset Management Plan, 28 actions have been identified but it is not clear how these objectives are being taken forward and if they are for the 2011-12 financial year or the five year period up to 2016.

As a best practice point going forward, Luton may wish to consider how the delivery of these objectives is allocated to the service directorates (currently all allocated to "fixed assets") and the role of the new fixed asset team in ensuring delivery. Progress, including interim targets if these are over five years should be regularly reported to Members to enable achievement to be measured and reviewed.

**We recommend that the Council consider how responsibility for the asset management action plan is shared across the services and ensures there are strong arrangements in place to track and report progress.**

### 4.3 Next steps

The Council's transformation programme for 2011-2014 and the changes in the fixed asset team have been implemented post the 2011-16 asset management plan.

In addition, the 2012-2017 capital programme has been agreed. This includes high profile capital projects (schools, aquatic centre and bus-way development) which will directly impact service users and are supported by approved business cases.

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There is an additional large scale maintenance programme to be funded and financed by the Council, which needs to have equal consideration going forward to ensure that the assets held by the Council remain fit for purpose and that the maintenance costs can be justified. The Asset Management Plan 2011-16 indicated that the Council's owns nearly 10,000 assets with a book value of approximately £780 million, operating costs (excluding schools and housing) of £7.9 million, and a maintenance backlog of £23.4 million.

The Council have considered five key risks as part of the 2012-2017 capital planning. Other risks that the Council may wish to consider on a more formal basis could cover:

- the risk that smaller projects are not approved through the current scoring process due to limited funds, but could be strategically / legislatively important ;
- the significant costs associated with the conditions of some older properties both in financial and environmental terms; and
- limited consideration of cost / benefit analysis due to the large scale of the programme and number of vacant properties.

The Council should ensure that they continue to review the Asset Management Plan and consider that it is fully addressing these issues and any other future risks which have been identified through the change in structure and transformation projects at the Council.

**We recommend that the Council ensure the Asset Management Plan and Capital Strategy and any service asset management plans are fully reviewed in line with recent and future developments.**

## 5 Asset management structure and delivery across the Council

### 5.1 Summary

Our review has also considered the changes made to the roles and responsibilities of the new fixed asset team structure, to understand the approach taken and the impact that this is likely or has stated to demonstrate, on the asset management arrangements.

The structure was implemented in May 2012 and as such has had time to become embedded in the organisation, picking up responsibility for the assets of the programme and existing capital programmes at various stages.

**The new team structure has brought together individuals with experience of capital projects, allowing for a more cohesive approach and a greater understanding on asset conditions and maintenance requirements. Further improvements could be made to ensure that each position is permanently filled to enable the structure to drive forward asset management and improve the links between other asset management directorates and other service areas including finance and Members.**

### 5.2 Overview of the fixed asset team structure

The ultimate aim of the fixed asset management structure has been to provide an "improved strategic function"<sup>2</sup> for capital and asset management. Driven primarily by the need for revenue savings, it is also focused on service improvements and in particular improving service integration and focusing on the customer.

<sup>2</sup> LBC FAR Appx A - Asset Management Reorganisation (April 2012)

The new structure diagram, as proposed to Members in April 2012 is included in Appendix A.

This sets out all asset management roles relating directly to the client side and covers delivery of capital programmes, review of estates and procurement of future capital programmes. Each team reports to the Head of Fixed Assets (which is currently filled as an interim role).

The structure currently does not include formal links to the other areas of the Council, including finance and service directorates. From our discussions with officers, the asset team continues to provide a support function to services, however, the role of asset management is critical in delivering services and a strong working relationship with the service directorates and the finance teams is required.

Our high level review did not include detailed consideration of the formal links between finance and the asset management team. It is important to recognise the intrinsic relationship between the two departments and the Council should ensure that the asset team are able to draw on the experience and skills of the finance department (and vice versa) through long term capital planning arrangements, funding options and project management of capital schemes.

The Council should ensure that the current formal and informal links are reflected and ensure that they continue to work together to ensure each department is supported by each other and information is being shared in the most efficient manner.

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As part of this, the Council should also consider how Members feed into this structure and that they are working together to inform and drive forward asset management decisions.

**We recommend that the Council consider the formal reporting and monitoring links between other Council services and Members to demonstrate how the new department fits into the overall Council.**

## 5.3 Fixed asset team structure

The new structure has had time to become embedded in the Council's arrangements. As opportunities for improvement are identified, the Council should be seeking to implement these on a regular basis. The new structure provides focus for the Council to ensure a consistent approach to asset delivery.

There are four key teams within the new structure which all report up to the Head of Fixed Assets. These are:

- Corporate landlord & FM services team (Estates);
- Commercial, investment and development strategy team;
- Commercial & property team; and
- Programme delivery team.

Each team has a number of people and set responsibilities for elements of the asset and / or capital strategy running across the Council. As part of our review we have sought to have discussions with officers from each team to understand their new roles, responsibilities and the reporting structure.

From a review of this structure, and the developments to date, there are still a number of key areas to be addressed to ensure that the structure is at its most optimal, including:

- confirming the posts that are currently held by interim positions or vacant through long term sickness and identifying the contingency arrangements in place;
- confirming the level of training need and ensuring the funding is seen as an important investment to ensure that each staff member has the skills and support to fulfil their role;
- identifying the formal links to finance, members and service departments (as identified above).

Successful implementation of the new structure is dependent on key management positions to deliver the Council's stated objectives. If these positions are not permanently filled, existing staff members may not successfully achieve the capital strategy and the wider asset management programme.

**We recommend that the Council ensure that all posts within the fixed asset team are filled with permanent appointments as soon as possible and all individuals are fully equipped with the required skills, support and training necessary to carry out their role.**

The transformation and restructure has been built on the service delivery and best value ideals through the centralisation of the asset management arrangements and incorporated the skills and lessons learnt from project management on the school schemes implemented at the Council.

If the assets are to be used to deliver service priorities and ensure that there is a centralised and coordinated approach, we would expect the fixed asset structure to include all elements of capital and fixed assets.

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From discussion with officers, we note that the reorganisation of the asset team has focused on client side asset delivery, aiming to deliver an improved strategic asset function. The new structure has not fully incorporated all directorates involved in asset management, specifically we noted that the regeneration team manages its capital projects through its own governance process. This situation raises the risk of inconsistent governance and project management outcomes, the potential duplication of functions and could make it harder to identify relationships and potential interdependencies between projects. We note that this is to some extent a practical solution that ensures continuity and accountability for on-going projects.

**We recommend that capital project management and governance arrangements are standardised to maximise efficiency and ensure that asset and capital decisions are made within full context of the overall strategy of the Asset Management Plan.**

## 5.4 Potential conflicts at the Council

Within the current arrangements at the Council, the service areas are responsible for identifying the initial capital need, with support on the business case and project delivery being provided by the capital programme delivery teams.

There is the potential for conflicts to arise between departments in terms of asset funding, especially where funds are restricted. If the services are identifying the capital needs in isolation of other departments, the fixed asset team needs to ensure they are acting as a strategic role across the Council, and able to match asset / capital needs and potential solutions from other departments.

This will require a significant amount of knowledge across the asset team at the Council and the new structure, should be able to gain this, and use it for

the whole Council's benefit. This should be kept under review to ensure that this strategic role is delivering benefits to the services and able to support and offer solutions through the capital and asset management programme.

## 5.5 Asset database

As part of the review into the team structure, the Council recognise that the information held on the existing assets is critical to understanding the current position and future needs. One action taken has been to invest in a new fixed asset system which brings together the traditional corporate asset risk register and the property database. This will enable informative reports to be run and data to be interrogated to understand more on conditions, costs, timings and critical asset points.

The new system is currently being implemented and tested at the time of our review. The Council need to ensure that the appropriate officers are fully trained on the system and aware of the capabilities to ensure it can be used as a powerful asset management tool. There is an interim risk that the merger of the two systems doesn't contain the most complete and up to date information and that users are not fully trained on the most effective management of the new database.

**We recommend that the Council ensure the new database is complete and has the correct, up to date information and has been fully tested prior to the sign off with the contractor.**

The use of a comprehensive database should also enable the Council to interrogate data for maintenance needs for the assets held and identify where investment to save decisions are needed (i.e. investment in a building above the reactive maintenance to improve usage or reduce maintenance costs in future years).



## 6 Capital Strategy

### 6.1 Summary

The asset management plan for 2011-16 also forms the capital strategy for Luton. This outlines the approach for managing, financing and allocating investments in relation to existing assets.

**Our review has considered some of the key elements of the strategy including the approach to investments, vacant properties and funding options. There is an opportunity for the Council to review the current Capital strategy for these areas to ensure that they remain the most relevant approach within the current environment and new structure.**

### 6.2 Vacant properties and surplus assets

One of the objectives of the new approach is for the Council to move into a balanced capital portfolio, where costs are covered from the income generated.

As part of the portfolio, the Council hold a number of assets identified as vacant or surplus a review process is in place. This requires a number of asset management teams working together, specifically valuations & maintenance.

The Council analyse the existing portfolio and raise key questions such as:

- is the asset fit for purpose / what are the maintenance costs required?
- what investment is required to ensure best asset use?
- would asset disposal offer better value for money?

- what are the opportunity costs of delaying the sale of identified surplus assets?

The Council should ensure that the value for money implications of holding these assets are considered and any investment need or opportunity costs against the likely value in the current markets prior to any decisions being made.

There is a risk that holding vacant properties could increase maintenance and security costs in the longer term, however this needs to be analysed against the risk of not achieving the best price on disposal of these assets.

**We recommend therefore that the Council ensure they continue to review the value for money implications of holding these assets and any investment need or opportunity costs against the likely value in the current markets prior to any decisions being made.**

### 6.3 Funding Options

The Council have been proactive in bidding for government funding, in particular with the recent bid for Regional Growth Funding for improvements in road infrastructure. In addition, they have continued to use the set-up from the BSF school funding period to take forward other capital projects including their on-going affordable housing project<sup>3</sup>.

The Council has identified reliance on capital receipts as a key risk to the capital programme and is looking to reduce their dependence on this

<sup>3</sup>[www.localgov.co.uk/index.cfm?method=news.detail&id=104686](http://www.localgov.co.uk/index.cfm?method=news.detail&id=104686)

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source of funding. From our discussions with key officers, there is an awareness of the implications and risks associated with government funding.

The Council should consider the additional funding options available and the viability of these to ensure that funding needs are reviewed and the options available are investigated for both existing assets and new investment to deliver on the Council's vision and continue to drive them forward.

There is a risk that investment in existing assets and new capital schemes is not made due to the potential limited funds available to the Council which will restrict the Council in delivering on its key objectives.

**We recommend therefore that the Council continue to consider additional funding options available going forward, recognising the need for future investment to enable achievement of their strategic priorities.**

## 6.4 Investments to generate savings

The investment plans form part of the overall capital strategy and approach at the Council. Under the new structure, the draft investment explores the options of trading in part of the current portfolio to invest in other, more profitable ventures (including outside of the Luton boundary), however there is a potential conflict between the need to invest locally and the need to generate a greater return from the investments.

The Council should ensure that investment priorities complement the corporate priorities of the Council and that appropriate reporting mechanisms are in place to deliver the correct balance.

**We recommend that the Council review the draft strategy for investment properties and ensure that it is balanced against corporate priorities.**

## 6.5 New ways of working

As part of the 2011-14 transformation programme, flexible working practices are under further development and further opportunities for improvements in office utilisation and office accommodation will emerge.

The Council should assess how these are being considered not just as part of the transformation project but also as part of the longer term asset and estate capacity and demand.

Options for the Council to consider include testing and rolling out within one service area i.e. Adult Social Care, Revenues & Benefits for example, or to implement changes across the whole of the Council. Either approach will require a strong project management team and strong leadership to enable delivery. This will also have an impact on the investment levels required in ICT and consideration of office space and office utilisation performance measures.

A number of councils in recent years have identified in their transformation programmes the need for changing working practices and flexible working, recognising the desire from individuals for this change, and the benefits that can be delivered in terms of time efficiencies and reduced office utilisation space. Examples that could be of interest to Luton include the changing working practices in Plymouth City Council and in Bristol City Council, where investments have been made in ICT and office accommodation with the expectation of generating savings.

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Our review has not covered the transformation agenda in Luton, however the Council should ensure that the intrinsic links between assets, people, ICT and working practices are being considered in any transformation project taking place.

In relation to the debate around the utilisation of office space and changes to working practices, we noted that the Council's Facilities team has identified a number of office properties in Luton town centre that require urgent capital works in the short term in order to be fit for purpose and be habitable for staff currently accommodated there. There was a developing risk that consideration of the medium to long term case for investment in these properties (related to working practices and future needs), may delay action to address the short term operational need to accommodate staff. If investment is not forthcoming, contingency plans for the accommodation of staff need to be put in place.

**We recommend that the Council advances plans to address the short term issue of maintaining current office buildings in a habitable state or develops alternative arrangements for staff currently accommodated there.**

## 7 Conclusion

Throughout our review we have considered the arrangements in place at the Council in relation to capital and asset management.

Overall we have found that there are no major concerns with the arrangements in place and that the Council have established a strategy to deliver improvements within asset management, particularly in the context of restricted capital resources.

Improvements have been made through centralising the asset management structure and the application and review of strict criteria, linked to the strategic objectives, against existing and future capital projects prior to investment being approved.

The new team structure was implemented in May 2012 and therefore our review is considered timely in ensuring that, four months after implementation, that the Council are on track to deliver on their original objectives and benefits.

Despite the steps taken to date to improve the arrangements, we have identified a number of areas where improvements could be made to the current structure, and to further ensure that the capital and asset managements are delivering on these objectives.

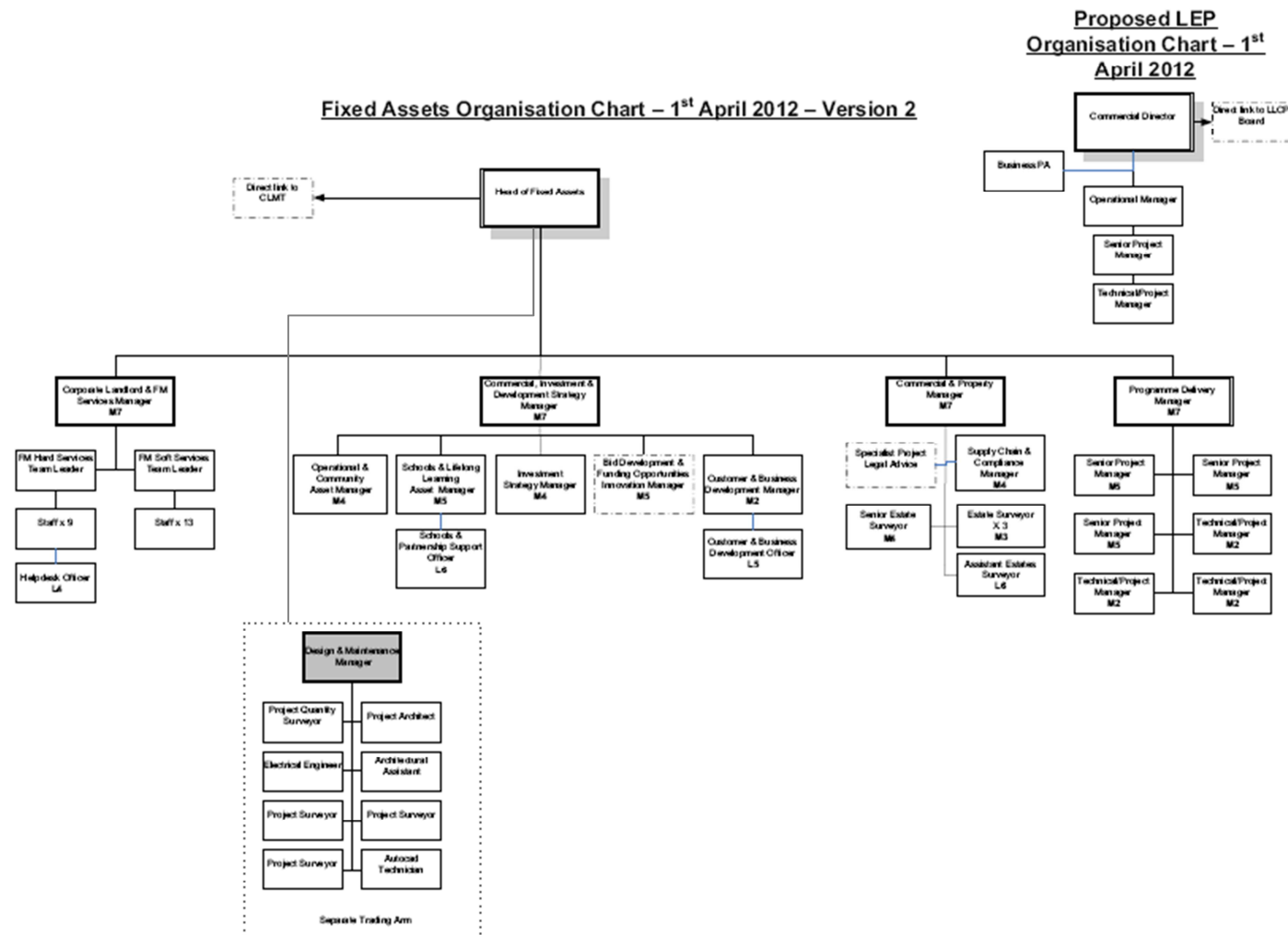
Our recommendations are set out in full in Appendix 2 and fall broadly within three themes as follows:

- **asset management structure** – reviewing arrangements for a cohesive approach to capital and asset management across the Council and ensuring posts are filled with officers who are fully trained and supported to deliver their role;
- **capital and investment strategy** – improving the current reporting arrangements for capital monitoring to improve transparency; and
- **integration of asset systems** – ensuring that the new system is fully tested and that the Council are able to make the most out of the data for analysing future asset and maintenance needs

By considering the recommendations that we have raised in this report, the Council should be in a position to further strengthen the current arrangements and demonstrate how they are able to make best use of existing assets and plan for future capital requirements.

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## A Fixed Assets Organisation Chart



## B Summary of recommendations and action plan

### Recommendations and action plan

We have set out in our report a number of recommendations, identified from our discussions with officers and review of key documents, which will enable the Council to continue with their strategy and maximise opportunities to improve asset management.

The recommendations identified are repeated in the table below along with space for the Council to respond with the proposed actions.

| Area                                   | Recommendation  | Rating              | Council action and target date   |
|--|---|---------------------|--|
| Asset Management and Capital Programme | 1 We recommend that the Council consider the current reporting arrangements for capital monitoring to improve the transparency of the finance and performance outturn reported to Members                       | Low (Best Practice) | Agreed – lead responsibility Chief Accountant, implementation Q1 2013. |
| Asset Management and Capital Programme | 2 We recommend that the Council continue to use the capital asset forum to challenge and review existing capital projects to ensure that the capital programme is delivered to plan.                            | Low (Best Practice) | Agreed – this is happening now and will continue                       |
| Alignment with strategic objectives    | 3 We recommend that the Council consider how responsibility for the asset management action plan is shared across the services and ensures there are strong arrangements in place to track and report progress. | Low (Best Practice) | Agreed – as 4 below  |

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| Area  | Recommendation  | Rating              | Council action and target date  |
|---|---|---------------------|---|
| Alignment with strategic objectives                 | 4 We recommend that the Council ensure the Asset Management Plan and Capital Strategy and any service asset management plans are fully reviewed in line with the recent, and future developments.   | Low (Best Practice) | Agreed – paper on strategic approach to assets including disposals due to go to Executive on 7 January 2013   |
| Asset management structure                          | 5 We recommend that the Council consider the formal reporting and monitoring links between other Council services and Members to demonstrate how the new department fits into the overall Council.  | Medium              | Agreed – Will consider as part of ISO 9002 accreditation assessment   |
| Asset management structure                          | 6 We recommend that the Council ensure that all posts within the fixed asset team are filled with permanent appointments as soon as possible and all individuals are fully equipped with the required skills, support and training necessary to carry out their role. | Medium              | Agreed – underway   |
| Asset management structure – integration of systems | 7 We recommend that the Council ensure the new database is complete and has the correct, up to date information and has been fully tested prior to the sign off with the contractor.  | Medium              | Agreed – most elements of the data base are complete; the remaining element covering leases and rents is being scoped now and will be project managed to completion |
| Asset management structure                          | 8 We recommend that capital project management and governance arrangements are standardised to maximise efficiency and ensure that asset and capital decisions are made within full context of the overall strategy of the Asset Management Plan.                     | Medium              | Agreed – will go forward with the disposals report (see 4 above)  |

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| Area                            | Recommendation  | Rating | Council action and target date   |
|---------------------------------|---|--------|--|
| Capital and investment strategy | 9 We recommend continues to review the value for money implications of holding these assets and any investment need or opportunity costs against the likely value in the current markets prior to any decisions being made. | Medium | Agreed – as above  |
| Capital and investment strategy | 10 We recommend that the Council continue to consider the additional funding options available going forward, recognising the need for future investment to enable achievement of their strategic priorities.               | Medium | Agreed – discussions are on-going with potential external funders                          |
| Capital and investment strategy | 11 We recommend that the Council review the draft strategy for investment properties and ensure that it is balanced against corporate priorities.   | Medium | Agreed – this has already bee to the Executive and a further report is due in January 2013 |
| Capital and investment strategy | 12 We recommend that the Council advances plans to address the short term issue of maintaining current office buildings in a habitable state or develops alternative arrangements for staff currently accommodated there.   | High   | Agreed – part of the total workplace transformation (TWTP) programme                       |



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