

Strategic Asset Management Audit 2017/18 and Follow-Up 2018/19

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Cabinet Member: Cllr Mandy Chilcott

Division and Local Member: All

1. Summary

- 1.1. This Audit (and its Follow-Up concluded in early December 2018) focused on property assets and examined three risk areas as follows:

1. Asset management strategies are not aligned to the Council's priorities, preventing the Council's priorities from being fully achieved.
2. Governance arrangements for the ongoing work on Asset Rationalisation and review of the Corporate Asset Management Plan are inadequate, so this work is not fully completed and implemented, and benefits are not realised.
3. Asset management controls lapse during the introduction of the Corporate Landlord approach.

- 1.2. The original audit came at an opportune moment, early in the development of our new approach to Asset Management and following the "Asset Rationalisation and Review of the Corporate Asset Management Plan" decision taken in November 2017. Its findings, and discussions with Auditors during the audit work, helped shape improvements to the programme of work we have since undertaken.
- 1.3. Good progress has been made, notwithstanding intervening changes at Director and Cabinet Member level and the requirements of the Financial Imperative work. The Audit Report acknowledges that "the period following the issue of the audit report in May [2018] was one of considerable change at the Council with the Financial Imperative Programme, put in place to address the Council's financial pressures, being the main corporate priority. As part of this, the priority for the Corporate Property Group was to ensure capital receipts targets were achieved. Also, during this period the membership of the Asset Strategy Group changed significantly."
- 1.4. The attached Action Plan and Update (Appendix 1) summarises the recommendations of the Audit Report and sets out the position as at the Follow-Up Audit date of 5th December and the position at the time of drafting (20th January 2019). This shows that of the 9 recommendations, 4 were complete by the time of the follow-up with a further 2 having been completed since then. One recommendation is not now being implemented and two

actions remain in progress, although these are expected to have been implemented by the date of the Audit Committee meeting.

2. **Issues for consideration**

- 2.1. Members are asked to consider the service's response to the audit recommendations as outlined in this report.
- 2.2. *Risk 1: Asset management strategies are not aligned to the Council's priorities, preventing the Council's priorities from being fully achieved.*

This risk was originally assessed as high, but has since been reassessed as medium due to the progress made on the Asset Management Plan. This contains links to the County Vision and the Business Plan, and the Business Plan in turn references the Asset Management Plan.

Through the newly expanded Asset Strategy Group (ASG), chaired by the Cabinet Member for Resources, there is now governance in place to ensure greater alignment of all asset plans and strategies including for ICT and fleet. Efforts to further align the Asset Management Plan, for example with the emerging People and Digital strategies for the Council, continues.

Monitoring of the Asset Management Plan is performed by ASG and by the Strategic Commissioning Group and work is now underway to ensure that all property related policies and strategies are brought up to date in light of the changes to our approach to asset management. These should start coming forward to appropriate decision-makers in Q1 of 2019/20.

All three recommendations falling under this risk are now complete.

- 2.3. *Risk 2: Governance arrangements for the ongoing work on Asset Rationalisation and review of the Corporate Asset Management Plan are inadequate, so this work is not fully completed and implemented, and benefits are not realised.*

As with Risk 1, this risk was originally assessed as high, but has since been reassessed as medium due to progress made. A key element of our Asset Rationalisation and Estate Optimisation approach is a programme of Place Based Reviews (PBRs), which sees Corporate Property Group (CPG) officers initially assessing the fitness for purpose, strategic need and value for money of all assets in a given location. However, some elements of the programme of PBRs have had to be delayed, due to the need to prioritise work on the Financial Imperative. This affected work that had been planned with service leads to assess the CPG's property perspective against longer term commissioning and operational requirements. The PBRs were rescheduled to ensure that initial work within the CPG could be carried out first and work to complete the picture with service input has now been rescheduled. Progress is monitored through ASG.

Of the five recommendations related to this risk, two are in progress, two complete and one is not now being implemented. This is due to the

programme of work having been removed from the Core Council Programme and resource not therefore being available in the way that was previously anticipated, to produce a formalised Communications Plan. Instead, the CPG is taking a light touch approach to communications for the programme using existing governance channels to share regular updates on projects and providing topic updates as appropriate (e.g. regarding Corporate Landlord and A Block) through Core Brief and Member Information Sheets.

2.4. Risk 3. Asset management controls lapse during the introduction of the Corporate Landlord approach.

This risk has been assessed as medium and the single related recommendation is now complete.

Clearer controls and monitoring are now in place including a checklist and guidance for officers and the pipeline of potential disposals is now shared regularly with Strategic Commissioning Group and ASG to ensure that all opportunities and service needs are understood, and all upcoming disposals are transparent. In addition, the Estates Team has been bolstered, with resource dedicated to compliance with formal governance having been put in place since the original Audit.

3. Background Information

- 3.1. The “Asset Rationalisation and Review of the Corporate Asset Management Plan” Decision Paper provides more information on the principles applied to developing the Asset Management Plan and the basis for the programme of work referred to in the Audit.

<http://democracy.somerset.gov.uk/documents/s5131/Asset%20Rationalisation%20and%20Review%20of%20the%20Corporate%20Asset%20Management%20Plan.pdf>

- 3.2. The current Asset Management Plan, which is to be replaced as part of this programme of work, espouses many of the same principles, but requires updating and greater alignment to the Council’s overall Vision, Business Plan and other Strategies.

<http://www.somerset.gov.uk/organisation/council-buildings/>

This link also gives access to relevant existing property asset related policies and the Council’s asset register.

4. Consultations undertaken

- 4.1. N/A

5. Implications

- 5.1. As above

6. Background papers

- 6.1. As above