

Supplementary Guidance to Asset Management Planning in Wales



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ASSET MANAGEMENT PLANNING IN WALES

DEFINING THE VISION

**SUPPLEMENTARY GUIDANCE ON THE FORMAT OF ASSET
MANAGEMENT PLAN DOCUMENTS**

Consortium of Local Authorities in Wales

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Introduction

The Assembly is expecting Welsh local authorities to prepare their first Asset Management Plans (excluding housing and infrastructure assets) by April 2004.

CLAW, in conjunction with the WLGA, issued "A Guidance to Asset Management Planning. in Wales" in September 2001 to assist councils in preparing their plans. As work has progressed on the plans, a number of officers have identified a need for further more detailed guidance on the format, contents and issues addressed in an effective plan.

The Supplementary Guidance, which was prepared with the assistance of DTZ Pinda Consulting, will hopefully enable Welsh councils to prepare meaningful plans by April 2004 in a reasonably consistent format.

Fundamental Rationale for Introduction of Asset Management Planning within Local Government

Asset Management can be defined as 'optimising the utilisation of assets in terms of service benefits and financial return'. Asset Management Planning helps to raise awareness of resources invested in property assets and to develop strategies and programmes to ensure that they are deployed in the most effective way to meet the authority's corporate and service objectives.

Asset Management Planning is a simple business process with the underlying purpose of achieving the better use of public assets, and of minimising the opportunity cost of resources tied up in land and buildings. Different authorities, however, may make different decisions on the most appropriate balance to be struck between service benefits and financial returns – the value of a property to the community within a rural location, for example, may be deemed greater than that in an urban area.

Management Principles to Support Strategic Asset Management

A number of management principles support strategic asset management:

- an integrated departmental and corporate approach
- explicit responsibility for, and corporate leadership of, Strategic Asset Management
- a balance between central and devolved responsibilities for land and buildings
- a recognition of the difference between property responsibilities and property service responsibilities
- clear authority-wide property objectives
- planned, co-ordinated, and corporately prioritised change
- simple and robust performance management which relates directly to agreed objectives
- effective data systems
- robust techniques (options appraisal) to justify decisions taken in balancing service benefits and financial returns.

Key Issues for the Asset Management Plan Document

The existing CLAW guidance focuses on assisting authorities within Wales to understand and implement a set of procedures that will provide the foundation for successful asset management planning. The checklists further provide a mechanism for tracking progress in relation to issues such as planning and consultation, data management systems, performance monitoring and measurement etc. While this guidance is of great value in explaining the kinds of activities that local authorities will unquestionably need to establish, formalise and maintain, it is equally acknowledged that it follows a rather 'process-driven' path. As such, it potentially obscures the role of the Asset Management Plan as a strategic corporate planning document.

This supplementary guidance has therefore been produced, to provide a suggested framework for an Asset Management Plan that takes a rather different approach. It sets out the long term vision for Asset Management Planning for Wales, and whilst it is expected that authorities will seek to adopt the structure it proposes, it is recognised that not all will be able to cover all of the issues it raised by 2004. It is expected, however, that by 2006 a fully comprehensive document will be produced, which embraces authorities' entire portfolios (including housing and schools).

Before we focus on the detail of the suggested framework, however, we highlight a number of generic issues:

- the Asset Management Plan does not need to be a lengthy document (15 to 20 pages max.). Clarity and focus are required, with supporting data provided as appropriate within appendices, or otherwise clearly referenced. Allied to this, is the importance of avoiding the unnecessary use of jargon, such that the completed document is as open and accessible as possible, and may be understood by a wide audience
- the Asset Management Plan must follow a logical sequence of steps, to provide a clear statement of corporate policy in relation to the management of property assets within the authority. It should be a demonstrably strategic document, and commitment to its use as a corporate document should be explicit (e.g. through an introduction by the Member with overall responsibility for this area of resource management)
- the Asset Management Plan will need to provide a review of the asset management process adopted within the authority, but as stated above, should not be seen as a statement of progress in relation to process implementation. It is a strategic and **not** a process document

- clarity should be provided within the document to distinguish those objectives, activities, procedures etc. that are currently in place and operational, and those that are only proposed. Actual achievements should be appropriately evidenced
- the Asset Management Plan should include evidence to demonstrate that it has been formulated and produced in an inclusive manner, reflecting an appropriate level of consultation with all relevant stakeholders
- the Asset Management Plan should be fit for purpose – it should be a document produced by the authority for the authority, as part of its core corporate management function. As such, it should explicitly reflect the needs of the authority and should reflect the scale and nature of the portfolio – but it must still demonstrate that the property is delivering best value
- the Asset Management Plan must be demonstrably consistent with the capital planning framework within the authority, and with the wider budget management process
- clarity should be provided regarding who is responsible for the production and subsequent implementation of the Asset Management Plan.

Guidance on the Suggested Format of the Asset Management Plan

There follows some recommended section and sub-section headings to be included by authorities within their Asset Management Plan documents. Against each, guidance is provided as to the kinds of issues that might be covered, along with some general commentary.

As stated above, it is recognised that not all authorities will be able to cover in detail all the areas suggested by 2004. However, they should demonstrate their recognition of the requirement to produce a fully comprehensive plan by 2006, and make clear the steps that are being taken to achieve this goal.

It is further recognised that not all authorities will necessarily wish to cover the issues identified in precisely the order suggested. Care should be taken, however, to ensure that all of the proposed sections are included, and that the format adopted follows a logical sequence.

Key Section Heading	Sub Sections	Issues to Cover	Commentary
Introduction and Context	Introduction	Introduction to the AMP by lead member with responsibility for asset management.	Importance of using this statement to confirm that the AMP has been reviewed and agreed by Council.
	The Council	Contextual statement of local authority area (e.g. location, area, population, key socio-economic indicators etc.)	This information will be common to all corporate documents, and may be produced separately as a context statement.
	Corporate Planning Framework	A brief review of the corporate planning framework within the authority, highlighting the key corporate documents, the relationships between the various plans and strategies, and mechanisms adopted for their development. Clarity should be provided as to how property asset implications are captured and how asset planning fits into the corporate business planning process.	Reference may be made here to, for example, the Council's strategic plan, its budget management framework, the Best Value Performance Plan, the Corporate Procurement Strategy etc. Explicit reference should also be made to the extent and nature of partnership working, and to consultative activity undertaken.
	Corporate Goals and Objectives	Statement of the authority's overall mission, and specifically identified corporate objectives.	This section should provide a clear statement of the, say, five core objectives which drive all the activity of the organisation. As such, it should provide the context for the rest of the asset management plan.
	Organisational Framework	Description of overall structure of the authority with specific reference to core service areas, and to overall governance.	A structure diagram for the authority might usefully be included as an appendix.

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Corporate Asset Policy	Corporate Asset Objectives	<p>This section should provide clear and explicit objectives for holding property based on an authority-wide view – and developed from and directly related to overall objectives.</p> <p>It should encompass all categories of property held by the authority, including both existing operational and non-operational property, and new capital projects.</p> <p>The section should also set out the high level objectives for managing the portfolio (e.g. minimising costs in use, optimising utilisation, maximising return on investment etc.).</p>	<p>Clear evidence should be provided that the fundamental rationale for holding property within the authority has been, and continues to be challenged – for example, through an explicit programme of review.</p> <p>The property implications of the Council's core objectives should be clearly stated, and provide an explicit link to the identified asset objectives.</p>
	Headline Performance Measures	Explicitly linked to the objectives identified above, this section should draw out the key performance measures that the authority has adopted in relation to its portfolio.	
	Stakeholder Views	Reference should be made to how the views of stakeholders have been taken into account in the formulation and subsequent review of corporate asset policy. These might include officers of the authority, members of the Council, the public, tenants of investment property etc.	The quality of the AMP overall will heavily depend upon the extent and quality of stakeholder involvement – for example, on how well the accommodation implications arising from service reviews are incorporated in the corporate planning process for assets.
	Government Policy and Statutory Responsibilities	This section requires reference to be made to specific areas of government policy which influence the authority's asset strategy, and to those statutory responsibilities which have an accommodation implication.	It is expected that the themes identified here will be very similar across all authorities. However, differences may be apparent in the way that they choose to respond.

Key Section Heading	Sub Sections	Issues to Cover	Commentary
Corporate Asset Policy (Contd.)	The Resource Context	A summary should be provided here of the core elements of the authority's capital and revenue programme, and the wider resource context.	The Asset Management Plan is essentially just a component of the authority's capital strategy – indeed some authorities may chose to combine the two documents. While separate documents may be produced, absolute clarity must be provided regarding the linkage between the documents in terms of their formulation, content, and implementation.
Changes in External Environment, and their Implications for Property	E-Government	Reference might be made here to the approach being adopted by the authority to the introduction of new technology, and the implication of specific electronic government initiatives on accommodation requirements.	
	Market for Accommodation and Support Services Provision	Consideration might be given here to the growing external market for the provision of accommodation and support services, and the implications that this might have on the nature of provision within the authority.	
	Market for Property Services	Consideration might be given here to the external market for property services provision, and the implications that this might have on the nature of property services provision within the authority.	
	Other?	Any other relevant external change drivers should be appropriately referenced in this section.	

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<p style="text-align: center;">Service Delivery and Accommodation Needs</p>	<p style="text-align: center;">Overview</p>	<p>Reference should be made here to the overall requirements for service accommodation within the authority, the key factors which influence these requirements, and the process that is adopted to identify them.</p>	<p>This is essentially a ‘big picture’ view of service accommodation requirements within the authority, within the context of the changing world of local authority service delivery (e.g. to more cross-cutting, thematic provision of services, increasingly in partnership with others).</p> <p>It is recognised that the full development of this section of the asset management plan will take some time to achieve – particularly given the need to develop real strategy within service departments, rather than just statements of future aspirations. Care may also be needed in collating this information, to reflect the potentially confidential nature of dimensions of the service blueprints.</p> <p>Care should be taken to consider accommodation as distinct from property requirements (an authority needs accommodation, it does not necessarily need property)</p>
	<p style="text-align: center;">Council Services</p>	<p>This section focuses on those internal drivers to change in service provision, and the specific accommodation responses that this gives rise to.</p> <p>Explicit reference should be made to changes in the approach of the Council to service delivery; to changes in the requirements of individual services; and to the implications of new approaches to service delivery (e.g. outsourcing) on accommodation requirements.</p>	<p>It should be clear that the information provided within this section has been derived from an explicit service asset management planning process in operation within the council. This is the ‘bottom up’ dimension of the Asset Management Planning process, and should include explicit consultation mechanisms.</p>

Key Section Heading	Sub Sections	Issues to Cover	Commentary
Service Delivery and Accommodation Needs (Contd.)	New Working Practices within the Council	This section requires consideration to be given to the extent to which new working practices within the Council are giving rise to changes in accommodation requirements.	Such changes in working practices might include a move towards greater home-working, decisions to change the ratio of front to back office provision, increased partnership working, desire for local access service points vs centralised provision etc.
	Other Relevant Agencies and their Possible Joint Accommodation Requirements	Reference should be made here to key partners of the authority, with whom a joint approach to accommodation provision is already, or might in the future be adopted.	This might include other local authorities and government services, the voluntary sector etc. It must be clear that such the authority is not adopting too narrow an approach to accommodation provision, and is actively considering all available and appropriate opportunities for maximising the utilisation of individual assets in the best interests of individual service provision.
Likely Future Requirements		This section is essentially a synthesis of the previous sections, providing an overall summary of the future accommodation requirements of the authority, and the general approach to provision.	Care should be taken to ensure that a comprehensive approach is demonstrated, and that the future requirements identified can be closely tied back to the stated corporate objectives.

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<p>The Existing Portfolio and Current Performance</p>	<p>Statement of portfolio</p>	<p>This section should summarise the current property portfolio, and its performance against key requirements (essentially an assessment of sufficiency, suitability and condition).</p> <p>The statement might include:</p> <ul style="list-style-type: none"> • general description of the portfolio by category of property • overall condition of the property by category of property and category of condition • overview of running costs by category of property, including maintenance • utilisation in relation to defined requirements • value of portfolio • review of any capital projects completed since the last review, focusing on their performance • review of performance of each category of property, in relation to existing standards and targets • degree to which service and financial objectives are currently being met by category of property • improvements in performance since last review • areas requiring improvement before next review. 	<p>The collation of accurate data in relation to the portfolio will rely on carefully specified and maintained corporate databases linking all relevant asset information.</p> <p>While data for this review will be drawn from information at a property by property level, the statement of the portfolio should focus on overall strategic issues. Reference should only be made to individual properties where absolutely necessary.</p> <p>The section should focus on all elements of the portfolio:</p> <ul style="list-style-type: none"> • operational: <ul style="list-style-type: none"> • direct • indirect • office and administrative • non-operational: <ul style="list-style-type: none"> • investment • surplus • land held for future projects • new capital projects. <p>It should be clear that there is a rigorous process of data validation within the authority, to give confidence that decision-making is founded on sound information.</p>

Key Section Heading	Sub Sections	Issues to Cover	Commentary
<p>The Existing Portfolio and Current Performance (Contd.)</p>	<p>Asset Management Function</p>	<p>This section should provide a clear statement of responsibilities within the authority for the asset management function.</p> <p>This is likely to include reference to the roles, responsibilities and inter-linkage of:</p> <ul style="list-style-type: none"> • the Corporate Property Officer • a cross-departmental asset management planning group • a capital strategy planning team • cabinet member or lead committee member with responsibility for assets • etc. <p>The reporting lines and overall accountability of each of the functions should be explicitly stated.</p>	<p>Clear explanation should be provided of the inclusive nature of the function and process, and how changes resulting from consultation are fed back into the system.</p> <p>It is important for distinctions to be made in responsibilities for strategic and operational functions.</p> <p>It should be demonstrated that the roles and responsibilities attached to each of the core functions are clearly set out, explicit, and communicated to all those concerned, in property management and use, throughout the authority.</p>
	<p>Review and Challenge</p>	<p>Gap Analysis</p>	<p>Having already established both the baseline position and expected areas of change, this section seeks to clearly identify specific 'gaps' in provision – and hence to provide a framework for the identification of specific required actions in the future.</p> <p>A clear summary is required of potential gaps, surpluses, adaptations and other changes needed.</p>
<p>Review of Asset Strategy, Property Objectives and Delivery Mechanisms</p>		<p>This section provides the opportunity for the current asset objectives of the authority, and existing delivery mechanisms within the authority, to be challenged and reviewed based on the gap analysis exercise.</p>	<p>The focus here is on identifying key issues/problems to be addressed in the future.</p>

Key Section Heading	Sub Sections	Issues to Cover	Commentary
<p style="text-align: center;">Review and Challenge (Contd.)</p>	<p style="text-align: center;">Review of Roles and Responsibilities for Property</p>	<p>This section provides the opportunity for the existing roles and responsibilities identified for the asset management function, to be challenged and reviewed.</p>	<p>The focus here is on identifying key issues/problems to be addressed in the future.</p>
	<p style="text-align: center;">Review of Decision-Making Process</p>	<p>This section provides the opportunity for the existing decision-making framework in relation to the asset management function, to be challenged and reviewed.</p>	<p>The focus here is on identifying key issues/problems to be addressed in the future.</p>
<p style="text-align: center;">Options Appraisal</p>	<p style="text-align: center;">Strategic Options</p>	<p>This section identifies options to address the key areas of required change identified above.</p>	<p>Care must be taken to ensure that the options cover both:</p> <ul style="list-style-type: none"> • the options for change in relation to the portfolio • the options for change in relation to the delivery of these changes. <p>Options should be considered at a high level only – it is expected that a maximum of four options would be considered (including the ‘do nothing scenario)</p>

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<p style="text-align: center;">Options Appraisal (Contd.)</p>	Options Appraisal	This section appraises each of the identified options, within the context of authority-wide priorities and resources available.	<p>An explicit approach to options appraisal should be clearly demonstrated, and records of this process kept.</p> <p>The appraisal framework must be clearly stated, and provide a rigorous basis for assessing different approaches in a consistent manner. Reference will need to be made to issues such as the degree to which the options will contribute to the delivery of the stated objectives, the capital and revenue implications of the individual proposals, the risks attached and how they will be managed, etc.</p> <p>Each of the options identified should be considered against the 'do nothing' option.</p>
	Preferred Strategy Option	This section identifies the preferred options for addressing the key areas of change identified.	The rationale for selection of the preferred option should be clearly apparent from the options appraisal exercise.
<p style="text-align: center;">Asset Management Programme</p>	Capital Programme	Based on the analysis referenced above, a clear statement should be provided of those actions that are programmed for implementation in the short, medium and longer term, and the expected outcomes.	This might include acquisitions and disposals, adaptations, new developments etc.
	Revenue Programme	Based on the analysis referenced above, a clear statement should be provided of those actions that are programmed for implementation in the short, medium and longer term, and the expected outcomes.	
	Responsibilities for Implementation	A clear statement should be provided of responsibilities against each identified action.	

Key Section Heading	Sub Sections	Issues to Cover	Commentary
Asset Management Programme (Contd.)	Timetable for Implementation	Explicit timetables for delivery should be explicitly stated.	
	Overall Programme	These programmes should be mapped onto the council's overall budget planning process.	
Appendices			We would recommend the extensive use of appendices to amplify information provided within the main body of the Asset Management Plan document. These must, however, be carefully referenced.