

Springing Forward – Strategic Asset Management – Bridgend County Borough Council

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The Council made positive progress in delivering its previous asset management strategy and now needs to ensure future strategic asset plans are fully shaped by the sustainable development principle. However, workforce challenges are impacting on its ability to plan more strategically and critically, to ensure its buildings meet statutory safety requirements

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The Council has an interim short term asset management plan in place while it determines its future operating model and will need to ensure its longer-term approach for its assets is fully shaped by the sustainable development principle

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The Council made positive progress in implementing its previous asset management strategy. However, significant workforce challenges are affecting its ability to plan more strategically, and ensure its buildings meet statutory buildings requirements

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The Council has arrangements in place to review its assets and is improving the systems to inform these arrangements, but like many other councils, it is not benchmarking and learning from other councils

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Summary report

What we reviewed and why

- 1 We reviewed the Council's arrangements for managing its assets with a primary focus on office accommodation and buildings from which the Council delivers services to its residents. We looked at how the Council strategically plans the use of its assets, how it monitors the use of its assets and how it reviews and evaluates the effectiveness of its arrangements.
- 2 We delivered this review as the world moves forward, using the experiences from the global Covid 19 pandemic, to look at how councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 3 We have done this project at all councils as part of our 2021 audit plans to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015. The project had three main aims:
 - to gain assurance that councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that councils are taking both individually and collectively to strengthen their arrangements; and
 - to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.

Exhibit 1: asset base

The table below sets out key aspects of the Council's asset base in 2022.

Asset type	Number
Core Corporate Offices	5
Schools	59
Leisure centres	8
Libraries	4 standalone

Asset type	Number
	7 located within leisure centres or community centres
Community Centres	8 directly managed by BCBC 17 leased out to a third party
Residential homes	10
Recycling centres	3

Source: Bridgend County Borough Council

- 4 The Council's Asset Management Plan 2021-22 sets out that the Council has a total asset value of £484.5 million.
- 5 We undertook the review during the period November 2021 to February 2022.

What we found

- 6 Our review sought to answer the question: Is the Council's strategic approach strengthening its ability to transform, adapt and maintain the delivery of its services in the short and longer term?
- 7 Overall, we found that the Council made positive progress in delivering its previous asset management strategy and now needs to ensure future strategic asset plans are fully shaped by the sustainable development principle. However, workforce challenges are impacting on its ability to plan more strategically and critically, to ensure its buildings meet statutory safety requirements.
- 8 We reached this conclusion because:
 - the Council has an interim short term asset management plan in place while it determines its future operating model and will need to ensure its longer-term approach for its assets is fully shaped by the sustainable development principle;
 - the Council made positive progress in implementing its previous asset management strategy. However, significant workforce challenges are

affecting its ability to plan more strategically and critically, to ensure its buildings meet statutory buildings requirements; and

- the Council has arrangements in place to review its assets and is improving the systems to inform these arrangements, but like many other councils, it is not benchmarking and learning from other councils.

Recommendations

Recommendations

Strategic asset management planning

R1 The Council needs to ensure the sustainable development principle is driving and shaping its approach to all its assets as it develops its strategy during 2022. For example:

- integrating with its workforce planning and with other key strategies and business planning;
- reflecting longer term service demand;
- considering how it can maximise benefits from collaboration with other organisations; and
- to determine more long term and sustainable options for addressing its maintenance backlog and improving the condition of its estate.

Statutory Building Compliance

R2 The Council should address as a priority its health and safety related statutory building compliance performance so that it is meeting its statutory duties relating to electrical, gas, asbestos, legionella, and fire risk testing.

Monitoring and review arrangements

R3 The Council should develop a suite of strategic quantitative and qualitative measures to enhance its ability to understand the impacts of its assets plans and actions as part of its strategy development during 2022.

R4 To strengthen its arrangements, during the next 12 months, the Council should explore how it can compare its data, arrangements, and the learning from other organisations, for example through existing professional networks.

Detailed report

The Council made positive progress in delivering its previous asset management strategy and now needs to ensure future strategic asset plans are fully shaped by the sustainable development principle.

However, workforce challenges are impacting on its ability to plan more strategically and critically, to ensure its buildings meet statutory safety requirements.

The Council has an interim short term asset management plan in place while it determines its future operating model and will need to ensure its longer-term approach for its assets is fully shaped by the sustainable development principle

Why setting a clear vision is important

- A clear asset management strategy and well-developed delivery plans are important to identify the intended usage of assets over the short and longer term; the funding available to maintain and develop assets, as well as the anticipated future level of demand for, and cost of, providing services. It is also important to identify how the asset management strategy aligns and is integrated with other relevant strategies including, agile working, workforce, digital and carbon reduction. Learning from the changes brought about by the global COVID-19 pandemic, can help councils strengthen their ability to transform, adapt and maintain the delivery of services.

What we found:

- The Council's previous AMP covered 12 years and expired in 2021. Recognising the uncertainty brought about by the pandemic and the need to prioritise responding to the pandemic, the Council has developed an interim AMP until the end of 2022. This timescale links with the Council's updated Corporate Plan and capital strategy.
- The Council has set out a clear vision in its interim AMP "to have a lean sustainable estate that enables the Council to live within its means and support delivery of our wellbeing objectives". The interim AMP sets out four objectives underpinning its vision. There are a range of projects and actions to deliver these objectives and to mitigate the impact of the pandemic.

- The interim AMP links with the Council's well-being objective, 'Smarter Use of Resources'. It also highlights how it will support the Council reduce its carbon footprint. The Council is in the process of defining how it will operate in the future, so it has not yet articulated its longer-term plans and how they will align with each other. For example, the interim AMP doesn't consider other key resources and plans, such as digital and workforce, although these will clearly impact upon each other. This interim plan is, therefore, deliberately short term in focus while the Council determines its future operating model, recognising that this may influence its strategic approach to its assets.
- Like many organisations, the pandemic has served to accelerate some of its plans for its estate. The Council has set up a Future Service Delivery Model (FSDM) group to consider how the Council will move forward from the pandemic. Office accommodation is one of the workstreams of this group. This group should provide a useful mechanism to facilitate an integrated approach to plan and implement its operating model.
- The Council has engaged its officers to understand the current demand and need for office space. It has set out a series of principles which would underpin its future service delivery model, including hybrid or blended models of working. The Council intends to wait until its future model of working is agreed by Cabinet before taking further decisions about its office accommodation. This would include whether it can further rationalise its estate or explore options for regional and partnership working.
- The Council has estimated that the cost of its maintenance backlog is about £63 million. The Council has a range of reserves and funds to help with this backlog. However, the sum of these falls significantly short of the £63 million needed to address its maintenance backlog in its entirety. Therefore, the Council prioritises work using a matrix that prioritises health and safety issues. The risk of this approach is that issues are not addressed until they have become more serious, and potentially more costly. We would expect the next iteration of the AMP to consider more sustainable options for addressing the maintenance backlog and improving the condition of its estate.
- The Council intends to develop an eight-year AMP during 2022, which will take it up to 2030. This will give the Council the opportunity to consider its medium-term plans. It will also enable it to tie in with other corporate plans and strategies, such as the 'Carbon net zero by 2030' plan.
- Our review also found that the Council is mindful of the impact its decisions may have on the local economy. Officers were considering the different opportunities and challenges that may influence its strategic approach to its assets, such as its economic futures framework, local development plan, transport improvements, and increased regional working.

- As the Council considers its strategic approach to its assets, it is important that it ensures this is fully shaped by the sustainable development principle. For example, the Council should:
 - adopt a longer-term approach to the planning of its assets. The Act's statutory guidance states, 'it is ... expected that public bodies and public services boards will look at least 10 years ahead, although best practice would be to look 25 years ahead. In some contexts, it will be longer.' To do this, the Council needs to take account of longer-term trends and future service demand that may affect service provision and the efficient use of its built assets.
 - ensure that it takes an integrated approach to its planning from the outset so that outcomes and resources are maximised. Its approach to its workforce, estate and digital resources will clearly impact each other. The Council does not have a strategic workforce plan and the digital strategy and interim AMP are currently not aligned.
 - build on relationships with other organisations, including those forged during the pandemic, to explore further opportunities for sharing and collaborating on assets to help deliver mutual and regional benefits.
 - strengthen its approach to involving service users in its considerations of the future of its assets. Some of the plans that the Council are considering will have a longer-term impact on how services are delivered. We accept that public engagement has been challenging during the pandemic. We expect that the Council will use the time-period covered by its interim AMP to gain a greater understanding of service users' views and the potential impact of changes to the way the Council uses its assets. In 2019 the Council's citizen panel survey found that most residents were not using the online services that were available to them, for example to pay Council Tax. The Council would need to understand whether the pandemic has changed that picture.
 - consider more broadly how its strategic approach to its assets can help the Council deliver its well-being objectives and how it may impact on the delivery of others' well-being objectives too.

The Council made positive progress in implementing its previous asset management strategy. However, significant workforce challenges are affecting its ability to plan more strategically, and ensure its buildings meet statutory buildings requirements

Why effectively managing the delivery of planned changes to assets is important

- 9 It is important that asset management plans deliver the intended outcomes efficiently and effectively so that actual expenditure is as close to the levels planned as possible and councils meet their statutory duties. Effective collaboration with other organisations and involving communities about their needs can improve the services delivered to residents. Where councils do not have the range of skills, knowledge, and expertise to effectively manage both ongoing asset management and deliver strategic changes this may reduce the ability to deliver the intended outcomes.

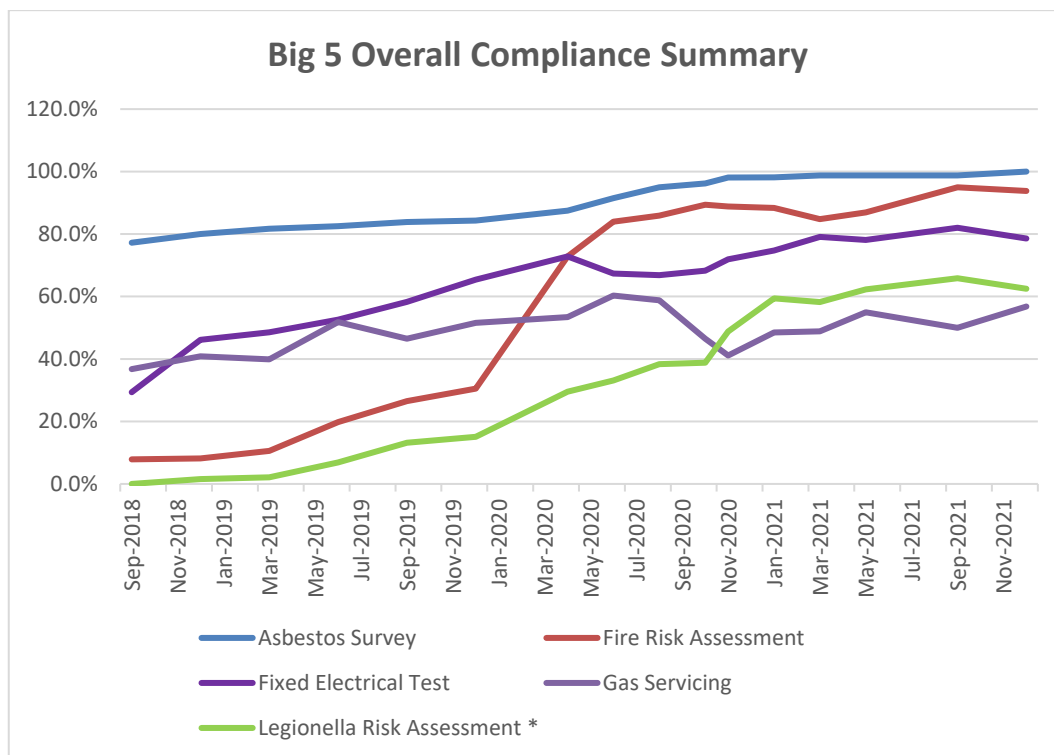
What we found

- The Council made positive progress in delivering its previous asset management strategy. For example, it has:
 - rationalised its estate. Since 2009, the Council has sold a range of assets, which has reduced its maintenance backlog by just over £20 million and generated £24 million in capital receipts.
 - taken up opportunities to share assets. For instance, it is sharing a fleet maintenance facility with South Wales Police and co-located with South Wales Police and the health board in Ravens Court.
 - outsourced its culture and leisure assets to Arwen and Halo respectively.
 - transferred a range of assets to Town and Community Councils, and other community organisations. This has been supported by a dedicated community asset transfer (CAT) officer and underpinned by a CAT policy and guidance. The Council has estimated these CATs have resulted in annual savings of about £300,000.
 - transferred the maintenance and management of assets from services to a corporate landlord model in 2018. This model covers strategic asset management, facilities management and the design and delivery of major projects.
- Like many organisations, the Council has made changes to the way it operates since the beginning of the pandemic. The Council's office-based workforce has been working from home since March 2020. The Council took considerable efforts to ensure that those staff who needed to work from its

offices were able to do so safely. The Council is also at the initial stages of considering further changes, such as:

- allowing straightforward services and transactions that moved online during the pandemic to remain online, and
 - the development of local hubs, where services are accessed in local communities rather than via the civic offices.
- During the pandemic, the Council worked closely with its partners to deliver services and share its buildings. For instance, Ravens Court was used as one of the vaccination centres. The Council is keen to build on this experience. For example, it is exploring opportunities for regional use of assets and to work with Awen Cultural Trust and Halo Leisure around well-being and prevention services, but we understand discussions are at an early stage.
 - Like many other councils, the Council is experiencing significant retention and recruitment difficulties in its property team. It currently has several vacant posts including senior surveyor and general surveyor roles. It has had some posts vacant for two years.
 - The Council is starting to explore different ways of organising its teams to help address some of these capacity issues. It is also looking at market supplements to the salaries in this area and working with external recruiters, but so far with limited success. Senior management recognise that they need to consider more sustainable solutions to these challenges.
 - Stretched capacity is having an impact on the Council's ability to plan and do as much, as quickly as it would like. This is particularly illustrated in the Council's health and safety related statutory building compliance rates as shown in **Exhibit 2** below. This covers areas such as electrical, gas, asbestos, legionella, and fire risk testing.
 - We have raised concerns with officers about the Council's performance given the potential major impacts of poor safety. We can see that the issues are being discussed at various assets related meetings. Officers have told us that they are working to address these concerns, but so far improvement in the performance has been slow. **Exhibit 2** shows that there has been some improvement in some areas, but gas and legionella testing remain significant issues. Notes of the Corporate Landlord Board meetings suggest that the Council will struggle to improve performance without additional staff.

Exhibit 2: Council’s statutory buildings compliance



* generally indicates legionella risk assessment undertaken rather than actual compliance levels. Actual compliance will be lower.

Source: Corporate Landlord Health and Safety compliance board papers December 2021

- We found a similar picture in our strategic workforce review as well as related issues in other areas we have looked at, such as digital and disabled facilities grant. Our strategic workforce report raises concerns about the impact stretched capacity is having on the Council’s resilience and provides more detail on our findings.

The Council has arrangements in place to review its assets and is improving the systems to inform these arrangements, but like many other councils, it is not benchmarking and learning from other councils

Why effectively reviewing the delivery of planned changes to assets is important

10 Councils should use data to monitor whether they are achieving their intended outcomes effectively and efficiently over the short and longer term. Using benchmarking data can provide useful insight into Councils individual performance and can identify opportunities for learning from other organisations.

What we found

- The Council did condition surveys of its assets in 2016 and 2020. Therefore, it understands the condition, value, running costs and maintenance requirements of its assets. This information is captured quarterly in a dashboard. It is considered by the departmental management team and through the Council's corporate performance assessment process. However, like other organisations, these costs are likely to have increased because of increased material costs and supply chain issues.
- Currently, the Council's assets data and asset management information is spread across several software systems. The Council recognises the limitations of its current asset management software. It is planning to replace it with a system that will hold more information in one place and make it simpler for officers to maintain up to date records of statutory building inspections.
- In 2018 the Council moved to a corporate landlord model to provide a clearer, centralised corporate view of assets, recognising that the previous model was fragmented. During our review, officers were open that the pandemic has affected the Council's ability to fully embed this model and that further work is needed to ensure this is operating as intended.
- The Council has governance arrangements in place to monitor and review its assets. Key decisions and performance data about assets are considered by the Corporate Landlord Board (CLB) and the Corporate Landlord Health and Safety Board, which meet quarterly. Each service is represented on the CLB. There are also service specific boards, such as the schools' modernisation board. There has also been a community asset transfer task and finish group. Issues can be escalated to Corporate Management Board if necessary. For instance, Corporate Management Board (CMB) and scrutiny have received updates on community asset transfers. CMB has also been updated on the Council's building safety statutory compliance checks although performance rates remain an area of concern.

- The Council's interim AMP sets out some targets, such as the level of capital receipts and community asset transfers it is aiming to deliver in 2021-22. These will help the Council determine its progress in delivering its interim plan. However, the Council is not currently benchmarking its assets related performance or approach with other councils to explore how it can learn and strengthen its arrangements. We appreciate this has been difficult during the pandemic.
- The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money. It will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections (Wales) Act 2021. To strengthen its arrangements, the Council should explore how it can compare its data, arrangements, and the learning from other organisations, for example through existing professional networks.



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