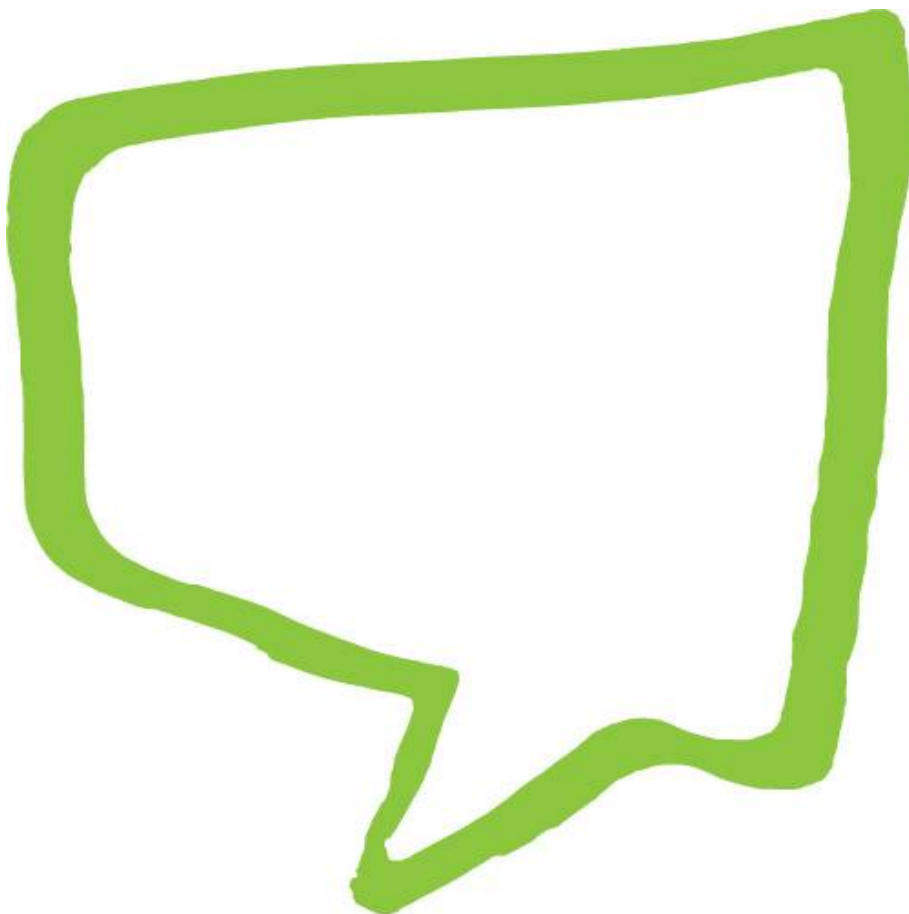


Review of Asset Management

Sunderland City Council

Audit 2008/09

April 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary report

Introduction

- 1 Corporate asset management is a key area in relation to ensuring efficiency and value for money in local authorities. It covers how the Council manages its assets to support service delivery as well as how it manages its property portfolio to achieve the Council's wider objectives. The Council's Director of Development & Regeneration identified asset management as an area where more rapid progress needs to be made and the Audit Committee endorsed this as an area for examination by the Audit Commission.

Background

- 2 The review covered the following principal areas.
 - Strategic direction: How well do plans for the assets support the delivery of strategic priorities and community needs?
 - Is there strong leadership for asset management?
 - Is there a clear long term strategy and plan for the asset base?
 - Is asset management planning integral to wider organisational business planning?
 - Is the Council delivering its strategies and plans for assets?
 - Value for money and fitness for purpose: Is VFM being delivered from the asset base and does it match needs?
 - Is the Council's asset estate generally fit for purpose?
 - Does the Council make robust decisions about its assets?
 - Is investment in assets targeted to optimum effect?
 - Is there a drive to make efficiency gains from assets?

Audit approach

- 3 The starting point for the review was a self-assessment prepared by the Council on the basis of key lines of enquiry covering the issues set out in paragraph 2. This was supplemented by a wide range of supporting documentation. Following a review of the documentation supplied, feedback was given to the Council on the initial findings and the key areas for focus in interviews. Following completion of a programme of some 20 interviews, informal feedback was again provided to the Council, discussion and comments were invited before preparation of the report. The draft report was shared with the Council, and further comment was invited prior to finalising this report. An action plan, agreed with officers, is attached as Appendix 1.

- 4 The report is structured on the basis of the topics outlined in paragraph 2. It will be used to inform judgements in the revised Use of Resources assessment.

Main conclusions

- 5 *Good progress in developing asset management is being made, but a number of issues we examined were either work in progress or still to be addressed. Asset management is undertaken on a firm corporate basis and there are some impressive achievements, particularly on a partnership basis. Some of the most important action points relate to the overall strategic context for asset management, for example the lack of an economic strategy or clear corporate direction relating to the development of an area-based approach to service delivery.*
- 6 There is good political and managerial leadership for asset management. There is an effective corporate approach, well integrated with services, and strong partnership working to achieve Council priorities. There is evidence of innovation, for example in:
 - the ‘Sunderland model’ developed in response to Building Schools for the Future; and
 - integrated health and Council facilities at Bunny Hill.
- 7 However, there are other instances where the Council's response to opportunities has been slow, for example, in relation to asset transfers, and there has not been a strategic approach to how investment in assets can best contribute to the overall regeneration of the whole City and its economy.
- 8 A number of aspects of strategy and planning for the asset base are very robust, for example the property maintenance strategy. The Council is addressing a number of aspects of sustainability. However, there is no overall corporate asset strategy or plan which sets out clearly what locations and buildings are considered to be key to future operational arrangements. Previous strategies were largely focussed on the move to customer service centres, and new plans need to be developed now that these are largely complete. There are no area based strategies, worked out with partners, to inform asset management plans.
- 9 Acquisition of key sites form an important part of the Council's approach to regeneration of central Sunderland but a more strategic approach to land acquisition across the City which might contribute to the achievement of its overall priorities is lacking. The Property Services service plan sets out clearly key actions for service improvement for 2008/09, 2009/10 and 2010/11 as well as outcomes, but some of the outcomes are not clearly defined.

Summary report

- 10** Asset management planning is well integrated with wider organisational business planning across the Council and with key public sector partners. The Council is making good progress in most areas in delivering new and improved assets, in accordance with its strategies and plans. Service transformation in a number of areas, for example education, adult care, leisure and customer services, has involved major re-configuration of the asset base. The Council is in process of rationalising its City Centre office accommodation. More efficient use of space at the Civic Centre and at Leechmere has enabled disposal of premises at The Esplanade. Asset, ICT and workforce planning are well integrated at project level but are not sufficiently integrated overall.
- 11** The Council's estate is in good condition and meets legislative requirements. However, key property data, which is three years old, highlighted instances of inefficient asset usage and unsuitable properties. The Council does not have adequate information on diverse users' views.
- 12** The Council makes appropriate decisions regarding capital investment and asset use, but does not consistently make robust decisions on its assets, especially in relation to its non-operational portfolio. The review of industrial property is too narrow in its focus and the review of community assets includes Council property only. However, there is good consultation in major asset projects with users.
- 13** Investment in assets is generally targeted well. However, there are some detailed matters which are not functioning as effectively as the broader processes for maximising the benefits from investment. The Council works well with partners to maximise the impact of investment on its priorities and there are several impressive partnership projects delivering additional value to the community as a result. Project appraisal and management processes are thorough for major projects, but less so for smaller ones.
- 14** There is evidence of a drive to make efficiency gains from assets, but this is not consistent across all areas. Property services are delivered across the Council via a service level agreement, so costs are transparent, but these services have not been market tested and minor maintenance works (under £50,000) have not been subject to competition. Savings have been achieved through improvements in energy efficiency and energy procurement. The Council has developed a toolkit for home and mobile working and there are some examples of this being implemented; however, this has not been developed into a consistent corporate approach.

Detailed report

Strategic direction

Is there strong leadership for asset management?

- 15 *There is good political and managerial leadership for asset management. There is an effective corporate approach and strong partnership working to achieve Council priorities. However, there are instances where the Council's response to opportunities has been slow and there is scope for asset management to improve its contribution to the Council's wider economic and social objectives.*
- 16 Effective political leadership on asset management is provided by the Portfolio Holder for Resources. He is briefed by the Director of Development and Regeneration and the Head of Land and Property on a formal basis monthly, as well as informally much more frequently. There are fortnightly meetings on key projects between the Council's political and managerial leadership. Scrutiny has also played a positive role in contributing to asset management policy development, for example relating to disposal policy.
- 17 There is a well established process in place for asset management, involving the Executive Management Team, Capital Strategy Group (CSG) and Directorate Capital Boards. CSG oversees the corporate approach at a strategic level in the Council. It is currently chaired by the City Treasurer (having previously been chaired by the Deputy Chief Executive, that post is currently vacant) and comprises Heads of Service from each directorate. These arrangements ensure a corporate approach to asset management, well co-ordinated with services.
- 18 In order to ensure that its approach to asset management is optimal, the Council commissioned IPF in 2005 to undertake a 'healthcheck' and this fed directly into the improvement plan which is at the heart of the revised draft asset management plan (AMP).
- 19 The Council has taken an innovative approach to maximising opportunities from asset development. The Council secured Government agreement to a new model of funding for academies within the overall programme of modernisation of the secondary school sector, whereby the Council has provided half of the 'external' financing requirement and another partner the other half. In this way the Council has been able to promote the idea that the three new academies should be an integral part of the 'family' of schools in Sunderland, rather than separate from the LEA sector. The Council is seeking, following extensive consultation, to ensure that a proposed new crossing of the River Wear is of 'iconic' design so that it can be seen as a symbol for the City, its regeneration and its ambition.

Detailed report

- 20 Exploration of innovative approaches to some aspects of asset management has been slow, for example a local asset based vehicle in partnership with the private sector which has now had to be put in abeyance in the current financial climate, and consideration of asset transfer to the voluntary and community sector. The Council has sometimes been slow to move from pilots to widespread adoption, for example in relation to modernised working arrangements. Revision of the AMP, although welcome, has also taken a considerable length of time
- 21 The Council's Head of Land and Property takes the lead role in the Strategic Property Group which comprises the Council and its public sector partners. This group shares information and identifies opportunities for joint working and co-location on an ongoing basis. There are particularly strong relationships and very frequent contacts with the primary care trust (PCT), which have led to ambitious joint asset projects, the one at Bunny Hill being highly regarded nationally as a model scheme.

Is there a clear long term strategy and plan for the asset base?

- 22 *There are a number of aspects of strategy and planning for the asset base which are very robust, but there are also some gaps, not all of which are currently being addressed.*
- 23 Property investment is linked to the priorities established in the Sunderland Strategy 2008-25 and the draft AMP sets out in general terms how property supports each of its priorities. It is also linked to the Council's strategic priorities and cross-cutting themes set out in the Corporate Improvement Plan (CIP); this is the Council's overarching plan that identifies its priorities and key actions throughout the organisation to achieve them. Asset management is an integral part of the CIP.
- 24 There is a clear property strategy in the draft AMP, based on four key themes.
- Retain only fit for purpose property.
 - Reduce energy consumption.
 - Challenge the property portfolio.
 - Develop facilities to support the City.
- 25 These are to be delivered through four programmes.
- Property maintenance.
 - Capital projects.
 - Energy management.
 - Property rationalisation.
- 26 The Property Services Service Plan sets out clearly key actions for service improvement for 2008/09, 2009/10 and 2010/11 as well as outcomes, but not all of the outcomes are SMART. Vague outcomes include 'improved use of resources and more efficient use of buildings portfolio' and 'improved trading position for the port', while outcomes for the industrial portfolio include the rate of return but not job creation. This means that progress cannot properly be monitored.

- 27 The Council is moving towards an area approach to service delivery and has established multi-service and multi-agency service points. The Council planned its Customer First programme very well with partners in order to serve communities' needs better. Customer access to services is being delivered through centres in four locations in addition to the City Centre. Co-location of health and fitness facilities has been incorporated wherever possible. The locations were determined on the basis of deprivation data and impact on deprivation in these localities is demonstrable. However, there is no overall corporate asset strategy or plan which makes clear what locations and buildings are considered to be key to future operational arrangements or overall area delivery strategy, worked out with partners. Previous strategies were largely focussed on the move to customer service centres, and new plans need to be developed now that these are largely complete.
- 28 The AMP does not cover highways, but consultants have been appointed, jointly with Newcastle City Council, to provide the basis for a highways AMP by March 2009.
- 29 The Council has sensibly set aside a strategic investment reserve, largely arising from the sale of the Council's housing stock (£45 million) and sale by the Council and neighbouring authorities of a 49 per cent stake in Newcastle International Airport (£35 million). This is intended to be drawn on only for delivery of major projects to support strategic priorities.
- 30 Together with the regional development agency One North East (ONE) and English Estates (now subsumed into the Housing and Communities Agency (HCA)), the Council established Sunderland Arc, which has a private sector chair and significant private sector representation, as a vehicle for regeneration of Central Sunderland, and Arc has developed an agreed regeneration strategy. There have, however, been some tensions between the Council and Arc over some asset issues relating to delivery of regeneration, though these have lessened in recent months. Furthermore, there is no regeneration strategy for the City as a whole, but the Council and its partners are in process of commissioning an economic development master plan for the City.
- 31 Acquisition of key sites form an important part of the Council's approach to regeneration, for example:
- a joint venture with Gentoo to regenerate the Castletown area;
 - working with Sunnyside Partnership on land acquisition, procurement of preferred developers, public realm improvements and development of The Place for business and arts as key elements in the regeneration of this City Centre area; and
 - acquisition of property in Farrington Row, another City Centre regeneration initiative.

However, a more strategic approach to land acquisition City-wide which might contribute to the achievement of its overall priorities is lacking.

- 32 The property maintenance strategy provides for property expenditure to be based on good information and priorities agreed with service areas. This ensures that service priorities and property investment are aligned.

Detailed report

- 33** The Council is addressing a number of aspects of sustainability well and has won a national award for tackling climate change. The BSF design guide ensures that a sustainable approach is taken to development of new schools and that their environmental impact is properly managed and maintained. The Council's Carbon Plan is bringing projects forward that will reduce the City's carbon footprint through wood energy, wind energy and Carbon Trust supported programmes.

Is asset management planning integral to wider organisational business planning?

- 34** *Asset management planning is well integrated with wider organisational business planning across the Council and with key public sector partners. However, this does not apply sufficiently to working with the voluntary and community sector.*
- 35** The Capital Strategy Group ensures liaison between services and the corporate centre at a strategic level. There is good property data used at strategic level across the Council to ensure service and property planning are fully integrated. Regular liaison between the Head of Land and Property, as the corporate property officer, and services, together with a property challenge process, ensures that service planning is well integrated with asset management planning. Service planning templates require identification of asset management issues. Property management files contain comprehensive information on buildings and there are maintenance plans for all assets.
- 36** Service transformation in a number of areas, for example adult care, leisure and customer services, has involved major re-configuration of the asset base. Asset, ICT and workforce planning are well integrated at project level but are not sufficiently integrated overall. Initial discussion as to how this might be achieved has taken place through the Business Improvement Programme.
- 37** Public sector agencies share their three year development programmes and consider the scope for collaboration and integration on a regular basis through the Strategic Property Group. This is reflected in the wide range of joint asset developments which have been undertaken or are planned.
- 38** The Council communicates well with voluntary organisations. The Sunderland Compact (a governance framework for the community and voluntary sector, which includes guidance in areas such as procurement and grant funding, and embraces diversity issues) has been developed in partnership with the community and voluntary sector. Partnership working on the Compact has been constructive, and it is anticipated that the Compact will be implemented in the next two to three months. However, little consideration has been given to asset transfer to the voluntary and community sector. Funding opportunities open to the sector may therefore be missed.

Is the Council delivering its strategies and plans for assets?

- 39 *The Council is making good progress in most areas in delivering new and improved assets, in accordance with its strategies and plans.*
- 40 The Council is delivering the first wave of its BSF programme to the value of £95million. The Sunderland academy model involves partnership between the Council and major public and private sector sponsors. The programme is delivering many sustainable features, such as green roofs and wood boilers.
- 41 The Council has delivered a good network of customer access points across the City, providing one stop shop Council services access as well as health care access and involves a range of public, private and voluntary sector providers. In Bunny Hill, for example, this includes a customer service centre, library and electronic village hall, a wellness centre, an adult and community learning centre, a children's centre, a primary health care centre and GP practice, a housing office, a pharmacy, a community suite, café, day nursery and crèche. Other partnership developments include a new library alongside extra care housing at Silksworth. These improve access and provide services that are more integrated, broader in scope and better quality.
- 42 The Council is in process of rationalising its City Centre office accommodation. More efficient use of space at the Civic Centre and office accommodation at Leechmere has enabled disposal of premises at The Esplanade.
- 43 Property acquisition and investment in the Sunnyside regeneration area through the Sunnyside Partnership has delivered new jobs, new residential accommodation, new business opportunities and new commercial development.
- 44 The modernisation of the City's swimming provision has provided a new Aquatic Centre, thought to be the most environmentally friendly pool in the country. In addition, two new 25 metre pools will be completed in 2009. The Aquatic Centre, developed on a brownfield site, incorporating health facilities and a wellness centre, and with a pricing structure targeted to particular groups, is a good example of asset development geared to achieving multiple priority objectives of the Council.
- 45 Construction of a new Business Innovation Centre 'Evolve' at Rainton Bridge has created new floorspace for business development and expansion. The Digital Challenge Programme has resulted in provision of ICT across a wide range of venues in the community.
- 46 There has been good progress on sustainability. Initiatives on energy efficiency include automatic metering and Carbon Trust (Salix) funding will contribute to work on lighting, insulation and heating controls. All excavations on the Southern Radial Route were recycled or disposed of within the project site. Carbon emissions were reduced by 1.6 per cent in 2007/08 towards a five-year 10 per cent reduction target. Risk assessments for climate change have been completed, with all key weather impacts having been assessed.
- 47 The Council has utilised provisions for disposal of assets at less than best consideration to deliver strategic priorities, often in conjunction with partners, for example for new social housing provision in partnership with Gentoo. At the present time, some disposals have had to be put on hold due to market conditions.

Detailed report

Recommendations	
R1	When exploring innovative arrangements or potential rollout of initiatives, the Council should set target dates for decision and review progress on a periodic basis.
R2	The Head of Land and Property should ensure that all outcomes in the service plan are SMART and cover a wider range of desired impacts.
R3	The Council should ensure that a more specific asset strategy is developed, based on: <ul style="list-style-type: none">• an overall assessment of accommodation requirements arising from key service requirements and aspirations over five to ten years;• an overall area delivery strategy, developed in conjunction with partners; and• regeneration and economic development needs across the City.
R4	The Council should undertake a strategic review of land acquisition requirements and opportunities.
R5	Asset, ICT and workforce planning should be better integrated at a strategic level.
R6	The Council should explore with the voluntary and community sector whether there may be opportunities for transfer of community assets which could be beneficial to the community.

Value for money and fitness for purpose

Is the Council's asset estate generally fit for purpose?

- 48** *The Council's estate is in good condition and meets legislative requirements. However, key property data, which is three years old, highlighted inefficient asset usage and unsuitable properties. The Council does not have adequate information on diverse users' views.*
- 49** The Council assessed 99.8 per cent of its buildings being fit for purpose in relation to compliance with legislation in 2007/08 and this increased to 100 per cent early in 2008/09. Action taken by the Council some years ago in pursuing large scale voluntary transfer of the housing stock has resulted in this stock meeting the decent homes standard ahead of the Government's national target.
- 50** Condition, suitability and sufficiency baseline data was collated in 2005/06 and shows that:
- the condition of 95 per cent of non-operational and 85 per cent of operational buildings was satisfactory;
 - 8 per cent of properties were 85-100 per cent occupied, with over a quarter of properties below 70 per cent or above 120 per cent utilisation; and
 - 48 per cent of properties required major alterations to facilitate a fully suitable service provision.

- 51 The backlog of urgent (within 12 months) and essential (two years) maintenance is assessed at £10.4 million and this is anticipated to reduce to £7.76 million given current replacement projects. IPF data indicates that the maintenance backlog and the condition of the property portfolio are average or better compared with other authorities.
- 52 Additional resources have been directed to repairs and renewals to ensure that the strategy of improvement and rationalisation delivers a sustainable portfolio. In the current year a contingency sum of £0.75million is being spent on planned maintenance to address high maintenance needs of buildings to be retained longer term. This should enable further progress towards the good practice ratio of 70:30 planned to responsive maintenance from a poor reverse ratio of 30:70 in 2007/08.
- 53 Data on building condition is generally good, but there is little evidence available of diverse users' satisfaction data being obtained on a regular basis. This means that their views are not taken into account in determining programmes. Client satisfaction with completed projects is available and this is high, with seven indicators all averaging above 70 per cent between 2006 and 2008.
- 54 Health and safety risks of electricity at work, asbestos and water hygiene are managed effectively and asbestos and legionella risks are minimised. Effective action has also been taken to ensure that buildings comply with Disability Discrimination Act requirements, with the result that the performance indicator for accessibility improved from 18 per cent at the end of 2003/04 to 88 per cent by the end of 2007/08.

Does the Council make robust decisions about its assets?

- 55 *The Council makes appropriate decisions regarding capital investment and asset use, which are well evidenced. However it does not consistently make robust decisions on its assets, especially in relation to its non-operational portfolio.*
- 56 Operational Council assets are challenged appropriately as regards their contribution to Council priorities. This is undertaken by using strategic property data as part of the challenge process with service areas. A thorough approach to option appraisal forms part of the process for the evaluation of capital projects for inclusion in the capital programme. IPF has delivered training on option appraisal and whole life costing to key Council staff involved in project development and scheme delivery.
- 57 The Council has not previously undertaken a comprehensive review of its non-operational assets but reviews have now commenced in respect of this portfolio. The review of the industrial portfolio has been completed. A review of community assets is under way, and will identify where community facilities are under-utilised, where there are gaps in provision or where there is scope for efficiencies through improved use of premises. Reviews of a further 15 categories of land and property are expected to be complete by June 2009.

Detailed report

- 58** The review of industrial property is not robust. It considers only two basic options - retention or disposal of the portfolio as a whole - apart from the possibility of disposing separately of two unoccupied estates. It does not consider, for example, reducing or expanding the portfolio; investing in the empty estates; the types of business each estate is suitable for; which estates are more important for job creation or job retention; demand for units of various types and sizes; or the possibility of offering existing tenants the option of purchasing their freeholds. The outcome of the review is ultimately determined by an assumption that disposal would necessarily jeopardise the economic and regeneration objectives of the Council.
- 59** The review of community assets includes Council property only. In order for the Council to be in a position to take decisions about the future of these assets, it will be necessary to extend this review to other community assets, so that there is a full picture of the role and relative importance of Council property in relation to other facilities in any given locality.
- 60** There is good consultation on major asset projects with users and the wider community, for example, in relation to new schools, where discussions held with the BSF design team and bidding consortia influenced design quality indicators to assess proposed designs. Tenants' views have been sought as part of the industrial portfolio review and have helped to develop a recommended approach to investment. Extra care scheme families were consulted, particularly as to location needs. Consultation about day services for people with physical disabilities was around lifestyle choices. Users did not want to be confined to day centres, but wanted links with other people and help in arranging their lives outside of the day centre. As a result, a smaller day centre is to be built.
- 61** The Council has taken some difficult decisions in implementing its asset management plans. The closure of a number of Council care homes has been implemented as a result of the modernisation of the service. The Council is currently in negotiations for the transfer of operational control of the Port of Sunderland and its assets to an operational partner who will have control of the asset and day to day port matters.
- 62** The Council pursues disposal of surplus assets appropriately, but there are no target times set for time taken to reach a decision on disposal once it is known that a property will no longer be required for its present purpose, or for disposal to take place once a decision has been taken. An asset disposal strategy is in preparation. Not surprisingly, the recent deterioration in financial and economic conditions has led the Council to suspend some disposals.
- 63** Scrutiny has undertaken a number of reviews and examined issues relating to asset management. These include land and premises to support employment, the industrial portfolio review and disposal policy for surplus land and property. In relation to the latter, for example, improvements relating to sales particulars and development guidance and time limits on evaluation were recommended.

Is investment in assets targeted to optimum effect?

- 64 *Investment in assets is generally targeted well. However, there are some detailed matters which are not functioning as effectively as the broader processes for maximising the benefits from investment.*
- 65 Capital expenditure is focused on projects and activities which support the achievement of the Council's corporate strategy and the Council's commitment to continuous service improvement. Capital investment appraisal processes evaluate capital projects against criteria such as linkage to strategic and service objectives, outcomes, cost, sustainability, and availability of funding. Strategic and outline business cases, feasibility studies, whole life costing, BREEAM standards, and Prince 2 methodology are applied to major capital investment projects and decisions. However, formal processes of this kind are not in place for smaller projects, for example extensions, where there is less control over potential savings.
- 66 A corporate framework is in place to monitor the overall capital programme. Each directorate has a Capital Board which monitors progress monthly. Quarterly reports are presented to Cabinet detailing the financial position, cost and timeline variations, and impact on the overall programme. Overall, the 2007/08 £70 million capital programme was delivered in a rapidly changing financial climate.
- 67 The indicators which measured project delivery against original time and cost are no longer monitored by Design Services. It is noted that within the delivery of the capital programme, 27 per cent of the original capital programme was reprofiled to 2008/09. The second capital review in 2008/09 showed a £12.6 million (10 per cent) reprofile to 2009/10. Reasons for this include delays in obtaining funding, ensuring effective consultation is undertaken and receipt of time limited funding which requires redirecting of resources. The lack of these performance measures will impede the Council's ability to highlight fully, diagnose and take action to address causes of delay and any cost variances.
- 68 Business process re-engineering has been used for locality based working and workforce reform. Using a national procurement framework for schools resulted in less traditional procurement. As a consequence, in 2006 Design Services restructured its service delivery, with 70 per cent of its work now being in an advisory or project management role, and 30 per cent traditional procurement. Previously, 70 per cent was on traditional procurement, and 30 per cent on design and build schemes. This resulted in a reduction of 26 posts.
- 69 The Council works well with partners to maximise the impact of investment on its priorities. It works closely with Sunderland Arc and the regional development agencies with regards to the regeneration of key city sites. The Strategic Property Group enables public sector partners to share information and develop initiatives for joint working. Cross institutional use of buildings can be evidenced by co-location of services at Bunny Hill, Ryhope and Washington.

Is there a drive to make efficiency gains from assets?

- 70 *There is evidence of a drive to make efficiency gains from assets, but this is not consistent across all areas.*
- 71 The Council has re-configured its support for property to ensure a corporate approach to the strategic asset management function. Property services are delivered across the Council via a service level agreement. However, these services have not been market tested and minor maintenance works (under £50,000) have not been subject to competition.
- 72 The Council's energy programme takes a corporate approach to energy management and aims to ensure that value for money is secured. The programme realised £106,000 of efficiencies in 2007/08.
- 73 The Council procures energy through a regional consortium by using a flexible methodology to mitigate the risks associated with volatile energy markets. In 2007/08, savings on market prices of 15.2 per cent were achieved for electricity and 27.5 per cent for gas. Where appropriate, e-tendering is used for the procurement of building works. Savings have been calculated at £70,000 per annum. The BSF programme has been delivered via a national framework agreement.
- 74 A target is set for the rate of return on the industrial portfolio. Voids are monitored monthly, and there is a related income target. However, there is no target in terms of employment. The rate of return achieved has decreased from 13 per cent in 2006/07 to 10 per cent in 2007/08.
- 75 In response to our previous work on lease management arrangements, the Council has started to use comparable rent information from the private sector where appropriate. A lettings strategy is being developed which will include improvements to address weaknesses identified in managing rent reviews and monitoring compliance with lease terms.
- 76 The strategic approach that is adopted ensures that options in respect of property are fully considered before decisions are taken on re-use, re-deployment or disposal, thereby ensuring that decisions are taken in the best interests of the Council. Potential use by external partners is considered via the Strategic Property Board.
- 77 A disposals policy has been developed to deal with difficulties arising due to 'abnormal development costs' which frequently result in developers renegotiating the sale price. It proposes greater clarity be stipulated as to what would and would not be accepted as 'abnormal costs'.
- 78 Energy efficiency schemes funded by the Carbon Trust under the Salix arrangement are evaluated on the cost per tonne of carbon dioxide saved over the expected lifetime of the measure. All utility invoices are now validated using TEAM monitoring and targeting software. However, there have been problems with historical information and questions over baseline energy data. Automatic utilities metering has started to be rolled out, which will improve the management of energy as accurate data will be available to show when energy is being used.

- 79** The Council has developed a toolkit for home and mobile working. There are some examples of this being implemented. However, this has not been developed into a consistent corporate approach.
- 80** The performance review clinic reports on progress with regard to asset management performance indicators. This forms part of the Council's performance management framework. However, Design Services have reduced their emphasis on detailed performance data collection, target setting and monitoring as part of their internal performance management approach. The Council is part of the IPF benchmarking initiative and benchmarks its performance accordingly.

Recommendations	
R7	The Council should improve its coverage of diverse users' satisfaction with assets.
R8	The Council should ensure that a comprehensive and robust review of all assets is undertaken. This should be based on up to date data.
R9	The Council should extend its review of community assets to ensure that there is comprehensive coverage of the facilities available in local communities.
R10	The Council should extend formal project and management processes to all projects above a de minimis value.
R11	Project delivery should continue to be monitored against original cost and time assessments and reasons for significant variations should be investigated. Findings from this should be used to inform the development of the capital programme
R12	The Council should consider how its property related services can best be market tested.
R13	The Council should determine an overall corporate policy on modern working arrangements and implement it consistently throughout the Council. Outcomes should be measured, and related targets set.

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R1 When exploring innovative arrangements or potential rollout of initiatives, the Council should set target dates for decision and review progress on a periodic basis.	1	Capital Strategy Group	Agreed	Capital Strategy Terms of reference and performance management arrangements reviewed to incorporate monitoring and review of impacts of initiatives.	September 2009
11	R2 The Head of Land and Property should ensure that all outcomes in the service plan are SMART and cover a wider range of desired impacts.	2	Head of Land and Property	Agreed	2009/10 Service Plan outcomes to be addressed.	May 2009
11	R3 The Council should ensure that a more specific asset strategy is developed, based on: <ul style="list-style-type: none"> an overall assessment of accommodation requirements arising from key service requirements and aspirations over five to ten years; an overall area delivery strategy, developed in conjunction with partners; and regeneration and economic development needs across the City. 	3	Capital Strategy Group	Agreed	Requirements to be assessed and options considered via asset management workshop and taken forward as part of Smarter Working Project.	September 2009
11	R4 The Council should undertake a strategic review of land acquisition requirements and opportunities.	3	Capital Strategy Group	Agreed	Acquisition Strategy to be developed and agreed.	October 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R5 Asset, ICT and workforce planning should be better integrated at a strategic level.	2	Smarter Working Project Board	Agreed	Strategic approach to be integrated into Smarter Working Project and rolled out on project basis thereafter.	June 2009
11	R6 The Council should explore with the voluntary and community sector whether there may be opportunities for transfer of community assets which could be beneficial to the community.	1	Capital Strategy Group and Community Asset Group	Agreed	Options to be considered as an output from the review of the use of community assets.	October 2009
16	R7 The Council should improve its coverage of diverse users' satisfaction with assets.	2	Head of land and Property and Head of Performance Improvement	Agreed	Develop engagement framework for capturing diverse user views of council buildings.	September 2009
16	R8 The Council should ensure that a comprehensive and robust review of all assets is undertaken. This should be based on up to date data.	3	Smarter Working Project Board and Head of Land and Property	Agreed	Requirements to be assessed and options considered via asset management workshop and taken forward as part of Smarter Working Project. Programme for review of non operational property to be completed.	September 2009 October 2009
16	R9 The Council should extend its review of community assets to ensure that there is comprehensive coverage of the facilities available in local communities.	2	Capital Strategy Group and Community Asset Group	Agreed	Non Council owned assets will be included in the scope of the community asset review.	October 2009
16	R10 The Council should extend formal project and management processes to all projects above a deminimis value.	1	Head of Land and Property and Head of Programme and Project Office	Agreed	Deminimis value to be agreed and guidelines issued.	September 2009

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
16	R11 Project delivery should continue to be monitored against original cost and time assessments and reasons for significant variations should be investigated. Findings from this should be used to inform the development of the capital programme.	2	Capital Strategy Group and Capital Boards	Agreed	Instigate reporting process from Capital Boards to Capital Strategy Group.	December 2009
16	R12 The Council should consider how its property related services can best be market tested.	2	Executive Management Team, Capital Strategy Group and Head of Land and Property	Agreed	Report to Executive Management Team.	September 2009
16	R13 The Council should determine an overall corporate policy on modern working arrangements and implement it consistently throughout the Council. Outcomes should be measured, and related targets set.	2	Smarter Working Project Board	Agreed	Policy approach to be led by Board and implemented as part of individual projects going forward.	September 2009

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