

# Springing Forward – Strategic Management of Assets – Neath Port Talbot County Borough Council

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# Summary report

## Summary report

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# Summary report

## Summary

### What we reviewed and why

- 1 We reviewed the Council's arrangements for managing its assets with a 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 As the world moves forward, learning from the global pandemic, this review has looked at how the Council is strengthening its ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 3 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 we recognised that it would take time for public bodies to embed the sustainable development principle, but we also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now over seven years since the Well-being of Future Generations Act was passed and we are into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 4 This review 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 in partnership to strengthen their arrangements as well as further embed the sustainable development principle; and
  - to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples, learning and making appropriate recommendations.
- 5 Undertaking this review is important because as of October 2023 the Council had 1,323 individual asset units in its portfolio. This diverse range of assets includes; schools, libraries, leisure centres, office accommodation, commercial units, bus stations and public conveniences.
- 6 The COVID-19 pandemic has impacted on the way and where staff work. This report examines some of these impacts and the way that the Council benefits from the positives and mitigates risks from the negative when planning future service delivery.
- 7 We undertook the review during the period January 2022 to October 2023.

## What we found

Our review sought to answer the question: 'Is the Council's strategic approach to its assets strengthening its ability to transform, adapt and maintain the delivery of its services in the short and longer-term?'. We have concluded that the Council does not have a current vision and plan for managing its assets or timely and comprehensive monitoring arrangements.

8 We reached this conclusion because:

- the Council has not yet set out an updated vision and ambition for the strategic use of its assets;
- the Council does not have an up-to-date asset delivery action plan which, combined with the scale of the poor condition and associated costs of maintaining its assets, are significant risks; and
- the Council does not have an effective approach to monitoring and evaluating the management of its assets.

## Recommendations

### Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations
<p><b>R1 – Strategic asset management vision and strategy</b></p> <ul style="list-style-type: none"><li>• In developing its new Corporate Asset Management Strategy, the Council should put the Sustainable Development Principle at the heart of its considerations. In particular setting out its long-term vision and the outcomes it wants to achieve over the short, medium and longer term.</li></ul>
<p><b>R2 – Strategic asset management planning and delivery</b></p> <ul style="list-style-type: none"><li>• Once the Council has agreed its new Corporate Asset Management Strategy it should develop the supporting arrangements to ensure that it has sufficient corporate oversight and a consistent approach to the delivery of its asset objectives across the organisation.</li></ul>

## Recommendations

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### **R3 – Strategic asset management governance and monitoring**

- To ensure that the Council is able to understand the progress its asset management strategy and arrangements are making and how those are helping to deliver and achieve its Well-being Objectives, it will need to assure itself that its current governance arrangements are sufficient to effectively monitor its progress.
  - To ensure that it can better understand the progress it is making around its assets, and to determine if it is delivering value for money, the Council needs to:
    - develop and communicate regular progress monitoring reports;
    - develop a broader set of asset related measures; and
    - look for opportunities to benchmark itself against other organisations.
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In responding to the above recommendations and in the other areas for improvement highlighted within the following report, we would draw the Council's attention to **Appendix 1** of the Audit Wales national report [Springing Forward: Lessons from our work on workforce and assets in local government](#). This illustrates what good application of the sustainable development principle could look like in relation to asset management.

# Detailed report

**The Council does not have a current vision and plan for managing its assets or timely and comprehensive monitoring arrangements**

**The Council has not yet set out an updated vision and ambition for the strategic use of its assets**

## **Strategic asset management vision and strategy**

- 1 The Council has not yet agreed an updated vision and ambition for its assets.** The Council's Asset Management Plan covered the period 2016-2021 which means the Council has been without an up-to-date asset management plan for two years. That 2016-2021 Asset Management Plan included six high level objectives. When considered together these objectives provided a helpful summary of the Council's ambition for its assets at that time. However, given the elapsed time since these objectives were agreed pre-pandemic, they do not necessarily reflect the Council's current and future ambition for its assets, or the significant changes that the pandemic has brought to the needs of its workforce, assets and communities.
- 2 Whilst the Council has aspects of a vision for assets referenced within its 2023-2026 Property Service Recovery Plan and Regeneration Service Recovery Plan, these are largely focused on the related services and not on the Council's strategic long-term vision for all its assets.** Whilst the Council has recently told us that it is in the process of updating its asset management plan, there is a risk that without this corporate asset management plan in place, decisions around assets may not necessarily reflect the current strategic context the Council faces. It is important that the Council has a clear and current vision for its assets, which draws together the ambition for assets for all services, as it will ensure that both senior officers and Members are clear on the vision for assets and are able to ensure actions and investment are better aligned to deliver this.
- 3 The Council's approach to the rationalisation of its office accommodation is being directly influenced by the move to hybrid working, accelerated by the pandemic.** The significant shift towards more hybrid/home working during Covid has resulted in a significant fall in occupancy rates in the Council's main office buildings. This significant change in working practice has been underpinned by the Council's Hybrid Working Framework which has resulted in the need for less office accommodation. This is a key factor in shaping the recent planned rationalisation of the Council's office accommodation. Whilst occupancy rates were well documented during the pandemic, it will be important to ensure that current and ongoing occupancy rates are measured to ensure that any rationalisation decisions are based on current data.

- 4 **The Council has identified managing its assets as a key enabler to delivering its strategic priorities.** Assets sit as a key enabler within the Council's current Corporate Plan, as part of the Council's Strategic Change Programme. Whilst its assets are identified as important in underpinning the delivery of the Council's Well-being Objectives, there is limited detail in its Corporate Plan on how this will be achieved. The Council needs an updated vision and plan for its assets to ensure going forward that there is clarity on how its ambition for its assets will be achieved.
- 5 **The Council's approach to asset management is not clearly integrated with the Council's strategic change programmes and its wider policy framework.** The Council's previous 2016-2021 Asset Management Plan included a helpful explanation of how assets were a key element of the Council's former strategic landscape. However, this landscape has changed significantly since the drafting of the Asset Management Plan 2016-2021. The Council needs to consider how its new and updated asset management plan will be integrated with its strategic change programme (which includes, amongst other initiatives, digital transformation, workforce development, and the move to hybrid working). The Council needs to ensure that the interdependencies and shared opportunities between these programmes are understood and maximised. The Council will also need to ensure that when it agrees its updated asset management plan, that it is effectively integrated and aligned with all the other key Council strategies including the delivery of its corporate plan, regeneration strategy, and wider planning and development ambitions and objectives.
- 6 **The Council's ambitions for its assets are not sufficiently long-term.** The Council's previous 2016-2021 Asset Management Plan covered a five-year time horizon. The Council's positive work undertaken to establish a twenty-year ambition for its Well-being Objectives within its Corporate Plan could be applied to how the Council now articulates its updated ambition for its assets. Having a longer-term time horizon for the strategic planning of its assets will enable the Council to ensure its decision-making is joined up, delivers value for money over the short, medium, and longer term, and also support its long-term ambitions within its Corporate Plan.
- 7 **The Council is still developing an understanding of how future service models, demand, and building condition impact its longer-term ambition for its assets.** There are examples of where the Council has developed a good understanding of need, including service need, and asset condition, such as with the rationalisation of offices in phase one of its accommodation review. However, the Council has told us that its routine asset condition survey work has been delayed due to Covid. There are also key areas of work still in progress, such as the independent survey work being undertaken on the Council's three key offices, the independent survey of schools being undertaken by Welsh Government, and the Council's proposed re-running of the occupancy survey tool for its existing office accommodation. The Council will need to consider the outputs from all this work alongside engaging with managers, staff, and trade unions to understand future service needs. This will enable the Council to have a robust evidence base to support its decisions around the suitability of its assets to meet service need and



to influence future choices for how it uses and manages its asset portfolio in the short, medium, and longer term.

## **The Council does not have an up-to-date asset delivery action plan which, along with the scale of the poor condition and associated costs of maintaining its assets, are significant risks**

### **Strategic asset management planning and delivery**

- 8 **The Council's strategic planning for delivering its asset ambitions is hindered by not having a current asset delivery action plan.** The Council's previous 2016-2021 Asset Management Plan was underpinned by an agreed set of actions to deliver its ambition for the period 2017-2019 and onwards, however these actions are no longer current. The Council has included some actions on how assets will be used to support some of the Council's service objectives in its new 2023-2026 Service Recovery Plans for the Strategic Property and Valuation Service and for the Regeneration Service, but it does not have a comprehensive corporate asset delivery action plan. Without a clear up to date delivery action plan for all Council assets, which sets out its priorities over the short, medium and longer-term, the Council will be unable to assure itself that its actions are fully aligned to and sufficiently resourced to deliver its asset priorities.
- 9 **The Council's service arrangements for planning and delivering its assets are not comprehensive or sufficiently strategic.** Whilst the Strategic Property and Valuation Team take a lead in asset management for the Council, decisions on what assets are needed to support service needs are devolved to some key directorates such as Social Services and Education. However, there are currently no service specific asset management plans for all services. There are, however, some service plans which encompass aspects of planning for assets, such as investment in regeneration/commercial type assets in the Regeneration Service Recovery Plan, plans for new/modernising schools under the 21<sup>st</sup> Century school programme, and accommodation needs outlined within the various Social Services' strategies. The Council has told us that the central Property Team meet regularly with other council services to discuss their plans around assets, however, this is driven by need and is not part of a wider strategic consideration of assets or a corporate understanding and ownership of the Council's asset priorities and ambitions across all services for the short, medium and long-term. It is our view that where asset responsibilities are devolved to services, there is a risk that without a consistent and joined up approach to service asset planning that informs a strategic corporate asset management plan, responses to service asset needs could be reactive and fragmented rather than strategic. Whilst the Council has expressed a desire to move to a full corporate landlord model to mitigate some of these risks, having a corporate approach to planning for assets across all its

services would improve its ability to strategically plan for its assets, and would underpin its new corporate asset management plan.

- 10 **There are some positive examples of where the Council is considering its own and partners assets in the context of collaborative working and development.** Examples of this include:
- The Council has staff co-located within other public bodies buildings, supporting cross-sector working.
  - The Council has successfully transferred many of its community-based assets to community groups and is providing ongoing financial support for maintaining these assets via grants from the Shared Prosperity Fund.
  - In partnership with Welsh Government, the City Deal and the private sector the Council helped build the Bay Technology Centre, the first carbon positive building in Wales.
  - The Council was also a key partner within the successful collaborative bid for the Celtic Freeport. Whilst focused on economic regeneration, this may also in the medium term see the Celtic Freeport Company utilise some of the Council's surplus office accommodation.
- 11 We would encourage the Council to continue to explore opportunities for collaborative use of its assets in delivering its asset ambitions and articulate how it will do this in its new corporate asset management plan. This will help ensure that the Council maximises the efficient use of its assets in a strategic and joined up way across all its services, strategies and partnerships, and draws on best practices for assets within other stakeholders and organisations.
- 12 **The Council has engaged well with staff and trades unions on the first stage of the changes to its office accommodation.** The Council has worked with trades unions and staff on phase one of the accommodation review. This phase of the review resulted in the rationalisation of several satellite offices, impacting over 190 staff. The Council has also told us that this proactive approach will also underpin its phase two accommodation review, which will impact on significantly more staff. Continuing to have an open and honest dialogue with staff over future changes to how the office accommodation can be and will be used will be an important part of ensuring that any changes, expectations and risks are well managed.
- 13 **There is a lack of detail in the Council's asset management planning documents around how it will apply the Sustainable Development Principle in the management of its asset.** A more comprehensive consideration and explanation of how the Sustainable Development Principle is supporting the strategic management of assets in the Council should ensure that it can demonstrate that all its decisions about its assets have been made by applying the Sustainable Development Principle.
- 14 **The scale of the poor condition and the associated costs of maintaining its assets remain key financial risks for the Council.** One key asset related risk which has potential significant financial implications for the Council is the cost of its building maintenance backlog. Resourcing the building maintenance backlog has a

current rating of amber within the Council's Property Services Service Recovery Plan 2023-2026, which appears low considering the high levels of its maintenance costs, which are not fully resourced. Whilst the Council has allocated nearly £1.8m centrally for maintaining its buildings in 2022-23 (with some additional service specific maintenance budgets), this figure only represents a small part of the potential costs of the Council's maintenance backlog. This risk is further compounded by the fact that the Council reported in its 2019 Annual Property Performance Report that there has historically been an underinvestment in its physical assets, and that as at 2021-22 over 50% of Council properties were reported as being in bad or poor state of repair. The current position on the cost of its building maintenance backlog is likely to see further increases when the condition surveys it is undertaking, but which are currently behind schedule due to Covid, are brought up to date.

- 15 In response to its risk around maintenance costs and office utilisation, the Council is currently in the process of undertaking a comprehensive assessment of its remaining office space as part of phase two of its accommodation review. Whilst these options are still being developed, any likely cost impacts or potential savings are still to be determined. In our view, having a clear understanding of the costs, savings and income of its asset portfolio over the short, medium and longer-term will help ensure the Council takes better informed decisions on all its assets.

## **The Council does not have an effective approach to monitoring and evaluating the management of its assets**

### **Strategic asset management governance and monitoring**

- 16 **The Council's annual strategic reporting of its progress in managing its assets has been significantly delayed.** The Asset Management Plan 2016-2021 was underpinned by an Annual Property Performance Report. The last Annual Property Performance Report was produced in 2019. We have been told that the delays in producing this report were due to the impact of Covid on resources within Property Services. The Council intends to produce the next Annual Property Performance Report a year after it has approved its new Asset Management Plan, which we have been informed is currently being drafted. However, this would mean that the next Annual Property Performance Report may not be ready to be reported until late 2024 or early 2025, five years since the last annual property performance report. We are aware that some monitoring of activity on assets takes place on a more frequent basis at Cabinet Boards as part of the Council's Interim Performance Management Framework and that the Council's Annual Summary of Performance also includes narrative around assets. However, the delays in developing the Annual Property Performance Report has resulted in the Council's strategic monitoring of performance around assets not being timely or annual.
- 17 This delay in the strategic reporting on assets has also been compounded by the limited scope of the Council's self-assessment for 2021-22, which only included an

assessment on its digital assets not physical assets. We have been told by the Council that its self-assessment for 2022-23 will cover all assets including property. Ensuring that there is regular strategic performance and self-assessment reporting on assets, that is regularly scrutinised by Members, will be necessary if the Council is to clearly understand the progress it is making around its assets. It will also ensure that the Council discharges its performance reporting and self-assessment responsibilities under the Local Government and Elections (Wales) Act 2021.

- 18 **The Council's current range of performance measures and metrics for assets will not enable it to effectively measure its progress.** The Council's Service Recovery Plan for the Property Service 2023-26 includes narrative, actions and metrics for measuring progress around assets. However, the current five metrics used to measure performance around assets will, in and of themselves, not enable the Council to have a comprehensive understanding of the progress it is making around its assets. Whilst we recognise that the narrative and qualitative progress on performance is a key part of articulating the Council's asset performance journey having a clear set of measures and metrics, which include those which are more outcome focused, will better facilitate the Council to determine if it is delivering on its ambition in this area.
- 19 **The Council does not use benchmarking around assets to help it better understand its relative performance.** Whilst its guidance for its service recovery plans requires services to use benchmarking information where possible, the Council has not done this for its assets. The Council is a member of the Assets and Estate Subgroup within Consortium of Local Authorities Wales which is a best practice group around accommodation. We would encourage the Council to make use of such groups and relationships with other stakeholders to benchmark its performance around its asset portfolio, to better understand if it is delivering effective outcomes and value for money.
- 20 **The Council's governance and accountability arrangements do not facilitate a strategic approach to the management of its assets.** There are several existing monitoring and governance arrangements for the Council's assets, including: the Accommodation Group, the Capital Management Steering group, the Organisational Delivery Project Board, Corporate Directors' Group, and the various Member led committees such as Cabinet, Cabinet Boards and Scrutiny. Whilst these groups together cover the breadth of the Council's assets portfolio in our view there is a risk that having responsibilities spread across several governance forums may make it more difficult to be sufficiently strategic and co-ordinated in how assets are used to support the delivery of the Council's Well-being Objectives. The Council will need to assure itself that its governance arrangements enable it to effectively govern, monitor and evaluate the progress of how it is managing its assets. Those governance arrangements should also help to assure the Council that it is managing its assets in a strategic and co-ordinated way, and whether the Council has a clear corporate understanding, ownership and oversight of its assets that is helping it to achieve its long-term corporate objectives and ambitions.



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