

Springing Forward – Strategic Asset Management – Ceredigion County Council

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Summary report

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The Council has several initiatives that are shaping the use of its current and future assets, which have in part been accelerated by the pandemic 7

The Council has arrangements for asset planning, monitoring and governance that take account of long-term need, and supply, and recognise that there are areas where this could be strengthened 9

The Council's financial stability and ability to regularly attract funding will continue to support its ambitions for its assets, and it is aware that the costs of maintaining its assets and projected budget deficits remain key risks 11

There are several examples of where the Council has or is planning to work with partners to make better use of its asset portfolio to support the delivery of its corporate priorities and well-being objectives 12

The Council has made use of available asset benchmarking and learning to support specific asset decisions and recognises it needs to further strengthen these areas 13

Summary report

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What we reviewed and why

- 1 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.
- 2 We reviewed the Council's arrangements for managing its Assets. For Assets, our focus has been on the challenges and opportunities that have been exacerbated and accelerated by the pandemic.
- 3 We looked at how the Council strategically plans to use its Assets, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements.
- 4 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 approaching seven years since the Well-being of Future Generations Act was passed and we are now 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.
- 5 This project had three main aims:
 - to gain assurance that the Council is putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that the Council is taking both individually and in partnership to strengthen its arrangements as well as further embed the sustainable development principle; and
 - to inspire the Council and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 6 As of October 2020 (excluding land assets), Ceredigion County Council had the following asset portfolio.

Exhibit 1: asset portfolio

Vacant Properties	19
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General Properties	95
Schools	45
Leasehold Property	40
Miscellaneous	4
Total	203

- 7 The Council has a current conditions survey (2019) which covers approximately 30% of its asset portfolio.
- 8 We undertook the review during the period January 2022 to March 2022.

What we found

- 9 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?
- 10 We have concluded that the Council’s strategic approach to managing its assets is improving and the pandemic has accelerated plans for how it will use its key assets to deliver its priorities. The Council recognises there are areas where its approach could be strengthened.
- 11 We reached this conclusion because:
 - the Council has several initiatives that are shaping the use of its current and future assets, which have in part been accelerated by the pandemic;
 - the Council has arrangements for asset planning, monitoring and governance that take account of long-term need, and supply, and recognise that there are areas where this could be strengthened;
 - the Council’s financial stability and ability to regularly attract funding will continue to support its ambitions for its assets, and it is aware that the costs of maintaining its assets and projected budget deficits remain key risks;
 - there are several examples of where the Council has or is planning to work with partners to make better use of its asset portfolio to support the delivery of its corporate priorities and well-being objectives; and

- the Council has made use of available asset benchmarking and learning to support specific asset decisions and recognises it needs to further strengthen these areas.

Recommendations

Exhibit 2: recommendations

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

Recommendations	
R1	<p>Early engagement on key changes to asset use</p> <p>The Council should ensure that it undertakes early engagement with Council Members, the wider Leadership Group, citizens and other stakeholders on the impact that key changes within its Hybrid Working Strategy will have on some of the Council's key assets, such as the offices at Penmorfa and the future plans for how citizens will access services.</p>
R2	<p>Assets vision and planning</p> <p>The Council's processes around its asset planning, monitoring and governance could be strengthened by:</p> <ul style="list-style-type: none"> • refreshing its 2018 Service and Corporate Asset Management Plans, ensuring that these reflect the current strategic long-term vision for assets and that they are integrated into business planning; • developing robust plans to manage the risks identified by the 2019 condition survey; and • clearly articulating how it is using the Sustainable Development principle to shape future asset-focused strategies and plans.
R3	<p>Benchmarking</p> <p>The Council should develop and use further benchmarking data to:</p> <ul style="list-style-type: none"> • more routinely support the development of its Corporate and Service Asset Management plan; and • strengthen its business planning and self-assessment arrangements.

Detailed report

The Council's strategic approach to managing its assets is improving and the pandemic has accelerated plans for how it will use its key assets to deliver its priorities. The Council recognises there are areas where its approach could be strengthened

The Council has several initiatives that are shaping the use of its current and future assets, which have in part been accelerated by the pandemic

- 12 To coordinate its response to the pandemic, the Council established a Critical Incident Command structure. This structure facilitated how the Council's assets and those of some of its partners, such as Registered Social Landlords and private care homes, could help to respond to the pandemic, such as: repurposing leisure centres into field hospitals, setting up temporary morgue facilities and testing/vaccination centres.
- 13 Also, in response to the pandemic's legal requirements to work from home, significant numbers of the Council's workforce moved to agile working, with many key services being available within 48 hours of this decision. Whilst agile working was an existing objective within the Council's Workforce Plan, the pandemic accelerated this change.
- 14 As a result, and to manage the significant changes to how the Council makes use of its assets and workforce – both now and in the future – it established a Way we Work Project – now called the New Ways of Working project. Through extensive consultation with staff, the New Ways of Working project has developed a Hybrid Working Strategy. The Council is developing the way it will deliver the ambitions for hybrid working through projects that include:
 - the future footprint of the workspace with the immediate focus of this being on the modifications planned for the main Council building in Aberaeron;
 - designing Hub working environments for staff and Members;
 - the right digital platforms to support these changes;
 - work to support a better customer experience and how customers/citizens can continue to access the services they need, such as the proposals for digitally enabled virtual meeting spaces in the Council's main libraries;
 - changes to Human Resources policies and procedures to reflect the new hybrid landscape; and
 - virtual learning and improved electronic Human Resources software to support staff and managers in the new agile environment.

- 15 Whilst key deliverables within the Council's Hybrid Working Strategy are still being developed, it will be important for the Council to engage early with Members, the wider Leadership Group, citizens and other stakeholders on the impact that the related changes will have on some of the Council's key assets such as the offices at Penmorfa, and how citizens will access services in the future.
- 16 The Council told us that using assets for different purposes during the pandemic has resulted in a shift in attitudes to how assets might be utilised in the future to support the delivery of its priorities. There are several examples of how the Council plans to use its assets to deliver its priorities and whilst some of these have been accelerated by the pandemic others were already being planned, including:
- the use of surplus space, due to increased agile working, in the Council offices at Penmorfa for an assisted living training and demonstration venue.
 - repurposing leisure centres into Well-Being Centres, which will offer multidisciplinary through age services, with the first of these being in Lampeter.
 - the investment in low carbon solutions and renewable technology assets as part of its Carbon Management and Net Zero 2030 Plans.
 - the new Community Housing scheme – using a shared equity scheme and offering Council-owned land to support the development of community housing and self-build projects for local younger people. This is aimed at redressing the migration of younger people out of Ceredigion over the longer term.
 - supporting the regeneration of town centres such as Lampeter, through acquiring key properties and repurposing them for commercial and residential use.
 - current discussions with the Welsh Government and the Health Board around options for a shared use of their assets in the Aberystwyth area.
- 17 The Council is aware of several risks that may impact on its ability to deliver its future ambition around the use of its assets including:
- the cost of maintaining the Council's current property portfolio. The Council's most recent 2019 condition survey, which covered 30% of its total asset portfolio, identified over £45 million of maintenance costs over the next ten years. The Council is currently developing a plan to respond to this.
 - the impact that the pandemic has had on the Council's ability to raise rents from its commercial portfolio, given many businesses have been struggling to pay rent during the pandemic and are now looking for significant rent reductions. This has been exacerbated by the significant increase in people shopping online. To address this, the Council has been investing in measures to encourage visitors to start to return to towns such as Aberystwyth.
 - climate change represents a significant risk for the Council's Asset portfolio. The Council's recent declaration of a climate emergency, and that Climate

Change is included in its Corporate Risk Register, highlights its commitment to addressing its long-term decarbonisation challenges.

The Council has arrangements for asset planning, monitoring and governance that take account of long-term need, and supply, and recognise that there are areas where this could be strengthened

- 18 The Council has clearly articulated its approach to how it is using the Sustainable Development Principle to support the delivery of its own and its partners' priorities. There are also several examples of where decisions around its assets support this approach and more recent plans, such as the Community Housing Scheme, more clearly demonstrate how it is using the sustainable development principle to deliver better outcomes around community housing. However, ensuring that it is using the sustainable development principle to support the delivery of future asset-focused strategies and plans would strengthen its asset management arrangements going forward.
- 19 As a result of a review of the Council's approach to assets by its Corporate Resources and Overview and Scrutiny committee in 2020, the Council made changes to the way it monitors and manages its asset disposal and acquisitions. In March 2020, it approved a Draft Corporate Asset Development Policy. This policy outlines an updated governance framework for assets which includes a Development Group comprised of senior Members and Officers and its sub working group, the Asset Development Panel.
- 20 This Development Group and related panel have responsibility for challenging and assessing changes to the Council's assets, including, development, disposal, leasing, reuse and acquisitions. The Development Group makes recommendations for acquisition or disposal to the Cabinet and Council for final decisions. Whilst the Development Group has responsibility for developing a strategic view on assets, the Council recognises that this element of its responsibilities is not fully optimised and work on this aspect continues to develop.
- 21 The initial stage of the Council's asset development process invites expressions of interest from Officers and Members for alternative use of assets that are surplus to requirement. This approach provides a framework that should continue to ensure assets are considered by the Council in a strategic and integrated way.
- 22 Whilst the Development Group and Asset Development Panel are the primary ways in which the Council manages its assets, it also has several other forums and groups that support its planning, monitoring and governance of asset management, such as its:
 - Capital Monitoring Group – focused on agreeing and monitoring the finances around the Council's capital programme.

- Cross Party Transformation and Efficiency Consultative Group, which facilitates early dialogue on emerging plans for transformation projects, including assets and receives feedback on their progress.
 - Climate Change Group – for developing and implementing actions for Carbon Management and Net Zero 2030 ambitions.
 - the Corporate Project Management Group. A cross service group focused on delivering successful large scale development projects and which provides an initial assessment for proposed decisions on key projects.
 - and others, including: the Quarterly Performance Boards, Cabinet and its Overview and Scrutiny committees.
- 23 The Council has a Corporate Property Asset Management Plan 2018 which articulates its strategic approach to asset management. In 2018-19 the Council also used Service Asset Management Plans to support the development of the Corporate Asset Management Plan. Whilst the pandemic has impacted on the Council's intention to update these plans, refreshing both its Service and Corporate Asset Management Plans will enable asset planning to better reflect the current landscape, future strategic asset vision and for these to be integrated into its annual business planning.
- 24 The coordination and management of assets and estates are the responsibility of the Council's Economy and Regeneration Service. However, whilst planning for assets is set within a strategic framework, it is initiated by individual services identifying how current assets might be disposed of or acquired to support the delivery of services and ultimately corporate priorities.
- 25 In planning for its assets there are several positive examples of where the Council is using its analysis of need, and condition of its assets to help shape its decisions on their use. Such as:
- using its understanding of the condition of its leisure centres to support the business case to repurpose them into Well-being Centres.
 - undertaking a detailed needs assessment to determine the location of the first wellbeing centre in Lampeter.
 - commissioning the 2019 property condition survey, which covered approximately 30% of the corporate assets. The Council is currently developing a ten-year strategy to consider how the results of the condition survey undertaken by Faithful & Gould can be effectively managed and how this may impact the asset portfolio over the longer term.
 - undertaking detailed needs analysis work as part of the Through Age Well-being Model, resulting in greater consideration of delivering services locally through community assets.
- 26 To support the Council's decision making it has developed an Integrated Impact Assessment. This assessment requires all key decisions and policies to be considered in the light of their impact on the Council's key statutory obligations

such as: the Well-being of Future Generations Act; the Socio-Economic Duty and Equality Duty.

- 27 Whilst much of the Council's planning is aligned to local government election cycles or external funding commitments, many of the initiatives contained within these plans are focused on delivering change over a much longer time horizon. However, there are also several examples of where the Council is considering long-term risks and planning for opportunities in its use of assets to support its priorities. Some examples of this include:
- the risk analysis and asset-based initiatives underpinning Boosting Ceredigion's Economy A Strategy for Action 2020-2035;
 - the various renewable, carbon reducing projects outlined in its 2018-2029 Carbon Management Plan and Net Zero by 2030 Plan; and
 - the development of leisure centres into Well-being Centres to focus resources at early intervention and prevention to improve wellbeing over the longer term.

The Council's financial stability and ability to regularly attract funding will continue to support its ambitions for its assets, and it is aware that the costs of maintaining its assets and projected budget deficits remain key risks

- 28 As previously mentioned, the Council's 2019 conditions survey, undertaken across approximately 30% of the Council's asset portfolio, has identified nearly £45 million of maintenance costs over a ten-year period. This significant cost requirement and the unknown condition of the remaining portfolio represent an ongoing financial risk. To manage this risk, the Council is developing a ten-year action plan which will identify options for the future asset portfolio.
- 29 Our Audit Wales recent Financial Sustainability report¹ (June 2021) highlights that overall – 'The Council remains financially stable and is focussed on future challenges and [that] the Council has a good track record of meeting its overall annual budget although there continues to be significant overspends in Social Care. The Council has a good track record of meeting savings targets, however, delivering the required savings will be more challenging going forward specifically in relation the savings in social care.'
- 30 The Council's latest Medium Term Financial Plan 2021-2025 highlights that the Council is required to save at least £15 million by March 2025 although it also notes there are no savings required for 2022-23.
- 31 The Council's Capital Strategy for 2021-2025 highlights several asset-focused projects including several significant projects such as: the 21st Century schools

¹ Audit Wales, [Ceredigion County Council – Financial Sustainability Assessment](#), June 2021

(band B) programme; and coastal erosion project. However, the Council has told us that both the capital investment in its coastal defences and the requirement to maintain its seven care homes continue to represent specific risks to its future capital programme.

- 32 The Council has also prioritised its investment in several decarbonisation schemes including: installing photovoltaics on Council assets; replacing original lighting with light-emitting diodes; and the roll out of electric vehicle charging.
- 33 The Council has a good track record of attracting regional and national funding, which has supported its priorities around the use of its assets including: funding from the Welsh Government to transform Lampeter Leisure Centre into its first Wellbeing Centre; and successful bids from the UK Government's Community Renewal Fund and Levelling Up Fund. In addition to these are the potential projects that will germinate as part of the Growing Mid Wales Agreement.

There are several examples of where the Council has or is planning to work with partners to make better use of its asset portfolio to support the delivery of its corporate priorities and well-being objectives

- 34 The Council participates in several strategic partnerships to support its approach to managing its assets. such as:
- the work with Powys Council on the ambition for the Growing Mid Wales Board around the economy, skills/learning and energy.
 - Ceredigion Public Service Board. On projects such as the decarbonisation of the Aberystwyth area.
 - the recently established Mid-Wales Corporate Joint Committee which has regional responsibilities for transport, development planning, and economic development.
 - proposed discussions with partners such as the Welsh Government, Health Board, other Council services, housing associations and the University, to understand their asset needs and to look at repurposing assets across the public sector family.
- 35 In addition to these strategic partnerships, the Council is engaged in several other collaborations and partnering activities to support its asset decisions, ranging from Membership of asset-related best practice and data sharing groups to specific initiatives such as working with the Police and third sector in the development of the Well-being Centre in Lampeter. As the Council continues to develop its approach to collaboration around its assets, it will have further opportunities to use the Sustainable Development Principle to maximise these opportunities and the benefits it could derive from them.

The Council has made use of available asset benchmarking and learning to support specific asset decisions and recognises it needs to further strengthen these areas

- 36 The Council's Annual Report 2020-21 (Annual Review of Performance and Well-being Objectives) references that due to the COVID-19 pandemic, the reporting of the Performance Accountability Measures (PAMs) was suspended, for all councils, for the 2020-21 year. Also, there are very few asset-related PAMs that have been reported in prior years.
- 37 However, there are examples of Council benchmarking which had been undertaken to support particular strategies and projects. For example, the rationale for the proposed actions within the Council's Community Housing Plan initiative, was based on a mix of national and local benchmarking data such as – Housing affordability and average earnings, amongst other metrics.
- 38 The Council no longer captures performance data within its Asset Manager software as this is no longer requested by the Consortium of Local Authorities in Wales (CLAW). However, more routine use of benchmarking data to support the development of its Corporate and Service Asset Management plan would help to strengthen its business planning and self-assessment arrangements.
- 39 Some of the examples where the Council has used evaluation and learning to help shape its approach to how it uses its assets include:
- the development of its Draft Hybrid Working Strategy, which will have a significant impact on the future use of the Council's offices, was extensively consulted on with staff and this learning is shaping the development of the evolving approach.
 - Boosting Ceredigion's Economy – A Strategy for Action 2020-2035 has been developed through detailed consultation, where the results of this learning have been used to identify priorities and shape the strategy.
 - the consultation on its COVID Safe Zones in several key towns and the Use of Space assessment for the Aberystwyth promenade. The Council has told us that both are now helping to shape the future use of space in its town centres.
 - the work undertaken by the Council's Corporate Resources Overview and Scrutiny Committee to consider how assets were acquired and disposed of across the Council resulted in an updated approach to asset management and the establishment of the Council's Asset Development Panel.



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