

Asset management in Local Government

Summary impact report (12 months)

The report findings and recommendations

1. This report provides details of the impact made by the performance audit report '*Asset management in Local Government*', published in May 2009.
2. The report found that more than half of councils did not have an approved corporate asset management strategy and many did not have effective elected member scrutiny of the performance of property assets. Councils' own assessments showed 27 per cent of council buildings to be in poor or bad condition, and reported maintenance backlogs which totalled in excess of £1.4 billion. Although councils were beginning to work with community planning partners on joint approaches to asset management, progress had been slow.
3. To support improved performance, the report made the following key recommendations, that Councils should:
 - have effective asset management plans and strategies in place
 - ensure asset information is up to date, complete, and held in an accessible format
 - establish robust monitoring and reporting procedures for asset performance
 - take whole-life costs into account in their financial planning
 - have effective scrutiny mechanisms in place
 - have arrangements for joint asset management planning with community planning partners.
4. To assess longer term impact we recently asked councils to provide information on progress against each of these recommendations and to supply supporting evidence.

Media interest and communication of key messages

5. The report generated widespread local media coverage in addition to extensive national coverage, with 61 media items (32 print, 18 radio, 7 television and 4 internet) in total compared with an average of 50 items for this category of report.
6. The report featured prominently at a Holyrood conference 'Improving Scotland's Public Sector Estate' in October 2009, where the chair of the Accounts Commission, John Baillie, was invited to give a keynote presentation. To raise the profile of the report among key stakeholders, the study team gave well-received presentations to the Federation of

Property Societies benchmarking group, attended by around 50 council property managers, and to the CIPFA heads of property services group.

- The report also generated a great deal of traffic on our website. The number of downloads was 77% above average for this category of report after 3 months and 86% after a year (Exhibit 1).

Exhibit 1 Media coverage and internet downloads

	Asset management in local government		Average for this category	
	3 months	12 months	3 month	12 month
Main report	2237	4666	1275	2609
Key messages paper	283	602	257	430
Podcast	404	1227	124	445
Total	2924	6495	1656	3484

- At time of writing, we are aware that Holyrood Magazine will be covering the asset management issue in a future issue and this will again make reference to the Commission's 2009 report.

Parliamentary scrutiny

- Although it was not considered by a Parliamentary Committee, the report generated considerable interest at Holyrood with all opposition parties issuing their own press releases. The profile of the report within the Parliament was raised by a motion from the green MSP Robin Harper, calling on the Scottish Government to address problems with asset management through single outcome agreements, and a parliamentary question from Andy Kerr MSP, Shadow Cabinet Secretary for Finance and Sustainable Growth about funding the schools estate.

Impact of the report on councils

- The initial impact report showed that almost all councils were positive about the audit and rated the report highly. All either agreed or strongly agreed that the report was easy to read and tackled topical issues. Councils also agreed with the reports' recommendations and that they clearly flowed from our findings.
- Three months after publication almost all councils had already discussed the report at a corporate level and/or in committee. One-year after publication, 60% of councils have put in place a formal action plan in response to the report. These have varied from revisions to existing plans to take account of the recommendations, to producing a formal action plan based on our recommendations and reporting progress to committee. For example,

Highland Council have produced an action plan, outlining the context of the Audit Scotland Asset Management Report and highlighting the action required to address the relevant recommendations. This was submitted to their Resources Committee in June 2009; a report highlighting progress was submitted in September 2009 and a further update is planned for June 2010. Other councils where action plans have been formulated and progress reports to committee are planned include Aberdeen City, Aberdeenshire, Moray and West Lothian.

12. Overall, areas where councils have made good progress since the time of our audit include putting in place asset management strategies and plans, improving their information and monitoring systems and taking whole life costing into account in financial planning. Progress has been mixed in putting in place effective scrutiny procedures and taking into account environmental sustainability in proposed capital projects. Progress in joint asset management planning with community planning partners has been slow.

Progress against specific recommendations

Councils should have effective asset management plans and strategies in place

13. Exhibit 2 shows that there has been a substantial increase in the number of councils with approved corporate asset management plans and strategies since the report was published. Three quarters of councils now have corporate asset management strategies and plans and around one-third of councils have approved new strategies or updated existing strategies since publication, however a small number of councils have made little progress. Some councils, for example North Lanarkshire, West Lothian and Perth and Kinross are also making very good progress in implementing their asset management strategies.

Exhibit 2 Percentage of councils with approved asset management strategies and plans

	Corporate Asset Management Strategy	Corporate Asset Management Plan	Property Strategy	Information Management and Technology Strategy	Roads Strategy	Vehicle Strategy
At the time of the report	45%	38%	45%	79%	42%	43%
May 2010 (28 responses)	74%	75%	71%	81%	44%	63%

14. The number of councils with approved roads strategies has remained broadly constant. The Society of Chief Officers in Transportation Scotland (SCOTS) is working with councils to develop a consistent approach to asset management; it is possible that councils are delaying the development of new roads strategies until this work is completed. Audit

Scotland is undertaking a follow up audit of the November 2004 report 'Maintaining Scotland's Roads' and will report on progress in late autumn.

15. Most councils are making progress in establishing procedures to assess and report progress against their strategies. However only a few, including West Lothian and East Renfrewshire, have established comprehensive reporting so far, and a small number of councils appear to have made little progress.

Councils should ensure asset information is up to date, complete, and held in an accessible format

16. Councils appear to be making reasonable progress in implementing property asset management databases, with about half of councils having operational databases that are fully up to date. Most of the remainder have purchased proprietary software since the report was published and are currently populating these databases. In addition, a number of councils are now linking their asset management systems with Geographical Information Systems (GIS).

Councils should establish robust monitoring and reporting procedures for asset performance

17. Councils that had operational asset management databases at the time of our audit have been able to implement monitoring and reporting procedures, or are making progress in doing so. For example, North Lanarkshire, and West Lothian already had good arrangements in place, and Highland have made good progress since the report was published. However, councils with new databases are taking longer to implement monitoring procedures, as they have to populate and test systems before moving on to designing monitoring reports.

Councils should take whole-life costs into account in their financial planning

18. Reasonable progress appears to have been made in this area with the majority of councils now using whole-life costs (WLC) in the development of Outline Business Cases (OBCs) for major capital projects. Highland Council, North Lanarkshire Council and West Lothian Council have made particularly good progress in linking capital plans and revenue budgets. However around 40% of councils reported that they still need to make progress in this area.
19. Council progress in taking into account environmental sustainability was mixed with about two thirds now considering issues of sustainability, such as CO2 emissions, as part of their WLC model for proposed capital projects. A small number of councils, including Aberdeenshire, Eilean Siar and South Lanarkshire, are now calculating Building Research

Establishment Environmental Assessment Method ratings (BREEAM ratings).¹ These set standards for best practice in sustainable design and set energy standards for new capital projects.

Councils should have effective scrutiny mechanisms in place

20. Progress in this area over the past year has been mixed with around half of councils making progress towards putting in place transparent mechanisms for scrutinising property use and the cost of holding property. Of the remaining councils, around half have made some progress with members receiving information on an ad hoc basis but progress has been more limited in about one quarter of councils.

Councils should have arrangements for joint asset management planning with community planning partners

21. Councils are continuing to work with community planning partners on joint approaches to asset management, but progress has been slow. Although many councils said that they 'consult widely' or that the 'Community Planning Partnership has approved the principle of joint asset planning', tangible evidence of progress on the ground is lacking in most council areas. The few councils that appear to be doing well in this area include East Ayrshire, West Lothian and North Lanarkshire.

¹ BREEAM (Building Research Establishment Environmental Assessment Method) is a widely used environmental assessment method for buildings. It assesses buildings against set criteria and provides an overall score which will fall within a band providing either a; Pass, Good, Very Good, Excellent or Outstanding rating.