Jon House  
Chair  
Cardiff Partnership Board  
Room 501  
Cardiff County Hall  
Atlantic Wharf  
CARDIFF CF10 4UW

6th June 2013

Dear Mr House

At their meeting on Monday 20th of May, the CPB Scrutiny Panel began their information gathering regarding the topic of Public Sector Asset Management (PSAM). To improve their scrutiny of this topic, the Panel received evidence from a number of witnesses who had significant experience and knowledge of the public sector asset management agenda.

David Bentley, the Head of Asset Management of the Chartered Institute of Public Finance and Accounting, outlined the wider policy agenda for public sector asset management as well as some of the benefits and problems associated with the issue. Charles Coats, Corporate Property and Estates Manager at Cardiff council, then gave evidence on the current situation with public sector asset management in Cardiff. Finally Kevin Protheroe, Chief Executive of Cardiff Community Housing Association, informed the Panel of his experience of leading the Loudoun Square Partnership development project and some of the difficulties he encountered as well as the achievements that were made.

The Panel then had opportunity to have a group discussion with the witnesses about the topic of public sector asset management. The Panel focussed the majority of their questioning on the role of the CPB in relation to public sector asset management. As a result of hearing the evidence and their questioning the Panel discovered the following:-

That public sector asset management is currently high on the political agenda. There are moves at both the UK and Welsh Government level to drive public sector asset management forward. There are a number of documents relating to how the public sector can improve the management of its assets and the Welsh Government are currently undertaking their own inquiry as to how they can assist improved public
sector asset management across Wales. The results of this inquiry will be published shortly and this evidence should prove useful to the CPB in progressing public sector asset management as well as the Panel in their scrutiny of the issue.

The Panel also heard that the benefits to PSAM are considerable. Effective PSAM can have significant financial implications, with dramatic savings possible through:

- The co location of staff within the same building.
- The sale of assets for buildings that are no longer required.
- Shared costs for purpose built co located buildings.
- Reducing the maintenance backlog by prioritising buildings and selling those which are surplus to requirements.
- Sharing IT and resources within the same building.
- Preventing the creation of new buildings when space may already be available in other public sector assets.

All of this can result in millions or even hundreds of millions of pounds in savings in both capital and revenue receipts. Public sector office rationalisation alone has the potential to make 25% savings. This is particularly important with the current financial situation in the public sector when all organisations are trying to make savings, and not impact front line services.

However, the Panel also recognised that the PSAM is not only about saving money and heard how effective PSAM can play a vital role in service improvement. Through effective long term planning PSAM allows the whole of the public sector to think differently about the delivery of services and exactly what assets are required in order to do so effectively. By taking a holistic view and looking at property as a common asset, partner organisations can share their resources to provide a more effective service through co location.

Worcestershire Council was cited as having numerous projects which co located different partners in order to save money but also improve service delivery. A large number of training centres across the district were rationalised to provide training hubs which all partners were able to access and provide multiple training opportunities from rationalised venues. A number of depots were also consolidated across the partnership as well as touchdown centres which partnership professionals could access across the area.

However, partnership asset management can take many forms, and does not necessarily require the construction of expensive new buildings or dramatic changes to existing property. Rather it takes an innovative approach to current buildings and effective use of spaces which often lie dormant or unused for large sections of the day.

The Panel heard examples of school canteens which were being used as community cafes and catering training facilities, fire stations that were being shared for community use and libraries which doubled up as training facilities and contact
centres for police and health work professionals. The Panel did recognise that Cardiff has begun some of this work, with the creation of hubs across the city and the review of assets in Canton. However, the Panel felt that whilst hubs were a positive example of partnership working with assets, they were only a very small part of the picture. Furthermore, the Panel were also disappointed that despite significant potential savings identified in the Canton Pilot Public Assets Review, there had been no progress on any of the report’s findings since its publication over a year ago.

The Panel therefore felt that there was not an overall strategic direction to the management of assets aligned with the partnerships overall priorities and that this was required to really move the agenda forward. The Panel feel that Cardiff needs to follow the Cambridge example and produce a public sector asset management strategy to provide long term vision of how the public sector in Cardiff aims to use its assets more effectively.

The Panel did however recognise that there were a number of issues and problems in relation to public sector asset management and that it is not a straight forward process. The Panel heard that there is no one template or ‘off the shelf’ guide as to how public sector assets should be managed. Indeed different areas will have significant differences in the type, number and condition of assets and so local solutions are required to local problems. Furthermore, there can be problems in identifying savings, and who takes the savings when they are made. There can also be disagreements over property values, issues around joint IT and differing priorities and legal protocols across partner organisations.

All of these issues mean that commitment and leadership are vital to ensuring the success of any public sector management project and makes the creation of a joint understanding or PSAM strategy even more important. The Panel feels that the CPB are best placed to play a pivotal role in the leadership of this agenda and should be helping to shape the parameters for the city’s PSAM and to monitor progress with regards to its development and implementation. However, whilst the CPB has had some involvement in this agenda, the Panel feel that the Board should be playing a much greater role. The Panel would therefore like to invite all of the Board members to their next meeting in September, to discuss the issue of PSAM and how it can be progressed to the benefit of all services and the citizens of Cardiff.

At this meeting the Panel would like to discuss the following areas:

- The prioritisation of asset management for individual members of the CPB and the Board as a whole.
- The progress of the Canton assets report and how this can be carried forward within the context of a city wide asset management approach
- The development of a public sector asset management strategy for the city
- The role of the third sector in asset management
The relationship between the Asset Management Board and the CPB

The Objectives of a city wide long term PSAM Strategy and in particular the estimated capital and revenue savings and the estimated service quality improvements being aimed for within a short to medium term timeframe

The resources available to invest in a PSAM Strategy and the estimated return on that investment

Progress of partner organisations in relation to their individual asset management plans and the scope for integrating these in the short to medium term

The current understanding of the barriers to an integrated PSAM and recommendations as to how these can be overcome

The current knowledge / data surrounding public sector assets across Cardiff Partnership Board partners.

The Panel would therefore like to invite all of the Board members to a meeting in September and request that the Principal Scrutiny Officer for Partnerships liaise with the secretariat for the CPB to find a date that would be most convenient for all persons concerned. The Panel also feel that whilst it would be very useful to have the relevant asset management professionals from each of the partner organisations present to help with any technical questions that may occur, the main focus should be on the high level strategic and collaboration issues which need to be addressed by the Board itself.

I hope you find this letter useful and look forward to seeing you at the meeting in September. However should you have any questions about the content of this letter of the meeting itself please do not hesitate to contact me.

Yours sincerely

[Signature]