

Springing Forward – Assets – City and County of Swansea

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Contents

The Council is using its assets to deliver its strategic objectives but could improve its understanding of asset conditions and risks.

Summary report

Summary 4

Detailed report 6

The Council has a clear vision for its assets but could improve the information it holds on the condition of its assets 6

The Council works with partners, with the aim of maximising the use and value of its assets, but there are clear risks that may impact delivery 8

The Council does not have effective monitoring arrangements that cover the breadth of its asset management activities and enable it to evaluate overall performance 9

Summary report

Summary

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 strategic assets. For assets, our focus has been on the challenges highlighted during the pandemic that have exacerbated some long-standing Asset issues.
- 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 nine 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 Undertaking this review is important because the Council's asset value in its portfolio is over £1.5billion¹. This diverse range of assets includes: schools, libraries, leisure centres, and office accommodation.
- 7 The COVID19 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.

¹ Unaudited figure in Statement of Account 2022-23

What we found

- 8 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?
- 9 Overall, we found that: The Council is using its assets to deliver its strategic objectives but could improve its understanding of asset conditions and risks. We reached this conclusion because:
- the Council has a clear vision for its assets but could improve the information it holds on the condition of its assets;
 - the Council works with partners, with the aim of maximising the use and value of its assets, but there are clear risks that may impact delivery; and
 - the Council does not have effective monitoring arrangements that cover the breadth of its asset management activities and enable it to evaluate overall performance.

Recommendations

Exhibit 1: recommendations

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

Recommendations	
Understanding and evaluating performance	
R1	<p>The Council should strengthen its understanding and evaluation of the performance of its assets by:</p> <ul style="list-style-type: none">• developing arrangements to improve the data that it holds on the condition of its assets, ensuring that the information is sufficient and routinely updated, comprehensive, and that the information is used effectively to inform its decision making; and• ensuring effective monitoring arrangements that cover the breadth of its asset management activities; and• expand its use of benchmarking information to help it to effectively measure success and value for money of its assets arrangements.

Detailed report

The Council is using its assets to deliver its strategic objectives but could improve its understanding of asset conditions and risks

The Council has a clear vision for its assets but could improve the information it holds on the condition of its assets

- 10 **The Council had already identified changes in the ways that it will use its retained buildings in the future which have been accelerated by the COVID-19 pandemic.** The Council told us that its experience from the pandemic has affirmed its course of action and led it to further consider how assets might be utilised in the future to support the delivery of its priorities. For example, prior to the pandemic, the Council had been creating an agile working environment and sought to rationalise its assets which is also as part of its regeneration of its city centre. It had already begun implementing an agile working strategy which put it in good stead when moving to remote working. The pandemic also accelerated the opportunity for the Council to shape what hybrid working means for its assets and how and where its services are delivered in the longer term.
- 11 **The Council has an updated Asset Management Plan 2021-25 which renews its 2017-2021 plan.** The Asset Management plan is a high-level overarching document that sets out the 6 priorities to support its delivery:
 - Corporate Landlord
 - Disposals
 - Property Investments
 - Regeneration and Economic Development
 - Capital Programme
 - Collaboration
- 12 **The Council's Asset Management Plan considers the impact its use of assets could have on its Wellbeing Objectives and wider priorities.** For example, the Asset Management plan document provides a brief description of the activities and outputs it aims to undertake by 2025. These activities are linked to the Council's Wellbeing Objectives, for example, 'Transforming our Economy and Infrastructure'; Tackling Poverty and Enabling Communities'; and 'Delivering on Nature Recovery and Climate Change' [. The Asset Management plan activities also contribute to and its 'Transformation Strategy 2022-2027 and Beyond' objectives. For example, 'Delivering regeneration and development projects within the city centre'; 'Future Community Hub Model'; and Net Zero Programme.
- 13 **The Council is clearly thinking about the connection between its assets and other agendas.** For example, the asset management plan and officers we spoke to recognises that to achieve net zero carbon emissions by 2030, where possible

its assets will need to reduce or offset its current total emissions as well as deliver other longer-term initiatives such as ensuring future civic buildings are net carbon zero. The property service also works with the Housing Department to identify Council-owned sites that are surplus to requirement that could be appropriate to support one of its transformation agenda, 'More Homes' programme.

- 14 **The Council has improved aspects of its data gathering to better inform its accommodation strategy.** Linking with its regeneration and economic redevelopment ambitions and its Asset Management Plan, the Council has a high-level Accommodation Strategy. Its Accommodation Strategy focuses on plans to vacate its Civic Centre building, as well as relocating staff into another of its corporate buildings, the Guildhall. The Council has centralised management of all its energy and Non-Domestic Rates budgets to capture the costs and savings and has improved its ability to understand the related financial impact. It has looked at occupancy rates at the Civic Centre, which enables it to re-appraise how staff work, and inform its Accommodation Strategy. It has also undertaken some engagement work to understand stakeholder feedback for its proposed City Centre Community Hub.
- 15 **However, while the Council has started to improve aspects of its data gathering of buildings, it does not fully understand the condition of its buildings.** The Council undertakes condition surveys for its school and education settings, as required by Welsh Government. But it does not undertake condition surveys as a matter of course for all its corporate buildings. Property Services officers frequently visit corporate buildings and retain knowledge of works that need to be undertaken. In addition, the Council's Asset Management Group² provides a forum for officers to present and discuss condition and maintenance needs. This knowledge then feeds into the Council's maintenance backlog estimates, which was in the region of £211m³ in February 2021. Although the Council allocates its capital maintenance budget using a risk-based approach, without a regular programme of condition surveys it is difficult for the Council to accurately understand and estimate the condition of its entire estate and to plan and prioritise maintenance work effectively. As such the Council cannot be assured that its £211m maintenance backlog estimate in 2021, is accurate. This is a risk which has potential significant financial implications for the Council in terms of the cost of its building maintenance backlog. This information is important to form an up to date robust evidence base to support the Council in 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.
- 16 **There are opportunities for the Council to strengthen its alignment between its services and its corporate asset management team.** For example, whilst the Council expects services that have assets in their remit to have a service asset management plan, the example we saw showed limited information on future considerations for its assets and therefore making it difficult to have central management of assets for planning. The Council told us that there is a lack of resources to take this work forward. Whilst individual services may understand

² An internal cross-Council officer group

³ Council's Asset Management Plan 2021-2025

their current assets, there is scope for the Council to gain a better corporate oversight of that service understanding to systematically look at the risks and opportunities to best use its assets collectively and consider how this information can proactively influence its plans to best use the assets in future and avoid the need to respond reactively.

The Council works with partners, with the aim of maximising the use and value of its assets, but there are clear risks that may impact delivery

- 17 **The Council is collaborating with partners to try and maximise the use of its assets.** The Council shares its assets to support the delivery of its Asset Management Plan, for example, its office accommodation at the Civic Centre is also occupied by other public sector partners.
- 18 As part of the regeneration and economic development priority of the Council's Asset Management Plan, the Council is actively involved in the regeneration of Swansea's city centre. It is working with Swansea Bay City Deal partners to implement its regeneration strategy⁴ and work is already underway to deliver a mixed-use leisure and retail destination.
- 19 The Council has also entered into a strategic partnership with a private sector developer, Urban Splash⁵, to support ongoing ambitious regeneration plans for the city centre at key sites over the course of a 20-year agreement. It involves Urban Splash developing deliverable plans for the identified sites that are then formalised into a site-specific agreement to achieve key aims. For example, a key aim of the Council is to provide residential, office and commercial development for the city and contribute towards creating a successful and sustainable Swansea, as per the Council's Corporate Plan, and transform the local economy and infrastructure. As part of this broader regeneration agenda, the Council's planned vacation of its Civic Centre to other locations such as the proposed newly build public sector hub is included.
- 20 **However, we have not looked at this contract with the private sector in detail, but there are some inevitable risks that may impact on its ability to deliver its Asset Management Plan.** One of the Council's intentions for the strategic partnership described above, is that development projects can be delivered by the private sector as much as possible to transfer some financial risks away from the public sector. This essentially means that the Council intends for no public subsidy in the form of capital funding to be required for future projects. However, economic challenges could impact on the ability to attract sufficient development opportunity, in good time, for specific sites such as the Civic Centre. The Council is progressing with moving staff out of the Civic Centre into a new Public Sector Hub in the city centre, leaving the Civic Centre vacant.

⁴ <https://swansea.gov.uk/repurposingstrategy>

⁵ <https://www.urbansplash.co.uk/>

Should there not be sufficient development opportunity for the site, there is not only a financial risk to the Council by still having to maintain the building and avoid it decreasing in value, but also to its ambitions for the local economy and infrastructure.

- 21 The Council's Asset Management Plan sets out how it supports the Council's aim to regenerate its city centre in several ways, one of which is by acquiring properties and repurposing them for other use. For example, acquiring assets for community purposes or commercial use. There are assets that the Council has bought using its own funds and Welsh Government grant funding but are relying on other partners to progress these projects and avoid financial implications.
- 22 **As is common across the country, the Council is experiencing rising costs to deliver projects.** For example, the rising cost of building materials is likely to impact on the projects at key sites across Swansea. In addition, it can impact on the Council's programme of disposals of surplus assets, leading to reduced capital receipts and adding to costs. This can hamper the Council's ability to maximise returns and obtain best value for money.
- 23 **The Council has workforce capacity pressures.** The Council told us that it has key areas experiencing workforce pressures that could impact on the delivery of its asset management plan. For example, difficulties recruiting and retaining to some posts in property, regeneration and finance services. The pandemic has exacerbated the pressures on workforce capacity that the Council had already been experiencing. The Council is taking action to try and address this, through its workforce strategy, however, recruitment and retention remain a key risk across the Council. It uses its apprenticeship scheme to 'grow its own' in property services.

The Council does not have effective monitoring arrangements that cover the breadth of its asset management activities and enable it to evaluate overall performance

- 24 **The Council regularly reports on progress on some of its assets management activities which relate to economic regeneration, transformation and capital maintenance spending performance.** For example, progress on the Council's Transformation programme such as 'More Homes' is reported to the relevant transformation delivery board. Regeneration projects that are part of the Swansea City & Waterfront Digital District and delivered through the Swansea Bay city deal are reported to scrutiny. An update on the Asset Management Plan is also provided annually to the Council.
- 25 **While the Council may have some monitoring arrangements, there is scope to monitor its overall approach to assets more effectively.** The Asset Management Plan 2021-25 update report largely focuses on output of its activities rather than the outcomes and value for money. The performance indicators it uses to report members are very limited, and progress against its

Accommodation Strategy has not been widely reported beyond the Corporate Management Team since February 2022. In addition, as the Council does not have all the information regarding the condition of its assets, it does not have the ability to effectively monitor and evaluate its performance.

- 26 **Currently, the Council considers other organisations' approaches to asset management, looking for opportunities to learn from them, and use benchmarking information in some cases. To build on this work, there is an opportunity for it to make more use of benchmarking to measure the current and longer-term success of its assets management.** Through various networks such as Association for Public Service Excellence (APSE)⁶, Consortium of Local Authorities Wales (CLAW)⁷ and Ystadau Cymru⁸ the Council considers the approaches of other organisations to managing their assets. There is opportunity for the Council to use benchmarking information in its future reporting to measure the current and longer-term success of its assets initiatives and demonstrate if it's delivering effectively and achieving value for money. This is an important process for identifying areas of improvement, reducing risks and enhancing overall efficiencies and effectiveness. It also helps demonstrate if it's delivering effectively and achieving value for money. This was a common area for improvement identified in our national Springing Forward report⁹.
- 27 **The Council does take some action to improve its approach to managing its assets based on learning.** For example, its improved performance monitoring in terms of accommodation occupancies has informed the Council's agile working strategy and has seen a substantial reduction in requirements for office accommodation. In addition, the Council has contributed to informing and learning from the research undertaken by Ystadau Cymru in January 2020 which identified a gap in skills and training in areas of strategic asset management. A programme of training events was subsequently designed to reflect the emerging impact of the pandemic on asset management.

⁶ <https://www.apse.org.uk/index.cfm/apse/>

⁷ <https://www.claw.wales/eng/>

⁸ <https://www.gov.wales/ystadau-cymru> Ystadau Cymru is the strategic lead in supporting and promoting the benefits of collaborative asset management across the public sector in Wales

⁹ <https://www.audit.wales/sites/default/files/publications/Springing Forward English 1.pdf>

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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