

8 May 2013

Jocelyn Davis AM
Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

Dear Jocelyn

Finance Committee Asset Management Inquiry: Additional Written Evidence

I refer to your letter dated 26 April requesting further evidence from CIPFA and in particular commentary on the three following matters:

- Wales Infrastructure Investment Plan;
- Strategic policy objectives; and
- Professional property assistance from CIPFA.

Each matter is addressed in turn.

Wales Infrastructure Investment Plan

The property estate is a key resource for public service delivery in Wales. The management of that estate requires to be managed more effectively across the whole of the public sector. Effective management and a consequent practical link to the Wales Infrastructure Investment Plan will emerge from applying the following tests:

- whether assets are 'suitable' or fit for purpose;
- whether they contribute to the aims and objectives of public service delivery in Wales;
- whether they are cost effective in use and are economically sustainable;
- that consideration and planning is in place to consider property requirements in the short, medium and longer term; and
- whether there is potential to use the asset base to stimulate growth and regeneration

The response to these challenges should be supported by evidence to demonstrate the extent to which assets are in fact fit for purpose, that they link directly to service delivery and are sustainable.



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Strategic Policy Objectives.

CIPFA's experience is that there are many different approaches by public service organisations which attempt to link asset management plans to strategic or policy objectives. Sometimes these are quite broad (even perfunctory) and do not make clear linkages that could be identified through performance improvement. Other asset management plans do however set out more direct links supported by relevant performance measures that can be clearly understood by key stakeholders. The key differential is the existence of performance measures which enables a more comprehensive understanding of how property supports corporate direction and which is capable of being measured over time.

To enable robust strategic links in practice, CIPFA's view therefore is that there should be a strong performance management framework in place and which identifies a clear purpose of owning each asset, the outcomes expected from ownership and a range of performance indicators against which actual delivery is measured against intended outputs. In addition, there should be a robust 'asset challenge' methodology that objectively challenges the continued ownership or operation of assets. In practice this will mean more innovative approaches to asset management including shared asset use and non-asset service delivery operating models.

Professional property assistance from CIPFA

The specific examples provide by CIPFA in our initial submission were drawn from public bodies in both England and Scotland. Our rationale for inclusion was to enable the Committee to understand the breadth of issues and challenges faced by public bodies throughout the UK.

CIPFA is recognised as property management experts and the provision of assistance by CIPFA will generally arise as a result of a direct approach from public bodies. Our expertise is provided from a range of services which have been developed over time to meet the needs of the estates of public bodies. Those services include, but are not restricted to the following:

- integrated asset management software used by more than 100 public bodies;
 - property reviews;
 - facilitation of joint property approaches between public sector bodies;
 - occupancy efficiency assessments which maximises building efficiency and potential and leading to cost savings;
 - stock condition and property surveys;
 - carbon reduction solutions; and
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- a professional property network of more than 350 public bodies.



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Finally, for your information and that of the Committee, I have included a document which describes more fully the scale of services which public bodies can access and which enables them to manage their estates. Should you require further information please do not hesitate to contact me.

Yours sincerely,

Don Peebles

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