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## An independent review of land and property related policies and procedures in Causeway Coast and Glens Borough Council



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### ADDENDUM:

*'A Strategic Approach to the use of Public Sector Assets – A good practice guide for local government in Northern Ireland'* Northern Ireland Audit Office and Strategic Investment Board (2021).



## 1. Report summary


- I. This is a report of an independent Review carried out between November 2022 and January 2023 of land and property policies and practices in Causeway Coast and Glens Borough Council. The Review also addresses compliance by the Council with legislation and good practice requirements expected of a local authority providing a range of public services. The Review was informed by a range of good practice land and property guides as well as the Council's Estate Strategy and Land and Property Policy. Information collected from numerous Council documents, minutes, papers and audio recordings of meetings, as well as from interviews with senior officers and some Members, was used to compare the effectiveness of the Council against legislation and good practice.
- II. Overall, the Review concludes that the Council has an opportunity to build on the positive and collaborative approach taken by the Land and Property Sub-Committee as well as the efforts and progress shown to date by Officers at an operational level in the land and property team, legal, and asset realisation functions. The Council has an opportunity to further utilise the information technology tools that have been developed by the Council.
- III. The Review also concludes that the Council currently lacks the necessary leadership at governing body, Chief Executive and Senior Leadership Team (SLT) levels to effect change to ensure a culture of compliance, identified by the Northern Ireland Audit Office (NIAO) in its Extraordinary Audit in June 2022. The main reasons for this overall conclusion are set out below.
- IV. The Review found that the Council has not implemented any aspect of its **Estate Strategy** that was developed in September 2019 and adopted by the Council in March 2020. The strategy is thorough and comprehensive providing a valuable situational analysis of the Council's assets by identifying strengths such as the Geographical Information Services (GIS) team as well as areas that need to be developed further. This weakness is surprising, given that the strategy explicitly highlights the need for effective implementation and sets out what the Council needs to do to effectively implement the strategy in practice. Upon agreeing a land and property strategy, like any strategy, it would have been good practice to expect the Council to oversee its implementation and to monitor its progress. However, the Review found no evidence of scrutiny at any level of the Council's governance structure i.e. at Council, Committee, Sub-Committee, Chief Executive or SLT levels. This reduces the Council's strategy to a paper exercise that 'ticks a box', without any real meaning or impact.
- V. The Council's **Land and Property Policy**, adopted by the Council in 2020, clearly sets out steps that the Land and Property Sub-Committee and Council Officers require to take in a variety of land and property function such as acquisition, disposal, marketing, requests to use council land, rentals, and valuation services. However, the Review found that the Policy could be developed further to include: reference (and update content accordingly) to more recent guidance issued to Councils since March 2020; stronger links with the Estate Strategy; expansion of roles and responsibilities, particularly the Chief Executive and the governance structure; and disposals of land and property below market value. The Review was not convinced of the systematic embedding of the policy throughout relevant parts of the Council, e.g. through communications on roles and responsibilities and training.

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- VI. The Council's **governance structure** has gaps that lack leadership, oversight and scrutiny of the more strategic land and property issues such as those contained in the Estate Strategy. The Council has an opportunity to further develop the work of the Land and Property Sub-Committee, building on the positive approach taken to date. The Sub-Committee should refresh its terms of reference which should also include a duty to scrutinise the implementation of policy and practice and also to periodically evaluate its effectiveness.
- VII. Regarding **staff resources**, the Review found that there is no clear Asset Management Champion or senior Officer with the required capacity and expertise to lead the land and property function. At an operational level, the Review found that the land and property function is fragmented with a spread of Officers across directorates and teams. There is also a need to build capacity and expertise to provide additional resources to address the remaining backlog of work to get basic records in place. The Council now has an opportunity to strengthen leadership, build the team and its skills and competences, and link the various land and property functions across the organisation structure.
- VIII. Regarding the Council's land and property **processes and controls**, the Council's Officers have made some good progress over the last two years in putting policies and procedures into place and bringing records up to date and in greater order. However, the Council needs to continue to build momentum to continue this progress. This requires greater awareness across Council Officers; increased accountability to, and scrutiny by, the Sub-Committee; and additional resources.
- IX. Overall, whilst the Council meets its **statutory obligations**, it could make some enhancements to its processes. The Council does not comply with **good practice** as recommended by the Northern Ireland Audit Office (NIAO) and the Strategic Investment Board (SIB). An initial assessment of the Council against good practice shows that the Council is only compliant with two of the nine good practice criteria – that is, having an Asset Management Strategy; and having a Land and Property Policy. Even then, the Council's Estate Strategy has never been implemented and its Policy requires updating. Given the land and property failures in the Council highlighted by the NIAO Extraordinary Audit, it is very surprising that the Council has not given priority to these aspects of good practice. This indicates to the Review a lack of urgency at a governing body level, as well as a complete lack of awareness at Chief Executive and the Senior Leadership Team level (SLT) level, to address good asset management practice.
- X. Finally, although it provides no excuse for weaknesses or gives comfort for the people in the Borough, the Review carried out a desk-based check on a number of similar sized Councils in Northern Ireland to identify the governance, strategy and operational aspects of land and property. The Review found that other Council's land and property information is scant and probably means that more work needs to be done in this area across the sector. This is an area that the Department for the Communities should explore further.
- XI. Strengthening leadership, improving scrutiny and oversight, building resources and utilising its strengths to maximise the value of its land and property portfolio would provide an excellent opportunity for Causeway Coast and Glens Council to take a lead in the sector and become an exemplar for other Councils to follow.



## 2. Background and introduction

1. In October 2020, the Minister for Communities directed the Local Government Auditor to conduct an Extraordinary Audit of the accounts of Causeway Coast and Glens Borough Council (the Council) focussing on land disposals and easements and related asset management policies and procedures.
2. In July 2022, the Local Government Auditor reported on the findings and recommendations from the audit of land disposals and easements in the Council since its formation on 1 April 2015. The Local Government Auditor found that adherence to legislation and best practice in land and property matters was not part of the culture of the Council. On this basis, the Local Government Auditor made a number of recommendations to ensure compliance and improvement in land and property matters are priorities for the Council.
3. The recommendations made by the Local Government Auditor in the July 2022 report included:
  - **Recommendation 2:** *'The Council should arrange an independent detailed review of all of its land related policies and procedures to ensure that all policies comply with the legislation and guidance as noted in the background section of this report.'*
  - **Recommendation 5:** *'The Council should ensure that it demonstrates clearly that it is meeting the legislative requirements and best practice in land and property transactions and that this is clearly documented. The Council should follow LPS guidance and its own Land and Property policy in complying with the requirement to obtain best price as directed by legislation. This includes, but is not limited to, ensuring that valuations are up to date, valuations take into account all relevant information and are appropriately challenged, costs are recovered from the purchaser and consideration in all cases is given to open market sale. Where best price cannot reasonably be obtained, approval must be sought from the Department to proceed.'*
4. On 9<sup>th</sup> August 2022 the Council resolved unanimously to approve an Action Plan to implement the recommendations of the Local Government Auditor's Extraordinary Audit of the Council, including recommendations 2 and 5 above.
5. In October 2022, Integritas Consulting and Training Ltd was appointed to carry out this review and its owner, Stephen Mungavin CPFA led the review. Stephen is an acknowledged expert in public sector governance and accountability, being a former Head of CIPFA Northern Ireland and having carried out many governance and related reviews throughout the UK (including local councils), Ireland and abroad in Africa, Europe and with the United Nations in New York.
6. The terms of reference for the Land and Property Review were clearly set out by the Council and are included in Annex 1. The overall aim of the Review is to 'demonstrate that all Council's land and property policies comply with legislation and guidance detailed in the background section of the NIAO Extraordinary Audit Report and demonstrate clearly that



Council is meeting the legislative requirements and best practice in land and property transactions and that this is clearly documented’.

7. Within this overall aim, the objectives of the Review are:

1. To review Council’s asset management strategy, land and property policies and procedures, all governance structures related to land and property, controls in place, documentation, the process for obtaining valuation and legal advice, the resources allocated to land and property, to ensure all issues reviewed are adequate and appropriate to meet Council’s legislative requirements and strategic objectives in relation to its assets, particularly in relation to demonstrating that Council has obtained best price in the transacting of land disposals and easements and can demonstrate that Council adheres to statutory and other requirements and can demonstrate compliance with best practice.
2. To make proposals for the future to ensure that Causeway Coast and Glens Borough Council adopts best practice in governance, transparency, and accountability - strengthening the reputation of Council in relation to land and property matters.
3. To clarify roles and responsibilities of all officers involved in land and property matters.

8. To fulfil these objectives, the Review identified good practice and gathered information from the Council, through analysis of documents and interviews, to benchmark the Council’s Land and Property function to identify areas of compliance and areas for development. The following good practice helped to inform the Review:

- Local government statutory requirements.
- Department for Communities Guidance ‘Local Government disposal of land at below best price’ January 2021.
- Land & Property Services, Department of Finance ‘Disposal of land’ Oct 2018.
- A Strategic Approach to the Use of Public Sector Assets – A good practice guide for Local Government in Northern Ireland (2021).
- Various pieces of CIPFA’s Asset Management guidance.

9. The Council’s primary documents that informed the review included:


- An Estate Strategy for Causeway Coast and Glens Borough Council for the period 2020 – 25. (September 2019).
- Land & Property Policy (March 2020).

10. The Review also referenced numerous other Council documents and also conducted meetings with a range of senior Council Officers and some Elected Members helped to gather information on the effectiveness of the land and property function in the Council. This information was analysed to help form conclusions and recommendations which are consolidated in a single table in Annex 2. The Review has not prioritised these as it considers they are all essential to add value to the Council’s land and property function.



### 3. Land and property strategy

11. The Council has an agreed Estate Strategy for the period 2020-2025. This strategy was presented to the Council's Land and Property Sub-Committee (a committee of the Corporate Policy and Resources Committee) in October 2019. A workshop was held in January 2020 which was attended by 18 Members and the Strategy was approved by the Sub-Committee in February 2020. On this basis, the Corporate Policy and Resources Committee, at its meeting on 25<sup>th</sup> February 2020, recommended approval of the strategy to the Council. The strategy was agreed in March 2020 when the Council adopted the minutes of the Committee. Prior to this, in September 2019, the lack of a strategy was reported to the Council's Audit Committee as a Priority 1 recommendation (i.e. there were significant issues for senior management which may have potential to result in weaknesses in internal controls). The notes of the workshop held in January 2020 show no evidence of any scrutiny of, or challenge to, the contents of the draft strategy or its implementation.
12. The Review found the Council's Estate Strategy is thorough and comprehensive. It provides a valuable situational analysis of the Council's assets by identifying strengths such as the GIS team as well as areas that need to be developed. The strategy helpfully links with the Council's Corporate Plan (2021-2025) and other strategies such as its Community Plan. However, the Council's Corporate Plan does not reference the Estate Strategy as one of its Strategic Delivery Projects (but it does include, for example, the Tourism Strategy, Economic Development Plan, Towns Development Plans etc).
13. The Council's Estate Strategy also sets out high level strategic objectives and, in its various recommendations, provides a clear route map of actions required by the Council to help achieve those longer-term objectives. The recommendations in the strategy include, for example, re-configuring the Council's governance and management arrangements; developing staff resources and capacity; investing for strategic outcomes; divesting of surplus or underperforming assets; and optimising opportunities for raising revenues from assets.
14. The strategy concludes by stating: *'It should be noted that, when implemented, this strategy will tick the boxes as above, but there are a number of aspects still to be covered – hence the necessity that this **strategy is embedded in to the natural working machinery of the Council as soon as can possibly be managed** and it is viewed as the start of a long term change rather than the completion of anything'.*
15. The Review could not find evidence of any oversight or scrutiny of implementation of the Estate Strategy, for example from Committee terms of reference, minutes or from progress reports. The Review could not see evidence of any mechanism being put into place by the Council to embed the strategy in practice, as highlighted above. Feedback from interviews confirmed that little or no progress had been made to implement the important longer-term recommendations in the strategy.
16. The Review concludes that the lack of implementation of the strategy is a major failure in leadership at a governing body (i.e. Council and its Committee) level regarding oversight and scrutiny of progress and at an executive leadership level by the Chief Executive for the




lack of implementation. The external environment, and particularly the focus on managing core services during the COVID-19 pandemic, may have been a contributing factor to the lack of implementation. However, there is no evidence of Council de-escalating this priority, deferring implementation of the strategy or re-prioritising implementation of the strategy now that the pandemic is under control.


17. Given that the Estate Strategy remains a credible plan, it is **recommended** that the Council updates, refreshes, and renews it as required for the period 2023 – 2025. The Council should also take steps to ensure stronger leadership at Chief Executive and SLT levels to embed the recommendations contained in the strategy as a matter of priority, as well as ensuring mechanisms are in place to oversee and scrutinise progress of its implementation, for example through the Land and Property Sub-Committee and the Council’s governance framework.
18. The Review carried out a desk-based analysis of a five other Councils in Northern Ireland of similar size and scale as Causeway Coast and Glens Borough Council. The overall general impression is that Asset Management strategies in the sector that provide for a more Council-wide approach on the condition, usage and potential development of Council assets are not well developed, if at all.

#### 4. Land property policy

19. According to the Strategic Investment Board (SIB), it is good practice for Councils to have *‘operating policies and guidance covering matters such as disposals, income generation, supporting social and economic enterprise, risk management etc.’* One of the components of good practice in land and property guidance issued by NIAO and SIB (October 2021) is for Councils to have an asset management policy.
20. The Council has a Land and Property Policy that was adopted at its meeting in March 2020. The aim of the Policy is to enable the Council to *‘follow best practice in the management of its Land and Property portfolio’*. The Policy refers to the link with the Council’s Estate Management Strategy and to the Council’s overall strategy to *‘deliver the highest quality public services to the residents of, businesses and visitors to, the area’*. The draft Policy was presented at the workshop for Council Members in January 2020 where there is evidence that Members raised a number of operational queries.
21. The Council’s Policy clearly sets out steps that the Land and Property Sub-Committee and Council Officers require to take in a variety of land and property functions such as acquisition, disposal, marketing, requests to use council land, rentals, and valuation services. However, the Review found that the Policy could be developed further to include reference (and update content accordingly) to more recent guidance issued to Councils since March 2020. This includes, for example, the Department for Communities *‘Guidance for District Councils on Disposal of Land at Less than Best Price’ (January 2021)* and the NIAO and SIB good practice guide for local government in Northern Ireland entitled *‘A Strategic Approach to the Use of Public Sector Assets’ (October 2021)*.



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22. The section in the Policy that relates to land which has been declared surplus to requirement (section 2.1.1) refers to March 2013 guidance provided by Land and Property Services (LPS), which has been surpassed by its updated guidance provided in October 2018.
23. The Review also found that the Policy could be developed further. Section 3 covering accountability and responsibilities is quite general and could be more detailed, for example:
- The reference to the Council's Estate Strategy could be expanded, including the components of an asset management plan and risks of not maximising value of land and property.
  - The role of the Land and Property Sub-Committee could be explained further, in particular a responsibility for oversight and scrutiny of implementation of the Estate Strategy.
  - Reference could also be made to the governance structure of the Council including the role of the Corporate Policy and Resources Committee.
24. Section 3 of the Policy is vague when it states that *'The implementation and effectiveness of the policy will be overseen by the Chief Executive of the Council or by officers so designated by him.'* The Policy should be very explicit that the Chief Executive, as the Council's designated chief financial officer (and therefore accounting officer) and as its Head of Paid Service, is ultimately responsible and accountable for the effective implementation of the Policy (as with all other council policies). It would be helpful for the Policy to also include those Council Officers who have a functional land and property role.
25. The Disposal of Land and Property (Section B, paragraph 2 of the Policy) does not cover disposals at below market value and should be informed by guidance issued by the Department for Communities in June 2021.
26. The Policy content should be mapped against the good practice components identified by NIAO and SIB to identify areas which are not included, for example guidance on income generation; supporting social and economic enterprise; net-zero carbon; and risk management.
27. Like all policies and procedures, their awareness, application and effectiveness are even more important than their development and approval. From documents and meetings, the Review could not find evidence of systematic roll-out of the Land and Property Policy in terms of raising awareness e.g. through training and development.
28. The Review concludes that whilst the Council's Land and Property Policy provides a useful starting point to provide direction and guidance, the Policy has some gaps. There is also an opportunity to develop the Policy further and to strengthen accountabilities. It is therefore **recommended** that:
1. The Council refreshes and updates its Land and Property Policy highlighting and referencing more recent guidance from the Department, NIAO and SIB. Once this is




done, the Council should take steps to raise awareness of the policy and its practical implications e.g. through training and development for relevant staff.

2. The Council's Land and Property Committee oversees the update of the Policy, makes provision for further periodic reviews of the Policy, for example in 2-3 years' time, and oversees its implementation across the Council.
3. The Chief Executive is explicitly held to account by the Council for the effective implementation of its Land and Property Policy.

## 5. Governance structure

29. Good practice guidance from the NIAO and SIB states that *'all asset holdings should be regularly challenged at a senior management and committee level to ensure they are correctly configured and support the delivery of public services and civic outcomes'*. For this to be achieved, it is important that the land and property function is effectively integrated into the governance framework of the Council.
30. The Review carried out a desk-based analysis of a five other Councils in Northern Ireland of similar size and scale as Causeway Coast and Glens Borough Council. Asset management does not stand out as a function, although it may be part of the provision of a service, such as Planning or Building Control, with the Fixed Asset Register as part of the compilation of the Balance Sheet. There is a lack of evidence of an overarching Asset/Estates Management Strategy to provide assurance that, in the sample, assets are being reviewed in terms of condition, usage, planned maintenance and repair or development to ensure that Councils are achieving value for money using their land and property.
31. In March 2017, the Council established a Land and Property Sub-Committee which is a Sub-Committee of the Corporate Policy and Resources Committee. The terms of reference set out the scope of the Committee and its responsibilities as well as membership and business arrangements. The terms of reference include receiving an annual audit of the Council's land and property portfolio and receiving reports from Land and Property Services (LPS) in carrying out five-yearly asset valuations and other valuations and surveys. The terms of reference also make it clear that the Sub-Committee's responsibilities are distinct from the property functions that sit within the scope of the Environmental Services and Leisure and Development Committees.
32. Analysis of the Council's Constitution (2022) could not identify reference to the Land and Property Sub-Committee in the Council's governance framework. The Review also observed that whilst the Constitution includes terms of reference for each of the Council's Committees, these do not contain reference to responsibility for oversight of asset management.
33. The Review found that the terms of reference for the Sub-Committee are somewhat dated and need to be refreshed. For example, to reflect the Estate Strategy, to update references to the Performance Directorate, and to update some minor points of detail. In addition, from analysis of minutes and agendas over the last two years, the Review could




see no evidence of the Sub-Committee receiving annual audits of the property portfolio or valuation reports from LPS. The terms of reference should also make provision for its review and updating as required; to evaluate the effectiveness of the Sub-Committee to periodically assess whether it is carrying out its governance responsibilities as required; and to reflect good practice from the NIAO and SIB.

34. A review of the Sub-Committee's agenda and papers found that the Sub-Committee is largely operational, for example making recommendations to the Corporate Policy and Resources Committee on requests to use Council land/property; requests to purchase or dispose of Council land/property; approval of leases and licences; oversight of Council title and first registrations; and dealing with any correspondence.
35. From meetings with senior Council Officers and Members, the business of the Sub-Committee is working well. For example, feedback shows there is plenty of discussion and challenge; it is not subject to undue political influences; and there is an understanding of the need for compliance with land and property rules and regulations. The Sub-Committee has a purpose and provides a focus for some important operational aspects of the land and property function.
36. The Council has an opportunity to further develop the work of the Land and Property Sub-Committee, building on the work done to date. The Council's governance structure has a gap that lacks leadership and oversight of the more strategic land and property issues such as those contained in the Estate Strategy. It is **recommended** that the Council should review the Sub-Committee's terms of reference to seek greater devolution of operational decisions to officers within policy guidelines, being consistent with its Scheme of Delegation, to enable the Committee to take a lead on oversight of the effectiveness of the Estate Strategy.
37. As the Land and Property Sub-Committee terms of reference have not been reviewed since inception in 2017, it is further **recommended** that that the Council should refresh this to ensure that the responsibilities listed are relevant and achievable; that it is up to date with references to good practice and the Council's structure and that there is provision for periodic review and evaluation. It is also **recommended** that reference to the Sub-Committee should be included in the Council's Constitution.

## 6. Staff resources

38. One of the nine core components that are set out by the NIAO and SIB good practice to help Councils structure and bring forward modern public sector asset management practices is the identification of an Asset Management Champion. This role in a Council is to manage and optimise the value (financial and non-financial) derived from land and property assets; effecting change and improvement in the asset base; and managing performance of the asset portfolio. The Council's Estate Strategy highlights the role of its Asset Champion to act as a single point of contact with responsibility to implement the Strategy and for all issues and changes relating to Council assets.
39. There is no clear Asset Champion with this responsibility in the Council. This is indicative of the lack of implementation of good practice and the Council's Estate Strategy highlighted in



paragraph 15 above. Given the NIAO Extraordinary Audit and the recommendations relating to named senior Council Officers, the Review understands that the Council has implemented temporary arrangements for the Director of Environmental Services (as the only member of the SLT not implicated in the NIAO report's findings) to be the head of the land and property function. This area of specialist responsibility is in addition to existing responsibilities to run a large Council department and also to oversee the implementation of the NIAO recommendations, which adds up to a substantial portfolio of work and a broad scope of responsibility.

40. Although there is no designated Asset Champion to take a lead within the Council, there are a number of Council Officers who have land and property responsibilities together with their other responsibilities (as seen in job descriptions and roles):

*Environmental Services Directorate:*

- Head of Capital Works, Energy and Infrastructure: overall responsibility for capital asset realisation.
- Asset Realisation Officer (currently vacant): working with asset holders, responsibilities include business cases, asset register of realisation projects, valuations, implementing projects, economic appraisals.
- Head of Estates: responsible for developing and maintaining the Council's grounds and buildings.


*Corporate Services Directorate*

- Democratic & Central Services Manager: responsible for the Council's Land and Property Portfolio and act as Council's lead contact on land and property matters.
- Land and Property Officer: role is to support the Manager by meeting day to day operational responsibilities associated with the Council's land and property portfolio.
- Assistant Land and Property Officer: role is to support the Land and Property Officer.

*Others*


- Council Land and Property Solicitor: responsible for legal advice and compliance requirements relating to land and property owned by the Council.
- Chief Finance Officer: responsible for financial reporting of assets (e.g. depreciation) and supporting financial management of land and property revenues and costs.
- The Geographical Information Systems (GIS) team who digitally record and map the council's land and property assets. This resource was highlighted by the NIAO (2021) as a good practice example of enhancing capability of Councils in Northern Ireland. Feedback from interviews also highlighted the benefits of the GIS function.
- Asset 'owners': i.e. other senior Council Officers who manage the land and property to provide functional services e.g. leisure centres, community centres, etc. From our interviews, the role of an asset owner and how it fits with the land and property function is unclear.

41. Whilst some aspects of these job roles are clear, others parts are unclear and appear to overlap. For example one job has the responsibility to *'provide leadership and business focus across Council asset portfolio in the innovation, realisation and development creating a business focus regime to deliver prosperity for Council and Community'*. Another role, in another directorate, is to *'Lead the creation of the Council's asset management/land and*



*property function. Develop, create, and implement a strategy to ensure the Council's assets are safeguarded and managed in accordance with legislative requirements, current guidance and best practice'. Another post has responsibility for 'the day to day management of the Council's property asset portfolio in line with the Asset Management Strategy. This includes the preparation and implementation of a portfolio wide Estate Strategy and individual Asset Management plans to support the Head of Service in the delivery of the Council's corporate objectives and departmental service delivery requirements and assist long-term planning of the Council's estate'.*

42. Council Officers have a Capital Projects Working Group that meets on a monthly basis (or as required) to coordinate capital developments. Its purpose is to *'inform the SMT of all necessary information to authorise progress to a Council Committee'*. Officers also have an Asset Realisation Group to coordinate the disposal of assets. These Groups report through the management structure, for example a 'sponsor' Director provides a communication line between the Groups and the Senior Leadership Team.
43. The Council's Estate Strategy recommends a more centralised approach to lead and manage land and property, which is *'fundamental to modern asset management'*. A centralised, strategic and more objective overview allows greater planning; monitoring of performance; and rationalisation of assets.
44. Feedback from interviews shows that a more systematic approach is being taken to manage and administer the Council's land and property portfolio, and some good progress has been made by Officers in the land and property team and the legal and asset realisation functions, but more work is still required e.g. in land ownership, valuation, first registrations and renewal of leases e.g. the Priority 1 action for the Council following the financial audit by NIAO in 2022. This position is in the context of four councils merging in 2015 with the associated land and property legacies and the Council is still catching up with its ownership records, valuations etc. Feedback also indicated that decision-making within the Council was sometimes unclear e.g. the application and level of charges for use of Council land.
45. For those Officers who have a responsibility for aspects of asset management/land and property management and administration, it is important that they have, and develop, the requisite skills and knowledge to help fulfil their role. From our interviews the Review did not find any overall analysis of staff training or development needs. The Council does not have a structured approach to training to systematically equip officers with the required asset management and related skills.
46. The Review carried out some desk-based research of five other councils in Northern Ireland of similar size and scale as Causeway Coast and Glens Council. This indicated a lack of prominence of the Land and Property or Estates Management functions. The management structures of these other councils are publicly available as were the roles and responsibilities of each Directorate in some cases. However, in none of the other councils was it clear where the land and property function featured within the organisation structure.

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47. In conclusion, the Council has made some progress in organising its land and property resources, and the GIS team stands out as adding value, but there is much more that needs to be addressed. There is no Asset Management Champion in place and therefore no obvious lead officer for this function. The temporary arrangements where the Director of Environmental Services acts in this role is sub-optimal given the various other responsibilities of that post. Land and property roles are dispersed across the council with little or no coordination between them as a team. Also, asset management expertise and skills are largely unknown across the Council and additional resources are needed to address the remaining backlog of land and property ownership records. Overall, the Council has a good opportunity now to make further improvements in leading, utilising, building and developing its land and property resources.
48. In light of these conclusions, the Review **recommends** that the Council:
1. Urgently considers the benefits of making an interim appointment to head up the land and property function to comply with good practice to have an 'Asset Champion' in place.
  2. Pending a more in-depth review of the integration of the land and property function in the overall Council structure to make it more cohesive, introduce a 'virtual' Land and Property team consisting of those Officers who have some responsibility for this function based on a matrix management arrangement cutting across directorates, including representatives from the capital development and asset realisation groups.
  3. Conduct a land and property skills analysis that will give an indication of gaps and enable the Council to identify ways of filling gaps, e.g. by providing training and development.
  4. Provide additional administrative resources, even on a temporary basis, to help with the backlog of ownership, valuations etc.

## 7. Asset management processes and controls

49. In 2021, the NIAO guidance emphasised the importance of effective and efficient asset management in Councils. One of the key components of this is having a comprehensive asset register to '*describe all land and property assets owned, leased and occupied by a council. The asset register will be actively maintained and publicly available*'. According to Council documents, its asset register is in Microsoft excel format reflecting valuations that are used for accounting purposes (rather than open market valuations). From the last published annual accounts, the Council has total assets (i.e. property, land and equipment) valued at some £225m.
50. Helpfully, the Council also has land and property asset records in digital format using its Geographical Information System (GIS). There is some merit in consolidating the Council's land and property assets in a single system that can then be accessed and used for a variety of purposes. The Council has an opportunity to develop its asset register further to ensure that its components cover the minimum recommended detail shown in Table 1 on the following page. The Review also **recommends** that the Council should also make non-commercial or non-sensitive aspects of its asset register publicly available, that could be a



feature on its website, which would be consistent with good practice highlighted by NIAO and SIB.

Field Name	Example
Building Number	27
Primary Street	Gray Road
Town	Belfast
County	Down
Postcode	BT7 6HD
Post-town	Belfast
Region	Northern Ireland
Prop ID (if applicable)	273611
X/Y Co-Ord	338517 373831
LPS "Fusion_ID"	131caecb-1ccb-44a3-9e7c-65b0f7be2b07
Owned by	Council Leisure Services
Occupied by	Council Leisure Services
Tenure (Freehold, Leasehold, Other)	Freehold
Lease Break (if applicable)	N/A
Lease End (if applicable)	N/A
Floor Area (Gross Internal Area / GIA m <sup>2</sup> ) or (Net Internal Area / NIA m <sup>2</sup> ), making clear the basis of measurement where known.	GIA 2,560m <sup>2</sup> or NIA 2,250m <sup>2</sup>
Site Area m <sup>2</sup> or hectares, making clear the metric unit of area where known.	20,234m <sup>2</sup> or 2.20 hectares
Existing Use Description	Office/Stable/Community Hall etc. This requires use of Unicode Classifications <sup>9</sup> .
Total annual capital costs associated with holding and/or occupying an asset	Previous financial year £5,500 pa
Total annual revenue costs associated with holding and/or occupying an asset	Previous financial year £2,200 pa

Source: SIB and DoF's Land & Property Services (LPS) and Ordnance Survey of Northern Ireland (OSNI)

Table 1 Sample Asset Register Entry (NIAO and SIB, 2021)


- For the asset register to work effectively, ownership records of the Council's land and property, demonstrated through title deeds and through land registration, is essential. From interviews and from analysis of Land and Property Sub-Committee papers, on formation, the Council inherited a range of inconsistent and incomplete records from the four legacy councils. Over the last two years, the Review found that the Council has made good progress, through its land and property team including the Land and Property Solicitor, to increase proof of its ownership through increased title deeds and registrations, as can be seen by the following table using data reported to the Land and Property Sub-Committee, based on value.

Date	Title deeds		Registration	
	Confirmed	Not confirmed	Confirmed	Not confirmed
April 2021	90%	10%	53%	47%
December 2022	95%	5%	75%	25%
Change	+5%		+22%	

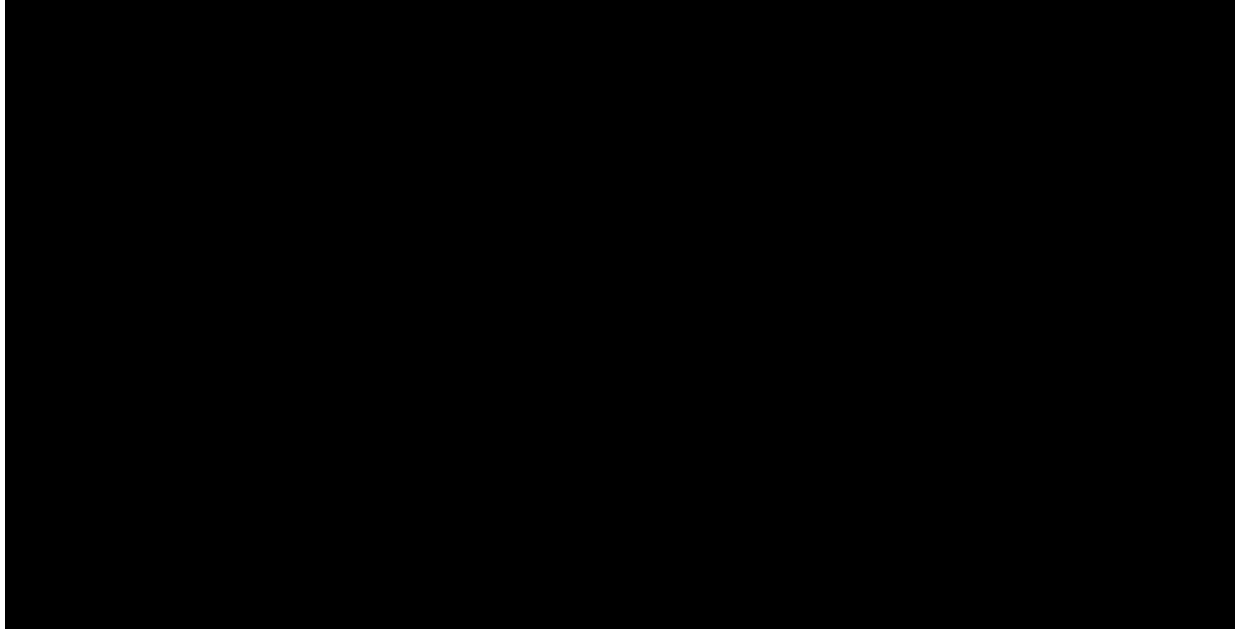
Table 2 Movement in land and property records

52. Despite this significant progress, more work needs to be done as it is estimated by officials that it will take the Council another 3-4 years to complete the update exercise (taking into account ongoing maintenance of records considering additions and disposals). In addition, the Review was informed that some existing title deeds and property records are not consistently scheduled with common indexation of file content or referencing systems.
53. The Review concludes that whilst the Council has made some good progress in this area, progress needs to be made at a quicker pace to validate ownership of an estimated 300 property records. Although the Council has dedicated administrative and legal resources in this area, more resources are needed to bring the Council's land and property records up to date and ensure they are in proper order.
54. Some of the Council's land and property is leased to third parties on a commercial basis. A report to the Land and Property Sub-Committee in June 2021 identified that 57 of the Council's properties had commercial leases, 40 of which were prioritised for review because of their higher value than others. The review was required to ensure the leases were current and reflected current value as a significant number (28 out of 40) required revaluation or renewal and there was one vacant property. In January 2023, according to an update report to the Sub-Committee, this had been reduced to 11 out of 40 leases (with five properties being vacant). Feedback from interviews indicates that progress over leases has been slower than the Council wished but the COVID-19 pandemic had a valid impact as valuers were unable to carry out any work during lock-down periods during 2020-21.
55. Therefore, although progress has been made, there is a significant amount of work for the Council to do to maximise the use and revenue potential of its leasehold properties. In order to address the remaining backlog of leases as well as ownership, the recommendation in paragraph 48 for additional resources would help the Council maximise the value of its leasehold property.
56. The Council's Land and Property Policy clearly sets out that the Council will use the services of professionally qualified personnel to value and advise on the acquisition and disposal of Council land and property assets and the Review was informed by the Council that this is now standard practice.
57. From engagement with Council and government officials, as well as from internal Council correspondence, the Review has found that the Council is now following Department for Communities (DfC) guidance. The Review understands that Council now has an internal






process for Council approval which the asset owner then takes to seek approval from the Department in accordance with the Department's 2021 guidance. The Review was advised by Council Officers that the following approvals have been sought or are in the pipeline for approval by the Department.



58. On verifying the requests received by the Department, it confirmed to the Review that only the first request for approval had been received from the Council. The Council has advised that the second request was a retrospective application, which was not considered by the Department, who consequently notified the Council.
59. The Review was advised by Council Officers that the process for ensuring asset owners submit requests, whether centrally through the Corporate Services Directorate, or from other functions in the structure, could be developed further. This would ensure that all Officers are clear about the roles in terms of seeking approval from the Department and understand the information requirements for submissions. The Review therefore **recommends** that awareness of this process is raised through appropriate channels e.g. the management structure, briefings or training.
60. The Review found there is some difference between the Council and the Department in the interpretation of a 'disposal' i.e. of assets at less than market value. The Departmental 'rule of thumb' is that disposal refers to a change of ownership e.g. sale, lease or easement below market value. From correspondence, the Council appears to have interpreted this as including temporary use of Council land without a charge or below commercial rates which could require a valuation and Departmental approval e.g. the use of land by a charity for an afternoon event. On this basis, the Review **recommends** that the Council engages with the Department to come to a common understanding of the scope of 'disposals' that require its approval.
61. In addition to having an asset management strategy, policy, ownership records, valuations and effective asset management arrangements in place, it is good practice, as highlighted by CIPFA's asset management tools, for local authorities to have accurate information on



the condition of its land and property assets. The Review was informed by the Council that it is compliant with all statutory maintenance such as PAT testing, hard wire testing, legionella, asbestos, fire fitting equipment etc. The Review understands that general maintenance is carried out when the asset holder requests work for which they have made budgetary provision. Regarding planned maintenance of Council buildings to address the condition of its buildings, the Review has been informed that the Council is currently tendering for condition survey services, with a view to starting surveys in March 2023.

62. The Council receives external requests to use its land either for commercial reasons or for non-commercial events. Records show it receives over 100 such requests per annum, roughly half of which are for commercial events. The Review found that the Council has a clear application process which features prominently on its website along with a broad schedule of fees and charges (if applicable). There is a high level charging (flowchart) process is set out in the Council's Estate Strategy. All applications to use Council land are considered by the Land and Property Sub-Committee upon receiving advice from Officers. From interviews, the Review found that applications to use Council land are not always straightforward when it comes to categorising charges. If the charging policy was more specific and contained greater detail, including precedents and examples, it would be easier for Officers to process applications and help determine any charges. This could also mean that Officers could be delegated to make decisions about straight forward and routine applications and the Sub-Committee could consider others by exception, including any contentious applications. It is **recommended** that the Council reviews its charging policy to make it more specific as well as re-examining powers to delegate routine applications to officers.

## 8. Compliance with statutory requirements and best practice

63. The statutory requirements of the Council relating to land and property are clearly set out in paragraph 21 of the NIAO Extraordinary Audit. In the context of the Council having powers to make decisions to charge for use of land for the benefit of the community (general power of competence), the Review found that the Council is compliant given its charging policy and procedure and decision-making arrangements. However, there is scope to make this more effective, as recommended in paragraph 62 above.
64. It is also a statutory requirement for the Council to seek approval from the Department for Communities to dispose of land at less than best price (section 96 (5) (a) of the Local Government Act (Northern Ireland) 1972). As referenced in paragraph 57 above, the Council has now started to comply with this statutory requirement but must ensure that all relevant Officers are aware of this requirement and are following the process the Council has established. Awareness would be greater if specific reference to this statutory requirement was included in the Council's Land and Property Policy (2020) and it was more effectively promoted in the Council.
65. The Land and Property Service (LPS) provides overarching guidance for central government departments and the wider public sector in Northern Ireland. In 2018 it published guidance entitled 'The Disposal of Public Sector Property' which highlighted two main objectives for the management of public sector assets:



1. To reduce the net cost of service delivery through the efficient use of public sector assets.
  2. To promote effective asset management processes that unlock value.
66. The guidance also states that *'disposal of surplus government owned property is an important part of the Asset Management Strategy and helps support the drive to improve estate management and create an efficient, fit-for-purpose and sustainable estate that meets future needs'*.
67. These objectives are reflected in the Council's Estate Strategy, for example its states that *'Considering there would appear to be a variety of opportunities in this category that could potentially lead to a significant capital receipt there are a number of key immediate actions that would help to bring clarity :*
- a) To hold a robust 'asset challenge' session , using GIS to inform the recommendations – across all areas – as to which assets could potentially be released.*
  - b) To establish if there would be an appetite for a target 'capital receipt' figure, the funds from which could be recycled directly in to the capital programme. On initial consideration, it would appear that a figure between £20-30m could be reasonable if a commercial approach could be taken.'*
68. The Review found no evidence of the Council rationalising its estate or conducting a systematic approach to challenging and maximising the value of its assets as set out in the Estates Strategy. The strategy estimates this could raise up to £30M in capital receipts for the Council. For example, all of the legacy Council head offices remain in Coleraine, Ballymoney, Limavady and Ballycastle and six waste management depots are spread over these four locations.
69. The Council's Estate Strategy highlights that a *'strategic approach to the management of public sector assets is being encouraged by the NI Audit Office who are working alongside SIB to produce detailed guidance to all Councils in the near future'*. The Review found that the NIAO/SIB guidance for all councils in Northern Ireland, entitled *'A Strategic Approach to the use of Public Sector Assets – A good practice guide for local government in Northern Ireland'* was published in October 2021.
70. Despite the Council anticipating this guidance in its own strategy, the Review found that the Council, either at a governing body level or at Officer level, was not aware (until informed by this Review) that it had been published. Since this guidance was highlighted, the Review has been informed that steps are being quickly taken by Officers to make the Land and Property Sub-Committee aware of the prevailing good practice. To enable all elected Members and senior Officers in the SLT to become familiar with this important guidance, a copy is enclosed as an **Addendum** to this Report.
71. This NIAO/SIB guidance was launched at a virtual event in October 2021 run by SOLACE and the Chief Executives' Forum (CEF) in Northern Ireland. The Review found there were representatives from nine councils, various central government departments and the NI


Audit Office in attendance, but there were no attendees from the Council at this important launch event. The Review notes that the Council’s land and property personnel would not have been aware of the event run by SOLACE/CEF.

- 72. Details of the Guidance launch event, including a recording of the presentations made, is available on the Chief Executives’ Forum website and can be accessed by clicking on this link: <https://www.ceforum.org/events/628>. Members of the Land and Property Sub-Committee as well as the Chief Executive and the SLT would benefit from watching this recording to better understand the good practice being promoted.
- 73. The complete lack of awareness of this important land and property guidance within the Council is very regrettable. This is because it not only indicates a lack of connection with the public sector leadership infrastructure; it shows a lack of understanding of the importance of learning lessons from the wider public sector (the duty of any Chief Executive/Accounting Officer); it highlights the lack of an Asset ‘Champion’ in the Council; and it fails to understand that the guidance is very helpful to shape land and property strategy, policy and practice.
- 74. The Guide highlights nine core components of good asset management, as seen in the table below:

<p>Establishing the context for delivery</p>	<p><b>ASSET MANAGEMENT STRATEGY</b> Describes the way council-owned and leased land and property assets will be utilised to support service delivery and wider civic outcomes</p> <p><b>ASSET MANAGEMENT PLAN</b> A multi-year plan describing how the Asset Management Strategy will be implemented across all assets</p>
<p>Governance to support delivery</p>	<p><b>ASSET MANAGEMENT POLICIES</b> Appropriate operating policies and guidance covering matters such as disposal, income generation etc</p> <p><b>ASSET MANAGEMENT CHAMPION</b> A senior officer identified as holding responsibility for managing and optimising the value derived from land and property assets</p> <p><b>MULTI-DISCIPLINARY APPROACH</b> Asset management draws upon legal, financial and property expertise. The Asset Management Strategy and Asset Management Plan should align with the Corporate Plan and Community Plan</p> <p><b>CHALLENGE FUNCTION</b> All asset holdings should be regularly challenged at a senior management and committee level to ensure they are correctly configured and support the delivery of public services and civic outcomes</p>
<p>Developing asset management capability</p>	<p><b>ASSET REGISTER</b> An actively maintained publicly available comprehensive asset register describing all land and property assets owned, leased and occupied by a council</p> <p><b>BENCHMARKING &amp; PERFORMANCE MANAGEMENT</b> Benchmarking the functional and economic performance of the asset base compared to other comparative portfolios</p> <p><b>RISK MANAGEMENT</b> Asset risks identified and managed or mitigated in line with the Asset Management Plan</p>

Table 3 Components of good asset management

- 75. The NIAO and SIB Guide also includes (at Annex E) a helpful checklist that enables councils to conduct a self-assessment against their good practice land and property function that will help identify areas for improvement. The Review conducted an initial assessment of the Council against the nine areas of good practice which showed that the Council is only compliant with two of the nine good practice criteria – that is, having an Asset Management Strategy; and having a Land and Property Policy. Even then, the Council’s Estate Strategy has never been implemented and its Policy requires updating, as




referenced in paragraph 23. Given the weaknesses in the Council highlighted by the NIAO Extraordinary Audit, it is very surprising that the Council has not given priority to these aspects of good practice. This indicates to the Review a lack of urgency at a governing body level as well as at Chief Executive and SLT level to address good practice.

76. Overall, whilst the Council meets its statutory obligations, it does not comply with good practice as recommended by NIAO and SIB. The Review **recommends** that the Land and Property Sub-Committee oversees the application of the nine priorities highlighted in this good practice; scrutinises progress made; and holds the Chief Executive to account for the implementation of an agreed Asset Management Plan.
77. The Review also concludes that application of good land and property practice will be challenging for the Council with the current leadership and staff resource arrangements. Therefore, the Review **recommends** the Council should strengthen leadership and capacity in this area by appointing an Asset Management Champion to enable the application of good practice as set out by the NIAO and SIB.

## 9. Overall conclusions and next steps

78. The Extraordinary Audit found that adherence to legislation and best practice in land and property matters was not part of the culture of the Council. Changing culture through different behaviours and mindsets, and creating new norms, needs to be led from the top. The need to change culture may have been even more challenging given pressures of the external environment over the last two years.
79. However, the Review concludes that even if there were no external pressures, such as the COVID-19 pandemic, it is unlikely the Council would embed the required change in culture. This is because the Council currently lacks the necessary scrutiny and oversight by the Council and its committees as well as lacking leadership at Chief Executive and SLT levels to effect change to ensure a culture of compliance is embedded. This is evidenced from the Review by the:
  - Lack of application of the Council's Estate Strategy from 2020.
  - Need to update the 2020 Land & Property Policy.
  - Lack of knowledge, and hence lack of application, of good land and property practice designed to help councils in Northern Ireland, highlighted by NIAO and SIB.
  - Lack (and fragmentation) of resources to address the backlog of work.
80. The Council has an opportunity to build on the positive collaborative approach taken by the Land and Property Sub-Committee as well as the efforts and progress shown to date by Officers at an operational level, as well as further utilisation of the information technology tools that have been developed. This opportunity will require implementation of a clear and well developed Asset Management Plan as originally recommended in the Council's strategy and which is set out in good practice.
81. Based on its findings and conclusions, the Review has made a number of recommendations that will lead to longer-term improvement and add value to the effectiveness of the Council's land and property portfolio. Ultimately, this will improve the lives of residents of



the Borough which is the longer-term focus of the Council. For these recommendations to be implemented, the Council needs to develop a plan of tasks and actions with clear timelines and accountabilities. Implementation of such an action plan needs to be overseen by the Council through its governance structure.

82. In taking these recommendations forward through an agreed action plan, the Council also needs to share its progress with its primary stakeholders including the NIAO, the Department for Communities and the wider public which it serves. In this way, the Council will provide the necessary assurances that it is seeking to use its land and property assets as effectively as possible for the benefit of all of its residents and visitors.

## Terms of Reference

### 1.0 Background


- 1.1 On 30th November 2020, the Minister for Communities directed the Local Government Auditor to hold an extraordinary audit of Causeway Coast and Glens Borough Council ('the Council') concentrating on land disposals and easements and related asset management policies and procedures.
- 1.2 On 7<sup>th</sup> July 2022 the Local Government Auditor published a report summarising the findings of an extraordinary audit of Causeway Coast and Glens Borough Council, it details the findings and recommendations emanating from the audit of land disposals and easements since the Council was formed in April 2015. The report is attached at Appendix A.
- 1.3 On 26<sup>th</sup> July 2022 the Council unanimously resolved to accept all eight of the recommendations contained in the extraordinary audit report.
- 1.4 On 9<sup>th</sup> August 2022 the Council resolved to approve an Action Plan to implement the recommendations.

### 2.0 Scope

- 2.1 The Independent Review will address NIAO Recommendation 2 that *'The Council should arrange an independent detailed review of all of its land related policies and procedures to ensure that all policies comply with the legislation and guidance as noted in the background section of this report.'*<sup>1</sup>
- 2.2 The Review will also include how the content of NIAO Recommendation 5 can be best demonstrated by Council. Recommendation 5 states that *'The Council should ensure that it demonstrates clearly that it is meeting the legislative requirements and best practice in land and property transactions and that this is clearly documented. The Council should follow LPS guidance and its own Land and Property policy in complying with the requirement to obtain best price as directed by legislation. This includes, but is not limited to, ensuring that valuations are up to date, valuations take into account all relevant information and are appropriately challenged, costs are recovered from the purchaser and consideration in all cases is given to open market sale. Where best*

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<sup>1</sup> NIAO Extraordinary Report <https://www.niauditoffice.gov.uk/files/niauditoffice/documents/2022-07/NIAO%20Report%20-%20Report%20by%20LGA%20on%20Extraordinary%20Audit%20of%20Causeway%20Coast%20%26%20Glens%20Borough%20Council.pdf>



*price cannot reasonably be obtained, approval must be sought from the Department to proceed.'*

### **3.0 Aim**

3.1 The Review aims to demonstrate that all Council's land and property policies comply with legislation and guidance detailed in the background section of the NIAO Extraordinary Audit Report and demonstrate clearly that Council is meeting the legislative requirements and best practice in land and property transactions and that this is clearly documented.

### **3.2 Objectives**

- Review Council's asset management strategy, land and property policies and procedures, all governance structures related to land and property, controls in place, documentation, the process for obtaining valuation and legal advice, the resources allocated to land and property, to ensure all issues reviewed are adequate and appropriate to meet Council's legislative requirements and strategic objectives in relation to its assets, particularly in relation to demonstrating that Council has obtained best price in the transacting of land disposals and easements and can demonstrate that Council adheres to statutory and other requirements and can demonstrate compliance with best practice.
- Make proposals for the future to ensure that Causeway Coast and Glens Borough Council adopts best practice in governance, transparency, and accountability - strengthening the reputation of Council in relation to land and property matters.
- Clarify roles and responsibilities of all officers involved in land and property matters.

### **4.0 Timescales**

4.1 The Review will be completed and presented to Council by 30<sup>th</sup> December 2022.

### **5.0 Appointment**

5.1 The appointment of the Reviewer will be made on the agreement of the Department for Communities or by appointment process.

5.2 The Reviewer will present the report directly to Council.

5.3 Support during the review will be provided by the Democratic and Central Services Manager and Council's Land and Property section.

5.4 The Reviewer may need to undertake engagement with significant stakeholder groups, (but not limited to): Elected Members, Council officers, other statutory bodies and stakeholders as required.



**Summary table of recommendations from the review**

No.	Para. Ref.	Recommendation
1	17	The Council should update, refresh and renew its Estate Strategy as required for the period 2023 – 2025.
2	17	The Council should take steps to ensure stronger leadership at Chief Executive and SLT levels embeds the recommendations contained in the Strategy.
3	17	The Council should ensure that mechanisms are in place to oversee and scrutinise progress of the implementation of its Estates Strategy, for example through the Land and Property Sub-Committee and the Council’s governance framework.
4	23	The Council should refresh and update its Land and Property Policy, considering and referencing more recent guidance from the Department, NIAO and SIB.
5	23	On refreshing its policy, the Council should take steps to raise awareness of it and its practical implications e.g. through training and development for relevant staff.
6	23	The Council’s Land and Property Committee should oversee the update of the Policy, make provision for further periodic reviews of the Policy in its Terms of Reference, and oversee its implementation across the Council.
7	23	The Chief Executive should be explicitly held to account by the Council for the effective implementation of its Land and Property Policy.
8	36	The Council should review the Land and Property Sub-Committee’s terms of reference to seek greater devolution of operational decisions to officers within policy guidelines, being consistent with its Scheme of Delegation, to enable the Committee to take a lead on oversight of the effectiveness of the Estates Strategy.
9	37	Council should refresh the Sub-Committee terms of reference to ensure responsibilities listed are relevant and achievable; that it is up to date with references to good practice and the Council’s structure; and that there is provision for periodic review and evaluation of the Sub-Committee’s effectiveness.

No.	Para. Ref.	Recommendation
10	37	The Council should make reference to the Sub-Committee should be included in the Council's Constitution.
11	48	The Council should urgently consider the benefits of making an interim appointment to head up the land and property function to comply with good practice to have an 'asset champion' in place.
12	48	The Council should review of the integration of the land and property function in the overall Council structure to make it more cohesive and introduce a 'virtual' Land and Property team.
13	48	The Council should conduct a land and property skills analysis that will give an indication of gaps and enable the Council to identify ways of filling gaps, e.g. by providing training and development.
14	48	The Council should provide additional administrative resources, even on a temporary basis, to help with the backlog of ownership, valuations, leases etc.
15	50	The Council should also make non-commercial or non-sensitive aspects of its asset register publicly available, that could be a feature on its website.
16	59	The Council should raise awareness, through appropriate channels e.g. the management structure, briefings or training, of the process that is in place to seek approval from the Department for the disposal of property at below market value.
17	60	The Council should engage with the Department to come to a common understanding of the scope of disposals for approval.
18	63	The Council should review its charging policy to make it more specific as well as re-examine powers to delegate routine applications to use Council land to Officers.
19	76	The Land and Property Sub-Committee should oversee the application of the nine priorities highlighted in the NIAO/SIB good practice (2021), scrutinise progress being made, and hold the Chief Executive to account for the implementation of an agreed Asset Management Plan.
20	77	The Council should strengthen leadership and capacity in asset management by appointing an Asset Management Champion to enable the application of good practice as set out by NIAO/SIB.

## Tribute and Personal Statement

The terms of reference for this review emphasises the independent nature of the Review. This need was re-emphasised to me at meetings with Departmental Officials, Members of the Council's Implementation Team and some Council Officers and Members.

I can confirm that the work undertaken in the Review by me and my associate, including the feedback and reporting processes, was wholly independent and not subject to any form of influence by Council Officials or Members.

I would like to pay tribute to the professional oversight of this Review by the Council's Implementation Team and its Adviser Elma Murray as well as the cooperation and timely response of those Council Officials and Members who contributed to this Review and who provided the required information and input.

I would also like to confirm that, prior to and during this Review, I have no conflicting interests or conflicting loyalties with Causeway Coast and Glens Council and have acted as best I can in the interests of the residents and users of the Council's services.

A handwritten signature in black ink, appearing to read 'Stephen G Mungavin', written over a horizontal line.

Stephen G Mungavin







Northern Ireland Audit Office

The  
**Strategic  
Investment  
Board**

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# **A Strategic Approach to the Use of Public Sector Assets**

**A Good Practice Guide for Local  
Government in Northern Ireland**

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21 October 2021



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## Foreword to the Guide

When Local Government Reform took effect in 2015 local government bodies inherited a large portfolio of land and property assets both from the old councils and also, for some of the additional responsibilities assigned to them at the time, from central government for some of the additional responsibilities assigned to them at that time. Given increasing resource pressures, it is essential that local government is able to demonstrate its ability to make best use of these valuable public sector assets. This good practice guide aims to encourage more collaboration and consistency in asset planning across the public sector. Based on the nine core components of good asset management, as outlined in the Local Government Auditor's Report 2019 (<https://www.niauditoffice.gov.uk/publications/local-government-auditors-report-2019>), this guide proposes ways to improve and enhance the effectiveness and efficiency of land and property asset management. It draws on various sources of best practice and research and includes several practical case studies.

This guide is primarily aimed at senior council officers and those involved in land and property asset management in Northern Ireland's local government. The guide will also be of use to elected members who have decision-making powers in respect of the use of local government assets. Annex E of the guide provides a checklist for local councils. This is designed to support them in assessing and enhancing their current practices.

This guide is a collaboration between the NIAO and the Strategic Investment Board (SIB), as advisors and experts on asset management within Northern Ireland's public sector. This guide is neither prescriptive nor definitive but rather offers guidance and signposts clear and concise advice. We hope it will prove useful.



**Local Government Auditor**  
Colette Kane



**CEO of Strategic Investment Board**  
Brett Hannam



# Abbreviations and Glossary

<b>Asset</b>	The phrase 'asset' is subject to multiple definitions, with different professions ascribing different meanings to the term. For example, property (asset management) professionals will typically think of assets as land and property interests, which require management and investment and potentially carry some form of operational, reputational and/or financial risk. Finance professionals by way of contrast will tend to think about non-current tangible assets that are valued and depreciated for accounting purposes. Corporate finance professionals on the other hand may think of an asset as an entity with a legal title against which financial charges can be placed when raising and managing finance. It is the first of these interpretations, which is typically most relevant when considering modern public sector asset management practices.
<b>Asset Register</b>	For the purpose of asset management the asset register will describe operational and legal responsibility rather than financial value. An asset register for asset management purposes must be available to describe all land and property assets owned, leased and occupied by a council. The asset register should be actively maintained and publically available. It might be different from any register maintained for accounting or treasury purposes in that it will detail all land and property interests irrespective of financial value.
<b>Asset Management</b>	ISO 55000 promotes the concept of managing assets to add value to the core business of an organisation by, among other things, systematically translating the core objectives of the organisation into a documented plan for assets. It defines asset management as 'the coordinated activity of an organisation to realise value from assets'.
<b>Asset Management Champion</b>	A Council Directorate (and senior officer) identified as holding responsibility for managing and optimising the value (monetary and non-monetary) derived from a council's land and property interests.
<b>Asset Management Plan (AMP)</b>	An Asset Management Plan (AMP) describes how the Asset Management Strategy is to be implemented across all land and property assets. It will describe activities such as investment, divestment, funding, partnering arrangements, income generation, capital programmes, risk management and community engagement. It will cover a three to five year time horizon and describe budget and income implications associated with the plan.
<b>Asset Management Strategy (AMS)</b>	An Asset Management Strategy (AMS) describes the way in which council-owned, leased land and property assets will be utilised to support service delivery and the delivery of wider civic policy outcomes, such as those described in the Council Community Plans. The time horizon is typically five to ten years.

<b>Community Plan</b>	All 11 Councils have in place a Community Plan, typically detailing the next 15 years or so. It defines a number of outputs relating to the community, wellbeing, economy and the environment. It describes many of the social, economic and environmental outcomes that the Asset Management Strategy and Plan will support.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy
<b>DoF</b>	Department of Finance
<b>GIS</b>	Geographic Information System
<b>KPIs</b>	Key Performance Indicators
<b>LPS</b>	Land & Property Services
<b>OSNI</b>	Ordnance Survey of Northern Ireland
<b>Public Sector Asset Management</b>	The Royal Institution of Chartered Surveyors (RICS) describes public sector asset management as “the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives”. Source: RICS Public Sector Asset Management Guidelines (RICS 2008).
<b>QUB</b>	Queen's University Belfast
<b>RICS</b>	The Royal Institution of Chartered Surveyors
<b>SIB</b>	Strategic Investment Board
<b>UPRN</b>	Unique Property Reference Number

## Nine core components of good Asset Management

### The Local Government Auditor's Report, 2019, described nine core components of good Asset Management

#### Establishing the context for delivery

##### **ASSET MANAGEMENT STRATEGY**

Describes the way council-owned and leased land and property assets will be utilised to support service delivery and wider civic outcomes

##### **ASSET MANAGEMENT PLAN**

A multi-year plan describing how the Asset Management Strategy will be implemented across all assets

#### Governance to support delivery

##### **ASSET MANAGEMENT POLICIES**

Appropriate operating policies and guidance covering matters such as disposal, income generation etc

##### **ASSET MANAGEMENT CHAMPION**

A senior officer identified as holding responsibility for managing and optimising the value derived from land and property assets

##### **MULTI-DISCIPLINARY APPROACH**

Asset management draws upon legal, financial and property expertise. The Asset Management Strategy and Asset Management Plan should align with the Corporate Plan and Community Plan

##### **CHALLENGE FUNCTION**

All asset holdings should be regularly challenged at a senior management and committee level to ensure they are correctly configured and support the delivery of public services and civic outcomes

#### Developing asset management capability

##### **ASSET REGISTER**

An actively maintained publicly available comprehensive asset register describing all land and property assets owned, leased and occupied by a council

##### **BENCHMARKING & PERFORMANCE MANAGEMENT**

Benchmarking the functional and economic performance of the asset base compared to other comparative portfolios

##### **RISK MANAGEMENT**

Asset risks identified and managed or mitigated in line with the Asset Management Plan

### Project 24, Bangor



*This use of vacant space in town centres demonstrates an economical, cost effective way of bringing footfall to town centres and providing opportunities for start-up businesses.*

**Source:** Ards and North Down Borough Council.

### Ards Blair Mayne Wellbeing and Leisure Complex



*The new Leisure and Wellbeing Complex at Newtownards has significantly increased access to health and wellbeing provision.*

**Source:** Ards and North Down Borough Council.



## Executive Summary

1. The intention of this good practice guide is to describe effective and efficient public sector asset management in a way that is accessible to both practitioners and non-practitioners alike.
2. The primary responsibility of public bodies in Northern Ireland is to serve the public interest. In practice, this responsibility is demonstrated in many different ways. It is particularly evident and tangible through the provision of public services and the provision and management of public sector land and property assets. Increasingly, the land and property assets occupied, owned and managed by public bodies are treated as a measurable component of corporate planning, one which must be provided in the same effective and efficient way as other organisational resources. Going forward, the public sector should ensure resources are focused on retaining, investing in and maintaining only those land and property assets that directly support the delivery of public services or broader civic outcomes. This requires local government to actively manage its land and property assets to, ensure the assets held reflect public service demand and broader strategic and community need.
3. The key benefit of taking this approach is that it allows local government resources to be focussed on what matters most, such as the Community Plan objectives and the associated outputs relating to the economy of our towns, the health and wellbeing of the citizens and the care of the environment.
4. The challenge moving forward is in some respects about doing more with less, while at the same time responding to the ever-changing demands of society. In some cases, this may mean doing things differently. As a result, public sector asset management practices, which support public service delivery and civic outcomes, have found a new and increased relevance. Drivers from inside and outside the public sector increasingly mean 'the old ways' of managing land and property assets need to be adapted, in the same way that public sector operating models have evolved and changed in response to the changing demands of society. Drivers for new ways of working include: austerity; an emphasis on improved collaboration; service transformation; climate change; the Covid-19 pandemic recovery; and advancements in technology.
5. Public sector asset management is by no means a new concept, with a history in both central and local government dating back more than 20 years. Despite this fact, public sector asset management tends to get confused with related activities, such as property management, facilities management and capital project delivery, all of which complement the asset management function. Activities such as property management, facilities management and capital project delivery are typically more operational, tactical in nature, and provide the means by which the asset management function is delivered. **Annex A** illustrates the relationship between the asset management discipline



## Executive Summary

and the transaction, property and building management functions, which ultimately support the delivery of asset management practices.

6. Central and local government currently owns and manages a significant number of public assets across Northern Ireland, which are employed to support the delivery of public services. Local government in Northern Ireland owns and manages land and property assets valued in excess of £2.7 billion<sup>1</sup>, with a small proportion (£3.1 million) surplus to requirements or held for future development. It is important to remember that, after the block grant and public sector staff, public sector assets are the next most significant resource at the disposal of the public sector in Northern Ireland to help support service delivery. Public sector asset management principles and practices help protect the integrity and viability of our public sector services, as well as supporting the delivery of existing and emerging policy objectives.
7. This guide is not prescriptive or definitive, but instead centres around nine core components which should help any local government to structure and bring forward modern public sector asset management practices, specifically:

### Establishing a context for delivery:

**Asset Management Strategy (AMS):** an Asset Management Strategy will describe the way in which council-owned, managed and occupied land and property assets will be utilised to support service delivery and the delivery of wider civic outcomes, such as those described in the council's Community Plan. The time horizon is typically five to ten years. The AMS acts as a bridge between a council's land and property assets and the Corporate Plan or corporate objectives. It aims to ensure a council's land and property assets are worked and configured to support the delivery of long-term corporate objectives. The AMS sets the direction for change and improvement.

**Asset Management Plan (AMP):** an Asset Management Plan should be developed and published, describing how the AMS will be implemented across all land and property assets. This should focus on delivery over a three to five year time horizon and act as the bridge between strategy and operational delivery. It is tactical in nature, clearly identifying how and when change will be implemented.

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<sup>1</sup> Figure calculated by NIAO based on the 11 councils' balance sheet net book valuations of land and property as at 31 March 2020.

### Governance to support delivery:

**Asset Management Policies:** Asset Management Policies are made up from a suite of policies including operating policies, standards and guidance developed specifically to address matters such as: investment; divestment; funding; partnering arrangements; income generation; capital programmes; risk management; asset performance; net-zero carbon and community engagement. Asset Management Policies should be made readily available to all staff and be periodically reviewed and updated to ensure they are appropriate, relevant and compliant with statute.

**Asset Management Champion:** a senior officer will be identified as holding responsibility for managing and optimising the value derived from a council's land and property assets. The value derived from land and property assets is both financial and non-financial. The Asset Management Champion will have responsibility for effecting change and improvements within the asset base, as well as managing the performance of the asset portfolio.

**Multi-disciplinary approach:** asset management draws upon legal, financial and property expertise. The AMS and AMP should demonstrate alignment with the Corporate Plan and a council's Community Plan. A multi-disciplinary approach supports achieving such alignment. It is important to note that asset management should not be confused with design and construction services, which help deliver the asset management strategy and plan.

**Challenge function:** all asset holdings should be regularly challenged at a senior management and committee level, to ensure that they are correctly configured and actively working to support the delivery of public services and civic outcomes. There is a natural tendency to hold onto public sector land and property assets without always appreciating that they consume finite financial resources, and that they can result in liabilities, adding to organisational risk. Failure to actively manage public sector land and property assets can, over time, undermine public service delivery and policy objectives, while failure to adopt an asset management led approach to land and property assets can result in inefficiencies, undermining value for money, and ultimately result in asset failure. The adoption of modern public sector asset management practices complements the principles captured in the Prudential Code<sup>2</sup>.

2 <https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

## Executive Summary

### Delivering asset management in practice:

**Asset Register:** a comprehensive asset register will be available to describe all land and property assets owned, leased and occupied by a council. The asset register will be actively maintained and publically available. It is important that public sector land and property assets are accounted for, and that all interests are transparent to the general public.

**Benchmarking / Performance Management:** the functional and economic performance of the asset base should be compared regularly to other comparable portfolios (or between similar assets within the same portfolio), to help determine relative performance and what actions might be appropriate to optimise the portfolio. Benchmarking and performance management should actively consider a wide variety of metrics and Key Performance Indicators (KPIs), including financial performance, utilisation, user satisfaction, carbon footprint, asset life etc.

**Risk management:** asset risks should be identified and managed or mitigated in line with the AMP. This requires skills and techniques from a range of professional disciplines. As budget pressures increase and asset portfolios age, combined with the requirement to do more with less, the financial, functional and legal risks increase. The focus of risk management should be on the risk to achieving organisational objectives, rather than simplistic and specific asset risks which are more tactical in nature. The risk management process should link to and inform the investment decision-making process. Investments should be considered based on the risk to achieving corporate and civic objectives, **not** merely on the condition of the assets, immediate costs, and long-term liabilities.

8. This good practice guide incorporates a number of case studies, which help illustrate the practical application of some of the concepts and theory. Excellent work is already underway within councils and the wider public sector in Northern Ireland, to embed and implement modern public sector asset management. In addition, options for further reading are highlighted at **Annex D**.
9. It is anticipated that the role and relevance of public sector asset management is likely to increase further in the years ahead, helping to create and deliver more social and economic value through the land and property assets owned, occupied and managed by the public sector as a whole.

## South Lake Leisure Centre, Craigavon



## Foyer of South Lake Leisure Centre, Craigavon



*The new Leisure Centre at Craigavon has significantly increased access to health and wellbeing provision.*

**Source:** Armagh City, Banbridge and Craigavon Borough Council.



# **Part 1: Establishing the context for delivery**

**Asset Management Strategy (AMS)**

**Asset Management Plan (AMP)**

## Part 1: Establishing the context for delivery

**This Part describes the role of the Asset Management Strategy and the Asset Management Plan in creating a context for delivery. Collectively these documents will describe the direction of change and how the change will be realised. As such they articulate the context in which a council will operate and deliver modern public sector asset management practices.**

### The role of an Asset Management Strategy (AMS)

- 1.1 An Asset Management Strategy describes the way in which council-owned, managed and occupied land and property assets will in the future be deployed and configured to support service delivery and the delivery of wider civic outcomes, such as those described in a council's Community Plan. The time horizon for an AMS is typically five to ten years or more.
- 1.2 As previously highlighted, the asset management function seeks to align the asset portfolio with the needs of the organisation. Corporate (or policy) objectives express the needs and wishes of the organisation at a high level. The asset requirements to deliver these corporate (or policy) objectives should be expressed in a medium/long-term plan (five to ten years or more), through the AMS.
- 1.3 The AMS acts as a bridge between a council's land and property assets and the Corporate Plan, and sets the direction for future change and improvement.
- 1.4 The basic concept of organising, configuring and investing in land and property assets to support the delivery of strategic corporate outcomes sits at the heart of any effective AMS. This approach treats land and property as important enablers in the realisation of corporate objectives and the delivery of public services.

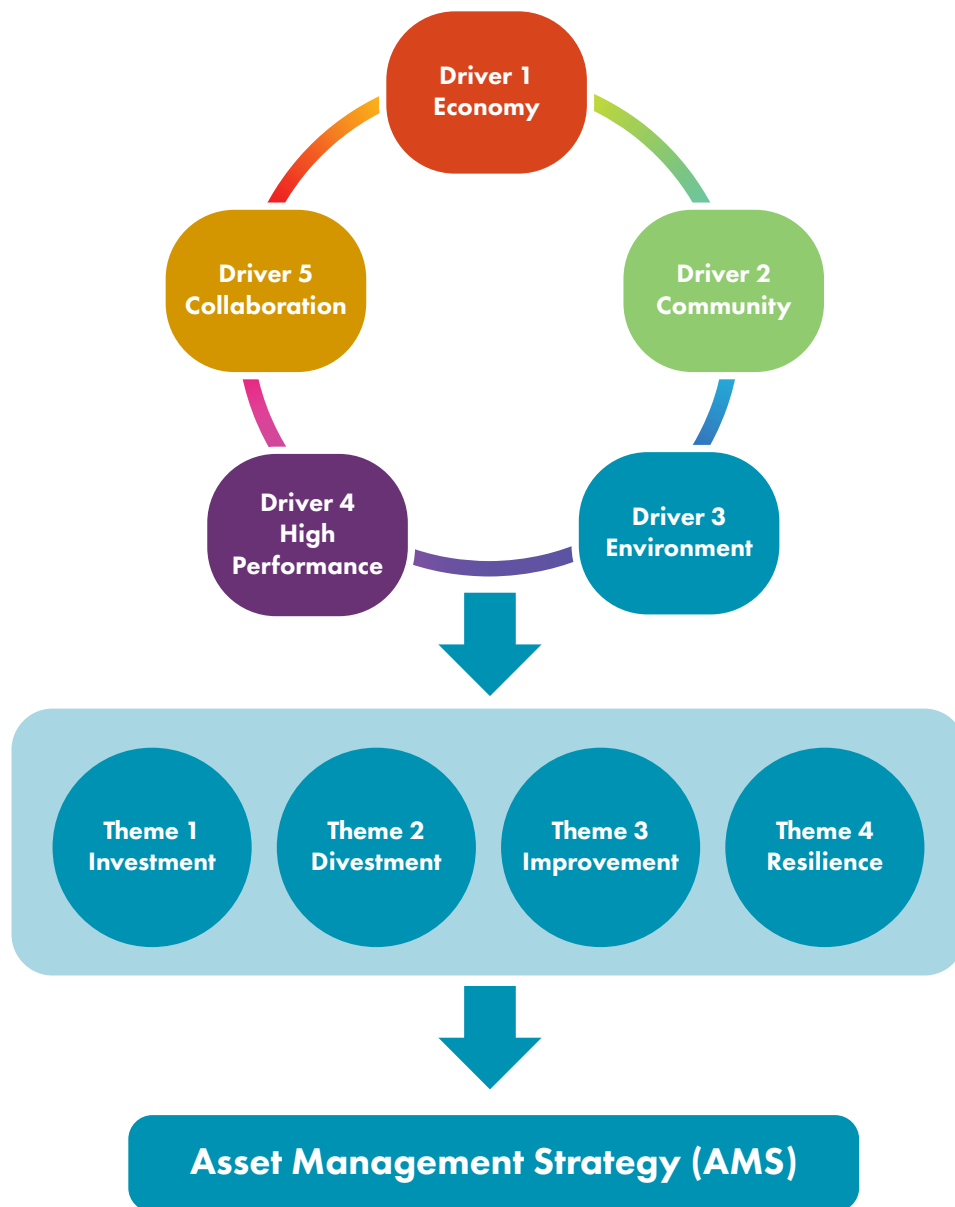
### The development of an Asset Management Strategy (AMS)

- 1.5 Whilst there are templates available that will provide a framework for building an AMS, it is critical that each AMS is tailored to the specific requirements of each individual council. It is also important that key stakeholders, such as members, officers, private sector business and the public, are consulted during the development of the AMS.
- 1.6 Each AMS could be based on two key aspects, namely:
  - a. **Strategic Drivers:** these typically define what is important to a council at a strategic level, and tend to be sourced from the Community Plan and Corporate Plan, along with wider policy reference points such as the Programme for Government. They include key objectives relating to: the community; people; economy; health; regeneration; place-making; tourism and the environment; and

- b. **Delivery Themes:** these typically consider the way in which the AMS will be expressed or realised in practice and might, for example, cover matters such as: investment; divestment; performance; improvement; partnering; and maintaining services.

1.7 The AMS is developed through a process of debate and constructive challenge, drawing on evidence and analysis (see **Figure 1**), to determine how a council’s land and property assets can best support the delivery of its strategic objectives, giving consideration to the strategic drivers.

**Figure 1: Strategic Drivers within the Asset Management Strategy process**



Source: SIB



## Part 1: Establishing the context for delivery

- 1.8 In practice, this activity benefits from an iterative approach, using facilitated workshops to collate valuable insights and knowledge from key internal and external stakeholders. Such an approach ensures that there is organisation-wide participation and that the requirements of the entire organisation are fed into describing how best to organise, configure and invest in the asset base at a strategic level.
- 1.9 All the councils in Northern Ireland are undergoing a significant period of positive transformation, with a refreshed focus on communities, economic regeneration, tourism and the local environment, as well as the realignment of public services with the new and emerging requirements of local residents and businesses. The community planning process underpins this activity. Central to this transformation is the requirement for prudent resource management, ensuring long-term financial stability, value for money and sustainable growth. The physical infrastructure along with council-owned land and property assets, contribute significantly to generating social and economic wellbeing.

### ***Case Study 1: Ards and North Down Borough Council's development of an Asset Management Strategy (AMS) entitled 'An Estate Strategy for Ards and North Down Borough Council for the period 2020-2025'***

Ards and North Down Borough Council critically examines the land and property assets it owns, manages and leases on a periodic basis, to ensure that they align with, and support the delivery of agreed civic objectives and priorities.

The Council has 760 property interests, most of which are owned (13 are leased), located across approximately 400 locations. These include: 164 parks and open spaces (over 90 sites); 86 car parks (including off-street car parks); 47 play parks; 16 cemetery sites; 13 marinas and harbours; 9 offices; 20 community centres; 16 recycling centres and depots; and 74 playing fields (over 35 sites).

**Strategic Drivers:** The Council's AMS was prepared in 2018, based on a review of all land and property interests and a comprehensive analysis of the Council's strategic drivers using the process outlined above (see **Paragraphs 1.7 to 1.9**). The Council's strategic drivers included:

- Strategic Driver 1: Thriving economy;
- Strategic Driver 2: Healthy safe community;
- Strategic Driver 3: Sustainable and accessible environment;
- Strategic Driver 4: High performing council; and
- Strategic Driver 5: Collaborative public sector approach.

### **Case Study 1: (Continued)**

**Guiding Principles:** The Council's AMS also included five guiding principles to help shape and inform decision-making and implementation:

- **One public estate:** the idea that the estate will be managed and operated in an integrated fashion, creating efficiencies and reducing risks, where possible, interacting and collaborating with other public bodies and organisations.
- **Whole Borough approach:** the idea that planning the use of land and property assets will adopt a holistic and whole system based approach, looking across the Borough in its entirety, considering all parts of the Borough equally at the same time.
- **Partnering to maximise value and impact:** working on the principle that the Council is stronger together, seek out opportunities to partner with public, private and third sector organisations.
- **Maximising investment:** prioritising opportunities to attract new and different forms of investment.
- **Strategic and sustainable investment:** investment planning and investment decision-making that takes a long-term view, focusing on how to create positive and sustainable outcomes for the residents and businesses of Ards and North Down.

**Delivery Themes:** Four high level delivery themes were adopted within the AMS:

- Delivery Theme A: Investment;
- Delivery Theme B: Divestment;
- Delivery Theme C: Performance Improvement; and
- Delivery Theme D: Maintaining Public Services.

The combination of these strategic drivers, guiding principles and delivery themes formed the basis of a process of analysis, debate, critical evaluation and prioritisation that led to an AMS that described a series of strategic outcomes for the next five years.

*Source: SIB*

## Part 1: Establishing the context for delivery

- 1.10 In the case of Ards and North Down Borough Council, a decision was taken early on to centralise the asset management decision-making processes. This introduced a dedicated forum that included all senior staff involved in managing the Council's land and property assets, as well as those involved in delivering public services through the Council's land and property assets.
- 1.11 This approach ensured that all discussions associated with the asset base converged in a formal and centralised forum, improving internal governance and alignment.

### The importance of an Asset Management Plan (AMP)

- 1.12 An Asset Management Plan is a tactical plan describing how an organisation's assets will be reorganised and changed to support one or more agreed outcomes. Typically, an AMP will cover an entire portfolio of assets, especially where the assets are co-dependent and are required to work together to support the delivery of public services.
- 1.13 An AMP should be developed and published, describing how the AMS will be implemented across all assets. This should as a minimum describe activities, such as: investment; divestment; funding; partnering arrangements; income generation; capital programmes; and community engagement. The AMP will have a strong emphasis on how the desired outcomes will be achieved.
- 1.14 The AMP will typically cover a three to five year period. The emphasis will be on the actions and activities planned to move the asset base towards an optimum size, composition, risk profile, and configuration etc. It can also be thought of as a change plan, focusing on delivery, and is frequently articulated as:

- where we are?
- where we want to get to? and, importantly
- how we plan to get there?

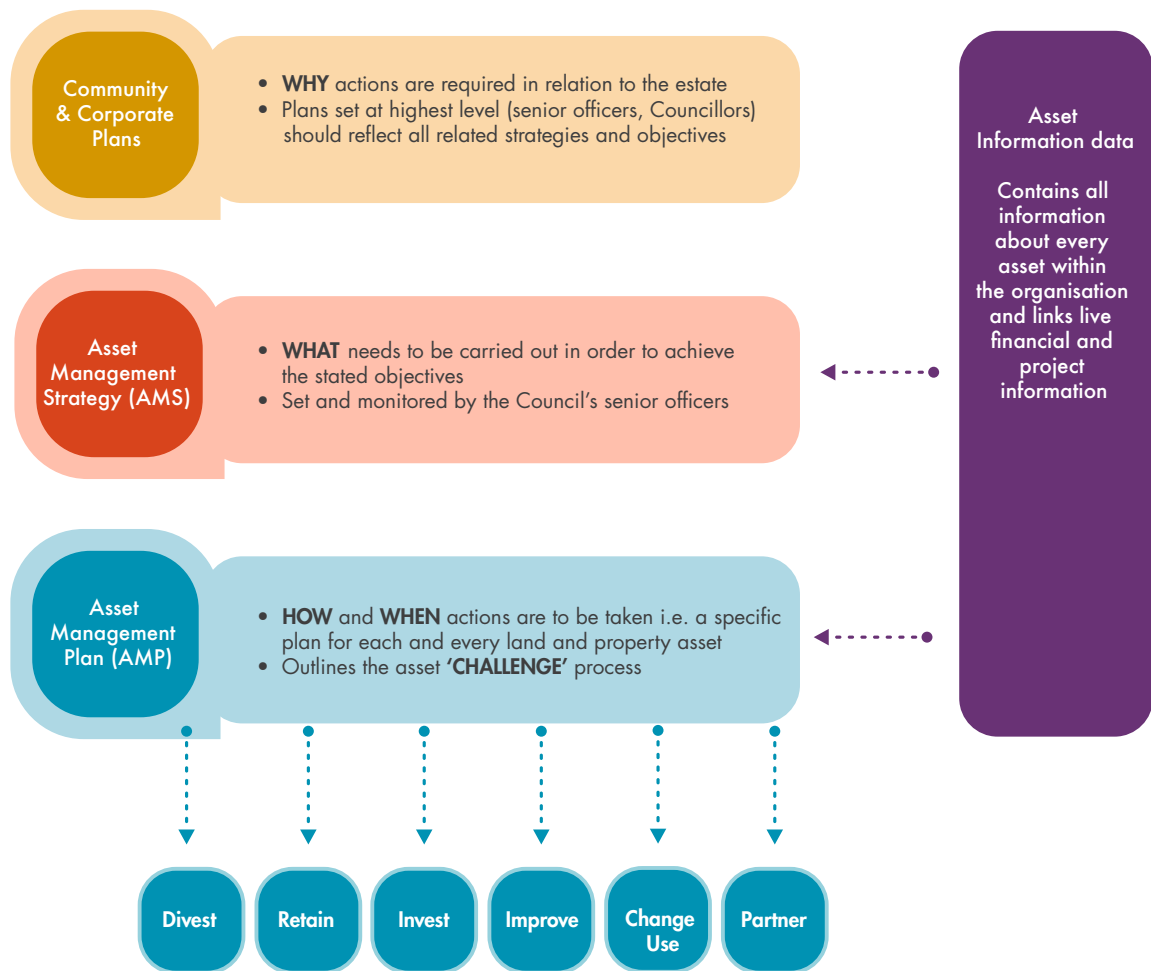


- 1.15 The AMP may also contain details on key metrics, KPIs and targets to support benchmarking, performance monitoring and progress reporting.

## The development of an Asset Management Plan (AMP)

1.16 The development of an AMP is a logical follow-on from the creation of an AMS, whereby the delivery themes and strategic drivers (see **Paragraph 1.6**) will logically flow from those already identified in the AMS (see **Figure 2**).

**Figure 2: The Local Government Asset Management Framework**



Source: SIB

## Part 1: Establishing the context for delivery

1.17 The AMP translates the AMS into practical activities and projects, clearly describing a change from the status quo to a different future state, considering:

- Currently, what is the council holding, in terms of land and property?
- Where does the council want to be in three to five years' time, in terms of land and property assets?
- How does the council plan to get there?



1.18 The process of creating an AMP should be data driven and evidence based, with the AMP linking to the corporate planning process. It will incorporate and link to the capital and revenue plan for the council's land and property assets, ensuring capital requirements and revenue consequences are aligned. For example, consideration should be given to:

- asset specific capital and revenue costs;
- tenure details;
- whole life costs;
- remaining life;
- energy costs;
- benchmarking information; and
- other key aspects such as utilisation, user satisfaction etc.



## Who are the stakeholders for the Asset Management Strategy (AMS) and the Asset Management Plan (AMP)

1.19 The stakeholders for the AMS and AMP will include:

- **Elected Members:** both the AMS and AMP support evidence based decision-making in relation to investment, divestment, risk management and managing long-term financial liabilities and opportunities.
- **Council Directors and Heads of Service:** both documents help senior management identify how assets will be reconfigured and deployed differently to support public sector service delivery and improve public sector outcomes.
- **Citizens:** the AMS and AMP can be useful in helping to communicate with the public, helping them understand the existing priorities.
- **Estates and Asset Management function:** the process of preparing the AMS and AMP is useful in supporting a structured and evidence based dialogue internally. Once complete, the AMS and AMP create a roadmap for resource planning and investment planning.
- **Public Sector and Third Sector partners:** the AMS and AMP make clear the council's requirements and opportunities for collaboration.



## Part 1: Establishing the context for delivery

### Connswater Community Greenway



*Connswater Community Greenway has created a huge opportunity for the citizens of East Belfast to benefit from a clean accessible route for walking, cycling and socialising.*

**Source:** Belfast City Council.

### Diversity Play Park, Portstewart



*This diversity play park is an example of a play park for all and a great use of space.*

**Source:** Causeway Coast and Glens Borough Council.

# **Part 2: Establishing governance to support delivery**

**Asset Management Policies**

**Asset Management Champion**

**Multi-disciplinary Approach**

**A Challenge Function**



## Part 2: Establishing governance to support delivery

**This Part describes the importance of establishing asset management policies, a champion, adopting a multi-disciplinary approach, and implementing a challenge function.**

### The importance of Asset Management Policies

- 2.1 Significant resources are invested in evaluating detailed and complex matters relating to land and property assets in all councils. Decisions relating to land and property matters can be complex, costly and come with significant financial and reputational risk. Creating and maintaining a suite of asset management policies, covering asset management considerations, can: reduce risk; aid delivery; bolster governance; improve efficiency and ensure that decisions relating to land and property assets are transparent and consistent.
- 2.2 Asset management policies should consider matters such as: land acquisition; asset disposal; land banking; income generation; development partnering; social clauses; lease management; asset utilisation; subletting; sustainability; transitioning to net-zero carbon; asset performance; risk management; commercial sponsorship etc. This allows a council (senior officers and members) to operate with confidence to support active asset management.

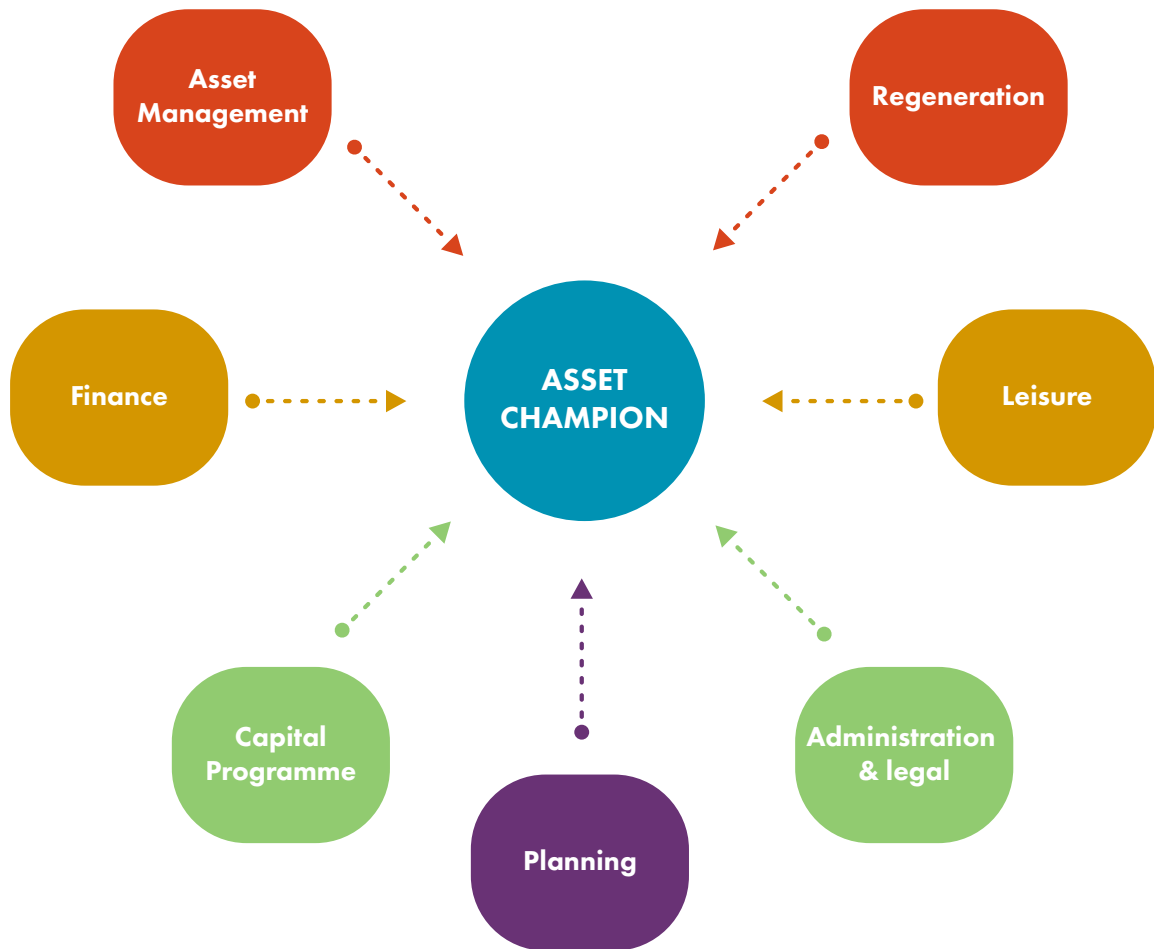
### Developing Asset Management Policies

- 2.3 Asset management policies can be developed in two ways, firstly by reviewing and updating existing policies to ensure that they reflect modern asset management practices and principles and secondly, by developing a new set of dedicated policies focused exclusively on asset management practices.
- 2.4 Whichever approach is adopted, asset management policies should be implemented on a cross-organisational basis, to ensure that decisions are integrated into wider corporate decision-making and corporate resource planning. Similarly, a multi-disciplinary approach should be adopted, drawing together legal, financial and technical considerations. The asset management policies should be reviewed and updated on a regular basis, to ensure compliance with good practice and legislation.

### The importance of an Asset Management Champion

- 2.5 Asset management practices work most efficiently if managed through a well co-ordinated internal governance structure, ideally with a single senior officer taking overall responsibility for the performance of the asset base and associated outcomes. This does not necessarily require one dedicated directorate, but as a minimum requires an 'assets forum' in which alignment and collaboration is encouraged and facilitated (see **Figure 3**).

**Figure 3: Collaboration with the Asset Management Champion**



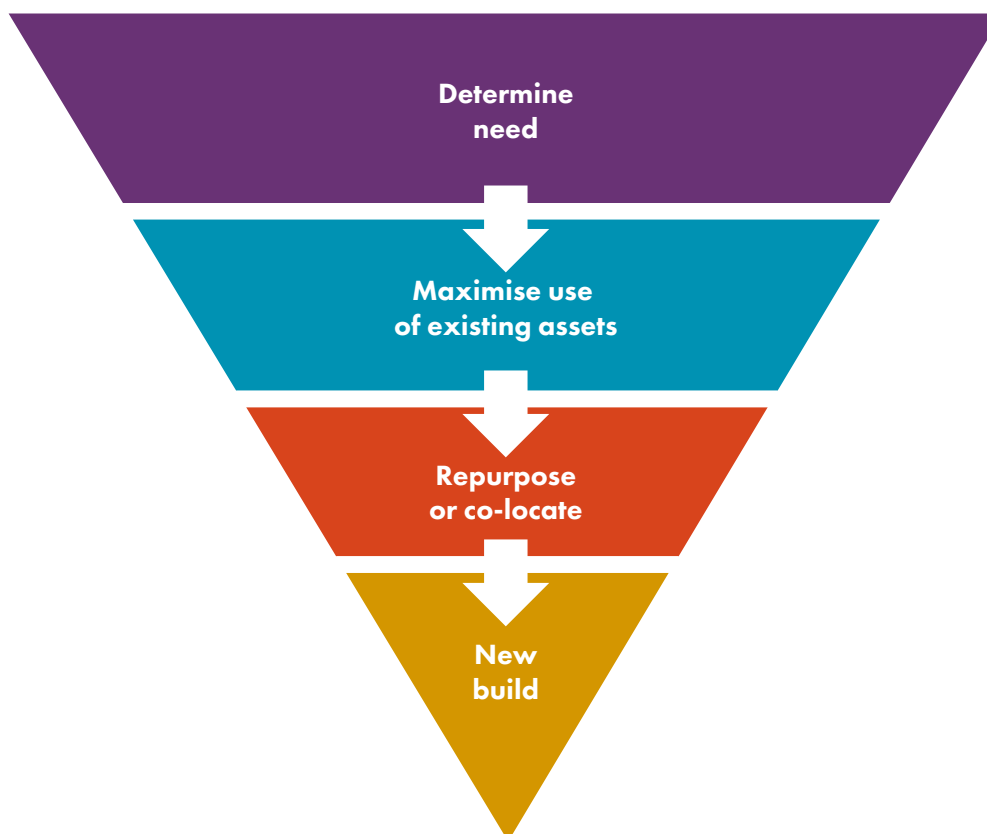
*Source: SIB*

- 2.6 It is recommended that each council should appoint a dedicated Asset Management Champion who can provide leadership in relation to asset management practices. This individual is sometimes thought of as the in-house ‘corporate landlord’ who has overall responsibility and authority (subject to appropriate oversight from elected Members etc.) for ensuring the correct assets are retained and are organised and maintained to support corporate and civic priorities.
- 2.7 Ideally a council director / senior manager should be identified as having responsibility for managing and optimising the value derived from a council’s land and property assets, and achieving the outcomes and actions as stipulated in the AMS and AMP. This individual will also help manage the balance between investment in new assets versus investment in existing assets,

## Part 2: Establishing governance to support delivery

which is increasingly important as we face the implications of the net-zero carbon agenda<sup>3</sup> and ageing asset portfolios which carry significant inherent liabilities. These considerations are outlined in **Figure 4** below.

**Figure 4: The Investment Hierarchy when reviewing existing assets**



Source: SIB

### Importance of a multi-disciplinary approach to Asset Management

- 2.8 It is critical that all disciplines within an organisation which deal with asset management activities in their daily roles are co-ordinated, consistent, and aligned with the organisation's objectives. This is where the importance of an AMS, AMP and Asset Management Champion demonstrate their value by providing focus, structure and clearly defined outcomes.
- 2.9 Furthermore, this multi-disciplinary approach to asset management, through the establishment of an overall 'assets forum' within each council, can deliver a collaborative approach to overall public sector estate planning and management. This 'assets forum' would be led by the Asset Management Champion.

<sup>3</sup> In June 2019, the Westminster parliament passed legislation requiring the UK Government and the devolved administrations to reduce the UK's net emissions of greenhouse gases by 100 per cent relative to 1990 levels by 2050.

## Developing a multi-disciplinary approach to Asset Management

2.10 The skills and disciplines required for modern multi-disciplinary asset management include:

- legal skills;
- property skills;
- financial skills;
- data analytics and modelling skills;
- planning and geospatial modelling skills;
- technical and project management skills (to support delivery); and
- planning functions, brought into this 'asset forum' as required.



2.11 This multi-disciplinary asset management function, whilst in some cases led from within one directorate, may comprise officers from different directorates. The key point is that the requisite skills come together regularly, and as appropriate, for the purpose of progressing and delivering the AMP. It is important that a council invests in acquiring the right skills to develop and implement modern asset management practices.

## The importance of a Challenge Function

2.12 Establishing a challenge function is important to help ensure risks and issues are identified and managed, and that inefficiencies are not overlooked.


2.13 There are three main aspects to a challenge function:

a. The first is for an internal committee or 'assets forum' to periodically challenge the approach taken by a council towards each individual land and property asset, asking questions like:

- Why do we have this asset?
- Is it good value for money?
- Are others better placed to provide this asset?
- When will we need to replace this asset?
- Will the replacement be different?
- How will we fund the repair or replacement?
- Is this asset financially inefficient?



## Part 2: Establishing governance to support delivery

- Does this asset create long-term financial liabilities which cannot be serviced?
  - How does this asset support the place-making agenda<sup>4</sup>?
  - Is this asset a legal, financial or operational risk?
  - Is this asset carbon efficient?
  - Could the asset be used differently to support a more pressing social or economic need?
- 

- b. The second is the use of existing internal and external audit functions to challenge the use of land and property assets, seeking assurance that assets are being held and maintained to an appropriate standard.
- c. The third is public scrutiny, an aspiration which could be achieved through publishing an asset register. This allows the public and other public sector bodies to actively ask why assets are being held or managed in a particular way by a council.

2.14 The challenge function supports good governance, value for money and risk management, as well as encouraging active asset management.

### Establishing a Challenge Function

- 2.15 There is no single approach to establishing a challenge function. For example, it could be established by utilising existing arrangements, such as a Community Planning forum. This forum can identify opportunities for taking forward collaborative outcomes and provide a challenge function, and comprises a range of external stakeholders with needs broadly aligned to those of the council's.
- 2.16 Alternatively, an external panel of private sector experts (property, financial and legal) can be established with no vested interest in the council's land and property assets. This can provide an independent, professional perspective.
- 2.17 Equally, an internal 'assets forum', or committee as described in **Paragraph 2.9**, can be established, with appropriate terms of reference that include actively challenging the council's individual land and property assets.
- 2.18 **Case Study 2** outlines how Queen's University Belfast (QUB) has put in place arrangements which support many of the concepts described above.

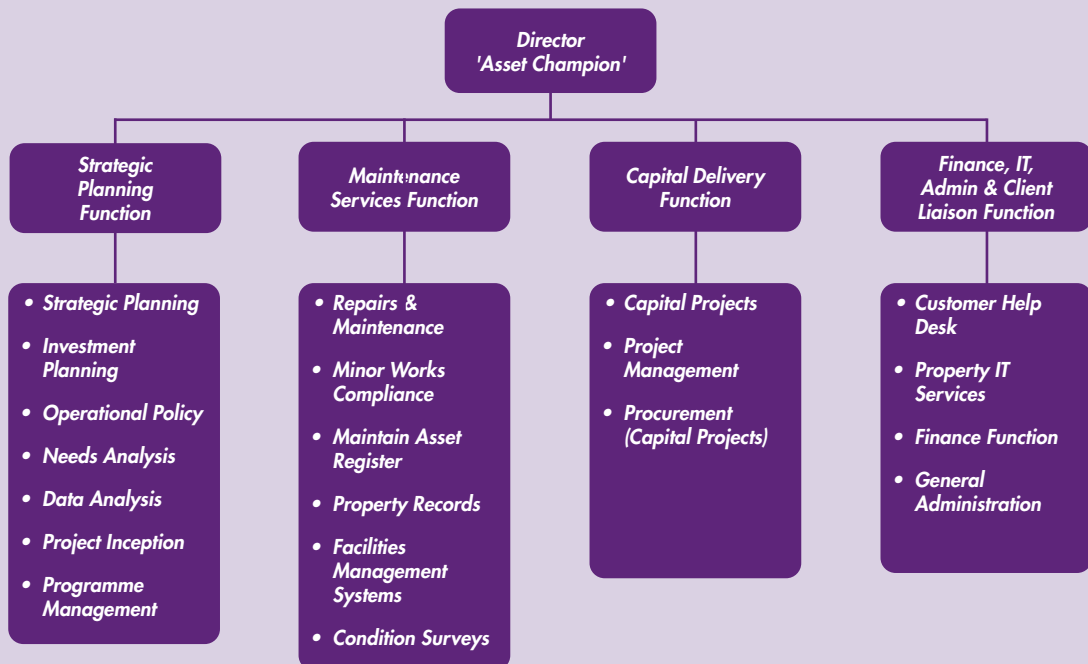
<sup>4</sup> The place-making agenda aims to utilise a community's unique assets, character and potential with the intention of creating public spaces, places, and activities that promote people's health, happiness and wellbeing, as well as facilitating economic growth. The public sector, voluntary and community sector and businesses all play an important part in place-making.

## Case Study 2: Queen’s University Belfast

Queen’s University Belfast (QUB) has established structures, policies and professional resources to create a cohesive asset management function, within the QUB Estates Directorate. These include an Asset Management Champion, a multi-disciplinary approach and a challenge function.

The multi-disciplinary approach comprises: Strategic Planning; Maintenance Services; Capital Delivery; and Finance, IT, Admin and Client Liaison. **Figure 5** illustrates the main functions within QUB Estates Directorate delivering a modern asset management service, all operating under a single senior Asset Management Champion.

**Figure 5: Asset Management Structure adopted by QUB**



The QUB model is tailored to suit its specific organisational requirements. Additional features of the QUB structure include:

**User Representatives:** located within each of the University’s academic and administrative faculties. These individuals report back to the asset management function, issues relating to the running and operation of the assets and, importantly, they capture and feed back the views of the people who use and occupy the buildings.

**The Customer Help Desk:** a customer help desk within the asset management function provides a critical link between users and the asset management function.

## Part 2: Establishing governance to support delivery

### **Case Study 2: Queen's University Belfast (Continued)**

QUB has a clear strategic vision for its land and property assets and how they serve and support the delivery of the University's corporate and educational objectives. Processes have been designed and implemented to support the delivery of the Estate's AMS.

The asset management governance structures and policies implemented by QUB Estates Directorate have been instrumental in delivering a multitude of benefits, including:

- providing a physical environment that will support the delivery of the QUB Corporate Plan;
- scrutiny is provided through membership to a University benchmarking scheme<sup>5</sup> which ensures QUB delivers a minimum annual investment of five per cent of the Insurance Replacement Value of the Estate;
- managing and administrating an asset base comprising 67 hectares, including 250 individual buildings, 97 of which are listed, and providing a total gross internal area of 328,000m<sup>2</sup>;
- delivering a major capital investment programme totalling over £500 million since 2001;
- maintaining eighth position in the UK for Research Intensity rankings; and
- serving the requirements of 4,200 staff and 24,000 students.

*Source: SIB*

- 2.19 Whilst the QUB structure is perhaps best suited to a single directorate, a similar arrangement can be achieved, through project structures, within councils that have these functions dispersed across a number of directorates. Such an approach requires appropriate governance arrangements to ensure collaboration and cross-directorate working.

<sup>5</sup> Russell Group Universities are required to invest five per cent of the reinstatement value of their estate each year back into the estate (<https://russellgroup.ac.uk/>).



## Guild Hall, Derry-Londonderry



The Guild Hall demonstrates how a key asset can be adapted to continue to act as a hub for many citizen activities and services.  
**Source:** Gardiner Mitchell Photography.

## Ballymena Public Realm



The Ballymena public realm scheme demonstrates how local councils can use public sector assets in town centres to create destinations and drive footfall.  
**Source:** Mid and East Antrim Borough Council.





# **Part 3: Developing asset management capability**

**Asset Register**

**Benchmarking and Performance Management**

**Risk Management**

## Part 3: Developing asset management capability

**This Part describes the importance of the asset register, performance management, benchmarking and risk management.**

### The Asset Register

- 3.1 For the purposes of public sector asset management, it is best to think of the 'asset register' as a comprehensive and readily accessible list of all land and property assets which are either owned, leased, occupied and/or managed.
- 3.2 Land and property assets require active management and administration from a financial, legal and property perspective. Therefore, establishing, maintaining and critically reviewing the asset register is central to managing risks, ensuring value for money and creating and capturing monetary and non-monetary value.
- 3.3 The phrase 'asset register' is subject to multiple definitions, with different professions ascribing different meanings to the term. For example, finance professionals will tend to think about non-current assets and an associated list of assets that are valued and depreciated for accounting purposes. Corporate finance professionals, on the other hand, may possibly think of the asset register as a register of legal titles against which financial charges can be placed when raising finance. Property professionals will typically think of an asset register as a comprehensive list of land and property assets which require management.

### Developing an Asset Register

- 3.4 As a minimum, public sector organisations in Northern Ireland should have a register of all their land and property assets which records, for each asset, the core data outlined at **Figure 6** (as provided by Land & Property Services (LPS) and Ordnance Survey of Northern Ireland (OSNI) within the Department of Finance (DoF). **Annex B** provides detailed notes to accompany **Figure 6**.

**Figure 6: Recommended minimum data to be included in an asset register**

Field Name	Example
Building Number	27
Primary Street	Gray Road
Town	Belfast
County	Down
Postcode	BT7 6HD
Post-town	Belfast
Region	Northern Ireland
Prop ID (if applicable)	273611
X/Y Co-Ord	338517 373831
LPS "Fusion_ID"	131caecb-1ccb-44a3-9e7c-65b0f7be2b07
Owned by	Council Leisure Services
Occupied by	Council Leisure Services
Tenure (Freehold, Leasehold, Other)	Freehold
Lease Break (if applicable)	N/A
Lease End (if applicable)	N/A
Floor Area (Gross Internal Area / GIA m <sup>2</sup> ) or (Net Internal Area / NIA m <sup>2</sup> ), making clear the basis of measurement where known.	GIA 2,560m <sup>2</sup> or NIA 2,250m <sup>2</sup>
Site Area m <sup>2</sup> or hectares, making clear the metric unit of area where known.	20,234m <sup>2</sup> or 2.20 hectares
Existing Use Description	Office/Stable/Community Hall etc. This requires use of Unicode Classifications <sup>6</sup> .
Total annual capital costs associated with holding and/or occupying an asset	Previous financial year £5,500 pa
Total annual revenue costs associated with holding and/or occupying an asset	Previous financial year £2,200 pa

**Source:** SIB and DoF's Land & Property Services (LPS) and Ordnance Survey of Northern Ireland (OSNI)

<sup>6</sup> Unicode Classification is defined as a unified classifications system for all sectors of the UK construction industry allowing information to be structured to a recognised standard. Further information at <https://unicode.org>

## Part 3: Developing asset management capability

### **Case study 3: Fermanagh & Omagh District Council develops a comprehensive asset register**

In 2018, Fermanagh & Omagh District Council undertook a programme of work to develop a comprehensive asset register, as part of a wider piece of work in developing a more strategic approach to asset management.

The process began with collating existing records from a variety of databases, paper records and systems. These datasets were validated and cross referenced, then checked for robustness via a Project Team, with members from a number of key services. The Project Team was then able to distil all of the available information down into a single validated master list of land and property assets owned, occupied and managed by the Council. Alongside this, an audit of title was progressed to address any legacy issues.

As a result, the Council created a definitive asset register accessible initially in two formats: a simple list (spreadsheet); and a Geographic Information System (GIS) enabled register. The creation of the master asset register for asset management purposes provided the Council with a robust database against which additional data fields (property attribute data) were added, helping staff to manage the asset base and deliver public services. This was then transferred onto an electronic Asset Information System, in a hierarchy structure consisting of sites, land blocks (e.g. car parks) and building blocks (e.g. civic buildings).

The Asset Management System software provided a palmtop computer with Computer Aided Facilities Management capability, making it flexible and fully integrated. The Asset Information System has helped the Council to build the understanding of its estate and assets. It also provides scope to standardise internal processes, reducing complexity and improving communication between building managers and Estates and Facilities. The powerful analytics programme displays complex property information in a simple, easy to understand format.

Fermanagh & Omagh District Council now has a robust, quality assured, asset register hosted on the system via a web/mobile browser. Selected staff are able to access it easily and instantaneously, to support corporate resource planning and operational decision-making. Importantly, it is a database that can continually be added to, as other information becomes available or new initiatives are undertaken.

**Source:** SIB

## Enhancing a comprehensive Asset Register with a Geographical Information System

- 3.5 The asset register's core data can be supplemented further, based on the requirements and objectives of each council. For example, additional asset attributes might be added to support operational requirements or strategic decision-making, for example, year of construction, energy consumption, number of car parking spaces, number of electric vehicle charging points etc.
- 3.6 **Case Study 3** shows an example of the development of a comprehensive asset register by Fermanagh & Omagh District Council. **Case Study 4** shows how Causeway Coast & Glens Borough Council enhanced its register by making it GIS-enabled.

### **Case study 4: Causeway Coast & Glens Borough Council developed a GIS-enabled land and property asset register**

Causeway Coast & Glens Borough Council developed an additional 'GIS layer' illustrating the intentions of the Council's AMS and associated key functions, such as community provision. This additional GIS layer currently gives the staff access to information detailing the availability of community space throughout the Council (see **Figure 7**).

**Figure 7: Screen shot of the Causeway Coast & Glens Borough Council GIS-enabled asset register**



Source: SIB

## Part 3: Developing asset management capability

3.7 **Case Study 4** illustrates that the creation of a GIS-enabled land and property asset register has a number of tangible benefits:

- key facts and figures instantly available to help service internal and external information requests;
- benchmarking capability to help manage performance and value for money;
- accurate datasets to support area planning and community development planning;
- improved risk management and assurance activities;
- improved transparency and public accountability;
- a new tool to support public sector, private sector and third sector collaboration;
- a database to support the delivery of broader digital enablement and co-ordinated management of assets;
- a tool to support inward investment and marketing activities; and
- a platform for managing and analysing all future land and property data (or attributes).



### The importance of benchmarking land and property asset management

3.8 Benchmarking is key to good asset management, as it provides organisations with clear evidence on how their assets are performing against best practice and other organisations. It also tracks improvements in performance on a yearly basis.

3.9 Over the last few years, the metrics involved in benchmarking the various aspects of asset management have increased and become more sophisticated. Consequently, there are clear measures not just in the core areas, such as costs, energy and utilities, but in new areas such as the benefits to health and wellbeing and the economy through increased accessibility to key assets.

### Developing benchmarking for land and property asset management

3.10 Metrics and KPIs have an important role to play in ensuring organisations manage the performance of their land and property assets. A number of illustrative examples have been provided in **Annex C**.

3.11 As a rule, metrics are employed to measure tactical activities or features. KPIs operate at a higher level and are employed to measure strategic activities. In its simplest form, a metric is nothing more than a measurement recorded to track performance of some aspect of the land and property holdings, for example, book value (£), backlog (£), energy consumption (KWh). A KPI is also a measurement and, like metrics, KPIs must also be well defined and quantifiable (see **Figure 8**). The difference is that these types of measurements relate to specific strategic organisational objectives, or policy objectives and reflect how successful the organisation is in achieving that goal.

**Figure 8: An example of an asset management KPI:**

KPI calculation	What does the KPI indicate?	Additional information
Total property maintenance backlog as a percentage of average annual maintenance spend for the last three years.	This indicator examines whether the organisation manages the repair and maintenance programme of its estate effectively. High-performing organisations should expect to reduce their backlog over time.	Backlog source: organisational Computer Aided Facilities Management system. Frequency: calculated annually.

Source: SIB

- 3.12 It is important that appropriate measures and metrics are put in place. The starting point is to agree the objectives to be achieved and what needs to be measured to determine whether or not the stated objectives are being progressed.
- 3.13 Benchmarking can be undertaken in-house as well as through independent benchmarking services such as those offered by the Chartered Institute of Public Finance and Accountancy (CIPFA).

## The importance of risk management

- 3.14 Land and property assets come with a multitude of tangible and intangible financial, legal and operational risks. Managing and monitoring such asset risks is very important for any organisation, as failure to do so in a timely manner can lead to compounded problems over time, which could lead to mounting costs.
- 3.15 The asset risks and issues are not unique to councils. Other public organisations, universities, charities and government departments are all facing similar asset management issues. Examples of common asset risks include:

- service continuity e.g. asset failure;
- economic e.g. capital deficit undermining development and growth;
- financial e.g. contingent liabilities grow leading to asset failure;
- health and safety e.g. risk to individuals' health and wellbeing;
- reputation e.g. an asset brings a corporate body into disrepute;
- obsolescence e.g. an asset is no longer fit for purpose;
- capacity e.g. demand exceeds supply;
- incorrect provision e.g. assets supplied are mismatched to need; and
- contamination e.g. producing contamination and breaching statutes.





## Part 3: Developing asset management capability

### Developing risk management capability

- 3.16 The management of the risks associated with land and property assets is an increasingly sophisticated area of risk management, drawing on a range of multi-disciplinary perspectives.
- 3.17 The risk management process has an important role to play in informing the investment decision-making process. Investment should be targeted based on the risk to achieving the organisation's objectives and **not** merely on the condition of the assets. The focus of risk management should be on the risk to achieving organisational objectives and not **solely** asset risk.
- 3.18 The most basic and important step towards managing asset risks is to develop dedicated asset management capability that can start to implement the processes, systems, tools and techniques associated with managing land and property assets. This can be achieved through simple actions, such as, periodic condition surveys to help manage and minimise operational and health and safety risks. This is particularly important in portfolios where a reactive rather than proactive approach to maintenance currently exists. Through a rolling programme of surveys, all assets should be evaluated at least once every five years to ensure that they remain fit for purpose.

# Annexes

## Balloo Recycling Centre



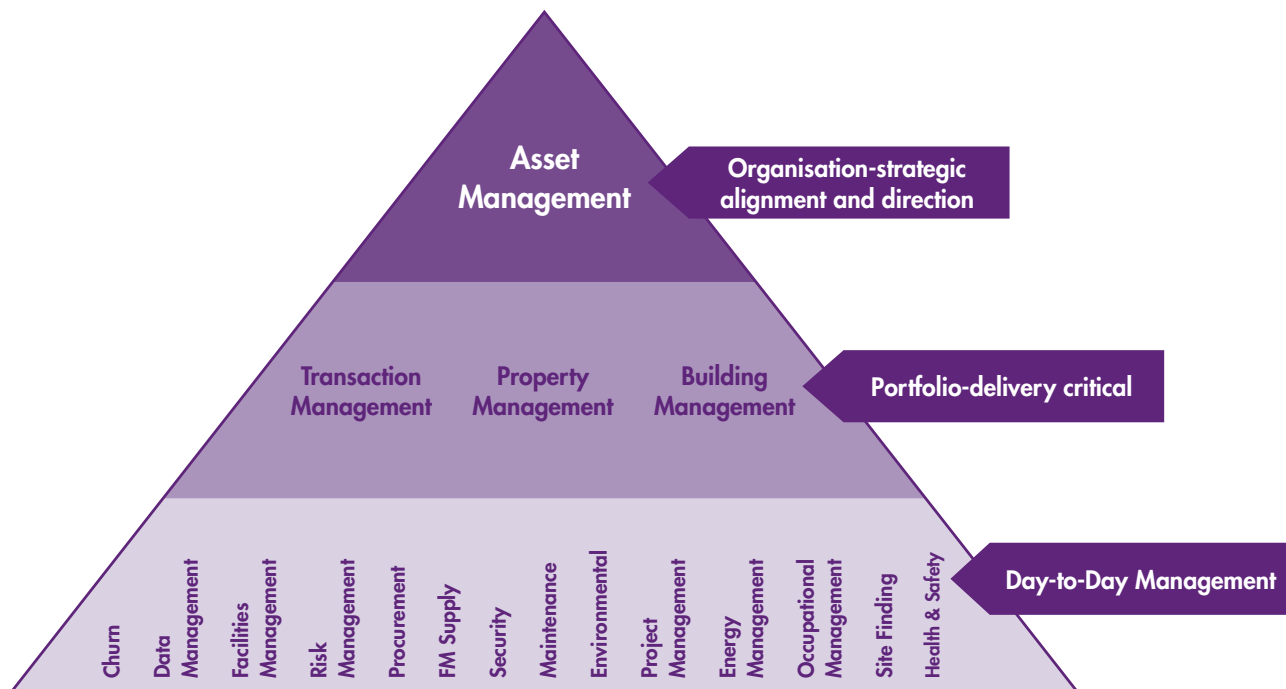
The Balloo Recycling Centre demonstrates that recycling centres can be architecturally interesting as well as efficient and functional.  
**Source:** Ards and North Down Borough Council.

## Berne Road Café, Portstewart



Adaptive and innovative re-use of existing assets is going to be a main driver going forward – as in this example on the north coast where a redundant toilet block has been transformed in to a thriving coffee shop.  
**Source:** SIB.

# Annex A – Asset management relationship with the property function



Asset management is a multi-disciplinary activity drawing on property, legal, financial and resource planning expertise and it considers the entire asset lifecycle (investment, commissioning, utilisation and divestment/disposal).

Asset management as a discipline is linked to understanding current and future service delivery demand and as such gives consideration to demand, need, whole life costs and civic requirements. It balances risk, investment need, existing asset provision and the need for new and different assets in the future.

The asset management function develops and cascades strategic solutions at portfolio level, to support the delivery of corporate and civic outcomes. The strategic solutions are then delivered and implemented through professional resources specialising in transaction management, property management and building management.

## Annex B - Notes accompanying Figure 6 Asset Register Core Data

- Address details should either use or link to the Ordnance Survey of Northern Ireland (OSNI) Pointer address database.
- The Pointer address database is the official Northern Ireland address database which is maintained by OSNI in conjunction with the councils (<https://www.nidirect.gov.uk/articles/pointer>). As such, it is the authoritative source for addressing in Northern Ireland and should be used directly or referenced using the Unique Property Reference Number as a link where possible. OSNI Property Data which contains information from the Valuation List also contains the Unique Property Reference Number, creating a link from the address to the property details.
- OSNI Fusion is the new structure for largescale OSNI mapping and each feature contains a unique identifier (Fusion\_ID). This can be used to link data, both spatial and textual, to the mapped asset, which will greatly enhance the potential for querying and analysing assets across Northern Ireland Civil Service and councils. The Fusion\_ID is provided as an attribute of all features mapped by OSNI.
- As all councils and Northern Ireland Civil Service departments are Northern Ireland Mapping Agreement participants, the OSNI Fusion mapping is available through regular data updates or as web services. Pointer address data and Property Data, along with other OSNI products, are also available through the Northern Ireland Mapping Agreement.
- For more information on receiving or using Pointer address data, Property Data, OSNI Fusion or linking data using the OSNI Fusion\_ID, please contact [mapping.helpdesk@finance-ni.gov.uk](mailto:mapping.helpdesk@finance-ni.gov.uk)
- In terms of 'existing description use', it is generally recommended that the Uniclass System 2015 is adopted. Uniclass 2015 is a set of tables which can be used to categorise information for costing, briefing, Computer Aided Design layering, annotations, etc. as well as when preparing specifications or other production documents. The classifications within the tables, for the first time, allow buildings, landscape and infrastructure to be classified under one unified scheme, supporting system integration and data interoperability.

## ANNEX C – Examples of Asset Management Performance Indicators

Condition and maintenance indicators vary across the UK. In England, many authorities use the National Property Performance Management Initiative; in Scotland, many authorities use the Federation of Property Societies Scotland indicators; and in Wales, authorities use indicators produced by Audit Wales. At present there is no commonly adopted benchmarking framework across councils in Northern Ireland.

The examples below are illustrative in nature and each council should consider the nature of its asset base, what existing benchmarking frameworks are available, and which are best aligned with the asset classes under management and the challenges faced.

Indicators		Rationale and expected impact on behaviour
<b>Primary Indicator 1</b>	Total property costs (occupancy, operational and management) per square metre	<p>This indicator examines the overall cost effectiveness of the estates management function.</p> <p>In many circumstances organisations would aim to reduce their property costs relative to those paid by their peers over time. However, organisations should examine their achievement against this indicator in conjunction with the measures of effectiveness of their estates management function, for example, Primary Indicators:</p> <ul style="list-style-type: none"> <li>• 3 (measuring property maintenance backlog);</li> <li>• 4 (the commissioner and user satisfaction index); and</li> <li>• 5 (the management practice indicator).</li> </ul> <p>and Secondary Indicators:</p> <ul style="list-style-type: none"> <li>• 4 (percentage of capital projects completed within time and budget); and</li> <li>• 11 (accessibility to public buildings for disabled people).</li> </ul> <p>Primary Indicators 1, 2 and 3, examine the three separate cost areas of occupancy/ownership, operational running costs and management costs.</p>
<b>Primary Indicator 2</b>	Total accommodation (square metres) per staff full-time equivalent	<p>This indicator examines the extent to which the organisation uses its buildings efficiently.</p> <p>It is closely associated with Secondary Indicator 5, which examines the number of workstations and the average space they occupy. Organisations should compare their results for these indicators with those of their peer organisations and, where there are significant differences, consider whether or not there are robust reasons for this.</p>

Indicators		Rationale and expected impact on behaviour
<b>Primary Indicator 3</b>	Total property maintenance backlog as a percentage of average annual maintenance spend for the last three years	This indicator examines whether the organisation manages the repair and maintenance programme of its estate effectively. High performing organisations should expect to reduce their backlog over time.
<b>Primary Indicator 4</b>	Commissioner (customer) and user satisfaction index – a composite indicator compiled from the responses to a set of statements by commissioners and users	This indicator assesses the effectiveness of the estates management function by identifying the perceptions of commissioners and users of the function. Over time, organisations should seek to increase the proportion of commissioners and users agreeing with the statements. The list of commissioner and user statements can be found on the Public Audit Forum website at <a href="http://www.public-audit-forum.gov.uk">www.public-audit-forum.gov.uk</a> . Organisations may wish to incorporate these statements into existing surveys of users and commissioners.
<b>Primary Indicator 5</b>	Management practice indicator – the number of asset management practices that have been adopted by the organisation out of a possible total of ten	The aim of this indicator is to assess the extent to which the estates management function has adopted a set of key asset management practices. This provides an indication of whether it is a well-run, modernised and professionally mature function. It is anticipated that most organisations will not have adopted all of the asset management practices listed when first measuring themselves against this indicator set. However, organisations should expect that the number of practices that they have adopted would increase over time. The list of practices can be found on the Public Audit Forum website at <a href="http://www.public-audit-forum.gov.uk">www.public-audit-forum.gov.uk</a> and will be updated, if appropriate, in future revisions of the indicator set.

## ANNEX C – Examples of Asset Management Performance Indicators

Indicators		Rationale and expected impact on behaviour
<b>Secondary Indicator 1</b>	<p>Cost of the organisation's estates management function</p> <p>a) per square metre</p> <p>b) as a percentage of organisational running costs</p>	<p>This indicator examines the cost effectiveness of the organisation's estates management function. In many circumstances, organisations would aim to reduce the cost of their estates management function relative to their peers over time. However, organisations should examine their achievement against this indicator, in conjunction with the measures of effectiveness of their estates management function, for example Primary Indicators:</p> <ul style="list-style-type: none"> <li>• 3 (measuring property maintenance backlog);</li> <li>• 4 (the commissioner and user satisfaction index); and</li> <li>• 5 (the management practice indicator).</li> </ul> <p>and Secondary Indicators:</p> <ul style="list-style-type: none"> <li>• 4 (percentage of capital projects completed within time and budget); and</li> <li>• 11 (accessibility to public buildings for disabled people).</li> </ul> <p>This indicator complements Secondary Indicators 2 and 3, which examine other aspects of estate costs – occupancy/ownership and building operation costs. These costs will also be included in the total cost figure for Primary Indicator 1.</p>
<b>Secondary Indicator 2</b>	<p>Total property occupancy/ownership costs (revenue) per square metre</p>	<p>This indicator examines cost effectiveness by identifying the cost of building occupancy/ownership. As with Secondary Indicator 1, while many organisations will seek to reduce their property cost, it is important that achievement against this indicator is interpreted alongside achievement against measures of effectiveness, such as Primary Indicators 3 and 5 and Secondary Indicators 4 and 11.</p>
<b>Secondary Indicator 3</b>	<p>Total building operation revenue costs per square metre</p>	<p>This indicator examines cost effectiveness of the operation of the estate (incorporating what might also be called facilities management). Capital costs are excluded due to potential for significant year on year variances.</p> <p>As with Secondary Indicator 2, while many organisations will seek to reduce their property costs, it is important that achievement against this indicator is interpreted alongside achievement against measures of effectiveness, such as Primary Indicators 3 and 5 and Secondary Indicators 4 and 11.</p>



Indicators	Rationale and expected impact on behaviour
<p><b>Secondary Indicator 4</b></p> <p>Percentage of property related capital projects within the last three years completed:</p> <ul style="list-style-type: none"> <li>a) within the project budget</li> <li>b) within the timetable</li> <li>c) within project budget and timetable</li> </ul>	<p>This indicator examines the standard of project management within the estates management function, recognising that late running/over-spent projects can have a significant impact on the operational effectiveness of the organisation. Organisations would expect the percentage of projects delivered to time and budget to increase over time. This indicator should be interpreted alongside Secondary Indicator 6 (average annual property capital expenditure).</p>
<p><b>Secondary Indicator 5</b></p> <p>Space use efficiency:</p> <ul style="list-style-type: none"> <li>a) workstations per full-time equivalent staff</li> <li>b) area (square metres) per workstation</li> </ul>	<p>This indicator examines the space use efficiency of workstation utilisation and the amount of space attributable to each workstation. This is a commonly used benchmark for space use efficiency, often used to determine the amount of space needed across the organisation. This indicator is closely linked with Primary Indicator 2 (total accommodation per staff member). Most organisations will be particularly interested in comparing their results for this indicator with peer organisations and investigating whether there are robust reasons for any significant differences.</p>
<p><b>Secondary Indicator 6</b></p> <p>Average annual property capital expenditure over the last five years per square metre (gross internal area)</p>	<p>This indicator measures the extent of investment in the estate. Organisations may wish to compare their result for this indicator with their peer organisations and should investigate the reasons for any significant differences. Organisations should also examine their result for this indicator in conjunction with their achievement for effectiveness indicators, such as Primary Indicator 4 (the commissioner and user satisfaction index) comparative to their peers and alongside Secondary Indicator 4 (the percentage of capital projects delivered to time and budget).</p>
<p><b>Secondary Indicator 7</b></p> <p>Total annual energy consumption (kilowatt/hour) per square metre</p>	<p>This indicator examines the extent to which the organisation has minimised its environmental impact by reducing its energy consumption. Organisations should expect this consumption to reduce over time.</p>
<p><b>Secondary Indicator 8</b></p> <p>Total annual water consumption (cubic metre) per square metre</p>	<p>This indicator examines the extent to which the organisation has minimised its environmental impact by reducing its water consumption. Organisations should expect this consumption to reduce over time.</p>



## ANNEX C – Examples of Asset Management Performance Indicators

Indicators		Rationale and expected impact on behaviour
<b>Secondary Indicator 9</b>	Total accommodation (square metre net internal area) over total accommodation (square metre gross internal area)	This indicator examines the usability and design efficiency of the estate. Organisations would expect to increase this percentage over time. This indicator is closely linked to Primary Indicator 2 (total accommodation per staff member), Primary Indicator 4 (satisfaction index) and Secondary Indicator 5 (number of workstations and area attributable to them).
<b>Secondary Indicator 10</b>	Percentage of solid waste that is recycled	This indicator assesses the extent to which the Organisation has made efforts to reduce the impact of the estate on the environment. High performing organisations would expect this percentage to increase over time.
<b>Secondary Indicator 11</b>	The percentage of buildings which are used by the public in which all public areas are suitable for, and accessible to, people with disabilities	This indicator assesses how well the Organisation is meeting the requirements of the Disability Discrimination Act. High performing organisations would expect to achieve 100 per cent.

## Annex D - Key Suggested Reading

1. 'PAS 55: 2008', BSI, 2008
2. 'The New BS ISO 55002: Guidelines for the Application of BS ISO 55001', BSI, 2018
3. 'Commentary on ISO 55000/01/02: Standards for Asset Management', CIPFA, April 2014
4. 'Asset Management in the Public Sector', National Assembly for Wales, August 2013
5. 'Asset Management in the Public Sector: A Practitioners Guide', CIPFA, November 2020
6. 'Asset Management – an Anatomy', Institute of Asset Management, December 2015
7. 'Public Sector Property Asset Management Guidelines', RICS, 2012
8. 'National Assessment Frameworks for Local Government Asset Management and Financial Planning', Australian Centre of Excellence for Local Government, 2012
9. 'Executive Order 13327—Federal Real Property Asset Management', US Federal Register, February 2004
10. 'Property Asset Utilisation', NSW Audit Office, December 2018
11. 'Asset Management Policy for the NSW Public Sector', NSW Government, October 2018
12. 'The Asset Management Landscape: Second Edition', Global Forum on Maintenance and Asset Management, March 2014
13. 'Accommodating Change – Measuring Success: Property Asset Management Delivery Plan', The Office of Public Works, July 2013
14. 'Federal Real Property Asset Management', United States Government Accountability Office, November 2018
15. 'Guidance for Improved Asset Management', Federal Real Property Council, 2004
16. 'Office Politics: Improving Public Sector Property Management', Deloitte, 2012
17. 'Public Sector Asset Management: A Brief History', Ramidus Consulting Limited, May 2010
18. 'Strategic Property Asset Management Framework', CIPFA Property, August 2018
19. 'Managing the Central Government Office Estate', Northern Ireland Audit Office, November 2017
20. 'Property Asset Management Capability Assessment Model', UK Cabinet Office, July 2014
21. 'A Guide to Social Return on Investment', The SROI Network, January 2012
22. 'Scottish Capital Investment Manual', NHS Scotland, September 1996
23. 'A National Mission with Local Impact, Infrastructure Investment Plan for Scotland 2021-22 to 2025-26', Scottish Government, February 2021
24. 'Property Asset Management in Central Government', Northern Ireland Audit Office, November 2012

## Annex E – Checklist for Local Councils

Good Practice Checklist	Yes/No ✓	Action required:
<p>Does the Council have an <b>Asset Management Strategy</b> in place? Does the AMS include:</p> <ul style="list-style-type: none"> <li>• A time horizon of five years at a minimum and not longer than ten years.</li> <li>• Alignment of the asset portfolio with the Council's needs.</li> <li>• An iterative process of debate, constructive challenge and input knowledge from key internal and external stakeholders.</li> <li>• Consideration of this Good Practice Guide.</li> </ul>		
<p>Has the Council grounded the <b>Asset Management Strategy</b> in the Council's Community Plan, Corporate Plan, Strategic Drivers and Delivery Themes?</p>		
<p>Has the Council published and/or put the <b>Asset Management Strategy</b> on the Council's website?</p>		
<p>Has the <b>Asset Management Strategy</b> been presented to and received agreement from the Councillors?</p>		
<p>Does the Council have an <b>Asset Management Plan</b> in Place? Does the AMP include:</p> <ul style="list-style-type: none"> <li>• Multi-year plans describing how the AMS will be implemented.</li> <li>• Investment, divestment, funding information, income generation and capital programmes.</li> <li>• Partnering arrangements.</li> <li>• Community engagement.</li> <li>• A medium/long-term plan for each asset in the context of the AMS.</li> </ul>		
<p>Does the Council have <b>Asset Management Policies</b> in place? The polices should include:</p> <ul style="list-style-type: none"> <li>• Operating policies.</li> <li>• Guidance covering disposals.</li> <li>• Guidance covering income generation.</li> <li>• Guidance supporting social and economic enterprise.</li> <li>• Guidance on net-zero carbon.</li> <li>• Risk management strategy.</li> </ul>		

Good Practice Checklist	Yes/No ✓	Action required:
<p>Has an <b>Asset Management Champion</b> been appointed? This senior officer should be responsible for:</p> <ul style="list-style-type: none"> <li>• Managing and optimising the value derived from the Council’s land and property assets.</li> <li>• Collaboration with other public sector partners.</li> <li>• Supporting ‘place-based’ or ‘asset based’ investment planning, economic growth and community development etc.</li> <li>• Chairing a multi-disciplinary team within the Council.</li> </ul>		
<p>Has the Council adopted a co-ordinated <b>multi-disciplinary approach</b> for asset management? This should include:</p> <ul style="list-style-type: none"> <li>• An approach that draws upon legal, financial and property expertise through a co-ordinated lead (champion).</li> <li>• Resources and structures that allow for the development and implementation of modern asset management practices.</li> <li>• Alignment of the AMS and the AMP with the Corporate Plan and Community Plan.</li> <li>• Assurance that land and property assets are working to support corporate and policy objectives.</li> </ul>		
<p>Has the Council established a <b>challenge function</b> allowing use of all land and property assets to be regularly challenged at a senior management and committee level? The challenge function should ensure that:</p> <ul style="list-style-type: none"> <li>• Land and property assets are correctly configured and actively working to support the delivery of public services.</li> <li>• Non value adding assets are put to an alternative use or disposed of.</li> <li>• Value adding assets decreasing due to increased operation or maintenance costs are considered for alternative use, renewal or disposal.</li> </ul>		

## Annex E – Checklist for Local Councils

Good Practice Checklist	Yes/No ✓	Action required:
<p>Has the Council implemented a <b>comprehensive Asset Register</b>? The Asset Register should:</p> <ul style="list-style-type: none"> <li>• Describe all land and property assets owned, leased and occupied.</li> <li>• Include, as a minimum, the core data supported by LPS and OSNI.</li> <li>• Include additional asset attributes to support operational requirements or decision-making.</li> <li>• Be actively maintained.</li> <li>• Be made publically available.</li> </ul>		
<p>Has the Council developed a land and property asset <b>Benchmarking and Performance Management</b> functionality? This functionality should include:</p> <ul style="list-style-type: none"> <li>• Comparison of the functional performance of the land and property assets with comparable portfolios.</li> <li>• Comparison of the economic performance of the land and property assets with comparable portfolios.</li> <li>• Development of actions to optimise the performance of the Council’s land and property assets.</li> </ul>		
<p>Has the Council adopted a <b>Risk Management</b> approach to its land and property assets, in-line with its AMS and AMP?</p>		

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**Dr Suzanne McLaughlin:** Ordnance Survey of Northern Ireland (OSNI)

**Susan Henderson MRICS:** Land & Property Services (LPS) Northern Ireland

Further information on land and property Asset Management within Local Government can be obtained by contacting

**Colin McCrossan** or **Ronan O'Hara** at [contact@sibni.org](mailto:contact@sibni.org) or on **028 90 250 900**.









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