

Best Value toolkit: Asset management



Prepared by Audit Scotland
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Introduction

The Audit of Best Value

“Achieving Best Value is about ensuring sound governance, good management, public reporting on performance and a focus on improvement”

The duty of Best Value applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers.

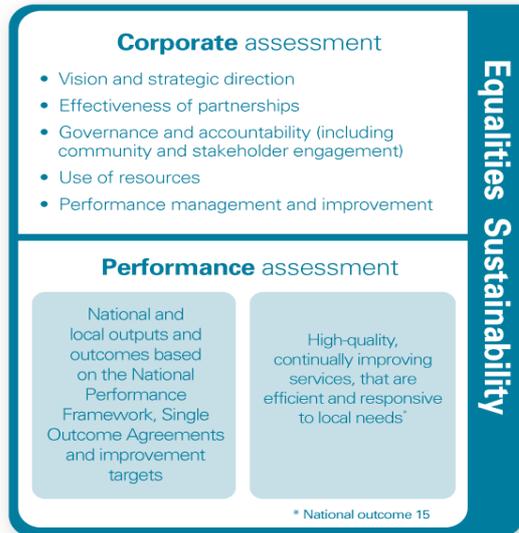
Best Value has already been a powerful force for improved performance and accountability in local government, and it will play an important role in supporting the Concordat and the development of Single Outcome Agreements between the Scottish Government, councils and their partners, and in streamlining and coordinating the scrutiny of public services. It also has the potential to underpin the National Performance Framework and the ‘management scorecard’ elements of Scotland Performs.

On behalf of the Auditor General and the Accounts Commission, Audit Scotland has identified a set of principles that form the basis for a consistent approach to the audit of Best Value across the public sector, although its application will differ to reflect factors such as the different accountability regimes and reporting arrangements in place in different sectors. This will enable us to apply a consistent set of expectations across all the bodies that we audit, and to reflect and support the reality of partnership working between organisations.

The Best Value toolkits are a key part of the practical application of the BV audit. They provide an evaluation framework that will help auditors to reach robust judgements on how public bodies are delivering Best Value. However, they cannot generate Best Value judgements on their own. They cover only part of the process. Judgements about Best Value also involve consideration of service standards and performance, outcomes and how effectively continuous improvement is being achieved. The framework through which the various elements of the Best Value audit are brought together to arrive at an overall conclusion on the extent to which an organisation is achieving Best Value is outlined below:

Exhibit 1

Framework for a BV audit of a public body



Source: Audit Scotland

As the diagram demonstrates, Audit Scotland's approach to the audit of Best Value entails both corporate assessment and performance assessment elements. The former focuses on how an organisation plans and conducts its business and manages its resources while the latter looks at the quality of those services and the outcomes for service users.

Audit Scotland is committed to ensuring that Best Value auditing across the public sector adds value to existing arrangements, is risk-based and builds on our existing knowledge of individual public bodies, and that of our scrutiny partners. Specifically we aim to:

- report on the delivery of outcomes for people who use services
- protect taxpayers' interests by examining use of resources
- put an increasing emphasis on self assessment by public bodies with audit support and validation
- work collaboratively with other scrutiny bodies to ensure our work is aligned and prevent duplication.

The Best Value toolkits

The Best Value toolkits are a series of audit diagnostics, which will help reviewers to establish the extent to which public bodies' arrangements are designed to achieve, and are actually delivering, Best Value. They have been developed to support the corporate assessment process around the five corporate assessment areas noted in Exhibit 1, and the two cross-cutting themes of equalities and sustainability. However, as each toolkit also incorporates a series of questions on the impact of the area under review, they will also provide some evidence to support the assessment of service performance and outcomes.

The Best Value toolkits have been developed as audit tools in consultation with specialist practitioners, and representatives of public bodies and professional groups.

The toolkits take the form of structured key questions, with a matrix of possible levels of performance, ranging from basic to advanced practice. The matrices cannot of course capture all of the ways in which a public body may address the requirements of Best Value, so there is clearly scope for auditors to exercise balanced judgement and for public bodies to respond flexibly in demonstrating how the key areas of challenge are addressed. Individual evaluations are made about the level a public body has attained in each question or area. However, these have not been weighted and it is not intended that these be used to determine an overall scoring for any toolkit. They are designed to contribute to sound professional judgements, not to replace them.

Using the toolkits

The toolkits are designed for application by Audit Scotland's auditors when carrying out Best Value audits of public bodies. In practice, the toolkits will be applied as part of an audit process, whereby the auditor makes enquiries, seeks supporting information and forms conclusions based on the evidence obtained.

Audit Scotland recognises that bodies may find the toolkits helpful in carrying out general organisational reviews or specific service reviews and are therefore available in the Audit Scotland website www.audit-scotland.gov.uk. It should be stressed however that public bodies using the toolkits do so at their own discretion. The toolkits are designed principally as audit tools that are part of

Audit Scotland’s overall Best Value audit methodology and are not expressly produced for self-assessment purposes.

Any organisation using the toolkits to inform their own corporate or service-based self-evaluation processes will need to consider the local context when applying them, and also the indicative rather than conclusive nature of the findings when interpreting the results. The toolkits were designed to elicit contextual information and provide evidence for arriving at professional audit judgements. They are not intended to be, and cannot be, used in a “tick-box” fashion.

The Best Value toolkits are generic in nature, in that they are not specific to any one type of public body or to any one sector and are designed so that they can be applied to all public bodies. Auditors will require to be sensitive to the differences between organisations both in terms of different sectors and varying scales of operation.

This toolkit forms part of a suite of audit products that will be applied, over time, to support a structured, evidenced based, judgment on an organisation’s approach to the use of the resources with which it has been provided and its achievement of Best Value.

Auditors’ evaluations

The toolkit takes the form of a series of questions based on identified good practice. It then offers four sets of descriptors, these being:

Does not meet basic requirements	An organisation may not yet demonstrate the basic practice level in any particular category.
Basic practices	Minimum acceptable standards, which would be sufficient to allow an organisation to demonstrate sound performance.
Better practices	As basic, with some elements of good or even best practice, but not on a consistent basis.
Advanced practices	Consistently demonstrating good or best practice and contributing to innovation.

Best Value toolkit: Asset management

Asset management

How well does the organisation plan economic, efficient and effective use of its assets?

To what extent has the organisation developed an asset management plan?

To what extent does the asset management plan display aspects of good practice?

How well is the asset management plan aligned with the organisation's financial plans?

To what extent does the organisation have acquisition and disposal policies or guidelines?

To what extent does the organisation carry out joint asset planning with other public sector partners?

To what extent does the organisation consider sustainability issues in procuring assets?

To what extent does the organisation consider sustainability issues in ongoing asset management?

How well does the structure of the organisation support effective asset management?

How well are roles and responsibilities in relation to asset management clearly identified?

How well does the organisation's management structure support delivery of effective asset management?

To what extent are capital investment projects robustly managed both at strategic and individual project level?

How well are staff involved in asset management trained and how does the organisation promote the sharing of asset management knowledge and experience?

To what extent does the organisation consider workforce planning issues in relation to asset management?

How well does the organisation work with stakeholders, both internal and external, in managing its assets?

To what extent are stakeholders (both internal and external) involved in asset planning, including asset redesign and improvement plans?

To what extent are feedback and complaints procedures monitored and acted upon?

How well does the organisation consider equality and diversity issues in asset procurement and ongoing asset management?

How much equality and diversity training is provided to staff involved in asset management?

How well does the organisation manage the performance of its assets?

How well does the organisation manage its data collection and collation to support the planning and management of assets?

To what extent does the organisation have performance indicators and targets for asset management?

How well does the organisation understand its relative performance in how it manages its assets?

How well does the organisation actively manage its maintenance requirements?

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
1. Strategies, policies and plans – How well does the organisation plan economic, efficient and effective use of its assets?			
1.1 To what extent has the organisation developed an asset management plan?	Asset management plans are in place for all types of relevant assets. This may be defined by value, number or importance for service delivery.	The asset plans for each type of asset have been combined into a single asset plan, or joined through an overarching corporate asset strategy.	Risks to not achieving the corporate asset plan and plans for each type of asset are identified and monitored and action taken to minimise the risk of non-achievement.
1.2 To what extent does asset management plan display aspects of good practice?	<p>The asset management plan includes:</p> <ul style="list-style-type: none"> organisational arrangements for asset management strategic objectives for asset management that clearly link with corporate objectives in the corporate plan medium-term (3-5 years) needs based on the direction of travel for the organisation the condition and performance of the current asset base and any risks for continued use details of how assets will be retained, acquired or disposed of an action plan that specifies timescales and those responsible for delivery. The action plan should specify short-term actions (1-3 years), but may have some medium-term (3-5 years) actions. 	<p>The asset management plan also includes:</p> <ul style="list-style-type: none"> clear links to (or incorporates) the organisation's capital/procurement plan long-term (5-10 years) needs based on the direction of travel for the organisation the gap between the current and future asset base, and the way this will be addressed in the form of asset acquisitions and disposals, by each asset category plans for efficiency savings by identifying underused assets and assets no longer required. It identifies how the organisation will use these savings asset performance measures details of key risks to implementation of the plan. 	<p>The asset management plan also includes information on:</p> <ul style="list-style-type: none"> how it links with, and will support, other key strategies and plans (eg risk management or sustainability strategy, service/departmental plans, workforce plans) how performance management information will be used to inform revisions of the asset management plan a risk management plan how the organisation will work with its external partners on asset management.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
1.3 How well is the asset management plan aligned with the organisation's financial plans?	<p>The plan includes a budget that:</p> <ul style="list-style-type: none"> identifies capital and revenue expenditure on assets currently predicts likely future expenditure on assets and any potential savings. asset expenditure and savings tie in with the organisation's financial plans. 	<p>The plan also sets out the means by which the organisation will consider different options for future asset expenditure, eg new procurement, leasing etc.</p> <p>Workforce needs (in respect of the operation of new assets) and wider resourcing issues are recognised in the plan (and also in other strategic plans).</p>	<p>The plan also links to service plans. It identifies any risk areas where the required funding may not be available and it presents different options for different scenarios. The plan identifies the use of whole-life costing for asset management.</p>
1.4 To what extent does the organisation have acquisition and disposal policies or guidelines?	<p>The organisation has acquisition and disposal policies/guidelines that specify the requirements of UK and EU legislation and standing financial instructions.</p> <p>The policies specify the criteria and supporting information necessary for making a decision to acquire or dispose of assets. This includes the use of options appraisals.</p> <p>Staff responsible for asset procurement and disposal are aware of the policies and guidance and comply with them.</p>	<p>The policies/guidelines refer to relevant national programmes (eg e-Procurement) and Scottish Government guidance.</p> <p>The policies/guidelines provide guidance on consultation with stakeholders before decisions on acquisition or disposal are made.</p>	<p>The policies/guidelines provide guidance on carrying out evaluation of outcomes following acquisition or disposal, eg surveys of staff to find out whether their working conditions have improved or the measurement of any financial savings made.</p>
1.5 To what extent does the organisation carry out joint asset planning with other public sector partners?	<p>The organisation has identified service delivery partners with common asset needs.</p> <p>The organisation has investigated the cost-effectiveness of using the assets of other organisations rather than acquiring or retaining its own. It has put in place formal arrangements to do so where this is cost-effective and mutually-beneficial, eg leasing an empty building from a partner organisation.</p>	<p>There are formal arrangements in place with at least some of these partners to jointly manage common assets, specifying the responsibility of each partner for ownership, use, maintenance, financing, eg the use of joint asset registers.</p> <p>The organisation has explored co-location of premises with partners and has some examples of where this has been achieved.</p>	<p>There is a joint asset management strategy in place, supported by a joint board or joint asset management planning group. The strategy has detailed plans for how assets will be shared or co-located and has agreed performance measures. The strategy outlines how outcomes will be measured such as better services for people through the use of one-stop shops.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
<p>1.6 To what extent does the organisation consider sustainability issues in procuring assets?</p>	<p>Business cases and decision-making processes consider:</p> <ul style="list-style-type: none"> the organisation’s existing capacity whole life costs of assets to be procured and their environmental impact whole life risks, including whether the performance of the asset might be compromised over time improving efficiency. 	<p>Business cases and decision-making processes analyse the whole life environmental and social costs or savings. These are linked to the achievement of national targets. These processes also consider the capacity of any partner organisations identified in joint asset management strategies.</p> <p>The organisation has developed sustainability criteria (financial, environmental and social), and considers these issues when procuring assets.</p>	<p>There is evidence that decision-making equally weighs economic viability, environmental protection and social justice. The organisation actively seeks to purchase assets that have benefits for all three areas and which help achieve national targets. There are organisational targets for the sustainability of new assets.</p> <p>Sustainability decisions have been based on the benefits for service users such as:</p> <ul style="list-style-type: none"> providing facilities for a greater number of people improving user experience and increasing client satisfaction reducing carbon emissions and improving waste management.
<p>1.7 To what extent does the organisation consider sustainability issues in ongoing asset management?</p>	<p>The organisation considers financial, environmental and social sustainability when making decisions to enhance or dispose of assets.</p> <p>The organisation aims to achieve full market value when selling assets, but considers the interests of the wider community (eg. selling the asset at less than market value to other public bodies).</p>	<p>The organisation has developed sustainability criteria (financial, environmental and social), and regularly assesses the performance of assets against these. The information is used to decide when assets should be restored or disposed of.</p>	<p>The organisation uses sustainability criteria to benchmark the performance of its assets against other public organisations. It uses this information to evaluate where it needs to improve.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
2. Structures, roles and responsibilities – How well does the structure of the organisation support effective asset management?			
2.1 How well are the roles and responsibilities in relation to asset management clearly identified?	The organisation's corporate plans and strategies refer to asset management.	An asset management plan is in place which sets out roles and responsibilities for asset management. This is communicated to all relevant staff and regularly reviewed.	Roles and responsibilities for all groups/individuals involved in asset management are clearly documented and understood. These emphasise that a corporate view is to be taken which is then supported by operational actions at department/service level. The roles and responsibilities are widely publicised within the organisation.
2.2 How well does the organisation's management structure support delivery of effective asset management?	An "asset manager" is identified for the organisation's asset portfolio.	The organisation has dedicated structures/teams/officers tasked with delivering effective and efficient asset management.	A strategic group (Board/Committee) oversees and challenges asset management decisions. A specific asset management function is in place and a corporate asset manager, and people with responsibility for asset management at departmental level, help to drive the delivery of the asset management plan to meet corporate objectives.
2.3 To what extent are capital investment projects robustly managed both at a strategic and individual project level	Option appraisal techniques are applied when considering capital investment projects.	The asset management plan clearly identifies surplus assets and future needs. This is used to inform capital investment decisions supported by option appraisal techniques.	All relevant disciplines (estates, planning, finance, health and safety etc) are involved in capital investment projects and associated option appraisals. These are clearly linked into strategic needs via corporate plans and the asset management plan.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
2.4 How well are staff involved in asset management appropriately trained and how does the organisation promote the sharing of asset management knowledge and experience?	Training needs are identified and a training programme for asset management staff is developed. Dedicated asset management staff are qualified.	In addition to being qualified and trained, staff from the various disciplines involved in asset management regularly meet to discuss and resolve issues around asset management.	The organisation is actively involved in networking with other public/ private/ voluntary bodies to resolve asset management issues and to share good practice. It learns from other organisations, eg when procuring new assets by discussion and work shadowing.
2.5 To what extent does the organisation consider workforce planning issues in relation to asset management?	A workforce management plan is in place which identifies what is needed in terms of numbers and skills and which also includes succession plans for key asset management staff.	A risk assessment is regularly undertaken in relation to dedicated asset management staff to identify the likelihood of staff leaving (retirement/new post etc) and any specific training needs. An action plan is in place to address any risks arising.	A high level strategic group (Board/Committee) regularly monitors the asset management action plan and takes steps to address any slippage identified in relation to workforce planning issues.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
3. Stakeholder involvement (internal/external) – How well does the organisation work with stakeholders, both internal and external, in managing its assets?			
3.1 To what extent are stakeholders (both internal and external) involved in asset planning, including asset redesign and improvement projects?	<p>Formal arrangements exist to involve staff in the asset planning process. The views of these stakeholders are taken account of in asset management planning including a formal process for consultation, clear points of contact, and feedback.</p> <p>The organisation has identified its external stakeholders, eg key delivery partners and service users.</p>	<p>The organisation has established a process to consult with external stakeholders during asset planning, including service redesign and improvement projects.</p> <p>There are channels for disseminating knowledge about new developments that are likely to involve assets, to all those likely to be affected by them.</p>	<p>Internal and external stakeholders are consulted after projects to get feedback on outcomes. There is a review process which improves future asset planning on the basis of lessons learned through consultation. Interested parties are provided with an explanation of why decisions have been made.</p> <p>Collaboration with key delivery partners has moved beyond consultation to joint asset planning.</p>
3.2 To what extent are feedback and complaint procedures monitored and acted upon?	<p>The organisation has a policy covering user feedback and complaints in relation to its assets. Information about the process is easily available to internal and external stakeholders.</p> <p>Internal and external stakeholders have been consulted in the development of the policy.</p> <p>There is a nominated member of staff or a group responsible for dealing with user feedback and complaints about assets.</p>	<p>All feedback and complaints are monitored and the information is analysed. This is used to inform decisions on asset management.</p>	<p>User feedback is actively pursued and there is an established working group which monitors feedback to the organisation on common complaints and issues.</p> <p>Following the implementation of changes to assets, those providing feedback are consulted to check whether changes have led to improvements in service delivery.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
3.3 How well does the organisation consider equality and diversity issues in asset procurement and ongoing asset management?	<p>The organisation considers equality and diversity issues internally to meet legal requirements when planning and implementing asset procurement and ongoing asset management.</p> <p>The organisation has carried out audits of arrangements for issues such as accessibility, dignity and privacy.</p>	<p>The organisation has plans in place to address any areas they need to improve, eg accessibility plans.</p> <p>Service users are consulted on these plans prior to their implementation.</p> <p>Staff are trained to understand and act on issues relating to equality and diversity.</p>	<p>The organisation actively promotes equality and diversity through the use of its assets, eg addressing dignity issues through the introduction of single-sex wards.</p> <p>Service users are consulted after projects are complete to evaluate their impact on service delivery</p>
3.4 How much equality and diversity training is provided to staff involved in asset management?	<p>The organisation has mandatory equality and diversity training for all staff. It forms part of the induction training for new starters. The training is general and there is no specific training on equality and diversity for asset management issues.</p>	<p>Specific training in equality and diversity issues in relation to the use of assets is provided to asset management staff.</p> <p>Staff involved in asset procurement and management are aware of statutory duties and their role in embracing equality and diversity.</p>	<p>The organisation has carried out post-training assessments to ensure that staff are applying their training.</p> <p>The organisation carries out regular audits of staff skills to match the equality and diversity issues it needs to address against the skills of its staff.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
4. Performance management – How well does the organisation manage the performance of its assets?			
4.1 How well does the organisation manage its data collection and collation to support the planning and management of assets?	<p>The organisation has identified the data it needs to collect to support performance management in relation to assets.</p> <p>There are clear and robust standards and systems in place for collecting data on the organisation's assets.</p> <p>Procedures for collecting data to inform future decision-making are clearly laid out and a data collection programme is in place and followed.</p> <p>There is a clear link between the asset data collected, the performance management system and wider corporate objectives.</p>	<p>There are procedures in place for regularly reviewing data requirements and the quality of the data collected.</p> <p>Performance data is regularly reported to managers responsible for assets and department/division heads to inform decisions around the management of assets.</p> <p>Performance information on assets is reported regularly to the senior decision-making forum in the organisation (ie board or council).</p>	<p>Data are clearly communicated to asset staff, management and other stakeholders regularly.</p> <p>There is someone with responsibility for asset management at executive director level who sits on the senior decision-making forum.</p> <p>The data are used to make strategic decisions on the management of assets as well as operational management decisions.</p>
4.2 To what extent does the organisation have performance indicators and targets for asset management?	<p>The organisation holds basic information on its assets, including their number, location, condition, replacement plans and any work carried out. The organisation has identified how often this information should be updated.</p> <p>Basic performance indicators and targets are set and monitored regularly.</p>	<p>Information on assets is regularly updated.</p> <p>More detailed performance indicators and targets are set for the quality of assets, such as (for the estate), physical condition, statutory compliance, functional suitability and space utilisation.</p> <p>Performance indicators are reported regularly to the senior decision-making forum in the organisation (ie board or council).</p>	<p>There is someone with responsibility for asset management at executive director level who sits on the senior decision-making forum.</p> <p>The organisation uses the information it generates to improve the performance of its assets. It can demonstrate improvement in the performance of its assets over time.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – ASSET MANAGEMENT

	Basic practice	Better practice	Advanced practice
4.3 How well does the organisation understand its relative performance in how it manages its assets?	<p>The organisation uses the performance indicators and targets it has in place for assets to compare asset performance between different departments or divisions.</p> <p>The organisation carries out regular benchmarking (ie examining the reasons for variance in comparisons) with other similar organisations.</p>	<p>The organisation compares its performance with other organisations outside of its sector (for generic assets such as office space) and outside Scotland.</p>	<p>The organisation can demonstrate it has improved its performance and condition of its assets through its benchmarking practice.</p>
4.4 How well does the organisation actively manage its maintenance requirements?	<p>The organisation has maintenance programme in place that includes both planned and reactive maintenance. Priority areas and funding are identified.</p>	<p>The organisation has set targets for the level of its planned maintenance. For example, for property, planned maintenance should represent at least 60% of its total maintenance expenditure.</p>	<p>Much of the organisation's planned maintenance relates to maintenance planned through whole life costing of assets.</p>

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