



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Mercher, 24 Ebrill 2013
Wednesday, 24 April 2013**

Cynnwys
Contents

- 3 Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions
- 4 Rheoli Asedau—Tystiolaeth gan y Sefydliad Siartredig Cyllid Cyhoeddus a
Chyfrifyddiaeth
Asset Management—Evidence from Chartered Institute of Public Finance and
Accountancy
- 16 Papurau i’w Nodi
Papers to Note
- 16 Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill
y Cyfarfod
Motion under the Standing Order No. 17.42 to Resolve to Exclude the Public from the
Remainder of the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o’r cyfieithu ar y pryd. Mae hon yn fersiwn ddrafft o’r cofnod. Cyhoeddir fersiwn derfynol ymhen pum diwrnod gwaith.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. This is a draft version of the record. The final version will be published within five working days.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Vaughan Gething	Llafur (yn dirprwyo ar ran Ann Jones) Labour (substitute for Ann Jones)
Ieuan Wyn Jones	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour

Eraill yn bresennol
Others in attendance

David Bentley	Pennaeth Rheoli Asedau, Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth Head of Asset Management, Chartered Institute of Public Finance and Accountancy
---------------	--

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Gareth Price	Clerc Clerk

Dechreuodd y cyfarfod am 9.00 a.m.
The meeting began at 9.00 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Nid oes recordiad ar gael o'r cyfarfod rhwng 9.00.38 a.m. a 9.00.43 a.m.
No recording is available of the meeting between 9.00.38 a.m. and 9.00.43 a.m.

[1] **Jocelyn Davies:** —might have with them, because it does interfere with the translation equipment. I will just also remind you that we are not expecting a fire drill, so if you hear an alarm, please follow the directions of the ushers.

[2] We have one apology today and that is from Ann Jones, but I understand that Vaughan Gething will be substituting for her when he is able to get here. We are expecting Chris Chapman and Peter Black at any moment.

9.01 a.m.

**Rheoli Asedau—Tystiolaeth gan y Sefydliad Siartredig Cyllid Cyhoeddus a
Chyfrifyddiaeth
Asset Management—Evidence from Chartered Institute of Public Finance and
Accountancy**

[3] **Jocelyn Davies:** We now move on to the first substantive item on our agenda, which is our inquiry into asset management. We are taking evidence today from the Chartered Institute of Public Finance and Accountancy. David Bentley, we welcome you and thank you very much. You have submitted a paper to us, which the Members will have read. Is it okay with you if I go straight into questions? Then, if there is anything that we do not cover, perhaps you can cover it at the end. Does that suit you?

[4] **Mr Bentley:** That is fine.

[5] **Jocelyn Davies:** In your paper, you recognise that the Welsh Government's 'State of the Estate' report is not a full asset management plan and it does not include all the property. In your view, do you think that the Welsh Government should have a full Government asset management strategy that would incorporate all the assets, from all the portfolios, rather than just its administrative estate?

[6] **Mr Bentley:** For the Welsh Government's directly managed property, yes, it is probably a good idea to do that. Property varies very much from obviously administrative buildings and it is good to get a full understanding of the needs, requirements and implications of the whole estate.

[7] **Jocelyn Davies:** Would there be any drawbacks to having that or would there only be advantages?

[8] **Mr Bentley:** The drawbacks are that if you make something too large, it can be difficult to manage. As long as it may be separated down into sensible blocks and managed in that way so that the information is used sensibly, I do not see any drawbacks really.

[9] **Jocelyn Davies:** You probably know that the Welsh Government's capital strategy, the 'Wales Infrastructure Investment Plan for Growth and Jobs', refers to asset management only in terms of recognising the need to make better use of the asset base. In your view, how should asset management in central Government and the wider public sector be linked to that Wales infrastructure investment plan?

[10] **Mr Bentley:** I do not come from the finance side; I come from the property side, so I do not know the plan in detail.

[11] **Jocelyn Davies:** If we sent that to you as a written question, would you have access to someone who could answer it?

[12] **Mr Bentley:** We can certainly answer that.

[13] **Jocelyn Davies:** Lovely; thank you. Mike, shall we go on to your questions?

[14] **Mike Hedges:** I think that you have been involved with the Consortium of Local Authorities in Wales, have you not?

[15] **Mr Bentley:** To a certain extent, yes.

[16] **Mike Hedges:** There is nothing to trick you, honestly. From your experience with this, what is your view of the level of interest and engagement in asset management as an enabler of wider policy and service delivery in the Welsh public sector, and I suppose, in your case, especially local government?

[17] **Mr Bentley:** Sorry; could you repeat that?

[18] **Mike Hedges:** The level of engagement in asset management as an enabler of policy. You manage land and buildings, but you use it as part of your policy objectives. How would you see that in the wider public sector or within local government?

[19] **Mr Bentley:** My field is mainly local government, although we do get involved a bit with the wider public sector. I think that, in terms of policy, property generally has a significant part to play. Property is part of service delivery. It is not the end in itself, but it is a significant part of service delivery, in both the type and quality of the buildings and also location. I think that when it comes to policy within the public sector, with local government in both Wales and the wider UK, sometimes organisations find it difficult to link policy to property because property has been there for a long time; it is in place. Due to the nature of local authorities and the political timescale, it is often very difficult to plan long term and in advance, which you need to do for property decisions. Property can have a significant part to play, so I think that the answer to your question is, 'Yes, but not as much as it could be'.

[20] **Mike Hedges:** On a previous investigation we did into invest-to-save, we saw a very good example of Bridgend County Borough Council that set about managing its estate by getting some money from invest-to-save and from other places, and then getting rid of land and buildings and actually saving substantial sums of money—I do not remember exactly how much it was—by that sort of asset management. Do you think that there is enough appetite in local government in particular to start managing and using assets to best effect—I think that the old term is to 'sweat the assets'—to get rid of assets that are no longer assets in the real sense of the word, and to try to rationalise the estate, the land and other ownership in order to reduce costs, improve efficiency and help the local economy?

[21] **Mr Bentley:** That is a big question. The invest-to-save idea with Bridgend and other councils that have done that kind of thing is not done enough within the public sector, particularly within local government. I think that there is more potential to do that. When it comes to the rationalisation of assets, there are a lot of competing demands on local authorities in particular and sometimes there are a number of different conflicting priorities to the rationalisation of assets. I am not using that as an excuse, because I think that there is a need for most public organisations to rationalise their assets and there is potential to do that. The problem is that assets can be just one public building in a particular community and it can be the focus of that community. It might not be an economic, sustainable building to run, but you take it away and the heart of that community might go. So, there is a whole load of considerations to think about when you are rationalising assets.

[22] When it comes to certain buildings, for example, the office estate, a review of the office estate can deliver, often by linking it to new ways of working, such as more mobile working. It can deliver significant efficiencies, but even then there might be other locational issues that come up. For example, I was working with a council in England that was trying to rationalise its estate. It was reducing the number of offices, but it realised that if one office was moved out of a small town, the businesses in that town at lunch time, and maybe before and after work, would lose a lot of their income and trade so that, maybe, they would have to pump money into the town centre to ensure that it was still viable.

[23] **Jocelyn Davies:** The workers in that office were an advantage to the local economy, so that was a wider consideration. Rather than just asking, 'Is it a good idea for us to close

that building?’ there was a wider consideration.

[24] **Mr Bentley:** Yes.

[25] **Jocelyn Davies:** You mentioned elections and so on. Are some of these decisions politically sensitive? Does that make it difficult for a long-term plan to be put in place?

[26] **Mr Bentley:** Yes. There are different degrees. I think that sometimes it is used as an excuse and sometimes it is a reality. Not in Wales, but in England I have known of one particular local authority where there was a commitment from the politicians when they were elected to build a leisure centre, so they built a leisure centre, regardless of whether that was economically sustainable, whether they needed to look at the rest of the estate and whether they needed to sort that out. So, that could be—

[27] **Jocelyn Davies:** But, it was a promise made in the election.

[28] **Mr Bentley:** Yes. So, that could be a political decision.

[29] **Ieuan Wyn Jones:** Is it not part of the democratic process that these things happen? You cannot always think of them in terms of this long-term plan because if a political party comes in on a promise, it is going to look pretty silly if it does not deliver on it.

9.10 a.m.

[30] **Mr Bentley:** Yes. Sometimes, when you look at the economics of it, there might be other ways of doing it, but there was a statement it is being done and, in hindsight, it might not have been the best choice. I agree entirely with what you say, but I think that we sometimes need to look at those things in the longer term and see if that is the most viable.

[31] **Mike Hedges:** I think that we are drifting off, because I do not think that there is a local authority in Wales that does not have a redundant building somewhere that is lying empty or does not have any land it does not have any immediate use for and which could be used for building houses and so on. There is probably not an authority in Wales that is not paying somebody to protect some building or parcel of land. I think that that is what we are trying to get down to. Whether people want to build a leisure centre or not, the leisure centre is not redundant after it is opened, is it? It might not be the best use of resources, but it is a decision made locally so that the building is not redundant and has a use, and I am sure local residents would say that it is a very good use. This is about the bits that are unused and left empty, be it a school caretaker’s house—somewhere where the caretaker has opted to change—or some land that was left over from a council house development.

[32] **Jocelyn Davies:** I think we get the point. Do you have a question for Mr Bentley?

[33] **Mike Hedges:** The question I was getting to is this: is that not what asset management should be about rather than deciding whether it is a good or bad idea to build something?

[34] **Mr Bentley:** I think that asset management is about that. I think that it is also about the wider questions and managing the estate as it goes on. I would agree.

[35] **Jocelyn Davies:** Another example might be that you have lots of buildings and it might be a good idea to bring all those staff together in one spanking new, energy-efficient building, but, politically, it might be seen by those decision-makers as, ‘Well, I wonder how the public are going to react to a brand-new building for the council workers’. That can be unpopular, but it could be a good decision from an asset management of point of view and

then, of course, you could release those other buildings or sell those other buildings. Are you saying that, because of the cycle of elections, those decisions are sometimes not made or put off even though they would make very good sense?

[36] **Mr Bentley:** Yes.

[37] **Jocelyn Davies:** In your paper, you say that there is a requirement on Welsh local government to produce asset management plans, but it was not extended to other areas of the public sector and so asset management in other sectors might not be as strong as it is in local government because of this duty. What particular part of the public sector was your statement referring to and would you like to see the Welsh Government extend that duty on to other parts of the public sector?

[38] **Mr Bentley:** The response was written by a number of people and so I am not aware of the particular part of the estate that they were looking at. What we have seen with asset management is peaks and troughs of interest, and often they respond to Government requirements for producing information on assets. To raise the profile and get people considering assets to the extent it perhaps needs to be, I would say that we would like to see more insistence on the production of asset management strategies and plans.

[39] **Jocelyn Davies:** We have heard from some witnesses that the squeeze on budgets has focused people's minds. Have you found that in your experience?

[40] **Mr Bentley:** Yes. We have seen some organisations reacting very positively by strategically considering what they want to do with their assets and coming up with a long-term plan for rationalisation based on available finances. We also see a few responding with more of a short-term, knee-jerk reaction by getting rid of buildings very quickly, which could be a good decision but may not be a good decision in the longer term.

[41] **Paul Davies:** I want to ask you some questions about the availability of information for benchmarking performance and condition of assets. Much of the evidence we have received tells us that there is inconsistent data collection on asset management in various parts of the public sector. In your paper, you refer to the requirement on English local authorities to publish key data and you comment that the Welsh Government has not pursued this. Is this something you would like to have seen the Welsh Government take action on?

[42] **Mr Bentley:** Yes. This is an area that is developing in England, but it is not formal yet. There is a move by the English Government to develop what it calls a list of attributes on property that would be available publicly for all local authority-owned or managed assets. They have not yet decided the final list, but the actual requirement to produce that almost pushes the hand of those local authorities to collect sufficient information. The situation in England, which we know in a bit more detail, is that some local authorities already have that information and will be able to collect it. Others do not have that information, so you are almost pushing them to collect that information on assets, which will immediately raise questions and get people to challenge about the use of those assets. So, the answer to your question is that, overall, I think that it is a good thing.

[43] **Paul Davies:** I understand that the Consortium of Local Authorities in Wales has stated that it feels that the suite of performance indicators commissioned by it via the local government data unit is sufficient but that greater compliance is required. What are your views on that?

[44] **Mr Bentley:** From memory, the CLAW indicators are similar to the old indicators used in England and I would say that, generally, they are okay. I think that they could be beefed up in a few places. I think that compliance, submission of data and taking the data

seriously within certain organisations could be improved. At the moment, some organisations—and I am not saying that these are Welsh authorities—put in returns because they want to put in returns, but the amount of effort in those returns could probably be improved.

[45] **Paul Davies:** Would you be supportive of a pan-public-sector approach to data collection to monitor condition and benchmark performance of assets? If so, how do you think that this could be constructed?

[46] **Mr Bentley:** I think that the answer would be ‘yes’, to get some consistency. Unfortunately, the different public sector areas have come historically with different performance measures, so you would have to keep it fairly high level. However, the maintenance need, the condition of buildings and, perhaps, an element of the suitability for use of buildings, are key areas that could be used at a national level.

[47] **Jocelyn Davies:** Can you tell us how the performance indicators were created? I know they were commissioned, but do you know how they were put together?

[48] **Mr Bentley:** They were put together, from memory, by CLAW in the early 2000s, using a consultant to develop the indicators, and I think that he used the old indicators that were a requirement by English Government for when English authorities had to submit their asset management plans.

[49] **Jocelyn Davies:** I see. So, they were well-established indicators that had been around some time?

[50] **Mr Bentley:** They had been developed in September 2000, from memory, and they were dropped nationally in 2004. They have been continued voluntarily by some of the professional societies. They were established, but they were developed by central Government. Some of them were not the best and I think that CLAW maybe did not choose some of those. That is where they came from anyway.

[51] **Vaughan Gething:** Good morning. Following on from what Paul just asked you about the performance indicators and the assessment of the condition, you suggest in your paper that the local government estate certainly lags behind its UK counterpart. In particular, you say that Welsh local government lags behind its English counterpart in every measure. This is based on your assessment of the condition. To start, how do you go about providing your own assessment—a snapshot—given that you have already said that you feel that Welsh local authorities are perhaps not engaging as robustly as you would like to see? How robust is your assessment about the difference between Wales and other parts of the UK?

9.20 a.m.

[52] **Mr Bentley:** It is not our assessment, actually. It is the assessments of the individual local authorities that have submitted data to us. They will have carried out condition surveys of their estate and the surveyors will have graded the buildings into an A to D category and they will have quantified the amount of maintenance. So, it is based on their returns.

[53] **Vaughan Gething:** So, Welsh local government itself says that that the condition of its buildings is worse than in the rest of the UK, does it?

[54] **Mr Bentley:** Yes.

[55] **Vaughan Gething:** The point that the Consortium of Local Authorities in Wales then makes is that, while condition is important, if you do not have the money to improve it, it is

difficult to see what the benefit is of collecting lots of data. I am interested in your view on that.

[56] **Mr Bentley:** When it comes to condition and maintenance need, I think that organisations need, first of all, to understand what their maintenance need is and they need to develop maintenance policies to address that. It could be that they see the worst buildings and challenge whether they still need them. If a building needs a lot of money spent on it then that is the time to really critically look at that building and ask, ‘Do we actually need that? Should it be replaced or do we actually need the building at all? Is there some other way to manage it? Could we manage it in partnership with the community or a community group? Could we use it as part of a regeneration project?’ So, it immediately raises questions about the viability of a building if it is in a bad condition.

[57] I think that many organisations have set their maintenance budgets based on what they used to do historically—‘Last year, we spent £200,000 on maintenance, so, this year, so we will put it up with inflation, or we will reduce it because money is a bit tighter’. By collecting the data on maintenance need, you can start looking at the amount you spend on maintenance and what effect that has on the estate. For example, if your maintenance need is £1 million, you spend £100,000 on it, and the following year your maintenance need goes up to £2 million, you are obviously not spending enough on maintenance. However, if it stays static it might be that you are managing the maintenance at the current level. So, I would say that maintenance need and condition is an important measure that should be used and linked to budgeting and also the challenge of assets.

[58] **Vaughan Gething:** We are all used to seeing condition surveys for the local government estate. We are all used to hearing about backlogs in school repairs and all sorts of different issues. Are you saying that that is what already happens in terms of looking at what is there already? Are you saying that it should be what happens more, bearing in mind, of course, that these are all intensely political decisions? Jocelyn asked about that earlier on. Making a decision about what to do with the local authority estate becomes more difficult at various points in time. How far do you see this happening already and how big is the gap between what should happen and what does happen?

[59] **Mr Bentley:** I think that it should happen. It is not happening in the majority of organisations as much as it could do. Some of that is about the availability of finance for maintenance, but I think that it could happen more and probably should happen more.

[60] **Jocelyn Davies:** Mike, did you want to come in on this?

[61] **Mike Hedges:** I have two very simple questions. One is that you can use capital for maintenance, can you not? You can capitalise a large amount of maintenance, and a number of local authorities have done that over a number of years. Do you see that as a method by which maintenance can be better carried out? The second question is, if I were in charge of a building, it would be in my best interests for it to come out at category B or C, would it not, because it is not bad enough to be condemned, but it is not seen as being very good, so I am in there bidding for additional money? Is there some of that pressure inside organisations?

[62] **Mr Bentley:** I have forgotten the first question.

[63] **Mike Hedges:** Capital maintenance.

[64] **Mr Bentley:** Capital maintenance, right. The answer is: yes, a number of organisations are using capital maintenance. There are certain finance rules, which I do not understand; I think that it needs to deliver betterment or something. However, yes, I think that it is a good idea to look at where that is possible.

[65] With the second one, a number of organisations are setting strategies about the A, B, C, D categories and many are saying, 'We are going to try to get all of our buildings to a B category. Category A is great, but we cannot afford that so let us get to category B', and they set their strategies against that. There has not been any manoeuvring, to my knowledge, around the C and B categories in the way you suggested.

[66] **Jocelyn Davies:** You do not have any evidence to support that hypothetical proposition?

[67] **Mr Bentley:** Not that I know of, no.

[68] **Ieuan Wyn Jones:** I will be asking my questions in Welsh, so you will need the translation.

[69] Yn eich papur, rydych yn cyfeirio at enghreifftiau o 10 awdurdod lleol yr ydych wedi eu helpu gyda rheoli asedau. A fedrwch ddweud wrthym, yn y lle cyntaf, a yw'r awdurdodau lleol hynny yng Nghymru? Yn ail, a fedrwch ddweud wrthym sut oedd y berthynas honno wedi ei chreu? A oedd oherwydd eu bod wedi dod atoch, neu a oeddech chi wedi cynnig eich gwasanaeth iddynt?

In your paper, you refer to examples of 10 local authorities that you have assisted with asset management. Could you tell us, first of all, whether those local authorities are in Wales? Secondly, can you tell us how that relationship was created? Was it because they came to you, or did you offer your service to them?

[70] **Mr Bentley:** We work with lots of local authorities. We run a network of about 240 local authorities across the UK. All of the Welsh authorities are in the network. The ones we have worked with include Welsh, English, Scottish and Northern Ireland authorities. They sometimes approach us and ask, 'Can you come and help us? Can you come and assist us?' At other times they might send documentation out and occasionally we will tender for consultancy-type work on asset management, but most usually they will approach us and ask, 'Can you come in and help us?'

[71] **Ieuan Wyn Jones:** Rwy'n sylweddoli eich bod yn gweithio gydag awdurdodau lleol ar draws gwledydd Prydain, ond, yn eich papur, rydych yn cyfeirio at 10 awdurdod yn bendol, a hoffwn wybod, er mwyn eglurder y dystiolaeth, os ydynt yn awdurdodau lleol yng Nghymru. Mae ar dudalennau 13 a 14 yn eich papur. Os nad ydych yn gwybod, efallai eich bod yn gallu anfon nodyn atom.

Ieuan Wyn Jones: I realise that you work with local authorities across the UK, but, in your paper, you refer specifically to 10 authorities, and I would like to know, for the clarity of the evidence, whether those authorities are in Wales. It is on pages 13 and 14 of your paper. If you do not know, perhaps you could send us a note.

[72] **Mr Bentley:** I must admit I am not sure in which context that was used, so we will clarify that for you.

[73] **Ieuan Wyn Jones:** Ie, jyst er mwyn egluro hynny. A yw'n wir i ddweud, felly, bod y math hwn o wasanaeth mae eich aelodau yn ei gynnis yn rhywbeth mae awdurdodau lleol yn chwilio amdano'n gynyddol?

Ieuan Wyn Jones: Yes, just to clarify that. Is it true to say, therefore, that this kind of service that your members provide is something that local authorities are increasingly seeking?

[74] **Mr Bentley:** I think that the type and nature of services we provide is changing in the current financial climate. We are now being asked more to do reviews of assets with a view to rationalise or look at how the service costs can be reduced. Historically, we did a lot of what we called asset management health checks, where we looked at how the asset management approach was integrated across a local authority—looking at value for money, yes, but not as the main focus of the review. Now, increasingly, we are doing more of these financially focused, ‘How can we save money across the estate?’ reviews.

[75] **Christine Chapman:** Good morning. Mr Bentley, I want to test the ideas around collaboration with you. We have heard an awful lot about collaborative arrangements, those that involve service delivery, where assets are to be shared as a consequence of the project, and also those specifically targeting asset sharing between partners. We have heard a lot about that, but what we have found is that there do seem to be different views. On one side, you have some people saying that they see it as a barrier to managing their estate, while others are actively participating in this and almost welcoming this. Do you have any experience of collaborative arrangements in the Welsh public sector? What are your views on this? How well do you think it is working?

[76] **Mr Bentley:** My own experience is not in the Welsh public sector. I have a lot of experience in England, either in working with the capital and asset pathfinders or facilitation of collaborative approaches in individual areas and I can obviously comment on those.

9.30 a.m.

[77] **Christine Chapman:** Yes, you talk about the examples in England and Scotland. Do you have any views, from what you may have seen in Wales, as to whether—

[78] **Mr Bentley:** Not in Wales directly.

[79] **Christine Chapman:** Not at all here? Okay. In the paper you talk about the public service leadership group asset management, and you tackle the issues around cultural and political barriers. Could you expand on that?

[80] **Mr Bentley:** Is that in terms of collaboration?

[81] **Christine Chapman:** Yes. You talked about the barriers.

[82] **Mr Bentley:** Obviously, different public sector organisations have different aims and objectives, and collaboration in the use of assets usually means compromise in some way. Often, those compromises are difficult at a corporate level for organisations to agree to. There is often a willingness initially to get started and look at the opportunities for collaboration, but we have seen quite a few fall down later on in the process, as the reality of what this actually means in practice dawns on the organisations. What I would say on collaboration—this comes from the experience of working with a number of organisations—is that there is no one model that is suitable for collaboration. It cannot be forced. It needs to be a local solution to a local issue, with using buildings as that solution. There have been some very successful projects based on local solutions with a willingness of all parties to get involved. Even in some of those, you might see that one party has not come to the table quickly enough and it is still not involved and it could have been involved in that approach.

[83] There are lots of different levels for collaboration and it is a massive subject, but I believe that public sector organisations collaborating together on assets can deliver significant opportunities, not only in efficiency savings but also in benefits for service delivery as well.

[84] **Christine Chapman:** As you said, there are good examples of this but, equally, we

have heard of cases where there are not good examples. What happens to the weakest areas? What do we do if they are just not interested in collaborating? You said that you cannot force them into it, but where you have tight budgets, we need this. How are you going to get them to change?

[85] **Mr Bentley:** What we have seen—and I will have to give English examples—in England is the capital and asset pathfinder, and we have seen that even some of those have been more successful than others. It is often based on the push locally, the people who are involved locally and how they sign up to it. We are now aware that the Government property unit in England is starting to work in 12 areas, I think, within England to get involved with the central Government estate. That is giving momentum to those areas. Now that central Government is involved, we may need to take this a bit more seriously, but still it is fairly mixed.

[86] **Christine Chapman:** Do you think that, if we were looking at this in 10 years' time, there are going to be changes, or do you think that we are just going to continue as we have done?

[87] **Mr Bentley:** I have been working in this position for about 15 years and, in that time, change has happened. I have seen some significant changes in the way property has been managed and I have seen improvement, even in stuff like benchmarking and data. It has taken time and there is still a long way to go. So, I would say that, in 10 years' time, I would expect there to be improvement but, I suppose from my own experience, I would expect it to be slow. However, the current financial pressures mean that movement and change is going to be more rapid.

[88] **Jocelyn Davies:** You mentioned that parties say, 'Oh, that is a nice idea, that we collaborate together', and that people are enthusiastic about it—there is a good reason for doing it—and then they back out. What is the major reason for them withdrawing from projects?

[89] **Mr Bentley:** There are a number. Sometimes, it is that they get support from the top and they start looking at projects, then there has not been enough thought put into it and they suddenly realise what this actually means in practice, so they pull out.

[90] **Jocelyn Davies:** You said that the reality dawns on them. There would be something—

[91] **Mr Bentley:** It might mean that they have to commit some funding that they probably did not realise, or it might mean they have to give up something that they did not know about. That is one situation. Another situation that we see—we always caution against this right at the outset—is that property people meet around the table to discuss property and there is no real commitment from the strategic level in those organisations. As soon as the good intentions go up to that higher level, it just gets stopped, at service manager level, strategic director level or even at a political level, because there has not been buy-in, initially. That is another reason that sometimes it does not happen.

[92] There are a few other reasons, but the other significant reason is that, in collaboration, there are often winners and losers. It might be that you will share a building whereby one particular organisation can dispose of another building and, if it is a local authority, get a capital receipt. So, that local authority benefits by getting the capital receipt, but the others do not. It might mean that, financially, they are no better off—they might be a little bit better off. I believe that the Valuation Office at the moment is looking at that whole aspect of winners and losers and seeing what methodologies could be adopted to maybe balance it out, or come up with a better approach.

[93] **Julie Morgan:** How can there be more buy-in on a more strategic level? I think that you said that it is happening more on the ground.

[94] **Mr Bentley:** It needs to start at a strategic level. The authorities that have been really successful in England, like Worcestershire—I think that we have probably mentioned others, but I will not talk about them here—have got strategic buy-in.

[95] **Julie Morgan:** Did it start at the top?

[96] **Mr Bentley:** It did not necessarily start at the top but it got to the top and it stayed there, and it got that buy-in at some stage. There is commitment from all of the organisations that can see the benefits. Collaboration might not always be the best solution in a particular area, but recognising that by working together with a number of organisations does have benefits and has potential, so do not discount it straight away; let us look at the opportunities. It does need that strategic buy-in.

[97] **Vaughan Gething:** On this point, you have said a couple of times that collaboration cannot be forced, but we all recognise that there are significant financial imperatives to looking to get a greater return from diminishing resources. You also talked about progress being slow. It seems to me there is a mismatch between progress, if we leave it to develop organically when people realise that they cannot carry on as they are, and this idea that collaboration cannot be forced. Are you really saying that we just have to have hands off and let it happen, at whatever pace, or is there more that you would expect that we could do at this level to try to deliver that buy-in and to deliver improved return on the basis of diminishing finance?

[98] **Mr Bentley:** No, I do not say ‘hands off’. I think that encouragement to work collaboratively is important from the Welsh Government. Some degree of encouragement to do so is very important. What the English Government is doing with GPU is probably going to get more local authorities and public sector organisations interested in this area. Whether it will actually get them all doing it is another question. We have seen, with the encouragement two or three years ago with capital asset pathfinders, that a lot of people took interest in it and some started to look at it seriously, but still there are many that just looked at it initially and did not do anything about it. Whether that changes with this GPU initiative or not, I am not sure, but I am hoping that it will be more of a catalyst.

9.40 a.m.

[99] **Vaughan Gething:** Hoping that something happens is not necessarily a great way to do things, but there we are.

[100] I want to go on to the next set of questions, which encompass a number of other points that have already been raised. You talk about being able to release and realise savings through effective asset management, but, of course, there is this divide between the people who see putting resources into this area as taking resources out of front-line services and other services, which is for them politically unacceptable or politically difficult, and those who take the view that some money now, and investing to save, will actually deliver significant resource and help to enable service delivery. I am pretty sure that I know what side of the fence you are on, but, in terms of that argument and how you get around this problem of putting more resources into asset management, it is, politically, a very difficult choice to make, regardless of whether they are elected representatives or not.

[101] **Mr Bentley:** The side of the fence that I am on is actually not the side you probably think that I am on. Asset management needs to be taken seriously, but it needs to be taken in

the context of all the other financial issues that we find ourselves involved in currently. We are not there to provide property; we are there to provide services and that has to be the key. However, how property is used to provide those services is important and we need to plan for that. Whether we can or cannot afford those buildings needs to be taken into account, and if we cannot we need to look at how we can provide those services effectively, either through other means, such as with partners, or through collaboration. So, yes, I think that financial planning is important, both from the capital and the revenue side. I am not saying that, historically, it is not about putting more money into asset management; it is about understanding how much money we put into asset management and using it in the most effective way. That might be increasing it or it might be just targeting it differently.

[102] **Vaughan Gething:** In your experience, how often do the expected benefits of putting extra money into asset management, in whatever field, actually get realised as real benefits that the authority gets to see and feel? Lots of people talk about invest-to-save and say, ‘Invest in this area and you will save money’, but actually assessing whether you have really saved money is rather more difficult. In fact, many things that we think are investing to save actually end up costing more money, or no-one ever recognises whether there is a benefit later down the line. Do you look at these areas for a period of time and how can you not only demonstrate there has been a saving but that people recognise that that saving has been made?

[103] **Mr Bentley:** Where it is probably easiest to see that kind of saving is in a specific scheme. I will use the most recent example that I have witnessed, which is in Stourport in Worcestershire. Worcestershire looked at Stourport as a town and at how public buildings could be used in collaboration in a more effective way. I think that Worcestershire actually gave its building away for development. It was valued at about £0.5 million, but it gave it away and it invested £1 million or so—I do not know the exact figures—to help develop a building for public services, along with the district council and other agencies. What it saved was the ongoing maintenance costs of the building that it had in Stourport, which I think was £300,000 a year. So, if you tot that up year-on-year, the investment that it made has obviously made that saving over the years. That was an example of investing to save.

[104] However, every single project is different and the business case needs to be seriously looked at to ensure that it is going to deliver savings in the long term. Often in office rationalisation the initial costs to reduce offices might have a payback of five to 10 years, but the business cases can be done and often do stack up over that period of time.

[105] **Ieuan Wyn Jones:** Dywedoch yn **Ieuan Wyn Jones:** You said earlier that your gynharach bod eich profiad chi yn bennaf y experience was mainly outside of Wales. Do tu allan i Gymru. A oes gennych chi brofiad o you have any experience of working with weithio gydag awdurdodau lleol yn yr Alban? local authorities in Scotland?

[106] **Mr Bentley:** I will explain our set-up. When I first started, there was just me, and I used to run a network for Wales, Scotland and England. In the early days of the Consortium of Local Authorities in Wales, I used to do a lot in Wales. We expanded and I now have one colleague who leads in Wales and one who leads in Scotland, so I have got some experience of both Scotland and Wales, but my experience there is not as hands-on as it used to be.

[107] **Ieuan Wyn Jones:** Un o’r pethau rydym wedi bod yn edrych arno yw’r syniad o gael canolfan ganolog hyd braich oddi wrth y Llywodraeth sy’n edrych ar bethau fel rheoli asedau—rhywbeth tebyg i’r Scottish Futures Trust. Mae’r dystiolaeth rydym wedi’i chael yn dweud bod rhai pobl yn meddwl bod hwnnw’n fodel da a bod pobl **Ieuan Wyn Jones:** One of the things that we have been looking at is the idea of having an independent centre of expertise that is at arm’s length from Government that looks at things such as asset management—something similar to the Scottish Futures Trust. The evidence that we have had says that some people think that that is a good model and

eraill yn fwy beirniadol ohono. A oes that other people are critical of it. Do you gennych chi safbwynt ar hynny? have a position on that?

[108] **Mr Bentley:** I think that generally it is a step in the right direction. There are a number of organisations—a number of public sector organisations, local authorities and other agencies—that feel that it is an interference in Scotland. However, that is just based on comments that have been raised with me.

[109] **Julie Morgan:** I want to ask you about guidance, good practice and the sharing of ideas and expertise. Do you see much evidence of organisations seeking out good practice so that they can emulate it?

[110] **Mr Bentley:** Yes. We run a network that shares good practice, so all of the Welsh authorities come to the relevant meetings of that network, along with the majority of the English and virtually all the Scottish authorities. So, there is that side, but there is also guidance available on asset management. For example, the Royal Institution of Chartered Surveyors—and you have probably been made aware of this in your evidence gathering—has written guidance for both local government and the wider public sector in recent years on good practice asset management. However, with the way things are going, especially on the collaboration side, that guidance could probably now be beefed up a bit and updated. Even the guidance from two years ago will be slightly out of date. However, yes, there are examples of good practice and guidance around.

[111] **Julie Morgan:** Is it as widespread as you would like?

[112] **Mr Bentley:** I think that most people are aware of it, but whether they adopt it or not is another question. The property people are aware of it, but it obviously needs to be communicated wider within organisations. The RICS guidance, for example, has checklists for all the elected members and senior managers, and I suspect that that is not as widespread.

[113] **Julie Morgan:** Do you think that there is a need for a centralised resource that reaches out to organisations?

[114] **Mr Bentley:** I think that the communication of good practice and having that kind of thing centrally would be beneficial.

[115] **Julie Morgan:** So there is a need for more emphasis on this area.

[116] **Mr Bentley:** Yes.

[117] **Peter Black:** You mention the 2010 Wales Audit Office work on buildings management as an impetus for improvement in local government, and suggest that it would be beneficial to repeat that exercise. In your view, would it be worth repeating this exercise over the entire public sector?

[118] **Mr Bentley:** Yes.

[119] **Peter Black:** Do you see any benefit in giving the Wales Audit Office a more prescriptive role over asset management, either in local government or in the wider public sector?

9.50 a.m.

[120] **Mr Bentley:** I can only go on what has happened in England since 2000. In 2000, the requirement was to submit asset management plans that were then viewed by the individual

Government officers in England. That commenced and then was dropped in 2004. What we saw in 2004—and this is going from our perception of what was happening and what people were telling us at the time—was a general drop in the interest in asset management. In fact, at that time, we heard of one or two asset managers being made redundant, because some organisations thought they did not need to do asset management any more. So, prescription raised interest. Whether they all did it right or not is another question, but it raised interest and then it waned. The then Labour Government introduced the comprehensive area assessment, which included a small area of asset management, and suddenly asset management hit again and started moving up the table. When that was dropped, we again saw the drop-off. I think that, in the current financial climate, asset management has slowly increased again on the radar, but it is clear that there is a link to engagement and resource put against asset management and requirements or prescription.

[121] **Jocelyn Davies:** We have run out of questions, but you did say you would send us one or two things. The clerk will be in touch with you just to remind you what it was that we wanted. We would like to thank you very much for giving your evidence today.

9.51 a.m.

**Papurau i'w Nodi
Papers to Note**

[122] **Jocelyn Davies:** If we move on to the next item, which is papers to note, you will see that we have had a reply from Gwenda Thomas about our letter on the Social Services and Well-being (Wales) Bill, so I would like Members to note that. There are one or two things that are still unclear about the costings, so we will write back with more specific questions, if Members are content. We have the minutes of our previous meeting to note as well.

9.52 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o
Weddill y Cyfarfod
Motion under the Standing Order No. 17.42 to Resolve to Exclude the Public
from the Remainder of the Meeting**

[123] **Jocelyn Davies:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[124] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 9.52 a.m.
The public part of the meeting ended at 9.52 a.m.*