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The Good Practice Exchange  
Y Gyfnewidfa Arfer Da

# Buildings Management National Briefing

Sharing the experience... and the results

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June 2010

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I have prepared this report for presentation to the National Assembly for Wales under the Government of Wales Acts 1998 and 2006.

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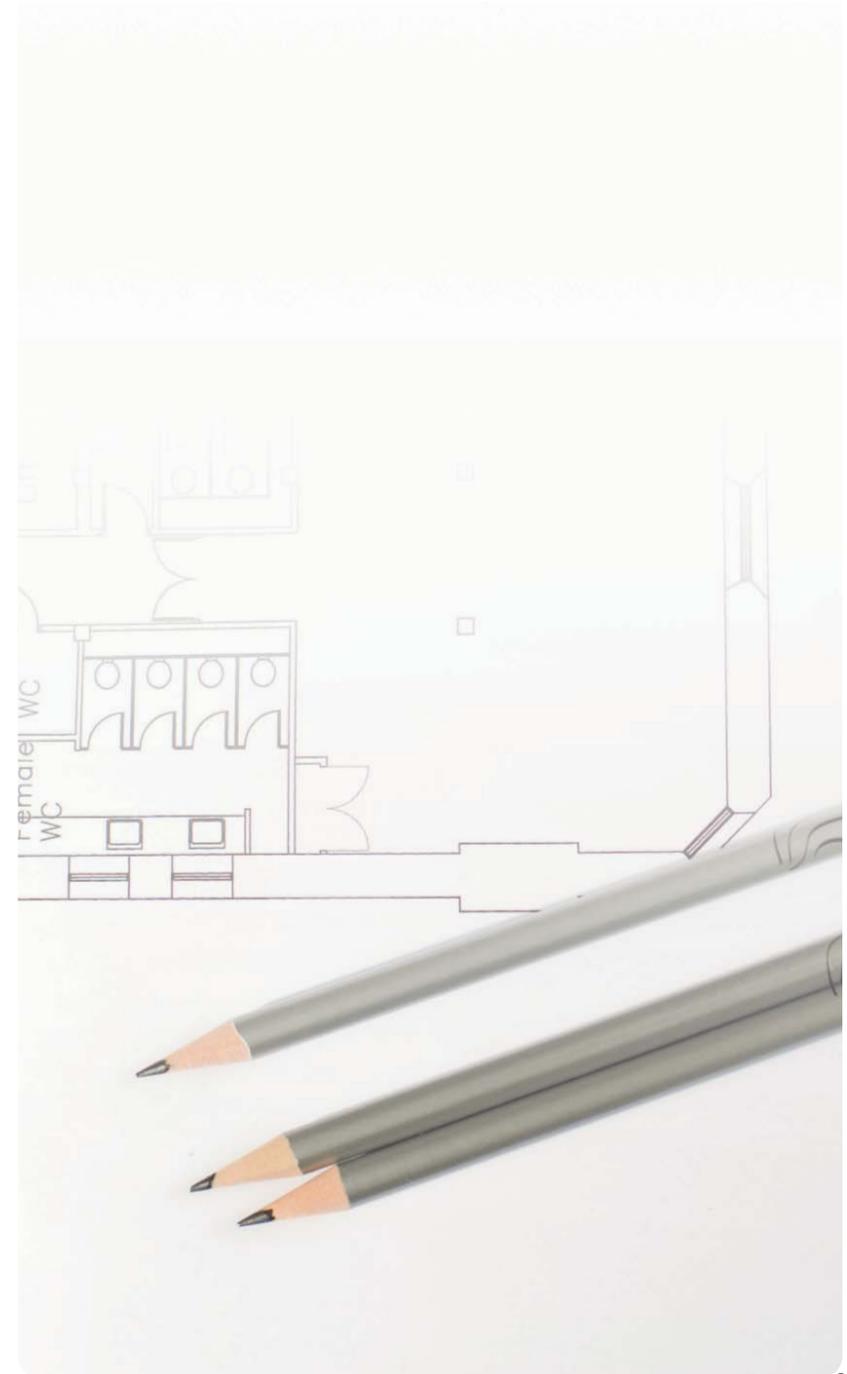
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# The Welsh public sector spends over £500 million per annum running land and buildings worth some £12 billion. However, most organisations' land and buildings are not keeping pace with changing demands and, as a consequence, do not deliver the best possible value for money

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- 1 The Welsh public sector uses land and buildings assets with a value of almost £12 billion (excluding housing). Of this, £8.5 billion is managed by local government, £2.5 billion by the NHS and £0.5 billion by the other sectors (including police, fire and central government). Public bodies spend in excess of £500 million each year running these land and buildings.
- 2 Across Wales, the condition of public sector land and buildings is generally poor with many organisations breaching some statutory health and safety requirements.
- 3 As many organisations do not have accurate information, it is difficult to assess the total value of 'backlog maintenance' (maintenance that is necessary to prevent the deterioration of an asset beyond a given standard and which has not been carried out), particularly for local government. However, we estimate that the total backlog maintenance across Wales is some £2 billion (£1.3 billion in local government, £0.5 billion in the NHS and £0.2 billion in the other sectors).
- 4 Managing the competing strategic and operational demands of land and buildings can be complex, but effective land and buildings management can support better service delivery, improve public and staff safety, reduce operating costs and minimise their environmental impact.
- 5 We reviewed the land and buildings management arrangements at 30 of the larger Welsh public sector bodies including local government, police, fire and most central government bodies. In the NHS we undertook a central review, supported by limited local fieldwork prior to the recent reorganisation. Arrangements for the management of NHS land and buildings have been guided by a range of all-Wales policies and procedures which have provided the basis for a more consistent approach in that sector. We also held 'shared learning seminars' across Wales to support the identification and sharing of good practice.
- 6 We found that, across Wales, for most organisations which we looked at land and buildings are not keeping pace with changing demands and, as a consequence, do not deliver value for money as:
  - most organisations have developed land and buildings related strategies, but many of these are out of date, insufficiently flexible or inadequately resourced;
  - it is unclear whether the effective use of land and buildings is improving and the performance management of land and buildings is weak in terms of setting objectives and monitoring performance; and
  - organisations could obtain better value for money from their land and buildings through more robust project appraisals, joint procurement and better post-project evaluations.
- 7 We found a number of barriers to effective land and buildings management across Wales including:
  - land and buildings are not a sufficiently high corporate and strategic priority within local organisations and the Assembly Government;
  - local and national politics and public resistance to change;
  - poor performance management with inadequate management information and benchmarking;
  - barriers to organisations working together within and across organisations caused by conflicting priorities between services and sectors;
  - different resourcing, work practices and accountability arrangements between organisations make partnership working very difficult; and
  - resource constraints in terms of limited finance or staff capacity and capability issues.

- 8 Through our shared learning seminars and fieldwork, many organisations have expressed a willingness to work together to help make the best collective use of land and buildings across Wales. In order to facilitate this, there is a need for clearer leadership and more support from the Assembly Government including, for example, providing financial and non-financial incentives and assistance for joint working and the establishment of national performance measures.
- 9 We have reported our findings locally to the 30 organisations where the fieldwork was undertaken. This and our work on the central review of the Welsh NHS has highlighted examples of good practice which could be transferred to other public bodies, as well as recommendations for improvement.
- 10 Since undertaking our fieldwork, the Assembly Government has established an Efficiency and Innovation Board which includes a 'National Assets' workstream. This is a positive step which is designed to help organisations across Wales to work together more effectively and improve the value for money from their land and buildings.
- 11 Set out below are our recommendations for the Welsh public sector to improve land and buildings management.

### Recommendations to the Welsh public sector

- The Assembly Government should enable more effective land and buildings management across Wales by consulting with public bodies to ascertain what further guidance, information, support and incentives may be required to encourage an improved and more co-ordinated approach to the management of land and buildings.
- Ensure land and buildings strategies are up to date and link clearly with corporate and service objectives.
- Involve all stakeholders in the development of land and buildings strategies with ownership of the strategies at the highest level.
- Develop service land and buildings plans which link to the corporate land and buildings strategy.
- Integrate land and buildings management with service planning, workforce planning and ICT strategies, doing more to improve utilisation through flexible working and land and buildings rationalisation.
- Ensure roles and responsibilities for managing land and buildings are clearly defined, understood and communicated.
- Develop short, medium and long-term objectives for land and buildings.
- Determine management information needs which support the delivery of organisational objectives and report the right information about performance to the right people at the right time.
- Improve the relevance and quality of performance information.
- With support from the Assembly Government, improve land and buildings benchmarking.
- Develop a whole-life appraisal to support decision making about land and buildings acquisition and use it consistently to help ensure value for money is obtained.
- Improve post-project evaluation for construction projects.

# Most organisations have developed land and buildings related strategies, but many of these are out of date, insufficiently flexible or inadequately resourced

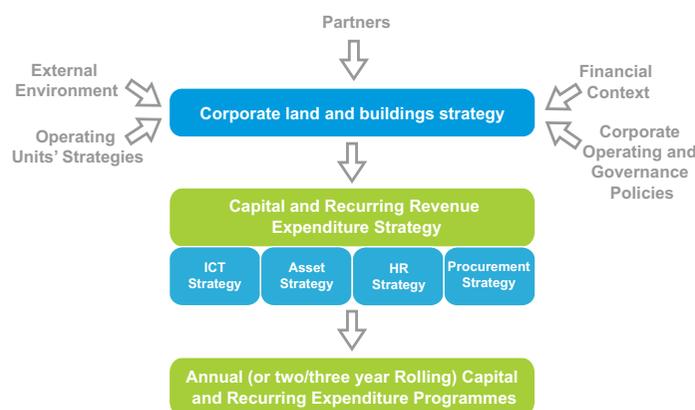
12 The way public sector organisations manage their land and buildings directly affects their ability to achieve value for money and ultimately, provide better services. Organisations need to have an agreed corporate land and buildings strategy which provides a framework to help ensure land and buildings are used effectively to support service delivery. The land and buildings strategy should set out:

- the business need for holding land and buildings;
- how the land and buildings resource supports other corporate priorities;
- how the land and buildings objectives help achieve wider-reaching objectives around sustainability, collaboration and partnership working; and
- that land and buildings assets should be managed as a corporate resource rather than being controlled by service departments.

13 **Exhibit 1** shows how the land and buildings strategy should link with other high-level corporate plans. The strategy should reflect stakeholder views and aim to maximise joint working opportunities.

14 Most Welsh public sector organisations have a land and buildings strategy which sets out a vision for their use. However, many of these strategies are out of date. For example, they do not take full account of sustainability issues, new ways of working, other

**Exhibit 1 - How the corporate land and buildings strategy should link with other corporate plans**



Source: Royal Institute of Chartered Surveyors (RICS) Public Sector Asset Management Guidelines (2008)

corporate and service objectives, or changing policies and legislation.

15 Across Wales, in many organisations land and buildings are viewed as corporate assets and this helps to allow decisions to be made in a co-ordinated way. However, in some organisations more can be done to reduce 'silo working' and promote more effective land and buildings management across services and at the highest levels. Within the NHS, the centralised approach helps to achieve a more strategic allocation of resources on an equitable and prioritised basis.

16 To ensure land and buildings effectively support service delivery, some organisations recognise the benefits of integrating land and buildings management with service planning, workforce planning and ICT strategies. Some organisations are progressing well with the modernisation of services through more effective utilisation of land and buildings planning – for example flexible working, hot desking and buildings rationalisation – but some organisations are a long way behind. As part of the recent NHS reorganisation, there has been a clear recognition of the need to better integrate consideration of the strategic estates, IT and workforce implications that go with intended changes in service provision and the shift to community based services.

17 In most organisations, a corporate officer group is responsible for land and buildings at a strategic level. These groups involve a range of stakeholders but in many organisations they often get involved unnecessarily in operational issues and lose sight of more strategic issues.

18 A range of strategies and plans – for example accommodation, energy and buildings maintenance – often support land and buildings strategies. However, whilst these plans might be in place, they are not usually adequately resourced and so the future provision in key areas such as repairs and maintenance is uncertain. In most organisations,

expenditure cuts in land and buildings support services such as repairs and maintenance and property services mean that these services are now under-resourced. This will inevitably result in greater cost in the longer term as the condition of land and buildings deteriorate more rapidly where there is a reduction in repairs and maintenance expenditure. This may also have a potentially adverse effect on public and staff safety and service delivery.

- 19 Finally, to successfully modernise Welsh public sector services, organisations must consider all options for service delivery including working together more effectively. There are a number of examples of organisations working together but these tend to be on smaller projects and a lot more needs to be done. The barriers set out previously need to be overcome by the Assembly Government and organisations working together much more effectively.

### Good practice principles

- Corporate land and buildings strategy owned by all stakeholders, which is suitably flexible to consider future need and current condition as well as sustainability and legislative compliance.
- Corporate land and buildings strategy links to other plans and strategies such as the HR work plan, ICT strategy and the budget.
- Land and buildings recognised as corporate assets and departments work together to improve services and realise efficiencies.
- Land and buildings are the responsibility of a senior officer and member/non-executive.
- Resources required to deliver the land and buildings objectives have been properly considered.
- Adequately resourced support services such as property and estates.
- Organisations work together to deliver modern joined-up services and improve value for money.

### Good practice case study

In 2005, Neath Port Talbot County Borough Council reviewed its office accommodation which was in poor condition, did not allow for efficient space utilisation and was often in unsuitable locations. The Council took the decision to build a new central office and depot known as 'The Quays' and close a number of smaller outlying office buildings that were no longer fit for purpose.

The Quays was designed around the principles of efficient accommodation utilisation and flexible working practices. The focus of the design was in ensuring that it provided a professional office environment rather than a traditional 'civic centre'.

The Quays was completed in 2007 and houses 570 staff. The building is open plan with only 10 individual offices but has online-bookable meeting rooms and breakout areas. Standard workstations ensure 'hot desking' is effective.

The benefits of the project include:

- space per workstation reducing from 19m<sup>2</sup> to 7.26m<sup>2</sup>;
- 570 staff being accommodated from 450 workstations;
- £250,000 revenue cost savings per annum (and increasing) from lower running costs and ICT rationalisation;
- reduced staff commuting travel of 500,000 miles per annum; and
- reduced staff business travel by 15 per cent.

# The performance management of land and buildings is weak in terms of setting objectives and monitoring performance and so it is unclear whether the effective use of land and buildings is improving

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- 20** Comprehensive and accurate performance data is vital for organisations to monitor and manage the performance of their land and buildings. Meaningful, accurate and reliable data is essential to support good decision making and improve value for money at both strategic and operational levels.
- 21** Across Wales, roles and responsibilities for land and buildings at a strategic level are generally well defined. However, in some organisations these roles and responsibilities are not always agreed or understood by the officer responsible and, in addition, are not always clearly communicated to staff.
- 22** Some organisations do not have clear high level short, medium and long-term objectives for their land and buildings portfolios. Not having these objectives makes it difficult to prioritise resources effectively and achieve improvements in service delivery.
- 23** Land and buildings performance information is not always reported at the right level in organisations, and that information is often incomplete. More needs to be done to ensure the right people receive the right information at the right time to help support the achievement of organisational objectives and better decision making.
- 24** Although a great deal of land and buildings data is captured, we have significant concerns over the meaningfulness, accuracy, quality and the inconsistent interpretation of this information and the associated performance indicators which may lead to poor decision making.
- 25** We have further concerns about the quality and completeness of information submitted to benchmarking groups. Many organisations do not submit information or submit inaccurate information, thereby restricting the benefits of comparing performance. The NHS-wide estate and facilities performance management system has provided an improved evidence base to support and measure improvement in that sector, although there are still some concerns about data quality.
- 26** Due to the poor quality of information and limited benchmarking across Wales, it is difficult to determine whether the effective use of land and buildings is improving or not.

## Good practice principles

- Land and buildings management roles and responsibilities are clearly defined and resourced.
- Robust and accessible asset registers.
- Performance information needs are continually reviewed.
- Consistent, reliable and current performance information is collected and used to support decision making.
- Benchmarking information used to identify potential improvements.
- Land and buildings performance reported at the appropriate levels.

## Good practice case study

The NHS Wales Estates and Facilities Performance Management System (EFPMS) was set up in 2002. The system encourages a disciplined approach to data collection, dissemination and review and supports strategic decision making at both a local and national level.

The EFPMS allows NHS bodies to enter and interrogate data in real time and to compare performance against other NHS bodies in Wales. Welsh Health Estates provides support and guidance on the completion of EFPMS returns and also has a role in challenging the accuracy of the information submitted.

Using the data on EFPMS, Welsh Health Estates produces annual reports on the estates and facilities performance of the Welsh NHS estate, presenting data at both an organisational and hospital site level ([www.wales.nhs.uk/sites3/page.cfm?orgid=254&pid=41313](http://www.wales.nhs.uk/sites3/page.cfm?orgid=254&pid=41313)). This information provides an evidence base to support the allocation of resources at both local and national levels.



# Organisations could obtain better value for money from their land and buildings through more robust project appraisals, joint procurement and better post-project evaluations

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- 27** Public sector land and buildings have a significant value and so effective management is essential if value for money is to be obtained. At an operational level, the management of land and buildings is often inconsistent. The adoption of different practices across organisations increases the risk of a lack of clarity about roles and responsibilities, particularly around health and safety issues which may increase risks to staff and the public.
- 28** To help enable land and buildings support services effectively, they should be reviewed to consider suitability, cost, environmental factors and the views of users. In Wales, most assets are reviewed periodically although the robustness of the approach varies across organisations.
- 29** Across Wales, procedures are generally effective to prioritise capital investment decisions with robust option appraisals. However, a key area for improvement is 'whole-life appraisal'. Whole-life appraisal needs to consider all relevant expenses, income and performance associated with assets over their life (including acquisition, procurement, ownership, use and potential disposal). Organisations currently place too much emphasis on the short term and do not always fully consider non-financial factors such as social and sustainability impacts. Across Wales, whole-life appraisal needs to be developed further and used consistently.
- 30** Arrangements for the acquisition and disposal of land and buildings are generally robust but, with the exception of the NHS, there is a tendency for services to make decisions at a service level rather than organisations considering these decisions at a more corporate level. As set out previously, there is also a need for organisations to consider joint working with partners.
- 31** For procurement, most organisations consider a range of procurement options for construction projects and involve corporate procurement teams. There is a high level of compliance with contract standing orders and regulations. As set out previously, there is limited joint procurement across sectors and potentially efficiency gains could be lost.
- 32** Most Welsh public bodies have structured approaches to project management for larger projects which are applied consistently. These approaches help to ensure that these projects are planned and managed effectively so that they deliver the project on time, to the required quality standard and within budget. Post-project evaluation is a key area for improvement – organisations need to do more to assess whether specific intended outcomes of projects have been delivered rather than just whether the project was completed on time and within budget. Service outcomes may not become
- evident for some time after the end of a project and may change over time, and post-project evaluation should recognise this.
- 33** Finally, day-to-day operational management of land and buildings across Wales is generally good. Responsibilities and procedural documents are clear and there is a robust approach to procurement and contract management.

## Good practice principles

- Formal and robust land and buildings review processes.
- Robust option appraisal processes which consider whole-life issues.
- Clear acquisition and disposal policies which link to the land and buildings strategy.
- All means of procurement and financing considered.
- Sound project management and post-project evaluation.
- Robust operational buildings management with good controls over the letting and management of contracts.

## Good practice case study

North Wales Fire and Rescue Service and North Wales Police have a joint Facilities Management Department. The department looks after 140 premises across North Wales and responsibilities include the management of capital projects, design services, management of repair and maintenance works, health and safety management, environmental management and energy management.

This arrangement generates savings of some £50,000 per annum but more importantly ensures access to a range of skilled staff, provides better value for money and encourages better joint working across the two organisations such as sharing premises.



## The Wales Audit Office remains committed to identifying and sharing good practice

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- 34** This report supplements the reports agreed with individual organisations across Wales where fieldwork was undertaken.
- 35** To support the sharing of good practice, the Wales Audit Office has developed a Buildings Management section on its Good Practice Exchange website. This shares the learning from our study, and provides easy access to practical advice and information. The site contains a comprehensive library of case studies highlighting good practice that has emerged from both the public and private sectors. It also includes good practice principles, self-assessment tools, and useful web links. Our website also includes other examples of good practice, including grants management and sickness absence management. It can be accessed at [www.wao.gov.uk/2746.asp](http://www.wao.gov.uk/2746.asp)

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