

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 5 APRIL 2007

REPORT OF THE FINANCIAL SERVICES MANAGER

This Matter Is The Responsibility of Executive Cllr Cavill

REVIEW OF ASSET MANAGEMENT ARRANGEMENTS

1 Executive Summary

The Authority has made several changes to improve the way in which it manages its asset base this report details the improvements made.

2 Introduction

2.1 This report details recent changes made to Asset Management Practices over recent months, following comments made in last years Annual Governance Report by the Council's external auditor. The Committee are asked to note the contents of this report and the progress made to date.

3 Asset Management Arrangements

3.1 Included within the 2006 Annual Governance Report were comments by the Council's external auditor on how the Council deals with Asset Management. The Auditor said:

"The most significant weakness identified in our work supporting our use of resources judgement related to the Council's management of its assets. We noted that the Council has made little progress in developing the use of PIs and benchmarking to help it manage its asset base proactively and to provide assurance that the property portfolio provides value for money"

3.2 Asset Management is an important part of the Council's "Use of Resources" assessment by the Audit Commission. It is important that the Council shows continual improvement in this area.

3.3 The table below shows improvements made to asset management practices as a result of the weaknesses identified previously:

| Issue | How has the Council addressed this? | Action Owner |
|--|---|-------------------------------------|
| General Fund Capital Budget Monitoring | The internal Asset Management Group now receive monthly progress reports detailing financial progress on meeting the Council's capital programme – this information will also be included in the quarterly performance report to Review Board | Steve Murphy (Principal Accountant) |
| Use of Performance Indicators (PIs) | Extensive research is now ongoing with various other local authorities, consultants | George Stark (Maintenance |

| | | |
|---|---|---|
| | and the Somerset Asset Management Group to establish meaningful local PIs – these will be used within the 2007/08 Asset Management Plan | and Design Manager) |
| Use of Whole Life Costing and Options Appraisals for property solutions | The Council now ensures that both Whole Life Costing and Options appraisals are included within any significant property development proposals, for example this is being included in the work being done by GTH on their appraisal of the future options for the existing plant nursery site | George Stark (Maintenance and Design Manager) |
| Ongoing Maintenance of the AMP throughout the year | The AMP is now available on the Council's website and is updated monthly with any changes to the Council's property portfolio | George Stark (Maintenance and Design Manager) |
| Asset Registers | The Council does not, as yet, have a dedicated Asset Register, with information being held within a number of sources, it is expected however that the ISIS partnership will be able to provide a comprehensive register. In the meantime work is being undertaken to improve the financial data held on our assets. | Steve Murphy (Principal Accountant) |
| Identification and verification of Assets | The Financial Services Unit has spent considerable time ensuring that the value of its Equipment and Infrastructure assets is fair and matches the true physical assets held by service departments. This will enable the external auditor to have confidence in the asset values shown within the annual Statement of Accounts | Steve Murphy (Principal Accountant) |
| How does investment in Assets relate to our Corporate Objectives | To be included within the 2006/07 Performance Outturn Report will be a section reviewing how capital investment has linked with progress against our Corporate Objectives. This will be an ongoing feature of future performance reports. | Paul Carter (Financial Services Manager) |

4 Recommendations

4.1 As can be seen above there have been some considerable improvements made to Asset Management over recent months. Officers are confident that these will help the Council maintain its overall Use of Resources score.

4.2 The Committee are requested to note the contents of this report.

Background Papers: Executive 6 December 2006, Asset Management Plan, Report of the Corporate Property Manager.

Corporate Governance Committee 25 September 2006, Annual Governance Report – External Audit.

Contact Officer: Paul Carter
Financial Services Manager
Tel: 01823 356418
Email: p.carter@tauntondeane.gov.uk