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Press release

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Councils need to improve their asset management

Many council buildings are in poor condition and others are unsuitable for the services being delivered from them. Councils need better strategies and systems for managing their assets.

A report published today, *Asset management in Local Government in Scotland*, looks at how councils manage their property assets. It says that only around half of the local authorities have a council-wide strategy for this and although there is some good management information available it is not always used to support decision-making.

The report focuses on the 12,400 properties owned by Scotland's councils. In some, over 90% of buildings are in good condition. But across Scotland, one in four council buildings are in poor or bad condition and 23% are unsuitable for the services being delivered from them. Over 1,550 buildings (14%) fail in both respects.

Buildings consume a great deal of resources, including energy and maintenance costs, cleaning and security. They also need to have good access for people using them and enable services to be delivered effectively. But only half of councils have strategies for managing and maintaining property and only a third of councils think further ahead than the next five years about what services they will need. There is little evidence that building use is being effectively challenged or scrutinised by councillors.

Chair of the Accounts Commission, John Baillie said: "We encourage councillors and council officials to take a much more active and dynamic approach to assessing and scrutinising council assets and how they meet people's current and future needs. They need to be better at planning much further ahead, such as in the provision of new buildings. This is all part of providing best value services to local people."

Councils spent over £136 million on property maintenance in 2007/08. While some councils carry out most of their maintenance in a planned way, others react to problems as they arise, which is more costly in the long run.

A property maintenance backlog totalling £1.4 billion was reported by councils, although the actual figure is likely to be higher as nine councils were unable to provide information on this. Of 28 councils able to report on changes to their property maintenance backlog, two-thirds said that it is increasing. Unless the backlog is tackled, there is a risk that buildings currently in satisfactory condition will deteriorate.

John Baillie continued: "Councils are facing a very difficult financial outlook. Whilst cutting building maintenance may seem attractive, it won't help in the medium to long term, as it just makes backlogs worse and leads to higher costs. It is essential that councils review and improve their performance on asset management to ensure they are operating as efficiently and effectively as possible."

Councils are beginning to work with community planning partners such as NHS bodies, on joint approaches to asset management, and there has been some good partnership work. However there has been slow progress overall in sharing public service delivery, and many joint property projects are developed in an opportunistic way, rather than as part of a long-term strategy.

The report also highlights the importance of information held on property management systems for health, safety and risk management. The majority of councils hold good records on high-risk safety areas, such as asbestos and water-hygiene, but around a quarter lack the full information required.

The report includes details of each council's performance as well as ten recommendations and a checklist that councillors can use to help identify areas where their council could improve.

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Notes to editors

1. The fixed assets owned by councils are valued at around £26 billion. Assets can include land, buildings, vehicles, plant and equipment and infrastructure such as roads and bridges. Property makes up £22 billion (83%) of this although our study did not include council housing, concentrating instead on the £13 billion worth of other assets which include schools, care homes, sports centres, office buildings, museums and works depots.
2. What councils spend on running and maintaining their assets represents the second biggest area of council revenue expenditure.
3. This report draws on material from previous Audit Scotland work such as national reports on improving the school estate, maintaining roads, asset management in the NHS and energy efficiency in the public sector, as well as the Overview of the Local Authority Audits 2007/08, individual council Best Value reports and reports by external auditors. Audit Scotland reports are on our website www.auditscotland.gov.uk
4. Future studies planned by Audit Scotland that will build on this report include a follow-up report on roads maintenance and a review of council physical recreation services. More information at: <http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2009>
4. The Accounts Commission for Scotland operates independently of central and local government. The Commission examines whether local authorities, fire and rescue and police boards spend £17 billion of public money properly and effectively. The Commission also has a leading role in streamlining external scrutiny of local government. For more information go to: <http://www.auditscotland.gov.uk/accounts/index.htm>.
5. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Audit Scotland has prepared this report for the Accounts Commission.
6. (The Audit Commission operates only in England.)