

## CORPORATE LANDLORD IMPLEMENTATION

<b>Cabinet Member</b>	Councillor Raymond Puddifoot / Councillor Jonathan Bianco
<b>Cabinet Portfolio</b>	Leader of the Council / Cabinet Member Business & Finance Services
<b>Officer Contact</b>	Jean Palmer
<b>Papers with report</b>	None

**This report has been circulated less than 5 working days before the Cabinet meeting and will be considered only if it is agreed by the Chairman to be urgent. This is because of the need to ensure maximum value is achieved from the council's property function as soon as possible.**

### HEADLINE INFORMATION

<b>Purpose of report</b>	To consider proposals for the adoption of a Corporate Landlord model within the Council
<b>Contribution to our plans and strategies</b>	Contribution to Council Plan and Corporate Objectives
<b>Financial Cost</b>	In the short term the proposed restructure will be funded from within existing resources. In the longer term the implementation of this model will provide the potential for significant efficiencies flowing from a more corporate approach to the management and maintenance of the Councils land and building assets.
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

### RECOMMENDATION

**That Cabinet agrees:**

- 1) To the introduction of a Corporate Landlord Model which will become part of the Planning and Community Services Directorate as set out in sections 1 – 5.**
- 2) That the proposals for inclusion in this model, set out in section 6 are tested through the Business Improvement Delivery (BID) and any amendments to be agreed by the Leader of the Council in consultation with the Chief Executive.**

## **Reasons for recommendation**

The concept of a Corporate Landlord is that the ownership of an asset and the responsibility for its management and maintenance is transferred from the service departments to the Corporate Landlord, which is a centralised corporate body.

Through the BID process the proposals to widen the scope of the Corporate Landlord model will be tested to ensure it will provide an effective and efficient delivery model for these key Council functions.

The service departments therefore become corporate tenants and make use of the property or land in delivering a service. There are specific responsibilities that fall to both landlord and tenant, depending on the nature of the asset and the service.

The service department's priority is to plan and deliver the service. The landlord's function is to ensure the service is adequately accommodated and to maintain and manage the property asset.

The landlord's responsibility also extends to the acquisition, development and disposal of land and property. This means the landlord would be responsible for asset review, feasibility and options appraisal across all service departments.

## **Alternative options considered / risk management**

The main alternative option is for things to stay as they are. Currently, the Corporate Property department has responsibility for performing a number of property related tasks such as commercial leasehold negotiation and management, valuation advice, facilities management and specialist technical functions. However, many service departments are still very involved in property related matters, meaning that property functions are undertaken by different Groups across the council.

The fact that people who are not property experts are dealing with property related matters means there is an opportunity to introduce specialised expertise, which will add value in these areas.

There is duplication of tasks and resources as functions are being performed both centrally and in the different service departments. There is the risk of a lack of clarity over roles and responsibilities, which can lead to inefficiencies and missed opportunities.

The fact that property functions are not fully centralised means there is not consistent decision making, or clear governance. It also means and that there is insufficient visibility in this area, making it harder to ensure maximum value from the property function.

## **Comments of Policy Overview Committee(s)**

Not applicable at this stage.

## **Supporting Information**

The changes that are proposed have the following aims

- To direct property expertise so that it adds value in all land and property areas. This would include bringing the Major Construction Team into the same Directorate as well as the Councils Facilities Management.
- To clarify the roles, responsibilities and boundaries across the council on all property related matters
- To maximise the level of capital receipts that are obtained through site disposals
- To extract the maximum value from property or land deals that the council enters into
- To identify and create as many opportunities as possible for the council to obtain value from its portfolio
- To make sure that all property matters are assessed from a strategic perspective rather than an isolated viewpoint
- To make sure that the operating system performs all its property functions as efficiently as possible

The proposed changes break down the property function into six specific areas, which are:

1. Projects
2. Technical and Compliance
3. Corporate Construction
4. Back Office Professional
5. Facilities Management
6. Proposals for Consideration

### **1. Projects**

It is proposed that the Corporate Landlord will have a projects team that will include asset review, options appraisal and feasibility, refurbishment, and supporting the client management of major projects. These roles will form an interface between the corporate landlord and the service departments. Projects will be prioritised and allocated to specific individuals, who will take complete ownership of them and be responsible for their delivery.

By centralising functions in this way, there will be scope to be more creative in the type of property solutions that are devised, as there would be a central overview supported by sound property expertise.

### **2. Technical and Compliance**

The proposed structure for the Corporate Landlord would include a Technical, Compliance team. This team would be responsible for the maintenance of all council property assets. It would also be responsible for all technical areas where the council has a legal duty to comply with certain standards. Areas covered by this team would include:

- Soft services
- Building maintenance (including fire)
- FM helpdesk
- Open/Green spaces
- Gas
- Electricity
- Water
- Asbestos
- Highways

This area will also include Energy and Sustainability, which will add the following functions of:-

- Energy Management
- Climate Change
- Carbon reduction

This team covers a wide remit, so may well be sub divided into separate strands.

The most important thing to note about this team is that there will be a named individual who will deal with each one of these areas, regardless of where the issue arises, or what contractual arrangements are in place.

### **3. Corporate Construction**

It is proposed that these functions currently performed by the Major Construction Team, now widened to include all corporate building projects will sit alongside these Landlord functions in the same Directorate.

### **4. Back Office Professional**

Under the corporate landlord, the professional back office functions will exist within a team that provides services on:

- Commercial and voluntary sector lease negotiation and management
- Valuation
- Sales and acquisition
- Property information management, reporting and benchmarking
- Strategy and asset management planning

There will be specific protocols for these functions and greater clarity around the responsibility for carrying out these services.

### **5. Facilities Management**

The current Facilities Management Services and Contract Management will also move under the Corporate Landlord from 4<sup>th</sup> January 2010.

### **6. Proposals for Consideration**

#### **Phase 1: December 2009 to 31<sup>st</sup> March 2010**

In this phase dual reporting will be put in place so that teams around the council, involved in any property or land related tasks will report to the Corporate Landlord on decisions around those tasks, but will still report to the service department in question on all service related matters.

Whilst this dual reporting is in place, a review will take place to more fully understand the detailed day to day land and property related requirements of the departments in question so that they can be adequately addressed by the Corporate Landlord.

The departments that will have dual reporting in place during this period are:

- Environment and Consumer Protection
- Planning and Community Services
- Adult Social Services
- Youth Services
- Children's Services
- Facilities Management
- Housing Supply

It is envisaged that the Corporate Landlord could have a more general role in the management and maintenance of the Councils assets. This management and maintenance role could include for example:-

- Street Scene, lighting, street furniture, pavement, road surfaces.
- Open and green spaces and the maintenance of them and facilities within them.

Through the Councils BID process and analysis, the inclusion of these functions will therefore be tested for benefits to the Council and its residents in the coming months.

### **Phase 2: 1<sup>st</sup> April 2010 to 30<sup>th</sup> June 2010**

This is the centralisation and consolidation phase. During this phase, functions and staff from around the council will be permanently moved to the Corporate Landlord. The full extent of these changes will be finalised as the results of the review in phase 1 are fully understood.

It is during this phase that the BID analysis will be considered and the final structure of the Corporate Landlord will be recruited to and fully implemented.

### **Phase 3: 1<sup>st</sup> July – 30<sup>th</sup> September 2010**

This is the phase when any recommendations from phase 2 would be implemented.

### **Financial Implications**

At this stage, it is anticipated that the restructure will be funded from within existing resources. However, the changes will bring about a structure that will enable more imaginative and effective property solutions, unlocking more lucrative site potential and increasing the level of capital receipt.

Examples of where this joined up approach to property has added real value include the proposals for the South Ruislip site, where there are plans to build a youth club, a library with an adult education centre and an amount of residential units for private sale. This approach will allow the council to be able to provide new assets and much needed services to its residents at no extra cost.

Another example of financial advantage of the corporate landlord approach will be procurement savings on external architects. In 2008/9 we spent in excess of £1.2 million on external architects. Much of this work was commissioned directly by the service departments themselves. By controlling the development process and funnelling design work via MCP, the corporate landlord will be able to control spend in this area and look at more effective ways of providing this service.

Once the consolidation period of the restructure is complete, it is hoped there will be an amount of operational savings. However, these cannot be detailed until there is a more in depth understanding of the operational property requirements of the different groups.

## **EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

To provide a more focussed streamlined operation for the benefit of residents of the Borough

### **Consultation Carried Out or Required**

None required

## **CORPORATE IMPLICATIONS**

### **Corporate Finance**

A Corporate Finance Officer has reviewed this report and its recommendations, and is satisfied that the financial implications can be contained within existing budgets and that there are no wider implications for the Council's resources as a whole.

### **Legal**

The ability of local authorities to own land and assume the role of Landlord is well established and is enshrined in statute. For example, the Local Government Act 1972 gives the power to authorities to acquire land both by agreement and compulsorily. They also have separate powers to firstly, appropriate land held for one statutory purpose to some other statutory purpose and secondly, to dispose of land which is deemed to be surplus to their requirements for the best consideration that can reasonably be obtained.

There is nothing from a legal perspective to prevent the Council from creating a Corporate Landlord Model in respect of its property portfolio but proper consideration needs to be given to ensuring that there is no prospect for any conflicts of interests to arise. For example, if the recommendations in the report are agreed by Cabinet, the Corporate Director of Planning and Community Services will have overall responsibility for both the Council's planning and property functions. From time to time, applications for planning permission may need to be made in relation to properties which the Council owns or manages and in these circumstances, questions will undoubtedly be asked as to the propriety of the planning process if there is not in place a proper separation of the planning and property functions.

One possible solution would be to transfer the Corporate Director's current delegated planning functions to the Head of Planning and Enforcement and for the new Corporate Landlord delegations to be given to the Corporate Director. As a further safeguard, a suitable protocol could also be devised which would set out those practical steps which would need to be taken in the event that there is any potential for a conflict of interest to arise.

Finally, amendments will need to be made to the Scheme of Delegations to Officers to reflect the introduction of the Corporate Landlord Model. These will amount to changes to the Constitution which could be considered by full Council at its January 2010 meeting.

## **BACKGROUND PAPERS**

None