

BRIDGEND COUNTY BOROUGH COUNCIL
REPORT TO THE SUBJECT OVERVIEW AND SCRUTINY COMMITTEE 1
29 APRIL 2019

REPORT OF THE INTERIM CHIEF EXECUTIVE

CORPORATE LANDLORD

1. Purpose of Report

- 1.1** The purpose of the report is to update Committee on progress being made in implementing a “Corporate Landlord” model across the authority’s property portfolio, achievements to date and next steps, including the link with the Medium Term Financial Strategy (MTFS).

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1** The report contributes to the following outcome within the Corporate Plan 2016-20:

Priority 1 – Supporting a successful economy - taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

Priority 3 – Smarter use of resources - ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council’s priorities.

3. Background

- 3.1** The Council had historically managed its property portfolio in a dispersed manner. Prior to commencement of the Corporate Landlord Project, responsibility for the Council’s estate was spread over three directorates and multiple service areas, leading to an inconsistent and ad-hoc approach to property.

- 3.2** Corporate Landlord is recognised as the good or best practice model for estate and property management in the public sector, and is endorsed by numerous industry bodies including the Chartered Institute of Public Finance and Accountancy (CIPFA), who through their Strategic Assets Network (SAN) series of training have released a number of documents, Royal Institute of Chartered Surveyors (RICS) in their “Property Asset Management Guidelines

2nd Edition”, and Government; *“This principle was identified as an example of best-practice in the Welsh Government Report: A Regional Approach to Collaboration: Cwm Taf Pilot Study – Final Report.*

- 3.3 In its simplest terms, Corporate Landlord is about centralising all property related functions under a single integrated team, allowing them to be managed corporately and strategically, and importantly freeing up time for the service areas to focus on their core objectives, rather than on running buildings.
- 3.4 The Council has almost 1,000 assets, of which over 400 are buildings. The Council spends around £20,000,000 of revenue funding a year on these assets, including over £4,000,000 on staff. This is in addition to the Council’s capital programme, with over £70,000,000 being spent on new schools alone.
- 3.5 Peopletoo, a nationally recognised consultancy with a specialism in this type of work, have been working in partnership with Bridgend County Borough Council (BCBC) Communities Directorate over the last 18 months to transform Built Environment services, and help the Council move towards an integrated Corporate Landlord service.
- 3.6 The financial challenge for BCBC is reflected in the Corporate Plan and the Medium Term Financial Strategy. The financial forecast for 2019-23 is predicated on £35 million budget reductions, which is in addition to the £30 million budget reductions made over the last four years. The MTFS identified that, of the likely £35 million, £21 million is to be developed and £5 million is at red risk. In support of making smarter use of resources, the Council has set out its aims:
 - To achieve the budget reductions identified in the MTFS;
 - To improve the efficiency of, and access to, services by redesigning our systems and processes;
 - To make the most of our physical assets, including school buildings;
 - To develop the culture and skills required to meet the needs of a changing organisation; and
 - To make the most of our spend on goods and services.

4 Current Situation/Proposal

- 4.1 Significant progress has been made on this project, and the Council now operates a Corporate Landlord Model:
- 4.2 There are three key areas under Corporate Landlord coordinated by a single point of accountability and control – the Interim Group Manager of Corporate Landlord, now reporting into the Head of Operations – Communities.

Define & Plan – Strategic Asset Management & Investment

Responsible for developing asset management plans to ensure the asset base meets the needs of the Council. Acts as “client agent” for service areas. The team is predominantly made up of Surveyors and Asset Managers.

Create & Deliver – Major Projects

Responsible for design and construction of new capital assets and major refurbishments, including the ambitious C21st Schools Programme. The team is predominantly made up of Architects, Designers, Surveyors and Engineers.

Operate & Maintain – Total Facilities Management

Responsible for maintaining and operating the estate, including management of repairs and maintenance. The team is predominantly made up of Facilities Management [FM] professionals, surveyors and tradespeople.

These three teams work as a single business unit to ensure proactive management of the Council's estate.

- 4.3 On creation of the above service, all of the Core Building Budgets were transferred to the new team. Facilities Management is usually split between “Hard FM” (building repairs, maintenance and compliance) and “Soft FM” (cleaning and caretaking). The majority of Hard FM budgets were also centralised, and it is these newly centralised budgets where most of the savings have been delivered, primarily through economies of scale and joined up thinking.
- 4.4 Savings of over £500k were removed from the budget for 2018/19 but achievement cannot be confirmed until the completion of financial closedown, also delivering additional added value and avoided cost. Significant further savings initiatives are currently being developed and agreed. Quality improvements have been made across the board, including a noticeable improvement on asset compliance and customer satisfaction. Numerous innovative sub-projects include a new integrated technology system, new approach to compliance, new schools Service Level Agreement's (SLA's) and a shift to sustainable, proactive estate management across the portfolio.
- 4.5 The new Corporate Landlord service is well integrated and acts as a solid platform on which to launch additional assistance for asset and property based change projects. The next phase of this project, between April 2019 and October 2020 looks at strategic shift to become more sustainable, including planned preventive maintenance. The scope of Corporate Landlord will also be expanded and remaining Hard FM budgets and all Soft FM budgets will now be centralised, with the teams replicating the original process to deliver further savings from these newly centralised budgets. Under the next phase the service area will also become more intelligent, moving to an integrated technology system to get better insights and understanding, and improve productivity. The service will also be further commercialising and offering additional traded services to schools and other customers to improve economies of scale.

- 4.6 The Council is currently in the process of procuring the next phase of this project, expected in April 2019, including confirming costs of delivery and anticipated savings, to ensure a robust return on investment for the authority. Following the commissioning of the next phase, we will be able to provide an update to scrutiny report, including details of future savings and plans.

5 Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

6 Equality Impact Assessment

- 6.1 There are no equality implications arising from this report.

7 Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be positive impacts upon the achievement of well-being goals/objectives as a result of this report.
- a. The new service model implemented under “Total Facilities Management” (or TFM) aspect of the Corporate Landlord Model has a mixed economy of insourced and outsourced services. The Insourced “Direct Labour Organisation” (or DLO) supports the Well-being of Future Generations Act through the provision of training, development and apprentice roles as well as through the new “Strategic Maintenance” function, focusing on long term sustainability across our built estate.
 - b. The new approach being developed for sustainable procurement under the Corporate Landlord Service will have a strong emphasis on community and social value, further increasing the positive impact on the FGA2015.

8 Financial implications

- 8.1 The Corporate Landlord Project was required to deliver savings of £500,000 in the MTFS for 2018/19.
- 8.2 Additional savings of £350,000 are identified in the proposed MTFS for 2020/21. It is likely there will be some implementation costs of the next phase of this project, however the authority is taking a commercial approach to procurement of these services and will ensure that a strong, positive return on investment is generated for the authority as part of any such procurement.

9 Recommendation

9.1 That the Committee note and comment on the content of this report.

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Background documents:

None