

HIGHLAND COUNCIL

Agenda Item	3.
Report No	HP/05/20

Committee: Housing & Property Committee

Date: 13th August 2020

Report Title: An introduction to the Corporate Landlord model

Report By: Executive Chief Officer, Housing and Property

1 Purpose/Executive Summary

- 1.1 This report introduces the concept of “Corporate Landlord” as a potential model for the operational management of, maintenance of, and investment in, the Council’s non HRA building and assets. It is intended as a discussion paper at this time, to establish levels of support for this principle and its further development. Any comments and discussion will be reflected in further reports to Committee for approval, should the concept be approved for progressing.

2 Recommendations

2.1 Members are invited to:-

- i. **note** the content of the report and comment accordingly;
- ii. **agree** the principle that the operational management, maintenance of, and investment in the Council’s non HRA buildings and assets should move from being the responsibility of individual service areas within the Council, and be transferred to a new Corporate Landlord Model, to include relevant budgets; and
- iii. **agree** the more detailed scoping out of a formal policy/strategic Corporate Landlord approach, for further discussion and development, and for reporting to, and approval from, future Housing and Property Committees.

3 Implications

- 3.1 Resource – A move to a Corporate Landlord model proposed would see a change in responsibility for management, maintenance and investment in relation to the Council's non HRA buildings and assets. That would also require a transfer of relevant budgets and control from individual service areas to the Corporate Landlord and a formalised Landlord/Tenant and Service Level Agreement structured approach.
- 3.2 Legal – There are no implications arising from this report at this time. The buildings and assets referred to are either in the ownership of, or leased to (or by) the Council, or are otherwise in the control of, the Council. The proposed change to a Corporate Landlord model does not change any of these factors, but instead would change the way in which these buildings and assets are managed by the Council should it choose to adopt the model.
- 3.3 Community (Equality, Poverty, Rural) – There are no implications arising from this report at this time.
- 3.4 Climate Change/Carbon Clever - There are no negative implications arising from this report at this time. Adoption of the proposed approach will enable us to better establish, consistently and across all service areas and by using one agreed methodology, the investment and day to day management requirements for buildings to ensure that they contribute to the Council's key outcomes for the climate change and low carbon agendas.
- 3.5 Risk – A move to the proposed Corporate Landlord model would provide a unified and consistent approach to the management of, maintenance of, and investment in, the Council's non HRA buildings and assets. It would provide, if implemented, greater consistency of approach both in relation to procurement and in relation to budget management as opposed to the current service led approach.
- 3.6 Gaelic - There are no implications arising from this report at this time.

4 Current situation

- 4.1 The Council owns a large number of buildings across the region, ranging from small properties consisting of little more than two or three rooms, to schools holding in excess of 1,000 pupils, large campus buildings such as the Headquarters campus at Glenurquhart Road, and a number of depots.
- 4.2 This estate has grown incrementally over time, both under Highland Council ownership and control, and as a legacy from the former individual Councils pre restructuring approaching 25 years ago, as opposed to in a planned way. The assets are not necessarily the most appropriate to support service delivery, and not all are in good condition.

- 4.3 At the present, responsibilities for these assets rests largely with the individual service areas. Achieving consistency of approach to the management of, maintenance of and investment in these buildings is consequently hard to achieve, as is the opportunity to demonstrate best practise by the Council overall in these areas.

The current approach does not allow for the maximising of procurement efficiencies nor value for money, and is arguably inefficient in the allocation of resources.

- 4.4 Decisions on what is invested in what asset where and when have been largely service led. This provides a challenge in terms of whether the right decisions on resource allocation have been made in respect of all of the Council's non HRA buildings and other built environment assets at a strategic cross Council level as opposed to at an individual service level.
- 4.5 This has created the current inconsistent state of affairs where some service areas and assets are in relatively good condition, as far as the Council is able to determine. However, in other areas, and in respect of other assets, there are significant long term underinvestment challenges and significant backlogs of health and safety related and other urgent works.
- 4.6 The current approach has also led to an absence of consistent information available to the Council at a strategic level about, variously, the value of some of its assets, their state of repair and/or disrepair, and what the short, medium and longer term investment requirements are, both in terms of day to day and capital investment.
- 4.7 The Council does not have a single overarching approach or methodology, at the present, in relation to assessing these factors. It cannot be sure, as a result, that it is investing strategically and effectively in its assets, nor that they are actually fit for purpose either now or in the medium to longer term. Nor can it be sure that it fully understands the short, medium and long term resource implications.
- 4.8 A Corporate Landlord model, sitting alongside a strategic asset management approach to the management of, maintenance of and investment in, its buildings and assets, will address these issues. Consequently, the matters raised in this report should be read in conjunction with the separate report on this agenda in relation to "A Strategic Asset Management Approach to buildings and assets."
- 4.9 In short – the Corporate Landlord Approach, outlined briefly in section 5 following, seeks to ensure better governance and value for money, and a greater consistency of approach across all buildings and assets. The detail of how it would seek to deliver this flows from the Strategic Asset Management Approach referenced above.

5 The Corporate Landlord Model in outline

- 5.1 Why - Addressing the inconsistencies and inefficiencies arising from the current management of buildings and assets set out in section 4 above is one key reason. This is important, because property, land and other assets have both significant potential value, but also significant costs attached, as well as being essential in delivering Council outcomes and objectives.
- 5.2 Effective and efficient management ensures that we hold assets which meet our service needs, are fit for purpose, provide value for money and are efficient and sustainable. The Corporate Landlord model delivers a better strategic understanding of our asset base, and the costs of investing in them over time, as well as the day to day costs of managing and maintaining them. Managed strategically, as proposed, our assets can address the challenges of saving money, and also at the same time, can help us align with partners to achieve more effective use of assets to deliver common objectives, and to stimulate economic development and regeneration, and plan for future population growth.
- 5.3 The public sector has faced significant challenges in terms of resource allocation from both the Scottish and UK Governments, and Councils are not immune to those pressures. Expectation levels are unchanged. However, in the context of significant reductions in available resource, maintaining existing service levels and standards can be a significant challenge, made harder if there is not a strategic approach taken at a cross Council as opposed to individual service level. What we have and how we use it, how well it is managed, and what it costs us over any timeline is both essential, and harder to evidence where led by individual service areas.
- 5.4 A Corporate Landlord model will help to ensure that there is strategic oversight of assets, providing a corporate and collaborative approach to reviewing service requirements, helping in delivering cultural change in more flexible working and uses of assets, as well as sharing premises fit for purpose and that support effective service delivery. This in turn will free up services to focus upon the operational aspects of service delivery and providing a central point of expertise for management, maintenance and investing in the assets.
- 5.5 How - The concept of a Corporate Landlord model is that the ownership of an asset and all attendant responsibilities is transferred from service areas into the corporate centre, accountable to the Housing and Property Committee, and reporting operationally into the Executive Chief Officer Housing and Property. The service areas then become, essentially, tenants.
- 5.6 In practice - The service responsibility is to plan and deliver their service as effectively and as efficiently as they can. The Corporate Landlord's function is to ensure that they work as efficiently and as effectively as possible with the

service areas so that both can deliver on their key strategic objectives and the Council can achieve its overall objectives.

5.7 To deliver on 5.6, the Corporate Landlord has to:

- Ensure that accurate, up to date information about all assets and their investment requirements is obtained and kept up to date, to shape and inform current and future maintenance and investment needs and decisions, and resourcing requirements, for existing buildings and assets across the Council.
- Work closely with service areas in respect of their requests and requirements, to enable them to deliver services as effectively and as efficiently as possible, ensuring effective collaboration and consultation with the service areas (and through them, service users), and vice versa.
- Prioritise competing demands from service areas for investment in existing assets and for the provision of replacement/new assets as existing assets become uneconomical to retain and/or reach the end of their life, and in doing so rebalance the individual service led demand from that which is strategically deliverable from available resources.

5.8 The Corporate Landlord's role also includes acquisition, design, procurement, and development of land and buildings on behalf of the Council. Critically, it also includes rationalisation of the portfolio, as well as developing and improving it, and this can involve remodelling, plus change of use, and disposal and/or demolition of existing assets.

5.9 Additionally, the Corporate Landlord would be the Council lead in respect of co-location of other public sector, third sector and, potentially, private sector companies within its assets. The same would apply where the Council were a tenant of any of these organisations.

5.10 In short, the Corporate Landlord would be responsible for asset planning, review, feasibility and options appraisal accounting for the needs of all service areas. Importantly, to ensure that making decisions based on overall corporate priorities is deliverable, all current service area budgets and decision making authorities pass to the Corporate Landlord.

5.11 In practice, the Corporate Landlord model will be influenced by a range of factors in how it delivers. Key influencers will include not only service areas and service users, but for example the priorities of Area Committees. It will also be influenced by being able to demonstrate contribution to other key Council priorities, with non exhaustive examples of this including helping to address the Council's localism agenda and in helping address some of the rurality challenges that we face, but also in respect of digital connectivity, the low carbon and green agendas.

5.12 This model applies only to non HRA properties. The Council's circa 14,000 housing properties are held separately on the Housing Revenue Account (HRA), and the day to day management of and investment in these assets, is controlled by the Council's Housing service, reporting ultimately to the Executive Chief Officer Housing and Property Service, and accountable to the Housing and Property Committee.

5.13 Members will be familiar with receiving a range of performance data and investment/capital requirements from the Housing/HRA operation. One of the principle benefits of the proposed Corporate Landlord model is to enable exactly the same to be delivered in respect of the non HRA estate.

This will enable Members to take decisions based on transparent investment priorities, including substantially improved publicly available information. It will also ensure that Members have higher quality information with which to scrutinise this function and to hold it to account.

5.14 The Corporate Landlord model, considered alongside the Strategic Asset Management recommendations (also on the agenda for today) will ensure better quality of decisions being taken based on a sound evidence base, helping to ensure best value for money, and more efficient procurement of works and allocation of resource, across all of the Council's non HRA estate. In short, governance of the whole of the Housing and Property service, as well as the quality of decisions taken, would be substantially enhanced by the adoption of the proposed Corporate Landlord model proposed.

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