

# Birmingham City Council

## Report to Cabinet

15th October 2024



<b>Title:</b>	<b>CORPORATE LANDLORD PROGRAMME (ACTION PLAN UPDATE)</b>
<b>Lead Member:</b>	Councillor Sharon Thompson the Deputy Leader and Cabinet Member for Economy and Skills
<b>Relevant Overview and Scrutiny Committee:</b>	Economy Skills and Culture
<b>Has this report been shared with the relevant Overview and Scrutiny Committee Chair?</b>	Yes
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<b>Authorised by:</b>	Philip Nell, Strategic Director  Place, Prosperity & Sustainability Directorate
<b>Is this a Key Decision?</b>	Yes  Forward Plan Reference: 013260/2024
<b>Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:</b>	N/a
<b>Is this a Late Report?</b>	No
<b>Reason(s) why Late and confirm who has authorised it to be considered:</b>	N/a
<b>Is this decision eligible for 'call in?'</b>	Yes
<b>If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:</b>	N/a

**Wards:**

All Wards

**Does this report contain exempt or confidential information?**

No

**Has this decision been included on the Notification of Intention to consider Matters in Private?**

N/a

**Reasons why not included on the Notification and confirm who has authorised it to be considered:**

N/a

## **1 EXECUTIVE SUMMARY**

- 1.1 To provide an update for endorsement on the progress of the Corporate Landlord Programme and the Action Plan activity identified. The report gives details on the approaches being taken for Asset Rationalisation which include, portfolio reviews, service reviews, community asset transfers, and unsolicited bids. It also gives details on the Corporate Landlord model, occupation costs, property strategy and restructuring of the Property teams. The extension of the Acivico contract in line with the March 2024 Cabinet report is confirmed, along with a view on the future of FM hard and soft services approach.

## **2 COMMISSIONERS' REVIEW**

- 2.1 Commissioners are very supportive of the establishment of a Corporate Landlord function. The majority of Local Authorities established this way of working many years ago. In addition to providing capital receipts commissioners also believe it has the potential to generate revenue savings far in excess of those set out in this report. It should also mean that retained property is fit for purpose. There will also be other benefits such as more effective control of energy budgets (which total c£50m including schools and street lighting) and for the first time the development of a comprehensive energy plan that will support the Council's commitment to be net zero carbon by 2030.

Commissioners will review progress against the timescales set out in the report through the normal process.

## **3 RECOMMENDATIONS**

### **That Cabinet**

- 3.1 Endorse the Corporate Landlord Service activity to continue to progress the further rationalisation of the CAB estate giving approval to the associated office moves needed to accommodate further disposals.
- 3.2 Recognise and agree the acceleration of the rationalisation of the wider corporate estate to improve operational efficiency and service delivery, which in turn will realise savings, receipts and better align the asset profile to the emerging needs of the organisation. Recognising the urgency to release land and buildings (which will be reported through Cabinet Committee Property) to enable capital receipts to be generated to meet extant targets alongside realising revenue efficiencies wherever possible.
- 3.3 Agree the acceleration of the centralisation of all property strategy and management related activity (inclusive of centralising property staffing).
- 3.4 Agree the centralisation of property budgets and cost control (with an immediate focus on realising energy savings based on reducing consumption and consolidating billing etc. creating an energy management function within the

Corporate Landlord service to progress this and make immediate efficiencies alongside maintenance spend review).

- 3.5 Note the need to progress the further restructuring of the property teams to create an effective and streamlined 'one stop shop' for all property related services and portfolio management with a focus on future strategy and transitioning in parallel with the emerging size and shape of the corporate asset base.
- 3.6 Endorse the work needed in respect of scoping the requirement for the future strategy for services and works to agree the Council and school's property portfolio.
- 3.7 Notes that the deed of variation with Acivico DCFM Ltd has been signed with a contract expiry date of 31<sup>st</sup> March 2026.
- 3.8 Agree the introduction of a visible 'occupation cost' mechanism for all service/occupiers of corporate buildings to consider as a key performance indicator and/or budget pressure metric.

## 4 KEY INFORMATION

### Context

- 4.1 **Summary:** This programme will create a central and professionalised property function to strategically manage all of the Council's operational and community facing property assets, reducing duplication of property management activity, delivering a safer (fully compliant) and higher quality estate, and enabling the delivery of operational efficiencies through the adoption of a more sustainable and heavily reduced asset profile.
- 4.2 This programme will facilitate ongoing strategic asset management planning and support the Corporate Landlord's ability to work across the Council to identify opportunities for service co-location, relocation and to target assets for programmed rationalisation, divestment and disposal.
- 4.3 The Corporate Landlord approach will form a key part of the Council's approach to organisational redesign, supporting a leaner and more efficient organisation with a fit for purpose and sustainable operational estate profile.
- 4.4 **Asset Rationalisation:** Corporate Landlord recognise and support the acceleration of the rationalisation of the wider corporate estate to improve operational efficiency and service delivery, which in turn realise savings, receipts and better align the asset profile to the emerging needs of the organisation. Recognising the urgency to release land and buildings (which will be reported through Cabinet Committee Property) to enable capital receipts to be generated to meet extant targets alongside realising revenue efficiencies wherever possible. Appendix 1 gives an update on progress. Please note that that appendix and paper are live reports and variances are due to timing.

- 4.5 **CAB Buildings:** Over the last six months the Corporate Landlord division has concluded the decommissioning of 1 Lancaster Circus, including the relocation of the specialist Control Centre to new accommodation set up at Priestley Wharf, to achieve vacant possession and enable the advancement of the disposal of the asset.
- 4.6 The team has successfully restacked the Council House and re-utilised space within the Council House Extension following some targeted investment works to enable the successful vacation and sale of 10 Woodcock Street, generating a significant revenue saving and capital receipt within a very short timeframe. Corporate Landlord is presently taking forward the vacation of 67 Sutton New Road.
- 4.7 Sutton New Road which will be offered for sale in forthcoming months and has increased the utilisation of New Aston House as a short-term measure pending the rationalisation of that building in the medium term.
- 4.8 The role and utilisation of the Council House complex continues to be reviewed to ensure there is a consistent vision and effective use of the assets, including the Birmingham Museum & Art Gallery and commercial opportunities, where appropriate, are pursued.
- 4.9 **Portfolio Review:** To ensure a comprehensive review, we are focussing on both top down from services and bottom up from area-based review.
- 4.10 **Service Led Portfolio Review:** Corporate Landlord has been collaborating with services to lead a review across the Council Portfolio to identify opportunities to divest and dispose of assets which are surplus to requirements.
- 4.11 The focus being to identify opportunities through service improvement and asset rationalisation, create operational efficiencies, explore co-location of services and the reduction of leases from third parties. This exercise will generate revenue savings, capital receipts whilst ensuring efficient delivery of services. The process will also ensure coordinated realisation of savings targets.
- 4.12 The workstream will drive better engagement & cooperation, joined up planning, governance & decision-making and act as a gateway for services. Reviews are currently ongoing with services on the CAB estate, depots, care centres, day centres, golf courses, car parks and the youth service across 80 assets. Several services are currently subject to consultation reviews and as soon as this process is concluded this will unlock a significant pipeline of further assets for Corporate Landlord to progress sales.
- 4.13 As part of the ongoing stakeholder engagement there is also a live dialogue with the Housing Development team and City Housing team, effectively Corporate Landlord are passporting potential housing sites (General Fund and Housing Revenue Account land) into the disposals programme where it is considered to be beneficial and expeditious to explore a market disposal to realise early housing delivery.

- 4.14 **Area Led Portfolio Review:** In addition to working with services on the property rationalisation strategy, Corporate Landlord is undertaking an area review which is being progressed @ward by ward' 'and constituency by constituency' for ease of reporting and planning. This review will identify assets or land which are either surplus to requirements or may be suitable for divestment and therefore generate a capital receipt and potentially deliver much needed new homes.
- 4.15 Whilst landholdings within the whole ward areas are being reviewed, assets with a higher value or those with the ability to unlock an immediate receipt are being prioritised. To date 1025 assets across 8 wards have been investigated with 53 assets reviewed with potential for divestment. Resource has recently been increased within Corporate Landlord and the review of assets on a ward-by-ward basis is being accelerated.
- 4.16 **Community Assets:** Some of the operational assets in the Council's portfolio are community facing, and delivering services direct to the public (e.g. community centres etc.) Should any of these assets be identified for disposal, working practices are in place whereby stakeholder engagement is an important part of the process, initially services with advice from Corporate Landlord and Property are making plans around their future accommodation requirements.
- 4.17 Due to current levels of under-utilisation alongside suitability and condition issues it is expected that the overall quantum of the Council's estate that delivers a community facing service will be reduced. This will deliver efficiencies but also potentially release additional assets for disposal, the associated vacancies, building closures and marketing will be dealt with sensitively ensuring cabinet members, ward members, local community users and larger organisations such as the Save Birmingham group and the Birmingham Voluntary Sector Council are kept fully engaged.
- 4.18 As part of the estate rationalisation work there is recognition that Community Asset Transfer (CAT) has a role to play whereby valued facilities can be safeguarded potentially enabling the Council to make building related efficiencies whilst empowering communities to take greater ownership and control of property assets where appropriate. Through the engagement referenced above all options are being considered to enable this, in some instances whereby groups and organisations are mature and appropriately financed long term transfers and disposals of assets are being negotiated with individual transactions reported and progressed as appropriate, again keeping key stakeholders fully informed and sighted.
- 4.19 Through the unsolicited bid process there is also an opportunity for community organisations who already hold CAT leases to renegotiate these and potentially also pursue the longer-term transfers of the land and buildings they operate from.
- 4.20 Where community facing assets are retained to enable Council delivered services to continue it is essential to ensure this can be done more sustainably and building related issues that may be impacting utilisation and efficiency are

assessed with plans put in place to address this at the point any retention decisions are made.

- 4.21 **Unsolicited Bids:** As the divestment programme has attracted a lot of attention resulting in a significant number of external approaches to buy assets from the Council, Corporate Landlord has implemented a process to receive, review, manage and consider unsolicited bids.
- 4.22 To facilitate this process, third parties wishing to express an interest in an asset must complete this form, confirming the legal status of the organisation and the property details. Interested parties must also include information on the nature of their interest, the financial offer, a proposed rationale for the purchase, details on timing, confirmation that the Councils legal and surveyors' costs will be paid and any other conditions.
- 4.23 Other conditions may include funding requirements or planning conditionality. A register has been set up and once bids have been received the enquiry will be logged on a live tracker and assessed through a "clearing house" to determine whether the Council wishes to consider a) selling the asset, or b) retaining the asset.
- 4.24 **Opportunities:** Opportunities from the Corporate Landlord approach: -
- 4.25 Divest assets which are surplus to operational requirements which can be categorised to drive value as follows – 1) Immediate divestment 2) Longer term divestment 3) Potential to unlock divestment assets through re-provision/alternative model of service delivery.
- 4.26 Co-locate services using shared asset base / Co-locate and share assets with other services.
- 4.27 Relocation of services occupied through operational leases with third party Landlords into Council owned assets and vice versa to give the best commercial outcome.
- 4.28 Relocate office staff within office buildings within wider Council property portfolio.
- 4.29 Review sites which were historically earmarked for development, although are currently sitting dormant.
- 4.30 A strategic/professionalised approach from Corporate Landlord can optimise financial value or social value from assets before sale and before relocating the service.
- 4.31 Corporate Landlord providing the property oversight to say "that depot could be anywhere, but that current depot site would make a fantastic housing site and generate £x of financial value and £y of social value, and CL can help enable that, as well as finding the service more suitable premises.
- 4.32 **Constraints, Risks & Threats:** Corporate Landlord has considered the following:
- 4.33 Geographic location of assets - Can the services be delivered on a streamlined basis?

- 4.34 Liquidity / Timing – Assets tied into contracts.
- 4.35 Assets held in Trust or subject to legal restrictions.
- 4.36 Public opposition leading to increased deliverability risk.
- 4.37 Potential to be seen as “fire sale” locally, increasing resistance and challenge.
- 4.38 Not securing achievable benchmark values – Condition of assets.
- 4.39 Exit costs on leasehold assets – i.e. Dilapidation / relocation of services.
- 4.40 **Declaring Assets Surplus:** Corporate Landlord has submitted a paper with 27 assets recommended for approval at the Cabinet Committee meeting on 11<sup>th</sup> October. A further pipeline of assets has been identified to for submission at future monthly Cabinet Committee Meetings to meet the target for delivering £750m to be delivered across 2024/2025 and 2025/2026.
- 4.41 Corporate Landlord has also set up a working group to review the property portfolio to identify in scope assets for efficiencies, closure and/or disposal or co-location.
- 4.42 In addition, Corporate Landlord is taking a one pipeline approach which has involved implementing monthly Clearing Board Meeting with Services to identify and approve asset which are surplus to requirements prior to submission at the Cabinet Committee Meetings.
- 4.43 Further, fortnightly meetings have been implemented to review and drive divestment of assets. These meetings include representation from the investment and housing teams to ensure alignment and an inclusive & collaborate working approach.
- 4.44 Where possible Corporate Landlord is working with services to identify early opportunities to release assets and often progress the route to market in anticipation of the asset being declared surplus. Assets will either be divested through:
- 4.45 Appointment of external property consultants through the Constellia Framework. Corporate Landlord is ensuring that most appropriate organisation is appointed for each asset or group of assets to be divested.
- 4.46 Direct agreement with purchasers - Several approaches have been made by existing tenants or adjoining owners of assets. In these instances, the parties are effectively special purchasers and Corporate Landlord has been looking to maximise receipts through direct engagement.
- 4.47 The unsolicited bids process – See above.
- 4.48 Corporate Landlord will recommend the optimal route for progressing the sale through Private Treaty, Informal Tender or Auction.
- 4.49 Corporate Landlord has also set up a framework for valuation of assets where appropriate to inform strategy and the decision-making process.



- 4.50 Corporate Landlord will also be looking to extract hope-value from change of use and be prepared to either enter into JVs to deliver that or make planning applications themselves.
- 4.51 Corporate Landlord will ensure that disposals are made in a strategic way, with max.
- 4.52 The above approach will ensure the delivery of an optimal return within an optimal time frame.
- 4.53 **Corporate Landlord Model.** Corporate Landlord continues to progress the discovery and due diligence around the centralisation of property budgets and overall cost control within this area. The division is creating an energy management function within the Corporate Landlord service to progress the reduction of consumption and promote consolidating billing to bring forward immediate efficiencies.
- 4.54 Corporate Landlord continues to input into the various services reviews being undertaken as part of the IRP with a focus on the potential for rationalisation and resulting capital receipts, visibility of property running costs and their influence in the decision-making process, and the overall level of asset utilisation.
- 4.55 The service continues to act as “gate keeper” for activity for leasehold interests and has a well-established spend control mechanism to review and challenge requests for repair and maintenance activity and again is looking to utilise the service area’s experience and professional skill set to expand this into other areas such as cleaning, business rates etc to drive efficiency, linked to other areas of associated activity.
- 4.56 **Occupation Cost:** Corporate Landlord is working with Services and Finance teams to support the introduction of a visible ‘occupation cost’ mechanism for all service/occupiers of corporate buildings to consider as a key performance indicator and/or budget pressure metric.
- 4.57 As an additional step to encourage further efficiency in respect of accommodation requirements and minimisation of property related spending it is proposed to introduce a notional ‘occupational cost’ metric that will be regularly reviewed and discussed with occupier services to ensure full transparency of the costs associated with the demand on the corporate estate, this will be particularly useful when further exploring business cases and supporting service transformation where there is an opportunity to release accommodation or when additional space may be required.
- 4.58 This factor as a performance management tool will be implemented from 1<sup>st</sup> April 2025 onwards as key indicator, the Corporate Landlord service will produce a live dashboard of the actual costs of individual directorate and service demand on the corporate estate.
- 4.59 **Centralisation of all property strategy and management related activity (inclusive of centralising staffing):**

- 4.60 Due to the way the Council's property estate has evolved over many years the assets are still classified by virtue of the directorate which they serve as opposed to being treated as a centralised and corporate resource. As such in many cases these estates within the wider estate are still managed and controlled locally.
- 4.61 Since the inception of the Corporate Landlord and the establishment of this service, some strategic control has been established over the future use of operational assets and as a result of Section 114 directives, a tighter centralised control has now been established in respect of spend control and the necessity to obtain approvals from the corporate centre for all spend on Property and Facilities Management related services (inc. security, compliance, repairs and maintenance) on the recommendation of the Corporate Landlord.
- 4.62 It is considered timely to now progress the adoption of the Corporate Landlord model one stage further and formalise this corporate control by transferring all asset related responsibility (operational as well as strategic) and budgets to a centralised service which will manage the portfolios to meet corporate objectives, ensuring optimum asset utilisation, timely and professionalised decision making and to drive further efficiencies through creating economies and delivering asset rationalisation.
- 4.63 The proposal is for Corporate Landlord and Property officers to work closely with the finance team to progress this virement of budgets and associated authorisation status on an incremental basis starting immediately. The dedicated PPS finance team now being sufficiently resourced to support this endeavour with a view to completing the centralisation exercise at the earliest opportunity but no later than the end of March 2026.
- 4.64 **Restructuring the Property Teams:** Corporate Landlord notes the need to progress the further restructuring of the property teams to create an effective and streamlined 'one stop shop' for all property related services and portfolio management with a focus on future strategy and transitioning in parallel with the emerging size and shape of the corporate asset base.
- 4.65 It is planned to have the interim realignment structure in place by the end of December 2024.
- 4.66 The new full structure to compliment the Asset Strategy and drive the new profile will be in place by April 2026.
- 4.67 This restructure needs to happen at the same time as transfers of those currently in other services but who deal predominantly with property.
- 4.68 A central theme to all of the Corporate Landlord work is to ensure efficiency but also optimum utilisation and suitability across the Corporate Estate, in order to achieve this resource is needed in the short term to capture current and future requirements in respect of the operational portfolio as well as to review the investment portfolio to ensure long term sustainability. In the short-term capacity funding has been identified through the IRP programme to undertake this review activity (which is linked to the service reviews and area based review work

referenced in this report), this funding provides resource until end of March 2025 but ultimately consolidation of these workstreams and delivery of the resultant strategy will need to become substantive business as usual activity at the earliest opportunity.

- 4.69 To obtain optimum efficiency, the in-house resource structure will dovetail with the evolution of the asset profile until such time as we have an asset base that fully meets the immediate needs of the City Council, has some flexibility so as to ensure longer term sustainability but has a minimal quantum of underutilised space and/or voids.
- 4.70 Therefore, some restructuring is needed to ensure this activity can be delivered until such time as the asset profile and the associated staffing structure reach sufficient maturity and as a result enable maximum efficiency.
- 4.71 The intention is to have two symbiotic core elements of the future structure, the first being an intelligent client function consisting of the skills and expertise to ensure services are delivered to effectively manage and maintain the estate, value for money is always driven through efficiency and that contract and performance management are considered a key function alongside delivery of a balanced budget.
- 4.72 The second element being the retention and development of a strategic real estate management function with the primary objectives being to continually review and implements strategies to future proof the estate, optimise the leverage the estate affords to support corporate objectives and identify measures to forecast and ensure income projections and capital receipts are delivered to agreed targets.
- 4.73 It is recognised that significant day to day activity in respect of property and facilities management still takes place outside of the central Corporate Landlord and Property function, alongside the centralisation of responsibility for property spend the centralisation of these outlying roles and staffing structures will need to be assembled under a single structure, this mapping activity has already taken place and subject to appropriate consultation this activity will be mobilised in tandem with the migration to the adoption of a full Corporate Landlord model inclusive of the intelligent client and strategic asset management functions set out in this paper.
- 4.74 The target date for this exercise to be completed is the end of March 2026.
- 4.75 However some changes to structures will be required in advance of this, again as budgetary responsibility transfers ahead of this deadline there will be some requirements to ensure officers are in post within the Corporate Landlord structure to ensure the level of grip and control necessary to drive agreed efficiencies in relation to these budget lines e.g. Corporate Energy Management and a more comprehensive and corporate solution around the commissioning and management of hard and soft FM services.

- 4.76 The initial movements to be quantified and the initial structure to be socialised by the end of December 2024.
- 4.77 **Acivico Contract Extension:** The March cabinet report agreed that the Acivico contract should be extended to 31/03/2026 with the inclusion of a 3-month break clause. This has been dealt with by way of a Deed of Variation against the 2017 contract. This document was executed on the 12th of September 2024.
- 4.78 **The Future Delivery of Hard and Soft FM:** Initial scoping of the specification is underway along with a high-level review of potential options for when the current contract ends March 31<sup>st</sup>, 2026. Options for the future of hard and soft FM are being investigated and will be reported to Cabinet in due course.
- 4.79 As part of the scoping and options work it will be necessary to review the current relationship with Acivico and understand the potential to re-shape and improve this relationship in tandem with the options work to ensure VFM for any work contracted post March 2026.
- 4.80 It is also important to manage effectively the contract prior to March 2026, working closely with Acivico to ensure VFM.
- 4.81 **Asset Strategy.** The development and implementation of a new Corporate Asset Strategy, which recognises the direction of travel on rationalisation but more acutely identifies the optimum asset profile the Council should be minded to adopt to meet current and future accommodation needs, generate income and better align with the financial constraints of the organisation whilst promoting sustainability and enabling growth.
- 4.82 As part of the strategy, we will continue to engage with the One Public Estate programme with public sector partners. The ability to speak as a single comprehensive corporate voice on asset issues will assist our involvement in such initiatives
- 4.83 There will be an interim 1-year Asset Strategy in place for April 2025 with a full 5-year asset strategy in place for April 2026.

## **5 Proposal and Reasons for Recommendations**

- 5.1 To provide an update for endorsement and/or approval where appropriate, on the progress of the Corporate Landlord Programme and the Action Plan activity identified.

## **6 Other Options Considered**

- 6.1 Do nothing - carry on as we are and have huge risk around delivery of budgeted savings and receipts.
- 6.2 Fully implement - achieve the targets with a sharp focus and invest in the long-term sustainability of the corporate estate (with a strategy, budgets and structure more closely aligned to the future size and shape of the Council.

- 6.3 There might be a partial implementation that could help achieve the savings but wouldn't enable us to own the strategy and long term sustainability objectives.

## **7 RISK MANAGEMENT**

- 7.1 Inability to meet property market timelines: To meet the expectations of the prevailing property market the Council is committed to deliver a programme of land and property sales to support business priorities. Approval of this report will support these priorities and enable sale receipts to be realised during financial years 2024/25 and 2025/26.
- 7.2 There is an element of risk is around how this is approached by services, and the resource needed to deliver it.
- 7.3 The methodology of sale will be selected to best respond to the market and the specific circumstances of each asset whilst also removing ongoing revenue costs and maintenance liabilities.

## **8 MEMBER ENGAGEMENT**

### **Ward Councillor(s)**

- 8.1 N/A

### **Overview and Scrutiny**

- 8.2 The Report, in particular the purpose and process of the Asset Rationalisation workstream was discussed with the Chair of Economy Skills and Culture on 28/8/24.

### **Other**

## **9 IMPACT AND IMPLICATIONS**

### **Finance and Best Value**

- 9.1 Corporate Landlord sits within the PPS directorate of the Council. It is involved in the budget process that the Council undertakes yearly and is expected to contribute to the Income target and within the Expenditure envelope. It has two cost centres within its reporting hierarchy – Operational Property Management and Security Business Planning. The budget for FY24/25 is a total Net of £8.3m - which is £9.8m of expenditure and (£1.5m) of income. The scope of the Corporate Landlord offer is increasing in that it is now controlling the asset rationalisation of the overall Council and the Corporate Landlord model of increased centralisation of services.
- 9.2 Asset Rationalisation is the review of the Council owned assets across the Council and those assets deemed surplus to requirements. When disposing of

said assets the capital receipt will be used to balance the budget as part of the S114 the Council is in and in line with Commissioner expectations. The Council has a £750m asset disposal target for capital receipts by end of December 2025. A significant amount of this target will be met by Commercial type asset sales; however Corporate Landlord is also expected to contribute towards the target by working across Directorates to dispose of Non-Commercial owned Council assets. The first batch of assets is going to Cabinet for review and approval in September 24. These sales will generate c£10m of capital receipts but will impact the future Revenue aspect of the Council as incomes currently received will be lost but costs on these assets will be savings as building expenses and associated staffing costs will no longer be applicable. It is expected that there will now be a further ramp up with Non-Commercial assets as the process of cross directorate working is now set up.

- 9.3 The Corporate Landlord model is the centralisation of the Council asset portfolio from the Directorates into Corporate Landlord. This way of working is common in Councils across UK and is perceived to generate cost savings due to economies of scale etc. BCC has reviewed this set up previously, but it has not come to fruition due to various reasons. However, with the pressure of balancing the budget and making further savings there is now an appetite to push forward the Corporate Landlord model. The first area under review is the Energy area where electricity, gas and water are initially under review. It is anticipated that there will be savings in the short term with housekeeping improvements and then savings in the longer term with a defined energy strategy. These savings are under review currently and a paper will be brought forward to Cabinet to update when further quantification has occurred.
- 9.4 Savings for FY24/25 by Corporate Landlord are part of the overall savings programme that the Council has targeted as part of the balanced budget process. In FY24/25 the Central Administrative Buildings (CAB) had a target of £1m savings. The current forecast is that this saving will be met as it relied on the sale of Woodcock Street halfway through the fiscal year, which has happened. There is a further £2.3m saving in FY25/26 which is also the CAB rationalisation. The bulk of this target is Woodcock Street annualised but will also need the sale of New Aston House and Sutton New Road to hit this target. There is also a staffing saving which Corporate Landlord will contribute to and with VRs on track within the directorate it is forecast that budget targets for both FY24/25 and FY25/26 will be met. With the Commercial Property asset sales and the CAB estate reduction there will now be an opportunity to review the current staffing budget envelope within these areas (FY24/25 budget of 107 FTE across Corporate Landlord and Investment & Valuations Teams of which 13 roles were vacant at time of budget setting) and assess the new requirements of the team, with reduced asset management, and this could lead to enhancing incomes, such as rent reviews or improving supplier contracts for the benefits of the Council.

## **Legal**

- 9.5 Sections 120 - 123 of the Local Government Act 1972 authorise the Council to acquire, appropriate and dispose of land. The disposal power in Section 123 of the Local Government Act 1972 is subject to the best consideration test.
- 9.6 Section 1 of the Localism Act 2011 contains the Council's general power of competence, which is circumscribed only to the extent of any applicable pre-commencement restrictions and any specific post-commencement statutory restriction of the power, and Section 111 of the Local Government Act 1972 contains the Council's ancillary powers in relation to the discharge of its functions including the disposal and acquisition of property and the expenditure of money.
- 9.7 The Local Government Act 2003 and guidance issued under it authorises the Council's investment management functions.

## **Equalities**

- 9.8 An Equality Impact Assessment was undertaken at programme level On 27/09/2024. Number EIA000831. For all decisions taken under the programme, a further EIA will be undertaken specifically aligned to the decision.

## **Procurement**

- 9.9 There are no procurement implications with the recommendations of this report. It should be noted that any procurement resulting from the shaping of the future of hard and soft services FM will be in compliance with the Council's Constitution and Procurement and Contract Governance Rules.

## **Corporate Parenting**

- 9.10 There are no Corporate Parenting implications for this report.

## **10 APPENDICES**

- 10.1 Appendix 1 – Corporate Landlord Update
- 10.2 Appendix 2 – Equality Impact Assessment (EIA000831)

## **11 BACKGROUND PAPERS**

None