

Agenda Item	4.
Report No	HP/02/21

HIGHLAND COUNCIL

Committee: Housing & Property Committee

Date: 11th March 2021

Report Title: Update on the Corporate Landlord model and Asset Management Strategy

Report By: Executive Chief Officer, Housing and Property

1 Purpose/Executive Summary

- 1.1 This report provides further brief updates in respect of the Corporate Landlord Model and the Asset Management Strategy, further to the report on these topics presented to the last Housing and Property Committee on 10th December 2020.

2 Recommendations

- 2.1 Members are invited to: -

Note the content of the report and comment accordingly.

3 Implications

- 3.1 **Resource** – Additional staffing resource has been sought and is detailed in section 4, amounting to 7.75 FTE, to assist in the data collection, work programming and delivery phases. These posts would be fixed term for a maximum of two years. Additionally, an as yet unquantified amount will be required to be added to the property revenue maintenance budget to reflect that there is currently no revenue maintenance budget allocated for depots.
- 3.2 **Legal** – There are no implications arising from this report at this time.
- 3.3 **Community (Equality, Poverty, Rural, Islands)** – There are no implications arising from this report at this time.

- 3.4 **Climate Change/Carbon Clever** – The Corporate Landlord approach, and Asset Management Strategy, will help the Council to achieve key policy ambitions in relation to lowering its environmental impact and in improving energy efficiency. Investment in both is critical to addressing our climate change aspirations as regards our built estate.
- 3.5 **Risk** – There are no implications arising from this report at this time.
- 3.6 **Gaelic** - There are no implications arising from this report at this time.

4 Current Situation

- 4.1 The context of this report is that it is authored at 12th February 2021, ahead of the Council's meeting to set its annual budget (4th March 2021) and the date of this Committee (11th March 2021).
- 4.2 There are two key areas that will be influenced by whatever decisions the Council reaches in respect of its budget on 4th March. The first relates to the potential for investment of up to £2.85m in spend on health and safety related matters, addressing some of the accumulated prior year challenges. The second relates to the potential for additional staffing resources to take forward the delivery of the Corporate Landlord Model and Asset Management Strategy, and that additional resource is proposed to be funded from the Council's Change Fund. If either measure is not approved as a part of the Council's budget on 4th March, then there are at the point of writing no alternative resources available for either activity.
- 4.3 In relation to the £2.85m potential investment in health and safety spend, this is primarily focussed on identifying and addressing statutory noncompliance areas where either individuals could be at risk and/or the Council could be at risk of prosecution. Officers are currently working up the detail of what would be proposed to be spent at what location and when, to enable this programme to be able to be implemented at a pace should this investment be approved on 4th March 2021. This will be reported to the next Committee meeting with updates provided on a regular basis thereafter.
- 4.4 In relation to the potential for additional staffing resources to take forward the delivery of the Corporate Landlord Model and Asset Management Strategy, that additional resource is proposed to be funded from the Council's Change Fund. The Change Fund element of the Council's budget proposals for decision on 4th March, if approved, would create a resource of circa £2.25m, to which bids for additional resource can be made to enable strategic and transformational themes of work to be delivered.

- 4.5 Following the report on this topic to the last Housing and Property Committee on 10th December 2020, Officers met to identify the required additional resource to take forward the delivery of the Corporate Landlord and Asset Management Strategy work themes, given that they are considered to be a key strategic priority for the Council. That additional resource request is detailed at 4.6.
- 4.6 The additional resource requested consists of the following:
- 2 x Project Managers – overall project management support
 - 3 x Property Managers (Asset Management) – delivery of the rationalisation programme
 - 1.75 x HR support posts – support to the team and to services in respect of the “people” related aspects and functions that will flow from changing patterns of work and closing buildings/moving people.
 - 1 x Strategic Business Analyst – filling the current information gaps and assisting in providing detailed costings/NPV work.
- 4.7 As stipulated above, there are no alternative sources of funding for the Health and Safety works or the additional staffing resource requested to take forward the Corporate Landlord Model and Asset management Strategy. However, if approved, the posts at 4.6 will be for a fixed term of 2 years.
- 4.8 Work is ongoing on the process of surveying all of our non HRA buildings. Surveying activity is being targeted at known pre-existing high risk areas, depots being one particular example. This work will also enable us to address legacy issues, such as there being no revenue maintenance budget for depots: the surveying work will allow us not only to form a view about investment or disinvestment for depots, but will enable us to form a view about likely ongoing revenue maintenance budget requirements.
- 4.9 Work is also ongoing to identify potential “quick wins” and to take them forward for approval. In short, this is following the approach as set out at Appendix A of the report on this topic to the last Housing and Property Committee on 10th December 2020. Nonetheless, the buildings day to day costs, past investment and future investment data and condition data (such as it is) will need updating.
- 4.10 Further to 4.9 above, it is however critically important that the Council balances its ambitions to move at a pace with being able to demonstrate that it has a reasonably sound evidence base to back its decisions on investing and disinvesting/disposing of in buildings. This is essential, in order that decisions to invest or disinvest or dispose of assets can demonstrate value for money and stand up to audit and other internal and external forms of scrutiny.
- 4.11 Additionally, at the present Officers have been considering what performance management metrics Members might wish to see in relation to revenue property maintenance budget spend. It is suggested at this time that two key metrics may be of interest:

- (i) General condition of property (ranking A B C D for condition and suitability/fitness for purpose as per schools)
 - (ii) Change over time as a result of spend and investment.
 - (iii) Current occupancy levels of each building.
- 4.12 Those suggestions as at 4.11 are merely a starter for ten, so to speak, and there are a range of other potential measures that we could consider. We would invite Members to put forward their own suggestions for consideration.
- 4.13 The overarching principle behind paragraphs 4.11 and 4.12 is that Members will have, over time, a far better evidence base upon which to be able to scrutinise the effectiveness of money spent on properties. They will also have an evidence base that shows the movement over time and whether performance is the same, better or deteriorating as compared to previous quarters/years etc.
- 4.14 It is however worth noting that it will take some time to build that detailed evidence base. The reasons were summarised in Appendix A to the report on this topic to Committee on 10th December 2020, but in short relate to significant gaps in our base line information on building condition, historical expenditure and estimated future revenue and capital investment requirements out with our school estate, for which we do have reasonably robust information – albeit that the schools condition information does show some substantial challenges and pressing investment/disinvestment decisions may be required.
- 4.15 The challenges addressed in 4.13 and 4.14 above will be overcome by a combination of the roll out of stock condition surveys plus the additional staffing resource identified, subject to the final outcome of the Council's budget setting process on 4th March 2021. In particular, the Strategic Business Analyst will have a key role in plugging the information gaps and analysing current and future investment needs, alongside our Corporate Property Asset Management Team, which sits within Property Services.
- 4.16 By the time this Committee does meet on 11th March, I hope to be able to report positively on both the resource request in respect of Health and Safety spend, and also in relation to the additional staffing resource detailed above. I will provide verbal updates on the implication of the budget decisions on 4th March at the Committee meeting on 11th March.

Designation: Executive Chief Officer, Housing and Property

Author: Mark Rodgers, Executive Chief Officer, Housing and Property

Date: 12th February 2021