

Vibrant and Sustainable City Scrutiny Panel

23 March 2017

Date: 10 March 2017

Briefing Paper

To: The Chair, Councillors of ***Vibrant and Sustainable City Scrutiny Panel***

Title: Update on Medium Term Financial Strategy savings within Corporate Landlord 2017/18

a) Background

At the VSCS panel meeting 8 December the Chair requested further details to be provided for MTFs savings proposed within Corporate Landlord, Place Directorate for 2017/18. Since the previous panel meeting these savings have been re-profiled in response to various service reviews and ongoing re-procurement activities, specifically in areas of Facilities Management. These re-profiled savings were endorsed at the Cabinet on 22 February 2017 and subsequently at Council on 1 March 2017; this briefing note reflects these changes.

b) Key Issues

The savings for Corporate Landlord in financial year 2017/18 can be broadly summarised as follows (with further detail in appendix A):

1. **Service wide restructure** £150k

Detailed reviews undertaken into service areas within Corporate Landlord, as part a wider service development plan, identifies additional savings that may be available from deletion of vacant posts remaining in the structure. These reviews are supported by officers in procurement, business change and transformation and will ensure staff structures remain relevant and efficient to deliver the Corporate Landlord service delivery model. It is anticipated improvements in processes, systems and centralised data will ensure any post reductions are viable and without risk. The reviews have now been aligned as well as explicitly linked to the outcome based planning process.

2. **Asset and Estate Management** £997k

A number of key work streams have now been commissioned to ensure the asset portfolio is performing to its optimum capability. In particular these will be informed by:

- The development and implementation of the Strategic Asset Plan, setting a clear direction for asset management, ensuring support of corporate objectives, business planning, risk management and wide property objectives.
- Production of a Disposal and Acquisition Strategy to opportunities for CWC to expand the commercial/investment property portfolio to provide new revenue income streams as well as dispose of the assets that are no longer fit for purpose.

- Improve the management of the commercial estate through comprehensive review of leases and licences and the establishment of market-led service charges.
- Reduction in rent arrears and increased recovery of bad debts through reviews and implementation of process and systems for debt monitoring, collection and recovery.
- Analysis of asset utilisation resulting in rationalisation, co-location, investment and disposal proposals, links to the One Public Estate agenda.
- Review of the corporate property database to set the baseline and identify any gaps in processes and information. The availability of accurate property data is vital if the Council is to not only manage its portfolio effectively on a day-to-day basis but also to make informed strategic decisions.
- Identify additional income from shops previously within the Housing Revenue Account (HRA) and now managed within the General Fund by the Estates Team, Corporate Landlord.

The ongoing review of all property will identify savings in energy consumption and utility costs and charges. This will include a review of rates as well as consumption aligned to the council's disposals strategy for surplus assets and be informed by:

- reduced business rates, reduced energy and utility costs (including billing audits and smart metering) resulting from identification and disposal of surplus assets and management of void properties;
- energy assessments to identify measures for poorly performing buildings;
- energy management schemes to reduce consumption and therefore purchase of allowances under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme;
- review of the council's Energy Fund aimed at invest-to-save initiatives energy efficiency measures to reduce carbon emissions or water consumption.

These schemes or initiatives extend across the council's operational and commercial estate, the schools portfolio as well as links to similar initiatives under consideration within Wolverhampton Homes. A Senior Energy Officer has been appointed and will lead on all energy management initiatives with a view to developing an overarching strategy and action plan.

3. Facilities Management

£487k

As the hard and soft facilities management activities have been consolidated within the Corporate Landlord service delivery model there will be further opportunities to generate efficiency savings as well as increased income generation. These will be identified through a customer led review of services provided to council and schools as well as external customers. The above provide the context to projected savings/income targets yet they may vary between work areas as the outcomes of the reviews are completed. An impact assessment will ensure risks are managed to ensure service continuity and statutory compliance.

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Appendix A: Head of Corporate Landlord: 2017/18 MTFS Savings Profile

Activity	£000s	
Service-wide		
Phase 1 restructure	50	Saving delivered
Phase 2 review and further rationalisation	100	Part delivered (£61k) through deletion of vacant post (Facilities Officer grade 6) and deletion of VR post (Service Development Assistant grade 3). Further posts identified in Assets and Projects and works that will fulfil remaining savings.
<i>Sub total</i>	<i>150</i>	
Asset and Estate Management		
Carbon Reduction Commitment	41	Saving delivered from rationalisation of wider portfolio and removal of inflation.
Future Spaces	56	Savings resulting from rationalisation of operational portfolio.
Utilities and business rates payments from surplus/disposed/vacant buildings	400	Savings resulting from rationalisation of operational portfolio: subject to a review at close of 2016/17 of actual expenditure.
Commercial estate income	500	Increased income levels through improved management of the commercial portfolio. Includes £250k stretch income target from HRA shops.
<i>Sub total</i>	<i>997</i>	
Facilities Management		
Management of public conveniences	95	Saving delivered from insourcing of management contract.
Closure of low use public conveniences and revised charging arrangements	42	Further work required here on potential standard charge for £0.20p for all public toilets. Review July 2017 (1 year).

Income from provision of School Meals	250	Increased income from higher charge for school meals; subject to external review of business model and options appraisal for future activity (due for completion end of March 2017). All in the context of a reducing customer base, hence identified as risk to saving.
Facilities management review	100	Efficiency savings resulting from re-procurement of buildings statutory compliance and planned preventative maintenance and associated repairs.
<i>Sub total</i>	487	
Total Corporate Landlord MTFS Savings 2017/18	1 634	