

# Basildon Council

BASILDON • BILLERICAY • WICKFORD

## Asset Management Framework 2019 - 2029



## Asset Management Policy 2019 - 2029

## **1 AM Framework**

- 1.1 The Council has adopted a new Asset Management Framework from 2019, which is intended to last us through the next 10 years. This new framework replaces the Asset Management Plans for General Fund (2014-2018) and HRA (2012-2017) properties. The new framework comprises of three separate elements, namely as follows:
- Asset Management Policy
  - Asset Management Strategy
  - Asset Management Action Plan
- 1.2 The benefit of adopting such a structure is that many areas relating to the general approach to asset management are likely to remain constant for a number of years, and by having three separate elements, with different 'lives' the Council can cut down the need to keep rewriting elements every year that do not need rewriting.
- 1.3 It also aids clarity for elected members, senior managers and property staff by separating what are our policy principles, what is the overall strategic direction that everyone is working towards and the short to medium terms actions that the Council will be working on.

## **2 The Asset Management Policy**

- 2.1 This Asset Management Policy is deliberately intended to be a short and concise document that describes the principles adopted by the Council's in applying asset management to achieve the authority's strategic objectives.
- 2.2 It describes the Council's commitment to property asset management that has been endorsed at a senior level, having been approved by the Policy, Oversight and Strategy Committee in December 2018.
- 2.3 It demonstrates to the public and all stakeholders, including senior decision makers, elected members, practitioners and service providers, how asset management supports the Council's corporate policies. It also provide a visible commitment to achieving the benefits that can be delivered through asset management
- 2.4 Our Corporate Plan commits us to improving the lives of all residents, creating opportunity and prosperity for local people and businesses. We have three ambitions for the people who live and work in the borough and we will concentrate our resources to work together to shape a borough that is:
- A place where people are happy, healthy and active
  - An attractive and welcoming place that people are proud to call home
  - A place that encourages businesses to grow and residents to succeed
- 2.5 In seeking to realise the ambitions set out in Corporate Plan, the Council will:

- Continue to secure value for money in the delivery of all Council services, making us more resilient and allowing us the capacity to be ambitious
- Seek innovative financial solutions to the challenges we face thereby strengthening our ability to weather uncertainty, respond to opportunity and ensuring that the council tax represents value for money for the residents of the borough.
- Embrace digital technology and support digital inclusion by working with residents and businesses to unlock their full potential.
- Recognise the differing needs of all parts of the borough and treat each fairly

2.6 A key element of achieving our ambitions is how we use all our resources, including our property resources. This Asset Management policy establishes some clear policy principles by which we will manage the property resource and will remain in place for up to 10 years, being revised as necessary before that should the Corporate Strategy be revised or updated.

### **3 Key Management Principles for our Property Asset Portfolio**

3.1 In developing strategy and delivering actions and activities relating to our property portfolio, we will ensure that our portfolio:

- Operates as a corporate resource, seeking the best outcome for the borough as a whole, with explicit and transparent decision making
- Ensures that service demands can be met, where the customer is put first
- Supports local business needs and encourages new business to the area
- Supports community capacity and well-being, including health, leisure, sport and culture and is socially inclusive
- Contributes positively to a sustainable borough in terms of housing and employment infrastructure
- Takes full advantage of partnerships and collaboration with other public sector organisations
- Optimises financial return and commercial opportunities
- Remains adaptive, innovative and flexible
- Is financially sustainable, for current and future generations
- Operates within an affordable financial envelope, with robust financial plans

### **4 Key Management Principles for our Property Assets**

4.1 In addition to the above key portfolio principles, we will also work to key

management principles for the individual assets within the property portfolio to ensure that assets are:

- Acquired and retained only when needed for a specific identified purpose
- Maintained in good condition, within available budgets
- Fit for their intended purpose
- Kept clean, tidy, presentable and well signposted
- Well located and accessible to those that need them
- Legally compliant
- Resilient to physical, economic and social change
- Demonstrate good value for money for all financial spending, adopting a whole life approach wherever possible
- Managed in accordance with our range of specific property policies

# Basildon Council

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## Asset Management Strategy 2019 - 2029

## **1 Asset Management Framework**

- 1.1 The Council has adopted a new Asset Management Framework from 2019, which is intended to last us through the next 10 years. This new framework replaces our Asset Management Plans for corporate property (2014 – 2018) and HRA assets (2012 – 2017). The new framework comprises three separate elements as follows:
- Asset Management Policy
  - Asset Management Strategy
  - Asset Management Action Plan
- 1.2 The benefit of adopting such a structure is that many areas relating to the general approach to asset management are likely to remain constant for a number of years, and by having three separate elements, with different 'lives' the Council can cut down the need to keep rewriting elements every year that do not need rewriting.
- 1.3 It also aids clarity for elected members, senior managers and property staff by separating what are our policy principles, what is the overall strategic direction that everyone is working towards and the short to medium terms actions that the Council will be working.

## **2 Asset Management Strategy**

- 2.1 The Asset Management Strategy is a clear and concise high level document setting out how property asset management is delivered for the Council to meet our long term corporate goals and objectives.
- 2.2 It sets out how the long term objectives for managing the property portfolio are met, including statutory obligations, stakeholder needs and the overall performance of property assets, within the context of any constraints, such as funding.
- 2.3 This Strategy is expected to remain in place for up to 10 years, but will be revised as necessary before that should the Corporate Plan or Asset Management Policy be revised or updated.

## **3 Foreword**

- 3.1 Basildon Council's property estate is a key asset and is needed for all of our service delivery activities. Therefore it is vital that the decisions we make about the level of investment in the property we occupy not only consider costs but also how well it is suited to the services we are seeking to deliver.
- 3.2 In addition, we need to have an effective mechanism in place that allows us to plan for future property requirements and to provide the framework to make decisions about both investment and disposal. Our focus is on achievements in terms of outputs and outcomes rather than processes and procedures.
- 3.3 We are wholly committed to deliver the ambitions that we have set out in the Council's Corporate Plan and the Asset Management Strategy can assist in that



delivery by ensuring that we are well organised and have the key information needed to make the strategic property decisions, which will deliver against those priorities.

#### **4 Basildon Profile**

- 4.1 Basildon District is the second largest district in Essex by population and covers some 42.5 square miles. With excellent road and rail links to London, the rest of the county and South East England, Basildon has much to offer. Only seven miles of major roads separate Basildon from the M25, and the Channel ports and tunnel are within easy reach. Southend airport is 11 miles from Basildon, Stansted airport is 45 minute's drive away and Gatwick airport is just over an hour away.
- 4.2 Basildon was designated a new town in 1949 to cope with the growing population of East London. The town was formed from the smaller surrounding towns of Laindon, Pitsea and Vange. The Council has ambitious plans to regenerate the town centre by providing residential accommodation and leisure facilities such as a cinema, restaurants and bars rather than just a retail centre.
- 4.3 In contrast, Billericay is a semi-rural town with combinations of a historic and modern feel. It retains some of its old world charm, yet has a thriving industrial estate and modern shopping facilities and services.
- 4.4 Wickford has expanded rapidly in recent years with several new industrial estates being created and thousands of new homes built in the Wick and Shotgate, accounting for a third of homes in the town. Work is continuing on improving the town centre where it is currently going through regeneration plans.
- 4.5 The Borough offers a broad range of sports and leisure activities, which include the Festival Leisure Park, an 18 hole golf course at Kingswood and country parks in Basildon, Billericay, Langdon Hills and Wickford. A state of the art Sporting Village was opened in 2010. Some 70% of the District is rural.
- 4.6 Basildon is a major player in the Thames Gateway region which is a priority area for regeneration, and is recognised as the business and economic hub of South Essex.

#### **5 Property Portfolio Summary**

- 5.1 The Council's property portfolio extends to over 11,000 separately listed assets with a current aggregate book value of just under £1bn as at 31 March 2018.

Whilst this is not necessarily the value of the assets should they be sold, it nevertheless represents the value of property assets to the organisation.

- 5.2 This is a valuable resource and one which should be managed in an efficient and effective way. If the resource is not managed correctly there is potential for wasting revenue on keeping assets that are either unnecessary or inefficient. Equally there is capital value locked into each of the assets which, if the asset is no longer required, could perhaps be realised through disposal. Where assets are still required and are in the wrong location, this can make a big difference to the efficiency of front line services and impact negatively on customer access to services. If property assets are not well maintained this affects the customer experience and can impact negatively on the Council's reputation in the community.
- 5.3 There is a wide range of assets within the current portfolio. It comprises housing, garages, car parks, public conveniences, leisure facilities, community facilities, offices, depots, assets leased to the third sector as well as a small number of commercial investment properties. The purpose of holding these assets varies from asset to asset and consequently how each asset is expected to perform will vary also. Performance of each asset is linked to the strategic purpose for holding it.

## **6 Other Relevant Council Policies and Strategies**

- 6.1 The Council's property assets cannot be managed in isolation to other Council policies and strategies, as they are closely linked to the achievement of our strategic priorities. These priorities are summarised in the current Corporate Plan, which focusses on three ambitions:
- A place where people are happy, healthy and active
  - An attractive and welcoming place that people are proud to call home
  - A place that encourages businesses to grow and residents to succeed
- 6.2 A key element of achieving our ambitions is how we use all our resources, including our property resources in achieving these objectives.
- 6.3 Sitting alongside the Corporate Strategy are three other key strategies, the Economic Development Strategy 2017 – 2020, the Housing Strategy 2018–2023 and the Medium Term Financial Strategy. It is important for the asset management strategy to align with these other important strategies.

### Economic Development Strategy

- 6.4 Basildon District is a prosperous business location and has in recent years seen significant inward investment and jobs growth. Throughout the Basildon borough there are major developments being planned or already delivered estimated to total nearly £2 billion. These include:

- The regeneration of Basildon, Wickford, Pitsea, and Laindon Town Centres
- Basildon Sporting Village, Wickford Swim and Fitness Centre, Everlsey Leisure Centre and improvements to playing pitches and sports facilities throughout the Borough to make Basildon the Centre for Sport in South Essex. The sporting village was completed in 2010 and includes one of the few competition swimming pools in the UK.
- The creation of a health and education research centre near Basildon and Thurrock University Hospital and FE College
- Investment in the Basildon Enterprise Corridor, the largest business area in the Thames Gateway outside London, home to 45,000 jobs and over 5,000 businesses, including Ford, Selex, Visteon, Case New Holland, First Data Europe, First Data, RBS, and Costa Coffee
- The creation of one of the largest wetland nature reserves in Europe in the Thames Marshes by the RSPB, Land Restoration Trust, Basildon Borough Council and Veolia
- A strategic review of the borough's housing, with investment in housing estates such as Craylands, Five Links and Felmores to create first class places to live

6.5 Our partners include English Partnerships, Essex County Council, and the Thames Gateway South Essex Partnership with support from the Ministry of Housing, Communities and Local Government.

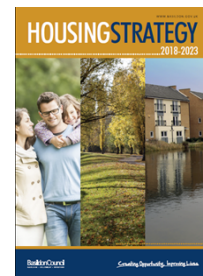
6.6 Basildon's Economic Development Strategy is based around four key policy statements:

1. We will work towards sustaining the Borough's strong economy by engaging and supporting local businesses to enable them to grow and prosper.
2. We will work to improve the employment prospects, education and skills of local people.
3. We will work with our partners to promote economic growth by ensuring the provision of essential strategic infrastructure and connectivity in the Borough.
4. We will further strengthen the "Basildon Brand" to attract inward investment to the borough and we will promote our position as the main contributor of economic growth in Essex and the South East.

6.7 Over the next 20 years, Basildon Council and its development partner Barratt Homes/Wilson Bowden (BWB) plan to regenerate Basildon town centre and deliver 2,000 new homes, a new town centre college for up to 2,000 students, and a range of amenities and public services that include new retail and an 8-12 screen cinema. East Square is planned to be remodelled as the centrepiece for development with investment opportunities coming forward as early as 2019. Further, the Station Square, which will accommodate the new college, will be improved with better connections to Gloucester Park and the Basildon Sporting

Village. Alongside Basildon town centre, phase 1 of improvements to Pitsea town centre is completed with phase 2 being designed with London and Cambridge Properties. Works to regenerate and reinvigorate the town centres of Laindon and Wickford are also being supported by the Council.

### Housing Strategy 2018 - 2023



- 6.8 The Housing Strategy was adopted by Basildon Council in November 2017 and sets out Basildon Council's vision for housing in the Borough. The Housing Strategy sets out four priorities:
- Meeting future growth needs
  - Making best use of existing homes
  - Support residents to create neighbourhoods they wish to live in and be part of
  - Support residents to improve housing opportunities and choice
- 6.9 The strategy also outlines the council's vision for all housing in the borough and make clear links to equally important issues such as health, crime, education, environment, economic development and social inclusion, all of which are critical to creating well designed and functioning places for our residents to live, work and play in.
- 6.10 In relation to HRA assets, this section sets out how we will manage these assets and how this aligns to Basildon Council's Corporate Plan. This includes both delivering responsive, planned and cyclical maintenance to our 10,670 homes and delivering improvements to our housing stock.
- 6.11 This strategy also sets out our approach to delivering quality estates and supporting residents to create neighbourhoods they want to live in.
- 6.12 As a social housing provider our rents are restricted. Therefore, the primary aims of the HRA Action Plan are to provide good quality housing and services in a cost effective way. We are committed to delivering best value for our tenants and leaseholders and to procuring contracts that also deliver added Social Value, including the creation of local jobs and apprenticeships.
- 6.13 The challenges the Council faces around asset management for the Housing Revenue Account fall into three main areas.
1. Maintaining Our Homes
- Develop a Basildon Standard and bringing all our homes up to this standard
  - Switching from being reactive to a holistic planned delivery programme
  - Improving our sheltered housing
  - Asbestos, where items are coming to the end of their lifecycle
  - Delivery of adaptations for disabled tenants efficiently
  - Managing tenants' expectations and making them aware of their responsibilities
  - Health and safety issues including identifying high fire risk properties and addressing air quality, damp and condensation issues in our homes.

## 2. Improving Wider Estates

- Where the Council is not the primary landlord, engagement with other landlords
- Providing adequate parking facilities including considering the future need for provision for electric vehicles.
- Adequate storage for refuse and recycling
- Drying areas
- Delivering improvement to blocks containing leaseholders

## 3. Delivering Value for Money

- Delivering Value for Money for our tenants and leaseholders in respect of the provision of our repairs and maintenance service
- Delivering Social Value including the creation of local jobs and training opportunities
- Reducing rent loss due to voids by reducing our void turnaround time and promoting mutual exchange
- Promoting affordable energy and taking residents out of fuel poverty

### Medium Term Financial Strategy

- 6.14 The Council's Medium Term Financial Strategy (MTFS) sets out how the overall financial objectives underpin the Council's Corporate Plan. The strategy includes a summary of the national financial context together with key financial principles affecting the General Fund, Housing Revenue Account and Capital budgets. The MTFS is approved by the Policy, Oversight and Strategy Committee each year as part of the budget setting process.

### Efficiency Plan 2016 - 2020

- 6.15 The Council faces the challenge over the coming years of managing unprecedented levels of decline in funding from traditional sources. It is seeking to do this through a combination of efficiencies, exploiting existing funding streams and creating new funding streams.
- 6.16 The Council has a successful record in delivering savings and efficiencies but recognises that a fundamental change to the way it operates is necessary. The Council has a history of effective financial management with no unplanned use of reserves in the recent past. We have built up a level of reserves that we can use to assist the transformation that is necessary. We have always planned our finances effectively to support the sustainable delivery of strategic priorities and to maintain statutory functions and will continue to do so.
- 6.17 Reductions in Government funding for Council services, combined with inflation on costs and agreed Council tax increases and other assumptions, means that in 2019/20 the budget gap in the General Fund is estimated at £0.6 million and will rise to £7.7 million by 2028/29. The strategy for addressing the funding gap will be considered by the Corporate Resources Committee in January 2019.

- 6.18 The HRA has an efficiency target in 2019/20 of £700k, rising to £1.3 million in 2022/23. These efficiency targets have been built into the 2019/20 draft budgets and forward financial forecasts.

#### Procurement Strategy 2013

- 6.19 In order to meet the financial challenges facing the Council, a robust commercial approach to procurement is essential. All Council expenditure must be in support of identified Council priorities. Budgetary underspend, procurement and contract efficiencies must be captured for reallocation or contribution to corporate saving targets.
- 6.20 Resources must be identified and earmarked, not just for contractual payments, but for proper contract planning and management. Lack of forward planning can lead to rushed decisions on contract requirements and procurement approaches with opportunities for added value through contracts being lost. This can, in turn, lead to contracts not being fit for purpose.
- 6.21 Where appropriate, procurements are structured to incorporate added social value and to seek contractors' views on how social value can be maximised. This practice will continue and is in fact required by the Public Services (Social Value) Act 2012.
- 6.22 **Investing into economic growth and skills:** a major programme of work has been launched spanning regeneration of town centres, creating investment into the borough and growing local businesses. This, coupled with programmes to further improve local skills and learning opportunities (such as the council's role in securing a site for the new South Essex College), will give opportunities for local young people to thrive in the growing job market in Basildon – increasing independence and creating opportunities for residents to succeed and improve their lives.
- 6.23 **Reorganising services and partnerships with public bodies and communities:** this involves a wide ranging review of how the council operates with its partners to provide public services. For example the council will save significant sums through partnership with the DWP by delivering both agencies services from one location. Other partnership with Brentwood Council on revenues and benefits and repairs and maintenance services will bring further savings. It is also reviewing local community buildings with a view to enabling communities to run them where appropriate. The Council is committed to working with Essex County Council and other councils in Essex on matters of common interest including education and skills, better lives for older residents and devolution.
- 6.24 **Generating independent income and being commercial with a public purpose:** services will be reviewed to see if they can be operated commercially, buying services and goods more competitively or selling the services it provides to other councils and bodies. This could include new models for service delivery, innovative sharing of services and the acquisition of a commercial property portfolio. Additionally, Sempra Homes Ltd, the Council's housing company,

commenced trading in 2015/16. It is expected that the Company will start to generate a return for the Council in the next 2 to 3 years. However, only a minimum level of income from the Company has been assumed in the current MTFS.

- 6.25 This Plan commits the Council to review the use of its assets and to this end reviews of our sheltered schemes, day centres and community centres is currently taking place. The Council is also acquiring assets that meet strategic regeneration objectives and to create a purely commercial portfolio.

## **7 Strategy Outcomes**

- 7.1 The Asset Management Strategy covers a number of aspects regarding the planning, delivery and management of the property portfolio and how these are delivered over the short, medium and long term. This will include the following:

- Relevant strategic plans and property and service objectives
- The high level outcomes required
- Performance management, including levels of service and performance gaps
- Stakeholder needs and how these are managed
- Future demands in the management of the assets and how these contribute to meeting stakeholder expectations and needs
- Meeting statutory obligations, including maintaining a safe and compliant portfolio
- Long term financial needs including its investment requirements
- The process for making investment decisions and the priorities for funding
- Identification of any critical assets and management of risk associated with those, as well as all other assets
- The benefits and consequences to the local community through asset management and investment. For example, it may include contributions to maintaining or developing economic prosperity and how it meets local needs
- Findings from any management reviews and the approach to continuous improvement, capturing lessons learnt and how practices will be improved; and,
- Initiatives undertaken to improve any asset management activities
- Clear long term performance and achievement targets that are SMART
- A short (up to 10 to 20 pages) stand-alone document that is concise and available on the authority's website
- Sets a clear direction for implementation of asset management and provides a link with other relevant documents, such as corporate objectives, business planning, risk management and property and service objectives
- Sets out the benefits of investing in the property portfolio on a comparable basis to other assets and services the authority funds
- Sets out how asset management activities are implemented, measured and continuously improved





## Asset Management Action Plan 2019 - 2020

## **1 AMP Framework**

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- Asset Management Policy
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- 1.2 The benefit of adopting such a structure is that many areas relating to the general approach to asset management are likely to remain constant for a number of years, and by having three separate elements, with different 'lives' the Council can cut down the need to keep rewriting elements every year that do not need rewriting.
- 1.3 It also aids clarity for elected members, senior managers and property staff by separating what are our policy principles, what is the overall strategic direction that everyone is working towards and the short to medium terms actions that the Council will be working.

## **2 Asset Management Action Plans**

- 2.1 For clarity and ease of reference a separate Asset Management Action plans has been created for both General Fund and Housing Revenue Account assets. Due to the relatively small numbers of properties currently owned by Sempra Homes, these will for the time being be covered in the HRA action plan. As the number of properties owned by Sempra Homes increases, a separate action plan will be created.
- 2.2 No action plan has been created for assets acquired for investment purposes as the Council has no maintenance or management responsibilities. If, in future, assets are acquired where the Council has a responsibility to manage and maintain, these will be included in the Action Plan as appropriate.
- 2.3 The Action Plans provides clear and measurable actions that will be implemented over the short term of 2 to 3 years, as part of delivering the Asset Management Strategy.
- 2.4 Our intention is to report regularly on progress with delivering this Action Plan, which shall be at least annually.
- 2.5 This Action Plan will be refreshed and updated annually, and will be fully revised in the event that the Asset Management Strategy is revised or updated.

## **3 Description of the Property Portfolio**

- 3.1 General Fund Assets comprising of over 400 operational, commercial, community and various miscellaneous assets plus over 5,000 garages that are used to provide or meet the corporate objectives of the Council.

- 3.2 Housing Revenue Account assets comprising of approximately 10,670 dwellings that provide social housing in the borough. The Council also is landlord to over 2,000 leasehold properties, which are all located in Council owned flat blocks
- 3.3 Sempra Homes property portfolio currently comprises of 43 dwellings that are let to private tenants or under shared ownership arrangements
- 3.4 Investment acquisitions comprising of commercial units managed and maintained by third parties.

## **4 Key Achievements Summary**

### **4.1 General Fund**

4.1.1 Following the transfer of the asset management function of GF assets to Housing and Community Services in May 2017, the Council has been able to manage these assets more effectively and to take a more strategic view. This has been achieved by carrying out a stock condition survey of all corporate assets, which provided information on current condition and investment requirements with timescales to ensure the buildings are well maintained, compliant with health and safety requirements and fit for purpose.

1.1.1 All of the stock information collected is now held on the same asset database as HRA assets, which means that there is now a dedicated team managing all of the Council's assets with all of the stock condition and compliance information relating to each asset readily available. Information in regards to the maintenance responsibilities of the lessee and the Council as landlord is now also held on the same database in a readily accessible format, which allows staff to quickly identify whether or not repairs reported are the Council's responsibility to carry out.

1.1.2 Copies of all leases are in the process of being stored on the Council's document management system, which will be accessed via a hyperlink from the Council's asset management system, Keystone.

1.1.3 Significant progress has been made recently on the Community Asset review where a work programme on how the Council wishes to deal with these assets in the future has been agreed. Delivery of this programme has already commenced and it is anticipated this will complete by 2020.

### **1.2 Housing Revenue Account**

1.2.1 The Council is proud of its achievements in regards to the quality of the accommodation it provides for its tenants. Following significant investment in the housing stock to meet the Government's Decent Homes standard, it has set itself a target of ensuring at least 98% of the housing stock meets this standard. It is mindful that a significant percentage of its tenants are on fixed incomes who find it difficult to heat their homes. Due to this it has invested heavily in improving

the energy efficiency of its housing stock by installing loft, cavity and external wall insulation to all of its homes and providing heating and hot water systems that are affordable to run.

1.2.2 Compliance is high in regards to gas and electrical safety with over 99.5% of dwellings having an up to date gas and electrical safety certificate.

1.2.3 The Council is mindful that although all of the dwellings it owns are well maintained, have modern facilities and are affordable to heat the estates where the properties are located also needs investment. Due to this, it has an ongoing programme to improve facilities on estates and in flat blocks by providing improved lighting, car parking, security, waste and recycling facilities.

### 1.3 **Sempra Homes**

1.3.1 The Council set up a wholly owned company to provide homes for market sale or rent. It also provides affordable housing through building properties that can be purchased under shared ownership arrangements.

### 1.4 **Investment Assets**

1.4.1 Acquired a number of commercial properties to generate an ongoing long term return on these investments for the Council.

## **2 Action Plan Monitor**

2.1 Set out at Appendix 1 and 2 to this Framework document are the Action Plans for General Fund and Housing Revenue Account and Sempra assets.

2.2 Progress against these action plans will be presented to the relevant Committee at least annually.