



HRA Asset Management Strategy

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Basildon Borough Council

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0. Foreword

The aim of the HRA Asset Management Strategy is to provide the actions and timescales by which we will manage the Council's housing, land and buildings, to deliver the Asset Management Policy approved by Cabinet in December 2022. The Strategy is set to deliver over the next 5 years and will be monitored and reviewed annually to ensure it is still relevant to what it is trying to achieve.

1. Introduction

The purpose of the HRA Asset Management Strategy is to deliver the key principles outlined in the Asset Management Policy. This is one of two Strategies and specifically focuses on the Council's housing stock for consideration by Place Scrutiny Committee before Cabinet in June. Its sister Strategy will focus on General Fund assets and will be considered at the same time through the Overview and Scrutiny Commission before Cabinet.

2. Policy Statement

'To be a leading public sector organisation for property asset management and development, the Council will adopt the eight principles set out below. The principles describe the Council's commitment to asset management and will facilitate the delivery of an effective and efficient supporting strategy that will allow us to manage, maintain and develop our property and asset portfolio.'

Principles

1. Ensure that the council's property assets are aligned with and fully support the delivery of services to the communities of the Borough.
2. Embed a Corporate Landlord model, to drive the review of the Council's estate. This includes reviewing operational assets to decrease the number of single-use assets,

reduce revenue costs and create multi-functional property, which is fit for purpose, in the right place and supporting service improvement

3. Review all assets to identify opportunities to create or increase revenue income, provide investment opportunities, or deliver capital receipts to stimulate development and growth.
4. Increase the supply of homes and ensure stock meets the current and future needs of residents.
5. Use our land and buildings to encourage development and growth, supporting local business needs and encouraging new business to Basildon.
6. Develop a robust asset management strategy for General Fund and Housing Revenue Account. This includes strategically investing in all retained assets to ensure they are fit for the future, supporting excellent service delivery, or providing safe and sustainable homes that provide value for money for the Council.
7. Work towards creating a carbon neutral estate by 2030 and put environmental concerns at the centre of our decision making.
8. Work collaboratively and promote joint working between Essex County Council, other district Councils, ASELA, third sector and private sector organisations to identify wider opportunities to benefit the community.

3. Outcomes / Objectives / Priorities / Aims

No.	Outcome	Priority
1	Achieve a sustainable Housing Revenue Account	One
2	Improve the condition of our housing stock through investment	One
3	Increase the number of homes for our residents	Two
4	Adopt a national schedule of rates to ensure deliverability and value for money	One
5	Ensure compliance with building safety and the safety of our tenants	One
6	Ensure environmental sustainability and response to our climate policy ambitions	One

4. Strategy Context

Our housing portfolio comprises c.12,500 homes. The physical and financial performance of these assets underpins the viability of the Housing Revenue Account (HRA) and the quality of our assets and how they perform directly impacts our residents/tenants.

Adopting an intelligent and informed approach to understanding the performance, value and needs of our assets will enable us to deliver an affordable investment programmed aligned to needs of customers and the borough.

Work has been undertaken and is ongoing across the Council to fully understand the investment needed across all our assets to ensure they are sustainable, can be maintained and improved to achieve the anticipated legal and regulatory obligations we need to meet. In addition, the prospect of significant changes in required property standards, in terms of condition, safety and environmental sustainability requires us to strategically plan for the future. An unprecedented period of cost inflation combined with a rent cap has ratcheted up the financial pressure on the HRA, meaning more has to be delivered with less resource.

Morgan Sindall Property Services work in partnership with Basildon Borough Council to deliver integrated asset management services to the Council's homes. This includes repairs, planned and cyclical maintenance programmes, improvement works as well as undertaking gas servicing, repairs, and boiler. This ground-breaking partnership has been extremely successful, and we aim to build on this to continue to find synergies.

Based on our data analysis and broader business intelligence, it has become evident that certain assets within our portfolio are no longer viable in terms of sustainability and fail to align with our residents' expectations for a secure and environmentally responsible living environment. Consequently, it is imperative that we engage all stakeholders in a comprehensive planning process to strategically divest from these assets. Additionally,

we should explore alternative utilization options that are best suited to address the evolving needs of both current and prospective users.

5. Strategy Delivery Plan

See Appendix One for the Delivery Plan.

5.1 Key Actions

1. Housing Revenue Account Sustainability Actions

Policy Principle 2. *Review all assets to identify opportunities to create or increase revenue income, provide investment opportunities, or deliver capital receipts to stimulate development and growth.*

Actions

1. Manage the HRA in a way that ensures it is financially viable i.e. self-sustaining from a financial perspective. This requires the Council to manage costs appropriately, especially when rental caps have been introduced, and understand the value implications of every decision that is taken. We will move away from a mindset of spending a set budget annually to strategically forecasting budgets having identified programmes of works that have the maximum impact for the smallest spend.
2. Make use of a range of information and resources to plan, deliver and be accountable for our asset management activities. This includes:
 - i) Stock condition data – held on our Asset Management system. This will be continuously updated by the Asset Strategy team. We will look to use the latest technology to streamline this including a new Asset Management System that serves as a single version of truth across all assets;
 - ii) Data and associated governance to support compliance. We will utilise one secure database (with appropriate backups) that contains all data relating to our HRA and GF assets. This will enable us to meet statutory and legislative

requirements of the Decent Homes Standards, Regulator of Social Housing and Building Safety Standards, as well as making management of our assets more efficient;

- iii) Active asset management – we will develop an Asset Evaluation Tool to calculate the Net Present Value (NPV) of all our assets (see number 5);
 - iv) Land database – our database of HRA land and sites which is used to review land use and development potential, as well as consideration of other uses for the community. We will link all land and asset data to a geo-spatial mapping software to enable holistic and cross-departmental analysis of assets, accelerate better decision making and leverage private sector data sources;
 - v) Skills and expertise – the Asset Strategy and Housing Management teams work closely together and are responsible for setting policies and standards relating to repair and maintenance, statutory reporting, the storage and management of asset related data and leading on projects to ensure our homes reach the standards set and we make the best use of our assets. A service restructure will take place in early 2024 to ensure our teams have the right skills, that processes are as efficient as possible, and each team member understands what is expected of them.
3. We will work with the Tenancy team to create and enforce a policy that defines what a tenant can and cannot do with their home in terms of changes and alterations. This will ensure our stock remains in a good and safe condition.
 4. We will actively seek to divest of our freehold ownership of residential blocks where we have little or no leasehold interest anymore.
 5. We will establish and implement an Asset Evaluation Tool that uses NPV as a basis for decision making and establish a process for evaluating assets regularly. The NPV is calculated by establishing the future income (i.e., rent payments) and subtracting a management/maintenance cost. The subsequent net cash flow is

discounted using an appropriate discount rate to arrive at the NPV. We will then look to refurb, redevelop, or dispose of stock accordingly, recycling capital receipts to provide new housing as appropriate. Disposal may be recommended if at least one of the following criteria applies:

- i) The asset has a negative NPV i.e., the cost of the home cannot be covered by the income it produces;
- ii) The asset is considered unsuitable for social housing and does not fit the future needs of the organisation e.g., room sizes are smaller than standard;
- iii) The asset will not achieve EPC C rating, or this can only be achieved with significant investment in retrofitting that makes it unviable.

Proceeds from the disposal of stock will be reinvested into the HRA.

6. We will not dispose of land that is known as Community Related Asset land due to restrictions on title that makes it uneconomic and impractical to do so.
7. Where we are the freeholder of a block of flats/houses and a significant proportion of the residential units are in private ownership, we will look to divest of the freehold. This will reduce management costs and avoid any future liabilities.

2. Stock Condition and Investment Actions

Policy Principle 3. *Increase the supply of homes and ensure stock meets the current and future needs of residents.*

Actions

1. Maintain one asset database along with the appropriate management software that contains all information on our housing assets to meet the statutory and legislative requirements of the Decent Homes Standards, Regulator of Social Housing and Building Safety Standards.

2. Establish and maintain plans as well as procedures to identify the potential for and responses to, Health & Safety Incidents (including emergency situations) to prevent or mitigate the illness and injury that may be associated with incidents.
3. Survey 20% of our assets annually to ensure they are warm, decent homes that are well looked after and meet the needs of residents. This also allows us to ensure stock condition data in our database is up to date.
4. Review external funding options, including central Government grant opportunities, to accelerate upgrades to stock.
5. We will develop and maintain an Asset Management capital programme. Assets identified as requiring capital investment will be improved holistically to improve efficiencies. Programmes will be produced annually in the 3rd quarter of the financial year to supply Committees, partners and stakeholders with the next years' work packages.
6. Identify suitable properties for refurbishment or redevelopment that add value. This includes houses with large gardens that could be extended or added to, stock in higher value areas that could be rationalised and reinvested and low-density estates that could be redeveloped.
7. Review all flat blocks for potential roof top development and look at infill sites that could be used for new units. We will programme block works to include roof top development where appropriate as a matter of protocol.
8. Use new technology to monitor our homes remotely to ensure they are fit for purpose and being looked after. This includes sensors that monitor humidity and temperature within homes. We will analyse data from these units to improve asset management practices.

9. Ensure tenants understand the different ways to raise repairs (i.e., phone or portal) and are kept up to date with the process. Improve communication with residents to ensure they are informed of all updates as appropriate.
10. Regularly review the strategic partnership to ensure KPIs are being met (including periodically reviewing KPIs to ensure they are relevant).
11. We will look to redevelop non-traditional forms of construction properties and where this is not feasible, dispose of these asset types.

3. New Homes Actions

Policy Principle 3. *Increase the supply of homes and ensure stock meets the current and future needs of residents.*

Actions

1. Ensure that the Sempra Business Plan delivers the Council's objectives of providing different tenures of new homes and returning a profit.
2. Ensure the HRA new build programme delivers a stock of social rented properties to meet the needs of tenants and ensure the specification of these units is compatible with existing asset management practices.
3. Accelerate the works to voids to ensure they are utilised as soon as possible.
4. Identify opportunities to increase density of existing stock by undertaking robust reviews of existing asset base and developing feasibility studies to robustly appraise opportunities. We will make use of modern methods of construction to do this and ensure all development is as energy efficient as possible.
5. Explore opportunities to work with the private sector to deliver new housing using different funding streams, including long term leasing deals in addition to traditional

PWLB borrowing. We will utilise grant funding and right to buy monies where appropriate.

6. Identify under-used garage sites in Council ownership and develop housing on these.
7. Opportunities to acquire assets (land, property, sale of properties previously bought under the right to buy) are provided for in the HRA capital programme. The criteria used to assess acquisition opportunities are as follows:
 - a. The investment has a positive NPV i.e., the cost of acquisition, management and maintenance can be met from rental income, assessed over 45 years, and;
 - b. The income stream covers the debt servicing costs of the proposal, and
 - c. The HRA Business Plan can finance the acquisition and to remain both viable and sustainable, also;
 - d. The asset is considered suitable for social housing either in its existing form or with investment in remodelling and fits the future needs of the organisation.

4. Delivery Cost and Financial Sustainability Actions

Policy Principle 5. *Strategically investing in all retained assets to ensure they are fit for the future, supporting excellent service delivery, or providing safe and sustainable homes that provide value for money for the Council.*

Actions

1. Assess retrofit energy efficiency measures for our existing stock to minimise heat loss, improve comfort and reduce fuel consumption. This will involve understanding what our current carbon output is and ensuring we have a coherent plan to reach net zero by 2035.
2. Explore alternative heating systems for existing stock and new buildings including heat pumps, electric boilers with PV panels and district heating systems.

3. Develop a taskforce to ensure we effectively manage the rapidly increasing numbers of disrepair claims. This includes a dedicated surveying resource as well as a focus on learning and theory as well as preventative and remedial work.
4. Complete the Repairs and Planned Works Service Review and implement service improvements. Embed a culture of continuous improvement so that all stakeholders are empowered to offer feedback and suggestions for improvement.
5. Continued investment in sensors / data loggers to provide accurate and real-time property insight and using this data to provide preventative maintenance and focus investment on areas that really need it. Ensure new homes have these fitted as standard.
6. Continue to develop better data reporting to provide accurate and strategic analysis to ensure value for money on maintenance costs.
7. Explore the use of alternative building materials to reduce maintenance and servicing costs in the long term (recycled, composite, etc.)
8. Secure warranty on works where possible and keep accurate records.
9. Review the current tenant recharge policy and procedure to improve the level of recharge income.

5. Compliance and Building Safety Actions

Policy Principle 3. *Ensure housing stock meets the current and future needs of residents.*

Actions

1. Ensure staff have the correct knowledge and experience to ensure compliance is thorough and recorded in line with established procedures. Ensure procedures are reviewed regularly to ensure they remain current.
2. Ensure that the Asset Management database contains the Building Information module required to provide the “golden thread” for the Building Safety Act 2022 by October 2023
3. Establish an improved approach and associated communications plan to the education and enforcement of our tenants in respect of tenants and leaseholder's accountability to maintain their homes.
4. Review competency of existing contracts and ensure contracts are effectively managed to deliver effective compliance.
5. Review current reporting tools and dashboards and update as necessary to ensure compliance, taking into account new legislation.
6. Undertake training/awareness programmes for staff and residents on fire safety in their homes.
7. Establish Building Safety Manager(s) / Accountable person(s) for High-Risk buildings.
8. Support for wider corporate objectives: consideration of where and how the management of our assets contributes to the delivery of the council's wider aims, including supporting people's health and wellbeing and improving environmental performance.

6. Environmental Sustainability Actions

Policy Statement 6. *Work towards creating a carbon neutral estate by 2030 and put environmental concerns at the centre of our decision making.*

Actions

1. Assessment of retrofit energy efficiency measures for our existing stock to minimise heat loss, improve comfort and reduce fuel consumption.
2. Retrofit council-owned properties with heat pumps and high levels of insulation where possible, starting with homes with the lowest EPC rating.
3. Require all the council's own housing, plus housing built-on council-owned land, to be extremely high performing in terms of energy efficient standards.
4. Establish a programme of funding bid submissions to maximise opportunities for match funding to enhance our existing housing stock.
5. Support the development of renewable energy and energy storage, including by providing skills-training for local workers and encouraging applications for new installations.

5.2 Governance and Performance Management

The governance for the HRA Asset Management Delivery Plan will be aligned to the Council's performance management framework. Monitoring and reporting arrangements will be developed alongside KPI data and insight, delivery progress in line with corporate standards; scope, time cost, risks, issues. This will include a review of the effectiveness of the existing monitoring and reporting arrangements.

5.3 Roles and Responsibilities

The Strategy Sponsor is the Director of Housing and Property Services.

Day to day responsibility for the Strategy delivery is through the Head of Property and Asset Management.

The Strategy will be monitored through the governance structure set out above and will be subject to annual review by the Place Scrutiny Committee.

Any changes to the Strategy will be subject to consideration by the Place Scrutiny Committee which will recommend required changes for approval by Cabinet.

5.4 Funding

HRA Capital Budgets

	2023/24 £'000 Estimate	2024/25 £'000 Estimate	2025/26 £'000 Estimate	2026/27 £'000 Estimate
General Programme				
Internal Works	8,512	8,553	8,629	4,720
External Works	5,152	5,152	5,152	6,149
Common Parts Works	5,430	5,404	5,154	2,629
Sub-Total	19,094	19,109	18,935	13,498
Energy efficiency	4,640	4,640	1,840	5,923
Aids and adaptations	1,150	1,150	1,150	1,150
Extensions	575			
Structural	575	575	575	575
Sub-Total	6,940	6,940	4,140	8,223
Total Capital (including inflation & fees)	26,034	26,049	23,075	21,721

The above is an extract from the 23/24 budget. Please note the capital budget is subject to annual review.

6. Corporate Knowledge

Corporate Ambitions	Levels of Impact			
	High	Medium	Low	None
We want Basildon to be home to healthy and active local communities able to support themselves and each other.	✓			
We want Basildon to offer a high quality of life for all residents through attractive, liveable, accessible, and safe neighbourhoods and towns along with the	✓			

provision of enduring facilities, green spaces and town centres that meet the needs of the community.				
We want Basildon to have a thriving, dynamic and diverse economy where all our communities benefit from increased opportunity and our workforce has the right skills for our local economy and beyond.	✓			

7. Links to other Corporate Policies or Partner documents

The following key corporate documents are linked to this Strategy:

- Corporate Plan 2022-2026
- Health and Wellbeing Policy 2021
- Climate Change Policy 2020-2030
- Community Safety Strategy 2022
- Housing Strategy 2018 (being revised)
- MTFS

8. Appendices

Appendix One – HRA Asset Management Delivery Plan

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No	Activity Title	Activity Description	Lead	Key Milestones	Start Date	Target Date
1	Asset Management System	Establish a fit for purpose asset management database/system	Head of Property and Asset Management		Dec 22	Mar 24
2	Asset Evaluation Tool	Establish and implement an Asset Evaluation Tool with functionality that complies with all laws, one source of truth, works with other Council data	Head of Property and Asset Management		Dec 22	Mar 24
3	Compliance / H&S	Establish Building Intelligence Modelling for all properties over 11meters high	Head of Property and Asset Management	Build on the database already in place to comply with recent legislation	Ongoing	Ongoing
4	Rooftop Development Plan	Assess all flat roof blocks	Head of Property and Asset Management		Apr 23	Dec 23
5	Carbon Reduction Plan	Complete an assessment of housing stock carbon output to inform a carbon reduction roadmap.	Head of Property and Asset Management	<ol style="list-style-type: none"> 1. Engage with SHIFT to provide a plan with details of current carbon output 2. Establish a roadmap to reduce carbon output over next 5 years 	Mar 23	Dec 23
6	Estates Policies and Procedures	Establish a directory of asset management policies and procedures including: Disposals, acquisitions, scooters, CCTV, alterations etc.	Head of Property and Asset Management		Feb 23	Dec 23