

Colchester Borough Council Asset Management Strategy November 2016



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Executive Summary

Colchester Borough Council's Asset Management Strategy (AMS) will set out the vision for how we manage our assets over the next 5 years (2016 - 2021) by looking at them in a more cohesive way.

Government grants are reducing, budgets are getting tighter and the need to produce extra income is increasing whilst balancing community needs. Assets owned by Colchester Borough Council (CBC) will have a major role in meeting our strategic community and financial objectives.

The way we work is evolving every day, increased use of technology and partnership working give us the ability to share spaces and services in a way we never have before.

4 priority areas have been identified that will provide the focus for the AMS:

1. Operational and Community Asset Management
Looking at how we manage assets we occupy and use for community functions.
2. Creating Growth
Focusing on inward investment, regeneration and partnership working.
3. Commercial and Business
Encouraging a commercial focus to how we work in order to create more sustainable income whilst also balancing community objectives.
4. Partnership Working
Challenging working practices and the management of resources. Working with key partners in order to provide services for our community in a more joined up way.

Central to all these areas are our assets and how they are a vital part of how we deliver our services.

Asset Management Strategy Overview

This Asset Management Strategy (AMS) supersedes the previous Strategic Asset Management Plan (2010-2013). It will set out the vision for how we manage our assets over the next 5 years (2016 - 2021) by looking at them in a more cohesive way.

Colchester Borough Council (CBC) owns and manages a large portfolio of land and property. These assets are key in helping CBC deliver front line services to the community and it is essential that they are well maintained and fit for purpose.

Our property assets also produce valuable income for the Council which is increasingly important as Central Government grants reduce. CBC needs to manage its property assets effectively to encourage a more commercial focus to produce sustainable, longer term income, generate inward investment and deliver regeneration/growth whilst balancing community objectives. It also needs to work with key partners in order to provide services in a more cohesive way.

Portfolio Mix

CBC's property portfolio is diverse in nature and has a net book value of approximately £454.7m* as at March 2016 made up of the following:

- Investment Properties - £34.4 m with a rent role of £3.2 m pa
- Operational land and buildings - £110.6 m
- Land held for redevelopment - £15 m
- Council dwellings – £294.7m

Property Type	Number **
Car Park	20
Depot	4
Industrial	39
Offices	12
Shops, Shopping Centres, Restaurants	30
Sports & Leisure	27
Surplus & Regeneration Assets	15
Museums, Theatre Galleries	7
Community Facilities	6
Cemetery & Crematoria	2
HRA Property and Garages	2,297
Council Dwellings	6,006
Miscellaneous	28
Total	8,493

*Excludes Assets Under Construction; **As at March 2016

Vision

The AMS will set out how we can build on previous successes to ensure we use best practice and utilise our estate in the future to maximise its full commercial potential whilst ensuring new and existing residents and businesses in Colchester are well served with a range of community facilities.

Key Objectives

The focus of the AMS reflects the Council's strategic aims as set out in the Strategic Plan 2015-2018:

- Generating and maximising new income opportunities
- Balancing Community needs
- Commercial shrewdness
- Creating high quality places and spaces for new communities
- Challenging conventional practices
- Innovative ways of delivery
- Maximising return on existing investments
- Ensuring assets in the right places doing the right things
- Providing more for less at the best value to residents

Priority Areas

4 priority areas have been identified that will play a vital role in achieving our key objectives and which will provide the focus for the AMS.

- Operational and Community Asset Management – looking at how we manage assets we occupy and use for community functions
- Creating Growth – focusing on inward investment, regeneration and partnership working
- Commercial and Business – encouraging a commercial focus to how we work in order to create a more sustainable income whilst also balancing community objectives
- Partnership Working – challenging working practices and the management of resources. Working with key partners in order to provide services in a more joined up way.

Our property assets are central to all of these priority areas and key to helping deliver our services.

Highlights of Our Achievements since 2010

Housing Development

34 new build affordable houses completed on CBC garage sites
Partly funded from Right to Buy receipts
Fully let

RIF Committee

Programme and Committee set up to review commercial opportunities
RIF recycles capital income
Streamlining property decisions and enabling a more commercial outlook
Developed a business case approach

Corporate Client Role

Planned preventative maintenance and general repairs managed by CBH - works budget of £700k
5 year plan for each property
All buildings rated based on condition surveys
22% increase of buildings rated in good condition or above

Strategic Land Purchase Fund Set Up

Vineyard Gate properties & Seven Saints Farm acquired

Trading Board

Planning and decision making supported and challenged
Ensuring CBC makes sustainable commercial arrangements

Community Hub

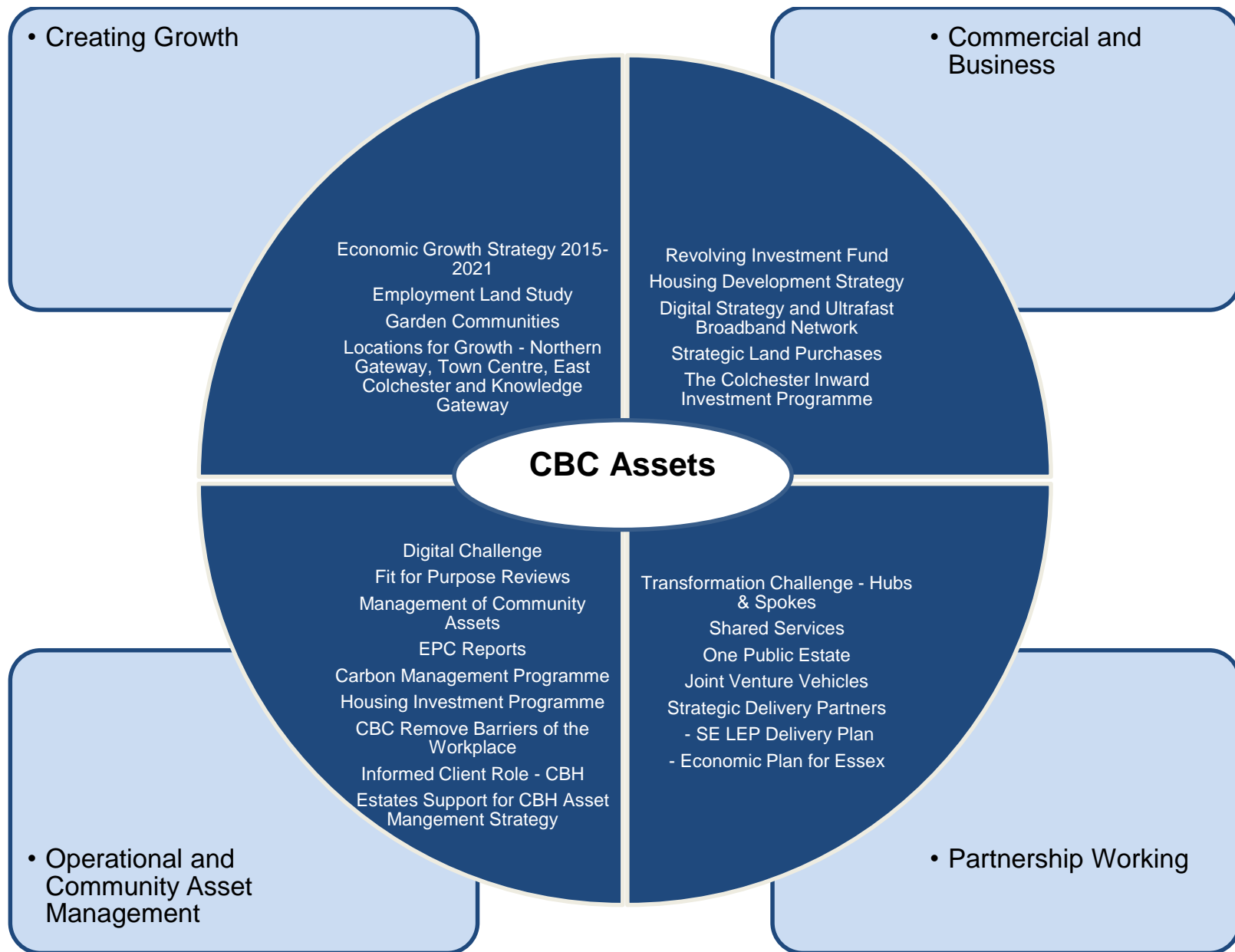
Opened at Colchester Library 2013
Operational partnership between Essex County Council, Colchester Borough Council and Colchester Community Voluntary Services.
Co-location and cost savings

Location for Growth Areas

New David Lloyd completed
Curzon on site
New student accommodation at The Maltings East Colchester
Legals agreed for new Leisure scheme at Northern Gateway
Town Centre
Sheepen Road office development on site

Investment Review carried out

Asset Management initiatives to release value



Operational and Community Asset Management

It is important to ensure that our property assets are being used and managed in the most cost effective way to facilitate the best service for our customers and secure income streams where appropriate.

CBC has the ability to monitor all aspects of how our assets are performing and we should use this information to ensure they are being used in the most cost effective way, are environmentally sustainable and are in the right places for the best possible service delivery for local communities.

Strategies

Digital Challenge

CBC has identified the need to change the way it works.

By embracing new technology and passing these skills on to our customers the Council can provide services in a more efficient and convenient way in many different locations.

The project will :

- reduce face to face contact
- enable self-serve
- encourage a paperless office
- reduce the strain on our assets.

Fit for Purpose Reviews

Assessing whether operational assets are fit for purpose for service delivery and provide value for money.

Provide the right buildings in the right place and condition to meet future service delivery needs.

Reviewing options such as refurbishment and relocation in order to ensure services are delivered effectively and efficiently, providing more for less at the best value for residents.

Management of Community Assets

CBC is responsible for a number of community buildings in Colchester which are widely used by the general public.

These buildings provide lots of community benefits but can bring about cost pressures depending on their age and condition

The Council also owns and manages many acres of open space which needs to be appropriately managed and reviewed regularly.

CBC is seeking to balance a number of objectives by exploring the use of a standard lease for community buildings.

CBC maintenance contracts for public spaces reviewed to ensure fit for purpose and best value secured.

EPC Report

Under the Energy Act 2011

By 1st April 2018 all new commercial lettings or lease renewals require an energy rating of E or above

By 1st April 2023 all commercial properties require an energy rating of E or above.

All properties are categorised so we know which require an EPC.

The project now needs to be costed and built into the building maintenance programme.

Local Authority Carbon Management (LACM) Plan

22 Capital projects identified with a target of reducing CO2 by 46% by 2020.

Energy efficiencies and cost savings.

Will require monitoring to ensure CO2 does not increase after projects are completed.

Housing Investment Programme

Under the HRA, CBC owns 6,040 residential properties in Colchester.

Many have required refurbishment to meet government standards and improve their energy efficiency.

Over the last three years approx £22.1m has been spent on Council stock and this includes elements such as increased insulation, double glazing and replacement of kitchens, bathrooms and heating systems.

This will reduce maintenance liability and ensure assets are sustainable and fit for purpose.

CBC - Removing Barriers of the Workplace

This project was launched in February 2016 to assess accommodation, IT and working practices.

The project hopes to help future proof the organisation
An Accommodation and ICT Strategy will be drawn up.

Working practices will be assessed to reduce overheads and improve the customer's experience.

Corporate Properties Managed by CBH

Management agreement with CBC for 10 years from 2013 including corporate properties

CBH control centralised corporate repairs budget, including response repairs and planned preventative maintenance programme.

CBC act as Informed Client with CBH delivering against KPIs.

Central control of repairs and efficient use of budget.

Backlog maintenance costs fallen by 25%

22% increase of buildings rated in good condition or above

Provision of buildings services role for developments.

Estates Support for CBH Asset Management Strategy

Estates support for CBH and their management of HRA stock to achieve best value including property title and boundary issues.

Specialist advice on the disposal of HRA surplus stock identified through CBH's viability assessment.

Advice on other asset queries.

Case Study

Recreation Ground on Old Heath Road

Following public consultation with the community in 2012, the redundant changing room facilities at the Recreation Ground were refurbished as a café and community meeting room.

Utilising Section 106 money the facilities include indoor and outdoor seating and public WC's and provide a place where the community can come together and which encourages people to stay longer at the Recreation Ground.

The facility which forms part of a long term development plan for the Recreation Ground, is operated by a local community group. Opening in May 2016 it is a good example of utilising surplus space for community use.

Case Study

Local Authority Carbon Management (LACM) Plan

The LACM project team identified 22 projects that would help reduce emissions in many of our assets such as LED stairway lighting in sheltered housing and pool covers at Leisure World.

If Colchester were to carry on with business as usual without taking mitigating action, CBC could see emissions rise by 11% by 2020.

Estates manage CBH as informed client to implement the project works. Further viability works and costings need to be completed and savings and payback periods fully calculated however CBC is confident that it will achieve targets by 2020.

This work positions CBC as a leading carbon cutting Council and raises awareness of sustainability.

Creating Growth

This area is vital to the Council's future sustainability. Regeneration stimulates inward investment and attracts new businesses and jobs to the area. Working with other agencies and partners will help us to discover what new and existing businesses need to thrive and grow and enables us to ensure we are providing the right kind of buildings and land to meet this growth in Colchester.

Strategies

Economic Growth Strategy 2015-2021

Focus on creating new jobs, skills and retaining businesses.

Encouraging partnership working and inward investment to stimulate Colchester's economy.

Working with Colchester Business Enterprise Agency to generate and support business start-ups.

Partners working together to deliver eg

The Creative Business Centre.

Employment Land Study

Provision of evidence base to inform the local plan process by assessing economic development and future employment needs and land supply.

Subsequent phase of work underway to evaluate specific employment allocations and determine where growth should be accommodated across Colchester.

Garden Communities

An innovative idea that has the potential to create new developments over the next 50 years in partnership with Tendring and Braintree District Councils and Essex County Council.

Visionary approach for supplying housing by changing the way leisure, community, jobs and infrastructure are delivered.

Delivery via Local Development Vehicles. CBC would share the risk and reward of the development with the landowner.

Locations for Growth

Northern Gateway

Creation of new sport and leisure destination - Gateway to Colchester.

Inward Investment.
Business and job creation.

David Lloyd open
Plans for 12 screen 4D Imax cinema and restaurants

New homes
New sports facility north of A12
Ultra fast BB will create demand for employment land

Town Centre

Since 2010 The Better Town Centre Group has been working on sharing information across CBC and Essex County Council to secure smooth delivery of projects and enhance town centre opportunities.

Creative Business Centre
Curzon
East Hill House
Firstsite opening
New and improved public spaces

East Colchester and Knowledge Gateway

Working in partnership with local landowners since 2010 to stimulate development and community benefits delivered.

The Maltings Hythe - student accommodation and community space
Knowledge Gateway
Parkside Phase 1
Plans for new Innovation Centre at Knowledge Gateway
Local District Heat Network feasibility underway

Case Study

Creative Business Centre

Jointly funded by ECC and CBC, the creation of 43 business start-up units following the Creative Colchester Study which identified the need and benefits of a creative hub. Following a competitive tender process, an operator has been secured and the Creative Business Centre is due to open by the end of 2016. It will be an incubator for new start-up businesses with a digital and creative focus.



Case Study

East Hill House and Greyfriars

CBC identified the regeneration opportunities of these sites when Essex County Council declared them surplus. Working closely with ECC throughout the disposal process, ensured that the uses complemented The St Botolph's Master Plan.

Commercial and Business

It is vital that CBC continues with its commercial approach to Asset Management. Using our assets to generate long term income and ensure they don't cost more than they should is fundamental to achieving this. Having the ability to purchase land and buildings to facilitate development and income streams, will continue to have a positive impact on CBC budgets.

Strategies

Revolving Investment Fund (RIF)

Set up in 2014 with a 5 year forward programme of activity.

Recycles capital receipts into income producing assets.

Allows CBC to be more proactive and commercially focused.

Encourages regeneration and inward investment.

Sale of site at Northern Gateway and Magdalen Street will fund the development at Sheepen Road bringing CBC a low risk high value income stream and enable the site acquisition programme at Vinyard Street and redevelopment of Jacks.

Housing Development Strategy

Outline proposal agreed by Cabinet to commence a seven year programme of direct new build housing development on CBC owned sites.

This will secure future income streams.

Creation of a wholly owned Housing Development Company.

Proposals will bring forward private, affordable, key worker and starter homes.

Presents a commercial opportunity for the Council.

Digital Strategy - Ultrafast Broadband Network

CBC is installing UFBB that will transform connectivity for businesses in the town centre.

These scheme will encourage inward investment and facilitate the letting of the Creative Business Centre.

£70k income estimated for 2017-2018

Over 200 town centre businesses have expressed interest.

Opportunities to expand the network to other crucial areas such as The Northern Gateway and The Hythe being explored.

Strategic Land Purchases

CBC is currently looking for land to purchase that has long term prospects where we can add value.

Land would be leased out/land banked or redeveloped.

Using this land to generate sustainable income to support CBC in the future.

Colchester Ultra Ready for Business - Inward Investment Programme

Long term project to deliver and sustain a healthy economy in Colchester.

Seeking to increase jobs and reduce business and skills leakage (eg commuting).

Promoting Colchester as a great base for investing and doing business.

New website launched November 2016.

Targeting investors and encouraging new businesses to come to Colchester.

Case Study

RIF - Sheepen Road Development

The Council is developing the car park at Sheepen Road to deliver two high quality office buildings. Following a review of the parking arrangements across Colchester after the introduction of the park and ride, the car park was identified as providing an opportunity for an alternative use and one that could help support the Council's income targets and safeguard frontline CBC services by investing internally in Council assets and opportunities.

Using the RIF to fund this project shows how the Council is becoming more commercially focused in order to deliver its borough wide priorities. CBC will retain ownership of the land and buildings. As well as being income producing, this development will keep and create new jobs for Colchester and stimulate further investment across the borough.

Two office buildings have been granted planning permission (19,700 sq ft and 13,000 sq. ft). The first building is well underway and has been pre-let to Essex based financial and legal services provider Birkett Long. The second building will be developed once a tenant has been secured. We are targeting a BREEAM rating of "Very Good" for both buildings. Local building contractors Rose Builders were selected to construct the first building following a competitive tender process.

Case Study

Housing Development Strategy

Cabinet Members have approved in principle the outline proposal to commence a seven year programme of direct and new build housing development on Council owned sites. This will be subject to approval of a full business case at a later date.

Cabinet has also approved in principle the creation of a wholly owned Housing Development Company to deliver, or being capable of entering into a joint venture to deliver the proposed programme of development. Officers are currently working up the full business case for Cabinet approval including specialist legal advice on the company structure, further site pre-development work, viability testing and financial modelling.

The Development Strategy will: Bring forward a robust delivery programme of future homes with a range of tenures over the next 7 years such as private market sale, affordable, private rented, key worker and starter homes.

Stimulate economic growth and bring forward a commercial opportunity for the Council in respect of its underutilised land assets which can be used to contribute to wider Borough objectives.





Case Study

RIF Digital Strategy - Ultrafast Broadband Network

Delivery of a creative solution for the renewal of the Council's CCTV network which will also provide a new income stream and position Colchester as a great base for investing and doing business.

Utilising the existing CCTV ducting, CBC is installing ultra-fast multimedia fibre optic broad band in the Town Centre. The initiative will mean that for the first time, affordable gigabit fibre connectivity will be available to over 800 town centre businesses, putting Colchester at the forefront of digital technology. It is a significant opportunity for small and medium sized enterprises and will attract inward investment as well as future proofing our CCTV network.

Following a competitive tender process, County Broadband has been awarded the contract to operate, commercialise and market the newly installed network. Income estimates for CBC for 2017-2018 are estimated at £100k.

Opportunities to expand the network to other crucial areas such as The Northern Gateway and The Hythe are currently being explored.

Partnership Working

CBC has a target to make savings over the next 3 years and beyond and therefore we are embracing new ways of working. To support this, we need to be innovative in our way of thinking and in our use of Council assets. Shared spaces and combined service delivery will not only save CBC money but it will also improve the delivery of services and how customers interact with us.

Strategies

Transformation Challenge- Hubs & Spokes

The aim of this project is to challenge decision making, working practices and management of resources. Encouraging the integration of services and data sharing with partners.

Developing the 'Hubs and Spokes' model with one centralised hub and spokes in the community.

Bringing together community assets.

Reducing accommodation costs and duplication of services.

Providing more accessible services for communities.

Shared Services

Councils will need to think strategically over the next few years about the possibility of sharing space and services with other organisations.

Reduce costs and the strain on assets whilst improving delivery.

Existing shared service arrangements for Museum Services and parking control.

One Public Estate

On a case by case basis, developing joint land and asset reviews with other public sector organisations to encourage publically funded services to co-locate.

Since 2010 all public land and property assets have been on a single database (Essex Property Asset Map).

Opportunities for joint asset working across a range of public sector organisations.

Joint Venture Vehicles

Joining with other public and private sector organisations to focus on joint venture delivery

Sharing resources for delivery and utilising skills and expertise from the private sector

Strategic Delivery Partners

South East Local Enterprise Partnership (SELEP)
Funding opportunities

Economic Plan for Essex
- continued work with ECC to promote CBC's pipeline of economic growth projects

Case Study

Community Safety Partnership Hub

A ground-breaking multi-agency initiative which is set to tackle crime and anti-social behaviour in Colchester through a collaboration between key agencies (CBC, Police, Fire, Health). Based at Colchester Police Station, it will provide a more cohesive, holistic approach to crime prevention through partnership working and reduce costs by avoiding duplication of effort.

Case Study

Library and Community Hub

This DCLG funded transformation project supports the Digital Challenge, which enables CBC to be more efficient by making the business and our customer interactions more digital whilst also improving customer journeys and integrating systems.

In 2013 this helped to bring together an operational partnership between Essex County Council, Colchester Borough Council and Colchester Community Voluntary Services (CCVS) at the Central Library and Community Hub.

The partnership includes an aim to co-locate and integrate services, at other 'spoke' locations in Colchester where our customers may need access to person or digital customer based services.

A mapping exercise of partner locations has been started and the vision is that spokes could be located in the broader community in places like pharmacies and supermarkets where vulnerable people would most benefit from the service. This is a large piece of work bringing together community assets and supporting customers to change the way they access our services.

The involvement of CCVS in this project and links to the spokes can also support community groups to take on local spaces and manage them sustainably, and work to link local community and voluntary groups.



Conclusion

The next five years and beyond will be a challenging period for public finances. As identified in the AMS however, there are many opportunities for CBC including the increased use of technology and partnership working which will mean we can use our assets in a more effective and joined up way to drive income.

Commercial Services leads on the delivery of CBC's economic growth ambitions and regeneration projects by targeting and facilitating the growth of commercial activities and income generation from its assets to support the wider delivery of Council services for the community.

Our key aims which reflect those in the Council's Strategic Plan 2015-2018 are to:

- Provide a comprehensive service of expert quality property advice
- Ensure assets are assisting with the delivery of long term service goals across the Council for the community
- Use our assets to maximise annual income and capital receipts
- Turn assets from capital to revenue generating income streams
- Ensure assets are fit for purpose with the most appropriate legal agreement in place
- Become more commercial and competitive
- Add value and minimise risk
- Monitor the condition and efficiency of Council assets

Estates is equipped to provide a specialist advisory service and oversee all property related matters which arise from the AMS and it should be involved in any transaction that involves land or buildings.

Next Steps

To implement an Action Plan to support, facilitate and drive the Asset Management Strategy for the next 5 years.

