

**Meeting** Executive  
**Portfolio Area** Housing & Investment  
**Date** 14<sup>th</sup> March 2019



## HOUSING ASSET MANAGEMENT STRATEGY 2018-2023

### KEY DECISION

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### 1 PURPOSE

1.1 To seek approval of the Asset Management Strategy 2019-2024.

### 1.2 HMAB

For information the housing management advisory board, and the Housing Revenue Account (HRA) business plan working group, have considered the strategy and endorsed its proposed approach.

### PHAG

Members were in support of the AMS however made some recommendations in the way that data tables and graphics could be presented to make the context clearer. It was discussed that data could be presented in a number of different ways and these amendments have been made as appropriate.

Members also observed that Stevenage had several property types of varying age range and this issue had to be taken into consideration in the AMS.

Some properties were hard to let due to bedroom sizes and bedroom size data has now been incorporated into the stock data tables within strategy.

## **2 RECOMMENDATIONS**

- 2.1 That the HRA Asset management strategy in Appendix D be approved subject to any suggested amendments resulting from the executive.
- 2.2 That delegated authority is given to the Assistant Director (Housing and Investment) in conjunction with the Portfolio Holder for Housing, Health and Older People to finalise the strategy and related action plan.

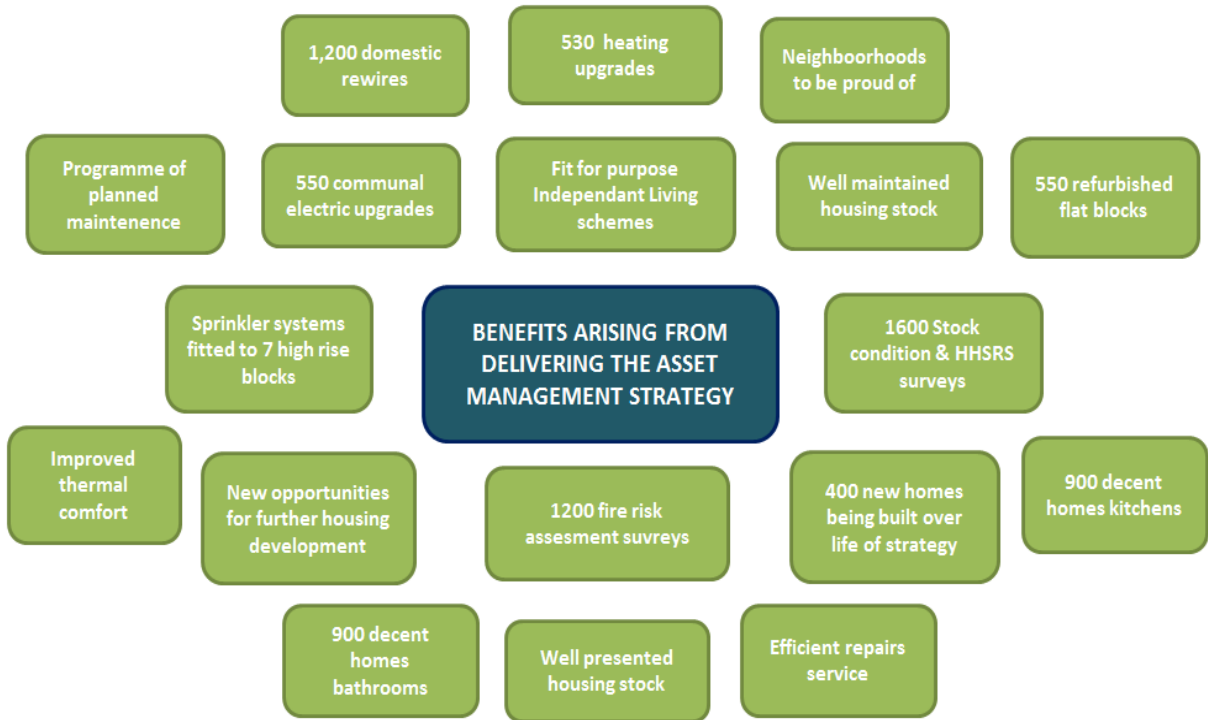
## **3 BACKGROUND**

- 3.1 The Housing Asset Management Strategy (AMS) seeks to set out the underlying principles which sit behind excellent asset management for SBC and the key strategic projects and programmes to ensure the council derives maximum value from its assets whilst providing high quality homes for our tenants.

### **3.2 Benefits**

The asset management strategy will allow us to meet our strategic goals of having fit for purpose, safe, well maintained and well presented stock, with a view to optimising housing development opportunities where appropriate.

Below are some examples of the benefits to be seen over the lifetime of the strategy.



### 3.3 HRA business plan

The AMS is one of the main components of the wider HRA business plan. The three core elements of the HRA business plan are as follows;



The HRA business plan is SBC’s strategic plan for managing, maintaining and developing its housing stock. It sets out the council’s short-to-medium term plans and priorities for its housing management services and provides a long term (30 year) perspective on stock investment and financial planning.

The plan focuses on the core business of managing and investing in the council’s residential properties and associated HRA-owned land.

3.4 The AMS inter-relates with a range of strategies that together form the council's corporate strategy framework. In developing the strategy, careful regard has been given to aligning housing objectives and plans with FTFC corporate objectives and priorities and other key strategy documents. A range of programmes, policies and plans enable the council to implement the improvements, activities and investment needed to meet its housing objectives.

3.5 **A new direction**

In recent years the AMS has focused on the delivery of the Decent Homes Standard and long term investment in the existing stock based on stock condition and life cycle projections, but has not taken due account of development options and regeneration plans. The AMS now has a wider scope than was previously the case and explores options for undertaking rationalisation and redevelopment of the councils housing stock and land assets, where this has the potential to support the council's wider financial, regeneration and affordable housing objectives.

3.6 In developing the 2019 AMS the Housing Quality Network (HQN) asset management strategy toolkit and best practice example has been utilised to ensure the document contains all the vital and necessary information to enable a focussed, efficient and endorsed approach to asset management.

3.7 Although the AMS sets out the strategy for the housing assets, it is important that they are considered and managed in the context of SBC's General Fund assets, as any major investment project will almost inevitably require some 'trade off' between the HRA and General Fund. This situation will particularly arise where either set of assets are experiencing significant investment or redevelopment such as:

- Maisonettes situated above commercial/retail units
- Garages adjacent to housing
- Local neighbourhood centres, comprising a mixture of shops, community buildings and housing.

3.8 The strategy contains a series of key strategic aims and associated objectives. The objectives are subsequently summarised in the action plan, which will become the principal method for reporting and monitoring the delivery of the strategy.

3.9 Local and national policies have been considered as part of a framework to inform the strategic approach and the aim of this strategy is to explain some of the key policies that will impact on our approach to asset management.

### 3.10 **AMS – 2014**

In the previous 2014 strategy the output of the asset review focussed on 4 main challenges;

- To continue to maintain homes to the decent homes standard
- To undertake a programme of re-investment in poorly performing properties to ensure a positive return from all our assets
- To ensure that the existing sheltered stock is fit-for-purpose, through investment and re-modelling
- To ensure that procurement activities are robustly planned and delivered and achieve value for money

### 3.11 A number of outcomes were achieved through the 2014 asset review; including;

- Conversion of hard to let sheltered bedsit accommodation to self-contained 1 bedroom flats.
- Creating additional units in existing assets to increase their viability and provide additional accommodation for example Silkin Court and Wellfield Court.
- Sites identified for disposal and redevelopment due to not being sustainable in the long term for example Walpole & Asquith Court.
- Works carried out and further works planned to improve our retained sheltered accommodation including communal works and remodelling.
- Further schemes identified where additional accommodation can be created and in doing this make asset groups sustainable in the long term.

### 3.12 **AMS - 2019**

In developing the 2019 refreshed version the HQN asset management strategy toolkit and best practice example has been utilised to ensure the document contains all the vital and necessary information to enable a focussed, efficient and endorsed approach to asset management.

### 3.13 The 2019 strategy moves the focus more towards understanding the viability and redevelopment opportunities of the councils housing stock and land assets. The housing stock represents the council's most valuable asset and its largest liability in investment terms. The condition of the council's properties is also of central importance to our tenants and they consistently select the improvement of their homes and a good repairs service as their top priorities. The proposed strategic approach is to focus on the following core strategic aims;

- **All property to be well maintained and well presented**
- **To promote growth and regeneration**
- **To reduce carbon footprint and improve sustainability**
- **To reduce repairs costs**

In order to meet these strategic aims, a series of objectives have been set with a linked action plan for each objective. The objectives are detailed in **APPENDIX A – AMS strategic objectives**.

- 3.14 To support the strategy a one page 'plan on a page' has been designed to detail the strategy's structure, approach, and key areas of focus.

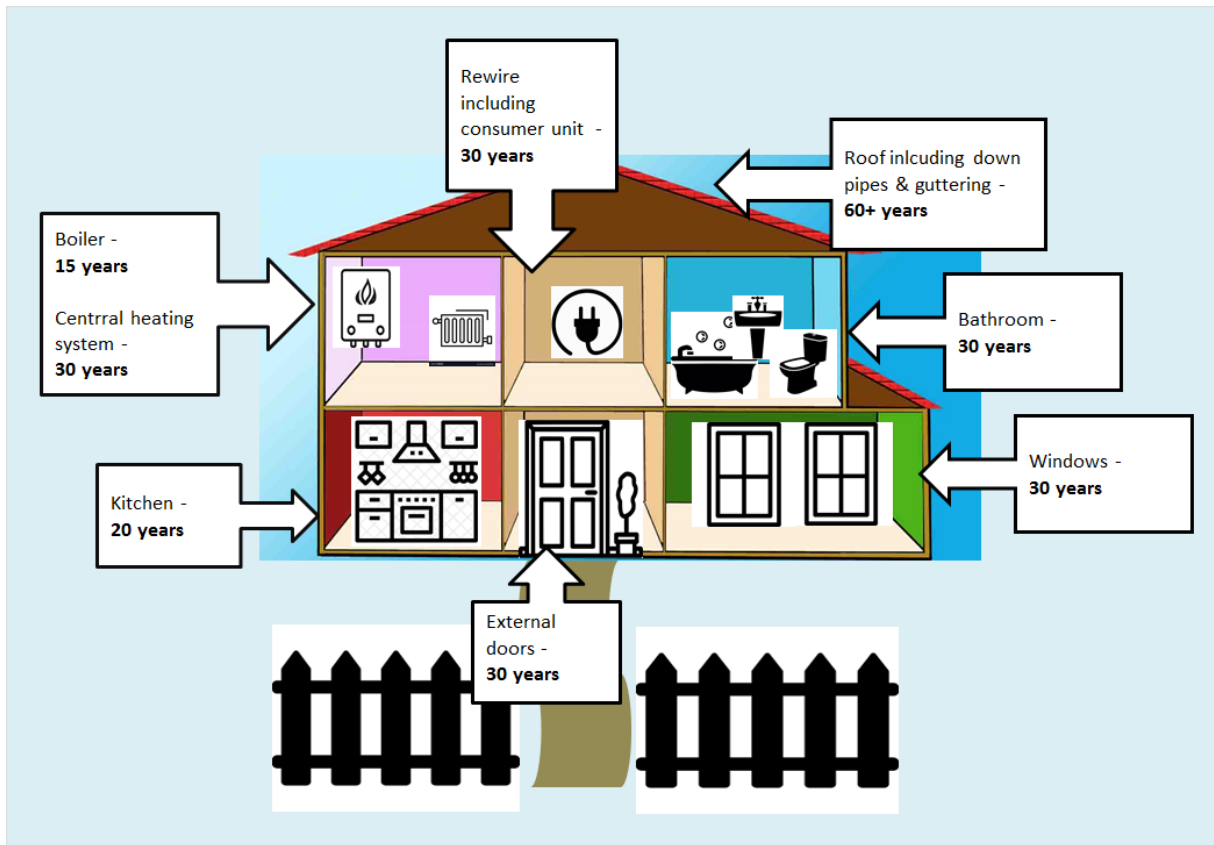
As well as detailing the AMS structure it highlights the key aims, objectives, and associated tasks to achieve the desired outcomes.

The 'plan on a page' can be found in **APPENDIX B – AMS Plan on a page (print A3)**

- 3.15 The strategy action plan will be regularly reviewed by HMAB and refreshed as appropriate. Costs associated with delivering the strategy will be reviewed annually as part of the MTFS. Full governance for the strategy will be outlined in the final draft document.

3.16 **THE ASSET MANAGEMENT STANDARD**

The asset management standard is currently based on decent homes lifecycles, meaning the timeframe in which a property element meets the end of its maintainable life.



The new AMS action plan looks at reviewing asset management lifecycles with consideration being given to the fact that planned maintenance programmes are to be cyclically budgeted for and delivered, keeping the housing stock maintained and well presented for longer. The review will be completed with full consultation with customers and key stakeholders.

### 3.17 **Housing health and safety rating system (HHSRS)**

As the decent homes standard is set to move towards a focus on building safety the HHSRS will become an ever more important focus when assessing a property.

HHSRS replaced the fitness standard as the statutory element of the Decent Home Standard in 2006. HHSRS is a risk assessment procedure and is concerned with avoiding or at the very least, minimising potential hazards.

To be decent, a dwelling should be free of category 1 hazards, and the existence of such hazards should be a trigger for remedial action unless practical steps cannot be taken without disproportionate expense or disruption.

3.18 HHSRS is captured during stock condition surveys and this strategy action plan looks at how that information is fed back into planned programmes of work or repairs and maintenance schedules.

### 3.19 **STRATEGIC ASSET PERFORMANCE MODEL**

Key to delivering the AMS is the need to assess the current viability of the council's stock. It is essential to not only consider viability in terms of financial investment but to look at ways to optimise the stock and review the potential for future opportunities. The 2019 asset performance model will look at factors around; demand, asset performance, opportunity for development, financial investment and neighbourhood influences to name a few. The draft strategic asset performance model can be found in **APPENDIX C – Strategic asset performance model**.

3.20 The new AMS will review the 2014 performance model and assess the current position of the stock based on this criteria. We will include results for the Government's -1% rent decrease, which was introduced for four years from April 2016, to ensure that we can review where our stock would sit with and without this financial impact. The stock will then be assessed against the new performance model using more detailed and comprehensive criteria, which also considers housing development factors for example development opportunity and the potential for increasing housing density.

3.21 It is critical at this stage to consider other influences such as outcomes of the general fund viability model to ensure that all opportunities are exploited and that the housing stock is optimised. This could include looking at redevelopment of garage sites and neighbourhood centres.

### 3.22 **REDUCED REPAIRS COSTS**

A key piece of work resulting from the strategy will be to identify a way in which reduction in repairs costs can be measured.

### 3.23 **Planned maintenance**

The strategy will take account of the need for planned maintenance following our major improvement programmes and a budget will be allocated for this. A requirement for this budget has been identified in the HRA business plan.

A cyclical planned maintenance approach should reduce day to day maintenance of these elements. However in order to support this ideology, we first need to understand what repairs budgets are being spent on. It is expected that over the last 5 years a shift in repairs being reported and those we respond to has significantly changed however further work needs to be carried out to fully understand the shift and the impact on the HRA.

### 3.24 **Repairs process review**

The strategy action plan has identified that a robust audit of repairs will help us to identify where cost reductions can and should be made. This may include not only the repairs that we carry out but strengthening internal processes for example following through with appropriate recharging to



tenants where applicable. This work must complement the planned investment programmes and ensure that whilst repairs costs can be reduced tenants still receive the same level of excellent service and homes continue to be well maintained.

### 3.25 **Impact on our tenants**

It is widely considered that a well maintained and well-presented housing stock can have a positive impact on the way tenants and customers feel about their homes and neighbourhoods and this in turn can help to drive down repairs and maintenance costs. With the regeneration of Stevenage town centre and other substantial improvements/developments being carried out across the town, it is important to ensure the quality of our stock keeps pace with the changes that are taking place. This in turn should aid the ongoing generation of pride and a sense of community amongst residents from all housing tenures.

### 3.26 **KNOWN CHALLENGES**

A number of significant challenges during the life of the strategy have been recognised but the full implications are not yet known. These relate to statutory changes that may not only affect the standards to which we physically maintain and improve our assets but in the way that they are managed. Most significantly last year the Government issued a green paper seeking views on the government's vision for social housing providing safe and secure homes which is further referred to below.

### 3.27 **The Social housing green paper**

The tragic fire at Grenfell shone a spotlight on social housing and its residents and has led to the need for greater recognition that social housing residents' voices need to be heard.

The Hackitt Review also addresses the need to review decent homes standards with a focus on building safety and an overhaul of building regulations in relation to this.

Although at this time we do not know the full extent of the impact of these changes it is imperative to consider these as part of the strategy and the associated risks these changes may bring.

Following the Grenfell fire tragedy the Government issued a green paper to consult on its safety management proposals. The paper outlined the desire to rebalance the relationship between residents and landlords, to tackle stigma and ensure social housing can be both a safety net and a springboard to home ownership.

### 3.28 The social housing paper sets out five principles, which it says will underpin a 'new, fairer deal for social housing residents'. These principles are;

- Ensuring homes are decent and safe

- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Tackling stigma and celebrating thriving communities
- Finally, but also crucially expanding the supply of new homes.

We have captured these principles in our 4 broad areas that are detailed in our property aims. When it comes to expanding supply, the Council's emerging development strategy recognises the importance of promoting all tenures of housing so that the acute housing needs are met.

3.29 The Green Paper proposals are likely to have a financial impact on the HRA business plan that is currently unknown. They will also affect the way we approach building safety, resident engagement regarding safety issues, and the requirement for more safety focussed roles in the delivery of our planned programmes of work.

3.30 The Government wants to use the Green Paper to consider a review of the decent homes standard - areas to be considered are:

- whether the decent homes standard is demanding enough and reflects Government priorities
- whether safety measures that now apply to the private rented sector, covering smoke and carbon monoxide alarms, should also be applied to social housing
- whether the energy performance of social homes should be upgraded to Energy Performance Certificate Band C by 2030 wherever practical/affordable

3.31 Any enhancement to the decent home standard could have significant financial implications for our housing business plan.

3.32 A corporate health and safety action plan has been specifically designed to address the key recommendations outlined in the Hackitt review and will be included in AMS action plan

## **4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

4.1 The housing stock represents the council's most valuable asset and its largest liability in investment terms. The condition of the council's properties is also of central importance to tenants and they consistently select the improvement of their homes and a good repairs service as their top priorities.

- 4.2 The asset management strategy will allow us to meet our strategic goals having fit for purpose, safe, well maintained and efficient stock, with a view to optimising housing development opportunities where appropriate.
- 4.3 Best practice approaches have been considered in the development of the strategy.
- 4.4 All options are contained within the strategy.

#### 4.5 **Consultation**

HMAB have been briefed on the approach to the strategy and have endorsed the principles of the document. Before the final strategy is presented to Executive we will have consulted with the following groups;

- Housing management and advisory board
- HRA business plan working group
- Assets and capital board
- Portfolio holders advisory group

### 5 **IMPLICATIONS**

#### **Financial Implications**

There are no changes to the current MTFS as a result of the proposed strategy. However, there are a number of potential impacts highlighted in 3.27 that could have a financial impact in future years. If realised, these potential costs would need to be accommodated within the HRA business plan, but the recent lifting of the HRA borrowing cap should enable the flexibility to meet these demands.

### 6 **APPENDICES**

- A APPENDIX A – AMS strategic objectives
- B APPENDIX B – AMS Plan on a page (A3)
- C APPENDIX C – Strategic asset performance model
- D APPENDIX D – Draft Asset Management Strategy

### 7 **BACKGROUND DOCUMENTS**

BD1-BD3 Appendices to Draft Asset Management Strategy