

Meeting Executive
Portfolio Area Housing
Date 15 November 2023



HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

KEY DECISION

1 PURPOSE

- 1.1 To seek approval of the Housing Asset Management Strategy (AMS) 2023-2028.
- 1.2 The AMS sets out the framework under which the Investment in existing stock detailed in the HRA Business Plan (2023) will be achieved. The Housing Asset Management Strategy will direct our investment priorities but also demonstrates how the council will deliver excellent services to our tenants, leaseholders, and wider stakeholders. It identifies how the council will ensure that residents living in our homes will remain safe, involved, informed, and have a good quality home. The strategy sets out how the council will meet the requirements of the new regulatory framework for social housing along with other relevant legislation.

The strategy outlines the approach and commitments the council is making under the following key themes:

1. Ensure safety is our number one priority.
2. Deliver an excellent customer experience.
3. Improve performance and secure long term financial sustainability.
4. Tackle the climate change emergency to reduce our energy costs and overall carbon footprint.
5. Provide and maintain high quality homes.

2 RECOMMENDATIONS

- 2.1 That the Housing Asset Management Strategy as attached at Appendix A be approved.
- 2.2 That delegated authority is given to the Strategic Director (RP) after consultation with the Portfolio Holder for Housing and Housing Development to finalise the strategy and related action plan.

3 BACKGROUND

- 3.1 The housing stock represents the Council's most valuable asset and its largest liability in investment terms, therefore an effective and agile approach to managing the Council's assets is critical to ensuring the long-term sustainability of the portfolio. 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.
- 3.2 The Housing AMS sets out the underlying principles of excellent asset management and the key strategic projects and programmes to be delivered to ensure maximum value whilst providing high quality homes for our tenants. The strategy allows the council to meet its strategic goals of having fit for purpose, safe, well-maintained homes, with a view to optimising housing development opportunities where appropriate.
- 3.3 The Housing 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 Future Town Future Council 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.
- 3.4 The Housing AMS is one of the main components of the wider HRA 30 Year Business Plan which is included elsewhere on the agenda for this meeting of the Executive. The three core elements of the HRA business plan are as follows.



- 3.5 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 social housing stock and associated HRA-owned land.
- 3.6 In recent years the Housing AMS has focused on the delivery of the Decent Homes Standard and long-term investment in the existing stock based on stock condition and component life cycle projections. The Housing 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.
- 3.7 Major changes in the operating environment at local, national and global level have been experienced since 2019. This includes new legislation around building safety, new Consumer Standards, and Decarbonisation alongside high inflation and shortages of materials and labour.
- 3.8 The Housing AMS allows the Council to meet our strategic goals of having fit for purpose, safe, well maintained and energy efficient stock, with a view to optimising housing development opportunities where appropriate. The Council has had significant success in implementing the plan outlined in the previous housing AMS. Projects have included, but not limited to.
- ✓ **Decent Homes.** The Council has continued to deliver a significant decent homes and external works programme. Since 2019 the number of homes below made decent are:

| Year | Properties made decent |
|---------------------|------------------------|
| 2019-2020 | 661 |
| 2020-2021 | 529 |
| 2021-2022 | 896 |
| 2022-2023 | 820 |
| 2023-2024 (to date) | 162 |
| Total | 3068 |

The definition of the decent homes standard for social housing is to "bring health benefits to tenants and reducing health inequalities", a property is considered a safe and decent home if it meets the following four criteria:

- It meets the current statutory minimum standard for housing.
 - It is in a reasonable state of repair.
 - It has reasonably modern facilities and services.
 - It provides a reasonable degree of thermal comfort.
- **Conversion of hard to let sheltered bedsit accommodation to self-contained 1-bedroom flats.**
 - 26 studio properties have been converted to 1 bedroom accommodation.
 - 2 bungalows have also had alterations to make the properties completely wheelchair accessible as part of a pilot scheme.
 - **A 5-year major refurbishment contract to improve flat blocks across the town. To date:**
 - Approximately 335 flat blocks have been upgraded.
 - Approximately 2603 tenants and leaseholders have been consulted with.
 - **Creating additional units in existing assets to increase their viability and housing needs for example Silkin Court and Wellfield Court.**
 - **Further schemes identified where additional accommodation can be created and in doing so helps make asset groups sustainable in the long term.**
 - **Works carried out and further works planned to improve our retained sheltered accommodation including communal works and remodelling.**
 - **1407 stock condition surveys have been carried out since December 2022 as part of a five-year programme, creating accurate property data.**

- **External funding secured to support the decarbonisation of our properties.** The following funding has been secured to support SBC energy performance and decarbonisation programmes.

| External Funding Scheme | Funding Secured | Homes Improved | Duration of Project |
|---|-----------------|---------------------------|--------------------------|
| Local Authority Delivery Scheme (LAD1B) grant funding | £1,036,221.95 | 139 | January 2021- May 2022 |
| SHDF Wave 1 | £1,836,546.25 | 209- to an EPC C or above | March 2022-November 2023 |
| SHDF Wave 2 | £2,621,879.50 | 209- to an EPC C or above | April 2023-April 2025 |

- 3.9 This success demonstrates the benefits of an active asset management strategy, flowing from the Council's leadership and vision, aimed at delivering 'excellent council homes for life'.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The current Housing AMS was published in 2019. In line with best practice, the AMS has been reviewed and updated at the mid-point in its five-year lifecycle, following extensive stakeholder engagement.
- 4.2 It is widely considered that a well-maintained 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.
- 4.3 There are 1905 Leasehold properties currently and these are distributed throughout the stock, there are 40 blocks where all properties are leasehold. The majority of works in the past has been focused on the Decent Homes Standard and internal works. The AMS vision and objectives includes ensuring the highest standards of safety, tackling the climate change emergency, and improving our estates and communities. As a result, areas of works will be focussed on external and communal area investment, which will require substantial consultation with leaseholders to allow works to progress. Where appropriate, leaseholders will be recharged for their share of the costs for any works carried out.

- 4.4 The new updated strategy for 2023-2028 builds on the success of the previous plan and responds to the changes and influences that are likely to affect Stevenage over the next five years. The strategy contains a series of key strategic themes and associated objectives. The objectives are subsequently summarised in the Housing AMS, which will become the principal mechanism for reporting and monitoring the delivery of the strategy.
- 4.5 The updated strategy moves the focus more towards understanding and responding to statutory and regulatory requirements, viability and redevelopment opportunities. The proposed strategic approach is to focus on the following core strategic aims.

1. Ensure safety is our number one priority.

The Council has a legal duty to ensure all residents live in a safe environment a number of the key areas of compliance are covered in this strategic aim such as, gas servicing, fire safety, asbestos management, Legionella, electrical safety, lifts and lifting equipment. All areas of compliance are covered by separate individual policies and procedures for each area, all of these are being reviewed during the life of the strategy.

Beyond the specific areas of Asset Compliance, the Council has been proactively preparing for the Building Safety Act which came into effect on 28th April 2022

2. Deliver an excellent customer experience.

The Council is committed to transforming how it engages with its customers and communities. This includes:

- Delivering excellent customer service
- Improving Customer Satisfaction
- Better understanding our customers' needs
- Investing in and improving our Neighbourhoods and Communities

Asset Management within housing is a critical area of service, with our staff and suppliers engaging with our customers and communities daily, whether that be through our repairs service, planned maintenance programmes or other initiatives. This provides an excellent opportunity to support the Council's vision by improving customer engagement and service delivery.

The Council's pro-active approach means it is well prepared for the introduction of the new Consumer Standards, which places a major focus on customer engagement and community regeneration.

3. Improve performance and secure long term financial sustainability.

The Council recognises that continued investment in its housing assets is critical to maintaining stock condition, meeting its statutory and regulatory obligations and supporting the delivery of the vision and outcomes set out in the FTFC strategy.

It must be recognised, however, that some of the regulatory changes will likely place significant demands on The Councils finances. For example, changes to the Decent Homes Standard and decarbonisation targets may require additional capital investment in the stock and potentially higher ongoing maintenance spend. This must be factored in to the short, medium, and long-term business plan projections, as these demands become clearer and more definable.

A 30-Year Investment profile has been created to set out the long-term investment requirements which must be reviewed in the context of available resources and realised through the HRA business plan. This profile does include resources for some of the upcoming changes that will need to be refined when the legislative and policy changes are known. However, the current business plan projections do not include the cost of achieving net zero emissions in the stock, as this will require significant further resources and more technical certainty.

4. Tackle the climate change emergency to reduce our energy costs and overall carbon footprint.

The Council has taken a pro-active approach to tackling Climate Change and declared a Climate Change Emergency in 2019. The Council has developed a Climate Change Strategy setting out how it plans to tackle the Climate Change Emergency and the Housing AMS is aligned with this strategy.

The residential sector accounts for 16% of the overall carbon emissions in the UK (2020 estimate), primarily from the use of fossil fuels for cooking, heating and hot water provision.

It is therefore critical that Climate Change & Net Zero is a priority within the Housing AMS. A traditional approach to asset investment, focussed on component renewals with Climate Change being a supporting theme is no longer good enough. Climate Change and Net Zero, alongside safer places and social housing reforms must be at the centre of Housing Asset Management Planning & Delivery.

The Council has a vision to reduce its emissions to Net Zero, supporting its businesses and residents to do the same by 2030. However, as mentioned above, there is still financial and technical uncertainty in the social housing sector regarding the implementation of these goals.

5. Provide and maintain high quality homes.

Housing remains a key priority for Stevenage residents and for the Council as it is quite clear that Stevenage needs more affordable homes:

- The current Strategic Housing Market Assessment highlights that 575 new affordable homes are required per annum.
- More than 9000 social houses have been lost through Right to buy since 1981.
- There are approximately 2500 people on the Council housing register.

The Council has an ambitious house building target, to deliver more social and affordable Council rented homes. At present, the Council is on track to meet its target of delivering 500 homes by 2025, having delivered 375 new homes across a number of schemes since the inception of a dedicated Housing Development team & Executive Sub Committee for Housing development in 2015.

The Council aims to provide a customer-focused repairs service, which achieves high levels of performance, customer satisfaction and good value for money. In this respect, its objectives are closely aligned to the Safety and Quality Standard from April 2024, which places expectations on registered providers to:

- Ensure a prudent, planned approach to repairs and maintenance of homes and communal areas which demonstrates an appropriate balance of planned and responsive repairs, and value for money.
- Provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time.
- Meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

4.6

The Housing AMS covers the key deliverables within the life of the Strategy these include but are not limited to:

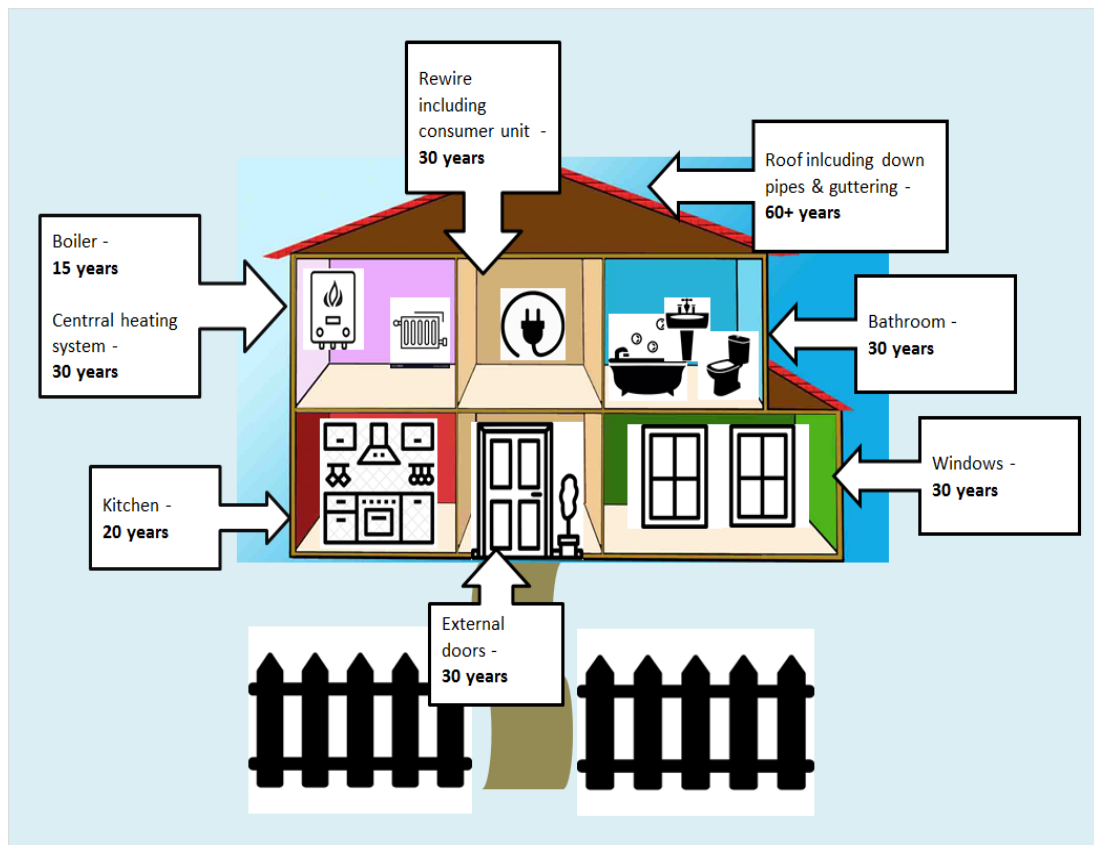
- **Major Refurbishment Contract (MRC)** - Completion of the refurbishment programme of the council's flat blocks by 2025.
- **Decent Homes** - Delivery of the Decent Homes programme to achieve 100% of the stock meeting both the Minimum & Stevenage standards.
- **Decent Homes 2** - Incorporate future changes to the Decent Homes standard into the Stevenage Standard in 2024
- **Consumer Standard and Health and Safety Regulations** – Implement the requirements of new or amended legislation and regulations such as Consumer Standards, Housing Health & Safety Rating System (HHSRS), Building Safety etc.
- **High Rise Flat Blocks** – Consult on and deliver the refurbishment of the council's five High Rise Flat blocks.

- **Building & Fire Safety** - Implement the requirements of the Building and Fire Safety acts including submitting and maintaining Building Safety Cases for all our High Rise.
- **Building & Fire Safety** - Maintain full compliance with all statutory and regulatory requirements to ensure the council's homes remain safe.
- **Decarbonisation** - Working towards achieving a minimum EPC C across the housing stock by 2030 and continuing to source funding to deliver the decarbonisation of the housing stock and complete delivery of the current Social Housing Decarbonisation Fund (SHDF) programme of works. The council will enhance its stock data and modelling to fully understand the requirements of decarbonisation. The programme will also deliver pilot Net Zero homes projects to inform the wider roll out across the council's housing stock.
- **Repairs Service** – Fully implement the recommendations following the review of the repairs service.
- **Void Property** – Implement the recommendations of the review of Void property management including a review of the Stevenage lettable standard.
- **Damp & Mould** – Carry out a review of the way the Council ensures homes are free from Damp & Mould.
- **Stock Viability** - Complete an asset review of our stock to understand the long-term viability.
- **Social Value** – Maximise social value and investment in Stevenage through current and future contractual commitments.

Housing Asset Management Standard

4.7

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



4.8 The Housing AMS action plan looks at reviewing component lifecycles with consideration being given to cyclical planned maintenance programmes to keep the housing stock well maintained for longer.

4.9 The Stevenage Standard is higher than the National Minimum Standard that has been set by the government, this means that all key internal decent homes elements (kitchens, bathrooms, rewire, heating) in a property that fail the standard on age or condition are replaced through a planned works programme, in order to minimise inconvenience for tenants and to maximise operational efficiencies, wherever possible works will be carried out at the same time.

The Stevenage Standard will be reviewed in 2024-2025 and updated to reflect the outcome of the Government's review of the Decent Homes Standard. All reviews will be completed in full consultation with customers and other key stakeholders.

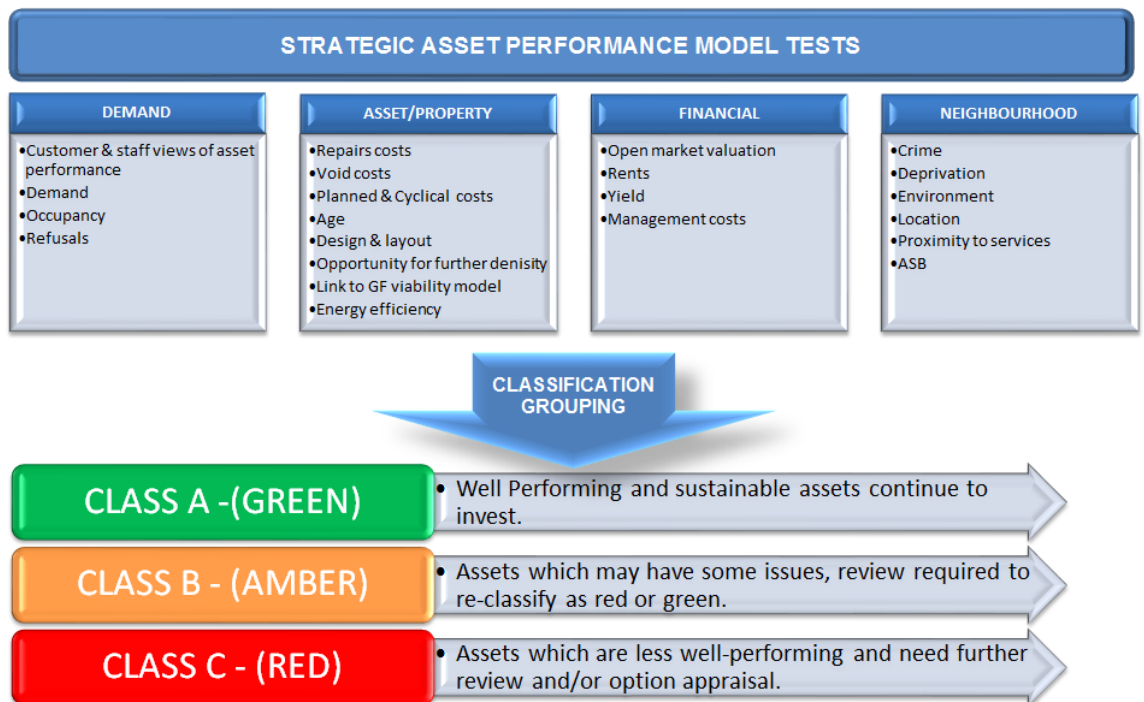
4.10 As the Decent Homes Standard is set to move towards a focus on building safety the Housing Health and Safety rating system (HHSRS) will become an ever more important focus when assessing a property. Currently any HHSRS failures are captured during stock condition surveys and the Housing AMS action plan looks at how that information is fed back into planned programmes of work or repairs and maintenance schedules.

- 4.11 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 one 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. There is a current review of the HHSRS standard with a view to update the requirements, this is happening alongside the review of Decent Homes.
- 4.12 Future cyclical maintenance programmes will include programmes of preventative maintenance to maximise the lifecycles of components and help to minimise the level of responsive repairs. Cyclical programmes may include, but are not limited to, areas such as:
- Gutter clearance and repairs
 - Window and Door overhauls
 - Fencing Works
 - Communal decoration
- 4.13 The Council will utilise the stock condition data to inform these programmes and target those areas which will help reduce the volume of future responsive repairs.

Strategic Asset Performance Model

- 4.14 Key to delivering the Housing AMS is the ability to assess the current viability of the council's stock. It is essential to not only consider viability in terms of financial investment needs but to look at ways to optimise the stock and review the potential for future opportunities. The asset performance model looks at factors around, demand, asset performance, opportunity for development, financial investment and neighbourhood influences. There will be a full refresh of the strategic asset performance model in 2024/2025.

STRATEGIC ASSET PERFORMANCE MODEL



Known Challenges

4.15 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 the Council physically maintain and improve our assets but in the way that they are managed, such as planned programmes. Some of the upcoming key challenges are:

- Social Housing Regulation Act: Consumer Standards and Decent Homes Standard review including HHSRS
- Decarbonisation
- Building Safety Act
- Fire Safety Act
- Future Homes Standard and Future Buildings Standard

Key stakeholders have been briefed as part of the updated strategy. The following data has been used to inform the Housing AMS:

- Complaint data
- Surveys

- Stock condition data
- Tenant and Leaseholder satisfaction surveys

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

As well as detailing the Housing AMS structure it highlights the key actions, objectives, and associated tasks to achieve the desired outcomes. The 'plan on a page' can be found at **APPENDIX B**.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 The financial implications of the Housing Asset Management Strategy have been incorporated in the refresh of the HRA Business Plan 2023/24. A breakdown of the financial requirements to deliver the Housing AMS are also contained in **APPENDIX A**. However, there are uncertainties surrounding the financial implications of some developing policies and achieving net zero in the stock. This will need further revisions to the business plan in future years, as the method and costs of these changes become known and can be more accurately estimated.

5.2 Legal Implications

5.2.1 The Housing AMS enables the Council to meet statutory compliance and other legislative and/or regulatory obligations as a landlord in respect of the social housing stock.

5.3 Risk Implications

5.4 Climate Change Implications

5.4.1 A key priority within the Council's Climate Change Strategy action plan is the provision of energy efficient housing (including retrofitting of current council housing stock), planning policy for zero carbon homes, and exploring opportunities for renewable technologies across HRA buildings. The Council's commitment to achieving a minimum EPC band C for all Council homes by 2030 is key to this ambition.

5.4.2 An EPC is a certificate that rates the energy efficiency of a property on a scale from A (most efficient) to G (least efficient). EPCs are required when a domestic property is built, sold, or rented, and they impact on property values. Comparable properties with an EPC C are worth around 5% more than those with an EPC D. In Quarter 1 2023/24, 55% of social housing stock had an EPC rating of C or above, and work is underway to improve this position through the

introduction of various initiatives to calculate and plan energy improvements as part of the Council's Housing AMS.

6 BACKGROUND DOCUMENTS

None.

APPENDICES

- A Housing Asset Management Strategy (AMS) 2023-2028 Short Form draft
- B AMS Plan on a Page