



LONDON BOROUGH OF HAVERING

HOUSING SERVICES

ASSET MANAGEMENT STRATEGY

JUNE 2016

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HOUSING SERVICES ASSET MANAGEMENT STRATEGY

1.0 Executive Summary

- 1.1 The Housing Services Asset Management Strategy (AMS) sets out a framework within which we will manage, maintain and invest in our housing stock. We will manage our capital investment, cyclical maintenance and repairs service to ensure that our homes are safe, secure and well maintained for the benefit of our residents. We will deliver a cost effective service that makes the best use of resources, and seeks to invest in new homes within our overall Asset Management Strategy for the benefit of future tenants and residents.
- 1.2 The Council is a complex and diverse organisation and provides services to a variety of people; the provision of affordable housing is one part of the Council's broad range of functions. This presents challenges when looking to achieve a holistic approach to the management and maintenance of the affordable housing property portfolio as well as any new properties acquired or built. This document provides the approach to maintaining and investing in the existing portfolio and complements the direction relating to the production of new properties to meet the needs of current and future tenants or residents. The AMS also recognises there must be a commercial and prudent approach to the use of our resources. This is to ensure the portfolio not only retains and indeed increases in value but serves the needs and aspirations of the community in which we work.
- 1.3 The AMS is an inter-relationship between many aspects of the areas of operations and this document recognises this, and reinforces these. The relationship between development, management services, a direct service to customers (repairs, servicing etc.) is addressed and ensures that an intelligent and commercial approach is adopted. In addition to these the AMS supports and informs the Business Planning process and is of significant consideration in all strategic and operational decision making processes.
- 1.4 The vision of the Housing Asset Management Strategy is to
- Provide a commercially viable and socially relevant property asset appropriate to the Council's objectives, and the people we provide services to.
 - Be compliant with our statutory, regulatory and contractual obligations.
 - Provide a statement of purpose, policy framework and implementation obligations to the delivery of the AMS.
- 1.5 The key policy statements directing the AMS are
1. Our residents are at the heart of our business operations and we actively seek their views and input into the decision making process set out in the Community Engagement Strategy.
 2. The Council will ensure its operations will make a positive difference to the quality of our residents' lives and the neighbourhoods in which they live.
 3. The Council will be an intelligent and learning organisation and listen to customers concerns, complaints and suggestions.
 4. The Council will ensure that Asset Management is financially robust and protects the value of the Council's assets.
 5. All investment decision making relating to the property portfolio considers the impact on customers, viability, tenure and the future housing needs of the residents of Havering.

6. The adoption of standard definitions of work types to remove ambiguity.
7. The Council will make decisions about the future investment requirements based on a rational view of current and future housing needs, resources available from the Housing Revenue Account, disposing or adapting properties which do not serve the needs of local people
8. We are a responsible public sector service provider with regards to our environment.
9. We will derive the maximum benefit to the community embracing the Social Value agenda with particular emphasis on opportunities for employment and supporting the requirements of the Care Act.

1.6 The following paragraphs provide further details of the AMS and gives detailed information of the decision making processes. The document can be categorised into four parts

- a) Purpose and Strategic Context
- b) Definitions and policy statements
- c) Significant Data and Profile Characteristics
- d) Implementation

1.7 There are also a series of annexes which are referred to in the document and these are as follows

- I. Corporate Plan
- II. Implementation Plan
- III. Housing Stock Profile and Land Holdings
- IV. HRA Business Plan

2.0 **PURPOSE AND STRATEGIC CONTEXT**

Purpose

2.1 It is excepted good practice for any large scale property owner to have a statement of how its assets will be managed and developed. Indeed previously all Registered Social Landlords were required, by their regulators, to develop an Asset Management Strategy. This document sets out the approach for Housing Services to develop our Asset Management Strategy and provide a framework which sets targets for business planning and implementation priorities. The previous regulators code set out its expectations for all Social Landlords in this respect. Whilst the regulation regime has now been significantly altered it is good business practice to produce an Asset Management Strategy as a basic requirement investment strategy is in place to ensure that social housing is lettable, of a good standard and relevant to changing demands and aspirations.

2.2 This document is a revision to the previous AMS developed by the former ALMO to address the issues of the Decent Homes backlog. With the award of Decent Homes Backlog Funding (DHBF) following the achievement of two star rating, under previous regulatory frameworks and the changes rebidding requirements introduced in 2010. The primary focus of asset management has been the completion of the DHBF programme.

Introduction

2.3 An Asset Management Strategy is, in simple terms, a continually evolving strategy and consolidation of plans to target and prioritise investment in the Councils housing assets – its properties. It is key to the Council's strategic and business plans and ultimately to customer satisfaction and participation in the

service.

- 2.4 This strategy focuses on the needs of our current housing portfolio following the completion of the Decent Homes Backlog Funding programme. At the end of the 2014-15 fiscal year the levels of decency reached 98%. During the duration of the DHBF programme, where internal works were required, many residents refused works. Whilst these properties could be considered decent, under compliance rules, this leaves a legacy of works required. It was agreed this would be undertaken when properties became void to limit disruption to residents and alleviate the need for the use of adversarial orders for undertaking the works. The strategy does not reference the Development strategy in detail. However it recognises the close links between the two areas of operation and a separate Development strategy is being developed and it recognises and dovetails in to the recommendations and actions.
- 2.5 In 2012 there were two significant changes which had a fundamental impact of the provision of affordable housing in Havering. The first and most significant of these was the abolition of the subsidy regime and the reform of Housing Revenue Account (HRA) legislation coming into operation. This, known commonly as Housing Self Financing, allowed all local authority landlords to retain all receipts from rental income and by the use of a 30 year business plan take greater control over how HRA was used. In exchange for the release from the subsidy regime each local authority agreed to take a part of a formulaic proportion of debt associated with housing provision. This for Havering resulted in a loan requirement of £167m. The second change was the former ALMO was brought back in house. This was due to changes in the requirements to acquire decent homes funding and followed a survey of residents who, by a significant majority, expressed a wish to have their homes managed by the Council.
- 2.6 In recent times various reforms associated with the rent setting regime are having a significant impact on the income stream in the Business Plan. One of these, the required reduction of rents by 1% from the 1 April 2016 for a period of four years, will remove an estimated £8.5m of resources available. Therefore it is essential the appropriate balance is achieved between operational costs and investment levels to ensure a robust and sustainable Business Plan. The AMS must adopt stratagem and set an investment plan to retain the assets in an economically sustainable condition.

Corporate Plan Context

- 2.7 The Council has in place a Corporate Plan which sets out its vision and strategic level objectives for the organisation. In order to bring relevance to the AMS in the wider corporate perspective salient extracts of the Corporate Plan have been referenced below.
- 2.8 We own and manage over 9,600 homes and provide services to 2,418 leaseholders. In addition, as an important service of the Council, we provide support and signposting services to many more people. The Council faces significant challenges with regards to budget management and the impact on the range of services it provides to the residents of Havering. In addition the continuation of austerity measures nationally will further impact on other public sector partners in health, social care, emergency services and third sector partners.
- 2.9 The role Housing Services will play in the future delivery of wider services will change. We will have to work very closely with colleagues in all service areas to look at innovative and financially viable ways to meet the needs of residents.

2.10 AMS OBJECTIVES

Over the next three years (2016-2019) we will deliver the following four objectives associated with the housing portfolio, efficiently and effectively, to meet or surpass our current and future customers' expectations:

Manage and maintain a portfolio of top quality affordable homes within sustainable communities by

- Maintain our assets to a “just in time” standard seeking environmental and life time homes solutions at every opportunity
- Investing in stock which as a sustainable future and provides relevant accommodation to our residents by modification if required.
- Develop new homes, maximising the use of underutilised land assets, appropriate for the community.
- Deliver community investment activities to support the communities we serve.

2.11 AMS PRINCIPLES

Our objectives will be achieved by embedding the following values, in line with and following the principles set down in Havering’s Corporate Strategy 2015 “Safe, Clean & Proud”:

- 2.11.1 • We will do the right thing by our residents, by cutting our running costs first, to safeguard frontline services where we can.
- 2.11.2 • We will focus our efforts where they will provide support to the communities and individuals we assist, to make the best use of public money.
- 2.11.3 • We will influence individuals and communities able and willing to help themselves, to do so without unnecessary interference from the Council.
- 2.11.4 • We will be fair to those people who rely on our help and provide more choice, freedom and flexibility in the services they receive

The Role Of Asset Management

2.12 The role of Asset Management is to build and maintain a framework to provide rationale to the decisions and assumptions used for the Business Plan, and to set out the parameters for the physical management of the buildings (housing) owned by the Council in its capacity as a landlord. It is also intended to reference the Housing Services position with regard to growth and regeneration.

2.13 Asset Management is a well-established practice for organisations who own portfolios of property to adopt in order to establish the short, medium and long term strategies in regards to investment. The Chartered Institute of Building defines this as

“A holistic approach to the development, management and maintenance of an asset to maintain functionality, efficiency and value.”

2.14 Asset Management, at a strategic level, can also be viewed as having “the right properties in the right place at the right time”. In terms of the management of the homes we manage and the services we provide, that philosophy holds true, and the Council will actively seek and work to:

- Work in partnership with key stake holders in taking a strategic view on the overall demand for social housing within the Borough we work, seeking to identify our role in bringing about real change,
- Review the changing demographics and housing needs of our tenants in the community and understand and embrace how the characteristics of the homes we manage and services we provide meet both current and future needs and aspirations,
- ‘Look at a variety of options and strategies to ensure the Council is active in being at the forefront to meet changing social, economic or demographic needs and aspirations of residents,
- Maintain and improve our assets in a sustainable way, to ensure that they meet current and future standards and aspirations,

- Manage the portfolio in a manner that contributes to the overall corporate objectives of the Council,
- Take a long term view on investment and disinvestment decisions that reflect ‘whole life’ costs and benefits and most importantly
- Involve residents in the decisions that affect their homes.

Key Themes

2.15 Whilst it is recognised, in its purest form, the Asset Management Strategy relates to the built assets we own, there are other contributing factors we must acknowledge and adopt as a landlord. For the Council,, this focus on buildings is not the only consideration. We are in the “people sector” and as such a primary consideration will be the tenants and leaseholders we provide services to and key stakeholders in the community we serve. The Council wishes to provide its residents with good quality homes currently and for the future. To ensure this is achieved 5 key themes have been established.

2.15.1 *Residents*

Provide the appropriate types of accommodation with facilities that meet their current and future requirements and expectations. To ensure their homes are safe and secure with good quality modern facilities and be somewhere they are proud to live. Furthermore this strategy should look to embrace, enhance and give full consideration of the ways in which the Council will meet our tenants’ requirements in respect of equality and diversity.

2.15.2 *Markets*

The Council recognises that key partners have different expectations and priorities. These will be assessed and be built into all areas of operations whilst providing consistent and quality solutions. We will also ensure that market trends and opportunities are noted and our strategic plans are flexible and adaptable to rise to any challenges we face. A clear link between strategies for the management and maintenance of its existing assets and for the procurement of new property is also vital in ensuring our position within the markets in which we currently, and may wish to in the future, operate in is clearly communicated.

Maintaining demand for our properties is absolutely vital to our service provision. The reasons for low and changing demands are multi-faceted and inter-linked and include the following: -

- Quality and condition of stock.
- Reputation of an area.
- Aspirations.
- Choice.
- Demography.

2.15.3 *Locations*

To be an effective provider of affordable housing as well as an enabler it is critical that the Council address the wider issues of place that help create sustainable areas for people to live. Having a strong focus on neighbourhood is vital. This means engaging with the local community to ensure that issues of crime, poor health and environmental degradation are addressed.

It is impossible for any single agency to improve the prospects of a neighbourhood. It is only by “working together” that service areas will deliver more integrated and accessible services to residents. The role of different partners will be different in different neighbourhoods. Client groups needs and expectations differ in various locations in the borough. We further recognise that the Council has a key role to play in working with agencies to reduce social exclusion in the affected areas.

2.15.4 *Quality*

The Council is committed to maintaining, revitalising, improving, and where necessary, changing these

assets in order to maintain homes to a quality that meets customers changing expectations.

2.15.5 *Value*

The Asset Management Strategy aims to ensure that the Council obtains best value in the use of its assets. This requires the Council to have plans in place for day to day maintenance, cyclical maintenance, planned maintenance and reinvestment.

The Council will tailor its programmes to meet these needs and other business priorities that impact on the long-term viability of the Business Plan.

In doing so we intend to ensure:

- Good standards are achieved.
- Customers are fully involved
- Resources are effectively utilised and distributed equitably
- Resources are strategically invested
- Programmes of work are efficiently and professionally implemented

3.0 Political, Social and Economic Environment

3.1 *Political Environment*

Government policy decisions affect the way in which the Council will be directing its work in the short, medium and long term. A selection of the factors in Government policy which affect us are:

1. Changes in legislation which impact on service delivery such as the Care Act, Universal Credit, Welfare Reform, Localism Act etc.
2. The pressure on funding which impacts aspects of people's lives, other than just housing. This includes employment, training, enterprise, and education leading to long term sustainable communities.
3. Reductions in government subsidy and further reforms to funding the public sector.
4. Acknowledging the financial pressures across all the Council's General Fund services
5. The impact of the recent changes to the Right to Buy discounts, the expansion to Registered Providers and proposed funding of this by sales of high value Council stock.

The range of legislation and the potential for change at national level of government policy will impact on the Council's activities. We must be mindful of these changes and incorporate these into our Business Plan projections.

3.2 *Economic Environment*

At the time of production of this strategy the economy has recovered from one of the most dramatic and rapid declines in economic growth to be experienced by the British and global economies. Whilst the effects of this are at the forefront of Business Planning processes, it must be recognised as this position fluctuates key assumptions have to be regularly reviewed and plans of investment should be flexible to take full benefit of this.

Some of the key aspects of the economic climate that the Council is affected by are:

1. The reduction in rental income for the next four years from April 2016 challenging forward planning assumptions on surpluses use.

2. the low inflation rate and low interest rates which may bring the benefits of lower costs, but also the dis-benefits of potential lower income and pressures from lenders with regards to loan coverage.;
3. Overheating of property prices and the restriction of available funding for purchasers in the private sector and for part ownership schemes.
4. The continued impact of loss of capacity in the construction and related services industry due to a contraction of opportunities, lack of key skilled labour and construction sector inflation driven by high demand construction work.
5. The lack of consumer confidence in the economy and its effects on growth and recovery.

3.3 *Social Environment*

There are pressures in meeting the housing needs of the population which affects London and the South East of England. The Holmans Report gave a clear indication of the required output of new homes required to meet this ever increasing need. In addition, the changing housing market in the borough, driven by an outward migration from inner London areas, is adding to demand for all forms of housing.

The supply and demand for the homes we provide or facilitate and the services we provide have a number of primary factors which must be considered when looking at our investment plans. Amongst the factors which affect these are:

- The mobility of households in areas of high housing cost to relocate to seek affordable housing opportunities adding pressure to local supply
- the pressures on housing need in the South East;
- Acceptance by planning authorities of greater density of accommodation and/or developed space.

Other demographic changes that we will need to respond to are:

- the ageing of the population;
- the different ways in which people now want to live;
- the diversity of client groups we deal with and the range of services provided
- the importance of location and property type in the provision of housing for older people;

The provision of sustainable communities is vital to the long term stability of any stock holding we have. It is therefore vital we are able to assess a composite sustainability indicator which reviews internal and external indicators including:

Internal Indicators

- % of properties void and available for letting
- % of properties void and unavailable for letting
- % of tenancy turnover for previous 12 months (no. of lettings as % of stock)
- % of tenants in receipt of full or part housing benefit
- average level of rent arrears in £
- average expenditure on reactive repairs over previous 12 month period

External Socio-Economic Indicators

- Index of Multiple Deprivation (national ranking) ward level

- Burglaries per 1000 population at ward level
- Average sale price for housing based on postal sectors broadly corresponding with neighbourhood boundaries

This empirical data will allow part of the assessment of investment to be formulated adding the softer dimension that pure economic drivers.

4.0 DEFINITIONS AND POLICY STATEMENTS

Key Definitions

- 4.1 The Royal Institute of Chartered Surveyors have defined Building Maintenance as *“work undertaken in order to keep, restore or improve every facility, i.e. every part of the building its services and surrounds to a currently accepted standard, and to sustain the utility and value of the facility.”*
- 4.2 Whilst there is an element of making good and mending to be carried out essentially we are looking at a far wider range of solutions to deliver the standard of housing we wish to for our residents.
- 4.3 Consequently in order to clearly communicate to residents, stakeholders and staff what we are trying to achieve a set of clear definitions need to be established. In reviewing the investment requirements the previous standard has been driven by the Decent Homes standard and the industry recognised life cycle of key components. In order to optimise investment the Council will be moving to the standard of “Just in Time”. The definition of this standard is
- 4.3.1 Where the life of a component or element is not the main driving factor to its replacement or other type of major intervention. It adopts the approach that action will be taken only when total failure is imminent or investment in maintaining becomes economically restrictive. The decision to invest is based on the following
- Components or elements function relating to building use and income stream
 - Materials used in construction.
 - Age of component or element
 - Ability to obtain replacement parts and ease of maintenance.
- 4.3.2 This regime requires building owners and managers to be able to accurately forecast condition and to continually re-assess items where Just in Time is applied to. Havering will be committing to, as part of the AMS, to undertake periodic annual surveys and a detailed survey every five years.
- 4.3.3 A detailed assessment of previous financial forecasts of future investment requirements has been undertaken to establish the impact of a change of approach. It must be noted previous forecasts are based on a hypothetical scenario that building elements and/or components will require renewal at the end of the life cycle attributable. The Just in Time method assess the known and/or actual performance of elements and components and forecasts on this basis. This is continually affirmed by the regime proposed in 4.3.2.
- 4.3.4 For the purposes of application of Just in Time main elements have been divided into high risk and low risk. The criteria to distinguish “high risk” is proposed to be items inside of residents homes, therefore not easily surveyed, and can affect the basic function of their home. The items identified as high risk are
1. Bathroom installations
 2. Common building services
 3. Communal heating
 4. Domestic heating
 5. Kitchen installations

4.3.5 In order to ensure risks associated with health and safety or a failure to comply with tenancy terms and conditions, and in addition to the periodic survey programme, empirical data from maintenance and servicing regimes will be used to identify trends in demand. This requires flexibility to be maintained in financial planning over the 30 year cycle with priorities being reassessed on the main annual review of the Business Plan.

4.4 Maintenance relates to works that in principle restores a component like for like or the introduction of additional components to address factors reducing the usability of the asset.

4.4.1 Reactive Maintenance

Responsive maintenance (or reactive/day to day maintenance) is the repair of a building element or component that has been damaged, worn out or does not function as it should.

4.4.2 Planned Maintenance

The undertaking of works that renews a building element and ensures continued functionality of the facility in its present form. A separate policy statement has been produced for this area of investment and is detailed in appendix one.

4.4.3 Cyclical Maintenance

The undertaking of work that is scheduled on a set time period and is of a necessary nature for a component or element to continue to perform the function it was originally designed for or to comply with a set regime.

The other activities we have to define in the context of our business plan are;

4.4.4 Reinvestment

The undertaking of works that improves facilities, provision of accommodation, and upgrades the built asset to meet the current and future expectations of the **existing** client group.

4.4.5 Stock Upkeep

The undertaking of works that maintains a facility, component or building service to ensure its use is continued to minimise the necessity of high cost interventions.

4.4.6 Remodelling

The undertaking of works that improves facilities, provision of accommodation and generally upgrades the built asset to meet the current and future expectations of a **new** client group.

Redevelopment proposals and voluntary sales

4.5 In considering reinvestment and remodelling of stock the Council must consider the key aspects of capital and long term maintenance costs where the nature of the investment would not address some of the other aspects associated with the stock holding.

4.6 The Council will adopt a new Options Appraisal model to critically assess the suitability of properties, when the tenancy or other occupation has terminated. The criteria to be utilised in reaching a decision to redevelop or dispose of a property will be

- Location of the property and its relationship to potential redevelopment opportunities.
- The number and duration of sustainable tenancies or occupation over the previous 12 months period.
- The period required to secure a tenant or occupant of the building.
- The levels of investment required as a Reinvestment unit.
- The potential net value the sale of property with a minimum 5% yield and any loan security arrangements.
- The relationship of the property to the primary functions of Housing Services.

- The results of an analysis of all financial factors including rental income, costs to manage and maintain and market value.

4.7 Each option appraisal will be presented to the Lead member for Housing with the range of redevelopment or disposal options. The formal decision will be taken in accordance with the Councils constitution.

Development and Future Growth

4.8 Whilst this strategy appertains to existing holdings there is a direct relationship with the Development Strategy. The introduction of the self-financing regime has afforded local authorities significant flexibility in the delivery of new homes. The balance between the use of HRA resources for investment and the delivery of new property will have to be balanced against factors associated with the duties placed on the Council as a landlord and the availability of other funding streams (grant, right to buy receipts etc.)

Working with our Residents

4.9 The Council is committed to providing for the needs of the community we serve and we are updating and refining a number of key policies associated with channel shifting activity relating to Customer Service and Resident Involvement. This strategy will work in parallel with these when the implementation plan is operational. All areas of our operations have key performance targets to achieve that look to provide continuous improvement to all of our services.

4.10 We have a clear customer focus throughout our service area which links to the Councils corporate plan and strategic objectives.

4.11 The Council offers a wide range of access to our services; through our contact centre and PASC in Romford. There are also office receptions in Harold Hill for face to face contact. Many of our services are available through the internet and the programme associated with the Customer Transformation project remains a key feature of service planning.

Environmental Sustainability

4.12 The Council has a well-established Climate Change Strategy and Housing Services have played a significant role in taking forward key initiatives in delivery of measures to reduce our energy usage and carbon foot print. Notwithstanding there remains a number of challenges facing the organisation in this respect can be summarised as detailed below

4.12.1 Legislation: The current social and political emphasis on the Climate Change issue will continue to result in legislation that will be incrementally introduced and impact on most aspects of building activity related to housing. Government (DCLG) guidance already exists recommending how organisations can reduce their Carbon and Environmental 'footprints'.

4.12.2 Carbon Footprint: The challenge of measuring and then reducing the Carbon Footprint of the Housing portfolio is something that we are cautiously assessing, and this takes into account both our operations and our buildings.

4.12.3 Sustainable Resources: Wherever practical or reasonable to deliver within current economic frameworks, we will make use of sustainable resources or use resources in the most efficient way possible.

4.12.4 Stock Energy Consumption: To achieve our aspirations and reduce costs to our residents we will be continuing to replace all obsolete and inefficient services installations to reduce the cost in use and consumption.

4.12.5 Renewable Energy Sources: The Council is already committed to installing modern installations that exploit renewable energy on new developments. We will consider how this technology, in the appropriate manner, can further enhance the life of our residents and promote the environmental agenda.

4.12.6 Tenant Behaviour: There are limitations on the scope we have to influence behaviour of individual tenants in their day-to-day decisions and choices. We have introduced services via the Tenant Energy Efficiency Advisor to work directly with tenants to help provide guidance and evidence of the benefits this can bring.

Procurement

4.13 The procurement methods used are directed by the Delivery Strategy for development, redevelopment and investment and the Councils Contract Procedure Rules (CPR's).

4.14 A strategy to encourage and develop greater involvement of local business and Small and Medium sized Enterprises (SME's) is well established and will continue to be a key consideration in delivering projects to the housing stock.

SIGNIFICANT DATA AND PROFILE CHARACTERISTICS

5.0 Stock Profile

5.1 As at 1st April 2015 the Council own and or manage 9,612 rented homes and 2,218 leasehold homes. There are also 64 shared ownership properties.

5.2 With regard to the age profile of the stock, the date built records are as follows

Property Type

Year Built	Number of properties
1900-1944	549
1945-1964	5593
1965-1974	2568
Post 1974	902
Grand Total	9612

Archetype	No. of properties
Bungalow	397
Flat	5067
House	3604
Maisonette	544
Grand Total	9612

Classification	Count of MRA Archetype (HIP)	Percentage
i) Pre-1945 Small (<70m2) Terr House (Trad)	180	1.87%
ii) Pre-1945 Semi House (Trad)	207	2.15%
iii) All other Pre-1945 House (Trad)	22	0.23%
iv) 1945-64 Small (<70m2) Terr House (Trad)	532	5.53%
ix) Pre-1945 Low Rise <3 Storey (Trad + Non-Trad)	75	0.78%

v) 1945-64 Large Terr House/Semi (>70m2) (Trad)	1072	11.15%
vi) 1965-74 House (Trad)	428	4.45%
vii) Post-1974 House (Trad)	214	2.23%
viii) All House (Non-Trad)	950	9.88%
x) Post-1945 Low Rise <3 Storey (Trad + Non-Trad)	2233	23.23%
xi) Medium Rise 3-5 Storey (Trad + Non-Trad)	2715	28.25%
xii) High Rise >6 Storey (Trad + Non-Trad)	586	6.10%
xiii) Bungalow (Trad + Non-Trad)	398	4.14%
Grand Total	9612	100.00%

Type of property					Grand Total
Number of Bedrooms	Bungalow	Flat	House	Maisonette	
Bedsits	160	233			393
1	168	2664		2	2834
2	52	2028	1108	273	3461
3	17	130	2368	257	2772
4		12	120	12	144
5			8		8
Grand Total	397	5067	3604	544	9612

Decent Homes Standard

6.1 The Government established a target “to ensure that all social housing meets standards of decency by 2010 “. The general principles of applying the standard are as follows:

6.2 It was a minimum standard that all social landlords should have met by 2010 and can be measured consistently across all social housing stock. Furthermore it is a standard that triggers action, not one to which work is necessarily carried out. Therefore Landlords were not expected to make a home decent if it is against the tenant’s wishes as work can be carried out when the dwelling is next empty.

6.3 There are four criteria used to determine if a dwelling meets the decent homes standard. These are as follows:

Criterion 1 - The dwelling must meet the Housing Health and Safety Rating System.

Criterion 2 – The dwelling fails if one or more specified key components, or two or more non-key components are beyond a specified notional life **and** in disrepair.

Criterion 3 – The dwelling fails if it lacks three or more of the six specified facilities and services.

Criterion 4 – The dwelling must have effective insulation **and** efficient heating.

6.4 The Council completed the major investment associated with the Decent Homes programme by the end of the 2014-15 financial years. A residual of 2% of the portfolio remain classified as non-decent. The remaining properties will be addressed when they next become empty or as part of continued programme relating to the non-traditional stock.

7.0 Stock Condition

7.1 One of Housing Services key priorities is to maintain high quality stock and maximise the benefit of existing and new stock. The provision and upkeep of high quality, well-managed housing is a cornerstone of any sustainable community.

7.2 The stock condition survey has recently been updated following a major review of the Keystone Asset Management system. Notwithstanding this a programme of stratified surveys will continue to ensure trends in deterioration and/or misuse are recognised and recorded.

7.3 The objectives of the survey will be to collect sufficient data on each property to:-

- Identify properties in disrepair or which are unfit
- Identify the general condition of homes by assessing the condition of internal, external and common parts.
- Identify component condition to inform life cycle predictions.
- Identify improvements required to increase the life of the properties.
- Establish energy efficiency details for each property.

The financial information produced from the surveys will be used to inform the Business Plan and future financial projections. The categories of cost, for assessment calculation and reporting are to be determined as follows (the text in italics are brief extracts from government office definitions):

7.3.1 Catch Up Repairs “...*the backlog of repairs needed to make good observable defects in a dwelling, usually works which ought to have been done in the past under cyclical or responsive repairs or where planned maintenance has not been carried out.*” E.g. *old and defective Kitchen units and worktops.*

7.3.2 Future Major Works “*replacements/major overhauls necessary once catch-up repairs have been completed.*” e.g. *the predicted need to renew boilers assuming a life cycle of 15 years from the date of installation.*

7.3.3 Contingent Major Repairs “*works which could be reasonably anticipated but for which there is no direct evidence of a problem in the properties concerned.*” E.g. *the future cost of renewing drainage where widespread failure may occur.*

7.3.4 Improvements “*works which increase the standard of accommodation either by providing something which did not exist, or upgrading an element to be replaced.*” E.g. *the installation of door entry systems to a block of flats.*

7.3.5 Preliminaries e.g. *costs associated with the provision of scaffolding for properties with three or more storeys.*

7.4 The overall results of these surveys are as detailed below. Survey results assume replacement of elements at life cycle intervals reflecting the “Just In Time” standard. All values stated are as at 1st April 2015 and include delivery preliminaries, except in respect to scaffolding which is in accordance with normal Stock Condition Survey Procedures. All values are for a 30-year period, with the exception of Catch-Up Repairs and Improvements. No further allowances are made for:

- Build Cost Inflation
- Fees
- Management Charges
- VAT
- Decanting of Tenants
- Responsive/Void and Cyclical Costs
- Disabled Adaptations

The details of the forecast of investment are set out in appendix two

7.5 We will constantly review the assumptions made on the expected life of building components by a programme of sample surveys of 10% of the stock with a major review being conducted every five years. Where required adjust the data base and life cycles so that programme contents reflect actual necessary expenditure rather than replacement to comply with intellectual assumption.

7.6 The Council will utilise in house and contracted resources to continue with a rolling programme of stock condition surveys to remove the levels of assumed data (cloned) within the Asset Management data base. This will also give occasion for staff to collate data on neighbourhood aspects and the individual needs of our tenants to feed back into other customer facing strategies.

8.0 Financial Considerations

8.1 The levels of investment required will be dictated by a number of factors as identified within this strategy. They will largely be driven by condition and our obligations to comply with legislative requirements. However, the facility to allocate funds to specific aspects of the key themes must also be available.

8.2 The Asset Management Strategy is underpinned by the long term business plan (BP). The BP is a financial projection of the HRA delivering its corporate objectives of improving customer service and meeting the objectives associated with the BP and Development programme.

8.3 The Asset Management Strategy will operate within the context of the Business Plan and the broader policy of the Council. It is recognised where resources for development, redevelopment and investment change during the life of the Business Plan a minimum base point will be maintained. This will be the built assets are in a condition which poses no health and safety risk to residents and complies with the Housing Health and Safety rating scheme.

IMPLEMENTATION

9.0 Current Position

9.1 The stock was, prior to the decent homes funding being received, invested in with limited resources available. The significant investment since 2011 has made a positive impact to the overall condition of our property. However, some aspects of the portfolio were deferred to ensure the resources were focused on the delivery of the backlog funding.

9.2 In addition to works deferred at the request of residents, parts of the estate require attention. These are as follows

- External out buildings (store sheds, garages)
- Building Services to common parts (landlords lighting, communal water storage, passenger lifts)
- Landscaped areas (soft and hard)
- Other communal facilities (play equipment, drying areas)

9.3 It is recognised some of these items whilst presenting expenditure liabilities also present redevelopment opportunities. Due to their nature it is complex to quantify these as detailed in paragraph 3.3.2. However, technical and financial parameters will be established to predict the viability of development in the round and these can be applied to sites where disinvestment is appropriate.

9.4 The balance between reactive and planned maintenance is incorrect. A disproportionate amount of funding is being directed to reactive solutions for short-term problems with little regard for longer-term

investment. The levels of activity will be closely interrogated to review trends and factors that impact on property investment criteria and target resources in a more considered and planned nature.

9.5 The stock, in some cases, is provided in a form that is not acceptable or desirable to residents as a long-term option for a home. The expectations of society, in the main, have changed and some of the stock falls short in terms of form, size and value for money. This leads to the properties becoming difficult to re-let and consequential rental loss. A programme of review associated with properties identified as “hard to let” or support the requirement to sustain tenancies will be undertaken in line with the parameters set out in the Asset Management Strategy.

9.6 The recent changes in the Business Plan assumptions have led to a review of investment priorities. The move to the “Just In Time” standard will affect programme delivery timescales previously communicated. The potential impact on individual residents will be reviewed and a communication strategy developed to minimise dissatisfaction and reputational risk will be devised.

10.0 Vision for the Future

10.1 With the end of backlog funding it is now incumbent on the Council to detail a vision for investment priorities within the resources available. It is also recognised the opportunities presented by the HRA self-financing regime will also have a call on the resources available.

10.2 The objectives have been set out clearly giving strategic context to where we want to be. The principal themes being

- Residents
- Markets
- Locations
- Quality
- Value

10.3 However it is important to state the desired outcomes of any plan to be adopted. This will give a clear line of communication to our residents and stakeholders of our continued strategy to invest in and maintain the value, both economic and social, of our property holdings.

10.4 The Council will endeavour to achieve

10.4.1 *The stock will become relevant in terms of type, size and quality with the facilities and services provided have a relevance to customers’ expectations and is flexible to facilitate a variety of uses and/or support provisions.*

10.4.2 *That the unit costs for the provision of both reactive and planned maintenance will decrease making the revenue requirements less in the long-term. It is necessary for the Council to use all of its resources associated with maintenance in a more effective manner and carry out investment in a more proactive way.*

10.4.3 *A clear methodology is will be in place to ensure that the Cost/Value relationship is appropriate.*

As a result of the investment we will achieve one of the following

A return on capital invested within a five-year period. If this cannot be achieved this will be reviewed by Housing Board

Or

Reduces an anticipated loss or long term investment liability.

10.4.4 *In the event of investment being required to reduce losses of a particular scheme rather than increase its value this will require a separate approval by Housing Services Management team*

11.0 **Action required**

11.1 We will establish what our residents expectations are of the homes they live in. This will supplement our detailed plans derived from survey data and deferred works from previous years. This will give us the data to make decisions on the investment programmes post the completion of the decent homes programme. It is proposed to use focus groups to explore the outcomes of previous surveys to further support this.

11.2 A better approach is required for reactive maintenance to deliver the vision of the future. This must limit the use of reactive resources for replacements of elements or facilities and focus on carrying out routine repairs. A feedback mechanism is required to ensure the items outside the scope of this are noted and planned and those residents are informed of when they can expect these works to be done.

11.3 It will be necessary to limit works to properties identified for reinvestment/remodelling to a level to maintain our statutory obligations. This will focus resources in a cost-effective manner. In addition to this a contingency provision made available to ensure statutory issues are addressed and resident satisfaction can be managed.

11.4 Furthermore controls with regards to cost allocation and general financial management relating to maintenance in its broadest sense become more activity based, simpler, accessible and robust. The Council must ensure that resident repair responsibilities under the tenancy agreement or lease are adhered to.

11.5 A better strategic approach is required for planned maintenance to deliver the vision of the future. It is essential that where works are outside of reinvestment or remodelling packages they are undertaken in such a way that:

- Resources are used effectively to support other services activities (customer dissatisfaction, addressing void issues, management problems etc.)
- Have a positive impact on reducing the use of reactive maintenance spending.
- Utilise contractual and other relationships to enhance the programme of reinvestment and remodelling.

This will have a positive action on the revenue stream.

11.6 In order to make communication of investment plans more relevant to the service pressures being faced it is proposed to create a series of property definitions associated with stock investment. There are set out below

11.6.1 Reinvestment/Remodelling

The vision of the future will require a re-alignment of current operational practices within Housing Services to achieve our end goal. The assessment and classification of properties must relate to our key objective of making our homes relevant and sustainable. The key definitions are the catalyst for this and will allow for the following categories. The additional consideration is the prioritisation of the classes of property will be based on short, medium and long term investment requirements and impact of revenue position.

11.6.2 Planned Maintenance Units

Properties that provide good levels of facilities and accommodation for at least a ten year period whose condition is such that routine/minimal investment of less than 10% of its market value is required.

11.6.3 Reinvestment Units

Properties that provide basic levels of facilities and accommodation whose condition is such that they would require intervention to meet expectations of the service

The investment criteria will be that value of works are less than £16,000/unit or exceed 10% but not exceeding 20% of the market value.

11.6.4 Remodel Units

Properties that provide poor levels of facilities and accommodation whose sustainability is limited in their current form and condition is such that they would require intervention to meet expectations of the service.

11.6.5 Investment Appraisal Units

Properties that provide poor levels of facilities and accommodation whose condition is such that the works required to bring them to a basic standard would exceed the criteria stated previously, require a full review, with a view to disposal or re-provision of the accommodation.

11.7 The level of detailed assessment and classification is substantial. The assessment of properties not just relating to its condition but in terms of assessing the possibility of unit increase on existing sites needs to be collated so that classification can begin. Following on from this will be the development of a suitable financial appraisal model to prioritise and justify investment.

11.8 The exercise above and further detailed analysis of maintenance activity will take a reasonable amount of resources as the majority of the data required is held on our systems and is already being collated relating to control of maintenance expenditure.

11.9 The implementation plan in appendix three sets out the allocation of resources and a key schedule of activities to be implemented in the short medium and long term.

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