

Appendix A

To Social Care, Health and Housing Overview and Scrutiny Committee on 29 April 2013

Meeting: Executive
Date: 14 May 2013
Subject: Housing Asset Management Strategy (HAMS)
Report of: Cllr Carole Hegley, Executive Member for Social Care, Health and Housing
Summary: The purpose of this report is to request Executive approval of the Housing Asset Management Strategy.

Advising Officer: Julie Ogley, Director of Social Care, Health and Housing
Contact Officer: John Holman, Head of Asset Management
Public/Exempt: Public
Wards Affected: All Wards
Function of: Executive
Key Decision Yes
Reason for urgency/ exemption from call-in (if appropriate) Not applicable

CORPORATE IMPLICATIONS

Council Priorities:

The Housing Asset Management Strategy (HAMS) supports the following Council priorities :

- Improving educational attainment
- Enhancing the local community
- Promote health and well-being and protecting the vulnerable.
- Value for money

Financial:

1. The financial implications of HAMS are incorporated within the approved Housing Revenue Account revenue and capital budgets. Over the course of the Medium Term Financial Plan, the maintenance budget is £18.7m and the capital programme anticipates a spend of £46.9m

Legal:

2. The Council has a statutory duty to maintain its homes in a satisfactory condition ensuring they are safe, weather tight and have heat, power etc. It also has a duty to provide for the homeless. The proposals contained in the HAMS will help the Council to comply with these obligations more cost effectively.

Risk Management:

3. The HAMS helps to mitigate the following corporate risks:
 - failure to deliver the Council's priorities, Medium Term Plan, the Housing Strategy 2011-15, and programmes including Residential Futures;
 - failure to make adequate provision for the accommodation needs of older people in Central Bedfordshire.
4. In addition, there are a number of risks identified in delivering the HAMS, including:
 - ICT ability to support changes
 - Contractor durability
 - Lack of sufficient skilled staff
 - Lack of an enduring focus to complete long term regeneration
 - Not maximising strategic fit & securing corporate support
5. These identified risks will be managed and appropriate mitigating action taken.

Staffing (including Trades Unions):

6. Not applicable at the moment but the HAMS does consider partnership working which may have implications for staff at a later date.

Equalities/Human Rights:

7. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. National and local research indicates that there is a shortage of appropriate and affordable housing for older people. The approval of the HAMS will play an important role in helping to improve outcomes for CBC tenants and the wider community.

Public Health:

8. Good housing has a positive impact on public health and education.
9. Extra Care housing residents are less likely to be admitted into a hospital for an overnight stay compared to a similar person living in the Community.

Community Safety:

10. The provision of well designed accommodation and environment will enhance the safety, security and well being of the community.

Sustainability:

11. A key priority of the HAMS is to create a housing portfolio that meets the demands of today and tomorrow. This will involve replacing homes that are no longer fit for purpose and developing options for new homes that will meet the aspirations of future tenants.

Procurement:

12. All procurement will be undertaken in accordance with the procurement strategies current at the time to deliver value for money.

Overview and Scrutiny:

13. This matter was considered by the Social Care, Health and Housing Overview and Scrutiny Committee on the 29 April 2013. Recommendations from this meeting(to be inserted following meeting).

RECOMMENDATIONS:**The Executive is asked to:**

- 1. Approve the Housing Asset Management Strategy (HAMS).**

<i>Reason for Recommendations:</i>	<i>To enable detailed plans for maintenance, improvement regeneration and new build of the Councils housing stock, together with new business initiatives to be progressed.</i>
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Executive Summary

14. The Council Housing Revenue Account Business Plan is well placed to maintain its existing housing stock of 5205¹ homes in reasonable repair for the 30 year life of the Business Plan. In addition, subject to an agreed resources plan underpinning this strategy, additional funds are available for:
- new provision of extra care housing
 - re-provision of unsatisfactory housing
 - environmental improvements
 - the building of new homes
 - the development of new business opportunities
15. Self financing provides the Council with the opportunity to review its approach to asset management, redevelop unsatisfactory housing stock and create an enduring legacy. There is no longer a need to meet a government prescribed Decent Homes standard and the Council is free to establish its own standards and invest more intelligently in its stock.
16. The strategy addresses the use of land, buildings, new development, disposals, and regeneration. It will use existing and future funding to deliver its legacy and will examine the long term economic value and sustainability of existing stock before significant investment is made. The strategy seeks to deliver high quality, well designed, suitable and affordable homes in communities where people want to live.
17. The Housing Asset Management Strategy outlines how Central Bedfordshire Council (CBC) will approach the regeneration, new build and maintenance of its

¹ September 2012

Introduction

18. The Council's housing stock is one of CBC's highest value assets and one of its largest maintenance liabilities. The housing stock has an Open Market Value of £643m and an Existing Use Value of £294m. There are 5205 homes² in the portfolio and houses account for half (50%) of the total stock; there are 1808 flats in blocks of two to five storeys, including 153 bedsit properties, 133 Maisonettes as well as 773 bungalows. The CBC housing stock accounts for 6% of the total housing in the district and 36% of the affordable housing. The landlord service is also responsible for the maintenance and management of 3 traveller sites, which are not part of this strategy as they are accounted for in the General Fund.
19. In general the housing stock has been well maintained with modern facilities. CBC achieved the Government specified Decent Homes standard in 2010 with homes receiving either a kitchen or a bathroom (not both) and with limited improvement to the internal layout of homes. No external improvements were made. The idiosyncrasy of this government policy is a 50 year old bathroom may have been replaced but the kitchen of a similar age left. Similarly, a kitchen or bathroom that does not meet the age criteria but needs replacing will not have been considered. This policy will have resulted in many homes not meeting the future aspirations of tenants.
20. Over the next 30 years self financing provides a combined capital and revenue budget of £828m; over the same period a programme of £292m has been identified to ensure the housing portfolio remains fit for purpose³. This equates to a budget of £51k per property with the majority of spend focused on replacement kitchens, new roofs and central heating replacement. There are no particular issues with the stock although the non traditional Precast Reinforced Homes (PRC) Homes are likely to require major structural repair during the life of the business plan to eradicate the fundamental structural problem.
21. Meaningful HRA resource planning and portfolio management could enhance the surplus available to it, unlocking HRA investment capacity and maximising revenue income e.g. through the use of affordable rents on new build and flexible tenures. The potential net surplus, after meeting landlord obligations for management and maintenance, from all sources, over the next 30 years, is estimated to be £319m and could be used for service and stock improvement, new build and regeneration, depending on the Resource Plan. A strategic reserve and Sheltered Housing Re-provision Reserve have been created using annual surpluses and could be used to fund new housing provision, including extra care housing.
22. The work that will be delivered through the multi million pound HRA investment programme will be a catalyst to encourage local employment, training and businesses amongst our tenants and communities contributing to the local economy and supporting the Central Bedfordshire Pound.

The Housing Asset Management Strategy

23. The HAMS advocates an approach that combines a comprehensive maintenance, remodelling and regeneration programme that may include demolition as well as building new homes. Funding for the schemes may come

³ Savills Stock Survey dated June 2012

from a variety of sources including partnerships with Registered Providers and the private sector in order to create sustainable funding models, with CBC being able to contribute a mix of funding, land sales, land swaps and s106 agreements.

24. Work has been commissioned to identify the impact individual properties have on the Housing Revenue Account Business Plan. Once complete, consideration can be given to which stock is viable, what needs to be improved and what properties or land will need further consideration in order to help meet the HAMS priorities. The appraisal includes the shop and garage portfolio. Future investment decisions will follow a similar assessment, the governance structure for which has yet to be developed.
25. The CBC Housing Landlord Service has the potential to develop and operate as a wholly owned social enterprise. The HAMS is predicated on the organisation acting commercially, increasing both its scope and income, providing services across the Council and to the community. Self financing provides the opportunity to develop new business models, providing broader and more flexible services and generate additional income
26. The Asset Management Strategy is built around 7 priorities:
 - Priority 1** - Meet our obligation to existing and future tenants and their households, ensuring the housing stock, environment and infrastructure are kept in good repair, remain attractive, meeting tenants' current and future expectations.
 - Priority 2** - Create a housing portfolio that meets the demands of today and tomorrow. Replace homes that are no longer fit for purpose and develop options for homes that will not meet the aspirations of future tenants.
 - Priority 3** - Identify land to build additional council homes in locations where people need and want to live and where the need is not being met by others.
 - Priority 4** - Identify and evaluate opportunities for increasing the stock of social housing through new build, acquisition and management (e.g. Registered Provider (RP) disposals, repossessions & properties previously sold under the Right to Buy, managing other stock).
 - Priority 5** - Ensure the availability of the housing stock helps to cater for future demands, particularly the needs of older people, vulnerable, special needs and minority households through the provision of appropriate homes, attributes and facilities.
 - Priority 6** - Improve the energy efficiency of the housing stock, helping to reduce carbon emissions and reduce the cost of heating homes.
 - Priority 7** - Ensure the Housing Asset Management Strategy drives value for money, supporting local employment, training, procurement and spend in Central Bedfordshire (re-cycling the CBC Pound).
27. The initial focus of the HAMS will be to:
 - a. Deliver the asset management programme, using suitable approaches that achieve upper quartile value and customer satisfaction; including considering different delivery models, e.g. Joint Ventures
 - b. Develop at least 50 Extra Care housing flats
 - c. Undertake a suitability review of the Sheltered Housing Stock.
 - d. Develop a programme of regeneration where buildings, poor estate and

building layout and unattractive environments are addressed.

- e. Identify HRA land for development or disposal.

Financial Considerations

- 28. Improved housing and environments will enable quicker letting of homes. It will also contribute to more stable communities, improved health and education.
- 29. All expenditure will be financed through the Housing Revenue Account, either as borrowing or direct from the annual revenue surpluses.
- 30. The Housing Revenue Account (HRA) budget report, approved by Council on 21 February 2013, agreed to re profile principal HRA debt repayments, which will help to generate a total projected surplus of £33.9m for the period up to March 2017. Priority on this programme will be the extra care schemes e.g. Dukeminster, with other priorities on the remaining budget being considered as the schemes are developed.

Development and Regeneration Programmes

- 31. Work has already commenced to identify individual properties and areas that would benefit from regeneration. Similar work is also underway to identify development opportunities, initially on existing HRA land, e.g. garage sites in the south of the CBC area but will be extended to the north in due course.
- 32. In both cases it is intended to present an overview of the CBC area, identifying ranked opportunities which will also include potential increased leverage by linking to CBC initiatives and those of partner organisations.

Support for the Housing Asset Management Strategy

- 33. The HAMS has been considered by a special meeting of the tenants groups Way Forward Group (WFG) and Sheltered Tenants Action Group (STAG) who support the proposals, including refurbishment and, if appropriate, the demolition of homes that are no longer viable. They are particularly keen to see new homes built.
- 34. The HAMS has been consulted on widely for the last 3 months. Eighteen responses were received, including from a Town Council, a housing association, tenants and the general public. Overall the feedback was very supportive of the HAMS. Where comments have been made they will be considered as part of implementing the strategy.
- 35. Table 1. Next steps in making the HAMS into a deliverable plan

Activity	Date
Revise the Planned Maintenance Programme to account for the just in time approach and refurbishment rather than Decent Homes	April - June 2013
Conclude the review and report on where to invest and where other options are needed.	June - July 2013
Develop and approve regeneration programme	Autumn 2013
Develop and approve a new build programme	Winter 2013 -14

Conclusion and Next Steps

36. The HAMS presents a significant opportunity to change and improve the nature and extent of the Councils housing stock while supporting a number of the Councils priorities, including Key Strategic Priority 3 in the Housing Strategy, *Meeting the Accommodation Needs of Older and Vulnerable People* and meets the Medium Term Plan target, *Provide 50 extra care flats by 2014*.

Appendices: The Housing Asset Management Strategy

Background Papers:

Minutes from the special STAG/WFG tenants meeting dated 15 January 2013
Analysis of public consultation.