



# Central Bedfordshire

## Housing Asset Management Strategy

### **APPENDIX A**

**To: Report to the Executive**

**Dated: 14 May 2013**



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## Executive Summary

The Council Housing Revenue Account Business Plan is well placed to maintain its existing housing stock of 5205<sup>1</sup> homes in reasonable repair for the 30 year life of the Business Plan. In addition, subject to a revised resources plan underpinning this strategy, additional funds are available for:

- new provision of extra care housing
- re-provision of unsatisfactory housing
- environmental improvements
- new building, in particular homes for sale on a shared ownership basis

Decisions about allocating resources over and above the Council's obligations to its existing tenants will be based on a detailed 5-year resource plan and kept under review. Provision for repayment or re-scheduling of debt will be part of that plan but informed by the Council's overarching treasury management strategy.

Although the Council housing stock has been well maintained many of the properties have poor layouts, are of poor design and located in areas where future generations may not want to live. Central Bedfordshire Council has achieved the Decent Homes standard which is no longer a central government directive. Having achieved this benchmark the Housing Asset Management Strategy (HAMS) recommends going beyond Decent Homes by adopting a comprehensive approach to managing the housing portfolio. HAMS recommends the current policy of replacing either a kitchen or a bathroom (not both) without addressing the wider factors is replaced by a comprehensive approach to refurbishment and regeneration that considers energy efficiency, location, space and suitability.

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 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.

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, with risk being managed through an investment board.

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<sup>1</sup> September 2012

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 generating additional income.

The Asset Management Strategy is built around 7 priorities:

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**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 new homes, primarily on a shared ownership basis, 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 housing stock across tenures through new build, acquisition and management (e.g. Registered Provider (RP) disposals, repossession & 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** – Alignment of the Asset Management Strategy to the strategic objectives of the Council, so as to maximise the local impact through a range of initiatives, that support social and economic regeneration. Thereby, to ensure that the Housing Asset Management Strategy drives value for money, supporting local employment, training, procurement and spend in Central Bedfordshire (re-cycling the CBC Pound).

## Introduction

1. The Housing Asset Management Strategy (HAMS) outlines how Central Bedfordshire Council (CBC) will approach the regeneration, new build and maintenance of its social housing stock. It should be read in conjunction with:
  - a. The HAMS Resource Plan (to follow)
  - b. The Asset Management Programme 2013 -18.[to be produced]
  - c. The Housing Development and Regeneration Programme. [to be written]
  - d. CBC Housing Strategy
  - e. The CBC New Development Strategy
2. The strategy drives the department's approach to the provision, maintenance, improvement and redevelopment of the Council's housing portfolio and its environs, contributing to the corporate priorities of the Council.
3. 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. CBC is now able to go beyond Decent Homes and help to enhance neighbourhoods.
4. 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.

## Overview

5. The Council's housing stock is one of CBC's highest value assets and one of its largest maintenance liabilities. There are 5205 homes<sup>2</sup> 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.
  6. In general the housing stock has been well maintained with modern facilities. CBC achieved the Government specified Decent Homes standard in 2010 with
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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.

7. Over the next 30 years self financing provides a combined capital and revenue budget of £981m; over the same period a programme of £292m has been identified to ensure the housing portfolio remains fit for purpose<sup>3</sup>. This equates to a spend 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.
8. 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 £315m and could be used for service and stock improvement, new build and regeneration, depending on the Resource Plan. A strategic reserve has been built through borrowing and annual surpluses and could be used to fund new housing provision, including extra care housing.
9. 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 Bedfordshire Pound. Every opportunity will be taken to achieve a strategic fit and clear alignment of objectives between the Housing Asset Management Strategy and local plans, led by the Council and partners, to deliver social and economic regeneration.

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<sup>3</sup> Savills Stock Survey dated June 2012

## Corporate Priorities and Asset Management Priorities

	<b>Corporate Priority</b>	<b>Asset Management Priorities</b>
1	<p>Improving educational attainment</p> <p>Troubled/Working Families agenda, Integrated Offender Management.</p>	<p>Ensure the housing stock, environment and infrastructure are kept in good repair, remain attractive, meeting tenants' current and future expectations. Provide local employment and training through contract procurement and recruitment.</p>
2	<p>Enhancing the local community</p>	<p>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. Improve the environments around concentrations of CBC housing.</p> <p>Identify land, HRA, General Fund or non-council owned, to build a variety of mixed tenure homes, including sale and shared ownership, in locations where people need and want to live.</p> <p>Identify and evaluate opportunities for increasing the stock of social housing through new build, acquisition and management.</p>
3	<p>Promote health and wellbeing and protect the vulnerable</p>	<p>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, including life time homes and models of shared ownership.</p> <p>Improve the energy efficiency of the housing stock. Helping to reduce carbon emissions and reduce levels of fuel poverty.</p> <p>Develop housing services for older people through improved sheltered and older people's housing which helps to promote an active and healthy lifestyle.</p>
4	<p>Value for Money</p>	<p>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). Raise performance and customer satisfaction whilst keeping costs down.</p>

## Immediate Housing Asset Management Priorities

10. The following priorities have been identified:
  - 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. Produce proposals for the development or disposal of HRA land to include the development of homes available for sale on a shared ownership basis as a primary focus.

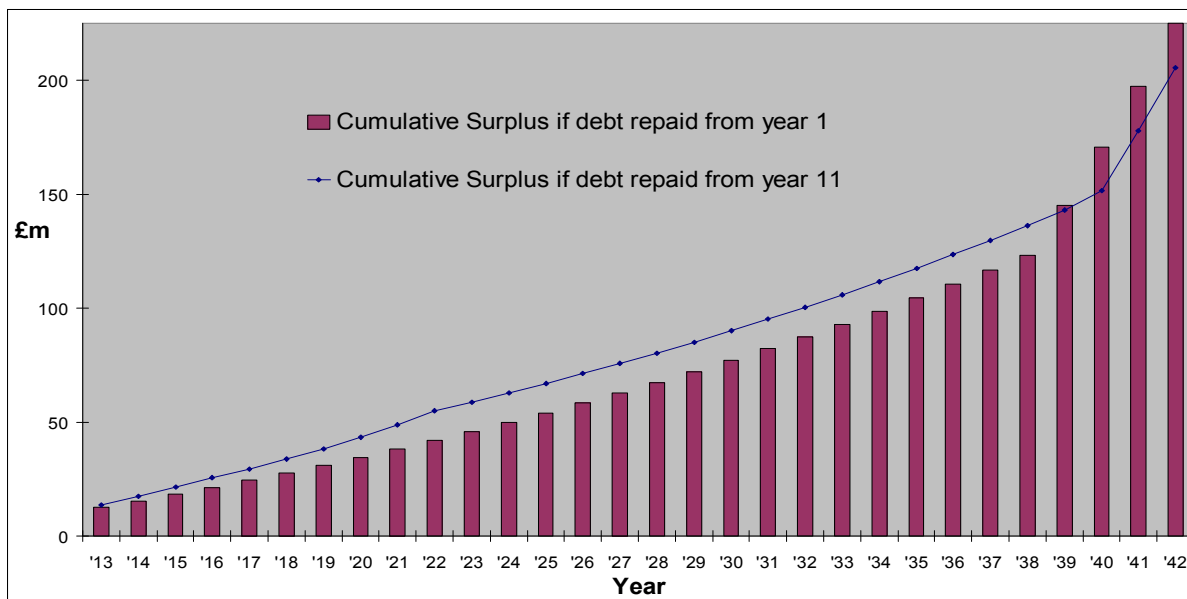
## Resource Plan

11. Over the next 30 years the HRA Business Plan has a predicted gross income, revenue and capital of £1,371m with a net budget of £981 (debt costs of £303m; transferred to reserves £87m). Over the same period expenditure for the management, maintenance and improvement of the stock is anticipated to be £273m.
12. Although a number of factors remain to be resolved, including the impact of a reinvigorated Right to Buy policy, the use of affordable rents, fixed term tenancies and a reviewed procurement strategy, any negative effect is likely to be minimal. For planning purpose the HRA has a projected surplus of £315m, see table 1, which can be used to create a housing portfolio fit for future generations.
13. The current HRA Business Plan makes provision to repay debt from year one, yielding £286m over the 30 year life of the plan; the majority of surpluses are accrued after the debt has been repaid in year 23. As a result, surpluses of £4m - £7m per year are achieved in the first 23 years, but after year 23, a surplus of over £20m per year is achieved. This debt profile leaves little surplus once the Council's aspiration for Extra Care re-provision has been funded and is inadequate to fund the Council's short term ambitions. However, depending on the Council's Treasury Management strategy, different debt models can be considered that provide larger surpluses much earlier in the life of the business plan e.g. not starting to repay debt until year 11 would release £60m in the first ten years with a total surplus over 30 years of £257m.



14. In the same example debt being repaid from year one would be fully repaid in year 27 (2038/39). Debt being repaid from year 11 would be fully repaid in year 28 (2039/40).
15. Further resources may also be available from:
  - a Reducing the HRA reserve from £4m to an industry standard of £2m.
  - b Utilising the one off £7.7m borrowing headroom.

**Table 1. Projected surplus if debt is repaid from year one and from year 11**



16. The HAMS is built on 7 complementary 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.

## Stock Condition

17. CBC housing stock is generally in good condition and meets the prescribed Decent Homes standard of the previous government. In meeting the Decent Homes standard all stock<sup>4</sup> has either a new kitchen or a new bathroom. Nearly all of the housing stock has central heating and double glazed windows. The average SAP rating for the stock is 68.2, with a range of range 31 to 81 (upper quartile is 71). The layout of some properties and their environs remain

<sup>4</sup> Except where work has been refused by the tenant, currently 20%.

wanting, which will only be resolved through regeneration. Some kitchens lack the space for modern appliances; and estates, which are no longer in the sole ownership of CBC, have challenges with car parking, layout and maintenance of common areas.

18. Exceptions to the housing stock include:
  - a. The housing portfolio has 92 non traditional Precast Reinforced Concrete (PRC) Homes which are not to a mortgageable standard and require an additional £1m of funding to ensure they remain serviceable over the next 30 years. A separate appraisal will be conducted before major spend is committed to these properties.
  - b. There are a number of homes with solid walls that cannot be easily insulated, they are expensive to heat and need significant resources to improve their energy efficiency.
19. By 2017 our objective will be for all CBC housing stock to have central heating, double glazing and an average SAP rating that meets the upper quartile for social housing landlords with no property having a SAP rating of less than 65.
20. Maintaining the Decent Homes (DH) standard is a CBC commitment and no longer a central government requirement. The government's DH standard has always had its limitations providing either a kitchen or bathroom into homes that may have poor layouts and are unlikely to meet the future expectations of tenants e.g. homes that have new kitchens but 50 year old bathrooms, flats with a poor provision for refuse disposal or unsatisfactory access and egress arrangements. To avoid fitting modern kitchens and bathrooms into layouts that may not be suitable in the future, CBC will go beyond DH. The design of properties will be reviewed to ensure they are in the right locations, attractive, facilitate modern appliances and meet the requirement for life time homes.
21. Where stock is uneconomic to own or cannot be cost effectively improved or maintained or is in areas where there is limited demand, alternative options to retention will be explored.
22. All planned maintenance work is detailed in the Asset Management Programme 2013 – 2018.
23. In order to smooth both the financial and delivery of planned maintenance the planned maintenance programmes will be smoothed, removing the peaks and troughs in the programme. In practice this will mean accelerating or delaying work within a 5 year timescale. In order to maximise the life of the asset, the preference will be to push work back in the programme, rather than bring it forward.

## Garage Sites

24. The Council owns 1761 garages located on 152 sites. On average, 36% of the garage stock is void at any one time but there are wide variations in void levels with some locations sustaining sufficient demand and others in which there is only low, or no, demand. An appraisal of the garage stock will be undertaken to identify the future investment priorities for the garage stock.
25. Within the stock, 1055 garages have been sold. Many of these garages are integral to the home being bought. However, others are part of a garage block and these represent a constraint to uninhibited site development and compulsory purchase may be an option. Individual garages in blocks should not be sold in the future.
26. A tailored approach will be developed for the future of garages and garage sites. The approach will recognise the ongoing demand from residents in some locations and the lack of demand in others.
27. The policy will be to:
  - a. Ensure garage sites need to make a positive contribution to the HRA.
  - b. Retain and invest in the garages for which there is an ongoing, sustained demand.
  - c. Consider change of use, e.g. into storage units.
  - d. Find alternative uses for the garage sites for which there is insufficient demand. Sites that are no longer sustainable may be considered for the development of new housing or disposal to raise additional resources. Where there is no requirement or the sites do not lend themselves for development, alternatives will be considered, including surface parking, allotment development, opportunities for partners e.g. Town Councils to develop alternative uses.
  - e. Where sites currently demonstrate a marginal positive return their viability will be reviewed on an individual basis every two years. In some cases improved marketing or minor works can improve long term viability.

## Commercial Stock

28. HRA property portfolio also includes 26 shops in 4 blocks. All are let on a full repairing lease. During the last 5 years there has been no capital investment in these shops to ensure that they remain in satisfactory condition and fit for purpose. There is no capital plan for the shops or budget. As a result, any

work is funded on a reactive basis from the HRA; there is no sinking fund for future works. Maintenance of the internal components remains the leaseholder's responsibility.

29. The annual revenue received from the commercial stock is approximately £60,000. The comparable cost to the HRA of managing and maintaining the stock needs to be captured. Any surplus or loss is attributable to the HRA; there is no sinking fund for major capital works and no provision currently made in the HRA Business Plan for future work. As there are synergies in managing a housing stock and a commercial stock, consideration will be given to the most cost effective way of managing the commercial portfolio to ensure value for money is being achieved. Property Services Department currently manage the commercial stock on behalf of the HRA on a Service Level Agreement,

**Table 2. Commercial Units**

	Location	Comment
1	Mayfield Road, Dunstable	Most units let on full repair & no repair leases
2	Clarence Road, Leighton Buzzard	Most units let on full repair & no repair leases
3	Hillborough Crescent, Houghton Regis	Units let on full repair & no repair leases
4	Westfield Road, Dunstable	Units let on full repair & no repair leases

## Other Assets

30. The HRA is responsible for the provision of a number of other property based assets which the HAMS supports including properties leased to other organisations and land leased to tenants, the income from which comes into the HRA. The general principle with all properties leased to other organisations should be that they are let at a market rent and produce a medium term surplus to the HRA.
31. The arrangements regarding each of these properties will be reviewed and their commercial viability and long term sustainability examined.

## Accommodation for Homeless Households

32. There are a number of homeless families units managed by the HRA over 5 sites. The properties are managed by the Council's Housing Needs Service. Bedford Court is an HRA asset that has self contained accommodation for

statutory homeless households. There is also a hostel in Leighton Buzzard, but this has shared kitchen and bathroom facilities. Ongoing maintenance to these buildings is required to ensure that they remain fit for purpose.

33. A Temporary Accommodation Strategy is being developed which will, going forward, inform the HAMS regarding the need for homeless families' accommodation and its supply through the HRA.

## **Gypsy Caravan Sites**

34. The landlord service manages three gypsy caravan sites. Timberlands is currently being refurbished to provide 6 plots. All costs associated with these sites fall on the General Fund.

## **Mixed Tenure Estates**

35. CBC is no longer the sole landlord of many estates. 'Housing land' is shared by a host of other users and it is necessary to review the appropriateness of tenants paying for the upkeep of assets that are not for their sole use, through the rents and service charges which are the primary source of income to the HRA. In some areas the HRA is responsible for car parking<sup>5</sup> and roads where there may be none or few tenants served by the facilities.
36. The HRA is responsible for a variety of green space, 9 pumping stations, miles of un-adopted roads etc. The parking of cars, particularly where we are no longer the sole or even the majority house owner is an increasing problem that needs to be reviewed going forward, ensuring CBC Housing liabilities are clear and costs are correctly identified and allocated. Moving responsibility from the HRA may impact adversely on the General Fund and will need to be explored carefully.
37. Recent changes in legislation mean that the responsibility for maintaining pumping stations, that currently cost the HRA £5k annually, can be passed to the utility company.

## **Asset Management Programme**

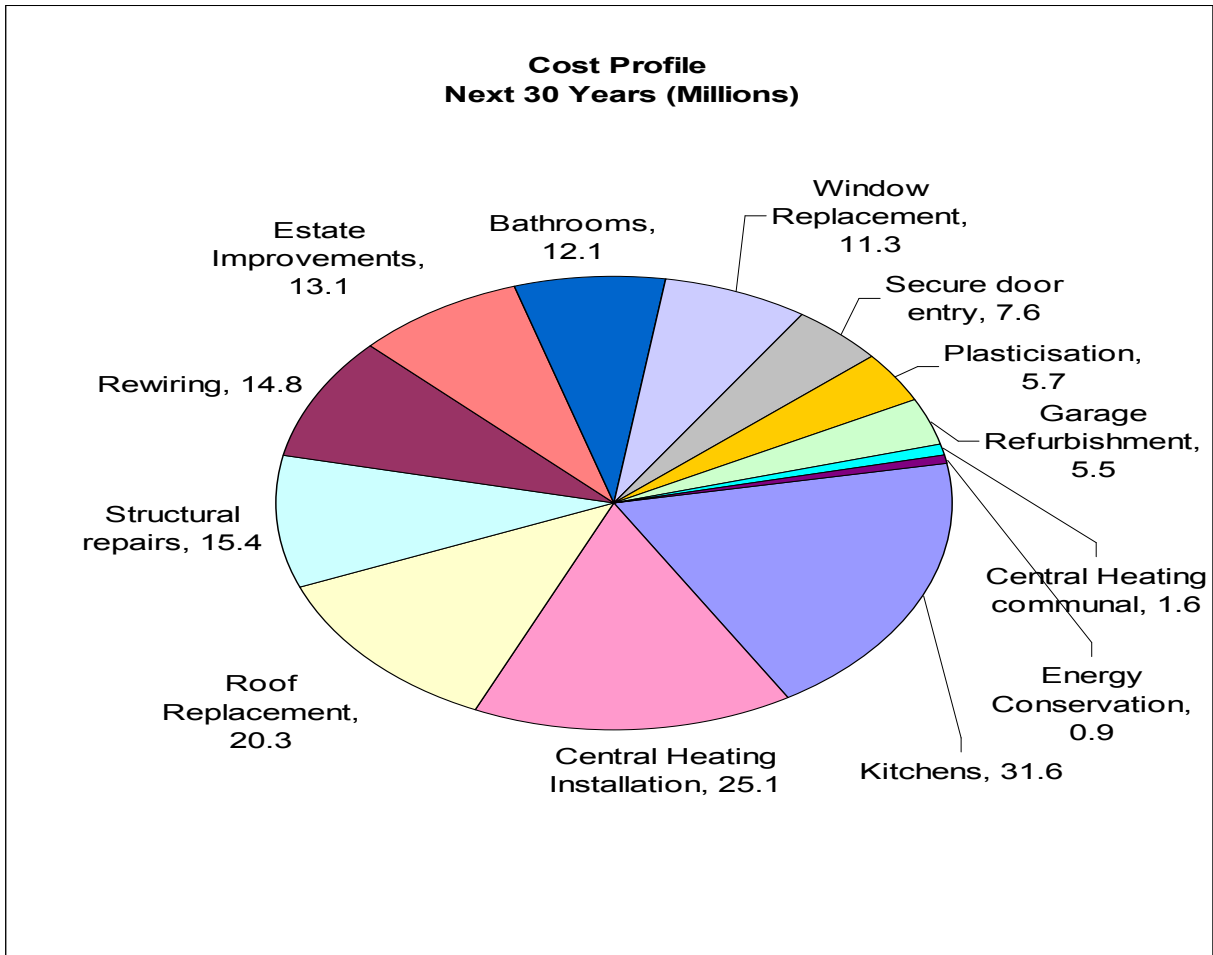
38. The 30 year business plan outlines the planned expenditure and income of the HRA over the next 30 years. The Asset Management Programme determines the policy for the rolling 5 year planned Maintenance Programme to be produced, bringing the HRA business plan to life and detailing what will be done and when. The AMP is the operational driver for the service and can be used to inform tenants and Right to Buy applicants.

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<sup>5</sup> 46% of tenants considered car parking was a problem in their area – Status Report 2008/09.

39. Works programmes will be “smoothed”, ensuring work is carried out in a priority that maximises the asset. This will require a fundamental change to the current approach of programming of planned works.

**Table 3 Main areas of planned maintenance spend over the next 5 years<sup>1</sup>**



**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.

## Stock Sustainability

40. Not all of the housing stock is sustainable for the long term and some schemes and/or property types are of either a poor quality design or construction which makes long-term investment in the property either uneconomic or otherwise inappropriate. This is an issue in respect of some sheltered housing stock, stock that is of a non-traditional construction or where its fundamental design makes lettings and housing management difficult. In some cases, simply

refurbishing homes will not be sufficient to achieve the Council's wider goals. Rather than invest in stock that does not help to meet the future aspirations for the housing stock, the opportunity will be taken to work with partners to replace it with new, high quality properties which are better designed to meet the future needs of tenants and are of a type which helps the development of a balanced housing stock portfolio.

41. Where there is demand for larger homes the option to increase the size of properties, through extension, particularly creating rooms in the roof space at the same time as re roofing will be explored.

## **Regeneration**

42. Area regeneration will be considered where the environment is failing to meet tenant expectations or future viability is no longer evident. In these cases a strategic master plan will be developed in conjunction with relevant public and private agencies to consider how the HAMS can contribute to the regeneration of the area.
43. A variety of delivery vehicles and models will be considered to help achieve this priority which will include mixed use development, selling or swapping land to support the viability of priority schemes, gifting land in return for nomination rights, new build social and affordable rent models.

## **Evaluation of Risk and Opportunity**

44. In the assessment and planning of regeneration programmes, clear processes will be in place for planning and consultation with tenants and residents, working with them to secure appropriate re-housing which meets their needs.
45. In determining the nature and type of re-provision the landlord service will work with strategic partners to identify and respond to the changing demand for housing within Central Bedfordshire, seeking to better understand and anticipate shifting patterns in the housing market.
46. In addition to family homes, there is significant demand for housing suitable for older people to rent and buy. This will include smaller properties built to lifetime standards, modern sheltered housing with emergency alarms, and extra care housing with 24/7 onsite care staff as an alternative to residential care homes. As the population ages there will be an increasing need to ensure that housing remains suitable for people as their social and healthcare needs increase.
47. When stock appraisal takes place it will consider:

- a. Review & analysis of stock condition survey information
  - b. Net Present Value assessment techniques
  - c. Examination of neighbourhood sustainability factors
  - d. Residents' views
48. Decisions about stock options will be taken in the context of robust neighbourhood strategies and analysis of local demand. Opportunities will be provided to local residents to become more involved in the process to help shape the future of their neighbourhoods. In most areas neighbourhoods will be a mix of tenures and landlords. Working effectively in such areas requires joint strategies or at least regard for the wider CBC context when considering:
- a. Whether and on what basis stock should be retained and invested in.
  - b. For what end use the stock is to be retained
  - c. The alternatives to retention and investment in the stock
  - d. The impact on tenants of the alternative approaches
  - e. The impact on the HRA Business Plan
49. A clear and costed implementation plan will be developed detailing how the specific plan for an area will be delivered, this will include specific target dates and outcomes. The process will ensure that the Council continues to provide appropriate and attractive housing solutions for future, existing and older people.

**Priority 3** Identify land to build new homes, primarily on a shared ownership basis, in locations where people need and want to live and where the need is not being met by others.

## Development Opportunities

50. The Council has set a target of 35% of housing in new developments of 15 or more new homes to be affordable housing and 20% of housing in developments between 10 and 14 new homes to be affordable housing.
51. The HRA has “brown field” (former use) sites suitable for a variety of development, directly, in partnership or by others. Suitable locations will be reviewed against the development priorities and available resources in order to decide how best to take sites forward. This will include ensuring homes are developed in locations where they are needed.



52. In creating the critical mass necessary for regeneration, the purchase of development land adjacent to existing HRA sites will need to be considered. Redevelopment will include appraising the viability of demolition and regeneration of existing council housing stock where it is both cost effective to do so and helps to meet broader regeneration strategies.
53. The Council has a number of locations and buildings that may be suitable for development, including for sale through shared ownership as well as extra care housing schemes. Where cost effective, consideration will be given to purchasing suitable existing Council buildings and disposing of HRA property rather than redevelop an existing scheme.
54. Where appropriate, negotiations with developers, including Registered Providers, may result in a decision to sell or gift land to CBC to provide mixed use development in return for S106 Agreements, nomination rights and stock and land swaps.
55. In maximising the affordability of new development and facilitating further regeneration work, the use of mixed tenure development e.g. not just the provision of social housing, will be considered. Where council housing is built, affordable rents and fixed term tenancies will be considered on all new homes built by CBC and will feature in the modelling of future schemes.
56. A number of locations within the HRA have been identified as opportunities for new build, either by the Council or for others to develop.

**Priority 4** Identify and evaluate opportunities for increasing the housing stock across tenures through new build, acquisition and management (e.g. Registered Provider (RP) disposals, repossessions & properties previously sold under the Right to Buy, managing other stock).

## **Increase the Housing stock**

57. It is expected that the reinvigorated RTB will increase the number of homes that are sold. In developing a housing portfolio that helps to meet the future demands in Central Bedfordshire, subject to financial viability and using a variety of funding models, we will consider building new homes, acquiring homes on the open market or acquisition as part of stock rebalancing by RP's as well as buying back ex council stock.
58. The Council has Development Status with the Homes and Communities Agency (HCA). By its nature development should support the Council's regeneration

priorities<sup>6</sup>. To achieve this, a variety of financial models will be used to deliver schemes that are both affordable and support social cohesion.

59. The HRA has a strategic imperative to develop at least 50 bed Extra Care Housing flats by 2014<sup>7</sup>.
60. Homes will be developed that embrace a variety of tenure models and support the tenancy strategy:
  - a. Life Time Homes - properties that enable an ageing population to remain in their homes longer, allowing simple adaptations rather than the need to move.
  - b. Extra Care Homes - homes providing supportive accommodation with 24/7 on-site care arrangements for tenants over 55 that choose to take up this type of accommodation, often as a viable alternative to entering a residential care home.
  - c. Key Worker Accommodation - the development or simply the designation of Key Worker Accommodation that supports key roles within the area and helps to develop economically viable communities.
  - d. Shared Ownership - providing the opportunity for tenants who are able to do so, to move into home ownership, by choice or through CBC exercising the 5 year fixed term tenure policy.
61. Where new homes are developed they will be to a minimum Level 3 of the Code for Sustainable Development and to Lifetime Homes Standard, which combine to ensure energy efficiency and the flexibility of new building to cater for a variety of needs over the life of a tenancy. In modelling the financial viability of schemes, quality and sustainability will be guiding principles.
62. As part of increasing the income to the HRA we will evaluate engaging in management contracts to manage the homes of other landlords, Registered Providers and the private sector. Where we have private sector homes that have been compulsory purchased as part of regeneration projects we will consider their management on short hold tenancies at commercial rents, to maximise income to the Council.
63. The purchase of properties and their let on a commercial basis will also include considering exercising the 'first refusal' on the resale of RTB properties where it would help to develop balanced communities and the cost can be justified.
64. In offering the broadest range of tenancy options consideration will be given to establishing a Private Sector Lettings capacity, purchasing or leasing properties which are managed on a commercial basis charging market rents.

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6. Hard regeneration refers to infrastructure; soft regeneration refers to social intervention

7. Reference ?

Opportunities exist in the Council's Let's Rent Scheme through its development into a Social Lettings Agency.

65. The Council has a number of non HRA homes owned by other Council Directorates, homes on farms, attached to schools and pepper potted throughout the district. Adopting a strategic approach to the letting, management and maintenance of all housing assets owned by the Council would ensure a professional, standardised approach to a bigger housing portfolio delivering more flexible letting strategies.

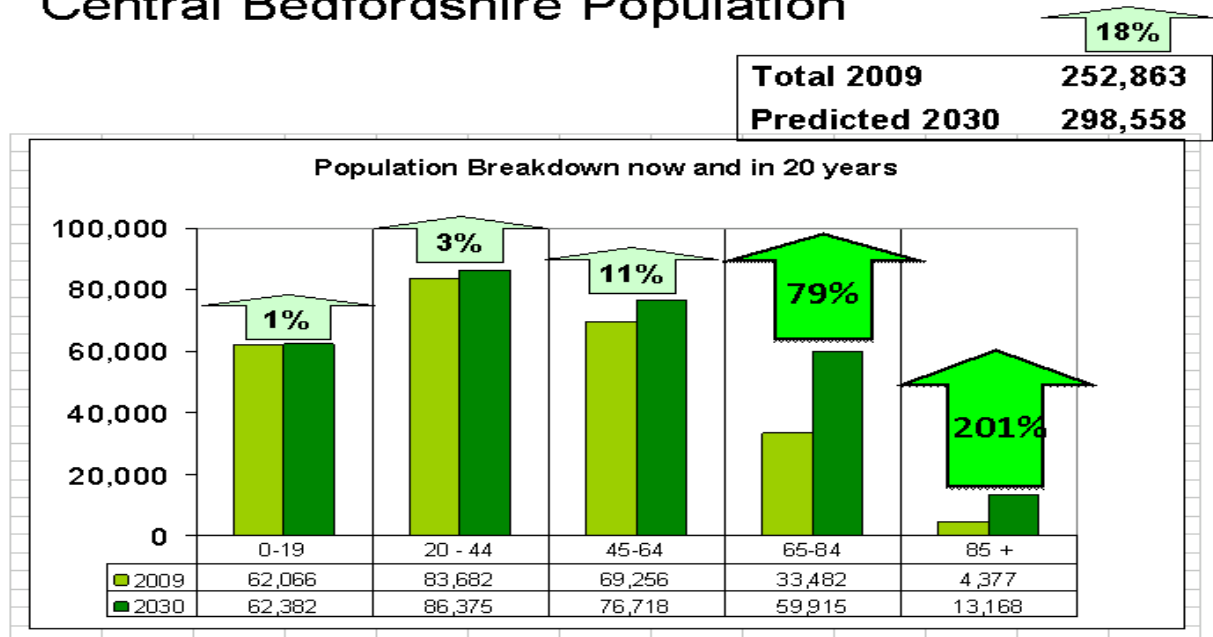
**Priority 5** Ensure the availability of the housing stock helps to cater for future demands, particularly the needs of elderly, vulnerable, special needs and minority households through the provision of appropriate homes, attributes and facilities.

## Meeting Future Needs

66. Overall the population of Central Bedfordshire is expected to increase by 18% over the next 30 years. This growth is distorted by the increased life expectancy of people over 75, this group are expected to increase by 193% between 2009 and 2030.
67. It is intended that the "Housing Offer" to older people, including sheltered housing and other older people's housing will respond to population demographics and housing needs. This will be achieved by reviewing the appropriateness and 'fit for purpose' characteristics of each of its sheltered housing schemes and other housing earmarked for older people.
68. The Council's aim is that all of the sheltered housing stock should be modernised and re-structured in a timely manner to a locally determined 'sheltered housing standard' ensuring it is fit for purpose. This standard will be developed in conjunction with existing residents and take into account other technical aspects. It is expected that the standard will be submitted for approval in the Spring of 2013, following extensive consultation.
69. While sheltered housing is not and will not be the preference for all older people, the Council is firm in its belief that specific older people's housing offers an appropriate, attractive solution for many and anticipates continued demand so long as the product on offer remains of good quality. Therefore, the Council will work to ensure that over the medium to long term it maintains an appropriate level of designated older persons' accommodation and that it invests appropriately in this category of stock to ensure that it continues to respond effectively to people's housing and support needs. This is likely to involve a combination of conventional sheltered housing, enhanced sheltered housing, extra care housing and specialist provision for people with dementia, as well as general housing which is attractive and suitable for older people.

70. The Council will endeavour to influence the future delivery of “Lifetime Homes” and local specialist housing provision, enabling tenants to live healthier lives and remain part of their communities longer.
71. The total demand for specialist housing for older people or how much should be met by social housing will be developed as part of a wider programme entitled “Meeting the Accommodation Needs of Older People” (MANOP), the conclusions of which will help to determine the HRA priorities.

## Central Bedfordshire Population



## Adapting Homes for People with Disabilities

72. One of the ways in which we will meet the changing needs of our current and potential customers is through the adaptation of our existing stock through the Disabled Adaptations Policy. Where appropriate we will adapt and modify properties and fit equipment to help tenants with disabilities to continue to live in their homes.
73. In all cases a value for money judgement needs to be made comparing the work that is needed to the benefit it will bring. In some cases it will be necessary to move a tenant to ensure the best response to their needs, for example into a home that has already been adapted, a new purpose built home or a home that can be adapted that better meets the long term needs of the tenant.
74. It is sometimes the case that adaptations are no longer required by the original beneficiary and the equipment may be of use to others. As adaptations are

often expensive to carry out a register of adaptations and adapted properties will be maintained, enabling re-letting to a household with similar equipment needs and/or to recycle adaptation items.

75. Only in exceptional circumstances will we remove adaptations for a new tenant, e.g. remove a shower and fit a bath but we will work to design adaptations that can be used and are acceptable for all types of tenure.
76. We will review both what we do, how we do it and the eligibility criteria to ensure Value for Money is delivered.
77. Approximately £800,000 will be spent in 2012/13 adapting Council houses. This is in the order of 400 jobs per annum with the cost of adaptations ranging from £50 to approximately £7,000 each but can be as much as £20,000. The HRA also spends £150k on minor adaptation work (a total of £ 950,000 adapting council homes annually). This work has traditionally been procured by the Private Sector Housing Service and charged to the HRA. A specialist contract will be procured for work to Council homes which will be managed by the Housing Asset Management service. This will be delivered by working in partnership with the Occupational Therapists and Adult Social Care teams and with other support services, including the voluntary sector.

## **Supported Accommodation**

78. HAMS meets the need for Supported Accommodation in four ways:
  - a. Allocates and, if necessary, converts or adapts existing housing stock.
  - b. Meets specific needs supported by appropriate management structures.
  - c. Undertakes/facilitates specific new building projects.
  - d. Leases or lets property to third party management organisations who provide support services for their clients.

## **Void Properties**

79. A critical aspect of helping to ensure the availability of sufficient housing is through our void performance, ensuring homes remain vacant for as short a time as possible. Voids performance is improving both in terms of turnaround time and cost. At the end of 2010/11 the average re-let time was 33 days, compared to 67 days at end of 2009/10. Meanwhile, the average expenditure on voids has been reduced from £2074 to £1420 and average void time is 27.6 days in the six months to September 2012.
80. Our target is to achieve upper quartile performance (currently 19 days) by 2015.

**Priority 6** Improve the energy efficiency of the housing stock, helping to reduce carbon emissions and reduce the cost of heating homes.

## Carbon Reduction

81. Substantial energy efficiency improvement programmes are already in place to improve the thermal properties of the housing stock. To date improvements have included the installation of double glazed windows, cavity wall insulation, high efficiency condensing boilers, high density insulation to storage tanks, pipes and equipment, the installation of modern heating controls, including thermostatic valves on radiators and, in some cases, the installation of external wall insulation. These measures have helped to achieve an average SAP rating for its stock to 68.2, with a range of 31 to 81 (Benchmark comparator 68.5<sup>8</sup>). The objective is to achieve an average SAP rating of 71 by 2015 with no stock having a SAP of less than 65.
82. There is a long way to go if carbon emissions are to be reduced further and if tenants are to be provided with homes which are well insulated and as affordable as possible to heat. A Carbon Reduction Strategy will be produced to sit along side the HAMS.
83. We will also consider water economy measures.
84. In order to deliver against the new target we will:
  - a. Continue to work with key organisations to provide free insulation and energy assessment advice to tenants.
  - b. Secure grants through government sponsored schemes, such as Green Deal to install energy efficiency measures.
  - c. Prioritise investment in energy efficiency measures in the development of asset management programmes and the use of HRA surpluses.
  - d. Improve the energy efficiency of the housing stock, targeting poorly insulated homes as a priority.
  - e. Explore the value and appropriateness of new solutions for improving energy efficiency, renewable energy sources and low-carbon impact approaches, retro fitting of insulation to properties without cavity wall insulation.

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<sup>8</sup> House Mark Median

- f. Examine how we can help encourage reduced energy consumption by our staff and tenants.
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- 85. Contractors will be expected to demonstrate the same level of commitment to environmental sustainability as CBC. Contractors will be expected to ensure any waste from programmes is minimised. Wherever possible waste will be recycled, providing environmental benefits and reducing the cost of waste disposal.
  - 86. In developing or facilitating the development of any new properties the minimum standard to be achieved is Level 3 of the Code for Sustainable Development, the minimum standard required by the Homes and Communities Agency. Where possible, Level 4 is to be achieved which in due course is set to be adopted as the minimum standard. An environmental code of practice will be developed which contractors will be expected to comply with.
  - 87. The most effective way of improving the SAP rating to individual properties will be explored. This will include modern boilers, the use of Photo Voltaic (PV) roof panels and other emerging technologies which, together with the benefits of the Green Deal, will ensure housing stock is both sustainable and contributes to the reduction in fuel costs.
  - 88. The ability to improve the energy efficiency of the housing stock will contribute to the sustainability factors in considering the future value and appropriateness of investing in particular schemes or stock types.

**Priority 7** Alignment of the Asset Management Strategy to the strategic objectives of the Council, so as to maximise the local impact through a range of initiatives that support social and economic regeneration. Thereby, to ensure that the Housing Asset Management Strategy drives value for money, supporting local employment, training, procurement and spend in Central Bedfordshire (re-cycling the CBC Pound).

## **Delivering Value for Money and an Economic Boost**

- 89. Procurement processes will deliver value for money through providing high quality, cost effective services that deliver continuous improvement and Best Value. Maximising efficiency and reducing costs will provide additional resources to invest in the service and new developments.
- 90. There is no single model that can be applied in all cases and the procurement will be varied to fit the circumstances of the type of works being procured. In general the key strategies that will help to deliver VFM will be:

91. Maximising income by delivering upper quartile performances e.g. void times, management costs, repair numbers and costs. Ensure service charges recover costs.
92. Reducing costs by policies that underpin the planned maintenance programmes, e.g. moving the external painting cycle from 5 to 7 years, grouping planned work to reduce overheads e.g. grouping high level work to use the same scaffold, e.g. external decoration, re roofing, chimney renewals.
93. Review the need for non essential works e.g. not painting surfaces that are to be replaced and accepting they will not be aesthetically pleasing, undertaking only essential work on homes and estates that are identified for regeneration and accepting a managed decline.
94. The Asset Management Programme is based on the Savills Stock survey, which is an indicative guide for planning and financial modelling. Operationally, before work is undertaken reference will be made to the Housing Service information database, QL, to determine if work is actually needed or whether a survey is necessary. Work will also be driven by repair levels identified on QL. Using empirical data to drive the works programmes will ensure work is only carried out where it is needed.
  - a. The policy will need to be financially assessed. Currently roofs are replaced because they do not meet modern standards, e.g. re-roofing is carried out to rows of houses because they have no under felt, but the roofs have not leaked. When the work is undertaken, plastic roof line materials are used and insulation improved. The change in policy will result in roofs not being recovered until they leak and result in a pepper pot approach which may not be cost effective.
95. Develop new income streams through the provision of hard facilities management services to other parts of CBC, neighbouring authorities and the private sector. Generating surpluses that can be put back into the HRA.
96. Delivering homes that are fit for this generation and the next. Investing in the initial design and construction to avoid costly adaptations in the future.
97. Through the procurement model, ensure weighting is given to strategies that encourage local employment, training, apprentices and the use of local suppliers.
98. Where possible new build and regeneration opportunities will be aligned with projects being undertaken by CBC or its partners in order to maximise the impact and benefits of the scheme(s).



## **Delivering the Housing Asset Management Strategy**

99. The HAMS will be delivered through the Service Plans and the Asset Management Programme. The QL data base will be at the heart of the delivery programme.
100. The preferred approach will be to work in partnership with contractors and consultants ensuring lean structures and simple processes, avoiding duplication while retaining robust governance and accountability. This may include establishing new delivery models, including joint venture companies.
101. Framework arrangements will be put in place for the engagement of consultants. Significant development and financial engineering will be necessary to maximise the financial and land resources available to the HRA. A development partner(s) will be selected who will act as the development partner, in full or in part.
102. In order to reduce tender administration, contracts will be developed undertake a broad range of work, rather than tender for individual elements of work. Where this is not feasible, framework contracts will be developed against which work will be called off when necessary.
103. Contracts will be long term, 5 – 10 years plus, partnering arrangements. Where appropriate current contracts will be migrated to partnering arrangements.
104. We will work with local contractors to maximise local employment, skill development, apprentices and spend. This is likely to need authority achieved through the Council's financial standing orders, IT and procurement policies in order to use cascade contracts, e.g. ebbing and flowing the work with contractors depending on their financial and operational capacity to deliver outcomes.
105. Procurement will be delivered in partnership with single point of contact and recording. A requirement of working with CBC will be to have ICT links to update information on the QL system and provide electronic invoicing.
106. To maximise the benefits of scale we will explore working with departments throughout CBC, other local authorities and organisations while retaining a local approach to delivery.
107. We will review the use of set targets for void properties and day to day repairs, encouraging contractors to complete voids works as quickly as possible and plan response maintenance with tenants, developing timed appointments in exchange for more flexible works scheduling, including evening and weekend working. We will look to agree a reward mechanism with contractors that recognises exceptional performance.

108. We will work with tenants who want to carry out repairs to their own homes e.g. carrying out work with the Council providing materials.
109. We will work with tenants to help determine standards for regeneration, refurbishment and new build.
110. Governance will be exercised through a risk management approach to control, inspection and survey. There will be ownership by staff of contracts and geographic patches. Contractors will be expected to develop both independent and joint approaches to Quality Control.
111. Information management system will drive decisions on stock investment. In particular the planned maintenance decisions will be informed by survey and the demands of response maintenance.
112. Where major works are necessary at change of tenancy, the priority will be to let the property and agree a works programme with the incoming tenant, providing choice on what is to be done and when.
113. We will act commercially with our contractors to provide maintenance services to other tenures e.g. owner occupiers.
114. In the longer term we will explore other forms of delivering our contracted services, including Joint Venture Vehicles.
115. Redevelopment will be driven by the ability of the housing portfolio to meet demand and/or the economic viability of existing stock. In crafting the Asset Management Plan the individual economic viability of managing and maintaining stock will be identified and investment decisions made to retain, improve or dispose of stock. This will include reviewing our approach to service charge allocation for capital and revenue works.

## **Involving Customers and Delivering Priorities**

116. Co-regulation requires landlords and tenants to work more closely together than ever before in scrutinising the delivery of standards and local offers, and is at the heart of the HCA regulatory framework.
117. Tenants are involved in shaping service decisions and a variety of vehicles are in place to ensure effective tenant involvement. We are constantly seeking to improve and enhance the way in which tenants are involved in informing, developing and enhancing the accommodation and services we provide.

118. As part of our local offer we intend to deliver bespoke customer services which deliver upper quartile customer satisfaction. This will include reviewing how repair priorities are set, appointments made and if this traditional approach delivers the best service for tenants and is operationally efficient.
119. In addition to existing methods of involvement and communication we will be maximising the use of our website, email, text, Facebook and other electronic media to improve and extend the services we provide. We will use existing involvement structures and work closely with tenant scrutiny. How we communicate will be the choice of each tenant.
120. Councillors will be kept informed of all major works programmes in their ward.
121. Tenants will be involved in the work programme and when work is scheduled for completion at their home. During major capital schemes tenants are supported by Customer Liaison Officers employed by the contractor.
122. We will explore developing a 'responsible tenant' programme where a tenant in a block of flats becomes the contact for access and monitoring of works in common areas.
123. Services will be transparent and accountable. Performance and works programmes will be published. New opportunities will be developed for tenants to be involved in commissioning services to their homes, including tenant choice and cost/no cost options.
124. Services will be tested through independent scrutiny, e.g. assessment by the Customer Service Excellence Award.
125. Tenants will be involved in developing the Housing Asset Management Strategy and Programme. For example, there will be a debate about what type, size and style of new build homes people would like to see delivered, and where, as a 'Planning for Real' approach. This approach has already been established and was well received by tenants, in developing the proposals for Extra care Housing at Dukeminster Estate in Dunstable, and this approach will continue.
126. A Risk Management Board will be established to review and challenge investment proposals.

## **Ensuring the QL data base is current and is used to inform decisions**

127. The information on the housing stock is stored on the asset management data base, QL. It has been populated with key information from surveying 100% of

the external and 86%<sup>9</sup> of the internal property portfolio. In future the database will be updated when:

- a. There are any major changes to the buildings elements.
- b. As a consequence of a survey at change of tenancy.
- c. As a consequence of a survey being carried out when the property is externally decorated.
- d. As a result of any survey carried out as part of the tenancy audit.

## **Value for Money**

128. Value for money of the services we provide and how they are provided will be tested through benchmarking, competitive tendering and market testing. We would expect to be in the upper quartile of our efficiency cohort.

129. Our aim is to be an upper quartile performing service across all service areas.

## **Equality & Diversity**

130. The Council values and respects the wide variety of people from diverse backgrounds, cultures, beliefs and lifestyles who are part of the community we serve. As such, we are constantly trying to improve our knowledge and understanding of the demographic profile of our residents to ensure that new and existing services reflect the needs of our diverse community. We will endeavour to ensure our policies, procedures and working practices reflect this commitment and will maintain and develop our customer profile which now covers 75% of our tenants. The five year plan will be subject to an Equalities Impact Assessment to ensure that no groups are disadvantaged.

131. In certain circumstances the standard works may not meet the particular needs of some individuals or the way in which the works are programmed may not be consistent with their lifestyle. We will try to accommodate requests for flexibility.

132. Contractors and partners will be expected to demonstrate an equal and diverse workforce, offering training and development opportunities to the local population. A partnership wide action will be developed to monitor compliance.

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<sup>9</sup> Projected spend 2012/13

## Impact of the Strategy

133. The strategy will deliver tangible benefits and demonstrable impacts for tenants and the wider communities.

1. For our tenants

- a. Homes which meet the locally determined standards are well managed and maintained.
- b. Homes that meet acceptable temperatures or thermal comfort levels at lower costs.
- c. Homes that meet the individual needs of residents.
- d. A stock of properties that changes over time to provide a balanced portfolio responding to customers' needs.
- e. Improved stakeholder satisfaction with the accommodation and maintenance services provided.

2. For the Council

- a. Supporting and facilitating wider objectives (e.g. housing an ageing population, regeneration, inclusion, sustainability)
- b. Having a well maintained portfolio which delivers efficiencies (capital and revenue) by managing property running costs effectively and releasing capital and recycling it into other priorities.
- c. Delivering the right projects effectively and efficiently, maximising returns on investment.
- d. Understanding the cost and value of the property portfolio and any investment it undertakes.

## Performance Management & Measurement

134. Projects will be compared in order to deliver a better return on investment. This enables completed and planned investment works to be tracked in a co-

coordinated approach, irrespective of cost or scale of works. In this way investment will be used across Central Bedfordshire on a definable basis rather than being subject to pressures from third parties.

## **Information Technology**

135. The Asset Management Strategy is underpinned by the QL database that holds stock condition information, surveys, completion information, decency records etc. The database informs all relevant decisions on planned investment and maintenance. The integrated approach of QL allows key housing management data/information be linked with asset management data and shared across the organisation, as well as with contractors.

## **Action Plan**

136. In order to deliver the strategy and secure the impacts that are sought, a delivery Action Plan has been prepared. The Action Plan pulls together all the various tasks which need to be undertaken to deliver each of the strategic priorities set out in the Strategy, providing brief details of the work needed, assigning of responsibility and a target date for completion.

137. The Action Plan for 2013- 2015 will be developed by April 2013.

138. The Council's Head of Asset Management has overall responsibility for the ongoing development of this strategy and ensuring the successful completion of the action plan.

## **Review of the strategy**

139. This strategy will need to be reviewed annually. Any alterations that may be required for operational reasons will be agreed by the Head of Asset Management, substantial changes will not be authorised without appropriate tenant involvement and Council consideration.



## A great place to live and work

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