

COMMUNITIES & SOCIAL AFFAIRS COMMITTEE

20th MARCH 2013

REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

THE HOUSING ASSET MANAGEMENT PLAN (HAMP) & ASSOCIATED ROAD MAP

1.0 PURPOSE OF REPORT

- 1.1 For members to comment and approve the Housing Asset Management Plan.
- 1.2 To consider and approve the Road Map which sets out in more detail, key dates relating to the delivery of projects and programmes of work contained within the HAMP.
- 1.3 Members instruct officers to commence with the tendering exercise for the 10 affordable housing units as detailed in the New Build Affordable Housing project Plan

2.0 RECOMMENDATIONS

- 2.1 **Members provide comments and approve the Housing Asset Management Plan 2013/14.(Appendix A).**
- 2.2 **Members approve the Road Map (Appendix B) which sets out in more detail, key dates relating to the delivery of projects and programmes of work contained within the HAMP**
- 2.3 **Members instruct officers to commence with the tendering exercise for the 10 affordable housing units as detailed in the New Build Affordable Housing Project Plan (Appendix C), with a view of bringing back a report back to this committee meeting in June 2013.**
- 2.4 **Members Recommend to the Policy, Finance & Administrative Committee the proposed new staffing structure for the delivery of a more strategic and operational asset management service by adding to the establishment the new post of Housing Capital Programme Team Leader.**
- 2.5 **Members note the Implementation of the Codeman/SAM Asset Management Software that will inform future HRA Capital Programmes.**

3.0 KEY ISSUES

- 3.1 The Housing reform changes, introduced in April 2012 gave Councils full financial control over their housing stock enabling them to manage it, specifically from an asset management perspective, more strategically. To facilitate a more strategic approach, Members, in September 2012, approved the appointment of a Housing Asset Manager (HAM) and the development of a Housing Asset Management Plan, as attached at Appendix A.
- 3.2 A robust HAMP provides a complete and structured approach to the long-term management of land and property assets as tools for the efficient and valuable delivery of community benefits.
- 3.3 The HAMP will become the main reporting document focussing on the Councils housing stock and related strategic/operational asset management issues. It should be viewed as an evolving document that is consulted on and reported to Council Members and TFEC annually.
- 3.4 This year's HAMP contains a new Housing Asset Management Strategy (HAMS) which sets out the key operational priorities underpinning the strategic aims. The HAMS will also be reviewed annually.

- 3.5 The main challenge of producing the HAMP was firstly to, consider protection of existing assets and then secondly, to deliver other aspirations such as building new Council houses and regenerating run down estates. Getting the balance right between these objectives is crucial to make best use of the financial resources that are available.
- 3.6 The main thrust of the HAMP is to introduce a more proactive approach to managing assets whilst optimising their use. To achieve this, having robust property data will be the key to making the right business decisions around investments going forward. This plan, along with the Road Map, will help Members to determine their asset management priorities and the HAM to deliver them.
- 3.7 The strategic move from a position of being predominately a reactive service to one that is more proactive will have implications around the identified need to carry out more programmed works and projects. A direct consequence of this approach will be the need to keep under constant review the implications to staff resources.
- 3.8 The key features of the HAMP are:
- (a) The Executive Summary and Asset Management Priorities.
 - (b) The Housing Asset Management Strategy and its associated Operational Delivery Plan.
 - (c) The proposed Repair & Maintenance Policies and new Service Standard named; Acceptable Maintenance Condition.
 - (d) The Property Investment Opportunities
 - (i) Negative NPV dwellings, options to consider for Beckmill Court and Granby House in Melton Mowbray.
 - (ii) Opportunities to consider relating to the redevelopment potential of some non-traditional property sites.
 - (iii) Opportunities to redevelop some under-utilised garage sites.
 - (e) The draft 5-year Housing Capital Programme (HCP) commencing in April 2014.
 - (f) The proposed new Housing Asset Management Staffing Structure.

3.9 **Main Areas for consideration**

The Executive Summary and Asset Management Priorities

In this section members are asked to approve the investment priorities that will shape future housing programmes:

- Works relating to the Decent Homes Standard
- Regeneration opportunities for estate re-modelling and/or redevelopment
- Works relating to under-utilised assets (garage sites/land)
- Works relating to non-traditional properties that are designed defective. (Airey/Swedish)
- Works relating to proven negative Net Present Value properties (Beckmill/Granby etc)
- Works to tackle those properties with a low SAP rating. (Affordable warmth/fuel poverty)
- Green Deal opportunities.

3.10 The Housing Asset Management Strategy and its associated Operational Delivery Plan.

Members are asked to consider and approve the Operational priorities of the HAMS:

- Robust database - Members are asked to note that a project to develop a robust database has begun and we have purchased the Codeman/SAM software, which is a Northgate modern asset management system that bolts onto their Housing management System.

- Understanding Maintenance Demand- Analysing and understanding maintenance demand to reduce future failures.
- Decent Homes Standard (DHS) Compliance- ensuring compliance to the four criteria a property should meet to remain decent.
- Maximising Investment Opportunities- strategic approach to make best use of land and property assets.
- Achieving Affordable Warmth for Tenants- Tackling fuel poverty and investing in energy efficiency.
- Identifying opportunities to drive down maintenance costs by procuring smarter.

Members are also asked to consider and approve the Operational Delivery Plan that supports these priorities and the Affordable Warmth Strategy.

3.11 The proposed Repair & Maintenance Policies and new Service Standard named: Acceptable Maintenance Condition.

Members are asked to consider the Repair and Maintenance Objectives in the context of the Responsive Maintenance Policy, Cyclical Maintenance Policy and the Planned Maintenance Policy.

To assist in the delivery of this area Members are asked to comment on the Acceptable Maintenance Condition.

3.12 The Property Investment Opportunities

This section asks Members to consider and approve the key areas of focus that will inform opportunities for Investment:

- Negative NPV properties- Beckmill Court, Granby House, Gretton and Wilton Court
- Non- Traditional Properties- Airey/Swedish
- Under- utilised Garage and Land Areas
- Properties with High Equity Levels- potential sale and re-investment
- Sustainable Communities & neighbourhoods- Fairmead, Beckmill Court

Members in line with previous recommendations are asked to prioritise the Current garage re-development project that will deliver 10 affordable housing units, which is relates to recommendation 2.3

3.13 The draft 5-year HCP commencing in April 2014.

The HRA capital programme for 2013/14 was previously approved by Members and was developed using stock condition data primarily focusing on the Decent Homes Standard and is therefore still relevant and positively maintains our housing stock.. Members are asked to note that this capital programme will continue to be followed for 2013/14, however, as projects from the HAMP are progressed and following the introduction of a robust housing database a more detailed forward looking capital programme will be developed for the period 2014/15 – 2018/19 and presented to Members for approval later in the 2013/14 financial year.

3.14 The proposed new Housing Asset Management Staffing Structure.

It is clear from the contents of the HAMP that to develop a more strategic housing agenda requires robust data and up to date condition surveys. The council has new build aspirations and the HAMP has identified a number of other large property projects that need to be carried out over the next 5-10 years.

These projects will necessitate having particular skills in the team.

Members are asked to consider and approve increasing the approved establishment by 1FTE, a new post of Housing Capital Programme team leader, in addition to the Housing Asset Manager who will have overall lead and responsibility.

This post will focus on project management, large scale procurement, building surveys and contracts and Partnering.

The proposed Staffing Structure has been designed to ensure we introduce at a senior level the professionalism and experience to lead a Housing Repairs team that can strategically lead on long term planning. The additional post requested will lead on Key Capital Projects identified in the HAMP whilst we ensure the responsive Repairs Contract is also performing to high standards that minimise responsive repairs, is developed into a partnership and demonstrates value for money.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 The HAMP and related projects contained in the document directly relate to the following corporate priorities:

- Improving the well-being of vulnerable people
- Improve quality of life for people living in the most disadvantaged neighbourhoods
- To provide high performing services that are efficient and meet customers' needs

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 There are a number of projects being developed within the HAMP all of which require funding from a very limited source so members need to be aware of this when making funding decisions. As the projects develop officers will present reports, as needed, which will allow members to make considered decisions and prioritisations. Further details are provided in section 6 of the HAMP.

5.2 In January 2012, members of this committee approved the HRA business Plan

A summary of the business plan at that time and for the first 5 years is as follows:

Revenue

	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Income	-7,117	-7,385	-7,662	-7,948	-8,245
Expenditure	3,365	3,461	3,549	3,638	3,730
Interest Payable	1,205	1,286	1,368	1,450	1,533
Depreciation	1,683	1,722	1,762	1,802	1,844
Contribution to Reserve	700	620	700	750	800
Contribution to Capital	0	0	149	542	560
MRP	14	14	14	14	0
Annual Surplus(-)/Deficit	-150	-282	-120	248	222
Closing HRA Working Balance (-)Surplus	-569	-851	-971	-723	-501

The introduction of the debt cap will mean that capital investment from borrowing will be

limited over the 30 year period of the business plan which will reduce available resources for funding capital projects. However, members will note from the report presented in January that the revenue figure for 2012-13 and that projected for 2013-14 have changed considerably, with a closing HRA working balance surplus for 2012-14 being predicated as -£848K and the Estimate for 2013-14 being - £1073K

Capital

	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Expenditure	1,572	1,601	2,363	2,421	2,482
Major Repairs Reserve Funded	-1,501	-1,528	-2,139	-1,802	-1,843
RTB Receipts	-71	-73	-75	-77	-79
Revenue Contributions	0	0	-149	-542	-560

Regeneration & Development Reserve

	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Revenue Contribution	-700	-620	-700	-750	-800
Closing Balance	-700	-1,320	-2,020	-2,770	-3,570

Members are also asked to note the ability to borrow for major projects, however, be aware of the borrowing headroom that was introduced as part of the HRA reform. The current headroom is in the region of £1.6M

Members are asked to consider the Road Map available as Appendix B, which outlines the range of projects identified when considering resources available.

- 5.3 The proposed additional 1FTE in this service would cost in the region of £35k and would be funded through the capital budget expenditure, due to the nature of the post and its lead on capital projects.

Further details are provided in section 3.14, which how this extra capacity will contribute in delivering many of the projects outlined in the HAMP.

Members are asked to note that officers will be identifying and pursuing external monies in support of some of the projects within the HAMP i.e. DECC funding and that we will need to respond to occasions when that funding becomes available, which may impact on the plans for some other projects.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 There are no other legal implications directly arising from this report.

7.0 COMMUNITY SAFETY

- 7.1 There are no direct links to community safety arising from this report. However, some projects do promote independent living and impact on the quality of life, which relate to safer

communities.

8.0 EQUALITIES

8.1 An Equalities Impact Assessment form has been completed by the Head of Communities & Neighbourhoods which confirms that there are no specifically adversely affected groups and therefore no action plan is necessary.

9.0 RISKS

9.1

Probability
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Very High A				
High B	2			
Significant C				
Low D			5	
Very Low E			1, 3, 4	
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

Impact
→

Risk No.	Description
1	Long term ability to fund stock to ensure kept within the decent homes standard
2	Impact of the inability to borrow beyond the self financing cap to fund capital repairs
3	Maintenance of stock within budget constraints
4	Robustness of stock condition survey
5	Limited capital Funds to complete all of the HAMP projects

10.0 CLIMATE CHANGE

10.1 There are no climate change issues directly arising from this report.

11.0 CONSULTATION

11.1 The tenant's forum has been updated on the development of the HAMP and previously TFEC were consulted on the HRA Business Plan and Asset Management Strategy, to which the HAMP is based on.

12.0 WARDS AFFECTED

12.1 All wards

Contact Officer: Harinder Rai-Head of Communities & Neighbourhoods
Date: 5 March 2013

Appendices : Appendix A- HAMP

Appendix B- Road Map
Appendix C- New Build Project Plan

Background Papers: HRA Business Plan

Reference : X : Committees/CSA/2013.14/200313/HR- HAMP