

AGENDA ITEM 14

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

20 MARCH 2012

REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

HOUSING ASSET MANAGEMENT STRATEGY

1.0 PURPOSE OF REPORT

- 1.1 To update members on the Housing Asset Management Strategy developed as part of the HRA reform Business Plan and seek approval to the revised Asset Investment Plan and Asset management Modelling

2.0 RECOMMENDATIONS

- 2.1 **Members note and comment on the progress made on the Housing Asset Management Strategy and approves the revised Asset Investment Plan as suggested in 3.5**

- 2.2 **Members notes and approves the Housing Asset Management Modelling Position Statement (Appendix A)**

3.0 KEY ISSUES

- 3.1 Members of the Community & Social Affairs Committee at their meeting of 24 January 2012 approved the HRA Business Plan and Asset Management Modelling.

- 3.2 Within the Business Plan, the Asset Management section highlighted the following:

The main themes within the Asset Management Strategy will be threefold.

- What standards we will maintain our stock to (for example, specification for kitchens and bathrooms) agreed with tenants.
- Classification of properties into those which will:
 - Maintain and improve
 - Invest further to improve energy efficiency
 - Regenerate and/or redevelop
 - Remodel or change in other ways (eg conversions).

We will also seek opportunities to build new homes in plots of land, redeveloped garage sites and other options as they become available.

In the meantime, we will continue to deliver the current 3 year capital programme which has two years to run from 2012 to 2014. The main priorities within this programme are:

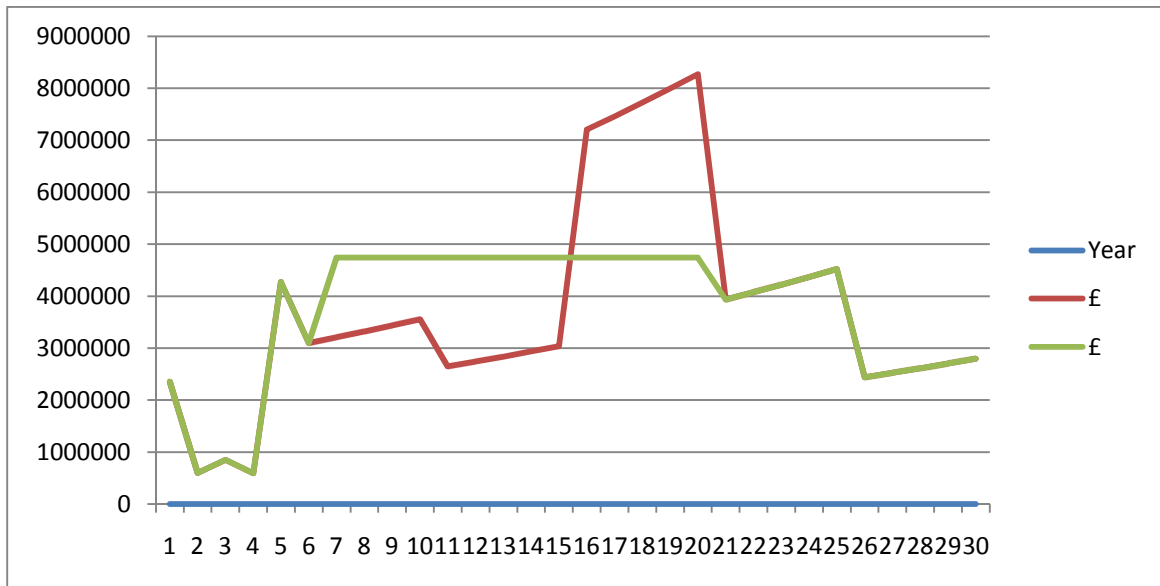
- Sustaining decent homes

- Decent Homes Standard Plus works
- Fire Risk works.

Subject to the detailed review work identified above, we expect the programme from 2014 to continue further with these priorities with new programme areas likely to include improving the communal areas, major and catch-up works and energy efficiency initiatives.

3.4 Progress has already begun in these areas and members are asked to note that it is the intention to run only one more year of the 3 year capital programme approved by members and later this year a more detailed capital programme supported by a Housing Asset management Strategy will be presented to members for approval.

3.5 One of the key areas that the initial Asset Modelling suggested was the peak in investment needs for years 15-21. There are many difficulties in regards to supporting this peak in investment needs i.e. ensuring appropriate funding is in place, procuring significant services/works all at the same time etc. Therefore officers have been analysing the 'peak' in regards to its components, with a view to develop a more sustained and managed programme. Members are asked to approve the revised investment plan as shown below:



Red Line is the original Business Plan investment profile
 Green line is the revised Investment profile.

3.6 Asset Management Modelling

The final Asset management Modelling document has been produced by Savills and is attached as Appendix A. One of the recommendations from the financial modelling was to 'Consider options of timing of investment to smooth cashflows', which is covered in section 3.5.

3.7 Some of the key features it shows are;

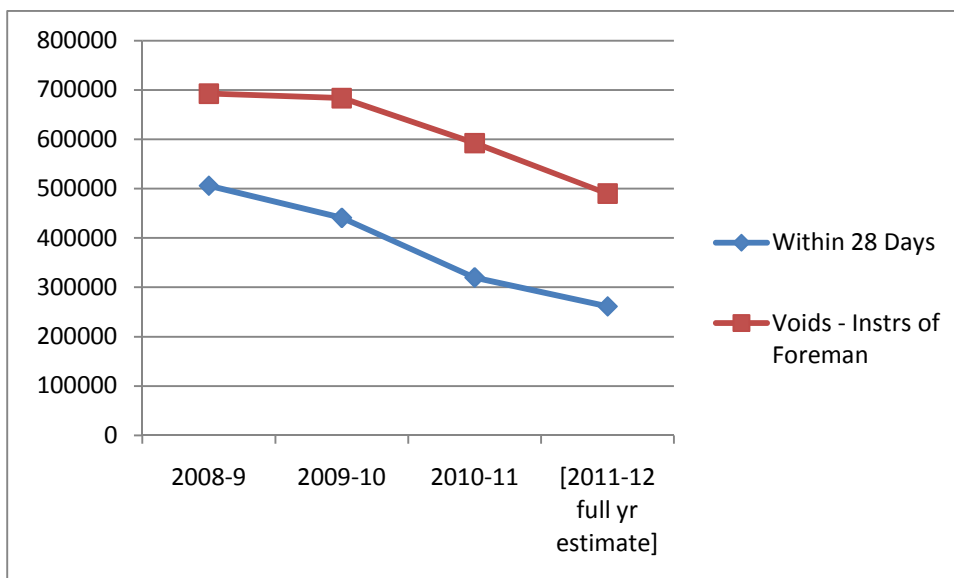
- Asset group Net present Value (NPV) per unit- this is provided per archetype
- Estate NPV per unit- per Estate
- Investment vs. Rent over the 30 years
- Total cashflow
- Asset group cashflow per archetype
- Estate cashflow

3.8 This asset analysis will be used to increase business plan capacity and develop a robust business Asset Management Strategy that will:

- Bring long term funding to support the improvement and repair of high quality affordable homes
- Consider alternative options for assts with poor financial viability, taking into account the sustainability issues of neighbourhoods
- Maximise the value for money available investment resources
- Address regeneration needs to improve the sustainability of neighbourhoods

3.9 Value for money is a key area of focus and work is already being progressed in regards understanding the current demands on resources, the breakdown of repair works with a view to understand the impact of significant major improvements on responsive repairs and the drive to shift more works into planned from responsive. Level of routine works compared to planned:

The chart below shows that there has been some impact in this regard:



The chart above shows that the value of works for routine works has over the last 3 years significantly dropped from over £500K in 2008/09 to a projected £260K for 2011/12

3.10 Initial Analysis

The Asset Management Strategy will be based on complex and detailed databases covering NPV, Asset Group, Management/Maintenance coats, Estate Group, Element/per year and cahflows, however, some high level information around investment needs per Asset group and estate are provided below:
(please note these are shown as NPV values)

ESTATE	Count	Sum of Total
Ab Kettleby	18	£1,220,420
Asfordby	175	£11,525,060
Barkestone	5	£372,522
Barsby	1	£113,967
Beckmill Court	54	-£1,410,979
Bottesford	80	£7,478,739
Burrough	9	£697,000
Craven - Town Centre	289	-£3,142,091
Croxton Kerrial	18	£1,855,417
Eastwell	4	£333,399
Eaton	10	£995,967
Egerton	306	£29,370,062
Egerton View	68	-£2,350,047
Fairmead	146	£9,172,248
Frisby	9	£790,852
Gaddesby	10	£837,368
Garthorpe	3	£383,783
Great Dalby	24	£1,584,044
Grimston	8	£432,157
Harby	37	£2,680,044
Holwell	1	£77,347
Hose	30	£2,679,001
Kirby Bellars	1	£90,191
Knipton	9	£896,335
Knossington	2	£253,548
Lake Terrace	22	£2,252,796
Langdale	33	£3,539,682
Long Clawson	53	£5,338,548
Muston	3	£414,752
Nether Broughton	6	£390,253
Newport	9	£959,084
Old Dalby	37	£3,567,582
Pickwell	1	£143,581
Plungar	5	£608,833
Queensway	203	£18,990,922

Redmile	6	£522,644
Saltby	3	£359,655
Scalford	15	£1,531,609
Sewstern	1	£124,251
Somerby	15	£1,305,157
Sproxtton	2	£171,693
Stathern	20	£1,855,417
Stonesby	1	£114,953
Sysonby - Nottingham Rd	99	£7,593,549
Twyford	5	£608,077
Victoria Street	13	£1,262,945
Waltham	12	£1,199,657
Wymondham	10	£852,502
Grand Total	1891	£120,644,498

ASSET GROUP	Sum of Total
GNFLATTRADRURAL	£4,040,750
GNFLATTRADURBAN	£2,573,016
GNHOUSENON-TRADRURAL	£2,339,408
GNHOUSENON-TRADURBAN	£7,871,391
GNHOUSETRADRURAL	£28,166,100
GNHOUSETRADURBAN	£51,955,873
GNMRFLATTRADURBAN	-£3,135,079
SHBEDSITTRADURBAN	-£1,495,316
SHBUNGNON-TRADRURAL	£2,195,502
SHBUNGNON-TRADURBAN	£3,823,774
SHBUNGTRADRURAL	£13,427,252
SHBUNGTRADURBAN	£3,583,565
SHFLATTRADRURAL	£4,155,821
SHFLATTRADURBAN	£5,178,141
SHHOUSETRADRURAL	£81,495
SHMRFLATTRADURBAN	-£4,117,196
Grand Total	£120,644,498

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There are some direct links with some priorities within the Council's Corporate Plan:

- Help provide a stock of housing accommodation that meets the needs of the community
- Improving the well-being of vulnerable people
- To provide high performing services that are efficient and meet customers' needs

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The business plan, approved by members in January illustrated the spending required to ensure that our stock delivers the quality of accommodation required by the Decent Homes Plus standard into the future. It prescribes that efficiencies must be continually sought to provide a service which is good value for money and that resources must be carefully managed so that they are available as and when they are required.

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 other legal implications directly arising from this report.

8.0 EQUALITIES

8.1 Asset management strategies and modelling is Property based however, the overall Housing repairs service has previously been subject to a detailed Equalities Impact Assessment

9.0 RISKS

9.1

Probability

Very High A					Risk No.	Description
High B					1	Long term ability to fund stock to ensure kept within the decent homes standard
Significant C					2	Maintenance of stock within budget constraints
Low D			1,2		3	Robustness of stock condition survey
Very Low E			3			
Almost Impossible F						
	IV Negligible	III Marginal	II Critical	I Catastrophic		

Impact

10.0 **CLIMATE CHANGE**

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

11.0 **CONSULTATION**

11.1 TFEC members were updated on the HRA Business Plan and Asset Management Strategy at a specific meeting on 20 December 2011 and were made aware of the debt allocation, the asset management strategy and the next steps.

11.2 In order to develop the business plan and Asset Management Strategy, continuous involvement in the process will be required by the interested tenant groups and members, including TFEC and the Housing Task Group.

12.0 **WARDS AFFECTED**

12.1 All wards are affected.

Contact Officers H Rai, Head of Communities & Neighbourhoods

Date:

Appendices: Appendix A – MBC Asset Management Modelling

Background Papers: HRA Business Plan

Reference: