

AGENDA ITEM 7

COMMUNITY AND SOCIAL AFFAIRS COMMITTEE

20 JUNE 2012

REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

HOUSING ASSET MANAGEMENT PROGRAMME AND REQUEST FOR ADDITIONAL STAFFING

1.0 PURPOSE OF REPORT

- 1.1 To update members on the Housing Asset Management Programme (Demonstration of Database) developed as part of the HRA reform Business Plan and the revised Asset Investment Plan and Asset management Modelling.
- 1.2 Members approve the change to the Housing repairs and Improvement section establishment by an additional 1FTE to manage the Housing Asset database and Investment Plan

2.0 RECOMMENDATIONS

- 2.1 **Members approve the 30 year Housing Asset Management Programme (Presentation/Database).**
- 2.2 **Members recommend to the Policy, Finance and Administrative Committee a change to the Housing Repairs Establishment by an Additional 1FTE Senior Housing Maintenance Officer and approval of a supplementary estimate from the HRA working balance.**

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.
- 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.

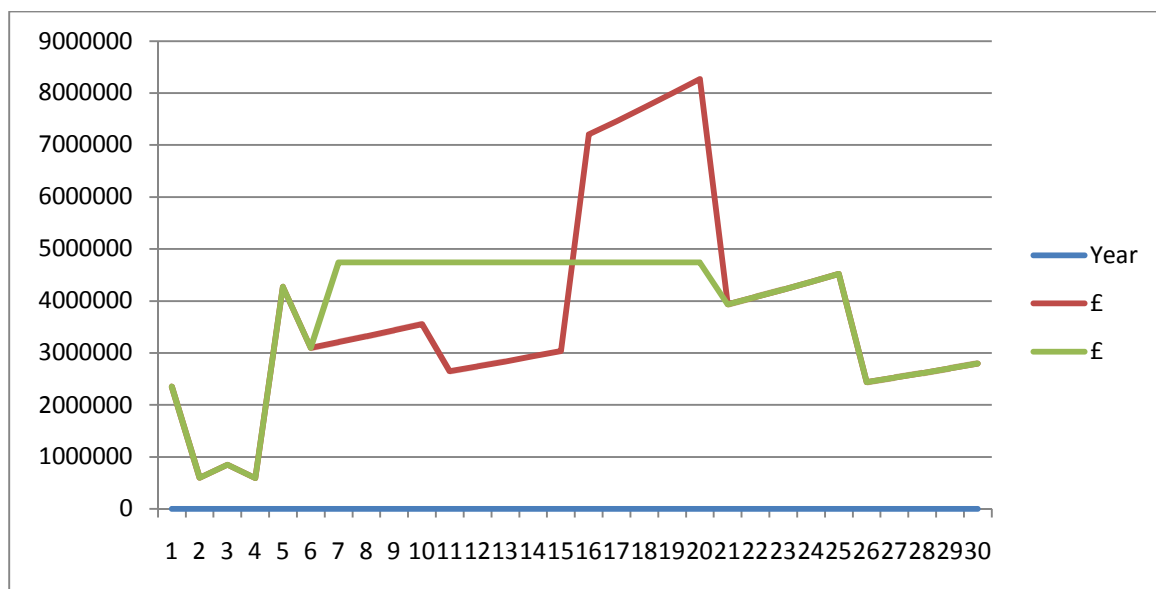
In the meantime, we will continue to deliver the current 3 year capital programme which has two years to run from 2012 to 2014. The main priorities within this programme are:

- Sustaining decent homes
- Decent Homes Standard Plus works
- Fire Risk works.

3.5 At their meeting of 20 March 2012, members of Community and Social Affairs Committee approved the 30 year Investment Plan and the Asset management Modelling.

Investment Plan

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.(approved)

3.6 Asset Management Modelling

One of the recommendations from the financial modelling was to ‘Consider options of timing of investment to smooth cashflows’, which is covered above

3.7 Some of the key features it showed were:

- 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 Initial Analysis

The Asset Management Programme is 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
Sproxton	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

3.10 Senior Housing Maintenance Officer post

As members are aware major changes have taken place following the Housing Revenue Account (HRA) reform. This has meant an increase in the potential investment within the housing stock. A new stock condition survey was commissioned in 2010/11 and highlighted the need for an asset management strategy. The Asset Management Plan will be used alongside existing decent homes records to develop a full 14 year investment programme for the housing stock. The Investment programme will ensure the council is investing the right resources in the areas that need it most and decent homes targets are maintained.

- 3.11 This resource will ensure that the investment programme is delivered within each financial year and resources targeted to those properties that are identified under the decent homes database and continue the move towards a planned approach to repairs and maintenance within the housing stock which in turn could reduce the amount of day-to-day works and revenue costs which will enable more revenue investment. They will work closely with the Finance section within central services to ensure the HRA business Plan remains robust and is updated continuously to meet investment needs.

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 and Asset Model approved in march 2012 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.

5.2 The resources required to support the additional Senior Housing Maintenance officer post will be require a supplementary estimate from the HRA working balance, subject to PFA approval for £37,000 per annum (Band 11).

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 Model 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: MBC Asset Management Modelling

Background Papers: MRA Business Plan
Asset management Modelling

Reference: