

COMMUNITIES & SOCIAL AFFAIRS COMMITTEE

13 NOVEMBER 2013

REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

THE HOUSING ASSET MANAGEMENT PLAN (HAMP) PROGRESS REPORT

1.0 PURPOSE OF REPORT

- 1.1 For members to comment and approve the Housing Asset Management Plan progress.
- 1.2 To consider and approve the Road Map which sets out the key dates relating to the delivery of projects and programmes of work contained within the HAMP.
- 1.3 To consider and comment on the 5 year HRA capital programme

2.0 RECOMMENDATIONS

- 2.1 **Members provide comments and approve the Housing Asset Management Plan Progress outlined in sections 3.4-3.13**
- 2.2 **Members approve the Road Map (Appendix B) which sets out in the key dates relating to the delivery of projects and programme of work contained within the HAMP**

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 Members of this Committee approved the HAMP at their meeting of 20 March 2013.

3.4 HAMP Progress

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.

3.5 New Build

The 10 affordable housing projects are being progressed as per member instructions. Kier have been appointed as the main building contractors, Faithful Gould as the projects managers and Masefields as the Architects. In regards to the current project plan this is attached as Appendix C

3.6 Robust Housing Database

In regards to protecting existing assets, members also approved at their 20 March 2013 meeting the Implementation of the Codemann/SAM Asset Management Software that will

inform future HRA Capital Programmes.

This database has now been updated so that now it is the one comprehensive Public sector Housing Stock condition database. The main purpose of this database was so that:

- *It will enable 3 systems to be replaced with 1 integrated system – DH spreadsheet model, Savills valuation model, CPC stock condition model, reducing complexity and making for more efficient working.*
- *It will enable these 3 systems' data to be reconciled into 1 consistent dataset.*
- *It will enable reporting via Business Objects, complementing existing Business Objects reporting from the Northgate Housing system, and report output into Excel will make for ease of analysis and processing.*
- *It will make deriving information on Decent Homes for statutory returns easier and data quality more robust.*
- *It will enable the Savills valuation analysis to be significantly refined and improved for the future use of the authority.*
- *It will enable Melton BC to obtain a more up-to-date analysis of present stock condition by combining decent homes and CPC stock condition data in 1 system so that this information can then be interrogated through reporting for analysis.*

The current 30 year projections from Codemann have suggested that in the next 30 years investment of approx £33m will be required in regards to cyclical maintenance, details of that breakdown are attached as Appendix A. Members are asked to note this is just to maintain our current existing housing stock to a 'decent' level.

Members should also note that the [Codemann] database has been developed through a variety of sources, some of which is cloned data; therefore there will be on-going physical inspections of all our properties to ensure further robustness.

3.7 Housing Road Map

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 is key to making the right business decisions around investments going forward.

To that extent a high level Housing Road Map has been developed utilising the needs of the current stock and opportunities identified in the HAMP around Development and Regeneration.

The Road Map is attached at Appendix B and covers the Asset Management Priorities identified in the HAMP approved by members.

Members are asked to approve the road map in regards to its content and the suggested order of projects. Further details on all projects is provided below:

3.8 Works relating to proven negative Net Present Value properties (Beckmill/Granby etc)

Beckmill Court

A detailed stock condition survey was carried out on Beckmill Court to identify the current structural and otherwise condition of Beckmill Court. However, as this would only deal with the physical aspects of the properties, which would have limited effect on the quality of life for the

residents living there, officers also scoped works for an enhanced level of refurbishment that included external works to the properties, staircases and other communal areas.

In addition, officers commissioned a report to determine the cost of potential demolition of the estate and then realisation of capital receipts which could then be re-invested for future housing developments/regeneration.

When balanced against the 2 options (refurbishment/demolition then sale of site) it is clear that for both financial and social reasons (decanting of 50 plus residents) that the demolition and sale option is not feasible.

Therefore officers have included the condition survey works in year 1 of the 5 year capital programme (Appendix E) and following the Cenergist Eco Funding Project (covered in section 3.9) further resources in years 2,3 and 4 have been planned.

Granby House

Works resulting from the Condition survey have been included in to year 1 of the capital programme.

Gretton/WiltonCourt

Conversion of bedsits in Wilton Court are carried out whenever 2 appropriate properties are identified and this will continue, with 2 such properties identified for conversion in 2013/14, in addition refurbishment of the [bathroom] facilities will also be completed in 2013/14.

Additional works identified from the condition survey have been included into year 1 of the capital programme.

Members are asked to note that longer term decisions around sheltered schemes will be made during 2014/15 when the outcome of the Housing related Support tendering process have been completed and the new service bedded in. This will lead to a more strategic Evaluation of the service which will impact on the related housing provision.

Works Relating to Decent Homes.

The Codemann database has produced a 30 year life cycle spreadsheet (appendix A). Members are asked to note and approve that the works identified with the database have been included throughout the first 5 years of the capital programme.

To ensure the capital programme Appendix E is sustainable it has taken into account the resources available within the HRA Business Plan over those 5 years. This way other projects identified within the HAMP are also deliverable.

3.9 Achieving Affordable Warmth for Tenants- Tackling fuel poverty and investing in energy efficiency.

Members are asked to note in this regard a comprehensive ECO funding report will be developed through:

- A review of stock data
- ECO funding opportunities are identified
- Specialist funding negotiations will be undertaken with the 6 – ECO suppliers
- Drafting and presentation of a ECO funding report

This work has already commenced and a report to this committee in March 2014 has been planned to present and seek approval from members of the projects identified. Further details

are provided in Appendix D

However, regardless of this project, an allocation has been made within the capital programme to continuously look to convert from electric storage heaters to gas central heating.

3.10 The Property Investment Opportunities

Non- Traditional Properties- Swedish, Airy, Wimpy no –fines

Subject to members approval of the ECO-funding opportunity report highlighted in section 3.9 projects to tackle the non-traditional properties, which may include re-development, have been identified to be developed in 2014/15 and works to commence during 2015/16.

3.11 *Under- utilised Garage and Land Areas*

To ensure that garage and Land Areas are assessed appropriately and strategic decision are being made , a complete audit of these areas has been identified on the road map to commence April 2014, with suitable 'development, refurbishment or disposal options being presented to members in early 2015

This will include the current 4 sites that have secured outline planning consent.

3.12 Fairmead Regeneration

This project is dependent on external funding and to that extent officers are preparing a 'bid' in line with the HCA's next 3 years bidding round in April 2014, members will be informed of any progress feedback from the HCA.

3.13 The 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 outlined previously 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 which is attached as Appendix E.

However, members are asked to note that the ECO funding project will impact on some of these projects whether from funding allocation, design and/or timescale. The impact will be presented to members at their March committee and any consequential approvals to the programme will be sought at that meeting.

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 2012-13 being predicted as -£848K and the Estimate for 2013-14 being - £1,073K

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 £1.7M

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 capital programme attached at Appendix E is within the HRA business Plan. As some of the projects may benefit from ECO funding members will be kept informed of how this may change the funding allocation of the projects from this council . 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
↓

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 were previously updated on the development of the HAMP and previously TREC 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: 1 November 2013

Appendices : Appendix A- Stock Condition database Table
Appendix B- Road Map
Appendix C- New Build Project Plan
Appendix D- ECO-Funding project
Appendix-E- 5 years capital Programme

Background Papers: HRA Business Plan

Reference : X : Committees/CSA/2013.14/131113/HR- HAMP