Council

20 December 2022

Report of: Councillor Ronan Browne - Portfolio Holder for Council Homes and Landlord Services

Cabinet Recommendations to Council - Housing Revenue Account (HRA) Asset Management Plan 2023-2028

Corporate Priority:	Providing high quality council homes and landlord services
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1   Summary

1.1   The report introduces the Housing Revenue Account (HRA) Asset Management Plan 2023-2028. The purpose of the plan is to provide a clear delivery plan based on the recommendations from the HRA Business Plan and to set a five-year capital programme.

1.2   It is not a legal requirement to produce an Asset Management Plan, however, it is good practice and helps provide a good framework for capital investment planning.

1.3   The Asset Management Plan will be used to set budgets each year and will be updated on an annual basis. This will ensure that it remains current and relevant in line with a changing financial context and regulatory environment.

1.4   The Asset Management Plan is an evidence led document. It is informed by a comprehensive condition survey of almost 90% of the Council's housing stock and by consultation with residents as part of the development of the HRA Business Plan. It provides responses to policy recommendations arising from the HRA Business Plan, ensures an emphasis on decent and safe homes, and is set within the context of regulatory change to enable continued compliance and tenant safety.

2   Recommendations

That Council:

2.1   **Approves the HRA Asset Management Plan and associated action plan and agrees that they are used to inform the revenue and capital budget proposals for 2023/24.**

3   Reason for Recommendations

3.1   The Asset Management Plan will support the Council to achieve its commitments to deliver high quality council homes across Melton and to manage its available finances and associated capital investment plans effectively.

3.2   The Asset Management Plan provides a clear plan through which recommendations from the HRA Business Plan will be implemented.

3.3   The Council has made significant improvements to its housing and landlord services and whilst it is still on its housing improvement journey, is ready to transition from delivery of the Housing Improvement Plan to a more proactive, assurance led approach.

3.4   The Asset Management Plan is a significant programme of work for the Council. It marks another a key transitional step in how the Council manages its homes and the evidence led investments it makes to ensure homes are fit for the future.

3.5   It is also important to note that the Asset Management Plan has been developed at a continuing time of significant regulatory and financial change for the housing sector. The ability to review and respond to this changing context in a planned and managed way is key to the way in which the Council manages its Housing Revenue Account.

4   Background

4.1   Cabinet considered the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report at their meeting on 16 November 2022 and made recommendations to Council, as outlined in section 2.

5   Main Considerations

5.1   As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

6   Options Considered

6.1   As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

7 Consultation

7.1 Scrutiny

7.2 The Council's Scrutiny Committee considered the HRA Asset Management Plan in October 2022. This was a positive and constructive session, during which scrutiny committee members expressed that efforts should be made to reduce household bills wherever possible. Scrutiny committee members were supportive of the acceleration of the replacement of storage heaters and were keen to see this achieved as quickly as possible.

7.2.1 The Council's Scrutiny Committee noted the Housing Revenue Account Asset Management Plan and recommended that the Council:

a) works within the remit presented

b) prioritises reducing tenants' bills over the zero-carbon agenda

c) removes all remaining storage heaters from Council-owned properties as soon as possible

d) and continues to prioritise the insulation of properties.

7.2.2 Comments from the Council's Scrutiny Committee were considered by Cabinet at their meeting on 16th November 2022. The recommendations were approved.

7.3 External Validation – Savills

7.4 The Council commissioned the support of sector experts Savills to review the Council's draft Asset Management Plan and provide feedback and recommendations during the development phase, as well as a review of the final draft. As with the HRA Business Plan, this process of external review and validation has been valuable and has resulted in the draft Asset Management Plan being strengthened.

7.5 Savills have provided some specific feedback on the final draft of the Asset Management Plan. This feedback is detailed in the table below, with further detail on how the Council will respond to the advice provided:

External Validation – Feedback	Melton Borough Council response (where required)
The document is a significant step forward. The Council has considered the key areas.	N/A
It is deliberately a plan rather than a strategy. As such, it is detailed and contains a number of actions. Whilst the introduction is very useful in setting out the role of the plan, an executive summary document may be useful in due course	An Executive Summary will be produced after approval of the Asset Management Plan and published to the Council's website. This will form part of the wider communications plan, to inform tenants in a meaningful way, or the key elements of the plan and what it means for them
The focus on the actions required to deliver the plan is really positive. This demonstrates that the council has considered what it needs to put in place to achieve its aims. Stakeholders should be clear that there is	The action plan has been carefully thought through and actions have been prioritised. The plan and any associated resourcing requirements will be monitored and considered by the Housing Leadership

much work required to implement these actions. The plan needs to be adequately resourced and timely delivery of these actions will be key	Team, SLT and Portfolio Holder on an ongoing basis. The plan will also be reviewed and updated annually.
The council has invested in improving its stock condition data and this is positive. This investment will need to continue, and a number of the actions relate to the need for additional information to better inform the plan. This will be key for the Council to achieve its aims in relation to ensuring the stock is in good condition and supporting good investment decisions.	This is already embedded into the Asset Management Plan and associated action plan. The plan will be reviewed and updated annually.
The latest data has shown that a backlog of investment exists. Whilst we have not reviewed the nature this or the specific components that are overdue for replacement, it is worthy of note that this presents a potential risk. The plan sets out a hierarchy of investment to ensure that the highest risk items are prioritised.	The backlog of investment identified is already acknowledged and the Asset Management Plan sets out a plan to address this over the five-year period. The stock condition survey and associated investment planning addresses this risk directly. Monitoring of Decent Homes Standard is already included as part of the corporate performance monitoring.
Careful monitoring will be required to ensure that the proposed plan is effective in prioritising investment according to risk. It is important that the risk register reflects this, and that the council continues to receive assurance that any risk here is being effectively managed. Appropriate KPIs, maintaining up-to-date data and the internal audit programme may support this	The Council has a specific risk register for the HRA, reviewed and positively assessed as part of a recent audit of the management of the HRA. The plan will be kept under review by the Housing Leadership Team, SLT and Portfolio Holder. Capital spend, investment and contracts are monitored closely. KPI dashboard has been updated. Audit of HRA activity is welcomed to maintain assurance of progress. A risk section has been added to the Asset Management Plan.
The work to develop an approach to evaluating asset performance will be key. This should consider the financial and social performance of the stock. The plan is currently relatively limited in this regard – specific interventions at Fairmead and Gretton Court are noted. MBC has deliberately focused on improving its data and is aware is that this is a next stage.	This is embedded into the Asset Management Plan and will form a key part of the next review of the plan, as the Council moves to a position of future investment planning. This is clear within the Asset Management Plan.
The Plan sets out some principles in relation to how MBC will approach improving the energy efficiency of the stock. These offer a good starting point. The plan also acknowledges that more work is required in	This is embedded into the Asset Management Plan and will form a key part of the next review of the plan. Striking the balance between energy efficiency and

this area and sets out some important actions that will be key to MBC understanding the level of investment required for MBC to achieve its aims	tenant cost is clear within the plan. The option to accelerate storage heater replacement and continue to replace aluminium windows responds directly to tenant feedback.
	Work is also underway to try to secure external funding to support a more detailed understanding of options and investment needs to achieve energy efficiency ambitions.
It is positive to see the success measures included in the plan. It is acknowledged that these are a work in progress and will be developed as the actions are completed. The success measures should be aligned to the aims of the plan and associated risks.	Any further success measures will be considered as part of the next review of the Asset Management Plan.

7.5.1   To build on the processes already in place, the external validation review also includes a suggestion that the Council also develops a specific damp and mould policy and ensures that the void standard is explicit that properties should be free from damp and mould before being returned to use.

7.5.2   The Asset Management Plan already refers to damp and mould and is clear that tenant health and safety is a priority. However, these are important considerations and will form part of the Council's review of its damp and mould response and approach. An action has been added to the Housing Service Plan.

7.6   **Tenant feedback**

7.7   Tenant feedback directly informed the HRA Business Plan, and the Asset Management Plan makes direct reference to these recommendations which are clearly linked to the priorities identified by tenants.

7.8   Consultation and engagement has also taken place with tenants specifically in relation to the acceleration of the storage heater programme, leading to its inclusion as part of the Asset Management Plan and five-year capital programme.

7.8.1   Surveys were sent to 236 properties. 33 responses were received, representing a 14% response rate

- 31 tenants supported us replacing storage heaters early (94%)

- 23 tenants felt we should install gas where possible (70%)

- 6 tenants responded to say that they did not feel we should install gas (18%) and 4 did not respond (12%). The feedback included comments about the lack of availability of gas in their area.

7.9   Overall, the majority of tenants that responded supported us replacing storage heaters early and would prefer us to install gas heating if possible. The replacement of storage heaters will be accelerated and will be completed by the end of the five year period.

8 Next Steps – Implementation and Communication

8.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

9 Financial Implications

9.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1). Subsequent to the development of the plan the government has confirmed that a rent cap of 7% will be implemented for 2023/24 and the impact of this will be incorporated into the budgets accordingly.

Financial Implications reviewed by: See Appendix 1

10 Legal and Governance Implications

10.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

Legal Implications reviewed by: See Appendix 1

11 Equality and Safeguarding Implications

11.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

12 Community Safety Implications

12.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

13 Environmental and Climate Change Implications

13.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

14 Other Implications (where significant)

14.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

15 Risk & Mitigation

15.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

16 Background Papers

16.1 As outlined in the Housing Revenue Account (HRA) Asset Management Plan 2023-2028 report (Appendix 1).

17 Appendices

17.1 Appendix 1 – Housing Revenue Account (HRA) Asset Management Plan 2023-2028 cabinet report.

17.2 Appendix A – DRAFT Housing Asset Management Plan 2023-2028.

17.3   Appendix B – DRAFT Housing Revenue Account Housing Asset Management Plan Action Plan.

17.4   Appendix C – DRAFT Capital programme 2023/24 to 2028/29.

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