

Housing Asset Management Plan 2024-2029 (Annual Refresh)

Report Author:	Chris Flannery , Housing Asset Manager cflannery@melton.gov.uk
Chief Officer Responsible:	Michelle Howard , Director for Housing and Communities (Deputy Chief Executive) mhoward@melton.gov.uk
Lead Member/Relevant Portfolio Holder	Councillor Pip Allnatt - Leader of the Council, Portfolio Holder for Housing and Landlord Services

Corporate Priority:	Providing high quality council homes and landlord services Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 In December 2022, the current HRA Asset Management Plan (2023-2028) was approved by Council. The plan was developed to enable the safe, efficient, and effective management of council homes.
- 1.2 The plan directly informed the capital programme, and it was agreed that a 'fifth' year would be added every year through an annual refresh of the plan, to ensure it remained relevant

and that progress could be monitored. This report introduces the first planned annual refresh of the HRA Asset Management Plan, now covering the period 2024-2029.

- 1.3 The purpose of the plan is to provide a clear delivery plan based on the recommendations from the long term HRA Business Plan and to set a five-year capital programme. The refreshed plan sets out the council's plans for investment and improvement in council homes during the period 2024 – 2029.
- 1.4 The Asset Management Plan forms a key part of the budget setting process and will be updated on an annual basis to ensure that it remains current, relevant, and can respond in real time to a changing financial context and regulatory environment.
- 1.5 Significant progress has been made through the delivery of the current Asset Management Plan. As a result, the council can confidently report significantly improved levels of homes meeting the decent homes standard, accurate and timely delivery of capital programme commitments and continued high levels of health and safety compliance. A number of actions to assess the condition of non-traditional build homes and non-housing assets such as garages have been completed, enabling evidence led commitments to be built into the annual refresh of the plan.
- 1.6 Progress against actions within both HRA Asset Management Plan and long-term Business Plan is included within this report.

2 Recommendations

That Cabinet:

- 2.1 **Note the progress made on delivery of the HRA Asset Management Plan during 2023/2024**
- 2.2 **Endorse the HRA Asset Management Plan refresh (2024-2029) and associated capital programme**

3 Reasons for Recommendations

- 3.1 The Asset Management Plan continues the work set out in the HRA Business Plan and supports a proactive and assurance led approach to Housing. It supports the Council to achieve its commitments to deliver high quality council homes across the Borough and to manage available finances and associated capital investment plans effectively.
- 3.2 Refreshing the plan enables continued focus on investment in council homes and keeping tenants safe. It shows how the council will manage compliance with regulatory requirements and meet the decent homes standard across council housing stock. It also refreshes and sets out a clear action plan for future investment, responds to a changing regulatory context, reflects up to date operating costs and plans capital spend accordingly.
- 3.3 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 and a framework through which the council can demonstrate progress and continued compliance

and enables a short, medium and long term view on the financial sustainability of the HRA and any adjustments required.

- 3.4 The importance of clear, robust and effective plan for the safe and proactive management of council homes was brought into sharp national focus over the last year, further to the tragic and preventable death of Awaab Ishak – having a meaningful Asset Management Plan, and ability to evidence delivery, is key to this.

4 Background

- 4.1 This report introduces the first planned annual refresh of the HRA Asset Management Plan, meaning that the plan will cover the period 2024-2029.
- 4.2 Refreshing the plan enables continued focus on investment in council homes and keeping tenants safe. It shows how the council will manage compliance with regulatory requirements and meet the decent homes standard across council housing stock. It also refreshes and sets out a clear action plan for future investment, responds to a changing regulatory context, reflects up to date operating costs and plans capital spend accordingly.
- 4.3 The Asset Management Plan 2024-2029 is an evidence led document. It is informed by a comprehensive condition survey of almost 90% of the Council’s housing stock, in addition to specific surveys on 100% garages and a sample of each type of non-traditional homes. Stock condition surveys of 20% council homes will take place every year, to ensure good quality and up to date stock profile information – this is a key regulatory requirement.
- 4.4 The refresh of the plan provides updates and responses to policy recommendations arising from the long term 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.
- 4.5 Consultation with residents formed a key part of the development of the HRA Business Plan development, and tenant voice has continued to play a key role in the refresh of the Asset Management Plan in the following ways:
- 4.5.1 A consultation with residents on outbuildings in certain locations linked to blocks of flats. The outbuildings were insecure, had unclear tenant ownership, were not attached to tenancy conditions and were attracting crime and antisocial behaviour. As a direct result of the consultation, the refresh of the AMP includes a proposed one-off budget and plan to refurbish outbuildings. Once refurbished, outbuilding will be allocated directly to tenants and will be managed through the tenancy management process.
- 4.5.2 Further to a stock condition survey of council owned garages, the Council has developed a plan as part of the ASMP that will focus investment in garages that are in better conditions and are in areas of high demand. An open consultation will be carried out with all residents (not just tenants) to understand where there is demand, with a view to allocating garages to managing income as required.
- 4.5.3 The whole capital programme includes some element of consultation and engagement. A consultation toolkit is used to manage this for capital programmes, providing choice to tenants where possible and appropriate (for example, choice of kitchen colour).

- 4.6 The refreshed Asset Management Plan (2024-2029) can be found at **Appendix A** of this report. It includes an updated action plan and capital programme.

5 HRA Asset Management Plan Refresh – Key Achievements

- 5.1 Delivery of HRA Asset Management Plan commitments in 2022/23 marked a key change for the Council’s Landlord Service. Taking an evidence-based approach enabled the Council to set and delivered confidently against a capital investment programme as detailed within the Asset Management Plan.
- 5.2 Through the **Capital 23/24 Programme**, the Council delivered the following for tenants:
- 5.2.1 69 kitchens
 - 5.2.2 19 bathrooms
 - 5.2.3 88 windows and doors
 - 5.2.4 92 boiler upgrades
 - 5.2.5 6 full heating system upgrades
 - 5.2.6 We anticipate that 27 of the flats will have been upgraded at Gretton Court, the remainder are refusals which will be done when void.
- 5.3 A progress update on the HRA Asset Management Plan can be found at Appendix A of the draft refresh of the plan (pages 45-49 of the Asset Management Plan).

6 HRA Asset Management Plan Refresh – What’s New for 2024 - 2029?

- 6.1 The overall HRA Asset Management Plan remains largely unchanged and was intended to evolve and develop with the inclusion of additional information on specific matters. In line with the commitments set out in the current plan, additional technical information, surveys, and tenant feedback have now enabled the development of specific actions and improvement in some key areas. These are outlined below, and are reflected within the refreshed Asset Management Plan:
- 6.2 **Energy Efficiency:** Tenant feedback has identified that this as a high priority, and it is an area which requires a considered approach to balance decarbonisation opportunities (including affordability for the council and access to grant funding) with affordable heating bills for tenants. The previous version of the Asset Management Plan included a commitment to carry out an analysis of the energy efficiency of council homes. This work was commissioned as planned and will enable the council to develop an associated long-term plan. A new action has therefore been added to the Asset Management Plan: “develop a carbon saving target”. The work undertaken so far enables the council to model different approaches in terms of their impact, affordability and opportunity to reduce household running costs for tenants. A ‘fabric first’ approach is proposed, to enable steps to be taken towards a carbon neutral position. This provides the most sustainable and cost-efficient improvements for tenants and is also aligned to Social Housing Decarbonisation Fund

principles. Examples include cavity, loft or wall insulation, replacement windows or door, or more efficient lighting. This means that funding would be focussed on things that would improve thermal efficiency, so that the property is ready for, and will see greater benefit from other upgrades such as more environmentally friendly heating in the future.

- 6.3 Decarbonisation of the Council's housing stock is unlikely to be affordable without external grant funding, and the evidence base from the work undertaken will better position the council to apply for and access relevant grants to support the Council's capital programme.
- 6.4 The Council has already had some success in accessing funding to enable the installation of solar panels on council homes, with 50 properties having benefited so far as part of the Government's Local Authority Delivery Scheme (LAD 1b) decarbonisation programme. Access to ongoing funding will remain a focus for the housing service.
- 6.5 **Garages:** The Council owns approximately 400 garages across 30 sites. Further to a stock condition survey of council owned garages, the Council has developed a plan that will focus investment in garages that are in better condition and are in areas of high demand. An open consultation will be carried out with all residents (not just tenants) to understand where there is demand, with a view to allocating garages to obtain a revenue income and meet demand for garage space. To commence this work, it is proposed that £50,000 is allocated to garage improvements in 24/25, with future investments considered in future. Investment in garages will be prioritised as follows:
- a) Garage sites that are in good condition and in high demand and will be kept and refurbished where required.
 - b) Garages that are in poor condition and low demand will be considered for disposal or redevelopment.
 - c) Each site will be assessed on its own merits.
 - d) Due to loss of income and potential for anti-social behaviour associated with vacant sites, garages will remain in use until redevelopment or disposal is imminent.
 - e) We will retain garage sites that are viable for redevelopment as social housing.
- 6.5.2 In addition to this, the Council now has more robust data upon which to consider alternative development or disposal opportunities for garage sites that are not viable for investment and improvement.
- 6.5.3 Two new actions have been added to the HRA Asset Management Plan:
- a) Carry out a consultation with all residents to determine the demand for garages in each area so that investment and disposal can be planned in line with the new strategy.
 - b) Develop an investment plan for garages based on the strategy.
- 6.6 **Outbuildings:** A consultation with residents on outbuildings in certain locations linked to blocks of flats has been undertaken. The outbuildings were insecure, had unclear tenant ownership, were not attached to tenancy conditions and were attracting crime and antisocial behaviour.

- 6.6.1 As a direct result of the consultation through which 100% respondents confirmed a wish to retain access to outbuildings, the refresh of the AMP includes a proposed one-off budget (£75,000) and plan to refurbish outbuildings.
- 6.6.2 Once refurbished, outbuilding will be allocated directly to tenants and will be managed through the tenancy management process.
- 6.6.3 **Non-Traditional Properties:** Non-traditional build properties were generally built shortly after the second world war and were only intended to be in place for a short period of time. These properties are more complex to repair and refurbish and are more challenging to make energy efficient.
- 6.6.4 When the previous version of the Asset Management Plan was written, the Council had limited information on its non-traditional homes. A survey to determine the condition of each non-traditional property type has now been carried out, leading to clarity on the types and locations of the properties, improvements made to them to date and future investment requirements.
- 6.7 The technical assessment on the non-traditional properties has shown that:
- 6.7.1 Airey properties (25): have not been repaired or improved using any of the recognised repair schemes. Investment is required, but no immediate structural concerns have been identified. These properties require work to improve the external walls to remove the concrete structure and replace with a modern, insulated wall.
- 6.7.2 Swedish properties (5): have not been repaired or improved using any of the recognised repair schemes. Investment is required, but no immediate structural concerns have been identified. These properties would benefit from the timber cladding being removed, the timber frame being repaired and then re-cladding with an insulated render system to protect the timber frame and improve thermal efficiency.
- 6.7.3 Wimpey No Fines properties (64): some improvements have been made to these properties, but they still require investment. No structural concerns were identified. These properties would benefit from external wall insulation to improve thermal comfort.
- 6.7.4 Improved Aluminium Bungalows (76): These properties have been fully repaired in the past and require no further work.

7 Changing National and Regulatory Context

- 7.1 The HRA Business Plan and current HRA Asset Management Plan were written at a time of significant change for the housing sector. Whilst the revised regulatory framework is becoming clearer as a result of the Social Housing Regulation Act receiving Royal Assent in 2023, there are still some areas of uncertainty for the housing sector, and the Asset Management Plan and associated working practices may need to be further updated during the year to reflect any specific changes or requirements (for example, changes to decent homes criteria, energy efficiency requirements).

8 HRA 30 Year Business Plan – Financial Sustainability and Progress Update

- 8.1 The Council approved a long-term business plan for the Housing Revenue Account in 2022. It sets out the council's expectations and plans for council homes and the financial sustainability of the Council's housing services, providing a high-level plan to ensure council homes remain safe and meet decent homes standards, whilst also setting out what other improvements and investment choices can be made within the budget available.
- 8.2 Set within a changing regulatory context and challenging financial context, the Business Plan recognised the need to manage resources carefully.
- 8.3 The Business Plan shows that the management and maintenance of council homes is affordable over the 30-year period and that the council can meet current regulatory requirements. However, it also identifies that careful financial management is required. Rents need to be maximised and resources need to be carefully managed. The Business Plan sets out an evidence base and shows how investment will be prioritised, based on regulatory compliance, decent homes standard and prioritising 'choices' for investment in line with tenant aspirations.
- 8.4 Whilst long term trajectory for the financial stability of the HRA remains positive, the 23/24 rent cap, in addition to inflationary pressures and operational income management pressures have created a risk of a deficit position within the HRA in years 10 and 11 of the business plan. The business plan is currently entering year 2 of delivery and there is sufficient time for a planned and strategic approach to be taken to smooth the investment programme over the long term whilst also continuing to strengthen income management, to avoid a deficit position occurring.
- 8.5 There are a number of policy and operational factors that need to be considered and modelled to show how the risk of a deficit position can best be mitigated. This work will take place in 24/25 and will be presented to Cabinet for consideration ahead of the budget setting process for 25/26.

9 Options Considered

- 9.1 The Council could choose not to refresh the Asset Management Plan. This is not recommended. It is a key requirement of the HRA Business Plan approved by Council in July 2022 and is necessary for short term financial planning. Having an Asset Management Plan enables more robust capital programme planning and monitoring, ability to provide assurance relating to stock investment and ability to maintain health and safety and regulatory requirements and ability to profile and proactively manage any changes as a result of a changing financial and regulatory context. It also demonstrates how tenant views are incorporated into strategic planning and investment options for their homes.

10 Consultation

- 10.1 Tenant feedback has informed the development of the refresh of the action plan and also responds to consultation on the HRA Business Plan. Specific consultation on the refreshed plan has not been carried out.

11 Next Steps – Implementation and Communication

- 11.1 The Capital Programme and associated budgets are to be approved for inclusion within budget proposals for the financial year 2024/25 which will be considered by Council in February 2024.
- 11.2 The details of the refreshed Asset Management Plan and associated investment commitments will need to be shared with the Council's tenants and leaseholders in a clear, accessible, and meaningful way. The Plan should also be shared widely with the Council's staff and partners.
- 11.3 The Asset Management Plan will be reviewed every year to ensure the five-year capital programme is up to date and current, taking account of any legislative changes and the outcomes of the actions identified in the action plan.

12 Financial Implications

- 12.1 Set within a changing regulatory context and challenging financial context, the HRA Business Plan recognised the need to manage resources carefully. The 5-year projections will be used to inform the annual revenue and capital budgets and the Council's capital strategy.
- 12.2 The Business Plan shows that the management and maintenance of council homes is affordable over the 30-year period and that the council can meet current regulatory requirements. However, it also identifies that careful financial management is required. Rents need to be maximised and resources need to be carefully managed. The Business Plan sets out an evidence base and shows how investment will be prioritised, based on regulatory compliance, decent homes standard and prioritising 'choices' for investment in line with tenant aspirations.
- 12.3 Whilst long term trajectory for the financial stability of the HRA remains positive, the 23/24 rent cap, in addition to inflationary pressures and operational income management pressures have created a risk of a deficit position within the HRA in years 10 and 11 of the business plan (fig 1). The business plan is currently entering year 2 of delivery and there is sufficient time for a planned and strategic approach to be taken to smooth the investment programme over the long term (fig2) whilst also continuing to strengthen income management, to avoid a deficit position occurring.

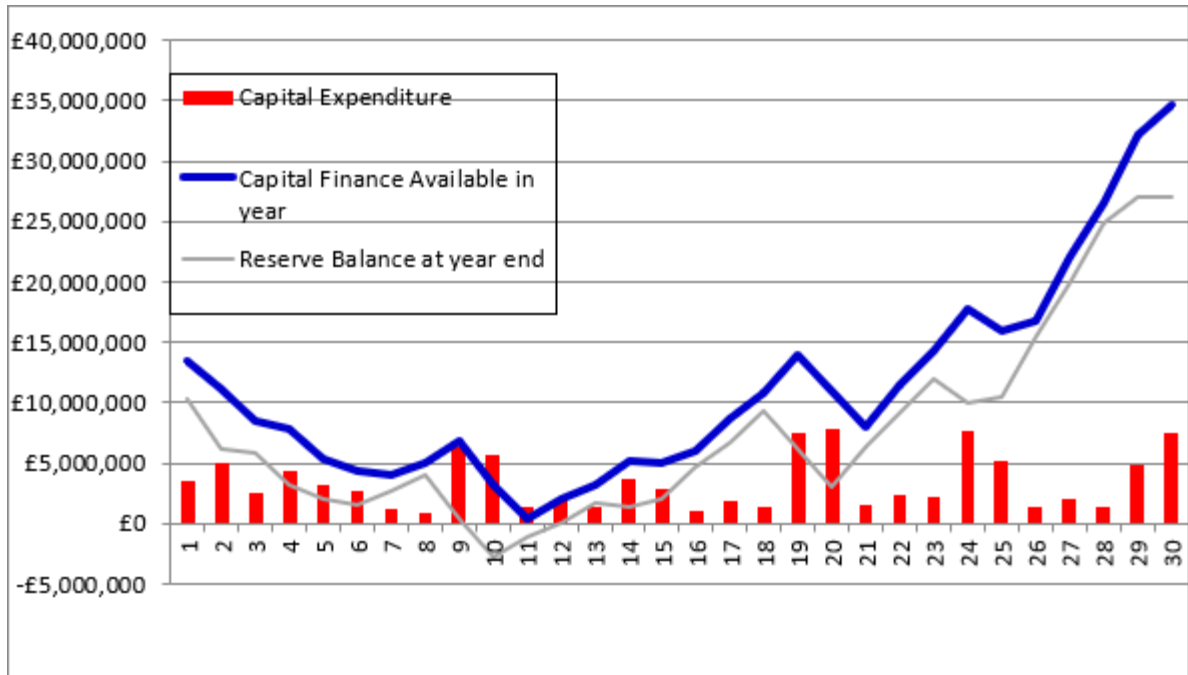


Fig1

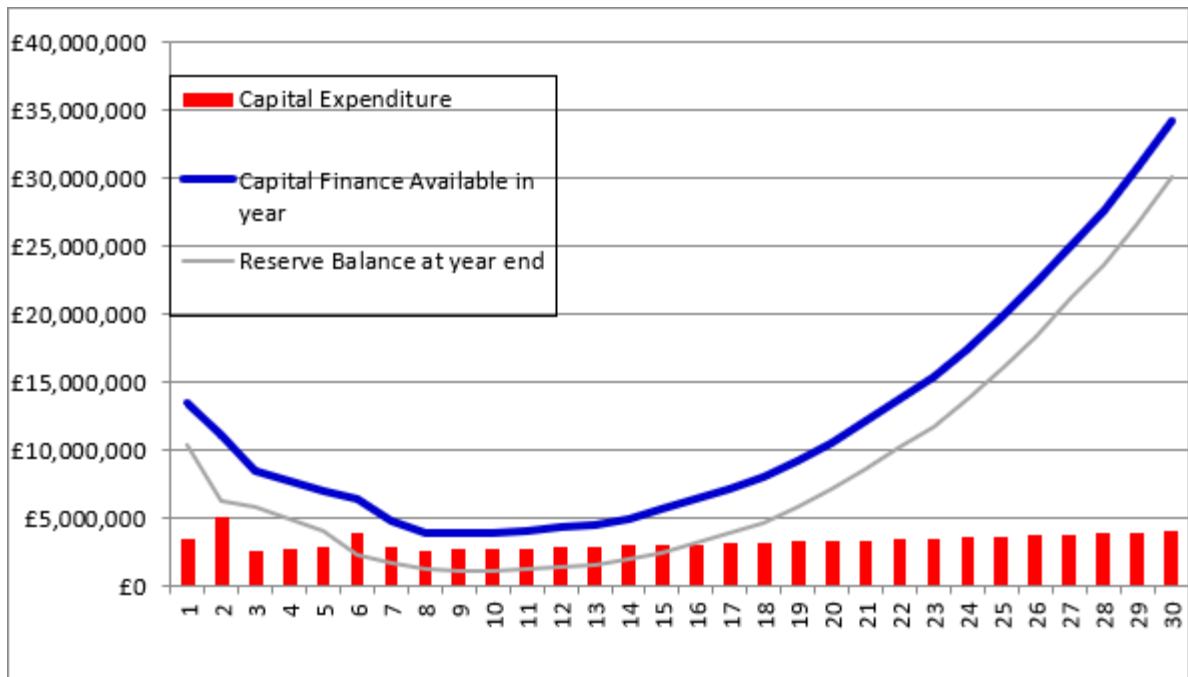


Fig2

Financial Implications reviewed by: Assistant Director for Resources

13 Legal and Governance Implications

- 13.1 The Localism Act 2011 reformed the way that council housing is financed in England and Wales. The national HRA subsidy system ended in April 2012 and was replaced with self-financing.
- 13.2 Since Section 167 / Schedule 15 of the Localism Act 2011 came into force, English local authorities have been required to be self-financing in relation to their housing stock.

- 13.3 Expenditure and income relating to property and income listed in section 74 of the Local Government and Housing Act 1989 which includes housing held under Part II of the Housing Act 1985 must be accounted for in the Housing Revenue Account (HRA). The HRA is a ring-fenced budget.
- 13.4 It is not a legal requirement to produce an HRA Business Plan and Asset Management Plan; however, it is good practice and helps provide a good framework for long term strategic planning.
- 13.5 The HRA Business Plan and Asset Management Plan provide an important mechanism for ensuring that the council's housing stock is well managed and maintained, and that investment is made to ensure the safety of residents.
- 13.6 The HRA should be self-funding and continuous review of the financial position of the HRA is required to ensure this.

Legal Implications reviewed by: Interim Assistant Director for Governance & Democracy (Monitoring Officer)

14 Equality and Safeguarding Implications

- 14.1 In finalising the Plan, the Authority must comply with the public sector equality duty as set out in S149 of the Equality Act.
- 14.2 An Equality Impact Assessment was carried out for the HRA Business Plan which directly informs the Asset Management Plan. It was reviewed by the Council's Check and Challenge Group and can be found on the Council's website.
- 14.3 Investment in decent and safe homes will positively impact the safety and wellbeing of council tenants. Additionally, taking steps to accelerate the replacement of storage heaters directly responds to concerns about household finances and associated health and wellbeing risks.

15 Data Protection Implications (Mandatory)

- 15.1 None identified.

16 Environmental and Climate Change Implications

- 16.1 The Plan considers recommendations regarding net-zero and energy efficiency, however, the Plan itself will not be able to deliver a carbon neutral outcome without significant external funding. This is the case for the wider housing sector.
- 16.2 Further work will be done throughout the life of the Asset Management Plan, and this will need to be considered in the context of the cost-of-living crisis, fuel poverty and thermal efficiency.

- 16.3 The Council will need to be ready to apply for external funding opportunities as they become available, in order to support its ambitions in this regard.
- 16.4 In approving this plan, the Council will need to strike the balance between reducing carbon reduction and reducing household bills. At a time of excessive energy costs and cost of living crisis, consultation feedback has demonstrated that at the present time, opportunities to reduce household bills should take priority.
- 16.5 The Asset Management Plan refresh directly updates considerations relating to energy efficiency and decarbonisation.

17 Other Implications (where significant)

- 17.1 Health and Wellbeing Implications: Investment in council’s homes as proposed will ensure the Council delivers on its health and safety and decent homes obligations whilst also considering other opportunities to improve health and wellbeing for resident where possible.
- 17.2 Human Resource Implications: There is the potential for some of the projects identified in the action plan to identify the need for additional resources. These will be managed on a case-by-case basis.
- 17.3 Procurement Implications: The Asset Management Plan sets out the Council’s approach to procurement and its overall strategy. The action plan appended to the Asset Management Plan includes details of all procurement exercises that will be required and when they need to start. Delivery of a capital programme of this size and scale will require robust understanding and management of procurement requirements and contract management in line with the Council’s contract procedure rules.

18 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Lack of continuity of leadership impacts on delivery of the plan	Very Low	Critical	Low
2	Insufficient resource (staffing) to implement the requirements of the HRA Asset Management Plan	Very Low	Critical	Low
3	Capital spending commitments are not delivered on time or within budget	Very Low	Critical	Low
4	Necessary compliance works are not carried out	Very Low	Critical	Low
5	HRA projected to move into a deficit position during life of HRA Asset Management Plan	Low	Critical	Medium

Risk No	Mitigation
1	Documentation of all key decisions. Adoption of formal plans, policies and procedures, published to the website. Standard Operating Procedures in place for key operational activities.
2	Continue to review operational and strategic capacity requirements.
3	HRA Capital programme is evidence led and kept under review, minimising this risk. Areas of non-spend are reviewed and reported through budget management arrangements.
4	Mechanisms in place to manage compliance mitigate this, annual health check of H&S compliance is built into internal audit programme.
5	Whilst long term trajectory for the financial stability of the HRA remains positive, the 23/24 rent cap, in addition to inflationary pressures and operational income management pressures have created a risk of a deficit position within the HRA in years 10 and 11 of the business plan. The business plan is currently entering year 2 of delivery and there is sufficient time for a planned and strategic approach to be taken to smooth the investment programme over the long term whilst also continuing to strengthen income management, to avoid a deficit position occurring. A review will be carried out by the Housing team and presented to Cabinet to inform budget setting from 25/26 onwards.

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low			5	
	2 Very Low			1,2,3,4	
	1 Almost impossible				

19 Background Papers

- 19.1 Cabinet Report: HRA Asset Management Plan 2023 – 2028 [Committee \(melton.gov.uk\)](#)
- 19.2 Council Report: Cabinet Recommendations to Council, HRA Asset Management Plan 2023 – 2028 [Committee \(melton.gov.uk\)](#)
- 19.3 Social Housing Regulation Act 2023
- 19.4 [Housing Revenue Account Business Plan – Melton Borough Council](#)
- 19.5 Melton Borough Council Stock Condition Survey

20 Appendices

- 20.1 DRAFT HRA Asset Management Plan 2024 – 2029 (including action plan and updated capital programme)