

COMMUNITIES & SOCIAL AFFAIRS COMMITTEE

23rd JANUARY 2018

REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

THE HOUSING ASSET MANAGEMENT PLAN (HAMP)

1.0	PURPOSE OF REPORT
1.1	For members to comment and approve the Housing Asset Management Plan.
2.0	RECOMMENDATIONS It is recommended that members
2.1	Comment and Approve the Housing Asset Management Plan 2018/2022.(Appendix A).
2.2	Approve the HRA capital programme attached as Appendix B up to 2022.
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 March 2013, approved the first Housing Asset Management Plan up to the period 2017.. This has now been refreshed and 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	The HAMP will become the main reporting document focussing on the Councils housing stock and related strategic/operational asset management issues. It should be viewed as an evolving document that is consulted on and reported to Council Members and TFECS annually.
3.4	This year's HAMP contains a new Housing Asset Management Strategy (HAMS) which sets out the key operational priorities underpinning the strategic aims. The HAMS will also be reviewed annually.
3.5	The main challenge of producing the HAMP was 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.
3.6	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 will be the key to making the right business decisions around investments going forward. This plan, along with the Road Map, will help Members to determine their asset management priorities and the HAM to deliver them.
3.7	The strategic move from a position of being predominately a reactive service to one that is more proactive will have implications around the identified need to carry out more programmed works and projects. A direct consequence of this approach will be the need to keep under constant review the implications to staff resources.

3.8	<p>The key features of the HAMP are:</p> <ul style="list-style-type: none"> (a) The Executive Summary and Asset Management Priorities. (b) The Housing Asset Management Strategy and its associated Operational Delivery Plan. (c) The proposed Repair & Maintenance Policies and new Service Standard named; Acceptable Maintenance Condition. (d) The Property Investment Opportunities <ul style="list-style-type: none"> (i) Negative NPV dwellings, options to consider for Beckmill Court and Granby House in Melton Mowbray. (ii) Opportunities to consider relating to the redevelopment potential of some non-traditional property sites. (iii) Opportunities to redevelop some under-utilised garage sites. (e) The draft Housing Capital Programme (HCP) commencing in April 2018.
3.9	<p><u>Main Areas for consideration</u></p> <p><u>The Executive Summary and Asset Management Priorities</u></p> <p>In this section members are asked to approve the investment priorities that will shape future housing programmes:</p> <ul style="list-style-type: none"> • Works relating to the Decent Homes Standard • Regeneration opportunities for estate re-modelling and/or redevelopment • Works relating to under-utilised assets (garage sites/land) • Works relating to non-traditional properties that are designed defective. (Airey/Swedish) • Works relating to proven negative Net Present Value properties (Beckmill/Granby etc) • Works to tackle those properties with a low SAP rating. (Affordable warmth/fuel poverty) • Green Deal opportunities.
3.10	<p><u>The Housing Asset Management Strategy and its associated Operational Delivery Plan.</u></p> <p>Members are asked to consider and approve the Operational priorities of the HAMS:</p> <ul style="list-style-type: none"> • Robust database - Members are asked to note that a project to develop a robust database has been completed and we have purchased the Codeman/SAM software, which is a Northgate modern asset management system that bolts onto their Housing management System. • Understanding Maintenance Demand- Analysing and understanding maintenance demand to reduce future failures. • Decent Homes Standard (DHS) Compliance- ensuring compliance to the four criterions a property should meet to remain decent. • Maximising Investment Opportunities- strategic approach to make best use of land and property assets. • Achieving Affordable Warmth for Tenants- Tackling fuel poverty and investing in energy efficiency. • Identifying opportunities to drive down maintenance costs by procuring smarter.
3.11	<p><u>Prioritisation</u></p> <p>Members are asked to note that there are a number of projects contained in the HAMP. These will have to be prioritised so that officers can allocate appropriate resources to</p>

	<p>projects to ensure good delivery. Some of the key factors in determining the priority will be:-</p> <ul style="list-style-type: none"> • New Housing Growth • Supporting vulnerable people • Working in priority neighbourhoods • Delivering a balanced housing market • Greater ROI.
3.12	<p><u>The proposed Repair & Maintenance Policies and new Service Standard named; Acceptable Maintenance Condition.</u></p> <p>Members are asked to consider the Repair and Maintenance Objectives in the context of the Responsive Maintenance Policy, Cyclical Maintenance Policy and the Planned Maintenance Policy.</p> <p>To assist in the delivery of this area Members are asked to comment on the Acceptable Maintenance Condition.</p>
3.13	<p><u>The Property Investment Opportunities</u></p> <p>This section asks Members to consider and approve the key areas of focus that will inform opportunities for Investment:</p> <ul style="list-style-type: none"> • Negative NPV properties- Complete Beckmill Court, Gretton and Wilton Court • Non- Traditional Properties- Airey/Swedish • Under- utilised Garage and Land Areas • Properties with High Equity Levels- potential sale and re-investment • Sustainable Communities & neighbourhoods- Fairmead,
3.14	<p><u>The draft HCP commencing in April 2018.</u></p> <p>The HRA capital programme for 2017/18 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 2017/18, however, as projects from the HAMP are progressed and following the introduction of a robust housing database a more detailed forward looking capital programme has been developed period 2018/19 – 2022 and presented to Members for approval as attached as Appendix B.</p>
4.0	<p>POLICY AND CORPORATE IMPLICATIONS</p>
4.1	<p>The HAMP and related projects contained in the document directly relate to the following corporate priorities:</p> <ul style="list-style-type: none"> • 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	<p>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.</p> <p>These are summarised below:</p> <p>Revenue</p> <table border="1" data-bbox="245 533 1374 770"> <thead> <tr> <th>Year</th> <th>2017-18</th> <th>2018-19</th> <th>2019-20</th> <th>2020-21</th> <th>2021-22</th> </tr> </thead> <tbody> <tr> <td>Total Income</td> <td>7,920</td> <td>7,645</td> <td>7,541</td> <td>7,729</td> <td>8,058</td> </tr> <tr> <td>Total Expenditure</td> <td>5,381</td> <td>5,561</td> <td>5,851</td> <td>5,921</td> <td>5,991</td> </tr> <tr> <td>Net Cost of Services</td> <td>-2,539</td> <td>-2,084</td> <td>-1,690</td> <td>-1,808</td> <td>-2,067</td> </tr> <tr> <td>Opening HRA Balance</td> <td>1,186</td> <td>1,438</td> <td>967</td> <td>865</td> <td>870</td> </tr> <tr> <td>Closing HRA Balance</td> <td>1,438</td> <td>967</td> <td>865</td> <td>870</td> <td>1,179</td> </tr> </tbody> </table> <p>Capital</p> <table border="1" data-bbox="245 904 1398 1182"> <thead> <tr> <th>Year</th> <th>2017-18</th> <th>2018-19</th> <th>2019-20</th> <th>2020-21</th> <th>2021-22</th> </tr> </thead> <tbody> <tr> <td>Total Capital Expenditure</td> <td>4,131</td> <td>5,948</td> <td>11,172</td> <td>1,212</td> <td>902</td> </tr> <tr> <td>Major Repairs Reserve</td> <td>1,613</td> <td>1,358</td> <td>1,489</td> <td>1,694</td> <td>2,233</td> </tr> <tr> <td>Regeneration & Development Reserve</td> <td>4,171</td> <td>1,362</td> <td>1</td> <td>567</td> <td>1,100</td> </tr> <tr> <td>Capital Receipts reserve</td> <td>2,833</td> <td>3,289</td> <td>1,464</td> <td>1,938</td> <td>2,422</td> </tr> <tr> <td>Total HRA Reserve Balances</td> <td>8,617</td> <td>6,009</td> <td>2,953</td> <td>4,199</td> <td>5,754</td> </tr> </tbody> </table>	Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total Income	7,920	7,645	7,541	7,729	8,058	Total Expenditure	5,381	5,561	5,851	5,921	5,991	Net Cost of Services	-2,539	-2,084	-1,690	-1,808	-2,067	Opening HRA Balance	1,186	1,438	967	865	870	Closing HRA Balance	1,438	967	865	870	1,179	Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total Capital Expenditure	4,131	5,948	11,172	1,212	902	Major Repairs Reserve	1,613	1,358	1,489	1,694	2,233	Regeneration & Development Reserve	4,171	1,362	1	567	1,100	Capital Receipts reserve	2,833	3,289	1,464	1,938	2,422	Total HRA Reserve Balances	8,617	6,009	2,953	4,199	5,754
Year	2017-18	2018-19	2019-20	2020-21	2021-22																																																																				
Total Income	7,920	7,645	7,541	7,729	8,058																																																																				
Total Expenditure	5,381	5,561	5,851	5,921	5,991																																																																				
Net Cost of Services	-2,539	-2,084	-1,690	-1,808	-2,067																																																																				
Opening HRA Balance	1,186	1,438	967	865	870																																																																				
Closing HRA Balance	1,438	967	865	870	1,179																																																																				
Year	2017-18	2018-19	2019-20	2020-21	2021-22																																																																				
Total Capital Expenditure	4,131	5,948	11,172	1,212	902																																																																				
Major Repairs Reserve	1,613	1,358	1,489	1,694	2,233																																																																				
Regeneration & Development Reserve	4,171	1,362	1	567	1,100																																																																				
Capital Receipts reserve	2,833	3,289	1,464	1,938	2,422																																																																				
Total HRA Reserve Balances	8,617	6,009	2,953	4,199	5,754																																																																				
5.2	Members are asked to approve the HRA capital programme up to 2022 as attached as Appendix B.																																																																								
5.3	<p>In the November 2017 budget the Chancellor announced that he would lift the borrowing cap for Councils in areas of high affordability pressure, so that they can build more Council homes.</p> <p>Councils can bid for the increase to the cap from 2019-20 to 2021-22. The government will monitor how authorities respond to this opportunity and consider from this whether any further action is needed.</p> <p>During the prioritisation process officers will also develop funding options that potentially take advantage of this initiative.</p>																																																																								
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				
Significant C				
Low D	2			
Very Low E			1, 3, 4,5	
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 joint consultative Group have been consulted on the development of the HAMP...

12.0 WARDS AFFECTED

12.1 All wards

Contact Officer: Harinder Rai-Head of Communities & Neighbourhoods
Date: 5 March 2013

Appendices : Appendix A- HAMP
Appendix B- HRA Capital Programme -2022

Background Papers: HRA Business Plan

Reference : X : Committees/CSA/2017/18/220118/HR- HAMP