

Title: Housing Asset Management Strategy

Report of the Cabinet Member for Housing

Open Report | For Decision
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Wards Affected: All | Key Decision: Yes

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Summary

The Housing Asset Management Strategy (Appendix 1) sets out the proposals to ensure that Housing owned assets are well maintained to a good standard and future decisions about their refurbishment or reinvestment secure good quality housing stock into the future. The Council owns over 18,500 tenanted homes and a further 3,300 leasehold properties. The Housing Revenue Account will invest over £300 million in these homes over the next 10 years and a further £180 million in planned and responsive repairs and maintenance. This is in addition to significant investment in building new properties.

The development of this strategy has called upon best practice and innovation across the sector. It has been informed through participation in a collective project led by the Chartered Institute of Housing which is developing the new model for the housing sector’s approach to asset management in the latest operating environment. The LBBD Housing Asset Management Strategy is a product of this project which has involved extensive consultation and collaboration with the Chartered Institute of Housing and the UK national good practice group.

Despite high levels of investment in the housing stock, the council has not up until now had a Housing Asset Management Strategy (HAMS) which steers and directs investment. The HAMS sets out the principles and priorities including:

- High quality housing stock which meets the needs of tenants and leaseholders
- Optimising the use and value of housing assets
- Energy efficiency
- Standardisation
- A well managed property portfolio
- A lifecycle asset management approach as opposed to a reactive component and element basis

The strategy endorses an understanding of the whole life costs of the assets and how they contribute to the overall portfolio. The theme throughout the strategy is to achieve value for money and to make sure all aspects of the delivery from responsive maintenance through to capital investment compliment each other to add value to whole
life of the properties. The strategy recognises the significant impact this planned investment will have in improving the lives of the tenants and residents of the housing estates, enhancing the image of the borough and in supporting local employment opportunities.

Finally the HAMS also forms part of a coherent suite of strategic housing documents which sit just below the Barking and Dagenham Housing Strategy 2012 – 2017. As such it is closely integrated with the Housing Strategy and also the LBBD Housing Revenue Account Business Plan.

### Recommendation(s)

The Cabinet is recommended to agree the Housing Asset Management Strategy for 2015 – 2020 at Appendix 1 to the report.

### Reason(s)

The Housing Asset Management Strategy supports the Council priorities as follows:

**Encouraging Civic Pride** – Providing good quality housing and well-designed and safe estate environments. Helping residents shape their quality of life by providing them with opportunities to get involved and influence decisions around the future investment priorities.

**Enabling Social Responsibility** – By providing housing of a good standard, encouraging and supporting tenants to take responsibility for the ongoing upkeep of their homes and communal facilities. Delivering appropriate facilities to meet the needs for elderly, vulnerable, or disabled households.

**Growing the Borough** – Investment in new council homes and estates and establishing new ways to delivering affordable housing in the borough. Providing a sustained investment in housing will continue to enhance the environment, enhance the image of the borough and attract investment and business growth. The asset investment delivery arrangements will support the use of local companies and encourage local employment opportunities including the provision of apprenticeships and training opportunities.

### 1. Introduction and Background

1.1 Asset management in the context of council housing is the management of the physical assets owned by the council i.e. houses, land, garages. This strategy aims to ensure that they are maintained to an appropriate standard to maintain asset value and to fully support the needs of the local communities.

1.2 This Housing Asset Management strategy supports the LBBD Housing Strategy 2012 – 2017 with a commitment to continuing investment in improved quality standards in the existing housing stock and to improving fuel efficiency and reducing fuel poverty. It outlines the borough’s plans for the supply of new high quality affordable housing in the borough and supports the delivery of a sustainable community with the enhancement of the local environment.

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1 The LBBD Housing Strategy approved by Cabinet 2012
1.3 The sources of income and the way in which income is maximised throughout the year are set out in the Housing Revenue Account (HRA) Business Plan. The HRA business plan summarises the Council’s ambitions for the income and expenditure on Housing and sets out how the council will invest in its stock and build new homes.

1.4 This Housing Asset Management Strategy complements the Housing Revenue Account Business Plan by providing the framework for delivery of programmes of repair, maintenance and improvement, as well as setting the framework enabling the redevelopment of some of the most uneconomic stock.

1.5 The absence of an approved Housing Asset Management Strategy has been highlighted in both internal and external reviews. Submitting this strategy for Cabinet approval represents a key step forward in the transformation delivery plans for the division.

2. Proposal

2.1 The Housing Asset Management Strategy has two principal objectives:

**Objective 1** Delivering a high quality housing stock that meets the needs of our tenants and leaseholders

**Objective 2** Optimising the use and value of the housing assets

2.2 This strategy aims to make sure all current and future assets are well maintained to appropriate standards, are being used to maximum benefit and that opportunities are taken to unlock any untapped potential or take action when stock is no longer meeting modern needs.

2.3 The strategy looks beyond the physical condition of the properties, seeking to identify actions that can be taken to secure better use of land or properties. It also recognises that at times decisions may have to be made around whether to continue to invest in maintaining existing properties or whether alternative options should be considered in order to provide homes and estates that better meet the existing and future needs of local people. In this way, the housing stock can evolve over time so it better meets housing needs and optimises the use and value of the property.

3. Options Appraisal

3.1 There is currently no Asset Management Strategy in place and this has been highlighted as a gap in both internal and external reviews. In the absence of an approved strategy decisions have been on a scheme by scheme basis. This strategy provides a framework to ensure a consistent approach to asset management planning and delivery and without one there is a risk of a fragmented approach to overall management of the stock and future investment. It is for these reasons that the delivery of an agreed strategy is a key action of the housing service transformation plans.

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2 Review by the Housing Quality Network 2014
4. Consultation

4.1 Tenants and residents have been actively involved in helping to shape and influence the development of this Asset Management Strategy through a variety of forums.

<table>
<thead>
<tr>
<th>Technique</th>
<th>Feedback Received</th>
<th>What changed as a result</th>
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<tbody>
<tr>
<td>• Housing Forums – October 2014</td>
<td>• Continued investment in internal works</td>
<td>• Improved and continuing communication on detailed programmes</td>
</tr>
<tr>
<td>• Tenant and Leasehold Focus Group – January 2015</td>
<td>• Frequency of planned Maintenance</td>
<td>• Informed the standards outlined in the Housing Offer</td>
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<tr>
<td>• Tenant Federation – January 2015</td>
<td>• Careful consideration of timing of investment/estate renewal</td>
<td>• Provision of detailed programme information on the Internet</td>
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<tr>
<td>• Surveys carried out after works to properties</td>
<td>• The need for easily accessed information on programmed works</td>
<td>• Provision of detailed information prior to works commencing inside the home</td>
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<tr>
<td></td>
<td>• Better understanding of what will happen when works are inside the home</td>
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5. Financial Implications

Implications completed by: Carl Tomlinson, Group Finance Manager

5.1 The HRA Business Plan must sustain the financial viability of the HRA over the whole business plan period. The HRA is a ring fenced account funded primarily through rental income from tenants and leaseholders with income invested into Housing provision. Having a clear asset management strategy and programme of investment is essential to achieving this.

5.2 The current Business Plan, agreed by Cabinet in February 2015, includes a capital investment allocation of £605.8m over the next 10 years, with £347.1m allocated to investing in the councils existing stock, £198.3m for new build and £60.4m for estate renewal. The business plan is reviewed throughout the year to ensure assumptions are up to date and allocations are consistent with priorities and affordable.

5.3 The budget for repairs and maintenance in 2015/16 is £17.2m which covers both planned and reactive maintenance. The level of funding required is influenced by the quality of the stock and ability of the asset management strategy to limit the need for repairs, particularly of a reactive nature.
6. **Legal Implications**

Implications completed by: Alison Stuart, Principal Solicitor

6.1 The adoption of a Housing Asset Management Strategy for the Council’s housing stock is good practice where significant future investment is needed to maintain and improve the existing stock or consider alternative options as outlined within the body of the report.

6.2 The Council is under a general duty to consider housing conditions and the need to improve housing. It is under a duty to ensure that its housing stock is in a habitable condition and more widely, that the value of its stock is maintained.

6.3 Members should have due regard to the consultation responses when deciding whether to approve the Housing Asset Management Strategy.

7. **Other Implications**

7.1 **Risk Management** – The delivery of the strategy has undergone a full risk assessment with appropriate controls identified. The ongoing review of the strategic risks is an integral part of the delivery of this strategy. At programme delivery level each project is assessed for risk and appropriate mitigating actions are put in place and monitored monthly.

7.2 **Contractual Issues** – The most appropriate procurement methods and partnership arrangements will be taken considered for the delivery of the strategy. These will take into account cost certainty, quality and added value to the community. The use of a local supply chain will be emphasised to assist growth of the local economy.

7.3 **Staffing Issues** – A service delivery structure is required that delivers the required levels of expertise to work effectively with and manage the contractors. This will be delivered within existing budget parameters in line with the HRA business plan.

7.4 **Corporate Policy and Customer Impact** – The strategy has undergone a full Equalities Impact Assessment which has highlighted a number of positive impacts for residents. It recognises there is an impact on existing residents while improvement works are undertaken and programming is planned and resourced to provide appropriate support to address this.

The strategy supports the borough’s vision for growth in the provision of high quality homes, a sustainable community, and enhanced environment and improved employment opportunities.

7.5 **Safeguarding Children** – The strategy aims to reduce inequalities in housing standards and ensure families are provided with modern facilities within their homes.

7.6 **Health Issues** – The relationship between poor housing and ill health is a complicated one which involves many different factors. Evidence suggests that living in poor housing and indoor environments cause or contribute to many preventable diseases and injuries, such as respiratory, nervous system and cardiovascular diseases and cancer. A degraded urban environment, with air and
noise pollution and lack of green spaces and mobility options, also poses health risks.

This strategy provides an opportunity for us to consider housing conditions as one of the mechanisms through which social inequalities translates into health inequalities thus providing an opportunity to intervene and develop programmes to overcome such inequalities and provide adequate housing conditions for everyone. The strategy provides a key support and read across to the joint Health and Wellbeing Strategy for the need to continuing investment in improved quality standards in the existing housing stock and to improving fuel efficiency and reduce fuel poverty.

7.7 Crime and Disorder Issues – The impact of the physical environment is recognised in the prevention of crime and anti social behaviour. The principles of designing our crime are fundamental to all new build and improvement works undertaken. The strategy supports the delivery of a sustained community with the enhancement of the local environment.

7.8 Property / Asset Issues - This report outlines the framework to ensure that decisions about the future maintenance, refurbishment or re-investment relating to the housing revenue account assets are made through effective business planning.

Public Background Papers Used in the Preparation of the Report:

The LBBD Housing Strategy 2012 – 2017
The LBBD Housing Revenue Account Business Plan

List of appendices:

Appendix 1 - The Housing Asset Management Strategy