

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 16th April 2018

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WARD(S): All

PORTFOLIO: Cabinet Member for Corporate Finance & Housing, Cllr Nazir

PART I **NON-KEY DECISION**

HRA ASSET MANAGEMENT STRATEGY

1 Purpose of Report

In January 2018 the Cabinet on considering the report 'Update on Housing Option Appraisal' agreed a series of proactive decisions two of which focused on sustainable investment and making the best use of the Council's existing housing stock. The Cabinet's resolutions were:

- The Council develops an Active Asset Management Strategy based on the analysis within the Asset Performance Evaluation - to be updated annually:
- That within the Asset Management Strategy, the Council appraise the options for those assets which are under-performing relative to the rest of the stock with a view to remodelling, redeveloping or re-providing in the context of increasing supply.

The purpose of this report is to provide Cabinet with a Housing Revenue Account (HRA) Asset Management Strategy that present a structured basis for sustainable investment, offer options for innovation so and as to maintain the Council's housing whilst still achieving the objective of delivering a viable and robust HRA Business Plan. This cabinet report benefits from a discussion at the neighbourhoods and community services scrutiny committee.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the draft be adopted as the Council's HRA Asset Management Strategy
- (b) The HRA Asset Management Strategy be implemented in consultation with the Cabinet Member through the guidance of the Neighbourhood Services Lead, through his role of contract administrator of the RMI contract with Osborne Property Services Limited (OPSL) and with the support of the Strategic Director.

- (c) That the HRA Business Plan be updated to include the HRA Asset Management Strategy, and to offer a review of the strategy after the first two years of the RMI contract.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3a. **Slough Joint Wellbeing Strategy Priorities**

The HRA Asset Management Strategy follows the purpose of the option appraisal so as to enable the council to identify and develop innovative options for its housing stock that link with the following Slough Joint Wellbeing Strategy priorities:

- Increasing life expectancy by focusing on inequalities - the links between decent housing and health are well documented
- Housing – identification of options that would result in an increase in numbers of affordable homes. In addition the repair, maintenance and investment in the Council's housing assets is funded directly by the HRA

3b **Five Year Plan Outcomes** (Compulsory Section)

The HRA Asset Management Strategy will help to deliver the following Five Year Plan outcomes:

Outcome 3 - Slough will be an attractive place where people choose to live, work and visit;

Outcome 4 - Our residents will have access to good quality homes;

Outcome 5 - Slough will attract, retain and grow businesses and investment to provide jobs and opportunities for our residents

4 **Other Implications**

(a) **Financial**

The HRA Management Strategy is financially structured so as to be deliverable within the Cabinet's agreed HRA Business Plan.

The HRA Asset Management Strategy has enabled targeted investment of the RMI seven year £100 million contract with OPSL. The first two years of program works have been established through contractual dialogue based upon data that forms the HRA Asset Management strategy and focused investment on priorities such as risk and compliance e.g. fire risk assessment, and works to garage areas and homes.

These were accurately assessed through a stock condition survey and individual tenancy audit where over 95% of the Council's housing were visited. These were assessed to identify the needs of the property and address any safeguarding issues, as the approach was as important to establish the ability of a household to sustain their home and be part of community as well as financial investment required to repair and maintain the property.

The HRA Asset Management strategy is based upon this ethos and allows investment to be structured in such a manner that this structured approach identifies resources required to sustain a property, a community, so as to meet the best use of stock within the financial reassurance of the current viable Housing Revenue Business Plan.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	See 4 c)	
Human Rights	None identified	
<ul style="list-style-type: none"> Health and Safety- Failures to manage Health and Safety compliance could put residents, staff and contractors at risk 	Ensure robust management of H & S compliance in conjunction with the RMI Service Partner	
Employment Issues	None identified	
Equalities Issues	None identified at this stage	
<ul style="list-style-type: none"> Community Support - An incorrect scope or poor quality of stock investment will have a key influence on customer satisfaction 	Development of HRA Asset Management Survey, following commissioning of Stock Condition Survey and Asset Performance Evaluation	Opportunities for evidence based decision making, making the best use of assets and finances available.
Communications	None identified	
Community Safety	None identified	
Financial – <ul style="list-style-type: none"> Poor value for money in asset management 	See 4 a)	Opportunities for evidence based decision making, making the best use of

<p>will have a major impact on our finances as this represents a very large proportion of our HRA business plan</p> <ul style="list-style-type: none"> - Internal and external factors impact on expenditure to make it the element of Slough's landlord operations most vulnerable to increased costs - 		assets and finances available.
Timetable for delivery	N/A	
Project Capacity	TBD	
<ul style="list-style-type: none"> • Other - Failures to meet statutory standards can carry penalties and will damage the organisation's reputation 	Ensure robust compliance with statutory standards in conjunction with the RMI Service Partner and other partners and staff	

(c) Human Rights Act and Other Legal Implications

Whilst there are no direct legal implications itself, implementation of the HRA Asset Management Strategy will be undertaken in consultation with residents and key stakeholders so that specific legal implications arising may be addressed on a case by case basis e.g. access to undertake repair, change of use of land where potential new homes may be developed.

Adoption of the Strategy will mean that the Council will also be complying with its duties under the Housing Act 1985, for example, with its duties under Section 8 to review housing needs in its area periodically. The Council have powers to implement such strategy under Part II of the Housing Act 1985.

(d) Equalities Impact Assessment

Equality Impact Assessments are routinely carried out as part of operational service delivery and reviews.

(f) Property (Please delete if no property implications)

The HRA Asset Management Strategy supports the Council's ambition to maintain and invest in its current housing assets whilst continuing to deliver a development programme to build new, affordable homes in Slough.

5 Supporting Information

5.1 At the meeting of 17th October 2016, and as part of its discussion on the new HRA Business Plan, Cabinet resolved that the Strategic Director, Regeneration, Housing and Resources, following consultation with the Cabinet Member, be authorised to begin planning for the Options Appraisal of the Council's housing stock, with a proposal to be brought back to Cabinet for approval. An interim report was taken to Cabinet on March 20th 2017, further work continued in partnership with residents, Members, subject matter experts and officers and presented to the Tenant & Leaseholder Conference held on 28th October 2017.

The outcome of the options appraisal and feedback from the 'Tenant & Leaseholder Conference was presented to Cabinet in January 2018 and on considering the report 'Update on Housing Option Appraisal', the Cabinet agreed a series of proactive decisions two of which focused on sustainable investment and making the best use of the Council's existing housing stock:

- The Council develops an Active Asset Management Strategy based on the analysis within the Asset Performance Evaluation - to be updated annually:
- That within the Asset Management Strategy, the Council appraise the options for those assets which are under-performing relative to the rest of the stock with a view to remodelling, redeveloping or re-providing in the context of increasing supply.

5.2 The stock condition survey assessed the need to invest £420 million in our council homes over the next 30 years. The results of the survey have been analysed by Savills, discussed with residents during the options appraisal working groups during the autumn of 2017 and at tenant & leaseholder conference in October in the form of an 'Asset Performance Evaluation' presentation.

5.3 The Asset Performance Evaluation (APE) is a recognised method of excellence utilised through out the housing sector as basis to evaluate and develop a housing asset strategy. Combining the stock condition commissioned by neighbourhood service and Savills APE model the core of an HRA Asset Management Strategy has been developed.

5.4 The core has been developed to become a part of the Council's wider vision, and to demonstrate its contribution to core corporate objectives.

- 5.5 The attachment A is the concluding draft of the HRA asset management strategy. Its fundamental aim is to ensure that expenditure is made to the right stock, at the right time and that it remains affordable.
- 5.6 The strategy prioritises the spend required so logical programs of work can be formed and matched to resources available within the HRA Business Plan. The strategy also recognises that there are properties that are not viable or affordable and has set out a process for options appraisals so that a proactive response is developed and are being developed as part of the next phase of the options appraisal. These include remodelling to differing design, use of the site for new build and using the potential the Council has within its range of housing companies and partnerships.

6 Comments of Other Committees

Neighbourhood Scrutiny Committee was presented with a report on the five year plan priority of making best use of public sector housing stock. The report contained the core data, substantial detail on the stock condition survey & Asset Performance Evaluation. The issues were presented and the discussion at scrutiny informed the concluding draft of the HRA Asset Management strategy presented to Cabinet.

7 Conclusion

- 7.1 The HRA Asset Management Strategy presents a structured approach for investment based on substantiated data, industry accredited research model that enables a model for funding sustainable homes, and highlights assets that, given their value in terms of condition, social need, change of demographic make and rent generation would offer a requirement for further review. This could include potential for sites offering opportunity for new homes, remodelling design as age and population change highlight need for differing property type or consideration of assets becoming part of a number of the housing companies the Council owns to offer housing alternatives for residents of Slough.

8 Appendices

- A - HRA Draft Asset Management Strategy
- B - 16th January 2018 report to Neighbourhood & Communities Scrutiny Panel