Neighbourhood & Communities Scrutiny Committee

HRA Asset Management Strategy

Shane Hughes, Savills

R John Griffiths, SBC

January 2018

Stock Condition Survey result

SCS shows investment required of £68k per unit
6,200 units = £420m over 30 years

or **£140m** over 10 years

RMI budget over 7 years = £100m

RMI budget over 10 years = **£140m**

Affordable but only just..

So what now?

- Investment Plan – what to spend, where and when

- Asset Performance Evaluation – avoid investing in poorly performing assets

- Inform Stock Options Appraisal – investment need now clear

- Produce accurate investment plans and capital programmes

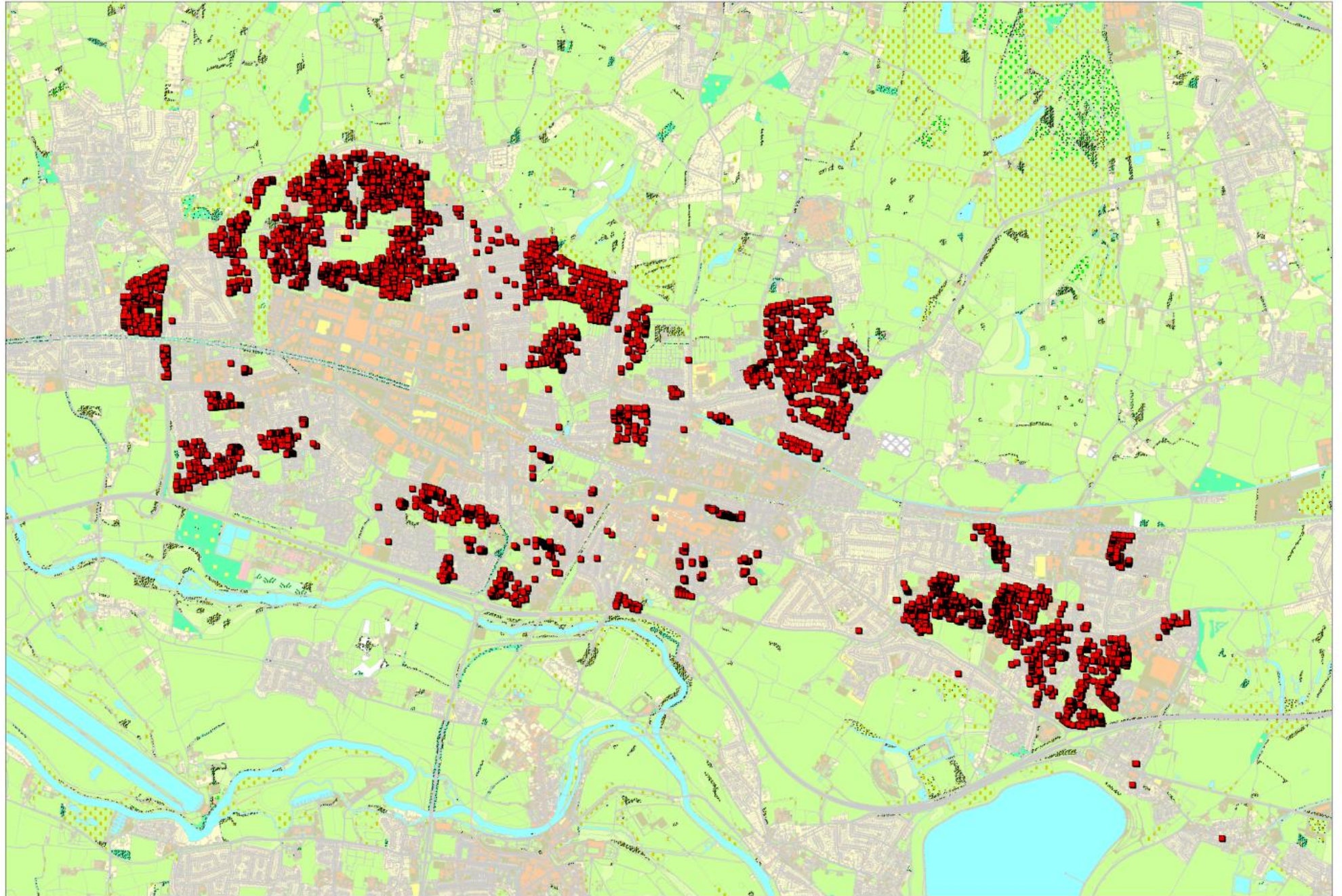- Keep the data updated and robust

If it's not robust, don't use it
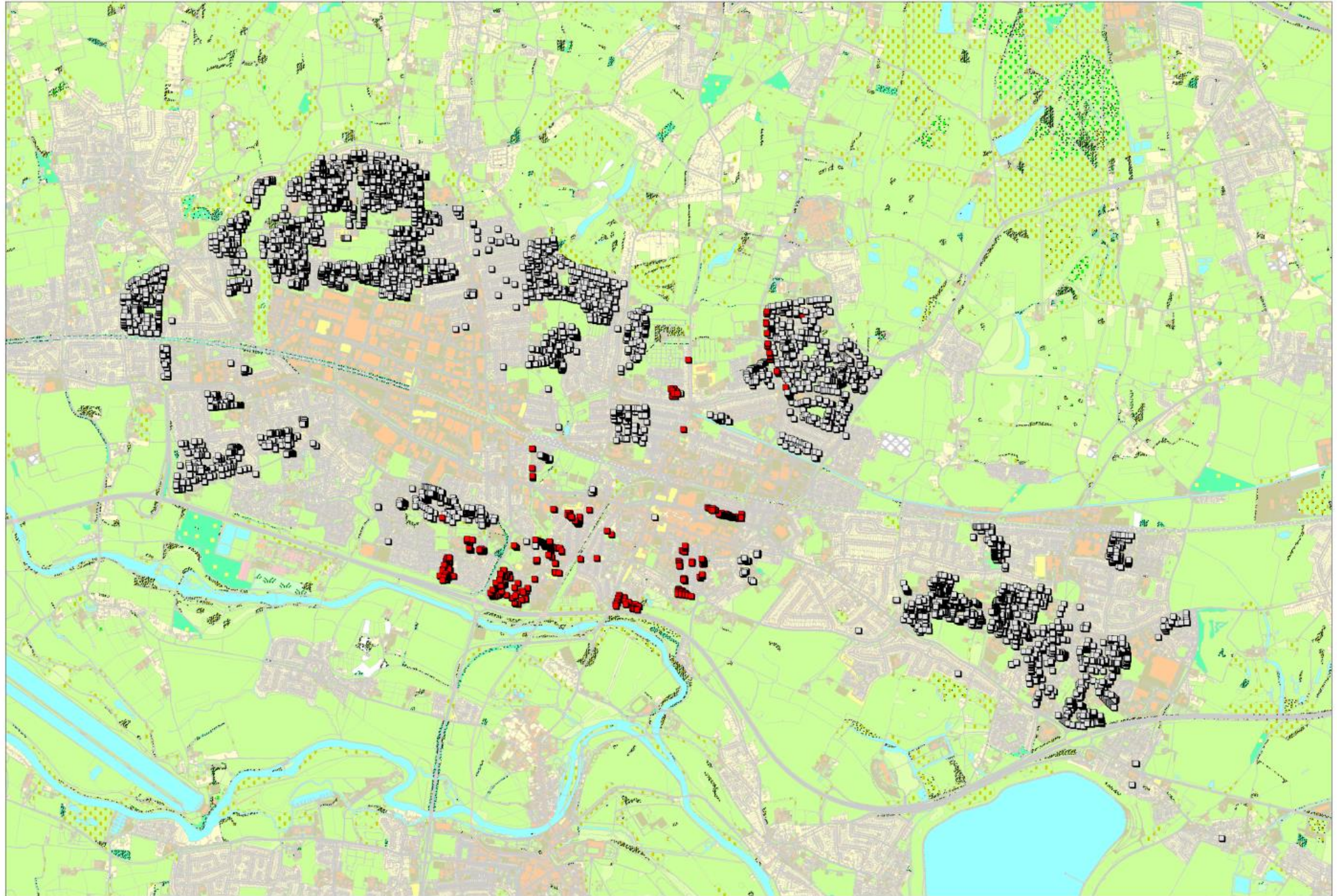
Investment Planning

- You can't afford gold taps!

- SCS results broken down into investment need

- Prioritised by technical need, R&M spend, budgets

- Ensures investment made at the right time and remains affordable
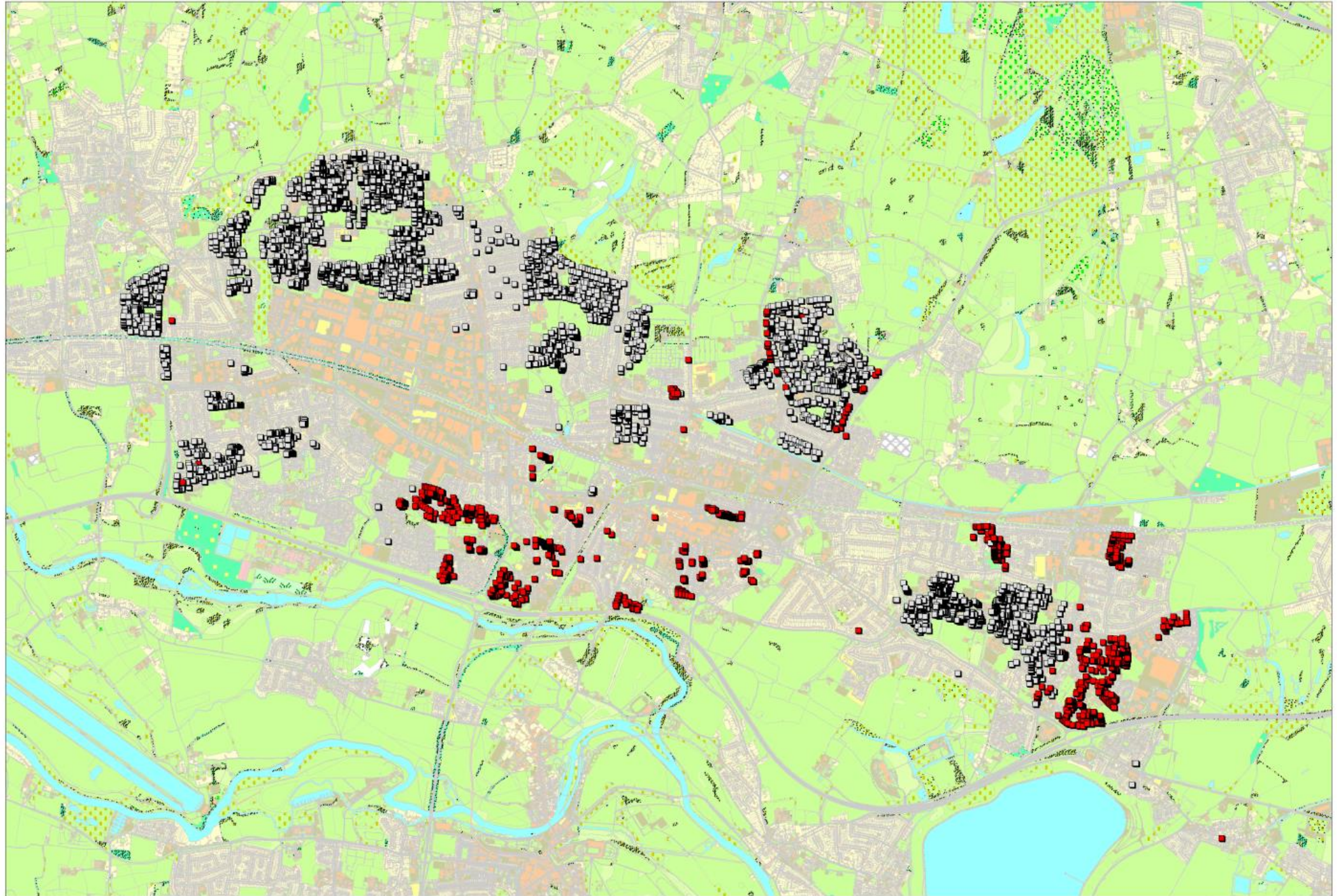
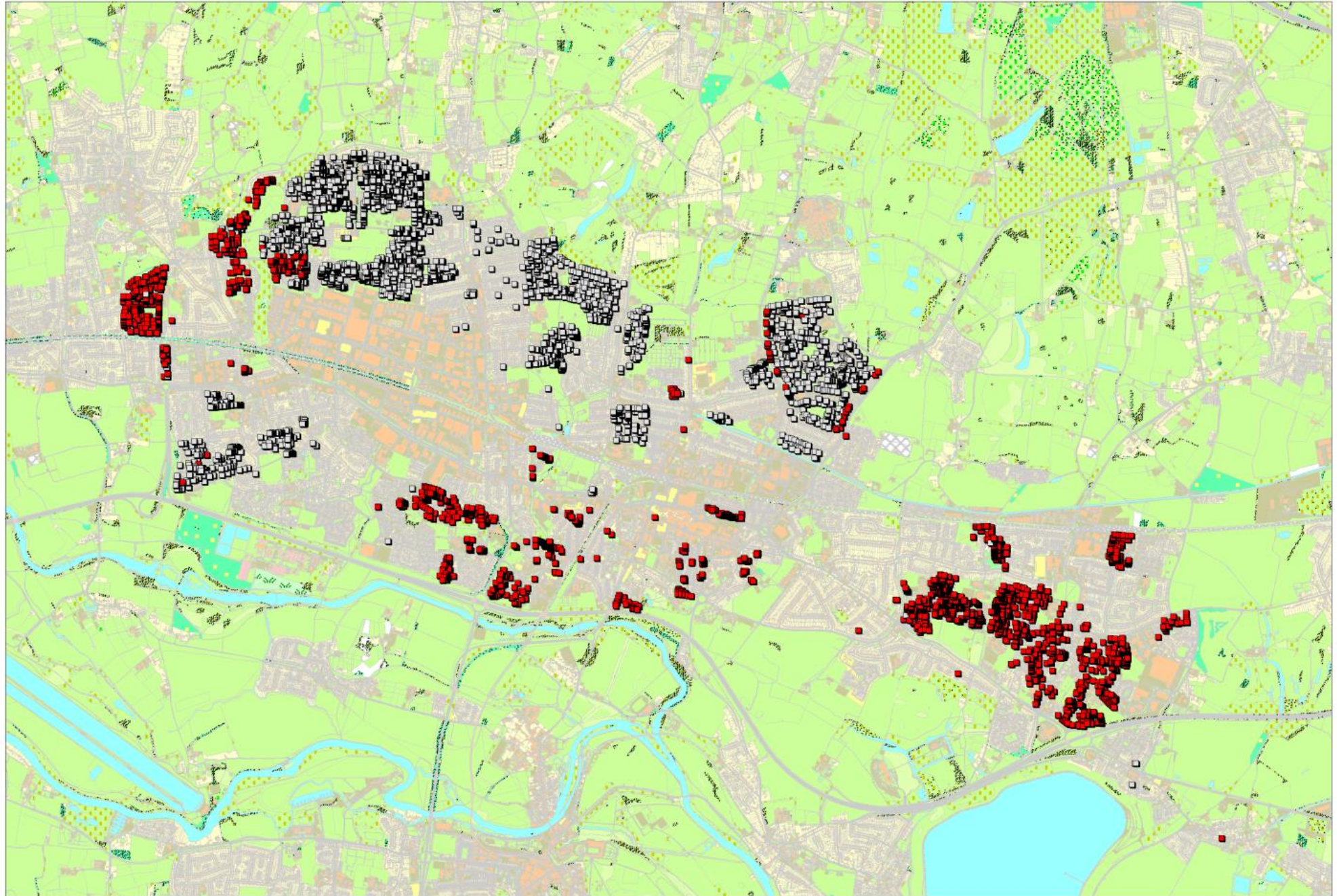- Mapped to show spread of work

Slough - Stock Distribution
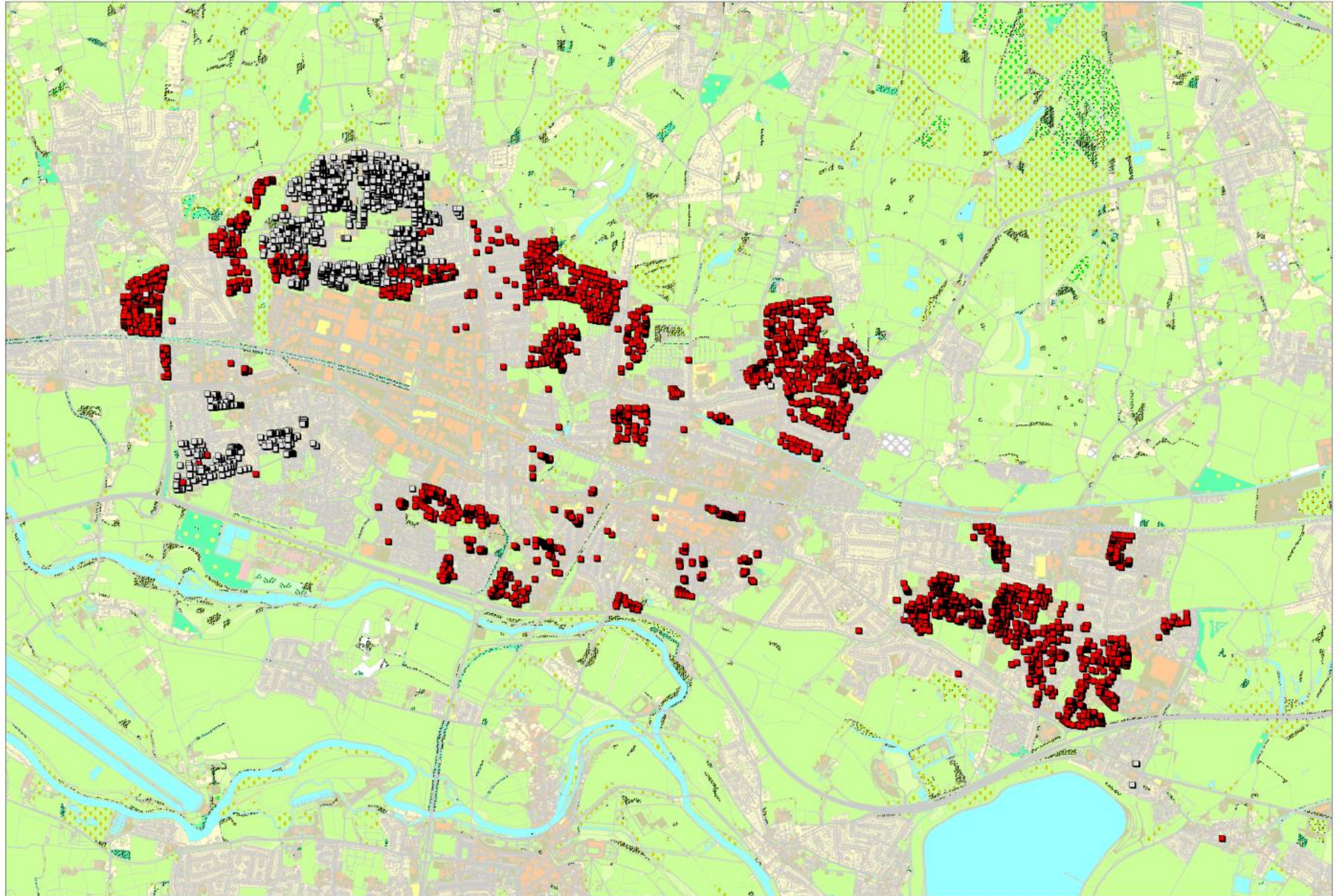
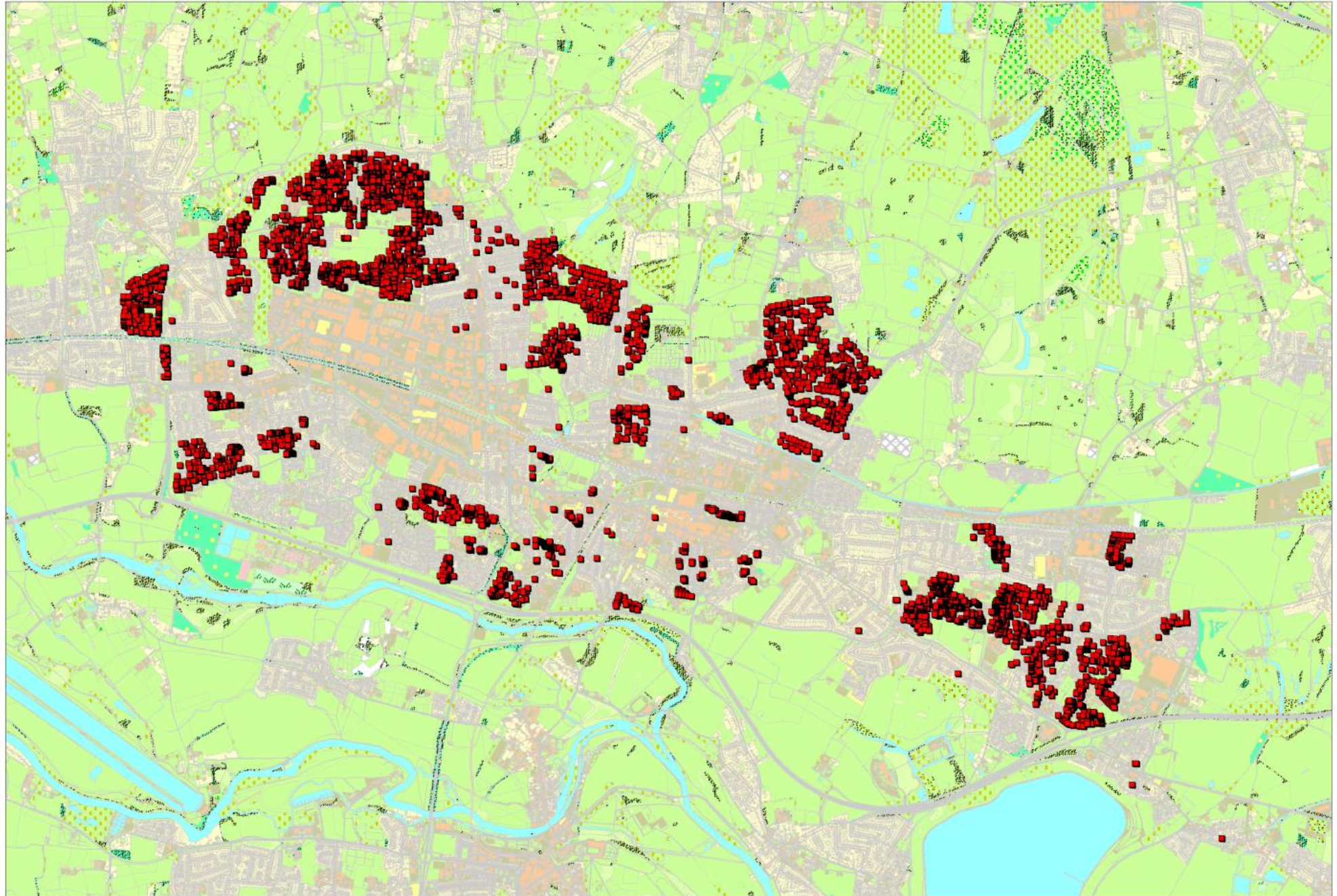Slough - Internals - Year 1
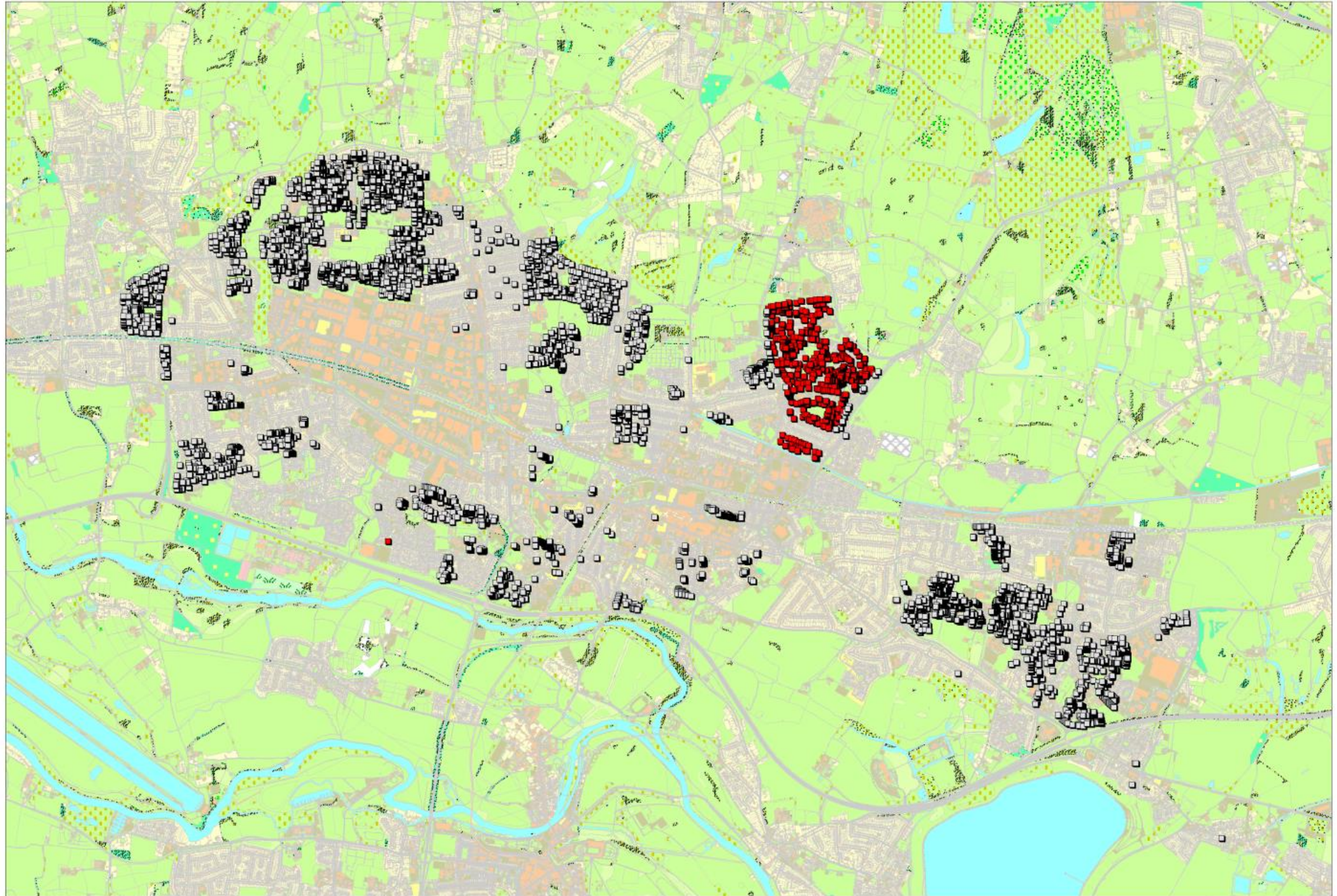
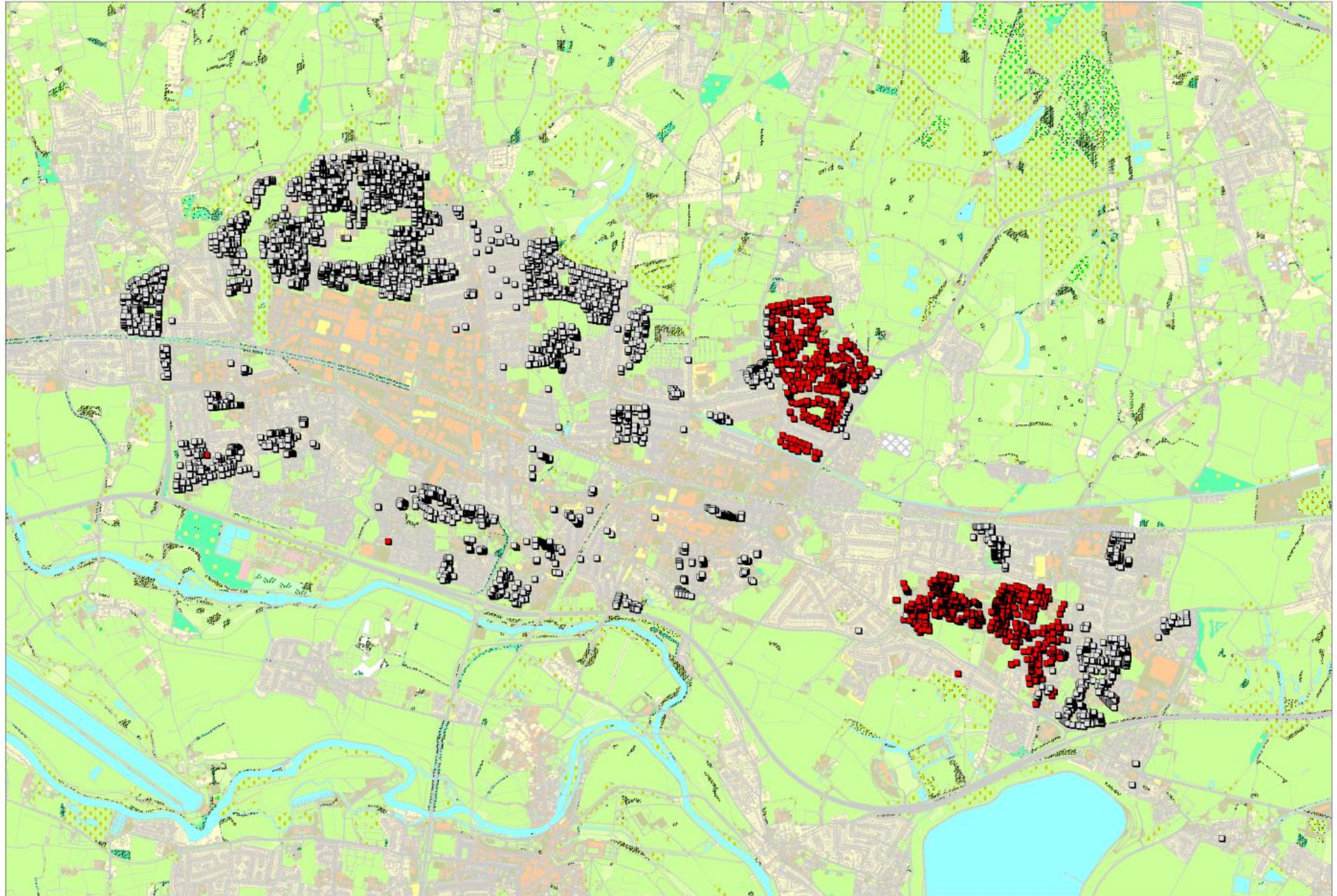Slough - Internals - Year 2

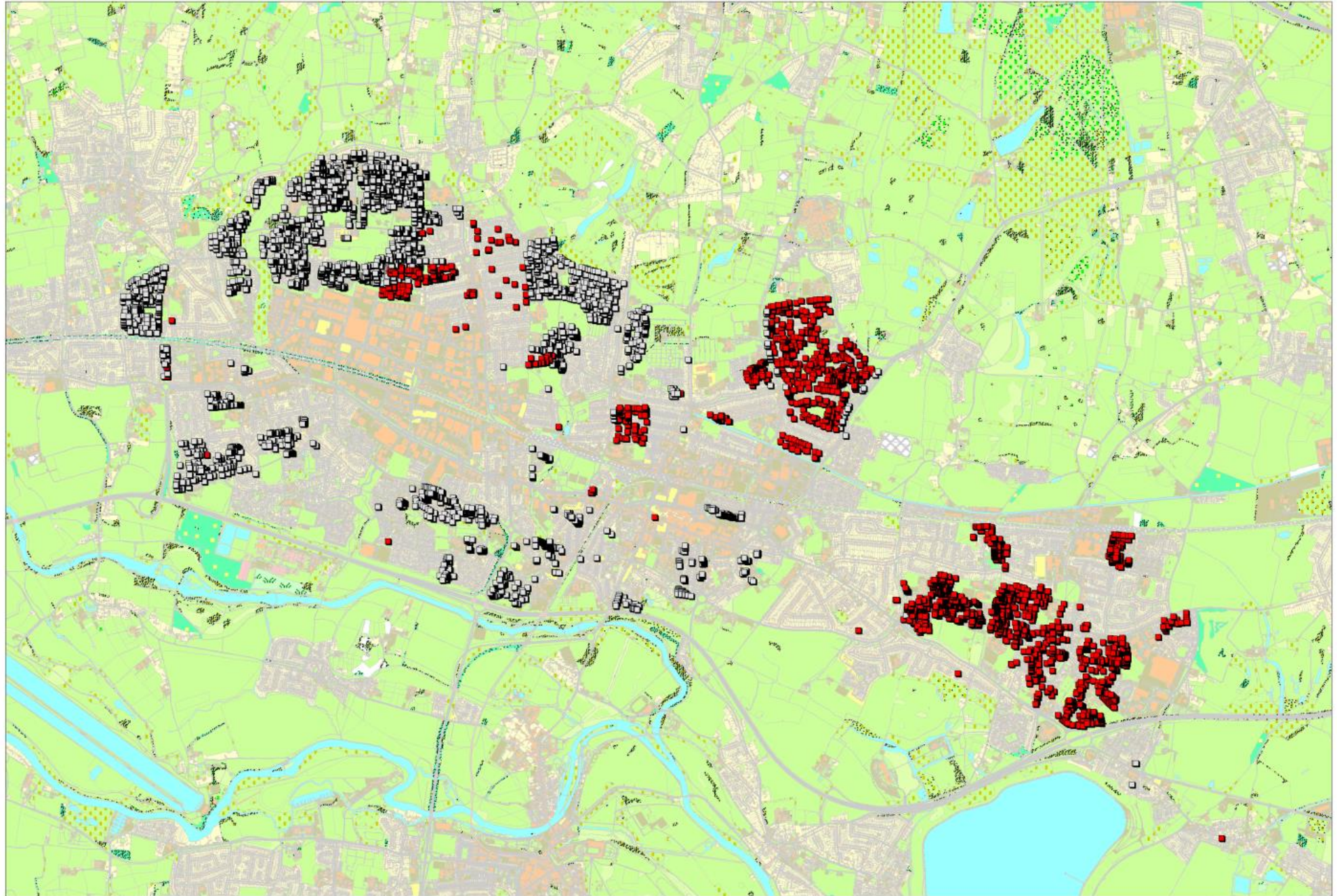Slough - Internals - Year 3

Slough - Internals - Year 4

Slough - Internals - Year 5

Slough - Externals - Year 1

Slough - Externals - Year 2

Slough - Externals - Year 3

Slough - Externals - Year 4
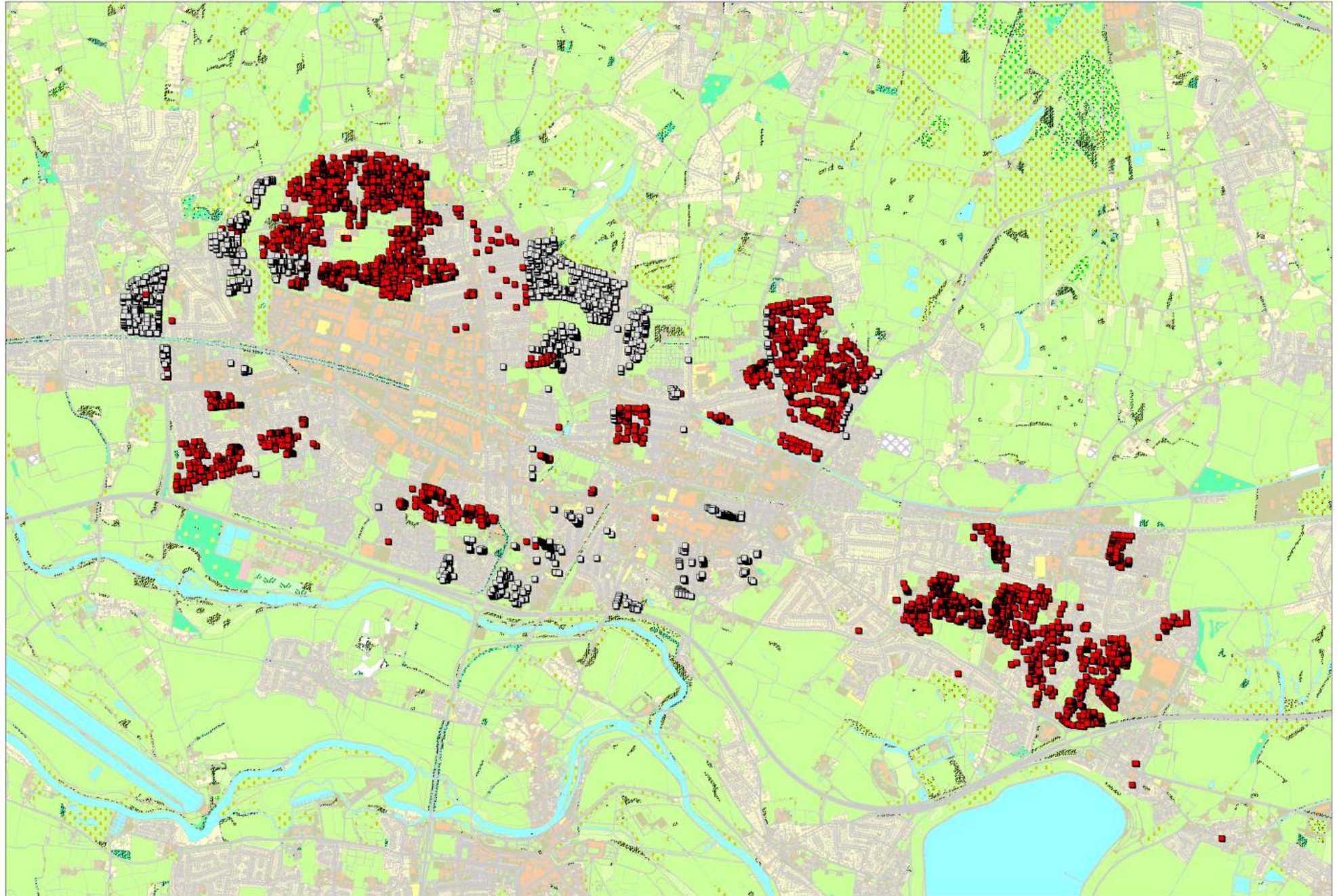
Slough - Externals - Year 5
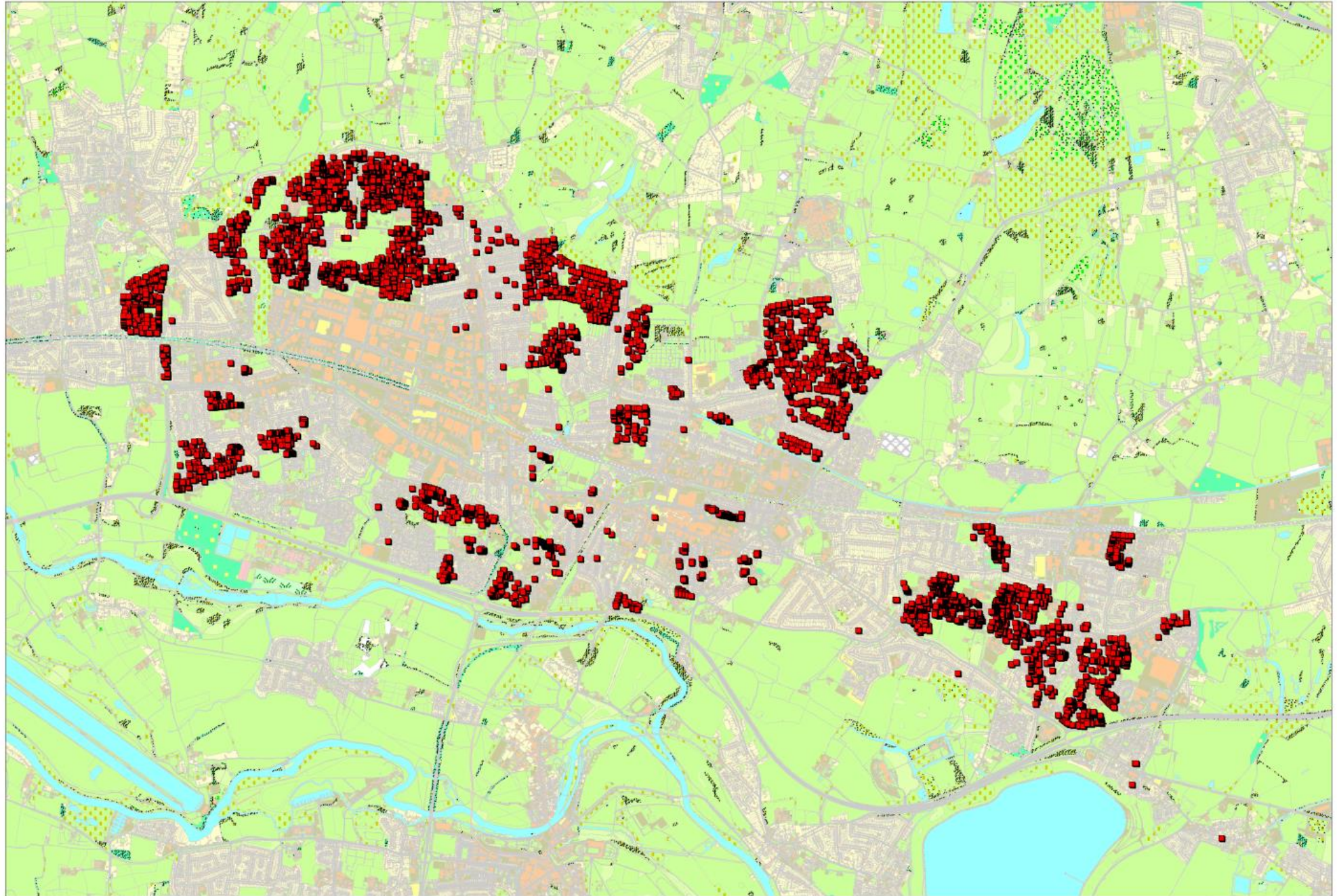
The Asset Performance Evaluation

savills

- Measures the long term performance of your property portfolio

- Total stock modelled 6,126 units

- Includes a measurement of performance against social objectives

- Financial and non financial performance alongside development potential from garage review exercise

- Provides an objective baseline on which to make investment decisions

- Generates candidate list for option appraisal to support an active asset management strategy

- Reliant on good data

NPV Range – Overall Performance
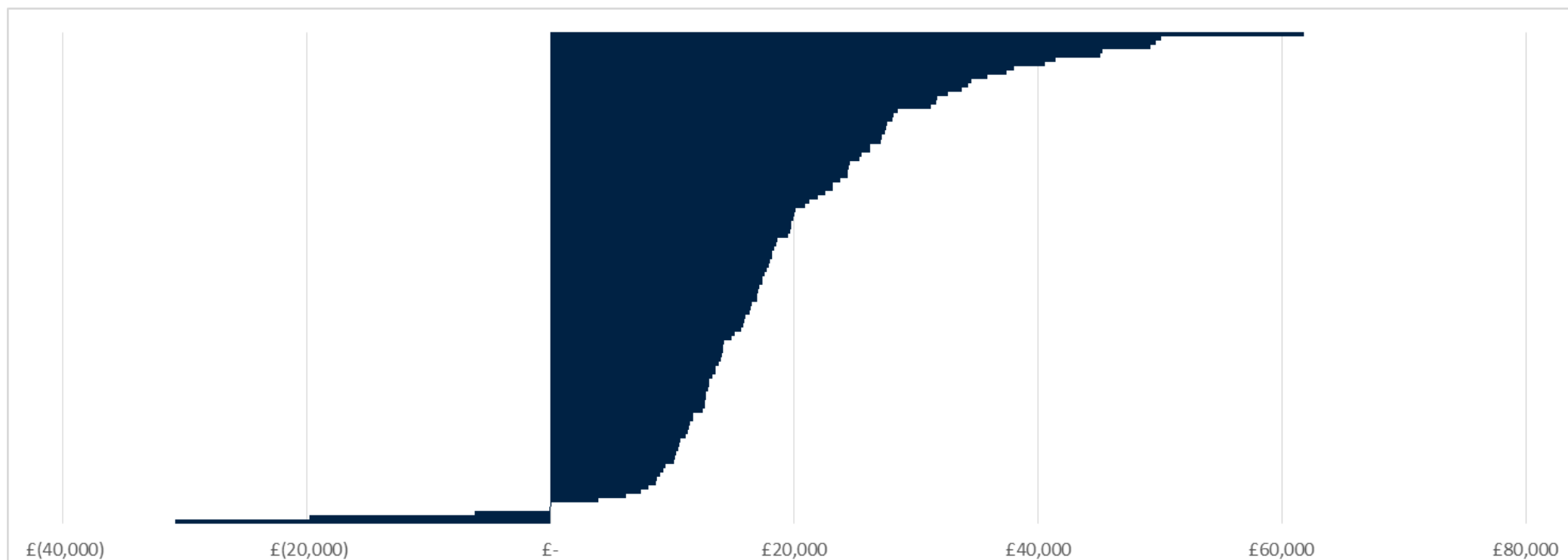
Performance Table*		NPV Range		No. Units	% Units	Total NPV		NPV Per Unit	
	Min		Max						
Poor	£ (29,788)	£	1	168	2.74%	£ (1,726,057)		£ (10,274)	
Marginal	£ 1	£	15,000	1,957	31.95%	£ 22,652,740		£ 11,575	
Good	£ 15,000	£	49,281	4,001	65.31%	£ 96,899,007		£ 24,219	
Total				6,126	100.00%	£ 117,825,690		£ 19,234	

*Performance table shows number of units in asset groups where average NPV is within performance band

30Yr NPV vs Social Objectives

savills

NPV per Unit by Social Objectives Score
(Bubble Size = No. of Units)

Explore options for investment to improve NPV – including re-modelling

Retain and invest

Key candidates for options appraisal

Invest to improve sustainability

(£40,000)   (£30,000)   (£20,000)   (£10,000)   £0   £10,000   £20,000   £30,000   £40,000   £50,000   £60,000

9
8
7
6
5
4
3
2
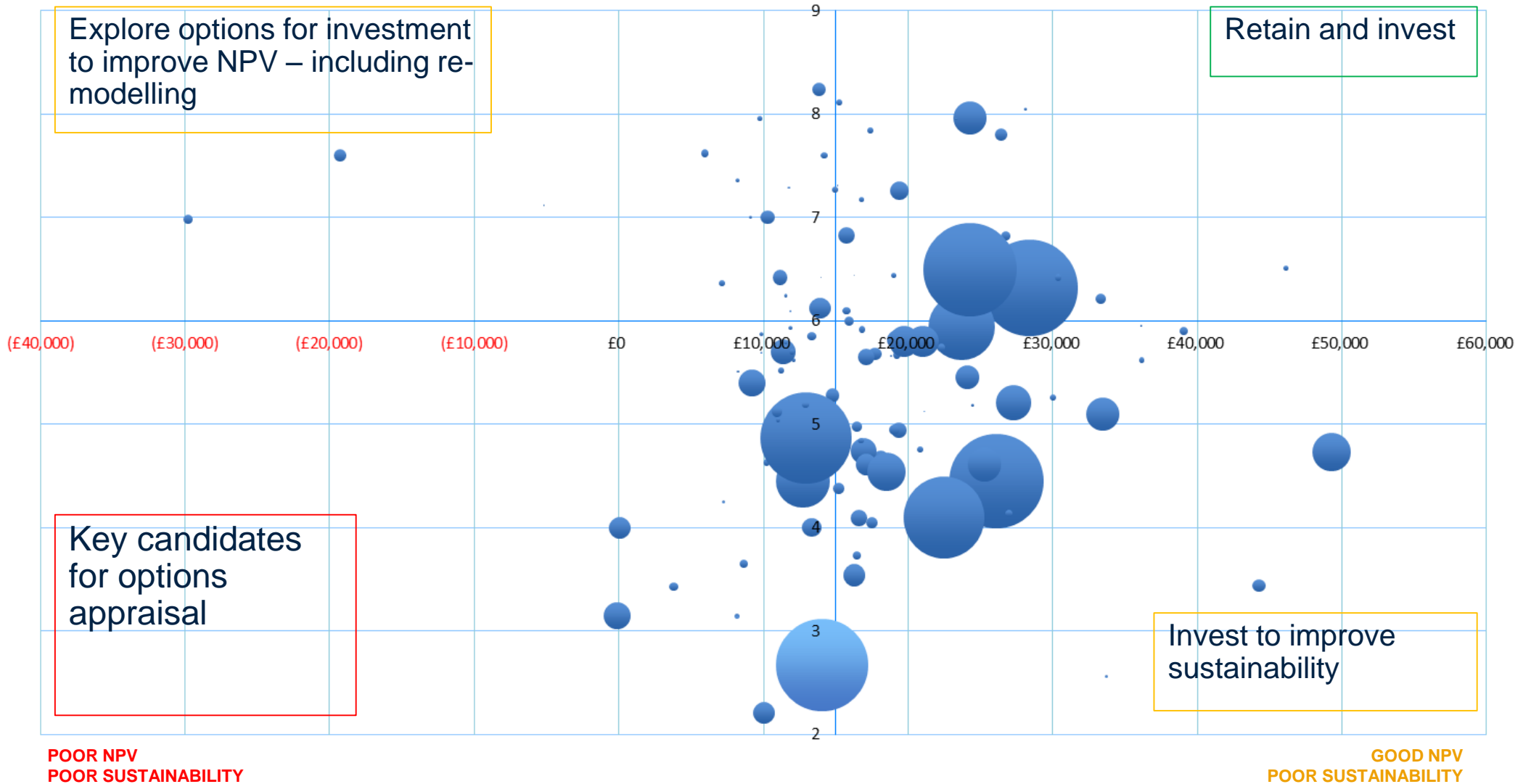
Key APE Conclusions

- **Poor performance**
    - Broom & Polar driven by re-cladding
    - Costs rising faster than rents
    - Supported by others showing good performance

- **Options appraisals to improve performance**
    - Poplar and Broom House - complete
    - Bedsit bungalows
    - Specific areas of marginal financial performance forecast to decline in future
    - Age restricted blocks
    - Appraisals to consider the wider estate where appropriate and the widest range of options
    - Resident consultation
    - Decisions on future to be brought back to members after appraisal modelling and consultation

HRA Asset Management Strategy

To be developed with support from Savills working collaboratively with the Council

Key principles prepared Spring 2018

Overall strategy, including results of appraisals over the course of the year

Key elements

- Objectives – linked to Slough's vision for affordable housing
- Achieving a balanced housing market reflecting local demand, and Slough's development ambitions
- Understanding of stock condition, investment standard, compliance requirements and energy targets
- Using the results of asset performance evaluation to inform investment decisions
- Setting clear plans for future investment with agreed priorities
- Delivering value for money
- Performance monitored with agreed key performance indicators
- Clear accountability and responsibility