

This report will be made public on 29 November 2021



Report No: **OS/21/10**

To: Overview and Scrutiny Committee
Date: 7 December 2021
Status: Key Decision
Responsible Officer: John Holman Assistant Director Housing
Cabinet Member: Cllr Godfrey - Cabinet Member for Housing and Special Projects

Subject: Housing Asset Management Strategy

Summary:

The Housing Asset Management Strategy (HAMS) is the primary document in a library of housing strategies that provide a handrail for all future maintenance and development for the HRA housing and commercial portfolio together with other non HRA properties it has responsibility for. The draft HAMS, is attached at Appendix A.

The strategy will be considered by the Strategic Tenants Advisory Panel, along with a wider consultative group of tenant and stakeholders and where appropriate amendments made to the final HAMS which is planned to be presented to Cabinet in January 2022.

The strategy is framed around 4 objectives and will drive the investment element of the 30 year HRA business plan.

Recommendations:

- a. To note the report OS/21/10 and recommend any amendments to the draft strategy.
- b. To recommend approval of the Housing Asset Management Strategy to Cabinet.

1. Key Points from the Housing Asset Management Strategy

- 1.1 The Housing Asset Management Strategy (HAMS) sets out the Council's approach to managing its HRA property portfolio, providing the framework for the delivery of a detailed investment plan; adherence to building legislation and regulatory standards; improved energy efficiency; the introduction of digital channels; increased customer satisfaction and the use of innovative technology.
- 1.2 Early indications from the stock survey indicate that it is reasonable to assume that all routine, cyclical and planned maintenance works necessary to keep tenants safe and the housing stock in good repair can be funded directly from HRA rents with no additional prudential borrowing being required. However, it will be necessary to balance building new homes alongside the regeneration of the sheltered housing schemes and estates with the Councils attitude to risk and borrowing. To achieve its objective of Net Zero Carbon by 2050, significant additional funding will be necessary from the Government.
- 1.3 The strategy is framed around 4 objectives that support the Corporate Plan and inform the decisions on asset spend in the 30 year HRA business plan:
 - a. **Objective 1** Ensure the housing stock is safe and well maintained
 - b. **Objective 2.** Develop a social housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.
 - c. **Objective 3** Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and levels of fuel poverty by achieving at a minimum EPC rating of C by 2030 and operational net zero carbon in use¹ by 2050 for all of its housing stock.
 - d. **Objective 4** Supporting the local economy, developing skills and re-cycling the Folkestone pound.
- 1.4 Within the four objectives the HAMS identifies the following priorities:
 - a. Ensure landlord H&S is compliant at all times.
 - b. Improve the ratio of planned to responsive maintenance.
 - c. Determine the future use, design and locations of the Sheltered Schemes.
 - d. Develop and implement a fabric first approach to Net Zero Carbon.
 - e. Deliver 1000 homes by 2036.
- 1.5 Managing the property portfolio may also include the demolition and regeneration of homes that are no longer fit for purpose, uneconomic to maintain or can contribute to a larger development programme.
- 1.6 The maintenance profile indicates that there are too many reactive repairs and not sufficient planned works. This balance needs to be closer to 70:30 which will improve the service to tenants and reduced maintenance costs.

¹RICS ref to good practice.

- 1.7 The aging population of the District (18 - 60 year olds increasing by 6% and over 60 year olds expected to increase by 37% over the period 2021 – 2039) will need a different housing offer. Both issues will be discussed in separate pieces of work which are underway.
- 1.8 Through the sale of council homes, the HRA is no longer responsible for all of 'its' estates but often continues to maintain them as if they were they were. There is a need to accurately identify and apportion cost amongst those benefitting from the facilities. The HAMS also identifies the need to review the social value and approach to the management of the six commercial properties in the portfolio.
- 1.9 In support of the existing New Build Development Portfolio, a garage strategy will be developed that identifies those sites that are economic to operate and worth continued investment. Those that are not worth investing in, alternative uses should be found along with sites that maybe suitable for building new homes on.
- 1.10 The HAMS establishes the approach and milestones towards meeting 2050 NZC agenda, specifying the new build EPC standard and identifying 2030 as the target to achieve EPC C for all of the housing stock. The cost of this objective will be better understood when the stock survey is completed and the viability of the approach modelled into the HRA business plan.
- 1.11 The HAMS makes a commitment to '*as far as possible*' develop new homes to net zero carbon in use standards and ready to accommodate future carbon reduction initiatives. Where homes and schemes are refurbished similar standards will be aspired to. The intent of this clause is not to avoid achieving NZC standards but to fully understand the implications and cost before making firm commitments. The NZC standards of all future HRA new build schemes will be shared with members.
- 1.12 The building of new homes to NZC standards compounded by significant recent inflation will make the building of new homes (and major maintenance work) more expensive than historic schemes. In order to make future schemes viable the business model may need refining with longer payback periods along with the introduction of cross subsidy from other tenures e.g. outright sale, shared ownership, affordable rent in order to that homes can be provided at social rent levels.
- 1.13 Different methods of contracting are likely to require changes in the way work is procured and managed. This may mean changes to the Councils current rules and procedures. The HAMS recognises the role the HRA can play in developing the wealth and skills of the District through the engagement of local labour and local contractors which could be incorporated into future contracts.
- 1.14 The Housing Service owns and manages 11 non HRA properties that are used for temporary accommodation. Although not under the purview of the Regulator of Social Housing, it is intended that these properties are maintained to the same standards and are subject to the same inspections and reporting as the HRA homes. To do otherwise would introduce inequality to similar services.
- 1.15 Finally, the HAMS recognises that tenants are at the heart of everything that the Housing Service does and can add value to most aspects of asset management from maintenance to building new homes. This will include the digital journey which is essential to improved, timely communications with tenants, efficiency, reduced carbon and real time reporting of performance.

2. Next steps

- 2.1 To develop the HRA business plan, the five year major works programme and the 2022-23 repairs and maintenance budget based on the HAMS.

3. Conclusion

- 3.1 The HAMS is another key part in creating a firm foundation for the housing service. It will guide decisions for multi-million pound investments in the housing stock and although subject to review at least every five years, the long-term nature of the subject will influence the type and location of social housing provided by the Council for generations to come.

4 Implications

- 4.1 **Legal** (NM) - The purpose of an asset management strategy is to ensure that the Council uses and manages its housing stock to meet its needs and objectives. It is good practice for the Council to have an asset management strategy

- 4.2 **Finance** (CI) - There are no financial implications arising directly from this report. The costs of any planned maintenance works will be factored into the HRA Business Plan and annual budgets.

- 4.3 **HR** (AS) - there are no human resources implications arising directly from this report.

- 4.4 **Equalities** (GE) - There are no equality or diversity implications arising from this report.

- 4.5 **Climate Change Implications** (OF) - The works recommended in this report are in support of the Councils commitment to meet the legislative requirements under the Climate change Act (as amended 2019) and the Councils wider Net Zero Carbon targets. Overall the climate change implications arising as a result of the proposed works recommended in the report will be positive. They include:

- a. **Greenhouse gas emissions travel, construction and running of buildings** – The works recommended in this report are in support of the Councils commitment to meet the legislative requirements under the Climate change Act (as amended 2019) and the Councils wider Net Zero Carbon targets with a particular focus to improve energy efficiency within the properties.
- b. **Resilience** – consideration has been given to a fabric first approach to net zero carbon within the buildings and ensuring that the homes are fit for purpose even for an ageing population.
- c. **Social and economic impacts** – increasing the EPC rating and energy efficiency of the properties will result in overall reduction in carbon emissions. This can result in reduction in fuel poverty as well as improved quality in health and wellbeing of the tenants.

- 4.6 General Data Protection Regulations (GDPR) – Please cross the box to confirm that all personal data has been redacted in the report:



Contact Officer: John Holman
Assistant Director – Housing
Email: john.holman@folkestone-hythe.gov.uk

Appendix A – DRAFT Housing Asset Management Strategy