

This report will be made public on 18 January 2022

Report No: **C/21/71**

**TO:** Cabinet  
**DATE:** 26 January 2022  
**STATUS:** Key Decision  
**HEAD OF SERVICE:** 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 direction for the future maintenance, improvement and development of the council's housing stock along with its small commercial portfolio and other non HRA properties the housing service has responsibility for.

The strategy has been considered by the Overview and Scrutiny Committee, the Strategic Tenants Panel, along with a wider consultative group of tenants. Where appropriate amendments have been made to the HAMS (attached at Appendix A) with the changes detailed in this report.

**REASONS FOR RECOMMENDATIONS:**

The Housing Service came back in-house in October 2020. Since then a huge amount of work has been undertaken to embed the service within the wider council, move the service out of regulation and ensure that tenants are at the heart of everything that we do.

It is now time to take a strategic view on how we maintain and regenerate our existing stock and develop new homes that are fit for the future. There are many competing demands on the Housing Revenue Account (HRA) budgets; The Housing Asset Management Strategy considers these demands and defines a set of objectives and priorities that will inform future maintenance, retrofitting and development. The HAMS is a vital document that is required to inform the new HRA 30 year Business Plan which will provide the budget framework to deliver our ambitions.

**RECOMMENDATIONS:**

- 1. To receive and note report C/21/71.**
- 2. To approve the Housing Asset Management Strategy.**

## 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 direction for future detailed investment plans. It provides adherence to building legislation and regulatory standards, direction on energy efficiency, promotes improved digital channels, increased customer involvement and the use of innovative technology.
- 1.2 The stock survey indicates that 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 its sheltered housing schemes and estates with the Council's attitude to risk and borrowing. To achieve its objective of Net Zero Carbon in Use 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 use<sup>1</sup> by 2050 for all of its housing stock.
  - d. **Objective 4** Developing skills and supporting the local economy.
- 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 Housing Schemes.
  - d. Develop and implement a fabric first approach to achieving Net Zero Carbon in Use<sup>2</sup>.
  - e. Continue the new build programme that will deliver 1200 homes by 2034/5<sup>3</sup>.

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<sup>1</sup> RICS ref to good practice.

<sup>2</sup> A 'fabric first' approach involves maximising the performance of the components and materials that make up the building fabric itself e.g. increasing loft insulation, before considering the use of mechanical or electrical building services systems.

<sup>3</sup> Amended from 1000 homes by 2036 to mirror the wording of the HRA Business Plan.

- 1.5 Managing the property portfolio may include the disposal, 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 currently 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 the more costly unplanned maintenance costs.
- 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 require a different housing offer from that which is currently available. Both issues will be addressed 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 these facilities. The HAMS also identifies the need to review the social value and the approach to the management of the 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 produce a surplus and warrant continued investment; those sites that could be made viable with investment; and those that are not viable and alternative uses need to be found. There may also be sites that are suitable for redevelopment for new homes.
- 1.10 The HAMS establishes the approach and milestones towards meeting the 2050 NZC agenda, specifying the standards for new homes and identifying 2030 as the target to achieve EPC C for the current housing stock. The implications of this objective will be better understood when the stock survey data is fully analysed 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 sheltered housing schemes are refurbished similar standards will be aspired to. The intent of this approach is not to avoid achieving NZC standards but to fully understand the implications and cost before making firm commitments.
- 1.12 Achieving the NZC standards and recent inflation in the building industry is likely to make the building of new homes more expensive than historic schemes. In order to make future schemes viable the current business model will need to be reviewed with potentially longer payback periods being considered along with the potential to introduce cross subsidy from other tenures e.g. outright sale, shared ownership and affordable rent in order that homes can be provided at social rent levels. This will be the subject of a separate cabinet decision when the revised HRA Business Plan is considered later in 2022/23.
- 1.13 Different methods of contracting are likely to require changes in the way work is procured and managed. While complying with the Local Government procurement regulations this may require changes to the Council's current rules and procedures. The HAMS recognises the role the HRA can play in supporting the local economy and enhancing skills development throughout the District. This contribution will be closely evaluated in future contract awards.

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.

1.15 Finally, the HAMS recognises that tenants are at the heart of everything that the Housing Service does and can add insight to the delivery of asset management from the delivery of maintenance and repairs to building new homes. This insight will also contribute to the digital journey helping to make communications with tenants easier, improve efficiency, reduce carbon emissions and enable real-time reporting of performance.

## **2. Consultation and changes to the HAMS**

2.1 The Strategic Tenant Advisory Panel considered the HAMS at their meeting on the 9 December 2021 and had no changes to make to the document.

2.2 Separately 693 tenants, who had previously expressed an interest in being involved in the housing service, were emailed/text the web link to the HAMS and asked 2 questions:

- a. Is there anything to you would like to see added?
- b. Is there anything you would like to see removed?

2.3 Over the consultation period (29 November – 17 December) 19 responses were received largely commenting on the service in general. None of the feedback changed the HAMS previously considered by the Overview & Scrutiny Committee (OSC) and the Strategic Tenants Advisory Panel. Details of the feedback are available on request.

2.4 One respondent felt that clause 37 of the HAMS, that refers to the potential to redevelop existing homes to higher densities, was not necessary and other alternatives should be found. Clause 37 is just one approach to building more and better homes for the future and therefore remains in the strategy to provide flexibility in the range of future approaches.

2.5 The OSC meeting on 7 December 2021 made the following recommendations and observations which will be addressed in the HAMS action plan and the Housing Carbon Strategy:

- a. Ensure ward councillors are involved in the proposed garage strategy.
- b. Government grant funding for carbon reduction initiatives may present opportunities for joint bidding.
- c. Consider lifetime running costs and carbon emissions for example solar energy which could in turn create income.
- d. Members asked that reference to Active Travel, encompassing walking and cycling for further carbon reduction to be considered.

2.6 Since drafting the HAMS the Government's carbon reduction targets for 2030 have been clarified and clause 95 amended to remove reference to achieving initial government targets as follows:

“95. The Council housing stock has benefitted from a history of energy efficiency improvements. These measures have helped to achieve an average rating for the stock of EPC C. ~~and therefore the government’s initial target has already been achieved.~~ However, it still has almost 700 homes in the EPC D, E, F and G range which need to be improved along with the 11 homes purchased for Temporary Accommodation which have an EPC ratings of E & D.”

2.7 The percentage of homes that meet the Decent Homes standard has been amended from 99.9% to 94% following the latest results from the stock survey.

2.8 Priority e, the building of new homes included reference to a pipeline of development. This priority has been simplified to mirror the wording of the HRA Business Plan of delivering 1200 homes by 2034/5.

2.9 The wording of Objective 4 has been simplified, removing reference to the Folkestone pound.

2.10 Other minor changes include general improvements to the wording of the strategy.

### **3. Next steps**

3.1 To develop the refreshed HRA Business Plan informed by the HAMS.

3.2 Develop and implement the HAMS action plan.

3.3 Develop a draft carbon strategy for the Council’s housing stock for consideration.

3.4 Finalise and publish the 5 year major works programme that has been compiled from the stock survey.

### **4. Conclusion**

4.1 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 asset management will influence the type and location of social housing provided by the Council for generations to come.

### **5 Implications**

5.1 **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

5.2 **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.

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

**5.4 Climate Change Implications (OF)** - The works recommended in this report are in support of the Council's commitment to meet the legislative requirements under the Climate Change Act (as amended 2019) and the Council's 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 Council's commitment to meet the legislative requirements under the Climate Change Act (as amended 2019) and the Council's wider Net Zero Carbon aspiration 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.
- 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.

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**Appendix A - The Housing Asset Management Strategy**