



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission 31 March 2022
Council 26 April 2022

Wards affected: All Wards

Council Housing Asset Management Strategy

Report of Director (Community Services)

1. Purpose of report

1.1 To present the Council Housing Service's five year Council Housing Asset Management strategy.

2. Recommendation

2.1 That members endorse the strategy and subsequent approach to Council housing asset management.

2.2 That members note the action plan.

3. Background to the report

3.1 The Council Housing Asset Management Strategy outlines the approach to the management of physical assets over the next 5 years, including dwellings, sheltered housing schemes and housing land. This strategy also seeks to respond to emerging challenges particularly around future investment requirements; most notably decarbonisation, energy efficiency and thermal insulation standards together with impending changes to the Decent Homes Standard. By applying robust asset management practices and principles we will ensure that our housing stock meets current and future needs, including developing our ability to respond to strategic planning investment requirements.

The Council Housing Asset Management Strategy informs the HRA Business Plan, which is the plan through which we understand the finances needed to run the council house service, maintain and improve existing stock and

support new build and acquisition aspirations. Further work is taking place on the HRA Business plan and from this a HRA Investment Strategy will be written which will bring together the priorities around the current stock and the new build and acquisition potential.

3.2 Housing assets

The strategy provides a comprehensive review and assessment of all dwelling stock. Current stock comprises 3229 properties which are widely dispersed through the borough with particular concentration of stock in Barwell, Earl Shilton and Hinckley. Housing stock is relatively old with the majority being built between 1940 and 1985. We have a not insignificant number of non-traditional or specialist stock types, and it is worth noting these as future investments requirements may be higher as measures to improve energy efficiencies for these properties may be more difficult and costly. Demand for our stock remains high and we have seen an increase each year over the last 3 years in people applying to the housing register.

Most of our stock is two and three bedroom houses and approximately 24 properties are sold each year through the right to buy process. In recent years we have expanded our stock through acquisition or through our own developments. Our aspiration is to continue to grow our housing supply in order to meet affordable housing need.

We have 11 sheltered housing schemes across the borough providing accommodations for the over 60s or those who are over 55 with a medical need. Of particular note is the recent redevelopment of Ambion Court in Market Bosworth which is now complete and provides 24 units of contemporary, high quality affordable accommodation to the over 60s.

We undertake around 12,500 responsive repairs annually and most of these are completed by our in-house repairs team.

3.3 Compliance

The strategy recognises that we have very good if not excellent compliance in relation to four key areas; gas serving and maintenance, asbestos management, legionella testing and cyclical electrical testing. In addition we have made good progress in relation to mitigating risks from fire across our stock and we will have completed all high priority risk assessment works by 2022.

3.4 Investment Strategy

We have delivered investment programmes in relation to heating and electrical upgrades, kitchen and bathroom replacements, reroofing and external cyclical maintenance programmes and we will continue to invest in these areas over the next 5 years allocating £24.3 million to these specific capital investment programmes. Currently our total planned investment until 2030 is £43.2 million and we recognise that more investment will be needed

to ensure that we are able to meet all key decarbonisation and energy efficiency requirements.

The Council Housing Asset Management strategy emphasises an increased focus on work that will assist decarbonisation, improve the energy efficiency of our stock and ultimately ensure that our tenants are not at increased risk of fuel poverty. A key objective for the council housing service is to decarbonise its heating systems by moving to low carbon alternatives. We will keep this strategy under review to ensure that we can respond effectively to new technologies to achieve this aim as they are developed.

Aids and adaptations are another key area of significant investment over the next 5 years totalling £1.77 million which is an annual investment of £355,000. As part of the Council Housing Asset Management strategy we will develop an asset register to capture work that is carried out to ensure that we are making the best use of our stock and meeting individual needs in doing so.

3.5 Decarbonisation

The Governments Clean Growth Strategy sets out a requirement for all social housing providers to attain the minimum rating of Energy Performance Certificate (EPC) C for rented properties by 2035 or 2030 for those households identified as fuel poor. Ensuring that all our stock is compliant with EPC C by 2030 or before is a key target for us and one that we are already striving to meet. Our data suggests that 47% of our stock already meets this minimum requirement and we are committed to ensuring that we have an ongoing EPC certification process in place and that we actively progressing identified measures to increase the EPC rating at the earliest opportunity.

Through this strategy we have identified our worst performing assets in terms of energy efficiency and we have commenced a programme of work to ensure we are able to progress measures to improve energy performance accordingly. A fabric first approach which involves maximising the performance of the components and materials that make up the building fabric itself will be our continued approach. This approach is already evidenced by the recent improvement works we have implemented to some of our solid wall properties through external insulation cladding and other thermal insulation improvement mechanisms.

According to BEIS the Department for Business, Energy and Industrial strategy cost assumptions for energy efficiency modelling indicates that thermal insulation and other energy efficiency measures such as thermal cladding, loft insulation and replacement window cost in the region of £14k per property. These costs are based on a typical small semi or mid terraced property. If we assume this level of investment is required for all our properties currently known to be below band EPC C, this equates to an additional investment requirement of £13.25 million.

We have recently been successful in obtaining grant funding from the Local Authority Delivery scheme (LAD2) and we will use these funds to provide

energy improvement works to 48 council properties. A key priority within this strategy is to ensure we are able to take advantage of future government funding streams to meet the costs of decarbonisation and energy efficiencies. In order to do so we recognise that we need to invest in our staff to ensure they have the requisite training to achieve accreditation in retrofit assessments, a key stipulation within many of the government's decarbonisation funding streams.

3.6 Risks

The strategy identifies a number of key risks for the council. Perhaps most significantly these risks include insufficient headroom within the housing revenue account to meet energy efficiency or decarbonisation targets and the human consequence that will result if our tenants are then subsequently more at risk of fuel poverty. The full extent of the risks outlined within this strategy are future outlined within the risk register of this report.

3.7 Active asset management

The strategy proposes that the housing service adopt a technique called Active Council Housing Asset Management to enable a more strategic and targeted approach to stock investment or divestment. As such, the Housing Service have already developed an evaluation tool to inform future decision making. The premise behind this approach is that decisions in relation to investment in respect to poorly performing assets such as those with high void costs or poor energy efficiency ratings can be taken in the broader context of other factors such as housing demand, anti-social behaviour or community safety impacts. In this way the Housing Service can implement a methodology that will enable a more strategic and comprehensive approach to be taken in relation to investment and disposal and potentially an approach that will enable the council to consider regeneration options in a more informed way in the future.

3.8 The Council Housing Asset Management action plan

The Council Housing Asset Management action plan outlines key commitments and priorities over the next five years. Perhaps the most significant priority for the Housing Service is to align the Housing Revenue Account Business plan with energy efficiency and decarbonisation requirements following further individual assessments of each dwelling through the EPC process. This will enable us to ensure that decarbonisation and energy efficiency requirements are not only financially viable but are also programmed into our business plan so that we continue to raise the standard of our council homes and estates, reduce the number of people living in fuel poverty and ensure continued compliance with the decent homes standard or any revisions to this standard that are anticipated to be set out by government in the future. Work has commenced to understand the financial impact to meeting this requirement.

4. Exemptions in accordance with the Access to Information procedure rules

4.1 Open session.

5. Financial implications (IB)

5.1 Information from this strategy will be used to inform the next HRA Business Plan which will be presented to members in due course.

6. Legal implications (MR)

6.1 None

7. Corporate Plan implications

7.1 The Council Housing Asset Management Strategy aligns with the following corporate objectives;

People: Helping people to stay healthy, active and protected from harm

Places: Creating clean and attractive places to live and work

8. Consultation

8.1 None

9. Risk implications

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) risks		
Risk description	Mitigating actions	Owner
<ul style="list-style-type: none"> Failure to invest in the stock will mean that over the lifetime of the strategy and beyond, there is a greater risk of properties of not meeting the Decent Homes Standard 	Ensure investment strategy is sufficient to maintain stock and meet legislative requirements	Head of Housing
<ul style="list-style-type: none"> Failure to achieve Decent Homes Standard carries a high risk of reputational loss, potential compliance action by tenants, and regulatory intervention by the Regulator of Social Housing 	As above	
<ul style="list-style-type: none"> Future updating of stock condition data leading to incorrect or inappropriate stock investment decisions 	Ongoing programme to update stock condition information	Housing Repairs Manager
<ul style="list-style-type: none"> There may be insufficient headroom in the HRA business plan to fund future planned investments which currently do not fully address thermal installation and decarbonisation costs 	HRA business plan to be reprofiled to determine the affordability of investment requirements	Head of Housing /Section 151 officer
<ul style="list-style-type: none"> Future failures to manage health and safety compliance may put residents, staff and contractors at risk 	Ongoing work to ensure compliance re key areas	Housing Repairs Manager
<ul style="list-style-type: none"> Future failures to meet statutory standards can carry penalties and will damage the organisation's reputation, and potentially exposed the organisation to legal action 	As above	
<ul style="list-style-type: none"> An incorrect scope or poor quality of stock investment will have a key influence on customer satisfaction 	Annual review	Housing Repairs Manager
<ul style="list-style-type: none"> Poor value for money in asset management will have a major impact on the HRA business plan as stock investment works represent a large proportion of business plan spend 	Tendering processes to ensure value for money in place for capital programmes	Head of Housing

<ul style="list-style-type: none"> • Failure to improve stock thermal efficiency will increase the risk of fuel poverty amongst tenants. Internal and external factors impact on expenditure to make it the element of our landlord operations most vulnerable to increased costs. 	Fabric first approach to be implemented and determination regarding investment levels required to meet agreed targets.	Head of Housing
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10. Knowing your community – equality and rural implications

10.1 Implementation of the Council Housing Asset Management strategy will enable property improvements for all our council housing residents, across the borough. By implementing energy improvement measures some of our most vulnerable households will be less at risk of becoming fuel poor.

11. Climate implications

11.1 The strategy outlines the Housing Services commitment to meet decarbonisation measures and improve energy efficiency within all our housing stock. This aligns to the council's wider net zero decarbonisation declaration.

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

Background papers: None

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