

# Hinckley & Bosworth Borough Council

Council Housing Asset Management Strategy - January 2022

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## Executive summary

The Council Housing Asset Management Strategy is aligned and linked to the Corporate Plan, other Council key strategies and key corporate objectives including the Housing Revenue Account Business Plan.

The dwelling stock of 3229 properties is widely dispersed throughout the Borough with particular concentrations of stock in Barwell, Burbage, Earl Shilton and Hinckley.

Council housing stock is relatively old with around 64% of stock being built between 1940 and 1985 and around 20% of stock being built between 1920 and 1940.

Demand for council housing remains high and is increasing annually. On average c.1950 households have made an application for council housing annually since 2015. More recently, in 2020/21 and in 2021/22 to date, increased levels of demand for council housing have been demonstrated.

The council stock includes 134 dwellings of non-traditional construction, these were predominantly built in the immediate post-Second World War period. These non-traditional properties are largely of steel framed and pre-cast reinforced concrete (PRC) construction types.

Two and three bedroom houses provide the majority of the Council's dwelling stock portfolio (c.46%) whilst bungalows and flats collectively represent around 42% of the stock.

There continues to be a steady loss of properties through the right-to-buy, averaging around 24 properties being sold annually since 2011/12.

Despite this loss of stock, we will continue to add to the supply of our housing stock to ensure that we are able to meet local housing need, via a range of development opportunities. Recent additions to the stock total 66 dwellings in Market Bosworth, Groby and Hinckley.

Around 220 properties become void annually, representing an annual stock turnover of around 7%. These void properties are predominantly brought up to lettable standard and where necessary, Decent Homes Standard, by the in-house repairs team.

This level of void turnover, at around 7% as a portion of overall housing stock numbers, is in line with national averages for local authority turnover rates for void properties

Approximately 12,500 responsive repairs (largely funded through the revenue stream) are carried out annually to the dwelling stock. The majority of these works are also delivered by our in-house repairs team.

The Council provides 11 sheltered housing accommodation schemes, but many are now more than 30 years old. The oldest sheltered housing property was built in 1965 and is now approaching 60 years old.

We will continue to invest in elderly person's accommodation and sheltered housing schemes with a strong focus on providing high-quality affordable homes for elderly persons within our communities.

A wide range of information about the council housing stock, including stock condition and other information is held on the 'Promaster' stock condition data base.

Councils are required to maintain their dwelling stock to the government's Decent Homes Standard. The stock condition data base is used to assist in ensuring that investment works are prioritised and directed towards those properties requiring works to ensure they are maintained to this and to other statutory requirements.

Council housing stock is currently 87% compliant with the government's Decent Homes Standard. An ongoing investment programme is on track to ensure 100% compliancy with the Decent Homes Standard by March 2023.

As part of this drive to decency, historic investment programmes have been delivered, concentrating on kitchen and bathroom replacements, reroofing, heating and electrical upgrades and an external cyclical maintenance programme.

Investment in these key areas continues and is planned to continue for the next five years and beyond. Capital investment of £24.3 million is planned over the next five years, averaging c.£5 million annually. The HRA business plan has a total planned investment value from 2021 to 2030 of £43.2 million.

Through the lifetime of the Council Housing Asset Management strategy there will be an increased focus on works that will assist decarbonisation and improve the energy efficiency of the stock.

Much of the investment work already delivered and works programmed to be delivered over the next five years will improve the energy efficiency of homes for tenants and reduce usage of fossil-based fuel by the tenants in heating their homes.

The government has set a target for social housing providers to attain the minimum rating of Energy Performance Certificate (EPC) C for rented properties by 2035. Already, 47% of our stock is at EPC band C or better. A further 47% of our stock is at band D EPC, enabling us to concentrate on these properties to significantly improve the overall energy performance of a large proportion of stock relatively quickly.

An EPC modelling exercise will be developed further, enabling us to adopt a 'fabric first' approach in continuing to improve the energy efficiency of the dwelling stock and contribute towards further decarbonisation.

A specialist adapted properties register will be developed to strengthen links between the assets register, the allocations policy and the developing NPV approach to active asset management.

## 1 Introduction

This is the five year Council Housing Asset Management strategy (AMS) for Hinckley and Bosworth effective from January 2022.

The Council has invested significant financial resources in its social housing rented dwelling stock over recent years and this strategy sets out its approach to develop and maintain the condition of the dwelling stock within the context of the Decent Homes Standard. 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. Ultimately our ambition is to increase the supply of good quality and sustainable council housing and ensure that existing stock is maintained to the highest standard.

The Council also needs a strategy to support pursuit of its objectives within the current wider housing policy of the Council taking into account its financial circumstances and viability of the HRA.

The strategy sets out the vision and aims for management of the Council's housing revenue account assets which include dwellings, sheltered housing schemes, garage sites and housing land.

This strategy will enable a consistent and clear methodology to be established in the assessment of its activities and future investment and divestment decisions. These will cover stock condition, future financial and wider socio-economic viability, supply and demand, environmental and wider social factors.

The strategy reflects current established best practice for social landlords to have a detailed understanding of their assets, at a detailed granular level. The strategy also sets out a framework for how to make best use of these assets in pursuit of housing and wider corporate objectives. This is termed as 'active asset management' to reflect a much more proactive and interventionist approach to investment activities in the dwelling stock portfolio.

The strategy supports this strategic approach of active asset management and demonstrates how the Council will use this to deliver a range of objectives including the provision of good quality homes for tenants and customers, the provision of sustainable homes, increasing dwellings with good energy efficiency. This is all supported by an underlying principle of obtaining good value for money from assets in both capital and revenue sourcing funds in future investment in the dwelling stock.

The strategy sets out clear council housing asset management objectives linked to the Council's corporate objectives and designed to improve services, deliver value for money and increase resident satisfaction.

As well as establishing principles to inform investment decisions, the strategy also sets out the strategic mechanisms which will support effective decision making and effective delivery. Prior to this strategy being developed we had significantly improved our strategic and operational approach to council housing asset management.

We have:

- Delivered an ongoing investment programme in the stock of c. £5million annually
- Improving our knowledge and understanding of stock condition with improved stock condition data
- Developing improved IT interfaces between housing systems
- Commenced work on developing an NPV evaluation of asset performance
- Provided projections of future investment requirements to improve forward planning
- Employed consultants to advise on redevelopment and regeneration opportunities.

### 1.1 Alignment and coordination of the asset management strategy to corporate objectives

Asset management is the management of physical assets to meet service and financial objectives. By applying robust asset management practices and principles Hinckley and Bosworth Council will ensure that its housing stock meets current and future needs, including reviewing and changing the portfolio to meet strategic objectives and planning for investment in repair and improvements.

Defining the context of asset management also requires the development of a more strategic understanding of assets and in particular developing modelling techniques to understanding 'the asset'. In particular principles including the return on assets (ROA) and the expected active approach to asset management will need to be developed further over the lifetime of this asset management strategy

This Council Housing Asset Management Strategy (AMS) has been established to complement Hinckley and Bosworth's HRA business plan and wider corporate objectives.

From a high-level strategic perspective, the Council's corporate objectives include two clear headings directly related and aligned to this strategy:

- People: Helping people to stay healthy, active and protected from harm
- Places: Creating clean and attractive places to live and work.

In addition, the Housing Strategy 2018-2023 includes a number of key areas to which this Council Housing Asset Management Strategy is further aligned:

- Ensuring that homes are safe and free from category 1 hazards
- Raise the standard of council homes and estates
- Reduce the number of people living in fuel poverty
- Deliver a housing investment programme ensuring stock will meet and maintain Decent Home Standard.

These strategic objectives set out a continuous thread in the approach to developing the key outputs of this Council Housing Asset Management strategy.

It should be noted that the strategic objectives and priorities set out in this strategy include a range of objectives that will impact significantly on the HRA business plan particularly in relation to any financial headroom within the business plan.

Importantly, as the objectives are achieved and the performance of stock improves, tenants' and residents' experience of the housing service provided will see significant beneficial changes.

In the longer term the Council Housing Asset Management Strategy will also seek to develop approaches to replace or improve uneconomic or obsolete housing stock and related assets, provided investments and provide good value for money and long-term sustainability. Good progress has been made in developing techniques to enable the assessment of financial performance information on all properties, with the development of a net present value (NPV) assessment tool. This NPV methodology will enable us to further develop an active asset management approach to stock investment decisions going forward.

## 1.2 Housing demand

This Council Housing Asset Management Strategy relates to the Council's portfolio of rented social housing which by its very definition addresses affordable housing need and demand within the Borough.

Hinckley and Bosworth Borough Council covers an area of 297 square kilometres and has a population of just over 105,000. There are four key urban settlements; Hinckley, Burbage, Barwell and Earl Shilton. Most of the affordable homes are located within these settlements. In 2019, the Council commissioned an in-depth housing needs study which addressed a number of key issues around housing needs. An important element of this study was in relation to affordable housing. The study identified that there was a strong continuous need for affordable rented housing within the Borough.

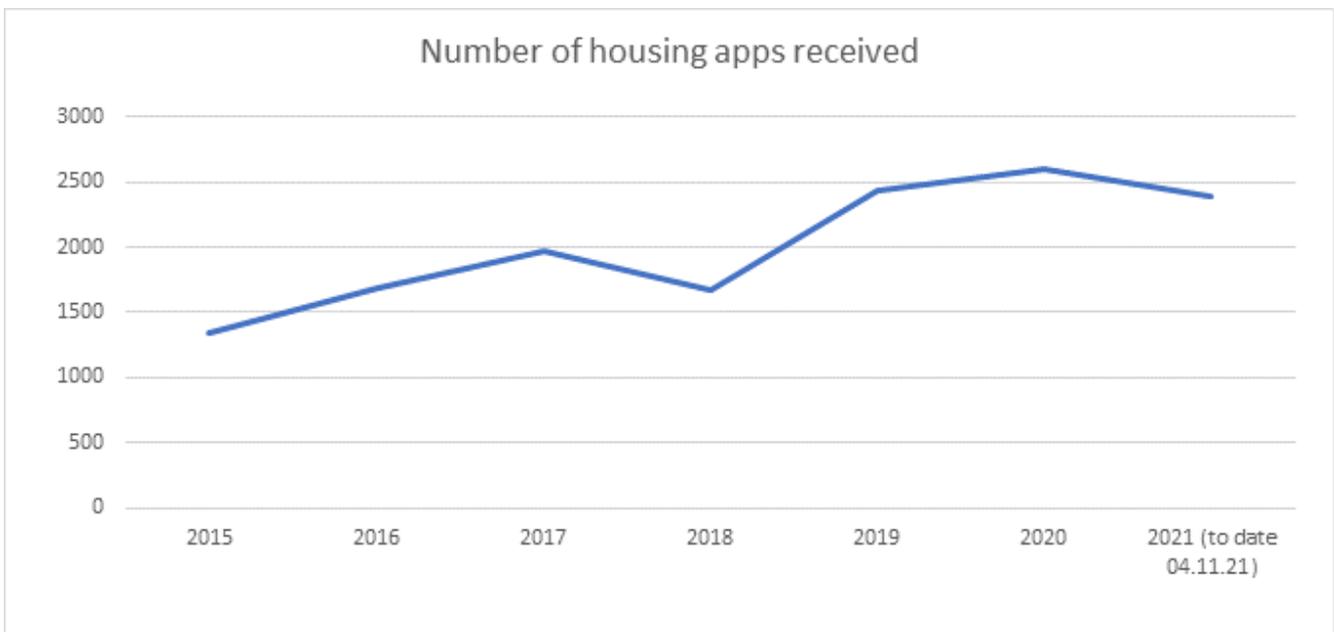
Hinckley and Bosworth is not an area where Homes England support the delivery of social housing in new build schemes. It is therefore important that council housing charging social rents is maintained to a high standard to support households who would struggle to afford higher rental levels.

Table 1 and Graph 1 below illustrates the number of people trying to access Hinckley and Bosworth Borough Council's Housing Register over recent years.

The table demonstrates that there is significant demand for rented social housing in the Borough. Demand has increased particularly since 2018 due to the continued effects of the coronavirus pandemic, which include a reduction in the availability of privately rented accommodation, combined with other factors such as changes to residents' personal circumstances.

Year	Number of housing applications received
2015	1344
2016	1692
2017	1970
2018	1678
2019	2428
2020	2604
2021 (to date 04.11.21)	2388

Table 1 – Housing demand data



Graph 1 – Housing demand data

### Council housing stock turnover

Analysis of the stock turnover shows that during the years 2019 and 2020 there were 390 void properties in total. Of these voids, over a third resulted through death. Current stock turnover rates sit at around 7% which is in line with national averages.

The level of demand for all council homes is high and there is particular demand for one bedroom flats and two and three bedroom houses. The allocations policy prioritises those most in need of housing, but waiting times can still be lengthy and as table 1 above illustrates, increased housing demand continues to prolong the delay for many home seekers.

## 2 Stock profile, localities, archetypes etc, and condition

The Council's housing stock of 3229 properties is dispersed throughout Hinckley and Bosworth and comprises homes built between 1800 and 2018.

### 2.1 Stock distribution

Stock distribution and dispersal is as shown in table 2 below:

Parish/locality	Stock numbers	Parish/locality	Stock numbers
Bagworth	30	Newbold Verdon	185
Barlestone	60	Odstone	1
Barton in the Beans	4	Osbaston	23
Barwell	340	Peckleton	1
Burbage	556	Ratby	146
Congerstone	2	Ratcliffe Culey	1
Desford	97	Shackerstone	1
Earl Shilton	453	Sheepy Magna	18
Fenny Drayton	1	Sibson	1
Groby	84	Stanton under Bardon	31
Higham on the Hill	30	Stapleton	5
Hinckley	818	Stoke Golding	26
Kirkby Mallory	1	Thornton	77
Market Bosworth	77	Twycross	27
Markfield	101	Witherley	16
Nailstone	16	<b>Total</b>	<b>3229</b>

Table 2 – Stock distribution and dispersal

Table A shows that the dwelling stock is concentrated in a relatively small number of localities principally Barwell, Burbage, Earl Shilton and Hinckley.

It should be noted that rural housing has been disproportionately affected by the right-to-buy and many of the remaining properties within the housing stock portfolio are exempt from the right-to-buy, particularly older persons accommodation.

## 2.2 Age profile of the stock

The age profile of the stock is in the table 3 below and chart 1.

Construction date	Stock numbers	Percentage of stock
Pre 1900	3	0.10%
1900 - 1914	15	0.46%
1920 - 1939	624	19.32%
1940 - 1965	1186	36.73%
1966 - 1985	1140	35.30%
1986 - 1990	167	5.17%
1991 - 2016	6	0.19%
2017 - 2021	88	2.73%
<b>Total</b>	<b>3229</b>	<b>100%</b>

Table 3 – Council social housing stock by construction date

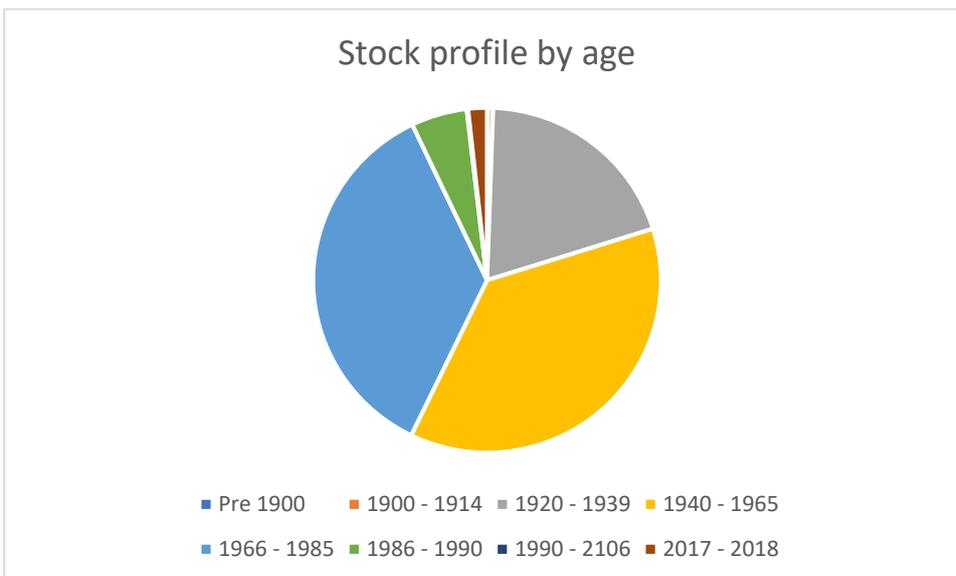


Chart 1 – Council social housing stock by construction date

Table 2 and chart 1 above show that the vast majority of stock, c.64% was built between 1940 and 1985. However, a relatively significant proportion of the stock, approaching 20%, has an inter-wars construction date.

This inter-wars stock is particularly problematic and increasingly will absorb significant proportions of future investment in the dwelling stock portfolio over the lifetime of this strategy and up to 2030. This is because much, if not all, of this stock is of solid wall construction and will require significant investment to achieve future energy efficiency standards. This is explained and explored in more detail later in this strategy.

### 2.3 Main archetypes

Despite the Council having experienced significant losses of houses through right to buy over a number of years, houses still provide the majority of the Council’s dwelling stock portfolio. An analysis of the dwelling stock by principle property archetype is in the table 4 below and chart 2.

Property type	Numbers	Percentage of overall dwelling stock
Bungalow	602	18.64%
Flats	735	22.76%
Houses	1494	46.27%
Sheltered flats	247	7.65%
Sheltered bungalows	107	3.31%
Homeless accommodation	44	1.36%
<b>Total</b>	<b>3229</b>	<b>100%</b>

Table 4 – Council social housing stock by property type

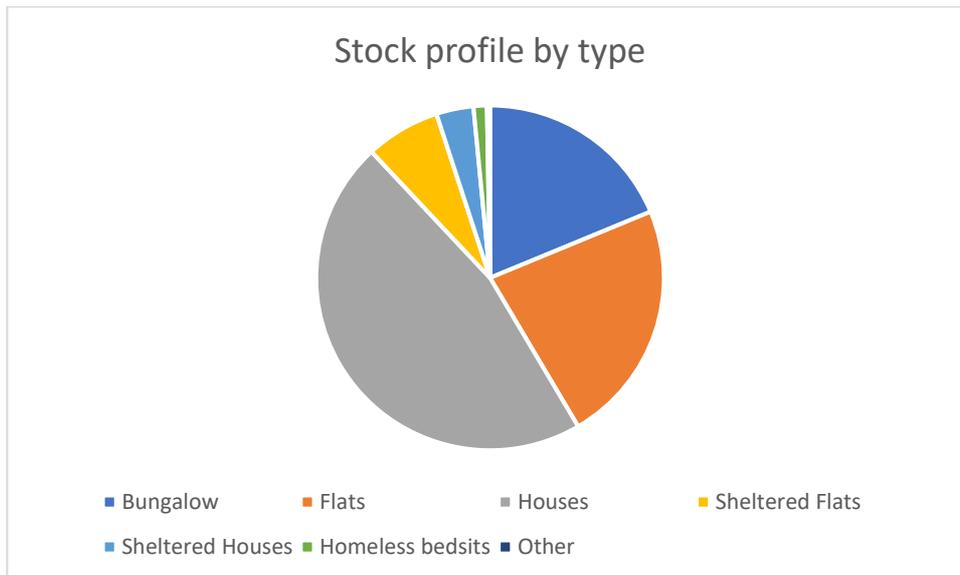


Chart 2 – Council social housing stock by property type

Table 4 and chart 2 above show that the largest proportion of the stock are houses, comprising approximately 47% of the overall dwelling stock portfolio. General needs flats comprise approximately 23% of the stock.

Bungalows and sheltered bungalows comprise approximately 22% of the stock.

Overall, sheltered accommodation (bungalows and flats) comprises around 10.5% of the stock.

## 2.4 Sizes of the dwelling stock

No of bedrooms	Stock number	Bungalows	Flats	Houses
1	911	283	911*	2
2	1128	418	400	310
3	1172	7	1	1165
4	16	1	0	15
5	2	0	0	2
	<b>3229</b>			

Table 5 – Council social housing stock by property type (\*includes homeless accommodation)

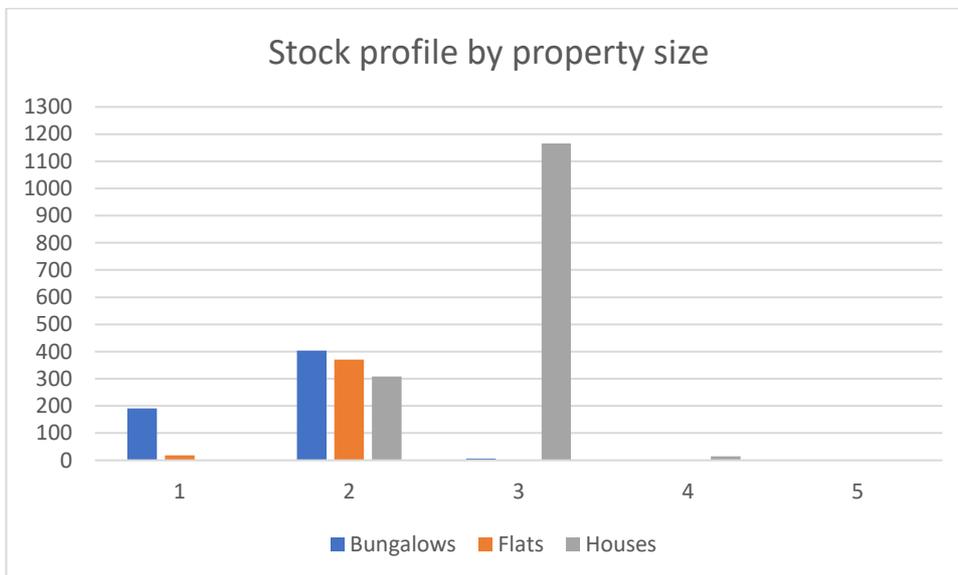


Chart 3 – Council social housing stock by property type

Table 5 and chart 3 show that the largest proportion of stock comprises two and three bedroom houses which cumulatively comprise 50% of the stock. There are also relatively large numbers of one and two bedroomed flats and two bedroom bungalows.

## 2.5 Non-traditional and specialist stock

Within the dwelling stock portfolio, there is a relatively significant number of non-traditional house types/dwelling types. There are in total, 134 properties constructed using non-traditional construction techniques.

There are also, three very old, pre-1900 properties with thatched roofs within the dwelling stock, which are extremely atypical of traditional council , social housing stock.

The majority of non-traditional dwelling types are predominantly BISF, Hawthorn-Leslie and Wates properties.

BISF and Hawthorn-Leslie are very similar in construction being of steel frame. These properties have been modernised extensively particularly with the addition of an external brick skin and cavity insulation, as a consequence of these works, energy efficiency and thermal insulation of the properties was improved significantly. This work was undertaken in the 1980s-1990s and as a result of this investment and modernisation works, there are no significant stock investment/asset management issues with the steel framed properties outstanding.

There are a relatively small number of Wates properties within the dwelling stock portfolio. These are PRC (pre-cast reinforced concrete) houses, a relatively common construction method used for the construction of council housing in the post-Second World War period.

A detailed analysis of non-traditional properties by volumes and construction period is shown below in table 6:

<b>Non-traditional property type</b>	<b>No of properties</b>	<b>Build period</b>
Non-trad BISF	57	1947
Non-trad Hawthorne Leslie	13	1966/67
Non-trad Wates	61	1953/56
Non-trad thatched	3	c.1800
<b>Total</b>	<b>134</b>	

Table 6 – Analysis of non-traditional properties

### 3 Stock condition

The principal requirement for social landlords is that properties meet the Decent Homes Standard, together with a range of statutory requirements under, inter alia:

- Housing Acts 1985- 2004 ,
- Environmental Protection Act 1990,
- Landlord and Tenant Act 1985,
- Defective Premises Act 1972 and most recently,
- The Homes (Fitness for Human Habitation) Act 2018.

There are also a range of regulatory requirements from the English Housing Regulator focusing particularly on compliance and health and safety issues.

A 'decent home', as described by government, is one that is safe, wind and weather tight, warm and has modern facilities. In order for a social landlord to achieve this aim any individual dwelling must meet all four of the following criteria:

- It meets the current statutory minimum standard for housing
- It is a reasonable state of repair
- It has reasonably modern facilities and services
- It provides a reasonable degree of thermal comfort.

More detailed information is included in the [Decent Homes Standard](#).

The current Decent Home Standard is due for change and update. An improved and updated Decent Homes Standard (DHS) is proposed in the recent Social Housing White Paper and is due for consultation in more detail shortly. This updated DHS is almost certainly due to take place during the lifetime of this Council Housing Asset Management strategy and the impact of this is likely to have additional financial burden on the HRA business plan.

The Council maintains a good record of its stock condition data on the 'Promaster' stock condition database to manage the dwelling stock asset base.

The stock condition database is populated with data from a stock condition survey commissioned in 2016 which has been updated in an opportunistic and periodic manner. Further review of stock data was commissioned in 2020 and work continues to ensure that comprehensive asset information is held and reviewed on an ongoing basis.

Good systems are in place to ensure that stock condition data is updated as works to properties are completed. As yearly planned programmes of work are completed, the asset management software is automatically updated via an interface with the housing management system in order to provide an accurate renewal date of key components. This stock condition updating feature is one that many social landlords struggle to achieve, but a feature that has been in place in Hinckley and Bosworth for a number of years.

Further confidence in stock data is ensured via the decent homes report produced on the 1<sup>st</sup> April each year. This affords an opportunity to further scrutinise and rectify any information that is considered to be inaccurate.

These and other measures ensure that we have a robust up-to-date stock condition data to help plan our future investment priorities.

Local authorities and housing associations are required to bring their properties up to, and maintain properties to the Decent Homes Standard. Significant investment works have been carried out over recent years with this aim and objective. Good progress in tackling non-decent properties has been made since 2018/19 with work being undertaken to large tranches of the housing stock.

Table 7 below shows numbers of significant, predominantly capital funded, components being replaced or properties where works have been delivered:

Key components replaced 2018/2020	Number of properties
Kitchen replacements	210
Bathroom replacements	120
Re-roofing	242
Door replacements	56
Boiler replacements	696
Electrical rewires/updating	198
External painting/cyclical maintenance	849

Table 7 – Table showing no of properties with key components replaced during 2018-20

This work continues, with council stock now being over 87% decent at 1<sup>st</sup> April 2021. Work is in programme, and we are ‘on track’ to ensure that the Council meets the Decent Homes Standard for all its properties by March 2023. It should be noted that there will be some overall fluctuations in decency levels periodically measured as a proportion of stock as properties fall out of decency.

## 4 Future investment requirements

Developing a clear evaluation and analysis of future investment requirements for the housing stock is predicated upon having robust and up-to-date stock condition data and information in place. In section 3 above, we have demonstrated that good systems and processes to keep stock data up-to-date is in place.

As part of the development of this Council Housing Asset Management strategy, where we detail future key investment requirements, we have extracted Key data and information from the stock condition survey.

In line with the five year period of the strategy, future investment requirements over this period have been extracted from the stock condition database. For information purposes, and to obtain a contextual background of investment requirements beyond this five year timescale, we have also included investment requirements for a further five year investment requirements, ie ten years in total.

Due to the importance of decarbonisation and the requirements to achieve a minimum band C EPC Energy efficiency performance between 2030 and 2035 more work is under way to evaluate the financial impact on the HRA of these important developing areas of future stock investment.

The implications of the wider decarbonisation and energy efficiency requirements are explored in more detail in section 4 of this strategy.

Future investment requirements in terms of key components requiring to be replaced, annually, are shown in table 8 below.

Year	Boiler replacements	Bathroom replacements	Central heating systems	Composite doors	Kitchen replacements	Roof finish and structure	Windows
2021	145	66	114	12	126	39	29
2022	119	2	133	4	10	44	19
2023	88	5	67	2	25	103	1
2024	86	2	183	5	141	11	1
2025	99	1	73	53	221	7	
2026	97	109	128	24	161	72	117
2027	97	2	82	8	112	30	2
2028	128	7	118	21	51	22	2
2029	227		183	47	37	13	52
2030	223	34	162	29	88	23	42
2031	197	112	37	181	233	9	363

<b>Total</b>	<b>1506</b>	<b>340</b>	<b>1280</b>	<b>386</b>	<b>1205</b>	<b>373</b>	<b>628</b>
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Table 8 – Numbers of properties requiring key component replacement up to 2031

For further information, the average number of dwellings requiring these key components to be replaced over the five year term of this Council Housing Asset Management strategy is shown in table 8 below. The ten year average investment requirement in terms of average numbers of dwellings requiring these complete key components is also shown in table 9 below. This demonstrates that broadly, the level of investment in each key component area remains relatively consistent on an annual basis.

This gives us a high degree of confidence that the ‘smoothing exercise’ carried out within the stock condition survey database has been successful in minimising ‘peaks and troughs’ in the investment profile - certainly up to 2031.

	<b>Boiler replacements</b>	<b>Bathroom replacements</b>	<b>Central heating systems</b>	<b>Composite doors</b>	<b>Kitchen replacements</b>	<b>Roof finish and structure</b>	<b>Windows</b>
5 year average	109	34	105	24	112	48	25
10 year average	134	36	109	37	110	37	53

Table 9 – Average numbers of properties requiring key Component replacement up to 2031

Current data indicates a future investment need of £115m over 30 years for all stock investment requirements covering all major components with placements. This represents our individual investment requirements per property of a little below £36,000. This is of course over a 30 year period and is based on the current stock condition data and does not include significant investment requirements that will be needed for improving the energy efficiency of our stock and decarbonisation costs as described later in this strategy

In more detail, in the immediate five year period of the strategy, stock condition data indicates that investment requirements of £24.35 million are needed as indicated in more detail below in table 9. Major component replacements have been identified in detail, e.g. Bathroom replacements, replacement kitchens, re-roofing etc. Other relatively minor works in comparison key component replacements have been described as in table 9 below as ‘other works’. These ‘other works’ comprise approximately 16% of the overall annual investment works for each of the five years of the Council Housing Asset Management strategy. These ‘other works’ comprise works such as environmental improvements,, legionella compliance works, minor aids and adaptations etc.

Year	Bathroom	Heating and distribution	Door replacement	Rewires inc. voids	Kitchen	Reroofing	Windows	FRA	Insulation works	Capital voids	Asbestos removal	Aids and adaptations	Other works	Year	Total investment
2021	£136,840	£944,457	£44,194	£608,450	£676,381	£562,856	£66,481	£249,600	£0	£624,000	£203,750	£355,393	£871,000	2021	£5,343,402
2022	£136,840	£777,542	£44,194	£511,950	£676,381	£586,681	£66,481	£150,000	£292,200	£624,000	£203,750	£355,393	£851,000	2022	£5,276,411
2023	£136,840	£320,205	£44,194	£445,275	£676,381	£625,396	£58,076	£156,000	£0	£624,000	£203,750	£355,393	£851,000	2023	£4,496,509
2024	£136,840	£585,875	£44,194	£508,275	£652,800	£178,685	£58,076	£29,000	£0	£624,000	£203,750	£355,393	£851,000	2024	£4,227,888
2025	£136,840	£366,206	£58,715	£426,132	£897,600	£178,685	£58,076	£207,500	£642,500	£624,000	£203,750	£355,393	£851,000	2025	£5,006,397
<b>Totals</b>	<b>£684,200</b>	<b>£2,994,285</b>	<b>£235,491</b>	<b>£2,500,082</b>	<b>£3,579,542</b>	<b>£2,132,302</b>	<b>£307,191</b>	<b>£792,100</b>	<b>£934,700</b>	<b>£3,120,000</b>	<b>£1,018,750</b>	<b>£1,776,965</b>	<b>£4,275,000</b>	<b>Totals</b>	<b>£24,350,608</b>

Table 10 – Five year investment profile up to 2025

These investment works and their associated spend profile is showing in more detail in a chart 4 below:

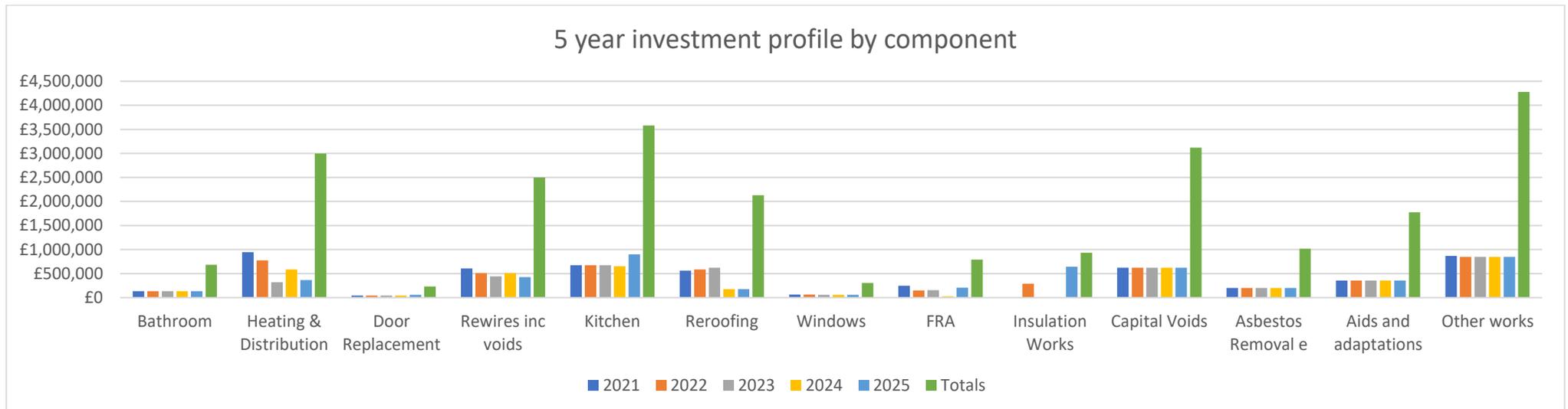


Chart 4 – Five-year investment profile showing key areas of expenditure by year and cumulatively

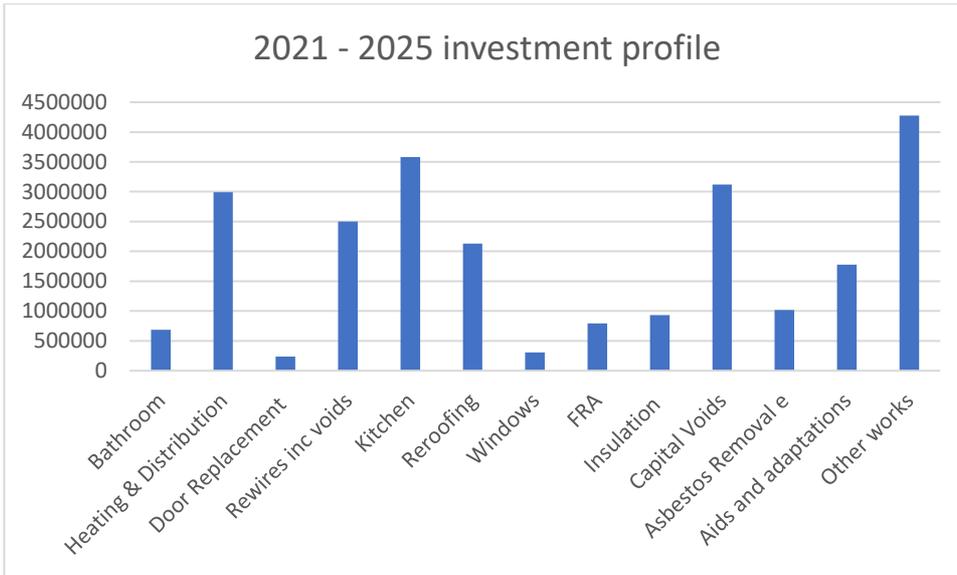


Chart 5 – Five-year investment profile showing key areas of expenditure cumulatively

Table 10 and charts 4 and 5 show that the highest levels of expenditure by key component type relate to kitchens, capital void works, heating installations and rewiring. This is demonstrated in more detail in chart 5.

Of particular note is the relatively low investment and expenditure in thermal insulation improvement works which is referred to later in more detail in section 4.1 of this report.

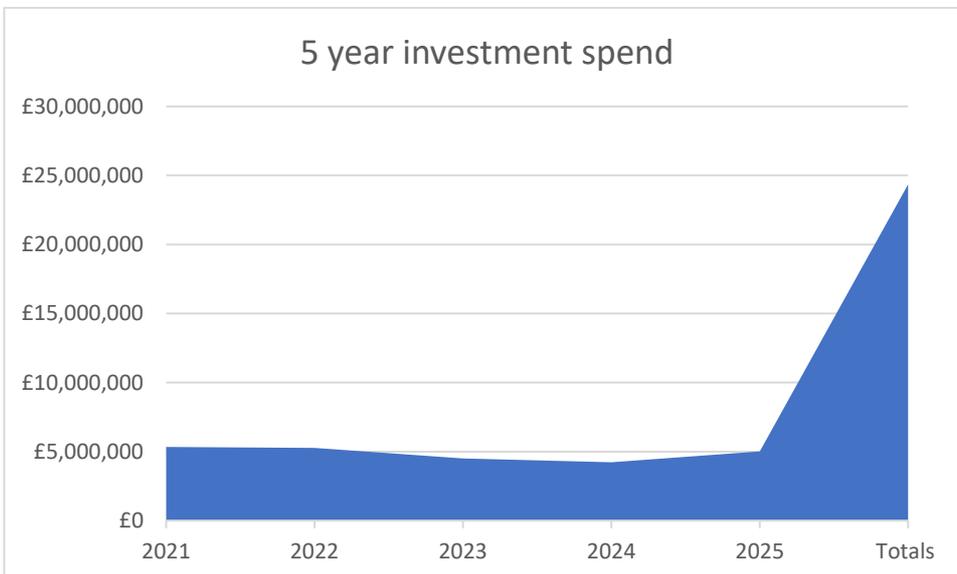


Chart 6 – Stock improvement – annual and cumulative five-year investment expenditure

Chart 6 shows the expenditure profile. Investment purposes as currently extracted from the stock condition database.

#### 4.1 Decarbonisation and energy performance of the stock

The need to improve the energy efficiency of our dwellings stock over the period of this Council Housing Asset Management strategy and beyond will form an important continuing investment theme for the council as we seek to improve energy efficiency and reduce fossil fuel consumption by tenants in our housing stock.

Through the Clean Growth Strategy, the UK government has set a target for social housing providers to attain the minimum rating of Energy Performance Certificate (EPC) C for rented properties by 2035 (2030 for 'fuel poor' households). This is an important milestone towards the longer term, and much more ambitious and challenging aspiration, to make all homes 'net-zero-carbon' by 2050.

Over recent years, as part of the Decent Homes programme Hinckley and Bosworth has carried out a range of works to directly improve the overall energy performance of the stock. We have been investing in more efficient heating systems, improving thermal insulation, installing more energy efficient windows and external doors. This work continues.

We build on this approach as part of our strategy to continue to improve the overall condition of the dwelling stock, and maintain compliance with Decent Home Standards including any changes that may be introduced to the standard by legislative change.

Through the lifetime of the strategy, and beyond, there will be a shift in focus towards decarbonisation and improved energy efficiency of the stock.

We will adopt a 'fabric first' approach in the management of our housing stock, to ensure that we are able to meet the highest possible levels of energy efficiencies in the fabric of the buildings, to ensure that our tenants become progressively less reliant on fossil based heating systems. As a consequence, they will be less likely to be impacted by fuel poverty.

Over the next five years we will focus on implementing upgrades across our housing stock to ensure that we are on track to ensure that all our properties have an EPC rating of C or more by 2035.

Our most up-to-date energy efficiency data and information indicates that around 47% of our stock is already at EPC band C or better. A further 47% of our stock is band D whilst a relatively small proportion of stock, around 6%, is below band D.

We have recently undertaken a review to identify our worst performing assets in terms of energy efficiency, and we will focus on ensuring that these properties are brought up to a better standard in terms of energy efficiency.

As we continue this review, we anticipate that solid wall properties will form a significant proportion of the least energy efficient properties portfolio.

As part of the Decent Homes programme we already have a good experience of providing external insulated cladding (thermal wraps) and other thermal insulation improvements mechanisms to solid wall properties. We will build on this experience and knowledge and

anticipate that as our review develops that our immediate priority will be to undertake thermal wraps to these properties to improve the efficiency of these buildings.

We will develop an EPC modelling exercise that will enable specific targeting of resources to meet EPC requirements by 2030 and other legislative requirements.

In the longer term, the HRA Business plan will be reprofiled to consider the full extent of all financial implications of introducing energy efficiency measures over the course of the business plan. Recent research, the '*Cost assumptions for BEIS's (Building Energy Efficiency Research) energy efficiency modelling*', indicates that a thermal insulation and energy efficiency package involving thermal cladding, upgrading roof void or loft insulation and replacement windows for a typical small semi-detached property or mid terraced property would cost around £14,000 per dwelling.

On the basis of our current knowledge of solid wall properties this alone equates to a required investment of c.£9.5million by 2030. If we assume this level of investment is required for all properties currently known to be below band C, this equates to an additional investment of £13.25 million.

The existing HRA business plan has a total investment value from 2021 to 2030 of £43.2 million with only £3.9 million included as currently modelled for thermal insulation. Please refer to the glossary on page 26 for more information on this.

## 4.2 Risk management

A detailed risk assessment needs to be developed as a supplementary document to this Council Housing Asset Management strategy. For the purposes of this strategy potential key risk areas are:

- 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
- 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
- Future updating of stock condition data leading to incorrect or inappropriate stock investment decisions
- 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
- Future failures to manage health and safety compliance may put residents, staff and contractors at risk
- Future failures to meet statutory standards can carry penalties and will damage the organisation's reputation, and potentially exposed the organisation to legal action
- An incorrect scope or poor quality of stock investment will have a key influence on customer satisfaction

- 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
- 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.

A regular process to identify and assess risks (strategic and delivery) will be developed internally and actions agreed to manage risks in order to minimise impact.

#### 4.3 Adapted properties

Reference to table 10 indicates that there is a continued works of aids and adaptations to the dwelling stock.

Over the five year period of this strategy, a total of £1.77 million will be spent on aids and adaptations, averaging approximately £355,000 annually for disabled aids and adaptations.

There is, at present, no specific adapted properties register, though information is held on the 'Promaster' database. The development of an adapted properties register is therefore incorporated in the action plan of this strategy.

We will create an asset register for aids and adaptations which will have strong links into both our allocations policy and our developing approach to asset performance evaluation.

#### 4.4 Compliance

Overall, good compliance is reported in four key areas:

- Gas servicing and maintenance
- Asbestos management surveys
- Legionella testing
- Cyclical electrical testing.

Over the period 2018 to 2021, high levels of compliance in gas safety and legionella testing have been achieved.

There has been greater focus planned on undertaking asbestos surveys over recent years. We are currently (2021) reporting 97% compliance and have increased this significantly since 2018.

We have prioritised our electrical testing programme significantly since 2018 and have 99.75% compliance in 2021.

In addition good progress has been made with fire risk assessment works with completion of all high priority fire risk assessment works identified due to be completed by 2022. Over the five year term of this asset management strategy approximately £800,000 is planned to be spent on fire risk improvement works, averaging approximately £158,000 annually with particularly significant planned expenditure of a £0.25M in 2021/22.

Work is also underway to formalise our strategy to manage asbestos within our stock.

## 4.5 Older persons' accommodation

The Council provides 354 sheltered properties across 11 sites.

Schemes are located across the borough including many rural areas as shown in Table 10 below:

<b>Scheme</b>	<b>Location</b>	<b>Build date</b>	<b>TOTAL NUMBER &amp; MAKE UP OF PROPERTY TYPES</b>
Ambion Court	Market Bosworth	2021	24 x 1 bed apartments
Armada Court	Hinckley	1989	71 x 1 & 2 Bed apartments
Barlestone Scheme	Barlestone	1981	26 properties consisting of: 9 x 2 bed bungalows 10 x 1 bed bungalows 4 x 2 bed apartments 3 x 1 bed apartments
Castle Court	Burbage	1977	35 apartments consisting of: 16 x 1 bed apartments 19 x studio apartments
Centurion Court	Ratby	1985	24 apartments consisting of: 4 x 1 bed apartments 20 x studio apartments
Clarendon House	Hinckley	1965	12 x 1 bed apartments
Herford Way	Burbage	1975	52 x 1 bed bungalows
Mayflower Court	Markfield	1978	24 apartments consisting of: 20 x studio apartments 3 x 1 bed apartments 1 x 2 bed apartments
Meadow Road	Barwell	1971	27 x 1 bed bungalows
Royal Court	Hinckley	1979	35 properties consisting of: 3 x 1 bed bungalows 8 x 2 bed apartments 11 x 1 bed apartments 13 studio apartments
Tom Eatough Court	Earl Shilton	1989	24 x 1 bed apartments
<b>TOTAL</b>			<b>354 properties</b>

Table 10 – Sheltered housing profile

The ages and property types are as shown above in table 10:

Table 10 shows that all sheltered housing scheme dwellings, with the exception of Ambion Court, are more than 30 years old. The oldest sheltered housing property was built in 1965 and is now approaching 60 years.

General investment requirements such as the range of component replacements identified in section 4 of this report are incorporated into the general stock investment requirements.

More detailed analysis on future investment for our sheltered housing schemes will be undertaken in due course and this will include consideration of both energy performance and decarbonisation requirements, alongside financial implications.

The strategy will be informed by an understanding of local need and provision for sheltered and supported housing accommodation. Particular regard will need to be made to individual and group/scheme asset performance using the options appraisal methodology currently under development.

Our ambition is to provide contemporary and flexible accommodation to meet the needs of our tenants. We will continue to invest in elderly person's accommodation with a strong focus on providing high-quality affordable homes for elderly persons within our communities.

All schemes are managed by a team of support staff and residents have access to support by a 24-hour on-call support centre. Residents have access to a range of managed communal facilities including car parking and gardens, lounges, laundries. CCTV and monitored fire alarms and secure door entries are installed at the majority of sites.

### Ambion Court

An excellent example of this continued investment in elderly persons accommodation is provided by Ambion Court which we have recently developed on the site of a former sheltered scheme.

Ambion Court is located in Southfield Way, Market Bosworth, and provides 24 high quality one bedroom apartments. There is a scheme manager on site supported by a 24-hour on-call support centre. Each apartment features its own individual courtyard or balcony. There are communal facilities within the scheme including laundry facilities, car parking and a communal lounge and kitchen.

Dwellings have a high level of security by design and have secure entrances and secure communal gardens.

### Growing our housing supply

In addition to the remodelling of Ambion Court in Market Bosworth the council has delivered new housing over recent years including a bungalow scheme at Groby, 30

properties at Bennett Close in Hinckley and a further 11 properties at Middlefield Lane in Hinckley.

Our developing strategy is to continue to increase the supply of our housing stock to ensure that we are able to meet local housing need.

#### 4.7 Non-housing assets

Work has commenced to ensure that non housing council housing assets are included within our overall Council Housing Asset Management strategy. A comprehensive review of our garage sites has recently been undertaken and our focus over the life of this strategy will be to ensure that our housing estates continue to be well manage and that investment opportunities are considered where appropriate.

## 5 Active asset management

This strategy recognises the need to introduce a more rigorous and structured assessment of the performance of our stock. Many social landlords have developed this approach to assist them in decision-making processes around investment and to enable them to adopt intervention mechanisms for underperforming assets. A more strategic and targeted approach to stock investment therefore needs to be developed.

We are working towards the development of a stock assessment and evaluation process. This methodology will enable us to evaluate the financial performance of all our stock, alongside other measures of broader neighbourhood sustainability linked to your social housing objectives.

We will use this options appraisal methodology for understanding and identifying the best and worst performing housing assets. The options appraisal methodology will use updated stock condition data supported by wider financial and housing management information such as individual property historic and projected responsive repair costs, future investment requirements to bring and maintain properties to the Decent Homes Standard, void costs, rent loss etc. We will also build into the evaluation model a range of the socio-economic factors to ensure that future investment decisions take into account wider stock sustainability issues and align with housing need.

A key output from this will be an assessment of the performance of all the housing stock including net present values (NPV). Further evaluation of this methodology will be taken as part of this strategy. NPV analysis will enable us to identify stock that is performing poorly, on either a financial or broader socio-economic sustainability basis and alternative options may then be explored in line with strategic planning.

## **6 Resident involvement**

HBBC puts customers at the centre of service development and supports a range of tenant meetings and focus groups that ensure customers have the opportunity to comment on services, either in person, or digitally. Incentives and targeting help to ensure that involvement is more representative than has previously been the case.

At least three formal meetings are held annually with residents and include subjects relating to repairs, maintenance and building safety.

We are committed to ensuring that resident involvement and feedback is embedded across all our services.

Transactional surveys are conducted to establish customer satisfaction and obtain feedback and insights at the point of service delivery. A perception survey on customer satisfaction is undertaken every two years to inform service priorities from the customer perspective.

The relaunch of tenant scrutiny is being strengthened and supported through the involvement of Councillors. This will help to ensure tenants are empowered to review performance data and comment on decisions that affect the service in line with regulatory requirements.

Resident involvement is underpinned by the ongoing collection of profiling and performance data and benchmarking is undertaken to compare performance with other landlords.

## 7 Key targets – our action plan

Key targets	Target date
Develop a strategy for achieving EPC band C by 2030	January 2024
Review the stock condition database and develop a consistent approach to archetypes and other property descriptors.	January 2023
Develop a methodology for obtaining a much clearer understanding of SAP/EPC rating of the stock particularly for those properties where no data currently exists.	December 2022
Review the HRA business plan and develop a clear understanding of the headroom for future investment (particularly decarbonisation/energy efficiency).	April 2022
Clarify investment cycles for key components particularly gas boiler replacements.	September 2022
Develop an asbestos management policy and strategy.	December 2022
Develop an adapted properties register of current and future properties that have been adapted for disabled persons.	March 2023
Renew an adaption policy to ensure that works are progressed as expediently as possible in line with legislative requirements	March 2023
Develop a wider options appraisal methodology to identify underperforming dwellings.	September 2022
Consider the development of a net present value (NPV) assessment of stock.	September 2022
Develop an energy efficiency and stock improvement strategy to focus on reducing the number of properties that fall below band C and increasing the percentage of homes in band A and B.	January 2024
Maximise opportunities for claiming grants and financial support as part of the wider energy efficiency and decarbonisation programme.	September 2022

Key targets	Target date
Develop an internal skill base for retrofit projects including PAS 2035.	December 2022
Carry out an in-depth options appraisal of the sheltered housing portfolio and develop a sheltered housing investment strategy.	January 2024
Ensure that all non-housing assets such as garages, communal areas, and communal rooms in sheltered housing schemes etc are fully identified and that associated condition information is incorporated into the stock condition database.	January 2023

## Glossary and references

Hinckley and Bosworth HRA Business Plan

Hinckley and Bosworth Stock Condition Survey

[Decent Homes Standard](#)

Hinckley and Bosworth Hostel Options Review

Hinckley and Bosworth Hostel Housing Needs Study

[What does it cost to retrofit homes? Publication by Department for Business, Energy and Industrial Strategy](#)

[Hinckley and Bosworth Housing Strategy](#)

[Hinckley and Bosworth Corporate Plan](#)

[Review into Stock Condition Data by HQN \(housing stock condition health check\)](#)