CABINET REPORT

Report Title: Housing Asset Management Strategy

AGENDA STATUS: PUBLIC

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<thead>
<tr>
<th>Cabinet Meeting Date:</th>
<th>12th November 2014</th>
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<tbody>
<tr>
<td>Key Decision:</td>
<td>Yes</td>
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<tr>
<td>Within Policy:</td>
<td>Yes</td>
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<td>Policy Document:</td>
<td>Yes</td>
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<td>Directorate:</td>
<td>Housing</td>
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<td>Accountable Cabinet Member:</td>
<td>Cllr Mary Markham</td>
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<td>Ward(s)</td>
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1. Purpose

1.1 To obtain approval of the Housing Asset Management Strategy. This represents a key joint document between NBC and Northampton Partnership Homes for the housing assets owned by NBC and forms part of the Delivery Plan and Management Agreement between the organisations. Once approved by the cabinet, the term draft will be removed from the document.

2. Recommendations

2.1 Cabinet are recommended to approve the Housing Asset Management Strategy and associated appendices (Appendix 1).

2.2 To delegate authority to the Chief Executive in consultation with the Leader and the Cabinet Member for Housing to make such amendments as necessary to finalise all documentation in anticipation of the Section 27 application, as part of the creation of Northampton Partnership Homes.

2.3 Thanks all those involved in the process, for their commitment and contribution to the completion of the Strategy.
3. Issues and Choices

3.1 Report Background

3.1.1 On 9th April 2014, following consideration of feedback from consultation with key stakeholders, Cabinet agreed that the proposed new ALMO would be a Company Limited by Guarantee. The ALMO was registered in the name of Northampton Partnership Homes, with the Council’s Chief Executive and Monitoring Officer registered as holding directors. A Shadow Board structure was agreed and implemented in June 2014 to enable a smooth transition for the management of the service.

3.1.2 The NPH Board structure is set up with the following membership;
- 5 Tenants
- 5 Council Nominees
- 4 Independents
- 2 Employees
A chair and vice-chair has been appointed and six committees, including the creation of an Asset Management Committee, created to support the working of the Shadow Board.

3.1.3 This strategy also represents a replacement of the previous 2010-15 Housing Asset Management which was approved by the cabinet on 28th July 2010.

3.1.4 The attached Housing Asset Management Strategy is a five-year plan which outlines the proposed investment priorities for the 16,000+ assets coming under the Housing Revenue Account Business Plan. This primarily includes the 12,877 residential units owned or partly owned by the Council alongside other assets such as garages, parking spaces, land, shops and other commercial premises.

3.1.5 This strategy is an operational document that will be regularly reviewed by both NBC and NPH, including an annual review and update to reflect completed works, changes in legislation, stock condition information and any alterations to funding arrangements. However, this strategy should not be confused with the Corporate Asset Management Strategy that covers all the assets held by NBC under the General Fund.

3.1.6 The main change since the last Housing Asset Management Strategy will be the delivery by March 2015 of the Decent Home Standard to all the tenanted properties and the creation of the Northampton Home Standard as part of the agreement in the creation of the new ALMO. The Northampton Home Standard deals with the external fabric and the improvement of local environment, as well as the continued delivery of the Decent Homes Standard.

3.1.7 This enhanced home standard will not only bring improvements to tenants but will include the 778 leaseholders and the wider community.

3.2 Issues

3.2.1 This is the first joint Asset Management Strategy between NBC & NPH, which over the next 5 years will move ‘Asset Management’ from influencing
investment decisions to driving future investments strategy. The strategy proposes that Asset Management is a ‘team approach’ but which is facilitated by a group of asset management specialists within NPH.

3.2.2 In order to make decisions over the future viability of the housing assets, NPH needs to undertake a number of strategic tasks which will ensure funds are focussed into programmes agreed with tenants and leaseholders and which deliver greater value for money from our repairs and maintenance services.

3.2.3 NBC and NPH will work in collaboration to complete the following, as detailed within this Asset Management Strategy:

   A. Formalising future investment priorities with residents and setting out in detail how the Northampton Home Standard will be delivered to compliment other investments required for HRA properties.

   B. Undertaking assessments of the entire asset stock to help identify those assets which will need further investigation before committing expenditure. These exercises will assess the future viability of all HRA assets to meet the current and future needs of those who require housing, plus identify potential redevelopment/ new build opportunities.

   C. Following the above, undertaking detailed investigations of potentially obsolete assets to determine the most effective solution.

   D. Developing and publishing an Environmental Plan, to explain and detail the primary target for improving the energy issues within the housing stock and address the demanding requirements of the Energy Act 2011.

   E. Restructuring our planned maintenance programmes to reduce demand for responsive repairs and deliver greater value for money through a joined up approach for all the housing maintenance services.

3.2.4 Within the strategy there is a provisional 30 year investment plan for all the assets, however until the above exercises are completed, together with some of the other objectives outlined in the document, these figures remain provisional. Provisional programmes for the first 2 years are currently being developed, together with Savills who have been assisting the delivery of the Decent Homes Programme. However, within 2 years, NBC & NPH should be a stronger position to formally publish more detailed investment programmes and provide residents and stakeholders with greater assurance and future certainty.

3.2.5 The establishing of a formal Asset Database is also being done through the implementation of the Capita Open Housing IT system but currently due to the vast amount of data, this information is fairly fragmented. Savills are supporting the creation of the forward plans using the data gained from recent stock condition surveys but it may take some months before all the data and our IT systems are able drive and inform future programmes without the need to create Microsoft Excel spreadsheets.
3.3 Choices (Options)

3.3.1 The Council has the option to consider whether or not to approve the Asset Management Strategy and associated documents and proceed with the Section 27 application to create the ALMO.

3.3.2 The comprehensive Options Review process completed in December 2013 thoroughly assessed the available options against a robust set of assessment criteria and made the recommendation to proceed with the creation of the ALMO.

3.3.3 The strategy does focus on the need to invest in energy efficiency measures to help protect our residents against the impact of rising fuel prices and the impact of fuel poverty. With the opportunity for energy grant funding in support of this form of investment, NPH and NBC will look to optimise these funds.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The strategy seeks to set out how NPH will invest in HRA assets and address the priorities agreed with residents and NBC towards delivering the new Northampton Home Standard and other key investment areas, such as energy efficiency and new build developments.

4.2 Resources and Risk

4.2.1 The funding of asset management related programmes is based on a provisional total capital and revenue investment of over £1,026m over the 30 year life of the Business Plan. However, as NBC finalises the HRA Business Plan and a new Business Plan for NPH is developed to reflect not just the figures for investment, but also resourcing the staff costs, overheads and other service provision, the allowances within the strategy may well be subject to change. Between now and March 2015, a finalised set of figures will be agreed and any changes within the 30 year investment plan will be agreed by both NBC and the Board.

4.2.2 Around £12.6m/year is revenue funded and covers:
   A. Response Repairs
   B. Voids
   C. Servicing: gas, electric, lifts, fire alarms, etc.
   D. Grounds Maintenance
   E. Cleaning of Communal Areas
   F. External Painting

4.2.3 On average £21.5m/year is capital funded and covers:
   A. External elemental repairs and replacements
   B. Internal elemental repairs and replacements
   C. Communal repairs and replacements
   D. Energy Improvements
   E. Other works & programmes: - anything not covered by the above
4.2.4 A more detailed breakdown of the anticipated spend into the stock is given in Appendix C of the strategy but work is being done to detail the specifics over the proposed expenditure over the next 5 years.

4.2.5 The annual review process of the strategy should mitigate any future risk to the investment plan and this should avoid residents being disappointed by programmes being delayed or cancelled.

4.3 Legal

4.3.1 As the building owners the Council is under a statutory obligation to maintain its HRA assets in a good state of repair but with the creation of NPH this responsibility will be delegated to NPH to uphold this requirement. Details of most of these are outlined within the AM Strategy and the proposed Management Agreement will ensure NPH undertake these duties on behalf of NBC.

4.4 Equality and Health

4.4.1 This strategy seeks to address the needs of the most vulnerable tenants, including those who are older, disabled and/or in threat of fuel poverty and there are some specific objectives within the strategy to tackle these needs. In addition an assessment of the impact of the strategy has been completed to ensure it has does not discriminate or penalise residents and the wider community within its proposals. The Impact Assessment can be found at http://www.northampton.gov.uk/downloads/download/2916/housing-asset-management-strategy-community-impact-assessment

4.5 Consultees (Internal and External)

4.5.1 The contents within this strategy have been widely circulated within the housing landlord service to ensure ownership of its proposals across the service.

4.5.2 In addition the following groups have also been consulted:
   A. HRA Account Manager
   B. Senior Management Team within Housing Landlord Service
   C. Head of Housing & Wellbeing
   D. Corporate Asset Management
   E. ALMO Implementation Team
   F. Chief Executive
   G. Tenants’ Panel
   H. Asset Management Committee
   I. Cabinet Member for Housing

4.5.3 Details of the amendments made to the document are detailed on page 5 and reflect some of the above consultation
4.6 How the Proposals deliver Priority Outcomes

4.6.1 The proposed Asset Management Strategy will help deliver against the following Corporate Plan priorities and outcomes:

- **Priority 2- Invest in Safer Cleaner Neighbourhoods**: The identified additional funding to improve day to day service delivery for housing services, which also included the implementation of a new local investment standard, the Northampton Standard. This standard includes plans for significant investment in improvements to estates and neighbourhoods, including additional security measures.

- **Priority 4- Making every £ go further**: The asset review that will be carried out will identify properties where investment requirements exceed rental income. This information will be used to undertake option appraisals to ensure that value for money considerations will be at the forefront of future investment decisions.

- **Priority 5- Better Homes for the Future**: The strategic aims with the strategy are targeted at improving homes, neighbourhoods and services for residents. The development of the new Northampton Standard includes new standards for improvements to homes and improved service standards.

- **Priority 6- Creating Empowered Communities**: One of the key reasons for the creation of an ALMO and the background to the Asset Management Strategy is the need to provide increased opportunities for involvement and decision making for both residents and employees. There is a specific section within the strategy that covers ‘Resident Involvement & Empowerment’

- **Priority 8- Responding to your needs**: The development of the Northampton Home Standard ensures that NPH will be delivering on programmes developed in conjunction with tenants and relates to the quality of homes and estates. The Tenants’ Panel were in support of the principles outlined within the Asset Management Strategy Conferences also provided essential feedback from tenants and leaseholders.

4.7 Other Implications

4.7.1 None

5. Background Papers

5.1 Cabinet Report - Housing Asset Management Strategy - 28th July 2010
5.2 Housing Stock Options Appraisal Community Impact Assessment - December 2013
5.3 Cabinet Report- Services to be Delivered by Northampton Partnership Homes - 9th July 2014

Author:
Tim Bruce, Interim Asset Strategy & Technical Services Manager, Extn: 8820