



Housing Scrutiny Committee
29 November 2018

**Report from the Strategic Director
of Community Wellbeing**

Progress on Housing Asset Management Strategy

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	One: <ul style="list-style-type: none"> Appendix 1 - Indicative 30 year replacement programme estimates
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Hakeem Osinaike, Operational Director Housing Hakeem.Osinaike@brent.gov.uk Tel. 0208 937 2023

1.0 Purpose of the Report

- 1.1 This report provides a progress update to the Housing Scrutiny Committee on developing the Council's Asset Management Strategy. The most important element in developing the strategy is the Stock Condition survey. This has now been completed and the results are currently being validated and analysed
- 1.2 This report therefore provides a summary of progress made so far and what the next steps will be, including the consideration of our full Asset Management Strategy by Cabinet in April 2019.

2.0 Recommendation(s)

- 2.1 The Scrutiny Committee notes the contents of this report.

3.0 Detail

- 3.1 Brent's Housing Asset Management Strategy will form the strategic framework within which we will manage, maintain and invest in our housing assets. It will

deliver investment in our existing properties, stock improvement, planned maintenance and responsive repair programmes, in a structured and sustainable way to meet the needs and aspirations of our residents and to ensure the sustainable and optimum performance of the HRA business plan.

- 3.2 The Asset Management Strategy will cover all rented and leasehold stock, owned or managed by Brent Council or its subsidiaries.
- 3.3 We intend to set out a strategic approach for the medium to long-term that directs stock investment and development in order to provide quality housing to meet present and future housing needs and to contribute to the achievement of the council's housing and regeneration priorities.
- 3.4 Our approach to investment in maintenance and improvement will be concentrated on the assessment of asset information. This assessment will be based on our stock condition data, by consultation, local management knowledge, professional assessment and what we can afford. Significant emphasis will be placed on value for money and on driving more value from our assets.
- 3.5 The future costs of repairs, voids, planned maintenance and improvement works, together with management costs, will be balanced against the income stream, to ensure that the assets provide a positive financial return. This net present value approach will allow appraisals to be carried out on all our assets to establish their 'return' and assist with investment and strategic decisions on the future of our assets and development opportunities.
- 3.6 The strategy will include an asset management operational plan. This will set out the arrangements for the strategy's implementation including provisions for the constituent programmes and a performance management framework to assure its delivery.
- 3.7 The strategy will be consulted upon and developed to contribute to our five key priorities as agreed under the Brent 2020 plan as follows:
 - Regeneration – to improve the economic, social and environmental conditions in the Borough.
 - Employment and skills – to respond to the increase in the working age population and lift people out of poverty and welfare dependency.
 - Business and housing growth – to maximise the tax base to support the delivery of core service.
 - Demand management – to manage the pressure on needs-led budgets such as children's social care, adult social care and homelessness.
 - Raising income – to support the delivery of core services.

4.0 Background

- 4.1 The Council agreed a high level HRA Asset Management Strategy in November 2015. However, this was not followed up with a delivery plan by BHP and in effect, was not operationalised.
- 4.2 This new strategy is being built from the bottom up i.e. will be informed by the results of a stock condition survey and when completed, will be accompanied by a detailed delivery plan, which will ensure its full implementation.

- 4.3 The housing asset management strategy will be an important corporate document that sets out how the Council will manage, develop and make best use of its assets in order to achieve its objectives. The accompanying delivery plan will set out how these will be achieved. Accountability and monitoring of the delivery plan will be the responsibility of the Housing Care Investment Board.
- 4.4 The housing asset management strategy will support the Council's corporate strategic objectives through providing for investment in existing and new housing to provide a sustainable built environment and to provide quality housing services through the provision of decent, well-maintained affordable housing. This includes the priority of increasing social housing supply by the development of new affordable homes and by increasing the capacity to meet housing need and alleviate overcrowding.

5.0 Current position

- 5.1 To provide accurate and statistically reliable information concerning our assets and investment, improvement and financial planning requirements we have carried out a stock condition survey. The survey commenced in May and completed in October 2018.
- 5.2 The survey aimed to collect, validate and report upon attribute and condition information about the stock. The programme covered:
- 100% external fabric of buildings inc. decoration and clean-down requirements
 - 100% external environment (outbuildings, garages, bin stores, pram sheds, boundaries, gates, paths, hard-standings, steps etc) inc. decoration and clean-down requirements
 - 100% internal communal areas for blocks inc. internal decoration and clean-down requirements
 - 100% engineering and specialist surveys for: passenger lifts, automatic gates, communal heating systems and roof access & roof safety systems
 - 100% Mechanical & Electrical plant/equipment
 - 20% internal survey of tenanted properties (houses, bungalows, flats, maisonettes)
 - Decent Homes assessment with HHSRS
 - Energy Efficiency/RdSAP Ratings assessment
 - Equalities Act (DDA) considerations
- 5.3 The stock condition survey was deliberately biased towards the internal and external areas because BHP had carried out significant refurbishment of homes, which means much is already known about the condition of the stock inside people's homes. Additionally, it will enable us to focus on raising the standards in external areas, ensuring the look and feel of estates compliments the modernisation of the internal elements in individual homes.
- 5.4 Photographs were taken of all external elevations (and the roof if accessible) and internal components such as kitchens, bathrooms & boilers.

- 5.5 In addition to the stock condition survey, we have also commissioned Type 4 Fire Risk Assessments, which is the highest and most intrusive level of fire risk assessment. The results from this will be combined with the stock condition survey, to ensure the fulfilment of our plans to integrate fire safety works with our capital investment programme.
- 5.6 In addition, the asset management system and database (as purchased by BHP in 2016 but not utilised) required significant re-configuration in order that it could receive all asset data and produce an accessible, reliable and maintainable planning data for future use.
- 5.7 Key changes to the database were made including setting up standard report templates, element/attribute reconfiguration, block/asset creation with hierarchy setup and an update of schedule of rates prices. One of the main areas highlighted for attention was the disparity between the Council's housing management records and the information held within the database. This has now been corrected.
- 5.8 All building fabric stock condition data has recently been uploaded to the asset management database and is now being validated and analysed.
- 5.9 Please refer to table attached at appendix 1 as an indicative 30 year report on estimates. The table is provided for illustrative purposes only. It is not the definitive position on building fabric asset replacement costs and frequencies nor the total cost of our asset management strategy.

6.0 Next steps

- 6.1 With the uploading of the electronic data, further validation and data testing will be carried out in November 2018 including further site visits to corroborate the data held on the database.
- 6.2 The analysis and interpretation of the data received will also commence. From first review there appears to be a low percentage of houses and bungalows in comparison to flats and maisonettes within the stock. Flats and maisonettes make up 61.75%, houses and bungalows 21.45% and communal block 16.80%.
- 6.3 Also from first review there are noticeable variations in the annual stock condition estimated financial totals. Years 2 and 3 look high in comparison to the sub-totals in the first 5 years. The main drivers behind this appear to be high communal, kitchen and bathroom costs. The other visible spikes within the estimates currently are: kitchen spend in years 11-15, bathroom spend in years 21-25 and electrics spend in years 21-25 and years 26-30. This would indicate that, based on the recommended lifecycles of those components, recent internal improvement works have been carried out in the last 5-10 years.
- 6.4 Further work is being carried out to understand this (and all aspects of the data-sets, stock, locations and estimated costs) and these spikes in expenditure will be smoothed over the preceding or succeeding years by consultation, local management knowledge, professional assessment and what we can afford. The analysis and interpretation work has only recently commenced and will continue throughout November and December.

6.5 Further key areas of analyses will be directed at developing intelligent programmes that can minimise un-planned reactive expenditure, improve the sustainability of the estate as a whole, maximise value, reduce running costs, and thereby risk and liability. We require a planned and proactive approach to maintenance and the analysis will lead to the development of the following programmes of work to be included with the asset management strategy:

- 1 to 5-year programme for external fabric and environment with Decent Homes works
- 1 to 5-year programme for Internal Improvement and Decent Homes works
- 1 to 5-year M&E investment and compliance works programme
- 1 to 7-year care programme for internal and external decoration & clean-down
- 1 to 5-year coordinated programme for external fabric with decoration & clean-down programme

7.0 Housing Asset Management Strategy Timetable

7.1 The timetable is as follows:

- Complete stock condition report in November 2018
- Complete analyses and interpretation work by December 2018
- Complete internal and external consultation work by December 2018
- Draft Asset Management strategy to CMT in February 2019
- Draft Asset Management strategy to Scrutiny Committee in February 2019
- Asset Management Strategy to Cabinet in April 2019

7.2 The strategy will need to be reviewed and adapted in response to changes in the internal and external environment including revised corporate priorities, the performance of the HRA business plan and wider housing policy changes and their impact. The strategy, its implementation and the outcomes achieved will therefore be reviewed annually.

8.0 Governance

8.1 The governance of the production of the asset management strategy is led by the Capital Programme and Housing Capital Investment Boards.

9.0 Finance Implications

9.1 The financial implication of the asset management strategy will only become clear once the initial estimates of the stock condition survey have been fully validated. The outcome of this will then be added to HRA Capital Programme.

9.2 The likely impact on the HRA can be gleaned from the HRA report being presented to the Housing Scrutiny Committee alongside this report.

10.0 Legal Implications

10.1 In respect of the Council's housing stock which are subject to secure tenancies, under section 11 of the Landlord and Tenant Act 1985, the landlord must keep in repair the structure and exterior of the dwelling house and keep in repair and proper working order the installations in the dwelling house for the supply of water, gas, electricity, sanitation, space heating, and heating water.

10.2 In respect of properties where leases have been granted under the Right to Buy legislation under the Housing Act 1985, the duties and repairing obligations of the Council as freeholder and the respective leaseholders are set out in the respective leases. Any necessary and relevant legal implications from a procurement and contracts perspective will be set out in the report which is presented to the Cabinet.

11.0 Equality Implications

11.1 There are no equality implicated associated with the content of this report.

12.0 Consultation with Ward Members and Stakeholders

12.1 None

13.0 Human Resources/Property Implications (if appropriate)

13.1 None

Report sign off:

PHIL PORTER

Strategic Director Community
Wellbeing