

	<b>Decision of the Cabinet member for Housing and Welfare Reform</b>
	<b>Report from the Strategic Director of Community Wellbeing</b>
<b>Housing Integrated Asset Management Strategy (2020 – 2025)</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key Decision
<b>Open or Part/Fully Exempt:</b>	Open
<b>Background Papers</b>	None
<b>No. of Appendices:</b>	2 Appendix 1 – Draft Housing Asset Management Strategy Appendix 2 - Two year investment programme 2020 to 2022
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## 1.0 Purpose of the Report

- 1.1 The draft Housing Asset Management Strategy (2020 – 2025) sets out our vision for responsive repairs, stock investment, reform and improvement of the stock and its performance. The draft strategy will cover a 5-year period from 2020-2025, but within the context of a 30-year HRA business plan.
- 1.2 This report sets out a summary of the work that has been undertaken to inform the draft strategy. It explains the findings of that work, and how this has informed the six proposed commitments in order to finalise the strategy and seek Cabinet approval in November 2020.

## 2.0 Recommendations

That the Cabinet Member for Housing and Welfare Reform, having consulted with the Leader:

- 2.1 Approve the commencement of an 8-week formal resident consultation process on the draft Housing Integrated Asset Management Strategy.

### **3.0 Introduction**

- 3.1 Within the context of Brent Council's housing stock, strategic asset management covers the range of activities we need to undertake to ensure we optimise the use of housing and other land and property assets to maximise their contribution to meeting the current and future needs and expectations of our residents and our financial planning.
- 3.2 The Housing Asset Management Strategy's scope will encompass stock investment and reform and improvement of the stock and its performance. The strategy will focus on the first five-year period but within the context of a 30-year HRA business plan.
- 3.3 The final strategy will include the arrangements for its implementation including constituent delivery programmes and a performance management framework to assure its delivery.
- 3.4 The strategy will align with the Council's strategic objectives and will need to be reviewed and adapted in response to changes in the internal and external environment including revised priorities, the performance of the HRA business plan and wider housing policy changes and their impact.
- 3.5 In similarity with other social landlords, Brent Council has finite funds to spend on managing assets and therefore the strategy is fundamental in ensuring that our stock is efficiently and effectively maintained to ensure long-term viability and value for money. The draft Asset Management Strategy aims to set a clear vision for our staff, contractors and residents and to articulate the projects and actions that we need to undertake over the next 5 years to achieve that vision.

### **4.0 Background**

- 4.1 The development of the draft strategy has brought together knowledge from four different activities since the return of housing management to the council;
- Analysis of the various sources of insight we have in to resident priorities.
  - Analysis of the findings from the stock condition survey.
  - The work that has been undertaken on fire safety since the Grenfell disaster.
  - Working with the Corporate Climate Emergency work to understand how Housing can support delivery of the sustainability strategy.
- 4.2 These matters are discussed below, as are the key programmes for tower block refurbishment and South Kilburn regeneration.
- 4.3 Whilst the strategy is under consultation and development, it is supported by a 2-year programme that sets out the planned investment work to be undertaken to help deliver its vision as contained in appendix 1. Together, this will enable us to achieve compliance with our statutory requirements, fulfil our climate change emergency ambitions, operate in a financially sustainable manner and to work towards the best possible resident satisfaction.

### **5.0 Resident Priorities**

- 5.1 This is a key part of developing and finalising the strategy and a key part of this paper as it seeks approval to consult residents widely on the draft strategy attached at appendix 1.
- 5.2 Like most social housing providers, BHP carried out a bi-annual satisfaction survey using the Housemark STAR (Survey of Tenants and Residents) framework. Brent Housing Management has continued this since the service was brought in house. In line with the existing cycle, the last survey was carried out in summer 2018 by BMG research Ltd, and the next is due in summer 2020. Together with the Council's Resident Attitude Survey, carried out in 2018, we have significant insight in to resident's priorities.
- 5.3 Results from STAR 2018 show that 56% of residents were satisfied with services overall, up from 51% in the previous survey, but this still put us in the bottom quartile against our comparator housing providers. It is important to note that the STAR carried out in 2018, even though carried out by the Council, reflects residents satisfaction on previous year, which was still under BHP. The analysis highlighted what is widely observed across the sector; that the key drivers of resident satisfaction are residents feeling that we listen to and act upon their views, and satisfaction with our repairs service. How satisfied or dissatisfied people feel about these two things have the strongest correlation with overall satisfaction, so we can be confident that improving how people feel about these measures will improve how people feel about services overall.
- 5.4 By working in partnership with our contractors and gaining feedback from front-line staff and residents we identified specific areas for improvement and drove up monthly measured resident satisfaction with their last repair to 82%. The repairs service has embarked on the second phase of the ongoing improvement plan. The second phase focuses on improving processes on complex works, Wates' supply chain performance, improving internal communications and actions of leasehold, tenancy and property services teams and ensuring that the customer is informed at every touchpoint and is clear on the next steps
- 5.5 STAR 2018 results also showed that 65% of our residents are satisfied with the overall quality of their home, which is low when compared to similar landlords through benchmarking exercises. When comparing STAR 2018 to the 2018 Resident Attitude Survey, it is evident that residents living in council homes are twice as likely to be unsatisfied with their neighbourhood when compared to those living in private properties. As a housing service, we want to change this.
- 5.6 Results from STAR 2018 show that carrying out improvement works on estates was the most common answer given by tenants when we asked them where we should be targeting our resources. Reducing anti-social behaviour and improving waste management and parking were highlighted as key areas to focus on.
- 5.7 To explore some of the issues around major works in more detail, we also carried out a small number of more detailed telephone interviews on this topic in September 2019. In summary, the key insights from this analysis are:

- a. The main drivers of overall resident satisfaction are our repairs service and ensuring that residents feel listened to. We must ensure these are core features of our future strategy.
- b. There is no single thing that will drive up resident satisfaction with the quality of our homes. The drivers will be different for everyone and will vary depending on their experience, their property and their wider estate. We will therefore need to do a variety of things in order to achieve this change:
  - Ensure our repairs service is effective and responsive.
  - Improve our communication on day-to-day transactions, particularly repairs.
  - Ensure that all our homes have the basics right i.e. Kitchens and Bathrooms that meet decent homes.
  - Visibly invest in our estates – focussing on things that will have the greatest impact for residents.
  - Make our homes more energy efficient.
  - Improve understanding of damp and condensation issues and how each can be tackled.
- c. Residents living in Council properties are twice as likely to be dissatisfied with their neighbourhood as a place to live, in comparison to the borough average. This is not uniform across all Council estates and we should target investment at those areas where the greatest disparity exists.
- d. Residents' greatest concerns on estates are management of refuse, parking and anti-social behaviour. We should ensure these are taken into account in any investment decisions on estates. We must also recognise that each estate and area is different and implement more effective engagement at a local level to make sure we are targeting our spend on the right issues and that our residents feel their views are listened to.
- e. Where major works are concerned, the quality of the materials and workmanship is the top priority for residents and under both current and historic arrangements, these seem to fall short of residents expectations. Embedding these measures more robustly in our specifications, ensuring our process enables us to hold contractors to account and seeking to build in improved resident feedback on major works may all help to have a positive impact on satisfaction.
- f. Further work is needed to better understand the issues around kitchen and bathrooms works for a larger sample of residents, alongside further data on stock condition, in order to give confidence that our current expectations around replacements of these elements are realistic.

## **6.0 Stock Condition Survey**

6.1 When the housing landlord function was transferred back to Brent Council's management in October 2017, there was no formal stock condition data and

there were gaps in the data that was handed over in relation to the housing stock and what was received raised a number of stock condition concerns.

6.2 To address this, the housing management service commissioned a stock condition survey to be carried out with the key aims of:

- a. Improving the existing records in relation to the condition of the properties we manage (i.e. how closely are we meeting Decent Homes Standard).
- b. Highlighting where properties were falling below required standards in relation to Energy Performance Certificates (EPCs).
- c. Informing a financial forecast over a 30 year-term for repairs and maintenance.
- d. Classification data to help improve the stock archetype information held by the Council.
- e. Attribute information about the stock for the purpose of improving existing records and future maintenance planning.

6.3 The first Stock Condition Survey undertook internal inspections of a 20% representative sample of our stock, and 100% of all external and communal areas.

6.4 The key findings of this were:

- a. An estimated 93% of our stock meets the decent homes standard. However, this appears at odds with recent feedback where only 65% of our tenants were satisfied with the quality of their home. We will undertake further targeted research to reconcile this discrepancy during the proposed 8-week consultation process.
- b. Currently, 35% of Brent's stock is performing better than the national average of Energy Performance Certificate (EPC) band D. However, the target for London Councils and the provisional target in Brent's emerging climate emergency strategy is to achieve an average of EPC Band B. Currently none of Brent's housing stock achieves a B rating.
- c. There are concentrations of Non-Traditional constructed stock in South Kilburn and Stonebridge. This is classified as any construction, which is outside of the 'standard' of using bricks, blocks and mortar. These typically cost more to repair and inherently suffer defects that are not commonly found in general housing stock. Many of these problems will be addressed by the South Kilburn regeneration.

6.5 Each year 20% of dwellings will be surveyed to determine condition in order to ensure all dwellings are surveyed once every five years. The latest batch of internal surveys are completed and the findings will be analysed alongside the proposed consultation period for the draft strategy. The next batch of surveys are currently being procured.

## **7.0 Fire Safety**

7.1 Following the Grenfell disaster, the housing service wanted to make sure the Council had a good understanding of where our blocks fell in regards to fire safety. In addition to developing programmes to deliver fire safety works in all low-rise blocks, a programme of type 4 Fire Risk Assessments (FRAs) was also carried out to assess the risks within 14 tower blocks and its dwellings.

7.2 The low-rise fire safety programme consists of works to 1208 blocks. There are 654 street properties (comprising 1608 dwellings) and 454 purpose built blocks (comprising 4606 dwellings) in the programme. The works specification has been derived from the recommendations contained in type 1 FRAs and a works survey of each block. The works are mainly:

- Fire rated entrance doors to flats
- Fire retardant decoration of communal areas
- Fire stopping work
- Fire rated fan lights and side lights to flat entrance doors where required
- Fire safe electrical meter enclosures
- Communal fire alarm systems
- Upgraded dwelling smoke alarms
- Emergency lighting with motion sensors
- Refurbishment of communal areas incl. flooring where required
- Master key lock replacement system to communal front entrance doors

7.3 With regard to the 14 tower blocks, type 4 FRA's are the highest level of FRA's available, consisting of an invasive assessment of the building materials, identifying where the block may be at risk of fire and/or smoke transferring to or moving through all parts of a tower block in the unfortunate event of a fire. Fire risk assessments provide a high level of confidence about the risks discovered and all immediate and urgent risks are addressed, and then non-urgent and those risks requiring major works are put into a programme. The type-4 fire risk assessments revealed the following major actions, which are to be delivered under the tower block programme:

- Fire sprinklers
- Fire Doors to dwellings are a good standard but may require repairs
- Possible replacement of external spandrel and infill panels
- Extending or upgrading dwelling smoke alarms
- Some compartmentation issues within dwellings and common areas
- People at risk and social factors that may impact on fire safety

## **8 Climate Change Emergency**

8.1 Energy used to heat and power housing is responsible for 43% of all territorial carbon emissions in the borough. A significant proportion of carbon emissions are a result of inefficient, existing housing stock, with the 2015 JSNA (Joint Strategic Needs Assessment) data showing that almost 12% of Brent residents are thought to be affected by fuel poverty.

- 8.2 In November 2019, Brent's Full Council approved an Interim Climate & Ecological Emergency Action Plan. This included the following actions in respect of housing:
- a. Complete the programme of cavity wall and loft insulation in the Council housing stock, leveraging match funding from energy suppliers.
  - b. Develop a programme of home energy advice for households to accelerate the take up of energy efficiency and affordable warmth measures.
  - c. Commission a feasibility study to identify packages of measures that can reduce carbon for typical housing types in Brent, and identify funding that can pay for a pilot domestic retrofit exemplar scheme.
  - d. Develop a forum with Housing Associations in Brent to share and promote best practice.
  - e. Assess the feasibility of achieving net zero carbon for the Council's new build housing schemes and identify funding for a pilot low carbon new build exemplar project.
  - f. Review how sustainability is being addressed in residential nursing homes.
- 8.3 This Interim Climate Action Plan will be superseded by a new ten year Borough-wide Climate Emergency Strategy, which is in development. In the meantime, London Councils' Transport and Environment Committee (TEC) and the London Environment Directors' Network (LEDNet) have agreed a Joint Statement on Climate Change, which includes a commitment to aim to achieve an average level of Energy Performance Certificate rating (EPC) of Band B on all domestic buildings through retrofit. This differs from the Government's target of a minimum EPC Band C for all properties. Brent may choose to adopt both the London Councils' average EPC target and the Government minimum EPC target.
- 8.4 Currently, 35% of Brent's stock is performing better than the national average of EPC band D. However, 100% of housing stock falls short of EPC band B. This is a very challenging target to achieve both financially and in construction.
- 8.5 The likely funds required will need some thought in terms of the appropriateness and application of current solutions and their limitations to improve certain property types to the standard required. The largest impact on improving the energy efficiency is via the external envelope. Improvements to building envelope poses challenges both in terms of cost and logistics. Different strategies will be required for different property types, in particular street properties will require different techniques to tower blocks, and each type has opportunities and barriers. The research, design and procurement required to deliver this process will be a key part of articulating the projects and actions we need to include in the first five years of the asset management strategy.
- 8.6 However, notwithstanding the above, the costs of achieving EPC band B across our stock by 2030 are likely to be in excess of c£100m. Without central government support, this is unlikely to be affordable within the current terms of

the HRA financial plan. Therefore, articulating the challenges and solutions and developing the funding strategy will be key activities for finance and asset managers going forward.

- 8.7 As well as reducing carbon emissions from the housing stock, we will need to consider how we can support reductions in emissions from transport, reductions in waste and an increase in recycling, especially food waste, and an increase in water conservation.

## **9 Two year investment programme 2020/22**

- 9.1 The first two years of the draft asset management strategy is supported by a proposed works plan. Please refer to appendix 2. We have a good understanding of the condition and fire safety requirements of our stock and have used this knowledge to address the draft strategic commitments, proposed and discussed below, to target work to improve safety for our residents.
- 9.2 Over this first period of the strategy, the main focus of our spend is on tower block fire safety and completing the low-rise fire safety programme in the immediate period. It is proposed that all major refurbishments will also address climate change emergency requirements and targets if it is affordable to do so at this time.
- 9.3 The investment budget as shown in appendix 2 is a requirement for £15,759,307 and £24,436,030 for 2020/21 and 2021/22 respectively – a total of c£40.2m over two years. There is no borrowing required for 2020/1 as the programme fits within the current allocation of £17m.
- 9.4 The financial pressure in year two has arisen because there is an opportunity to upgrade properties to EPC band B standards whilst we undertake major refurbishment work on the tower blocks. The two-year plan therefore includes climate change emergency works within the tower block programme now rather than having to return in later years with associated disruption and increased costs.

## **10 Tower Block major refurbishment works programme**

- 10.1 All 14 tower blocks are to have fire safety works to maintain statutory compliance for the duration of their lifespan as residential housing. The extent of the works will depend upon the length of time it is proposed to keep the blocks as residential housing and will be reviewed in light of the demolition programme of eight blocks on the South Kilburn estate. It should be noted that if we do not maintain the pace of decanting and demolition, we may need to spend significant sums to improve fire and structural safety and for this investment to be lost upon demolition shortly afterwards.
- 10.2 The six blocks that have a long lifespan as residential housing will have fire safety measures as recommended by the type 4 FRA surveys and to meet the commitment made by the Council to have the highest standards of fire safety for residents. Such an approach provides a high degree of future proofing in



advance of any potential legislation changes to building and fire regulations that are recommended following completion of the Grenfell inquiry.

10.3 The six blocks are Kilburn Square, Manor Court, Lodge Court, The Oaks, Windmill Court and Watling Gardens. They shall also benefit from wider integrated major works as identified in the stock condition survey and the borough-wide climate emergency strategy to make a positive impact on neighbourhoods and provide long-term sustainable homes that are energy efficient and mindful of environmental impact.

10.4 The Tower Block programme is planned to commence on site in 2020/21 financial year. The works will include sprinklers and major refurbishment and require extensive planning and resident consultation. Each block will also receive energy efficiency work. The refurbishment projects within the programme are as follows:

#### **10.4.1 Kilburn Square Tower**

This is the first tower block to receive major refurbishment. The estimated cost is £5,779,243. The works comprise:

- Roof fabric renewal
- External fabric repair
- External wall insulation
- New triple glazed aluminium windows.
- New lifts.
- Sprinkler system to dwellings.
- Enhanced fire safety works including compartmentation and fire stopping, and LD2 smoke alarm systems.
- Internal communal area refurbishment.
- New domestic ventilation.
- Partial heating replacement
- Kitchens and bathrooms.
- New internal waste stacks
- Other associated works such as roof covering to main entrance, masonry repairs of rooftops, repairs to balconies and balustrades, class 0 paint to internal communal areas, fire doors to kitchens, and external drainage.

There are 12 leaseholders residing here. The likely recharge for the works could be £58,471.

Consultation on the proposals is planned to commence in June 2020 subject to social-distancing rules and technology.

#### **10.4.2 Manor Court and Lodge Court**

These blocks are proposed to receive the following works:

- External fabric repair
- External wall insulation
- New triple glazed aluminium windows.

- New electrical heating system
- Electrical rewires
- Sprinkler system to dwellings.
- Enhanced fire safety works including compartmentation and fire stopping, and LD2 smoke alarm systems.
- Minor works and partial decoration to internal communal areas.
- New domestic ventilation.
- Some Kitchens and bathrooms.

The estimated cost for both blocks is £5,292,129.

There are 13 leaseholders residing within the two blocks. The likely recharge for the works could be an average of £62,000. The leaseholders may reduce this re-charge if they pay to replace their own existing electrical heating system and carry out a rewire to our standards and requirements or have already done so.

#### **10.4.3 Windmill Court (Commences 2022)**

This block will receive the following works:

- Roof fabric renewal
- External fabric repair
- External wall insulation
- New triple glazed aluminium windows.
- New heating and hot water system
- Sprinkler system to dwellings.
- Enhanced fire safety works including compartmentation and fire stopping, and LD2 smoke alarm systems.
- Internal communal area refurbishment.
- New domestic ventilation.
- New Kitchens and some bathrooms.
- New waste stacks
- Other associated works such as new AOV system, CCTV improvements, car park improvements,

The cost is estimated at £5,273,450.

There are 23 leaseholders residing here. The likely recharge for the works could be £36,307

#### **10.4.4 The Oaks (Commences 2023)**

This block will receive the following works:

- External fabric repair
- External wall insulation
- New triple glazed aluminium windows.
- Sprinkler system to dwellings.
- Enhanced fire safety works including compartmentation and fire stopping, and LD2 smoke alarm systems.
- Internal communal area refurbishment.

- New domestic ventilation.
- Most Kitchens and some bathrooms.
- New waste stacks
- Other associated works such as balconies and balustrades

The cost is estimated at £2,432,782.

There are seven leaseholders residing here. The likely recharge for the works could be £46,209

#### **10.4.5 Watling Gardens (Commences 2023)**

The renovation of these blocks ended a month before Grenfell and included energy efficiency work. Under this programme the three tower blocks on this estate will receive the following works:

- Sprinkler system to dwellings.
- Enhanced fire safety works including compartmentation and fire stopping, and LD2 smoke alarm systems.
- Internal communal area refurbishment.
- New domestic ventilation.
- Most kitchens and some bathrooms.
- New waste stacks
- Domestic electrical rewires
- Other associated works such as roof access protection and rainwater goods.

The cost is estimated at £3,633,619.

There are 21 leaseholders residing within the three blocks. The likely recharge for the works could be an average of £19,000

### **11 South Kilburn Estate**

11.1 The blocks on this estate have also been included within the two-year plan for necessary works. The blocks identified for demolition require maintenance to ensure they remain safe in occupation and that residents do not feel the Council has no interest in them or their homes. The majority of the blocks have not received any significant capital investment for many years. A number of blocks have problems with fabric damage, which in some instances is allowing water to penetrate the block causing dampness and damage to the block. The two-year capital investment programme will focus on addressing the condition and safety of the blocks proportionately to length of their projected lifespan.

11.2 This will be reviewed in light of progress with the demolition programme. It should be noted that if we do not maintain the pace of decanting and demolition, we may need to spend significant sums to improve fire and structural safety and for this investment to be lost upon demolition shortly afterwards. For example, an overall slippage of two to three years to the demolition schedule may move the cost from £4m of repair and safety costs to £40m.

- 11.3 Owing to statutory requirements and the timeframe for the regeneration, each block will require an individual risk assessment, an intrusive survey and a plan of action to address fire safety and any structural issues to ensure the block's safety pending demolition.
- 11.4 Should this plan be agreed and the scope of works delivered and then the decant date slips, this may create problems in terms of risk, safety, resident expectation and cost. Second visits to properties would create logistical and reputational issues with further works required following the works that have already been completed to meet the original demolition timetable. Therefore realistic decant dates are required and must be kept to.
- 11.5 The estate has a high number of Large Panel System blocks that require intrusive investigations to determine their condition and ability to withstand progressive collapse. An allowance has been made for intrusive investigation and testing. If the inspection and testing reports recommend strengthening work to each block (and this is highly likely), it will have a significant cost implication as well as an urgency to proceed with the work. The cost of strengthening works is significant and is likely to be between £2m and £4m per high-rise block.
- 11.6 There are nine Large Panel System blocks in South Kilburn including three high-rise blocks over 12 storeys. These are Hereford House, Austen House and Dickens House. It is recommended these blocks are accelerated for decant to avoid the excessive cost of possible structural strengthening.

## **12 Proposed commitments of the draft Asset Management Strategy – for consultation**

- 12.1 The draft Asset Management Strategy (2020-2025) may be found attached at Appendix 1 and is proposed to be consulted on with residents.
- 12.2 It is based upon six core commitments:
- a. We have a good understanding of the condition of our housing stock and use this knowledge to target work, providing and maintaining quality, safe homes for our residents.
  - b. The homes we manage are fully compliant with all fire safety regulations and as a service, we take a proactive approach to delivering fire safety works and providing peace of mind for our residents.
  - c. The work we do is informed by resident priorities and feedback and we use what residents tell us about their experience to provide homes and estates where residents feel proud to live.
  - d. Our housing stock is efficiently managed and opportunities to create greater economic and social value are recognised.
  - e. The homes we manage are energy efficient and the services we deliver are mindful of environmental impact.

- f. We provide a quality repairs service that is accessible and accountable to our residents.

12.3 Within each of these commitments are the high-level actions that we intend to undertake to deliver upon that commitment. These will be further developed through the consultation period, by engagement with both residents, staff and partners, so that when the final strategy is published, they can form the basis of the action plan to deliver the strategy.

### 13 Next Steps

13.1 Over the 8-week consultation period, we intend to;

- a. Consult with residents as to whether these commitments are the right focus for the next 5 years
- b. Analyse the findings of the latest 20 % sample of stock condition surveys
- c. Continue to undertake further targeted research to reconcile the discrepancies between the first phase of stock condition surveys, and some of the findings of our resident insight work

13.2 This will enable us to return to Cabinet with a strategy that has been tested with residents, and is informed by their feedback and the maximum amount of stock condition data available to us at this time.

13.3 The timetable for consultation and gaining approval for the final strategy is set out below:

Date	Action
June	Start of 8 week consultation
27 July	Consultation ends
October	Final strategy presented at CMT
October	Final strategy presented at PCG
November	Leaders Briefing
November	Cabinet Approval

### 14 Financial Implications

14.1 This Asset Management Strategy is expected to be delivered while being closely aligned with affordability within the HRA Business Plan. The costings will need to demonstrate through cash flow profiling over strategy plan period (5 years), and long term (30 years), that there will be sufficient funding to meet the planned expenditure within the HRA.

14.2 The investment budget set out in Appendix 2 shows a requirement of £15.8m and £24.4m for 2020/21 and 2021/22 respectively – a total of £40.2m over two years. However, the approved capital programme budget for 2020/21 includes £34m over two years (i.e. £17m each year). The two year plan will therefore be reviewed and either reduced or supported by borrowing for the asset management strategy. There is no borrowing required for 2020/21 as the programme planned spend is within the current allocation of £17m.

14.3 There will be work elements that are rechargeable to leaseholders through major works service charges. The average costs to leaseholders is between

£30k - £40k per property. Efficient billing and Section 20 consultation will be essential to achieve successful recovery of service charges, so that major works income can be re-invested to continuously improve homes.

- 14.4 If there are improvement works that management consider as essential, while the cost is in excess of budget availability in any particular year, it will result in the need to borrow to cover the budget shortfall. Future revenue budgets should be sufficient to meet interest payment on increased debt levels.
- 14.5 Spend slippages resulting in underspend against budget in a particular year, will be rolled forward to cover spend in following years. Should spend of £40.2m be achieved in the next 2 years, it will result in the need to borrow £6.2m in 2021/22, of which £2m will be from 2019/20 spend slippage rolled forward into future years. The estimated interest cost of borrowing is £0.12m (assumed at 2% borrowing rates), and will need to be covered within revenue budgets, through additional income generation or cost savings.
- 14.6 The HRA budget is set on a 2-year rolling basis, and approved as part of the Council's annual budget. The additional cost of budgeting for the 2021/22 financial year will need to be built into the budget and require by cabinet approval.
- 14.7 As with all capital projects there is a risk of overspend against the cost estimates included in this report. This will be mitigated and managed through the monthly capital programme governance namely the monthly HCIB and CPB monitoring meetings.

## **15 Legal Implications**

- 15.1 Under section 74 of the Local Government and Housing Act 1989 ("the 1989 Act"), the Council is required to keep a separate Housing Revenue Account (HRA) of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account.
- 15.2 Under section 11 of the Landlord and Tenant Act 1985, the Council as the landlord has a duty to keep in repair and proper working order the structure and the exterior of the residential properties it owns as well as certain installations for the supply of water, gas and electricity. Failure to comply with this duty leaves the Council to be liable to legal action from its tenants for being in breach of the tenancy agreement in relation to housing disrepair.
- 15.3 Section 1 of the Homes (Fitness for Human Habitation) Act 2018 ([H\(FHH\)A 2018](#)) amends the landlord and Tenant Act 1985, inserting section 9A which implies a covenant on the part of the council as landlord which is let wholly or mainly for human habitation, that rented dwellings must be fit for occupation at the beginning and throughout the tenancy. This term adds to landlords' repairing obligations implied into tenancy agreements by s11LTA 85. The key question when determining unfitness for human habitation is whether a property is 'not reasonably suitable for occupation in that condition' because of one or more of the following factors: repairs; freedom from damp; internal arrangement; natural lighting; ventilation; water supply; drainage and sanitary

conditions; stability; facilities for preparation and cooking of food and for the disposal of waste water; any 'prescribed hazard' – this is defined as any matter or circumstance amounting to a category 1 or 2 hazard under the Housing Health and safety rating system (HHSRS)

- 15.4 Tenants also take legal action in relation to housing disrepair against their landlords by issuing proceedings in the Magistrates Court where the premises are in such a state as to be prejudicial to health or a nuisance as set out in section 79 of the Environmental Protection Act 1980. 'Prejudicial to health' is defined as '... injurious, or likely to cause injury, to health'.
- 15.5 The Regulator of Social Housing has set out standards which registered providers of social housing must meet. The Home Standard which was set by the Regulator of Social Housing deals with quality of accommodation and repairs and maintenance.
- 15.6 In relation to quality of accommodation, the Home Standard states that registered providers of social housing, which includes local authorities, should do the following:
  - (a) ensure that tenants' homes meet the standard set out in section five of the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard;
  - (b) meet the standards of design and quality that applied when the home was built, and were required as a condition of publicly funded financial assistance, if these standards are higher than the Decent Homes Standard; and
  - (c) in agreeing a local offer, ensure that it is set at a level not less than these standards and have regard to section six of the Government's Decent Homes Guidance.
- 15.7 In relation to repairs and maintenance, the Home Standard states that registered providers of social housing, which includes local authorities, should do the following:
  - (a) provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time; and
  - (b) meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.
- 15.8 Under section 105 of the Housing Act 1985, the Council as a local authority landlord has a duty to consult with those of its secure tenants who are likely to be substantially affected by matters of housing management, which includes the management, maintenance and improvement of dwelling houses let by the Council under secure tenancies and the provision of services in connection with such dwelling houses. The consultation requirements under section 105 of the Housing Act 1985 must enable the secure tenants likely to be affected by changes in relation to housing management as mentioned above to be informed of the Council's proposals and to make their views known to the Council within a specified period.

- 15.9 Section 151 of the Commonhold and Leasehold Reform Act 2002 (which replaced the previous consultation procedure in the Landlord and Tenant Act 1985, section 20 though the old title 'section 20' is still used) sets out the requirements for consulting leaseholders. Under the provisions of s151 Landlords must consult leaseholders before carrying out qualifying work or entering into a long-term agreement for providing services. The Council must consult residential leaseholders: **a)** if qualifying works are to be undertaken at the Property. In a property where not all leaseholders pay the same service charges, qualifying work is any work which would result in a charge of more than £250.00 (inc VAT) to any one leaseholder; or **b)** if the Council plans to enter into a qualifying long-term agreement. In a property where not all leaseholders pay the same service charges, a qualifying long term agreement is an agreement which the landlord enters into with an independent organisation or contractor which is to last for a period of more than 12 months and which would give rise to annual charges of £100.00 (inc VAT) or more to any one leaseholder.

The consultation rules for qualifying work and the procedures which Landlords are required to follow are set out in Schedules 3 and 4 of the Service Charges (Consultation Requirements) (England) Regulations 2003.

The consultation rules for qualifying long-term agreements are set out in Schedule 1 and Schedule 2 of the 2003 service charge regulations.

If the landlord does not consult leaseholders as required by Section 151 recovering service charge costs from leaseholders will be limited to an amount of:

- to
- a)** no more than £250.00 per leaseholder in case of any qualifying works; and
  - b)** no more than £100.00 per leaseholder per year in the case of any qualifying long agreements.

- 15.10 Pursuant to clause 13 of Part 3 of Brent Council's Constitution, an individual Lead Member has authority to approve broad consultation arrangements relating to their portfolio, in consultation with the Leader. Subject to the consideration and suggestions provided by Members at the PCG meeting, officers plan to seek the authorisation of the Lead Member for Housing and Welfare Reform to commence the consultation process regarding the proposed draft Asset Management Strategy.

## **16 Equality Implications**

- 16.1 None noted

## **17 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)**

- 17.1 The Asset Management Strategy includes a number of targets, studies and commitments that are aligned to the Council's climate emergency goals.
- 17.2 It is essential that the Strategy is reviewed on an annual basis so that we can incorporate the learning from studies and pilot programmes and capitalise on any new technologies and external funding arrangements.



**Report sign off:**

***Phil Porter***

Strategic Director of Community Wellbeing

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