

CABINET - 9TH MARCH 2023

Report of the Director of Housing and Wellbeing Lead Member: Councillor James Poland

Part A

HOUSING REVENUE ACCOUNT ASSET MANAGEMENT STRATEGY 2023-2028

Purpose of Report

To consider the Housing Revenue Account (HRA) Asset Management Strategy 2023-2028.

Recommendation

1. That the Housing Revenue Account Asset Management Strategy 2023-2028 at Appendix 1 be approved.
2. That delegated authority be given to the Director of Housing and Wellbeing to make minor amendments to the Housing Revenue Account Asset Management Strategy 2023-2028 in consultation with the Lead Member for Public Housing.

Reason

1. To set out a strategy for the management of HRA assets to provide high quality homes and communal areas.
2. To enable minor amendments to be made in response to internal and external changes in context which have a bearing on the strategy.

Policy Justification and Previous Decisions

The Housing Revenue Account Asset Management Strategy 2023-2028 will support compliance with the Homes and Communities Agency Home Standard (2012), which, in summary, states the Council must:

- ensure that tenants' homes meet the standard set out in the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard.
- meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.
- ensure a prudent, planned approach to repairs and maintenance of homes and communal areas.

On the 14th of March 2014 (Minute 119) Cabinet approved the Charnwood Standard, to provide a higher standard of accommodation than the statutory Decent Homes Standard.

On the 10th of February 2022 (minute 83) Cabinet approved the updated Housing Revenue Account (HRA) Business Plan 2021-2052 and Asset Management Strategy Framework.

The Housing Revenue Account Asset Management Strategy 2023-2028 will support delivery of the following Corporate Strategy 2020-2024 themes:

Theme 1 - Caring for the environment - *We have already reduced our carbon footprint and we have pledged to become a carbon neutral organisation by 2030 to help tackle climate change.*

Theme 2 - Healthy Communities - *We are passionate about improving housing in the social... sector. We will continue to invest in our council homes... to ensure high-quality homes are available to residents.*

Implementation Timetable including Future Decisions and Scrutiny

The Strategy will be implemented when the Cabinet decision comes in to force.

Implementation of the strategy will be monitored by the Housing Management Advisory Board.

Report Implications

The following implications have been identified for this report.

Financial Implications

A stock condition survey has been completed, providing greater insight in to stock investment needs and associated costs. Cost inflation has significantly outstripped rent inflation (which has been capped through government intervention), and borrowing rates are less favourable than they were. As a consequence there is an overall negative impact on the business plan in terms of reduction in reserve balances and increased debt of around £83.2million. The advice from Savills UK is that projected borrowing is within provisional “golden-rule” limits, and there is capacity within the plan to borrow to invest in the stock. The long term financial position is subject to external factors including inflation and government rent policy. The strategy sets out a number of actions which may be taken to improve the value of the stock in part mitigation.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
The strategy, which requires a more active model of asset management,	Likely (3)	Major (4)	High (12)	Resources to be recruited to support delivery of the strategy.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
cannot be delivered due to insufficient resource leading to missed opportunities to improve the value of the stock, financial loss, non-compliance with the Decent Homes Standard, disrepair claims, and reduced tenant satisfaction.				<p>A cross directorate asset management strategy delivery group will be established.</p> <p>Progress will be monitored by the Housing Management Advisory Board.</p>

Equality and Diversity

An equality impact assessment can be found at Appendix 2.

The strategy is likely to benefit the following groups through future consideration of and focus on the following areas:

- Older people and independent living accommodation.
- Disabled people and adapted housing.
- Tenants in fuel poverty and home energy efficiency improvements.
- Tenants and prospective tenants and increasing the availability of high-quality social housing.

Crime and Disorder

This strategy will positively contribute towards the achievement of the Council's responsibilities under Section 17 of the Crime and Disorder Act (1998) to undertake reasonable action to improve community safety in the borough. The strategy has considered the condition of blocks of accommodation, including communal entrance doors which provide an enhanced level of security for tenants and their families.

Sustainability

The following principles of sustainability will be supported through the strategy:

- Avoid increase in energy intensity of Council owned buildings and maximise efficiency.
- Reduce poverty, crime, anti-social behaviour and increase community safety.
- Improve public health and wellbeing.
- Support the meeting of the housing needs of all sections of the community.

Key Decision: Yes

Background Papers: Housing Revenue Account Business Plan and Asset Management Strategy

https://www.charnwood.gov.uk/files/papers/cab_25_september_2014_item_06_hra_business_plan_2014_2044_and_housing_asset_management_strategy_2014_2019/Cab%2025%20September%202014%20Item%2006%20HRA%20Business%20Plan%202014-2044%20and%20Housing%20Asset%20Management%20Strategy%202014-2019.pdf

Exempt - Future Arrangements for the Delivery of Planned Works, Voids, and Associated Works.

Housing Revenue Account Business Plan 2021-2052 and Asset Management Strategy Framework

[Agenda for Cabinet on Thursday, 10th February, 2022, 6.00 pm - Charnwood Borough Council \(moderngov.co.uk\)](#)

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Part B

1. Background

1.1 The HRA Asset Management Strategy is a key document which sits alongside the HRA Business Plan. It sets out stock investment needs and considerations.

2. Strategy Development

2.1 The strategy has been produced by Savills UK. A number of distinct pieces of work have fed in to the strategy. These are summarised below.

3. Representative Sample Stock Condition Survey

3.1 Around 20% of the Council's stock has been surveyed. The survey was completed in the Summer of 2022 and has provided a condition based assessment of stock investment need on which financial projections can be made. Savills UK has advised the condition of the stock is within normal benchmark parameters.

4. High Level Energy Study

4.1 Energy performance data has been collected through the stock condition survey. Once existing planned investment is taken into account a net additional cost of around £89m (this sum is in addition to the additional projected spending set out in the financial implications section of this document) would be required to get dwellings to a mid EPC C rating, which is a good level of energy efficiency. It is almost certain subsidy would be required to achieve this level of investment.

4.2 The information obtained through the study will be further analysed to inform the Council's approach to improving the energy efficiency and decarbonisation of its stock. Savills UK has advised there does not appear to be a "quick win" external wall insulation scheme, given many of the Council's properties were insulated around a decade ago.

5. Asset Performance Evaluation

5.1 This piece of work has provided insight into which assets are performing well from a financial and social perspective, and which are not. The information will be used to inform the Council's approach to investment, including stock acquisitions, and disposals.

5.2 The strategy identifies the need for progression of the sheltered review. The review is expected to be a significant piece of work going forward, and will need to be resourced appropriately.

6. Updated HRA Business Plan

6.1 The stock condition survey has produced a new set of figures associated with investment needs. These are summarised in the strategy at section 3.2. The existing HRA business plan will be updated and brought forward to Cabinet. As set out in the financial implications, given there is increased financial pressure, a more active model of asset management will be needed as part mitigation.

7. Consultation

7.1 Tenant priorities identified through the STAR satisfaction survey, and feedback from the Charnwood Housing Residents Forum has been used to shape the strategy.

7.2 The Housing Management Advisory Board has received a detailed presentation from Savills UK on the strategy, and it was resolved at its meeting on 1st February 2023:

- a) That the presentation on the work undertaken by Savills on behalf of the Council to produce a Housing Revenue Account (HRA) Asset Management Strategy and discussion at this meeting be noted;
- b) That the presentation slides and the draft HRA Asset Management Strategy be circulated to members of the Board and any further comment sent to the Director Housing and Wellbeing, noting that the Strategy was programmed for submission to Cabinet on 9th March 2023.

Reasons

- a) To acknowledge the Board's consideration of the matter.
- b) To enable further consideration and comment should members of the Board so wish, including members who had been unable to attend this meeting.

Appendices

Appendix 1 - Housing Revenue Account Asset Management Strategy 2023 - 2028

Appendix 2 - Equality Impact Assessment

Charnwood Borough Council Asset Management Strategy 2023-2028

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1. Introduction

1.1. Background

The Council has invested over £52 million in its stock over the life of the 2014 Asset Management Strategy to date to deliver investment in our homes.

This strategy sets out the Council's proposed approach to updating the 2014 Asset Management Strategy, ensuring it links closely to our objectives, and highlights risk and opportunities around our HRA assets.

This document is designed as a robust, evidenced based asset management strategy to lead our investment decisions. Its foundations are our understanding of our properties and the work needed to keep them in a good condition, safe and energy efficient alongside our residents' priorities for their homes. It seeks to deliver value for money for the Council and our current and future residents. It is supported by an action plan set out at Appendix Two that we will use to direct and monitor activity.

1.2. Scope

This strategy sets out our overall approach to asset management of the HRA stock. It includes all our housing assets, including sheltered accommodation and other HRA assets including garages and shops.

This strategy will be the framework for our asset management activity, setting out the key drivers for our decisions and the actions we want to achieve over the short, medium and long term. It is a high level strategy for asset management, with implementation supported by operational plans and policies.

1.3. Purpose

The asset management strategy will contribute to delivery of our corporate and business plans. It structures our ability to deliver three core components of asset management:

- **Stock investment:** Investing to maintain the stock to a standard that meets customer and Council needs and regulatory requirements including building safety
- **Active Asset Management:** Activities to improve the performance of assets that have a poor social, economic or environmental performance, because of low demand or high costs, and either improving them, or replacing them with properties which are fit for purpose.
- **Supporting wider objectives:** Being clear where and how asset management is supporting wider objectives, such as, energy efficiency, increasing the supply of new homes and creating sustainable communities.

1.4. Context

1.4.1. National context

The current economic conditions, with high inflation and interest rates, present affordability challenges for our residents, and for our business plan. There are limits on the extent to which we can increase our income in line with inflation. So resources in our business plan will be constrained and this strategy sets out how we will meet these challenges.

There is a high focus on data and safety. The Building Safety Act 2022 introduces additional costs and management obligations for buildings over 18m, as well as impacting on lower rise buildings. Whilst the Council has no buildings over this threshold, the Act does impact on the approach to management of the wider stock. Landlord compliance activity is critical to ensuring our homes are safe. Like many providers, the Council has strengthened delivery in key areas.

Energy efficiency, and readiness for changing environmental technologies have also become more prevalent. The Climate Change Act 2008 (2050 Target Amendment) Order 2019 was adopted in June 2019, and makes a statutory obligation of the net-zero emissions target of 2050 recommended by the Committee on Climate Change. Fuel Poverty regulations require us to ensure no rented property is below EPC C by 2030 as far as reasonably practical and the Heat and Buildings Strategy 2021 requires all properties to be at EPC C by 2035 where affordable. We have set out our plans to deliver against these targets in **section 3**.

The increased focus on consumer regulation in the Social Housing Regulation Bill signals a move by the Social Housing Regulator introduces new powers on transparency and information provision with a proactive approach to enforcement which can include consumer standard inspections. The focus will be on the role of co-regulation to strengthen customer accountability, and the importance of good data to enable all social landlords to demonstrate compliance. Regulation and inspections will focus on the quality of evidence of compliance and whether reporting enables the Council members to have strategic oversight.

At the same time the government is reviewing the Decent Homes Standard and this could lead to an updated Decent Homes Standard in the near future that we need to take into account when considering our investment priorities.

1.4.2. Local context:

The period of Covid lockdowns impacted on our asset management services through delays in the delivery of capital programmes and a build-up of voids. We are in the process of catching up from this.

We are in the mobilisation stage of changing our model for the delivery of planned investment, moving away from delivery of multiple workstreams through a single managing contractor, to a model based on delivery through multiple dedicated specialist contractors.

Asset Management Strategy 2023-2028

We face continued stock loss from Right to Buy, losing an average of 40 homes a year. With ongoing high housing demand and limited land holdings this means that we need to be continually reviewing our existing asset base to identify opportunities for growth. This includes a review of our sheltered housing schemes and garage sites. We have also started to consider property disposals in cases where resources can be more effectively used to support higher quality housing. We plan to develop a proactive policy of disposals in limited circumstances going forward to support our growth ambitions.

1.5. Corporate priorities

Our Corporate Strategy (2022-24) sets out Charnwood's vision to deliver high quality living in urban and rural settings. Key themes relevant to our asset management strategy include:

Caring for the environment - We have already reduced our carbon footprint and we have pledged to become a carbon neutral organisation by 2030 to help tackle climate change.

Healthy Communities - We are passionate about improving housing in the social sector. We will continue to invest in our council homes... to ensure high-quality homes are available to residents. We will continue to work with partners to make our towns and villages safer places to live.

Your Council: Customer Service – We will continue to improve customer service, with services increasingly available at the fingertips of residents through our digital channels, while maintaining the opportunity to talk to staff in person where needed. And we commit to strongly listening, talking and engaging with residents as we work together to create a more vibrant and prosperous Charnwood.

Our Housing Strategy (2015 – 2020) is currently under review. The previous strategy committed to supporting the Council's corporate vision through making best use of existing stock. This strategy builds on this theme and sets out the steps we have taken to put ourselves in the best possible position to actively manage our properties going forward, for the benefit of current and future residents.

1.6. Asset management objectives to support our corporate priorities

Linked to our Corporate Strategy themes set out above, we propose ten key objectives for asset management which underpin this strategy

- Maintain up to date and reliable information on the stock, its environmental impact, and its condition to demonstrate a comprehensive understanding of liabilities.
- Maintain clear standards to ensure quality homes that are warm, safe, and attractive to residents, and to consult with tenants and other stakeholders on these standards.
- Ensure that our investment to meet these standards is needs based and prioritised, with priorities for investment focused on areas of greatest risk and resident priorities.
- Ensure that our plans are affordable within the HRA Business Plan and are considered against existing and potential objectives relating to the improvement of sheltered accommodation, acquisitions, new supply, decarbonisation, and future consideration of regeneration.
- Understand the financial and non-financial performance of our assets and deliver investment where it will generate appropriate return.

- Carry out options appraisals on stock that does not meet our requirements or offers other opportunities, exploring a range of alternative options to improve outcomes for tenants and the HRA Business Plan.
- Deliver value for money through clear, compliant, efficient, and well monitored programmes of work.
- We will communicate with and listen to our residents to ensure their priorities are at the heart of our decision making
- We will provide asset management services to meet current and future needs of our diverse communities.
- We will measure and report on our performance across all areas of the strategy – to colleagues, the Council, our residents and other stakeholders.

The strategy is divided into sections which set out our approach to asset management at key stages. In each section we have set out the supporting asset management objectives. Each section includes key actions that will deliver these objectives.

1.7. Planning requirements and tools

We have a range of tools to assist in the process of delivering this strategy. Central to effective asset management is the collation and use of robust and integrated management information to enable effective planning. The new strategy relies on information in the following areas which will need to be regularly updated to ensure it is fit for purpose.

- **Stock condition data**

This strategy is based on a recent survey of 20% of our stock which serves to validate our HRA business plan and our decent homes position. An ongoing programme of surveys to support the strategy objectives and ultimately move to a position of 100% survey coverage will be developed to support investment planning. We are also developing an enhanced process to capture and update data from planned and responsive programmes and an up-to-date schedule of rates providing accurate costs of replacement.

- **Data and governance to support compliance**

We have a suite of KPIs to monitor compliance across all key areas, with management plans in place for fire, asbestos, legionella, electric, and gas. We have a lift servicing schedule in place and will develop a management plan. We use CORGI Compliance Document Management System (CDMS) to gather, analyse and manage our gas and electrical compliance documents. We use cross service meetings to manage risk. Our current position statement in respect of compliance is set out **section 3**.

- **Asset Performance Evaluation**

We have a comprehensive understanding of asset performance, from both a financial and social perspective that we can use across the Council to inform investment planning, strategic asset management, housing management and neighbourhood planning. We will use the information to make more informed decisions about where and when to invest in our assets and how best to support our residents and communities to thrive. The results of this evaluation, and details of how we will use it to support decision making is set out in **section 4**.

- **Skills and expertise**

We have recruited to a stock condition surveyor post to deliver the ongoing survey programme as we develop our strategy to achieve 100% survey coverage.

Asset Management Strategy 2023-2028

Asset management is delivered through our Investment and Programme Delivery Team. This includes resources for surveying, data administration, inspections, and customer liaison.

Our approach is to ensure that as far as reasonably practicable we have the resources in house to control all key functions and to deliver the objectives of this strategy.

- **IT systems**

We are committed to ensure we have a robust asset management database/system. We will consider the use of the current and alternative IT systems, and our requirements in respect of the real time update of asset data following our survey. This is picked up in **Section 3**.

These are the core tools required so that we can understand our assets, make informed decisions about their future, and deliver the component parts of this strategy.

2. Demand and Resident Priorities

Objectives: Demand and Resident Priorities

- We will communicate with and listen to our residents to ensure their priorities are at the heart of our decision making.
- We will provide asset management services to meet current and future needs of our diverse communities.

2.1. Housing strategy

This strategy is aligned to our Housing Strategy to provide an understanding of the local housing market and ensure that our investment is aligned to meeting identified housing need to maximise its impact.

2.1.1. Housing Market

Many of the citizens of Charnwood in 2011 were owner occupiers, either outright or with a mortgage (82%). House prices in Charnwood have increased at a far greater rate when compared to England but are consistent with that witnessed across the East Midlands, and like many areas, have risen at a far faster pace than earnings making it unaffordable for many citizens.

The private rented sector made up around 10% of the housing market in 2011, lower than that of England and the East Midlands. While median rents have seen an upward growth of around 10% in recent years, lower quartile rents have remained relatively static and generally are within Local Housing Allowance rates. This means that there are alternative options for low-income households within the Borough outside of social housing.

Social housing made up just over 7% of the housing market in 2011, with the Council as the majority stockholder. This is significantly lower than the average recorded across England (18%) and the East Midlands (16%).

2.1.2. Age and Disability Profile

While the Borough has a relatively young age profile, in part due to the university, the number of people aged 65 and over is set to increase rapidly up to 2041, and with this increase, the number of our citizens living with Dementia and mobility problems is also set to rise.

This leads to a need for more specialist, accessible and adapted homes within the Borough, across all tenures. This issue is one that has been further compounded following the recent assessment of existing supply of the Council's own sheltered accommodation and it not meeting older people's needs and aspirations.

2.1.3. Housing Need

Charnwood has a growing population and as such, an increasing need for homes to meet this demand. The assessment of housing need completed in 2022 suggests that nearly 1,200 additional homes per annum are required.

Asset Management Strategy 2023-2028

2.1.4. Affordable Housing Need

The most recent assessment of affordable housing need suggests that there is a need in the Borough for over 450 affordable homes to rent per annum.

Delivery of affordable homes to rent falls far below the levels of identified need, creating a requirement for the Council to take the lead in the direct delivery of affordable homes, where it has the resources to do so, and increase its efforts in its enabling role, coordinating its Registered Provider partners towards increasing this supply.

2.1.5. Existing Affordable Housing Stock

The council owns around 5,500 affordable homes to rent, with Registered Providers owning a further 3,400.

Just over 60% of the Council's stock is general needs housing, with the remainder being age restricted or sheltered accommodation.

Nearly 50% of the Council's stock holding is flatted accommodation, predominantly made up of one-bed flats or bedsits, and almost 35% made up of three-bedroomed houses. The low number of two-bedroomed houses is noteworthy when compared to demand from the waiting list.

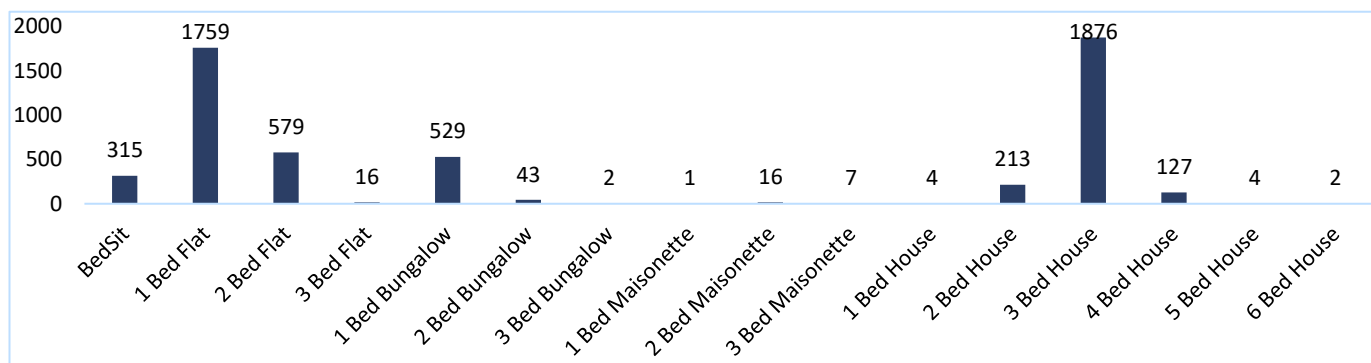


Figure 1: Current Council Housing Stock

2.1.6. Affordable Housing Demand

There were over 1,200 active households on the Housing Register at the end of 2021/22, of which over 1,000 were in a recognised housing need. Approximately only 20% of the waiting list is rehoused each year.

Demand for one-bedroom homes is significant, with nearly 50% of the waiting list, this is further supported by the recent housing needs assessment. Many of these households are aged under 60 and therefore do not qualify for age restricted or sheltered accommodation. We plan a review to understand the turnover of this stock, waiting times, and how potentially declassifying the age restricted stock could positively impact meeting the needs of this group before committing to a programme of new delivery for this type of accommodation.

The second highest area of demand is those households needing a two-bedroomed home, at nearly 32% of the waiting list. Yet existing supply of this type of accommodation is relatively low in comparison. This is also supported by the latest housing needs evidence. Given the disparities between supply and demand, a programme of new two-bedroomed houses should be considered by the Council in both its delivery and enablement role.

Anticipated future demand for our properties should inform our asset management decisions, in terms of the number, types and locations of properties required. We are commissioning an up-to-date housing needs survey to inform this understanding.

2.2. Regeneration and development

The removal of the HRA debt cap has introduced new freedoms for us to invest in growth where new net income can support additional borrowing. In 2021 we have undertaken a review of HRA business plan capacity which showed the potential for additional capacity in all years. We have recently updated this to reflect the higher inflation over the last year, the updated stock condition data, and understanding of costs to deliver net zero. While capacity is constrained due to additional cost pressures, we are committed to maintaining affordable housing supply within the constraints of the plan.

The Council has utilised one for one Right to Buy capital receipts to fund 30% of acquisition costs of properties to meet the need for affordable rented homes with the remaining 70% from the Housing Revenue Account. This has now increased to 40% in 2021, As of 31st March 2021, the Council has purchased 38 properties either for sale on the open market or offered back to the Council through the Right of First Refusal scheme, with a further 9 properties purchased in 2021/22.

In addition, the Council has taken opportunities to acquire properties via S106 Agreements resulting in 5 additional units in Shepshed and 27 in Queninborough.

However, the impact of the Right to Buy legislation continues to see an annual net loss in the Council's housing stock which reduces the number of affordable properties available to those households on low income by around 40 homes per annum and impacts on the viability of the HRA Business Plan. Changes in how we can use Right to Buy receipts caps acquisitions at 20 homes per year. Whilst capacity is constrained, a disposals, acquisitions, and development strategy is needed to support this work.

Alongside considering options around our sheltered housing stock (set out below) we are also keen to explore a programme of housing regeneration to ensure our homes continue to meet modern aspirations and demand. Section 4 sets out our understanding of asset performance which will inform the direction of our future regeneration strategy.

2.3. Sheltered Housing

The Council owns 14 sheltered housing schemes providing 443 units of accommodation for older people.

In 2015/2016 the Council invested in remodelling Riverside Court sheltered scheme in Birstall providing 29 high quality flats with a first floor residents' lounge including an external balcony taking advantage of panoramic views of the river and water park. The scheme is popular with very low void rates.

Whilst sheltered bungalows are popular with tenants, several of the remaining sheltered flatted schemes are no longer suitable for modern aspirations and we are witnessing high void levels and difficulties letting these as a result. Some 66 properties have been mothballed and 75 are ready to let.

A review of the sheltered housing schemes was undertaken in 2018/2019, which considered the current standard against the Charnwood Standard and future tenant aspirations. A programme of remodelling and investment is now underway with the future of St Michaels Court currently being reviewed.

Our current business plan includes a small provision for improvements to our sheltered housing each year. Section 4 sets out the current performance of the housing and demonstrates that more significant renewal is required to ensure our homes meet modern aspirations and remain viable long term.

This review will include consideration of current and future demand for rented sheltered housing, as well as demand for sheltered housing of other tenure types including for outright or shared ownership. We will explore the extent to which we can develop an approach to sheltered housing which delivers some level of cross subsidy through consideration of options to introduce market housing, in order to support the renewal of rented homes where these are still needed to meet demand.

2.4. Adaptations and other specialist housing

We have nearly 70 homes designed specifically for people with mobility difficulties. The Council is committed to adapting other properties to meet the changing needs of our tenants and have an annual budget of just over £500K. We will consider the benefits of developing an adapted housing register to ensure best use is made of adaptations at relet

2.5. Resident priorities

Tenant involvement in delivery of our housing services is important to the Council. It provides a valuable insight and direction in how the Council invests in the accommodation to meet the aspirations of both current and future tenants.

2.5.1. Resident engagement

The Council has an active Charnwood Housing Residents Forum.

As part of regular engagement through this programme tenants have indicated that they wish to see:

- more properties let
- Consider resourcing planned works
- Individual tenants need more 1-2-1 social support
- Improve sheltered access
- Upgrade shopping areas, estate areas, and paths
- Improve roofs, facias and gutters
- Need to invest in garage space to build. Knock down garages if viable.

Asset Management Strategy 2023-2028

The Council also has a Housing Management Advisory Board (HMAB) made up of tenants and leaseholders. This Board is designed to enable residents to influence policy and has a direct line to cabinet.

2.5.2. Tenant's STAR survey

As part of the ongoing commitment to seek the views of tenants, we regularly carry out STAR surveys of resident satisfaction. The most recent report in November 2021 has identified that the key driver of overall satisfaction is the quality of home, followed closely by how well the Council listens to residents' views and acts on them. This demonstrates that working with our residents to improve asset management is critical to improving resident satisfaction.

When asked what future improvements residents would like to see the Council prioritise, the top priority was building or acquiring more homes (46%), closely followed by investing in sheltered housing (43%), and replacing key components (kitchens, bathrooms, heating systems) more frequently (42%).

Section 4 sets out how we will use active asset management to release resources for new homes. This section also sets out the current performance of our sheltered housing to inform our improvement plans set out above. Section 3 sets out proposals to work with residents to review our investment standard, including the approach to replacement of key components.

2.6. Other stakeholders

We recognise the value of working with partners to help us to deliver the actions in this strategy. This includes engaging with Homes England around our sheltered housing strategy and grant availability. We will liaise with registered provider partners in the development of our growth strategy. We work with partner contractors for the delivery of some elements of our capital programme including kitchens, bathrooms and structural work as well as adaptations. We will also work with contractors in the development of our strategy for energy improvements.

Actions: Demand and Resident Priorities

- We will review the use and classification of our age restricted stock.
- We will develop a separate, linked, disposals, acquisitions, and development strategy.
- We will develop costed plans for improvement to our sheltered housing stock and carry out an options appraisal to consider how these can be delivered.
- We will consider development of an adapted housing register.

3. Our Homes

Objectives: Our Homes

- Maintain up to date and reliable information on the stock, its environmental impact, and its condition to demonstrate a comprehensive understanding of liabilities.
- Maintain clear standards to ensure quality homes that are warm, safe, and attractive to residents, and to consult with tenants and other stakeholders on these standards.

3.1. Stock profile

As set out in Section 2 the Council owns some 5,500 affordable homes of which just over 60% is general needs with the balance either age restricted or sheltered. Nearly 50% of the stock is flatted.

The majority of homes were built over 50 years ago.

The mix of property types affects the management and investment requirements of our stock. It also affects how well it aligns with local need and demand as set out in section 2.

The location of our stock across the borough is illustrated below, with over 50% of the stock in Loughborough.

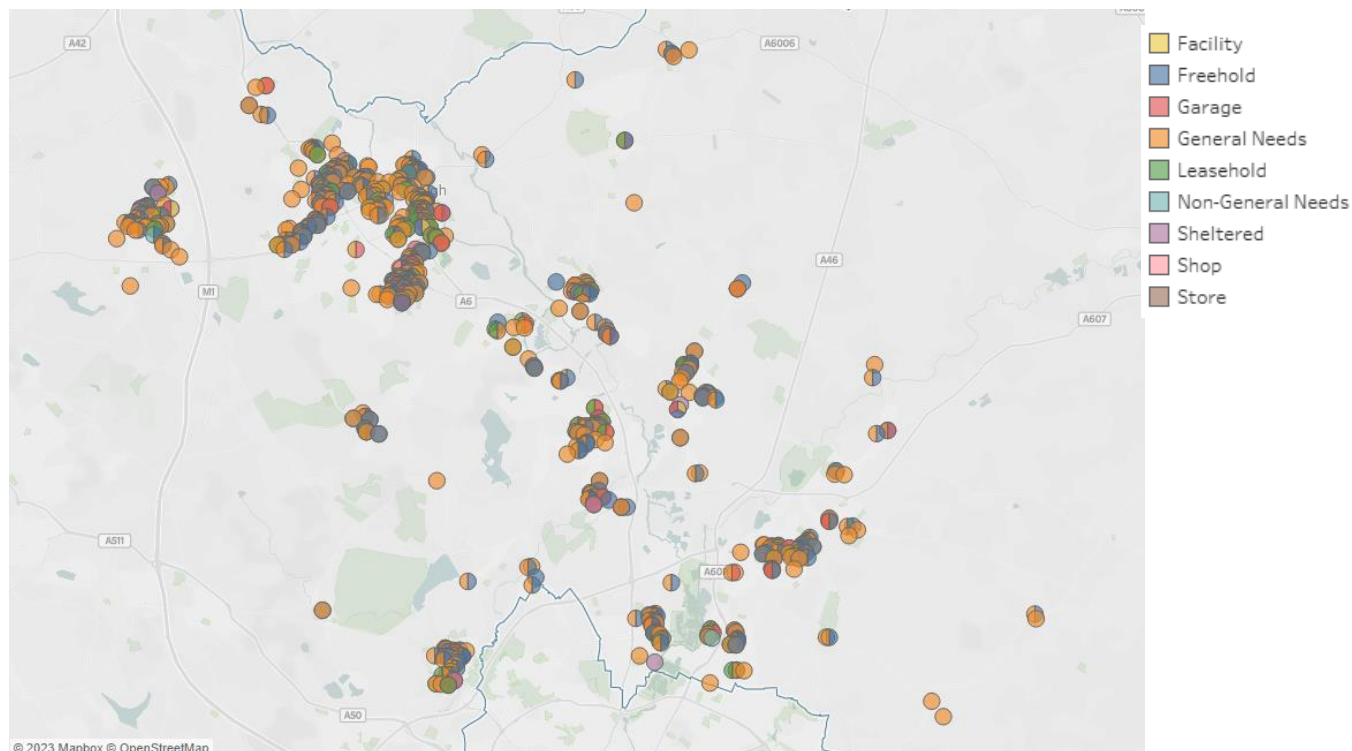


Figure 2: Stock map

Asset Management Strategy 2023-2028

3.2. Stock condition

We have recently commissioned Savills to carry out a survey of a representative sample of 18% of our stock. The results of the survey demonstrate the need to spend close to £240m over the next 30 years in order to keep the stock in good condition. This represents an average expenditure of over £43,000 per unit over the life of the business plan.

The profile of capital renewal costs is illustrated below

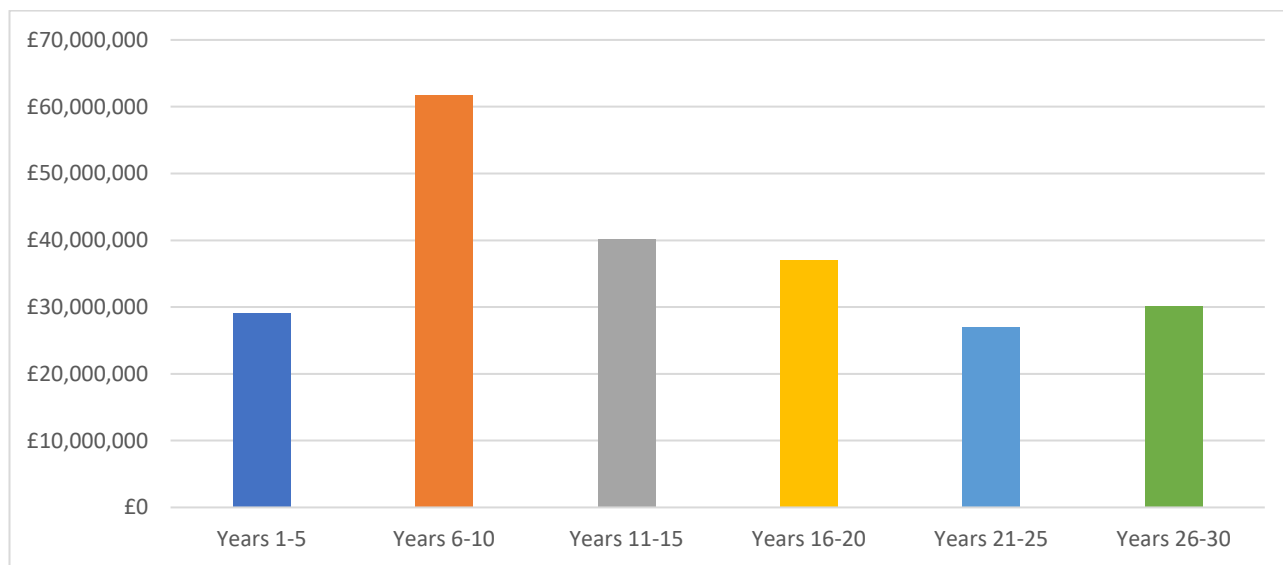


Figure 3: Capital renewal costs

The distribution of costs by component is illustrated below.

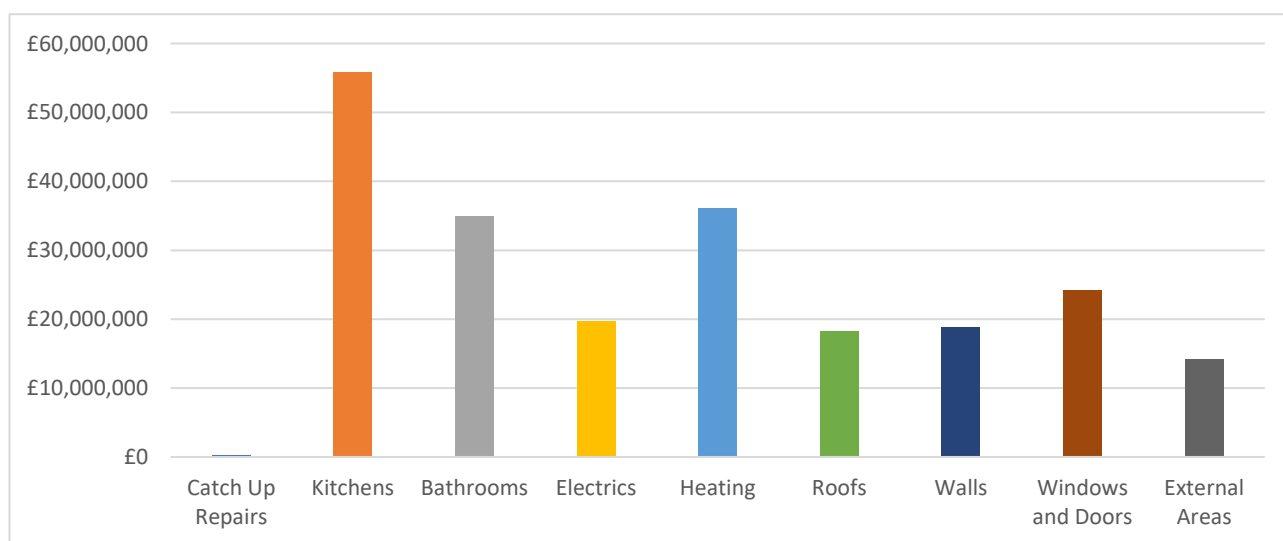


Figure 4: Capital renewal costs by component

There are other elements of expenditure that sit outside the stock condition survey. Current HRA budgets include an annual budget of £900K to address asbestos removal, communal area electrical upgrades, fire safety works, small scale provision for sheltered housing improvements, estate and external works and door entry systems. Larger scale improvements to sheltered housing will be decided following options appraisals to consider the best solution for the future of these properties. Expenditure is expected to reduce after the initial period of investment to reflect likely estimate of ongoing need.

A 20% sample survey is not sufficient to give us a comprehensive picture of all areas, for example the exact prevalence of damp and mould. We also need to do more work to understand our non stock condition costs, including communal mechanical and electrical component replacement. In developing our understanding of non stock condition costs we also plan to work with residents to identify their priorities for local area estate improvements.

Our strategy to move to 100% survey coverage includes the appointment of a dedicated stock condition surveyor. We will also look to expand this resource across existing visits to property (e.g. at void). We plan a rolling programme of surveys to cover 20% of properties each year through this internal resource. We may accelerate the pace to achieve 100% survey data through the use of external resource to increase capacity depending on the risks presented through a longer term timescale. We will prioritise surveys using a risk based approach (e.g. properties with known issues of damp and mould and where we have less information on our current systems). As data is collected it will be checked against the initial 20% survey for consistency. We will also give consideration to periodic validations using a third party resource for assurance (e.g 10% check every 5 years to start in 3 years' time).

3.3. Energy efficiency and zero carbon

Our survey has included the capture of new RDSAP data in order to undertake a high level energy study to forecast the likely costs of achieving SAP C and net zero carbon.

We have engaged Savills to carry out an energy study that has modelled a series of improvements at archetype level to consider the impact of meeting these targets. The key principles have been a fabric first approach to reduce energy demand, before switching to alternative heating to avoid fossil fuels. The results at an archetype level are then extrapolated up to provide an estimated gross cost of £137m over the next 30 years. Once existing planned investment is taken into account, a net additional cost of £89m will be required. This represents average expenditure of just over £16,000 per home. It may be possible to reduce these costs over the next 30 years as technologies improve. At this stage we have assumed works are delivered to a timescale in line with existing component replacement expenditure profile to avoid bringing forward works (e.g. windows, heating etc). Detailed investment planning will need to take place.

We will develop a roadmap for the delivery of SAP C and net zero carbon investment. This will develop the range of measures identified for each archetype into an investment plan and consider funding options required to support delivery.

We will review specifications and programmes of work to check they align with energy efficiency targets. This will include reviewing specifications for doors and windows, roofing, heating, and likely component replacement timescales.

3.4. Health and safety

The Council has done work to risk assess its fire doors and the business plan has been adjusted to reflect the need for priority fire door replacement in the early part of the plan. The amount for other fire safety works was increased from £100,000 to £300,000 in 2020 to reflect the need to address actions arising from Fire Risk Assessments and associated intrusive surveys. This allowance has now reduced to £100K pa is expected to reduce further from 27/28.

80% of our properties have a current Electrical Installation Condition Reports (EICR). Our aim is to get to 100% by March 2023.

We are currently conducting an audit of our smoke/CO detectors with a provision in the business plan for £4.6m over the next 30 years to maintain compliance in this area.

We have a procedure to tackle damp and mould which aims to ensure we take early action where issues are identified. We need to get a better understanding of potential costs associated with damp and mould across the portfolio. We will then develop a policy setting out the principles of how we will act to ensure we have a comprehensive data set of incidences and a risk based approach to protect residents' health with a programme of eradication and remediation.

Compliance figures are reported and monitored monthly. At the end of November 2022, the position was as follows:

- 98.74% of tenanted properties had a current CP12
- 100% of passenger lifts had an up-to-date service.
- 100% of legionella monitoring checks had been completed.
- 84% of dwellings, and 88% of communal areas had an EICR less than 5 years old
- 100% of the communal area planned asbestos surveys had been completed.

While lift servicing is up to date we are also introducing a policy and management plan to ensure appropriate maintenance is delivered in a timely fashion. The plan will also set out our approach to other lifts (e.g. through floor, stair lifts etc).

We need to move to 100% compliance on gas servicing. This means tackling access difficulties. We will work with our legal team to review best practice to achieve this aim.

3.5. Investment standard

The Charnwood Standard is currently in place (see Appendix One). The key elements are designed to ensure homes are warm, safe, dry and modern. This focuses primarily on the replacement of key components - such as kitchens and bathrooms when they reach the end of their allocated lifecycle. The new stock condition data allows us to expand this to include consideration of the condition of the component as well as its age.

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An approach to replacing components driven by condition would avoid replacing components still in a reasonable condition. Under the Charnwood Standard it is likely average component lifecycle is reduced, as some components are replaced early owing to their condition, but these cannot be offset by other components being replaced later where condition allows.

The new survey results mean that we can now work with our residents to review whether the Charnwood Standard remains appropriate in the context of the wider investment priorities. This review will be informed by the updated HRA business plan and highlight any risks to affordability.

3.6. Repairs policy

The Council has an in-house repairs team. Whilst there has been a post-pandemic dip in performance due to an increase in the volume of repairs in the context of resource pressures, levels of transactional satisfaction remain relatively high. An updated repairs policy, with a further emphasis on tenant safety, is due to be brought forward in 2023/2024.

3.7. Garages

The Council owns over 800 garages in various locations across the Borough of which over 300 were void.

An asbestos survey has been carried out and a programme of works to remove asbestos has commenced. Some of the garages have been mothballed as they are not fit to let and require significant investment. A review of the garage sites was started in 2018/2020, which identified 6 sites with the potential for building 4 or more properties on (total 22 to 26 properties). The Council also owns land of 6 former garage sites. A review has identified that 4 of these sites have the potential for building 4 to 6 properties on.

The review of garage sites will be completed in 2023/2024.

3.8. Other non-residential assets

The HRA lets 1 small storage facility, and 13 shops, and has a further 21 shops on long leases across the borough.

Two dwellings (both ground floor flats) are currently let as community centres.

3.9. Leasehold dwellings

The Council manages 358 leasehold dwellings distributed through the stock. These are predominantly flats sold through Right to Buy.

The majority of works in the past has been focused on the Decent Homes Standard whereby external elements and works to communal areas are recharged to leaseholders for their share of the costs for any works carried out.

We will develop a policy that considers the extent to which we will seek to recover costs from leaseholders for building safety, recognising the protections that exist within the building safety act. We will also maximise our ability to recharge leaseholders for repair work in relation to applying modern standards of component replacement that will contribute to our zero carbon delivery plan.

Actions: Our Homes

- We will develop procedures relating to data and maintenance to ensure that information remains up to date.
- We will carry out M&E surveys.
- We will develop a roadmap for delivery of SAP C by 2030 and net zero carbon by 2050 including consideration of funding required to deliver net zero.
- We will review specifications and programmes of work to check they align with energy efficiency – targets. This will include reviewing specifications for doors and windows, roofing, heating, and likely component replacement timescales. We will maintain a costed list of actions arising from FRAs and associated surveys and cross check with fire safety related HRA business plan allowances.
- We will work with our legal team to review best practice to achieve 100% compliance on gas inspections.
- We will complete EICR certificates for 100% of properties by March 2023.
- We will develop a lift policy and management plan.
- We will consult residents on the targeting of estate/external improvement works.
- We will consider the use of the current IT system, and our requirements in respect of the real time update of asset data following field survey.
- We will consult residents on our investment standard.
- We will develop our understanding of costs to remedy damp and mould across our stock and put in place a policy to tackle it.
- We will update our repairs policy with an increased emphasis on tenant safety in 2023/24.
- We will complete a review of garage sites in 2023/24.
- We will develop a policy to clarify our approach to recharging leaseholders for building safety and zero carbon works.

4. Active Asset Management

Objectives: Active asset management

- Understand the financial and non-financial performance of our assets and deliver investment where it will generate appropriate return.
- Carry out options appraisals on stock that does not meet our requirements or offers other opportunities, exploring a range of alternative options to improve outcomes for tenants and the HRA Business Plan.

4.1. Understanding asset performance

Typically, the Council has focused on when and not if investment should be made in the housing stock. Whilst the vast majority of the HRA stock will remain for the 30-year life of the HRA Business Plan, we have done more work to develop our understanding of how our assets perform in order that we can appraise investment options.

We have evaluated the performance across all our housing stock from a financial, social and market perspective. The modelling provides a framework for an investment decisions strategy based on an active asset management approach. This means making investment decisions based on the financial and social performance of the stock, in a way that strengthens the business plan, building additional capacity to meet our housing objectives.

4.1.1. Analysis of financial performance

The financial analysis is based on a 30 year net present value (NPV) of operating cashflows, modelled at an individual asset level. The results show an overall NPV of £22.6m, equivalent to an average of £4,121 per unit. This is low when compared against a benchmark of similar sized social landlords operating in similar housing markets. This reflects lower rents in our area of operation, and higher stock condition costs, reflecting high rates of recent inflation, the new survey and updated understanding of costs reflecting our current delivery rates.

There is a range of results across the portfolio which presents several challenges for our asset management strategy. Over a quarter of our stock (29%, 1,603 units) is forecast to have a negative NPV over 30 years. There are a further 27% (1,490 units) with a marginal NPV below £5,000 per unit. This is illustrated below.

Key Results	NPV Range		No. Units	% Units	Total NPV	NPV Per Unit
	Min	Max				
Poor	£ (39,700)	£ 1	1,603	29.28%	£ (10,289,399)	£ (6,419)
Marginal	£ 1	£ 5,000	1,490	27.22%	£ 3,799,821	£ 2,550
Good	£ 5,000	£ 56,803	2,381	43.50%	£ 29,047,861	£ 12,200
Total			5,474	100.00%	£ 22,558,283	£ 4,121

Figure 5: NPV performance range

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Overall, the value of the cashflows is forecast to increase by an average of 6.86% over the next 15 years as illustrated below, but the NPVs are forecast to decline in the short term as the Council approaches a peak of investment need in years 6 – 10. Within the portfolio there are also groups of assets where value is forecast to decline over the next 15 years.

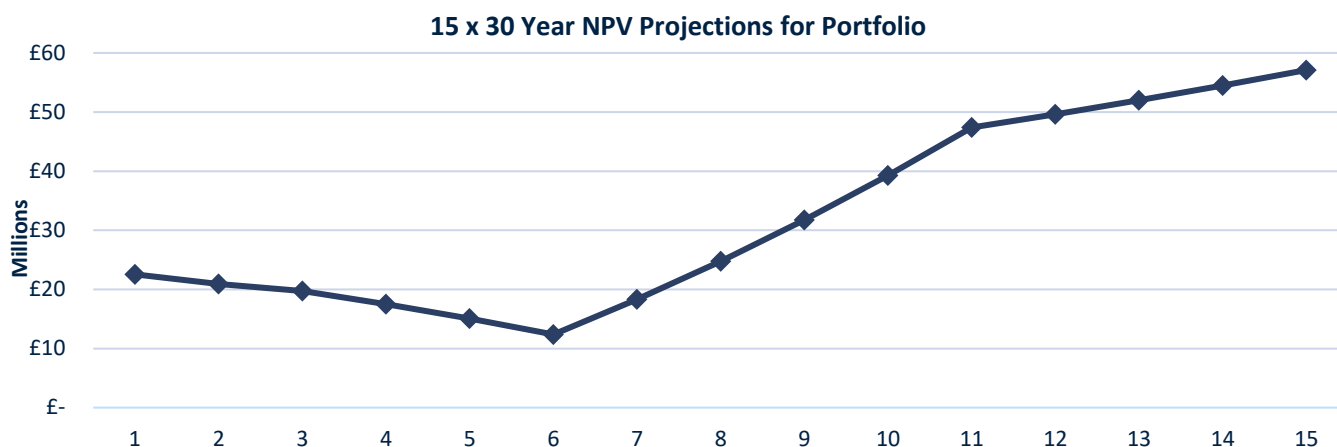


Figure 6: NPV growth forecast over 15 years

Sheltered housing shows very poor financial performance due to low rents and low demand, alongside higher management costs. Capital expenditure to maintain the blocks in their current condition is relatively high, and would not deliver the level of improvement needed to bring the properties in line with modern aspirations and improve demand. This illustrates a clear need for a review of our sheltered housing schemes.

Lingdale House, currently used as temporary accommodation also shows a negative NPV but this needs to be considered in the context of the costs of alternative provision of temporary accommodation, for example through the use of bed and breakfast.

Lower demand and low rents also drives poor performance across other parts of the portfolio, alongside higher management and maintenance costs. Capital expenditure is less of a driver of poor performance based on component replacement, but improvement works would worsen performance further.

We have also considered the impact of costs to deliver net zero carbon by 2050 on asset performance. Without additional funding, the net zero carbon costs will increase the proportion of poor/marginal NPVs to from c57% in the baseline position to c92%. This demonstrates that although the costs for delivery of net zero carbon are relatively low compared with the sector, the impact on asset performance is very high due to the fact that our NPVs are relatively low to begin with. It demonstrates clearly the need to consider alternative funding streams in the development of our pathway to deliver net zero carbon.

4.1.2. Analysis of social performance

It is important to evaluate performance across a range of factors, not just financial, reflecting the social objectives of the Council. This social analysis is essential and can enable these factors to be objectively assessed and demonstrated in order to provide the information needed to make investment decisions going forwards.

We have developed these non-financial measures linked to our corporate focus on caring for the environment, healthy communities and a thriving economy.

Where assets score well against social objectives, this is driven by good thermal efficiency, high resident satisfaction, low rates of anti social behaviour and relatively low levels of deprivation due to poor health. These represent sustainable locations which in theory continue to be in demand from prospective occupiers in the future. We have also looked at factors linked to the quality of the outdoor environment and access to green space, resident satisfaction with feeling safe and secure, demand, affordability and access to key services. Poor performance against the social indicators represents areas where our asset management and community investment strategies need to target social issues, alongside investment and regeneration of our existing assets.

The combination of financial and social performance assessment is useful as a comprehensive assessment of overall performance. Priority in terms of action and potential solutions will differ depending on whether stock that performs poorly on a financial basis is located within an area where there are also social issues to be addressed. Therefore, actions (in terms of options appraisals) will be considered in respect of poorly performing stock and prioritised in areas where there are also poor social scores. Where social scores are low, even where financial performance is strong, we will target our housing management and community investment strategies in order to address issues beyond bricks and mortar to improve outcomes for local residents and protect asset value.

4.1.3. Market context

Our modelling has included information on the market value of the properties in order to consider the opportunities to use proactive disposal strategies to release value to support new development. This would be targeted at properties with a relatively poor NPV, representing a liability to the current business plan, where the open market value is relatively high. 1,214 properties have been identified as meeting this criteria, and further exploration of these properties should be undertaken. There is an opportunity to flag properties meeting set criteria on our housing management system so that appraisals can be carried out at void.

4.2. Using the results to inform strategy

Using the results of the asset performance evaluation we have developed a matrix to prioritise investigations into how we can improve performance. Highest priority for appraisal are properties with negative NPV. The next priority is where NPVs are marginal and decreasing, and then properties which are marginal, with low social scores.

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		Financial Sustainability (NPV)			
		Green (above £5K)	Amber (below £5K) and increasing	Amber (below £5K) and decreasing	Red (Negative)
Non-financial Sustainability	Score above average			Priority 2 1,078 units	Priority 1 1,603 units
	Score below average		Priority 3 275 units		

Figure 7: Options appraisal prioritisation

Our aim is to make informed decisions based on the performance of our stock, and to identify suitable options to address stock that is performing poorly. This will mean that over time our average NPV will improve, and NPV growth will be stronger in the future which in turn will increase business plan capacity to deliver our objectives providing quality homes that meet the future needs of the borough.

We will also introduce a trigger for high value/poor performing stock with appraisals for these properties carried out at void. The figures quoted in 4.1.3 represent properties with below average open market value, and an NPV below the marginal threshold of £5,000.

4.3. Options appraisals

Where our analysis identifies assets that are performing poorly, either on a financial or social basis, or where there may be opportunities to improve outcomes for our business and our residents, a more detailed options appraisal will be carried out and all options for improvement will be explored.

Where appropriate, alternative options will be explored. Appraisal options will consider:

- Demolition and redevelopment or regeneration;
- Limited life- medium term investment plan or short term responsive and cyclical repairs;
- Disposal of some or all units on the open market;
- Change of use or unit type- either short term or long term.

It is important to note that in some cases none of the above will be appropriate. The target of the strategy is to provide a framework for informed decision making - even if that decision is the status quo - as opposed to mandating alternative strategies in the event of poor financial or social performance.

The framework of appraisals will include a review of our sheltered housing. This will include developing an understanding of future need for social rented accommodation and modern aspirations for investment standard. Provision for alternative tenures will be considered where need is identified that is currently unmet. This would not only meet the needs of a diverse elderly population, but also create opportunities for cross subsidy that can be used to upgrade the rented provision.

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The asset modelling demonstrates a range of performance at the Bell Foundry estate with the majority of properties showing NPVs close to or below £5,000 per unit, including 62 properties with a negative NPV. Poor performance is driven by some very low rents, and high future investment need, as well as high management costs for some properties. A study of opportunities to improve this estate will be undertaken using this initial analysis to understand the key drivers for regeneration and the potential benefits this could bring.

Appraisals will be carried out by the Council's Housing Strategy Team with the progress being reported to the Capital Programme Board. Governance processes around proposals for alternative options, decision making, and reporting will need to be determined.

Major investment decisions in Priority One properties identified for appraisal will be kept under review until options appraisals are complete. An interim investment plan will be established for our sheltered housing to ensure essential health and safety requirements and Decent Homes are maintained while we consider their long-term future.

Actions: Active Asset Management

- We will prioritise and carry out options appraisals on poorly performing stock over the next 12 – 24 months in line with the prioritisation framework in this strategy.
- We will introduce a proactive void disposal strategy to release resources for growth.

5. Investment Planning

Objectives: Investment Planning

- Ensure that our investment to meet our investment standard is needs based and prioritised, with priorities for investment focused on areas of greatest risk and resident priorities.
- Ensure that our plans are affordable within the HRA Business Plan and are considered against existing and potential objectives relating to the improvement of sheltered accommodation, acquisitions, new supply, decarbonisation, and regeneration.
- Deliver value for money through clear, compliant, efficient and well monitored programmes of work.

5.1. Business plan affordability

We have updated our HRA business plan with the latest survey results along with other liabilities linked for example to fire safety and other compliance spend, along with some small scale improvement works to sheltered housing and communal areas. This allows us to test affordability and provides a golden thread from recently collected information through to the plan.

The business plan currently includes for the full provision of capital spend against survey and other requirements. However, this relies on increasing borrowing to meet this need. The costs of delivery of zero carbon are not yet included in the plan. This will need to be stress tested as we develop our roadmap to zero carbon delivery, along with any costs associated with sheltered housing improvement and other regeneration.

5.2. Investment priorities

There are a number of possible scenarios around asset investment with competing priorities. Whilst some investment is essential and non-discretionary (e.g. statutory compliance activity or work to maintain Decent Homes), other investment is more discretionary. Of our more discretionary investment, some will be key to maintaining the income stream (e.g. the re-modelling or redevelopment of hard to let Sheltered accommodation) whilst others may be more based on improving tenant satisfaction (e.g. environmental improvements on estates). Enhancements to the data enables us to provide Members and tenants with greater assurance that the highest priority requirements are being met and to illustrate the capacity that remains for any improvement related spend.

Programmes will be refined in accordance with our investment priorities and the lowest priority works removed from the programme until the plan is affordable.

The highest priority items carry the greatest risk if they are not delivered. Generally, the higher the priority the lower the scope for either delaying or not delivering the associated programme of work.

Works categorised in 1-3 represent essential expenditure and these items are unlikely to be able to be removed or significantly delayed. Failure to deliver these would likely result in a failure to meet the RSH's Home Standard.

Works in categories 4-8 are likely to offer some flexibility around timing, but any decision to either not deliver or to significantly delay these programmes would likely impact stock sustainability in the medium to long terms.

Category 9 includes discretionary costs. These works afford the greatest flexibility, but care needs to be taken around the impact on wider objectives in respect of satisfaction as well as changing legislative requirements.

5.2.1. Investment Priority Categories

1. **Statutory compliance relating to tenant health and safety** – e.g. gas safety, fire risk assessment and associated remedial works to ensure legal requirements are met. Other non-statutory compliance programmes or works identified following risk assessment or surveys (e.g. structural surveys or health and safety risk assessment) that may increase the risk of harm to an unacceptable level if not resolved. This includes rectifying asset related severe or moderate hazards under the Housing Health and Safety Rating System.
2. Works necessary to meet lease requirements, regulatory requirements, access to key services (e.g. lifts) and/or avoid Statutory Disrepair. This category includes **Decent Homes Key Components**.
3. **Other elements of the Decent Homes Standard**. Note that this includes all non-key component replacements to avoid any component being old and poor.
4. Works necessary to **maintain the income stream** (subject to options appraisals).
5. Works required to maintain the full life of components and/or works to replace components that are driving high repairs and maintenance costs/failures, which will become uneconomic to maintain if not resolved. This category will, for example, include exterior cyclical redecoration of timber components. It should be noted that timber components, such as windows, fascias and soffits, that would otherwise lead to decency failures on the basis of age and condition if not addressed would be treated as Category 2 works. This category would also include works identified following risk assessment or surveys (e.g. structural surveys) that would not present a Health and Safety risk but may lead to increased costs and/or a reduction in the value of an asset if not resolved.
6. Works necessary in order **to fulfil specific policy commitments**. This category would include works associated with achieving the Charnwood Standard where practicable and affordable.
7. **Energy efficiency improvements**. Works associated with improving the energy efficiency and reducing the carbon footprint of the housing stock. This includes investment beyond the Charnwood Standard linked to the Council's Carbon Neutral Plan.
8. **Environmental work** (e.g. fencing, boundaries, paths, hardstanding), communal works (e.g. other decoration/finishes, lighting and access control) and work to associated assets (e.g. garages, outbuildings). Aspects covered in the Charnwood Standard will be delivered where appropriate under item 5, but this element would include environment and common area works beyond the existing standard. Priority programmes where there is safety impact (e.g. fencing on to highway or a path or wall that presented a hazard) would be dealt with within Category 2 subject to risk assessment.
9. **Other improvements** and customer priorities that will improve satisfaction and/or satisfy aspiration (e.g. improvements in common parts, increased specification on kitchens/bathrooms, dividing boundary improvements). These items will be prioritised in accordance with the results of customer consultation if there are available funds.

5.3. Investment planning

To date the Council has planned investment on an annual basis. The objective is to develop a longer term programme of work that can provide stakeholders with greater visibility of work in the medium term. This new strategy provides a framework to develop a 5 year programme of work to determine what works are required, to which properties in which works packages in which year. It provides a budget that ensures the investment plan fits within the financial parameters of the business plan.

The stock condition survey results (see section 3) will provide the baseline for the investment planning process. Added to these will be non-survey costs which include: Communal area improvements and electrical upgrades, building safety and other compliance costs, estate and external works, door entry systems, and small scale improvements to sheltered housing, as well as day to day maintenance (responsive void and cyclical).

There are competing requirements for investment and we will use the investment priorities outlined here to prioritise the work to be delivered. The general principle of the prioritisation process will be one of categorisation of elements of expenditure requirements according to the risk of not delivering them. The allowances in the investment plan will be aligned to the HRA Business Plan to ensure affordability.

If the work that can be delivered within the affordable limits is more or less than anticipated within the HRA Business Plan then this will be reported to Senior Leadership Team and Cabinet.

Works in the highest categories represent essential expenditure and are unlikely to be able to be removed or significantly delayed. Works within the middle categories are likely to offer some flexibility around timing, but any decision to either not deliver/significantly delay these would likely impact upon stock sustainability or other costs (e.g. disrepair) in the longer term. The lowest priorities include discretionary expenditure and, whilst affording the greatest flexibility, care needs to be taken around the impact on wider objectives.

To develop a plan at property level – one able to produce detailed programmes of work – will require additional stock condition data as the current dataset is based on a representative sample survey. Whilst the stock condition surveyor is one mechanism for collecting data, surveys will also need to be undertaken in the course of other activities. Mechanisms, and annual targets will need to be defined. This will enable the investment planning process to effectively identify the right estate/properties for investment and the ones that can reasonably be deferred if required.

Getting the right priorities at property level will require involving a range of staff from across services. To achieve this, we will propose a series of workshops culminating in the production of multiple iterations of an investment plan before an agreed programme is generated that best meets our objectives. The aim of the process will be to turn the stock condition and other relevant data into a plan that optimises the available budgets and delivers value for money through:

- Alignment to the latest HRA Business Plan in accordance with strategic investment objectives;
- Triangulating repairs data, investment requirements, energy performance, void rent loss and asset performance in order to prioritise the properties will have the greatest impact on reducing revenue costs and income loss;
- Breaking that data down into the planning areas based on locality and stock type;

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- Developing efficient programmes – including considering frequency of component replacement combinations and packaging, potentially conflicting programmes (e.g. window replacements against wall insulation programmes) and supply chain preferences;
- Considering the impact on Leaseholders and the production of the annual service charge plan resulting from the investment plan.

Once priorities and work packaging rules are agreed, we will produce a property level schedule of works. This will identify the work required at property level and will also identify where additional surveys are required to properties not yet surveyed. This will be formatted in accordance with requirements to support effective procurement activity (see below).

The process also needs to consider the results of the asset performance modelling exercise (see Section 4). Unless it is essential, works associated with poorly performing assets (i.e. those that will be subject to options appraisal) would be highlighted in the investment programme and excluded from early years programming. This will help to protect against unnecessary expenditure until options appraisal work is complete. Clearly any essential work relating to ensuring properties meet statutory and regulatory requirements will be delivered where it is required.

An overview of the process is illustrated below



Figure 8: Investment Planning Process

The Investment Plan will be approved annually to confirm alignment to the business plan and affordability taking into account the impact of increases in the costs of delivery or increases in requirements which will be regularly stress tested.

Once the investment plan has been developed, a review of the Asset Management Team structure will be undertaken and action taken to address any changes required to deliver against requirements.

5.4. Procurement

The investment plan is important to support effective procurement and value for delivery, and to provide resident visibility.

Contracts have recently been procured, most of which are for a term of two years, with the option to extend for a further two years. Performance, contract costs, and sector rates will be monitored to inform the approach to further procurement activity.

5.5. Value for money

Our asset management approach will aim to deliver value for money for tenants, ensuring that as far as reasonably practicable expenditure is targeted to improve both energy efficiency of tenants homes, and our return on assets over time, releasing resources for reinvestment.

Actions: Investment Planning

- We will stress test the impact of net zero carbon, sheltered housing improvements and regeneration plans on the business plan, considering changes in the plan based on our investment priorities.
- We will establish mechanisms and annual targets to build up our survey data to inform an investment plan at a per property level.
- We will produce the 5 Year Investment Plan which is reviewed and approved on an annual basis.
- We will put resources in place to deliver the investment priorities set out in this plan.
- We will review the Asset Management Team structure.

6. Oversight and Accountability

Objectives: Review and Monitoring

- We will measure and report on our performance across all areas of the strategy – to colleagues, our board, our residents and other stakeholders.

6.1. Performance monitoring

Investment plans and the results from options appraisals leading to alternative proposals for assets will be reported to our Capital Programme Board, and the Housing Management Advisory Board where appropriate.

Reports will include financial and quality out turns against plans.

Our delivery against the action plan set out in this strategy will be reported to the HMAB.

We will measure our success through a range of Key Performance Indicators (KPIs) which include:

- Overall growth in NPV across the portfolio
- Option appraisal within 12 – 24 months for all properties which meet the triggers established
- Stock portfolio changes
- Progress on decarbonisation investment plan including short term targets to bring properties to EPC C and longer term targets to deliver net zero carbon across our housing stock
- Decent Homes compliance
- % stock with up to date stock condition survey data
- Ensuring we deliver what we have identified as needed, at a cost that is affordable.
- Compliance with all health and safety, regulatory and statutory standards
- Resident satisfaction

6.2. Risk management

The strategy recognises that housing assets can also become liabilities, creating a risk to viability as well as significantly impacting on residents' lives. Key risks addressed by this strategy include:

- Failures to manage health and safety compliance could put residents, staff and contractors at risk.
- Failures to meet statutory or regulatory standards can carry penalties and will damage the Council's reputation.
- Failure to maintain the golden thread between the understanding of stock condition and investment need and the allowances within the Business Plan.
- An incorrect scope or poor quality of stock investment will have a key influence on customer satisfaction.

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- Poor value for money in stock investment will have a major impact on our finances as this represents a very large proportion of our HRA spend.
- Internal and external factors impact on investment need and expenditure. Key amongst these are currently fire/Building Safety and energy efficiency. We will need to remain aware of the impact of these on investment levels in existing stock and any subsequent impact on our investment plans.
- Internally published standards will need to be reviewed - changing standards may carry reputational risk.

A process to identify and assess risks is in place and actions agreed to manage risks to minimise impact. All key asset management related risks including financial, operational, delivery risks (e.g., failure to invest) are captured in the appropriate operational risk register.

6.3. Governance

The accountability for key aspects of this strategy is set out below.

Tasks	Officer Role	Cabinet / Cabinet Member Role
Drafting, maintaining and updating the Asset Management Strategy	<p>Prepares draft AMS for Cabinet decision</p> <p>Maintains AMS</p> <p>Provides update of AMS</p> <p>Provides full periodic reviews of AMS</p>	<p>Approves draft AMS and has overall responsibility for ownership of asset management strategy</p> <p>Approves updated AMS and periodic reviews.</p> <p>Gains assurance on the organisational and financial capacity to deliver the strategy</p>
Implementing stock options appraisals and managing outcomes	<p>Conducts stock options appraisals and makes recommendations to Cabinet where relevant.</p> <p>Implements Cabinet decisions.</p> <p>Annual report to HMAB on outcomes including delivery of decent homes and use of proceeds/land</p>	<p>Considers recommendations and takes decisions on implementation</p> <p>Agrees a level of delegated authority for action based on agreed principles</p>
Managing progress against delivery of five year investment plans	<p>Reporting and consideration of progress / corrective action via management –to capital programme board and to the HMAB.</p>	<p>Receives and approves reports</p> <p>Takes/approves corrective action where required</p>

Asset Management Strategy 2023-2028

Tasks	Officer Role	Cabinet / Cabinet Member Role
		Regular monitoring (Lead Member)
Updating stock condition survey information	<p>Annual programme of stock condition to maintain 100% survey every 5 years with periodic external validation</p> <p>Outcomes used to inform investment plan and revisions to the AMS and to the Asset Performance Evaluation model</p>	<p>Cabinet approves policy position on surveying and validation as set out in section 3.</p> <p>Approval of revised active asset management strategy as required</p>
Updating asset performance evaluation model	<p>Model will be owned and managed to support decision making and it will be updated every 3 years or in response to changes in the stock portfolio (additions, disposals, transfers, investment etc) and updated stock condition information.</p>	Model outputs reported to Cabinet where active asset management strategy is updated.
Landlord H&S Compliance programmes and reporting	<p>Develop and maintain statutory landlord compliance programmes.</p> <p>Reconcile compliance programmes to main stock database.</p> <p>Ensure appropriate procedures, processes and skills to achieve policy on compliance.</p> <p>Ensure external assurance is sought.</p>	(Lead Member) Oversight of reporting and corrective action on performance and forecast performance against 'Big 6' compliance components and damp and mould corrective action.

6.4. Internal controls

The main internal controls are in the following areas:

Data

Data quality and integrity is reviewed regularly and outcomes reported through our governance systems. Procedures are in place to maintain data quality and third party assurance used as a key control.

Asset Management Strategy 2023-2028

Stock Condition Surveys

The costs used in the SCS will be reviewed regularly to ensure they are consistent with sector benchmarks and that a process is in place to ensure they will be updated on a systematic basis based on actual prices obtained for works done and planned.

Updates to the SCS are captured by the asset management databases as the investment programme is implemented. SCS updates will form part of the annual investment planning verification process. The Housing Management Advisory Board and where relevant Cabinet should receive reports to enable them to oversee the “golden thread” between stock condition information, investment plans, the business plan and stress testing.

Investment Plans

There will be a planned investment programme in place with clear and robust contract management arrangements.

There are performance measures in place and there is effective and regular monitoring and management of actual delivery performance against these plans by the asset management team. Demand analysis and customer feedback from responsive repairs programmes is used to inform and update the planned investment programmes.

Our Housing Management Advisory Board reviews and scrutinises our performance.

Repairs and maintenance, including gas servicing, delivery programmes are all in place and there is effective monitoring and management of outcomes.

Procurement & Staffing

There will be effective and efficient procurement plans and processes in place with value for money confirmed through benchmarking and external validation exercises.

There are management systems in place to recruit, select, train and appraise staff with the skills to deliver the strategy.

Responsive Repairs

There are detailed contract controls and performance measures in place for the service. Service outcomes and measures are used to inform forward planning of both responsive and planned repairs.

Tenant satisfaction measures are reported regularly in line with regulatory requirements.

There are good levels of customer satisfaction with the service and this is routinely tested as part of the service.

Complaints are analysed, evaluated and reported to identify opportunities to improve services.

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Asset Performance Evaluation

The asset performance evaluation model developed by Savills is owned and managed by the Housing Strategy Team with input from the Asset Management & Compliance teams. The Housing Strategy and Support Manager will ensure that it forms an integral starting point for investment planning and active asset management. The model will be regularly updated, informed by new information including updated stock condition data following delivery of investment plans, responsive repairs spend, changes in management costs, changes in void rates, local option appraisal outcomes, new homes coming into management etc.

Asset Management Strategy

The Asset Management Strategy will be updated as a key part of the annual capacity modelling and corporate planning process and outcomes from this exercise will inform the business planning & capacity modelling

Business Planning & Capacity Modelling

The annual business plan and capacity model review process will explicitly evidence a golden thread from the business plan through the asset management strategy, cash flow models, investment & procurement programmes and stock condition surveys etc.

Internal Audit

Internal audit is an independent assurance activity to support management in maintaining effective systems of control and risk management. It will periodically review asset management and landlord compliance.

This approach aims to ensure we continue to improve our practice and performance, and have a golden thread from asset model to stock condition survey and make best use of all of the key links in between.

6.5. Review

The strategy covers a five year period from 2023 – 2028. Investment plans will be reviewed annually. The strategy will be reviewed in 2024.

Authority and control information

Accountability for the strategy is with the Director of Housing and Wellbeing.

Actions: Oversight and Accountability

- We will develop regular reporting mechanisms against the KPIs in this strategy to report performance to the senior leadership team and tenants and members.

Appendix One: Charnwood Standard

Warm, dry and safe home

- Structure sound
- Wind and water tight
- Average SAP 75/Min SAP 50
- Cyclical decs every 7 years
- Healthy and safe home

Modern home

- Free of damp and mould
- Components renewed when old and **poor condition**
- Good internal space standards
- Flexible home
- Safe communal areas
- Environmental sustainability
- Safe and accessible external environment

Appendix Two: Action Plan

Actions: Demand and Resident Priorities

- We will review the use and classification of our age restricted stock.
- We will develop a separate, linked, disposals, acquisitions, and development strategy.
- We will develop costed plans for improvement to our sheltered housing stock and carry out an options appraisal to consider how these can be delivered.
- We will consider development of an adapted housing register

Actions: Our Homes

- We will develop procedures relating to data and maintenance to ensure that information remains up to date.
- We will carry out M&E surveys.
- We will develop a roadmap for delivery of SAP C by 2030 and net zero carbon by 2050 including consideration of funding required to deliver net zero.
- We will review specifications and programmes of work to check they align with energy efficiency – targets. This will include reviewing specifications for doors and windows, roofing, heating, and likely component replacement timescales. We will maintain a costed list of actions arising from FRAs and associated surveys and cross check with fire safety related HRA business plan allowances.
- We will work with our legal team to review best practice to achieve 100% compliance on gas inspections.
- We will complete EICR certificates for 100% of properties by March 2023.
- We will develop a lift policy and management plan.
- We will consult residents on the targeting of estate/external improvement works.
- We will consider the use of the current IT system, and our requirements in respect of the real time update of asset data following field survey.
- We will consult residents on our investment standard.
- We will develop our understanding of costs to remedy damp and mould across our stock and put in place a policy to tackle it.
- We will update our repairs policy with an increased emphasis on tenant safety in 2023/24
- We will complete a review of garage sites in 2023/24.
- We will develop a policy to clarify our approach to recharging leaseholders for building safety and zero carbon works.

Actions: Active Asset Management

- We will prioritise and carry out options appraisals on poorly performing stock over the next 12 – 24 months in line with the prioritisation framework in this strategy.

Asset Management Strategy 2023-2028

- We will introduce a proactive void disposal strategy to release resources for growth.

Actions: Investment Planning

- We will stress test the impact of net zero carbon, sheltered housing improvements and regeneration plans on the business plan, considering changes in the plan based on our investment priorities.
- We will establish mechanisms and annual targets to build up our survey data to inform an investment plan at a per property level.
- We will produce the 5 Year Investment Plan which is reviewed and approved on an annual basis.
- We will put resources in place to deliver the investment priorities set out in this plan.
- We will review the Asset Management Team structure.

Actions: Oversight and Accountability

- We will develop regular reporting mechanisms against the KPIs in this strategy to report performance to the senior leadership team and tenants and members.

Equality Impact Assessment

**HOUSING REVENUE
ACCOUNT ASSET
MANAGEMENT STRATEGY
2023-2028**

- **Background**

An Equality Impact Assessment is an improvement tool. It will assist you in ensuring that you have thought about the needs and impacts of your service/policy/function in relation to the protected characteristics. It enables a systematic approach to identifying and recording gaps and actions.

- **Legislation- Equality Duty**

As a local authority that provides services to the public, Charnwood Borough Council has a legal responsibility to ensure that we can demonstrate having paid due regard to the need to

- ✓ Eliminate discrimination, harassment, victimisation.
- ✓ Advance Equality of Opportunity
- ✓ Foster good relations

For the following protected characteristics:

- ✓ Age
- ✓ Disability
- ✓ Gender reassignment
- ✓ Marriage and civil partnership
- ✓ Pregnancy and maternity
- ✓ Race
- ✓ Religion or belief
- ✓ Sex (Gender)
- ✓ Sexual orientation
- ✓ Socially excluded groups

What is prohibited?

- ✓ Direct Discrimination
- ✓ Indirect Discrimination
- ✓ Harassment
- ✓ Victimisation
- ✓ Discrimination by association
- ✓ Discrimination by perception
- ✓ Pregnancy and maternity discrimination
- ✓ Discrimination arising from disability
- ✓ Failing to make reasonable adjustments

Complete this action plan as you go through the questions

- **Step 1 – Introductory information**

Title of the policy	HOUSING REVENUE ACCOUNT ASSET MANAGEMENT STRATEGY 2023-2028
Lead officer and others undertaking this assessment	Director of Housing and Wellbeing
Date EIA started	14.02.2023
Date EIA completed	14.02.2023

- **Step 2 – Overview of policy/function being assessed**

Outline: What is the purpose of this policy? (Specify aims and objectives)
<p>The asset management strategy will contribute to delivery of our corporate and business plans. It structures our ability to deliver three core components of asset management:</p> <p>Stock investment: Investing to maintain the stock to a standard that meets customer and Council needs and regulatory requirements including building safety</p> <p>Active Asset Management: Activities to improve the performance of assets that have a poor social, economic or environmental performance, because of low demand or high costs, and either improving them, or replacing them with properties which are fit for purpose.</p> <p>Supporting wider objectives: Being clear where and how asset management is supporting wider objectives, such as, energy efficiency, increasing the supply of new homes and creating sustainable communities.</p>
What specific group/s is the policy designed to affect/impact and what is the intended change or outcome for them?
Substantively, to provide Council tenants with a standard of accommodation which meets all relevant standards.
Which groups have been consulted as part of the creation or review of the policy
<p>Current tenants through the STAR survey.</p> <p>Tenants on the Charnwood Housing Residents' Forum.</p> <p>Tenants on the Housing Management Advisory Board.</p>

- **Step 3 – What we already know and where there are gaps**

<p>List any existing information/data do you have/monitor about different diverse groups in relation to this policy? Such as in relation to age, disability, gender reassignment, marriage and civil partnership, pregnancy & maternity, race, religion or belief, sex, sexual orientation etc.</p> <p>Data/information such as:</p> <ul style="list-style-type: none"> • Consultation • Previous Equality Impact Assessments • Demographic information • Anecdotal and other evidence
Detailed tenant profiling data is captured and recorded on QL, the Council's electronic housing management system.
What does this information / data tell you about diverse group? If you do not hold or have access to any data/information on diverse groups, what do you need to begin collating / monitoring? (Please list)
Tenant profiling data confirms that tenants and leaseholders have a range of differing needs.

- **Step 4 – Do we need to seek the views of others? If so, who?**

Considering the answers given in Step 2, do you need to consult with specific groups to identify needs / issues? If not explain why.

Further consultation will need to follow on from this strategy, for example, with older people around independent living / sheltered accommodation needs and aspirations. Otherwise, the level of consultation is deemed sufficient.

● **Step 5 – Assessing the impact**

Considering any data/consultation/information and your own knowledge, identify whether the policy has a positive or negative impact on the individuals or community groups who identify with any ‘protected characteristics’ and provide an explanation for your decision. Please refer to the general duties on the front page.

Age	Positive impact - The strategy identifies the need to progress the review of sheltered accommodation for older people.
Disability <ul style="list-style-type: none"> • Physical • Visual • Hearing • learning disabilities • mental health 	Positive impact - The strategy sets out the Council will consider the benefits of developing an adapted housing register to ensure best use is made of adaptations at relet.
Gender Reassignment (Transgender)	Neutral impact.
Race	No adverse impact identified.
Religion or Belief (Includes no belief)	No adverse impact identified.
Sex (Gender)	No adverse impact identified.
Sexual Orientation	No adverse impact identified.
Other protected groups <ul style="list-style-type: none"> • Pregnancy & maternity • Marriage & civil partnership 	No adverse impact identified.
Other socially excluded groups <ul style="list-style-type: none"> • Carers • Low literacy • Priority neighbourhoods • Health inequalities • Rural isolation • Asylum seeker and refugee communities 	<p>Positive impact - The strategy considers the energy efficiency of the Councils housing stock, and how this may be improved. Tenants in fuel poverty would be positively impacted by future work of this nature.</p> <p>The strategy sets out that a damp and mould policy will be brought forward to supplement existing procedures. Tenants [including those in fuel poverty set out above] and those that are vulnerable due to health would be positively affected by work of this nature.</p>

	The strategy considers the provision of more affordable housing. It is likely that socially excluded groups would benefit from an increased supply of social housing.
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Where there are potential barriers, negative impacts identified and/ or barriers or impacts are unknown, please outline how you propose to minimise all negative impact or discrimination.

- If you have identified adverse impact or discrimination that is illegal, you are required to take action to remedy this immediately.
- Additionally, if you have identified adverse impact that is justifiable or legitimate, you will need to consider what actions can be taken to mitigate its effect on those groups of people.

N/A

Summarise your findings and give an overview as to whether the policy will meet Charnwood Borough Council's responsibilities in relation to equality and diversity (please refer to the general duties on the front page).

The strategy will meet Charnwood Borough Council's responsibilities in relation to equality and diversity. The strategy is likely to benefit the following groups through future consideration of and focus on the following areas:

- Older people and independent living accommodation.
- Disabled people and adapted housing.
- Tenants in fuel poverty and home energy efficiency improvements.
- Tenants and prospective tenants and increasing the availability of high-quality social housing.

● **Step 6- Monitoring, evaluation, review**

Are there processes in place to review the findings of this Assessment and make appropriate changes? How will you monitor potential barriers and any positive/ negative impact?
A cross directorate delivery group will be established to deliver the strategy, which will also be monitored by the Housing Management Advisory Board.
How will the recommendations of this assessment be built into wider planning and review processes? e.g. policy reviews, annual plans and use of performance management systems.
N/A


● **Step 7- Action Plan**

Please include any identified concerns/actions/issues in this action plan. The issues identified should inform your Service Plan and, if appropriate, your Consultation Plan			
Reference Number	Action	Responsible Officer	Target Date
	N/A		

- **Step 8- Who needs to know about the outcomes of this assessment and how will they be informed?**

	Who needs to know?	How they will be informed (we have a legal duty to publish EIA's)
Employees	Y	Cascade of the strategy and EIA
Service users	Y	Publication on the Council's website
Partners and stakeholders	N	
Others	N	
To ensure ease of access, what other communication needs/concerns are there?		None identified

- **Step 9- Conclusion (to be completed and signed by the **Service Head**)**

Delete as appropriate
I agree with this assessment
N/A
<p>Signed (Service Head):  Peter Oliver - Director of Housing and Wellbeing</p>
Date: 14.02.23

Please send completed & signed assessment to **Vicky Brackenbury** for publishing.