

APPENDIX K

WAVERLEY BOROUGH COUNCIL

LANDLORD SERVICES PARTNERSHIP SPECIAL INTEREST GROUP

19 JUNE 2008

COMMUNITY OVERVIEW AND SCRUTINY COMMITTEE - 16 JUNE 2008

EXECUTIVE - 8 JULY 2008

Title:

DEVELOPING A HOUSING REVENUE ACCOUNT ASSET MANAGEMENT STRATEGY

[Portfolio Holder for Housing: Cllr R J Gates]

[Wards Affected: All]

Summary and purpose:

The Council holds significant assets in its Housing Revenue Account. It is good practice to have a clear Asset Management Strategy. Over the years the Council has managed its HRA assets effectively and in a planned manner. The draft HRA Asset Management Strategy brings together in one document the range of issues and factors that will influence how the Council will take decisions in relation to its HRA assets over the coming years.

This report, which has been considered by the Community Overview and Scrutiny Committee, provides a short overview and summary. The draft Asset Management Strategy covers some 80-odd pages and so, in the interests of efficiency and minimising the use of paper a copy of the draft is available on the Council's Website; by email from Pat Hatmil (pat.hatmil@waverley.gov.uk) or can be provided in hard copy on request (01493 – 523129). Hard copies have been placed in the Members' Room.

Environmental implications:

The draft HRA Asset Management Strategy includes sections on environmental/climate change and how, when investing the housing stock, the Council will help address these issues.

Social / community implications:

Affordable decent homes are important to the communities we serve. The draft Asset Management Strategy takes into account the issues of demand for and quality of the homes the Council manages.

E-Government implications

There are none arising from this report.

Resource and legal implications:

Managing and maintaining the Council's housing stock is big business with a revenue stream of some £24 million each year. However, increasing amounts of the Council's rental income have to be paid over to the Government in the form of 'negative housing subsidy'; and 75% of all capital receipts arising from Right-to-Buy sales also have to be paid to the Government. The Council faces significant resource shortfalls over the coming years in relation to what needs to be invested in its housing stock. The Council will have to make increasingly difficult decisions in the future about resource and investment priorities.

Developing a Housing Revenue Account Asset Management Strategy

1. Asset Management is fundamentally about balancing assets, needs and resources. The aim is to maintain a balance between the Economic value of the assets and the Social and Economic needs of the residents.
2. The draft HRA Asset Management Strategy sets out the Council's approach to managing the housing related assets held in the Housing Revenue Account. It covers a range of activities that ensure the housing stock meets the needs and standards required, both now and in the future
3. The housing stock represents the Council's most valuable asset and, set against the repair and maintenance costs, its largest liability. Waverley needs to ensure that the properties it owns and manages are:
 - in good condition;
 - in the right location;
 - designed to fit modern purpose; and
 - sustainable.

Purpose of the Asset Management Strategy

4. The HRA Asset Management Strategy has been drawn up to complement the Housing Strategy 2008-11, the Housing Revenue Business Plan 2008 and the Corporate Plan 2008-11, all of which form the basis for running our Landlord (HRA) services. It also forms part of a wider strategic approach to housing across the Borough.
5. Due to the significant funding shortfall, Waverley has limited resources available to spend on its Assets. These, therefore, need to be closely managed in order to:
 - help meet housing needs across Waverley;
 - provide value for money;
 - keep dwellings in a good condition in cost effective ways;
 - strive to meet the government's Decent Homes Standard;
 - bring properties up to date and in line with current and projected customer expectations and demand;

- ensure works comply with current and future regulations;
- provide a balance between responsive and cyclical repairs and capital investment;
- reflect local diversity in its approach;
- inform lettings, supporting people services, stock renewal and disposal strategies;
- achieve high standards of energy efficiency;
- create good neighbourhoods for council tenants and their neighbours; and
- ensure that Waverley is a safe and reassuring place to live.

Our Strategic Approach is to:

- ❑ Engage with tenants in developing and implementing our Strategy
- ❑ Maximise our assets and minimise our liabilities
- ❑ Target capital resources at Health and Safety works first – which contribute to Decent Homes Standard (e.g. heating upgrades and rewiring)
- ❑ Develop a capital programme that meets tenants aspirations and priorities, whilst also working towards the Decent Homes Standard requirements
- ❑ Survey our housing stock every five years on a rolling programme and continue to improve the accuracy of our stock data
- ❑ Keep sheltered housing schemes under critical review in terms of capital investment needed -v- demand for the accommodation
- ❑ Dispose of property on the open market in order to generate resources to invest in the Decent Homes Standard. We will sell property that is:
 - Surplus to requirements; or
 - Needing considerable capital investment where this would not represent good use of scarce resources
- ❑ Seek value for money in all our investment decisions and contract procurement
- ❑ Continue a programme of selective demolition or refurbishment of garages blocks, depending on costs, demand and revenue streams
- ❑ Examine the most appropriate ways to dispose of land/property in order to achieve both more affordable housing whilst securing capital receipts for the HRA capital programme (Decent Homes programme)
- ❑ Revisit the option of Trickle Transfer of void properties to a social landlord
- ❑ Continue to let void properties promptly thereby minimising rent loss and maximising housing availability
- ❑ Continue to develop the responsive repairs service to provide the service our customers want
- ❑ Further develop partnering arrangements

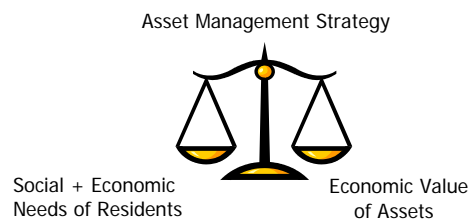
HRA Asset Management

6. Our key HRA Asset Management objective is to manage our assets effectively and efficiently, making best use of the available resources to help meet housing need and resident's aspirations. The priorities for achieving this objective are:

- maximise funding;
- consult with tenants when shaping our programmes of work;
- create effective and efficient programmes of work;
- achieve best value for money; and
- continually review investment decisions.

Meeting Needs and Standards

7. The Asset Management Strategy fundamentally needs to balance assets and needs, as illustrated below:



8. In order to ensure that the housing stock meets the needs and standards required now and in the future, the Strategy contains the following components:

- A Planned Maintenance programme achieving economies by replacing components on a 'just in time' basis i.e. before they would otherwise require responsive repairs, anticipating changes in minimum acceptable standards and reducing future requirements for cyclical maintenance.
- Cyclical maintenance to elements of a property including mechanical and electrical plant.
- Continual programme of works to meet Health and Safety e.g. Rewiring and Heating Upgrades.
- A Responsive Maintenance service to respond to unplanned failures in the properties and to prevent deterioration in their condition.
- An efficient and effective Voids Repair service, helping to speed the repairs process and protect Waverley's revenue.
- Sale of properties to remove liabilities or to generate funds for future re-investment.
- New Build working in conjunction with Housing Associations and other affordable housing providers.

9. The draft HRA Asset Management Strategy attempts to draw these strands together in one document and give councillors, tenants and officers a framework within which to operate and plan for the future.
10. The HRA Asset Management Strategy is for the period 2008-11 and so it is proposed to provide an update report to the Executive in the summer of 2011.
11. The Community Overview and Scrutiny Committee and Landlord Services Partnership Special Interest Group both considered the report at their meetings in June 2008. Members complimented officers on the high standard of the Strategy document, and the approach being taken to manage and maintain the Council's stock of housing assets. Members also recognised that the limiting factor was the lack of funds, due to the 'negative subsidy' system, and were concerned to see the declining funding position over the next 5 years.

Recommendation

It is recommended that the HRA Asset Management Strategy for the period 2008-11 be approved.

Background Papers (SD(CS))

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: John Swanton

Telephone: 01483 - 523375

E-mail: john.swanton@waverley.gov.uk