

REPORT FOR DECISION



DECISION OF:	Cabinet
DATE:	31st January 2018
SUBJECT:	Asset Management Strategy for the Public Housing stock of Bury Council – 2018-2021
REPORT FROM:	Councillor O’Brien - Cabinet Member for Finance and Housing
CONTACT OFFICER:	Sharon Hanbury – Head of Urban Renewal Paul Webb – Business Manager, Six Town Housing
TYPE OF DECISION:	<i>CABINET</i> (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain Apart from Appendices 2 and 4 of the Asset Management Strategy which are Exempt for Publication by virtue of Paragraph 3 of Schedule 12A of the Local Government 1972 as amended (exempt information relating to financial or business affairs of the Council).
SUMMARY:	The strategy sets out the key objectives and investment priorities for the Public Housing stock. This is supported with a three year investment and action plan.
OPTIONS & RECOMMENDED OPTION	Option 1: Approve the Asset Management Strategy for the Public Housing stock of Bury Council – 2018-2021 and a 3 year Investment Plan of £9.83M per annum; noting that the decision in relation to the capital programme of £9.8m per annum will flow through into reports for decisions at Council in February 2018 as part of the broader Council Capital Programme and Housing Revenue Account budget setting.

	<p>Option 2: Do not approve the Asset Management Strategy or the Investment Plan of £9.83M per annum.</p> <p>Option 3: Approve the Asset Management Strategy and approve an alternative Investment Plan (as per options 1,2 or 4) ; noting that the decision in relation to the capital programme of £9.8m per annum will flow through into reports for decisions at Council in February 2018 as part of the broader Council Capital Programme and Housing Revenue Account budget setting.</p> <p>Recommended option with reasons:</p> <p>The strategy sets out the investment priorities as well as 4 No. levels of investment each with an estimation of the level of financial resource required:</p> <p>Investment Option 1 - £14.31M per annum Investment Option 2 - £12.01M per annum Investment Option 3 - £ £9.83M per annum Investment Option 4 - £8.17M per annum</p> <p>Investment Option 3 is the recommended option after consultation with Housing Strategy Programme Board (HSPB) and STH Board. The option is also felt to be the affordable option in terms of the Housing Revenue Account sustainability.</p> <p>The decision in relation to the capital programme of £9.8m per annum will flow through into reports for decisions at Council in February 2018 as part of the broader Council Capital Programme and Housing Revenue Account budget setting.</p>
--	--

IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	Option 3 is affordable and sustainable within the HRA Business Plan
Health and Safety	
Statement by Executive Director of Resources:	Option 3 maintains the Decent Homes "plus" standard
Equality/Diversity implications:	No

Considered by Monitoring Officer:	Yes	
Wards Affected:	All Ward	
Scrutiny Interest:		

TRACKING/PROCESS

DIRECTOR:

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners STH Board
18 th December 2017	10 th January 2018		7 th December 2017
Scrutiny Committee	Committee	Council	HSPB
			28 th November 2017

1.0 BACKGROUND

- 1.1 The purpose of this report is to provide Cabinet with the final version of the Asset Management Strategy and a three year investment programme and obtain approval for the Strategy and 3 year Investment Plan.

Aim of this strategy

- 1.2 The overall aim of this strategy links directly to the Council's Housing Strategy and Six Town Housing's Business Plan priorities to provide homes for the future and neighbourhoods to be proud of. The over-arching aim is therefore to:

'Provide well maintained, energy efficient homes and neighbourhoods that meet the needs of our current and future customers through sustainable investment'

Key Objectives

- 1.3 In order to achieve the above aim, the following high level strategic priorities have been developed which will form the basis of a delivery plan:

Key Objective 1 - Ensure that the stock meets the needs of our current and future tenants both now and in the future.

Key Objective 2 - Create and develop decent neighbourhoods and improve the quality and sustainability of the housing stock.

Key Objective 3 - Ensure homes are energy efficient, healthy and safe.

Key Objective 4 - Ensure the future sustainability of the stock through more effective resource planning and the more accurate and timely identification of wider investment needs.

Key Objective 5 - Ensure we actively manage and invest in assets economically, sustainably and safely to ensure value for money across all asset management functions and services

- 1.4 For each key objective there is a suite of outputs which are summarised in the Asset Management Action Plan at Appendix 1.

The Strategy

- 1.5 The Asset Management strategy covers the period 2018-21 and in conjunction with the supporting action plan cover the proposed arrangements over the next three years taking into account current stock condition data, investment to date and statutory compliance needs.
- 1.6 The strategy covers a five year period and, like all strategies, will need to be responsive to any strategic and major operational changes. The ability to do this is built into the strategy and action plan. In particular for instance, there will be a need to reflect on the current and any future work being undertaken regarding housing needs and other data/intelligence and its analysis through both a local and GM basis. In addition changes in strategic context for example through the GM work being undertaken in relation to the form and function of social housing.

The Investment Plan

- 1.6 The three year investment options are based on a recent 20% survey of the stock with property cloning used to develop the 30 year cost model for the whole of the stock. The options presented are based around maintaining the Decent Homes standard with additional investment considerations presented for consideration against affordability in terms of the Housing Revenue Account.
- 1.7 The 3 year investment plan is contained within Appendix 4 of the Asset Management Strategy. There are four levels of investment included to reflect the potential investment plans that may be adopted. Each option has an associated investment budget estimate shown.
- Option 1 – Bury Standard (including £400k for Estate Infrastructure) - £14.3M
Option 2 – Stock Condition costings (No Estate Infrastructure)-£12.01M
Option 3 – Decent Homes 'Plus' (No Estate Infrastructure)- £9.83M
Option 4 – Decent Homes 'Lite' (No Estate Infrastructure)- £8.17M
- 1.8 A continued investment need of c£5M per annum of revenue funding is required for responsive repairs, void property refurbishment, gas servicing, grounds maintenance, external decoration and health and safety checks.
- 1.9 The level of investment at Option 3, the recommended option, will enable the continued replacement of key items such as kitchens, bathrooms, central heating and roofing replacements as well necessary electrical upgrades and re-modelling homes creating modern living spaces especially larger kitchens and bathrooms where possible and practical. It will also enable a provision to be set aside for essential renewals outside of the planned investment programme. This means

we will be able to provide for one-off needs such as central heating boilers that are beyond economical repair and for which a planned investment programme may not be imminent and the replacement cannot wait.

- 1.10 It also includes provision for adaptations to homes for our disabled tenants at a level to meet current demand, property surveys as well as energy survey to support the development of future investment programmes.
- 1.11 Investment options 1 and 2 would achieve the same outcomes albeit in a shorter time scale. However as indicated, option 3 is most affordable, with less impacts upon competing priorities for HRA resources.
- 1.12 Further bids for HRA funding may be appropriate in years 2 and 3 following a more detailed estate analysis and profiling. The purpose being to help identify future housing stock needs, for example, in terms of Sheltered Housing provision and Estate Infrastructure needs such as footpath, roads and highways on housing estates.
- 1.13 The recent stock condition survey data will be the source document used to develop the detailed annual investment programme at estate / address / level following a further detailed property inspection as part of the pre-commencement activities for investment schemes.
- 1.14 The strategy itself is set against a 30 year investment plan which will be an integral part of the overall HRA business plan going forward as well as being informed by actions coming from the Housing Needs data analysis and the GMCA developments especially in relation to the project around future 'Form and function of social housing'.
- 1.15 Cabinet are asked to consider the investment options upon which the 3 year programme will be fully developed; noting that the decision in relation to the capital programme of £9.8m per annum will flow through into reports for decisions at Council in February 2018 as part of the broader Council Capital Programme and Housing Revenue Account budget setting.

2.0 ISSUES

- 2.1 Risk Management - The significant risks associated with the strategy and investment plan are already contained within a strategic risk register.
- 2.2 Financial Resources - The financial resources required to fund the strategy will be a combination of the Public Sector Housing Programme (capital) and the current funding provision through the management fee to Six Town Housing (Revenue). Both these sources of funding are directly linked to the Housing Revenue Account
- 2.3 Equality and Diversity – An Equality Analysis Form has been completed and is attached.



EIA AMS.rtf

3.0 CONCLUSION

The strategy, investment and action plan provide the scope and direction of travel for the planned maintenance and investment to be made within the Public Housing stock over the next three years.

A level of investment of £9.83M is recommended to deliver an investment programme to meet the majority of investment needs as well as being the affordable option to ensure the HRA remains viable; this will flow through into reports for decisions at Council in February 2018 as part of the broader Council Capital Programme and Housing Revenue Account budget setting.

List of Background Papers:-

Asset Management Strategy for the Public Housing stock of Bury Council 2018/21

Contact Details:-

Sharon Hanbury – Head of Urban Renewal

Paul Webb – Business Manager, Six Town Housing