

Housing Asset Management Strategy

2022-2026



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Welcome

The Council believes that effective asset management is fundamental to the successful delivery of the organisation's objectives. Therefore, this strategy is a critical business tool to enable alignment of property assets with business needs; it is directly linked to the Council's Corporate Plan 2021-2025, Housing Strategy 2016-2025, Southampton City Strategy 2015-25 and supported by the 30-year Housing Revenue Account (HRA) Business Plan and forms a strategic golden thread throughout the business.

Recent years have seen a significant shift within the housing sector generally towards health and safety, compliance and asset management. For the Council, the catalyst for this was the Shirley Towers fire in 2010 in which two firefighters lost their lives. The Council has made significant investment in respect of fire and electrical safety.

The Grenfell Tower fire in June 2017, Hackitt Review, Draft Building Safety Bill 2020 and recent white Paper for Social Housing published in August 2018 have further highlighted safety issues that remain in the affordable housing sector. Whilst other issues such as the lack of affordable housing, welfare reform (Universal Credit), deprivation, homelessness, and demographic changes are all still relevant there is now a clear priority on the safety of residents in their communities and providing them with a forum to raise any concerns.

At the time of writing this strategy, the world was dealing with the Coronavirus (COVID-19) pandemic. The required measures across many Council services has resulted in additional resources and different working practices being deployed to manage the crisis. This is likely to impact the future investment resources available for asset management related services which will need to be factored into business plan updates and sensitivity analysis. Certain priority elements such as health, safety and compliance will still be a priority in the event of reduced resources.



What is an asset management strategy?

The aim of asset management in general is to guide the future shape and direction of the property assets to ensure that they meet corporate objectives and customer expectations. The National Housing Federation definition of property asset management is:

‘Asset management is the range of activities undertaken to ensure that the housing stock meets the needs and standards for the future’

The principles of effective asset management therefore go beyond just investing in good repairs and improvements and must consider reviewing the overall asset base to ensure it achieves the right balance between need and quality.

The key objective of the Council’s asset management strategy is to ensure that we utilise our assets in the most effective way for the benefit of both its existing and potential customers and the business.

The key objectives of the strategy are:

- To ensure the health, safety and security of our residents and the communities in which they live;
- To manage and maintain the homes to a good standard;
- Continue to meet the Regulator of Social Housing’s ‘Home Standard’ (including Decent Homes);
- To align with Our Greener City Charter ensuring that all homes are green, sustainable and energy efficient using environmentally friendly energy sources wherever practical and cost effective;
- To align with the Council’s goal of being net zero carbon on housing by 2040;
- Improving environments on estates and supporting community regeneration;
- Ensuring all homes meet our landlord obligations for health and safety compliance;
- To consider the actions necessary following the publication of the draft Building Safety Bill 2020 and the potential requirements of the Council as landlord of Higher Risk Buildings; and
- Ensuring the stock is fit for purpose and meets the needs of residents, the business and that demonstrate viability as well as value for money.



Context

Since the economic recession of 2008, there has continued to be austerity measures which have included a reduction in public spending. The government has continued to implement major reforms of both social housing and the welfare benefits system.

It has made clear the expectations of social landlords and local government to undertake a more self-financed approach to investment. There has been a notable increase in the support to the complex housing crisis and particularly increasing the supply of affordable homes. This has included the allocation of more funding to support new build programmes and the formation of Homes England, the government body aimed to accelerate new housing.

More recent years have seen a significant shift within the housing sector generally towards health and safety, compliance and asset management. The catalyst for this was the Grenfell Tower fire in June 2017 and the resulting Hackitt review which have led to the publication of the draft Building Safety Bill in July 2020.

The recommendations from the Hackitt review have been adopted in the draft Bill by the Government with changes to the building regulations having already been made at the end of 2018. Other aspects of the Social Housing white paper, published in November 2020, also supplement safety and other asset management related matters including:

- To be safe in your home;
- To know how your landlord is performing;
- To have complaints dealt with promptly;
- To be treated with respect backed by a strong regulator;
- To have your voice heard by your landlord;
- To have a good quality home and neighbourhood to live in; and
- To be supported to take your first steps to home ownership.

At a macro-economic level, the challenges of the affordable housing sector are also influenced by the COVID-19 pandemic, devolving government structure, the uncertainties surrounding the UK withdrawing from the EU and the slowdown in construction related activity, including housing, in the UK.

Where are we now?

The Council's in-house Property Inspectors undertake a rolling stock survey to assess the condition of our housing. The programme indicates a total 30-year re-investment requirement of approximately £815.4 million, of which £176 million is required within the first 5 years of the plan. This equates to £45,508 per home over 30 years for capital works only (i.e. excludes reactive revenue works).

Years	Expenditure forecast
Years 1 to 5	£175,982,749.08
Years 6 to 101	£141,235,647.40
Years 11 to 15	£136,343,582.53
Years 161 to 20	£121,575,713.52
Years 21 to 25	£112,119,055.81
Years 261 to 30	£128,113,891.88
Total	£815,370,640.22

Future investment on such a large scale necessitates careful planning, setting of standards (The Southampton City Council Standard), effective procurement and regular monitoring. One of the bi-products of effective investment will be maintaining our homes standard and improving the thermal efficiency of the homes through retrofitting insulation products where possible. Investment will ensure energy is provided for heating homes in as practical and cost-effective way possible, using sustainable energy sources.



Stock

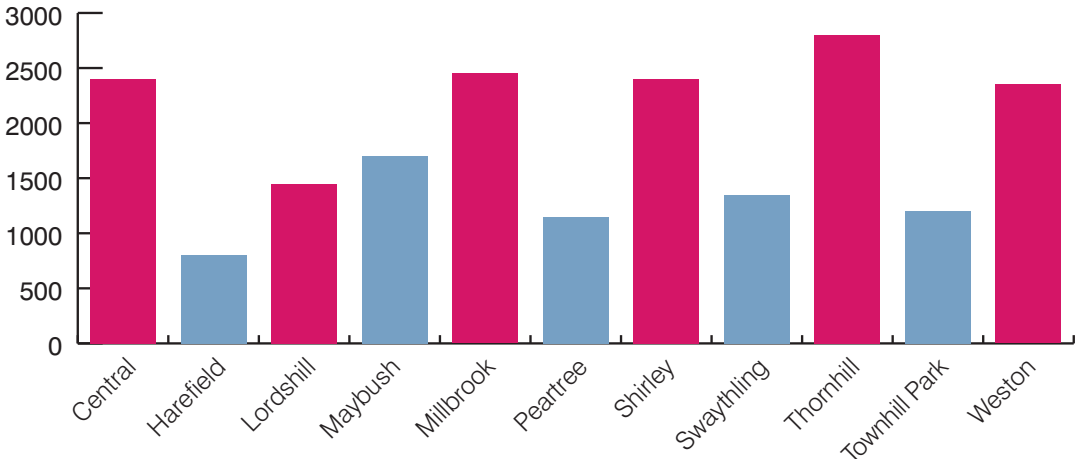
The housing stock comprises 17,917 homes which includes 2,008 leaseholders within the 1,023 blocks owned and managed by the Council. In addition, the Council manages 1,194 garages. The following tables and charts provide details of the housing stock, as of March 2020.

Achetype	Number
Pre-1945 Small (<70m2) Terr House (Trad)	387
Pre-1945 Semi House (Trad)	1060
All other Pre-1945 House (Trad)	338
1945-64 Small (<70m2) Terr House (Trad)	43
Pre-1945 Low Rise <3 Storey (Trad + Non-Trad)	79
1945-64 Large Terr House/Semi (>70m2) (Trad)	618
1965-74 House (Trad)	426
Post -1974 House (Trad)	425
All House (Non-Trad)	1605
Post-1945 Low Rise <3 Storey (Trad + Non-Trad)	3203
Medium Rise 3-5 Storey (Trad + Non-Trad)	7536
High Rise >6 Storey (Trad + Non-Trad)	2157
Bungalow (Trad + Non-Trad)	40
Grand total	17917

The housing stock comprises of traditional construction consisting of low-rise flats, bungalows and houses but with a large number of pre-cast reinforced concrete (PRC) properties and high-rise blocks.

The structures team within the Council undertake reviews of the medium rise blocks of flats (3-5 stories) and high-rise blocks of flats (5 stories of more) on a three-yearly basis, split into areas across the city. These inspections inform a list of structural concrete repairs that are added to the Concrete Repair Framework, carried out by the framework contractor. Any non-structural repairs highlighted by the inspections are sent to Housing Operations to carry out. These regular engineering inspections are used to ensure re-investment needs are reflected in the business plan.

Stock by area



Decent homes standard

Decent Homes is a Government led initiative, introduced in 2000. The Council plans re-investment works in accordance with the forecasts of the stock condition survey, as part of a wider programme. Decent Homes works will therefore continue to be delivered as a bi-product of effective works planning.

The Decent Homes Standard, if followed in accordance with the strict definition, allows some failures for the Standard to be met. However, the Council will take a broader view of all the criteria under the Standard and, budget permitting, will adopt a strategy to renew components sustainably on an individual basis as required and not solely to meet theoretical decency targets.

The Council will maintain Decent Homes by developing works programmes in 5-year bands. Decent Homes progress will be monitored regularly using Housing Quality Standard (HQS) reports generated from our database and with external validation.





Investment

In line with the regulators standards, the Council will be endeavouring to improve efficiency and value for money whilst maintaining a high standard of service. The aim is to effectively manage good homes that meet people's needs and preferences by:

- Keeping homes well maintained and in a lettable condition;
- Programming works so that maintenance is carried out effectively and responsively, in a way that reflects residents' preferences;
- Ensuring that necessary re-investment in the future of the stock is made a key priority; and
- Ensuring all our homes are thermally efficient.

In doing so, we are mindful of the diverse needs of the wider community, regeneration issues and the need to ensure a joined-up approach. The overall objective being to empower, enable innovation and deliver continuously improving, customer focused services with a long-term sustainable stock in an efficient way. We will consider existing and future residents' priorities to assist asset management decision making and planning.

Sustainability and reinvestment priorities will be frequently assessed through a Stock Performance Model that takes account a range of factors, including demand and income and expenditure against the asset.

A number of stakeholders will be brought together to form an "asset management group", this inclusive group will assess works programmes, promote options appraisals in the context of sustainability model findings, consider wider initiatives, monitor and review performance and take ownership of the Council's Standard, reassessing it from time to time in the context of the business plan and other key strategy documents.

The on-going regulator consultation emphasises the need for registered providers to continue to critically examine and challenge the use of their stock in its widest sense in terms of ensuring that best use is made of their assets.



Safe homes and communities

The Council instructed a review of housing compliance risks by an external consultant during 2020. This included a review of all compliance related policies, management plans, procedures and processes for each of the risk areas summarised below:

- Asbestos containing materials (see section below);
- Fire risk assessments;
- Electrical safety (a 5-year testing programme);
- Water safety (legionella and scalding risks);
- Lifts and other lifting equipment; and
- Gas (annual testing and servicing of boilers etc.).

The review and recommendations will ensure that all our Landlord obligations are being fulfilled thus helping to ensure the health and safety of residents, staff and visitors.

All properties that have been subjected to a stock condition survey have also been assessed for compliance with the Housing Health and Safety Rating System (HHSRS).

In addition to a cyclical testing regime, safety of these items will be assessed when a property becomes empty.

The Council will continue to undertake regular Fire Risk Assessments (FRA) and ensure actions arising are dealt with in a timely manner. FRAs will be published so that residents can access these. In addition, we will undertake surveys of communal fire doors to assess suitability and compliance. Testing will be undertaken of components such as fire doors in accordance with regulatory and best practice requirements. Precise testing requirements should be clarified following the draft Building Safety Bill and any further updates to Part B of the Building Regulations.

Smoke detectors are installed and maintained to every home and upgrading of wiring to modern standards. This scheme will ensure that the electrical systems in homes are up to date and safe. Homes should also have sufficient plug sockets to suit a modern lifestyle. The Council is moving towards undertaking an electrical test every 5 years having previously carried these out on the recommended 10-year cycle.

Procurement

Southampton is an area of high demand for construction related services with high resulting costs.

The Council has long understood the importance of effective procurement and the requirement for good working relationships with partner providers, whilst delivering high standards and good value for money. Longer term partnering relationships with contractors who view the Council as an important local customer will continue to be developed and actively managed.

The Council will encourage improvement and efficiencies in terms of cash savings and non-cash benefits, striving for continued value for money and by considering collective procurement with similar organisations. The Council will aim to undertake a greater proportion of work in a pre-planned way, aiming to benefit from the potential for lower costs and improved consultation and communication.

The Housing Procurement Strategy is currently being updated and may identify the need for term contract arrangements to supplement works carried out by Housing Operations. Contracts will be aligned with the reinvestment forecasts and packaged into sensible lots depending on the components to be replaced. A procurement options paper will be prepared to set out how these objectives may be achieved.

All contract arrangements will undergo Council scrutiny via the Housing Capital Programme Board to ensure that best value is being achieved and will be closely monitored at all levels to ensure that they are delivering to the appropriate quality and service standards.



Environmental improvements

The Council sets out within Our Greener City Charter and the Housing Strategy 2016-2025 a number of related measures to improve environmental sustainability.

These include:

- Net zero carbon on housing by 2040;
- Make best use of resources, reduce energy consumption, minimise waste and ensure the Council repair, reuse and recycle;
- Use energy from renewable sources;
- Deliver the Fuel Poverty Action plan;
- Utilise Eco investment for energy improvement measures and upgrades to the stock;
- Ensure all new homes meet minimum standards for efficiency and sustainability;
- Promote development of green sustainable homes; and
- Utilise this strategy for sustainability and improvement to the stock.

The Council will provide all residents with affordable warmth and that any adverse environmental impact should be reduced by the utilisation of energy efficient materials.

Our Greener City Charter is a response to the increasing global pressure to reduce CO2 emissions and for government to meet targets by 2020 and 2050 under the EU's Climate change act 2008, this has a significant impact on the housing sector with approximately 60% of emissions estimated to come from domestic homes. The Government's Department of Energy and Climate Change (DECC) is tasked with meeting these targets and has put in place several initiatives to ensure targets are achieved.

Gas boilers will no longer be fitted in new homes in the UK from 2025, after the government announced a "future homes standard" mandating the end of fossil fuel heating systems in new-build properties in its 2019 Spring Statement.

It is understood that this will not apply to gas cooking hobs, however it is likely these will be phased out if new homes are not connected to the national grid. Over the next few years, the Council will be exploring alternative heating solutions.

Work is already underway to help improve the energy efficiency of dwellings (thus helping to reduce carbon emissions), and to assess future works that may be desirable. A housing Environmental & Sustainability Strategy has been developed alongside the asset management strategy.

Where reasonable to do so, the Council aims to improve the stock to the maximum possible energy rating through the use of efficient heating and effective insulation. The Council issues residents with energy performance certificates (EPC) at change of tenancy (void/re-let, mutually exchanged, or sold).

The selection of energy efficient materials is defined in the Council Standard.

They include for example:

- The future installation of efficient fossil fuel free central heating and hot water systems;
- The installation of double glazing;
- The installation of cavity wall insulation;
- The improvement of loft insulation to at least 300mm thickness; and
- Proper insulation of hot water cylinders and pipework.

In addition, the Council encourages the use of low energy light fittings and provide residents with energy saving ideas in newsletters, on its website and through other information sources. The Council seeks grants to supplement programmes of work and energy efficiency initiatives whenever possible.



New homes

The focus on the delivery of new affordable housing throughout the City will be via partnership with Registered Providers (RPs). Working closely with RPs, the Council will remain instrumental in the delivery of affordable housing for all residents of the city. The Council recognises that affordable housing is a key need in the city and will continue to build strong partnerships across the sector aimed at providing housing for all.

Important principles governing the acceptability of the Council's development and regeneration activity includes:

- Affordable homes should not be easily distinguishable from private homes;
- Education, health, employment, leisure and public transport should be properly considered in conjunction with providers in good time ahead of major new developments;
- Working closely with community led resident groups to support engagement and inform them of major new developments;
- A 'fabric first' approach should be adopted to meet environmental standards, as opposed to add-on technologies where these are difficult for residents to operate and potentially a long-term maintenance liability; and
- Building components must be easily maintainable and replaced over their design life within reinvestment assumptions.

New homes will have to be fitted with low carbon heating systems and meet "world-leading levels of efficiency" from 2025. It is important that our future re-investment plans reflect a move away from fossil fuels. From 2040, new homes will need to be carbon neutral in accordance with Our Greener City Charter for Southampton.

Have your say – resident engagement

The Council is aware of the diverse needs of the wider community, local regeneration issues and the need to ensure a joined-up approach. The overall objective being to empower, enable innovation and the delivery of continuously improving, customer focused services with a long-term viable stock, in an efficient way.

The Council continues to work hard to ensure that all residents 'have their say' in how their homes are managed and to the standard to which they are maintained. The Council has published its objectives within the Tenant and Leaseholder Engagement 2020/21 entitled 'Improving the Customer Experience'.

The Council is committed to resident involvement from day to day operations through to various groups including:

- Tenants Resources Group
- People's Panel
- Tenants Panel
- Tenant Scrutiny Panel
- Tenants Inspectors
- Tenants Building Safety Group

There are also a number of other forums and groups to encourage participation in improving council services.

The Council actively complies with its duties under the Local Government Transparency Code, providing local people the information they need to ask questions about how The Council is managing its housing stock to ensure that it is put to best use, including considering whether higher value, vacant properties could be used to fund the building of new affordable homes and so reduce waiting lists.



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