

DECISION-MAKER:	CABINET
SUBJECT:	HOUSING ASSET MANAGEMENT STRATEGY
DATE OF DECISION:	14 MARCH 2022
REPORT OF:	COUNCILLOR VASSILIOU CABINET MEMBER FOR COMMUNITIES, CULTURE AND HERITAGE

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
Not Applicable

BRIEF SUMMARY
This report considers the introduction of a Housing Asset Management Strategy (HAMS) to ensure that the Council's social housing portfolio is managed with financial prudence, and ensuring the health, safety and security of our tenants and the communities in which they live.
The report recommends the approval and adoption of the Housing Asset Management Strategy as Council policy.

RECOMMENDATIONS:	
(i)	To adopt the Housing Asset Management Strategy (HAMS) as the tool upon which property investment decisions are to be based, for the Council's housing portfolio.
(ii)	To delegate authority to the Executive Director Communities Culture and Homes following consultation with the relevant Cabinet Member to make any minor changes to the strategy during its life span.
(iii)	To delegate authority to the Executive Director Communities, Culture and Homes following consultation with the relevant Cabinet Member to take all necessary actions to give effect to the above recommendations.

REASONS FOR REPORT RECOMMENDATIONS	
1.	The Council's ability to continue to deliver efficient services for tenants, generate income revenue, and provide a solid platform for improvement depends on its ability to make the most of its property assets. This can only be achieved by ensuring prudent strategic financial decisions, based on income from assets and the expenditure required to look after them.

2.	The primary objective of the HAMS is to ensure that the Council's social housing portfolio is managed with financial prudence, balanced with ensuring that the Council continues to meet all its statutory obligations as a Local Authority Landlord and, ensure the provision of good quality homes for tenants to live in.
3.	Poorly maintained properties lead to high reactive maintenance costs, reactive repairs valued more than £1,000 should be part of a planned and proactive capital improvement work programme. Lack of investment leads to high rental income loss, as organisations spend time carrying out 'catch up' maintenance while the property is empty.
4.	Social Housing Providers benchmarked within the Housemark performance metrics, can relet an empty property with little or no repairs required, within 10 days. These are organisations that exercise proactive capital investment programmes, and therefore do not need to spend time within empty properties, undertaking 'catch up' maintenance.
5.	The Council should adopt a 'spend to save' approach to capital investment decisions within the domestic portfolio. The HAMS sets out the preferred approach to the Council's asset management delivery and outlines key actions to improve service and operational delivery, while adapting to issues that affect all social housing providers.
6.	The Environmental & Sustainability appendix sets out the steps that the Council will take to meet its housing Net Zero by 2040 aspirations. The strategy sets out the approach to planned capital investment for works to improve the energy efficiency of the Council's social housing, thereby also tackling fuel poverty.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
7.	The following option was considered: Continue the existing 'reactive' approach to capital investment in the portfolio, with unpredictable delivery capabilities. This option was rejected as it is inconsistent with paragraph 1 & 2 of this report and our duty as a landlord to plan over the longer term.
DETAIL (Including consultation carried out)	
8.	Historically without a clear strategy in place, the asset management has involved creating a capital programme around a perception of what the Housing Revenue Account (HRA) could afford, and all within the context of the financial parameters of the day, as opposed to looking at the long-term needs of the residents and investment in the Council's assets.
9.	Without an Asset Management Strategy in place, it is difficult to develop robust, long term strategic capital investment plans. To deliver its Asset Management Strategy, the Council must ensure that the requirements of the housing stock are affordable within the context of the HRA Business Plan. Assessment of performance and acting upon the results of viability modelling is an important factor in maintaining a portfolio that is sustainable in the medium to long term.
10.	The strategic objectives of the HAMS include, but are not limited to: <ul style="list-style-type: none"> • To manage and maintain homes to a good standard. • Improving and maintaining homes, and as a by-product, continue to meet the Regulator of Social Housing's 'Home Standard'.

	<ul style="list-style-type: none"> • Programming and procuring works so that repairs and maintenance are conducted cost effectively and responsively, in a way that reflects residents' needs, preferences and aspirations. • Ensuring that necessary re-investment in the stock is made a key priority within the Council's financial framework. • To align with the Council's Greener City commitment ensuring that all homes are green, sustainable and energy efficient.
11.	<p>The principles for delivery of the strategy include, but are not limited to:</p> <ul style="list-style-type: none"> • Listen and respond to the views and aspirations of all stakeholders. • Work with residents through tenancy audits, to ensure that homes are being looked after and that the needs of the household are identified. • Actively obtain and then manage data relating to health and safety compliance, acting promptly to tackle any issues or matters for concern. • Procure works and services for delivery that provide best value for money and good quality. • Maintain an Asset Management Group (with all key stakeholder groups represented) this group will review and monitor proposals, objectives, and delivery. • Undertake as much work as possible in a pre-planned way, thus reducing reactive works to a minimum. • To make communities greener and properties more energy efficient, addressing fuel poverty. • Decrease levels of crime and anti-social behaviour through appropriate specification and joined-up neighbourhood delivery.
12.	<p>The full Housing Asset Management document is located within the appendices (inserted as Appendix 1). There is also a short form document which is an easy-to-read public facing version of the strategy (inserted as Members Room Document).</p>
13.	<p>The Housing Asset Management Strategy includes an Environmental & Sustainability Strategy as an appendix document. This appendix deals specifically with the Council's Net Zero aspirations. The document is attached (inserted as Appendix 2).</p>
14.	<p>The Environmental & Sustainability Strategy appendix document is a direct response to the decarbonisation and biodiversity agenda. To achieve the Government's and Southampton City Council's ambition to decarbonise the social housing portfolio, will require substantial investment in the medium term. The Government has set a target that all social housing should achieve Energy Performance (EPC) of C by 2030.</p>
	<p>Consultation - Process</p>
15.	<p>The Housing Asset Management Strategy has been developed in consultation with key stakeholders, including tenant groups.</p>
16.	<p>The consultation was undertaken via face-to-face meetings, and targeted surveys.</p>
17.	<p>The survey asked for tenants' views on what aspects of the home and communities should be prioritised in relation to the development of capital investment for housing improvement programmes.</p>

Consultation - Results																			
18.	<p>The targeted survey was carried out online in May 2021, using the 'Tenants Tell Us' forum. Overall there were 130 respondents, the full result of the survey consultation is inserted as Appendix 3.</p> <table border="1"> <thead> <tr> <th colspan="2">Priorities in the Home</th> </tr> </thead> <tbody> <tr> <td>Windows and door replacements</td> <td>99%</td> </tr> <tr> <td>Kitchen & bathroom replacement</td> <td>93%</td> </tr> <tr> <td>Energy efficient & fuel costs</td> <td>29%</td> </tr> <tr> <td>Warmer homes</td> <td>18%</td> </tr> <tr> <th colspan="2">Priorities in the Community</th> </tr> <tr> <td>External lighting & CCTV</td> <td>96%</td> </tr> <tr> <td>Electric charging points</td> <td>51%</td> </tr> <tr> <td>Condition and maintenance of common areas & footpaths</td> <td>76%</td> </tr> </tbody> </table>	Priorities in the Home		Windows and door replacements	99%	Kitchen & bathroom replacement	93%	Energy efficient & fuel costs	29%	Warmer homes	18%	Priorities in the Community		External lighting & CCTV	96%	Electric charging points	51%	Condition and maintenance of common areas & footpaths	76%
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19.	In summary 99% of respondents prioritised components such as window and door replacements as most important external aspects of their home. 93% of respondents regarded kitchen and bathroom replacements as most important internal components to be prioritised.																		
20.	In terms of energy efficiency and warmer homes, these were prioritised at 29% and 18% respectively.																		
21.	CCTV provision, security lighting and maintenance of common areas and footpaths were highly prioritised areas, at 96% and 76% respectively.																		
RESOURCE IMPLICATIONS																			
<u>Capital/Revenue</u>																			
22.	The Council has a 5-year investment programme for HRA assets, which was fundamentally reviewed as part of the 2022/23 budget setting process. The principals of the draft strategy were considered as part of that process. This programme, as well as budgets for cyclical maintenance and statutory building compliance work, continue to be reviewed as part of the business planning process for the HRA. The strategy will ensure more robust financial planning in future years.																		
23.	The Environmental & Sustainability appendix highlights methods to support the HRA capital programme using various grant funding streams being made available by Government to make housing more energy efficient and less reliant on fossil fuels (for instance the Social Housing Decarbonisation Fund).																		
24.	Capital investment decisions will be made using the HAMS Viability Modelling and Options Appraisal tool. Viability and re-investment priorities will be judged through a Stock Viability Model that takes account of a range of factors, including property demand, projected costs, and Indices of Multiple Deprivation (IMD).																		
25.	The Council's ability to continue to deliver efficient services for tenants, generate income revenue, and provide a solid platform for improvement, depends upon its capacity to make the most of its property assets. Strategic capital investment is a key factor, and the HAMS will function as the tool to ensure that best practice asset management principles are followed.																		

Property/Other

26. Southampton City Council's housing portfolio is made up of over 70% multi-dwelling developments and a large amount of the estate is made up of non-traditional properties. The table below shows the breakdown of property archetype within the housing portfolio.

Archetype	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

This presents unique management and investment challenges now and into the future.

27. The housing stock figures include 2,008 leaseholders within the 1,023 blocks owned and managed by the Council. In addition, the Council manages 1,194 garages

28. Around 12% of Southampton's population live in neighbourhoods within the 10% most deprived nationally. Over 45% of Southampton's population live in neighbourhoods within the 30% most deprived nationally. Approximately 20% of the Southampton population live in some form of social housing.

29. Poor quality housing contributes to increased inequalities, while good quality housing contributes to improving health, wellbeing and reducing inequality. Interventions such as improving heating and warmth through targeted capital investment, has been shown to positively influence physical & mental health and wellbeing.

30. Maintaining a sustainable level of investment and delivering planned maintenance programmes is equally critical to avoid asset deterioration. Adopting the HAMS as Council policy will ensure a sustainable level of investment that will encourage proactive and sustainable investment, while also providing tangible social benefit to communities.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

31. The Head of Housing has a duty to discharge the Council's function in respect of the management, maintenance, improvement, and repair of assets in accordance with the Housing Act 1985.

32.	Expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 must be accounted for in the Housing Revenue Account (HRA). This comprises mostly housing and other property provided by authorities under Part II of the Housing Act 1985. The Housing Revenue Account must remain a ring-fenced account within the General Fund
33.	The council has a duty to carry out repairs to council housing stock under the terms of its tenancy agreements with council tenants and under legislation including S9A and S131 Landlord and Tenant Act 1985 (fitness for habitation and repairing obligations). The secure tenants of local housing authorities (right to repair) Regulations 1994, Section 96 Housing Act 1985. Tenants, and others may be entitled to compensation if the Council's Housing stock is not kept in repair.
34.	Housing Act 1985 Part XVI. The Council must comply with the Homes England Home Standard statutory guidance which sets out standards for the quality of accommodation and the provision of cost-effective repairs and repairs to homes and communal areas.
<u>Other Legal Implications:</u>	
35.	In exercising its duties, the Council must pay regard to its obligations pursuant to the Equality Act 2010, in particular, the Public Sector Equality Duty, as set out in s149 of this Act. An Equality and Safety Impact Assessment (inserted as Appendix 4) has been completed to inform the recommendations.
RISK MANAGEMENT IMPLICATIONS	
36.	Flexible procurement approach to contract management and delivery is encouraged as this has a large impact on the ability to deliver projects effectively and efficiently. The HAMS highlights the need for a procurement process that delivers best value for money, allows flexibility, and ensures good quality for the Council
37.	Council finances are finite, and there is a need to ensure that in reaching investment decisions, there is clear recognition that to achieve value for money for property maintenance, it is best to increase proactive and planned capital investment, over reactive maintenance.
38.	Poorly maintained properties can, in addition to leading to high reactive maintenance costs, also be the source of both insurance claims for compensation and/or disrepair claims against the Council. Inadequate or 'catch up' repairs are likely to lead to these claims being brought, and any damages and legal costs will have to be met by the Housing Revenue Account
39.	Directed, proactive planned capital investment can help manage this risk but recognising that appropriate, reactive maintenance arrangements are still important.
POLICY FRAMEWORK IMPLICATIONS	
40.	The proposal is consistent with Council's policy framework, and it is also consistent the Department for Levelling Up Housing & Communities (DLUHC) Social Housing Regulator's 'Homes Standard' and the Social Housing Charter.

41.	<p>The proposal aligns with the following Council policies:</p> <ul style="list-style-type: none"> • Green City Plan 2030 • Southampton City Council Housing Strategy 2016 - 2025 • Southampton Corporate Plan 2021 - 2025 • Carbon Reduction Policy 2018 • The New Homes Programme Delivery Strategy
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KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Consultation results
2.	HAMS – Long form (Technical detailed document)
3.	HAMS – Environmental & Sustainability Strategy Appendix

Documents In Members' Rooms

1.	HAMS – Short form (Easy read, front facing document)
2.	Equality and Safety Impact Assessment

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	YES
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	