

Executive

11 February 2016

Report of the Assistant Director – Housing & Community Safety

Portfolio of the Executive Member for Housing & Safer Neighbourhoods

Housing Revenue Account (HRA) - Strategic Asset Plan

Summary

1. This report provides an overview of housing's new Strategic Asset Plan, which has been developed to support the Housing Revenue Account Business Plan.
2. The Strategic Asset Plan establishes the decision making processes that the council will use for its HRA assets to achieve the five primary aims of the plan:
 - To guide investment decisions when properties become void;
 - To guide investment decisions on planned maintenance;
 - To allow targeted interventions in poor quality housing stock or challenging areas;
 - To capitalise on wider opportunities that arise from integration with general fund projects and assets;
 - To identify sites and opportunities for new build development and regeneration

Recommendations

3. Executive are asked to:
 - a) Agree Option One to adopt the HRA Strategic Asset Plan.

Reason: The HRA Strategic Asset Plan enables the council to objectively assess the quality of all HRA assets to guide future investment and development decisions within the housing stock in support of the aims of the HRA Business Plan.

Background

4. The core purpose of the HRA Business Plan is to set out the priorities for the business over the next 30 years and to demonstrate that the council can maintain its housing assets, deliver a quality customer focused service as well as improve its homes and neighbourhoods. It is first and foremost a financial document, which determines how the council will meet the needs of present and future tenants whilst ensuring the long-term viability of the stock.
5. The HRA Strategic Asset Plan has been devised to support this business plan. Following a number of national changes there has been a need to fundamentally review the business plan. The revised business plan which responds to these changes is covered by a separate report to the Executive.
6. The Strategic Asset Plan serves as an evidence base for the HRA to ensure investment decisions are targeted to delivering strategic aims, and that those decisions link in to the wider council agendas. The plan is particularly important in ensuring that the housing asset base is considered in conjunction with the general funds, and that opportunities are identified for achieving best value for the council as a whole.

Consultation

7. The Strategic Asset Plan has been devised and developed with a wide-range of staff from within housing services, building maintenance, property services and finance, and has been approved by the Capital Asset Board. The Housing Asset Register, the system for assessing the quality of housing's assets to provide an evidence base for investment decisions, has been developed by strategic leads in housing, building services and finance and sensitivity tested by housing management, maintenance and property services.

Options

8. Option one – To adopt housing's Strategic Asset Plan as set out in Annex A
9. Option two – To ask officers to revise the document and methodology

Analysis

10. **Option one** – The Strategic Asset Plan provides a clear and practical vision for ensuring both housing and the wider council maximises the

opportunities from the HRA asset base. It considers a wide range of information and data to rank every HRA asset based on their quality, desirability, financial worth and potential. This Housing Asset Register provides a detailed database which will form the basis of all investment decisions, and ensures that a culture of long term strategic decision making is embedded within the organisation.

11. The plan contains an overview of the council's housing stock, details of the accompanying Housing Asset Register and methodology, and the strategic framework through which the register will be used to make short, medium and long term decisions relating to housing's assets.
12. The Housing Asset Register is a live document that will continue to be updated and evolve as and when further or more robust data sets become available.
13. One of the key proposals within the plan is to introduce a void management system, which will ensure that the lowest quality assets or homes that have potential for alternative uses are automatically identified and considered for intervention before re-let. This will ensure that homes are not continually re-let without taking the opportunity to consider whether there is a better alternative use that would better benefit the council, the HRA and the needs of tenants. This will also help inform the decision making process around sale of high value voids properties linked to the national changes.
14. Appended to the plan is an action plan which identifies how the strategic framework will be established and future work streams to ensure the principles contained in the strategy are embedded in to the every day work of the housing department.
15. The plan will help the council achieve its commitment to being an excellent landlord providing high quality homes in confident and successful communities in which people want to live. Taking informed strategic decisions regarding the HRA asset base will maximise and target resources towards meeting the following objectives:
 - Continual improvement of the quality and sustainability of the council's housing stock;
 - Increasing the quality of the asset base through the building of new homes;
 - Ensuring a strategic decision making approach underpins all investment decisions;
 - Embracing our role as landlord by investing in our estates to create successful communities.

16. **Option Two** – Should there be concerns with the approach identified above officers could revisit housing’s Strategic Asset Plan and provide a revised version or approach. However, the new plan has been designed with a clear vision for ensuring HRA assets are used in a more effective manner, and that investment decisions are taken under a more strategic framework. Any revised plan would need to be developed through new consultation with a broad range of staff that has previously identified this model as the preferred approach.

Council Plan

17. The Strategic Asset Plan has been devised in consideration of the objectives of the 2015-19 Council Plan, namely:
- A prosperous city for all
 - A focus on frontline services
 - A council that listens to residents
18. By ensuring a clear evidence based decision making framework investment can be targeted to achieve these objectives, and allow cohesion and integration with wider council projects.

Implications

19. The implications arising from this report are:
- **Financial** – There are no direct financial implications from adopting the Strategic Asset Plan. The financial implications of any decisions around future investment or use of housing assets will be considered, reported on and approved individually through capital programme monitoring and the Capital Asset Board.
 - **Human Resources (HR)** – none
 - **Equalities** – A Community Impact Assessment has been completed the details are contained in Annex B
 - **Legal** – None
 - **Crime and Disorder** – None
 - **Information Technology (IT)** – Significant investment is proposed for ICT to support the ambitions of the business plan, which will also

assist the future robustness of the Housing Asset Register. These will be discussed with the ICT team and built into work plans

- **Property** – Property services have been consulted in the development of the Strategic Asset Plan and support the approach. They have commented on draft versions and made amendments to improve the methodology and links to wider council agendas. Any decisions arising from this plan which relate to land assets and future uses will be considered alongside the Corporate Asset Plan.

Risk Management

20. The Strategic Asset Plan has devised a completely new matrix and methodology for assessing the worth of an asset to the HRA. This has been developed by officers in housing strategy, building services and finance and is not based on an existing template. To ensure that the Housing Asset Register works in practice a process of sensitivity testing has been undertaken to minimise the risk of anomalous results and to amend and adjust the weightings of the assessment criteria to check that the desktop register reflects real life experience. As part of this process several properties across the range of assessed quality scores have been considered by housing management and maintenance to ensure that they are correctly graded.
21. Despite this level of interrogation it should be noted that this remains a desktop register based on a range of quantitative and qualitative data sets. Care has been taken to only use accurate and robust data sources but the register is only an indicator of an assets' value. Detailed decisions about any assets still need to be taken having considered all the individual characteristics of a property. Furthermore, the asset register needs to remain a live and active evidence base, being regularly updated as and when improved indices and data become available. Using the register in this way will ensure the risks associated with an over-arching desktop register will be mitigated, and protect against the risk of properties being wrongly assumed to be a high or low quality asset.
22. One of the key aims of Strategic Asset Plan is to introduce a new void management system to ensure that the lowest quality assets or those identified as presenting an opportunity for an alternative use are automatically considered each time they become void. However, void periods are costly to the HRA as each week spent without tenants result in the loss of rental income. In response to the national policy changes and consequent reduction in revenue for the HRA it is increasingly vital that void periods are kept to a minimum. The revised HRA business plan

has therefore reduced the void turnaround period to 2.5 weeks. The proposed void management system has been considered in conjunction with this target and officers are of the view that the new system will not impact on the delivery of that target.

Contact Details

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Report
Approved



Date 4th January 2016

Specialist Implications Officer(s)

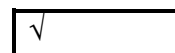
Implication - Financial

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All



Wards Affected: List wards or tick box to indicate all

For further information please contact the author of the report

Annexes

Annex A – HRA Strategic Asset Plan

Annex B – Community Impact Assessment