

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY 18 FEBRUARY 2014**

REPORT BY: **HEAD OF HOUSING**

SUBJECT: **HOUSING ASSET MANAGEMENT STRATEGY**

1.00 PURPOSE OF REPORT

1.01 This report seeks approval from Cabinet for a Council Housing Asset Management strategy. This document covers the period from 2014 to 2020; and will see the stock meet the WHQS at the end of that time. Programmes of work will also be developed to ensure that the housing stock is able to meet the changing needs of the population and has a sustainable future; meeting issues identified through Welfare reform and household income pressures. The strategy will see the creation of 20 apprenticeships and 200 local jobs. In addition, the strategy considers legislative responsibilities that need to be met and how the strategy can support delivery of the Council's Improvement Plan objectives particularly around the alleviation of fuel poverty.

2.00 BACKGROUND

2.01 Flintshire County Council, like all other Welsh social landlords, is required to comply with WHQS by the year 2020. The Council has agreed a business plan with Welsh Government to meet this target. Extensive work has been undertaken following the housing ballot to reduce costs and identify efficiencies and income generation options, to maximise the investment resources available.

2.02 The draft Asset Management Strategy has three key goals;

- To achieve the WHQS by 2020
- To make the most efficient and effective use of funds available
- To maximise job creation and training opportunities for local people.

2.03 The draft strategy is based on the levels of funding available through the Major Repairs Allowance (MRA), Capitalised Expenditure from the Revenue Account (CERA), and contributions from sales of housing land and properties. The investment strategy is currently based upon the latest projections arising from resources within the existing subsidy system. The revised business plan requires an expenditure of circa £103 million to be incurred over a 7 year period to achieve

WHQS. Currently, the Council can provide funds of circa £12 million per annum and this will need to rise to £15 million per annum in the last few years of the investment plan to fully achieve the standard by 2020. This gap could be met either by limited prudential borrowing or further income maximisation or serve cost efficiencies (other than those identified in the current business plan).

- 2.04 The Council commissioned a comprehensive Stock Condition Survey (SCS) in 2007, which was updated in 2011 for the ballot purposes. A 25% representative sample of the whole stock formed the basis of the survey. A new SCS is currently being undertaken, to provide an additional 10% representative sample, and the remaining 65% of the stock will be surveyed externally. This will provide the Council the opportunity to confirm or adjust its business plan to achieve WHQS by 2020.
- 2.05 The current delivery plan, as approved by cabinet and following tenant consultation, consists mainly of internal elements of work such as kitchens, bathrooms, heating and smoke alarms. The new delivery plan is required to consider completion of these elements and in addition new work streams including further internal works; Envelope treatments, (see 3.02); External and Environmental work programmes (to fully meet the WHQS).
- 2.06 The Asset Management Strategy also describes the need to address other important factors such as, energy efficiency, estate re-modelling, regeneration and actions to aid the management of Anti Social Behaviour and the impacts of Welfare Reform.

3.00 CONSIDERATIONS

- 3.01 The Asset management team are formulating ideas around working in broader geographical areas, (perhaps estate by estate), in lieu of the current system of working in many ward areas each year and only completing one or two streets within those areas.

In addition the range of work streams now needs to be extended to achieve all the investment needs by 2020.

- 3.02 The four main work stream requirements can be clustered as follows:
- Internal work – Kitchens, Bathrooms, Heating, Re-wires, Smoke Alarms etc.
 - Envelope works – Roofing, Chimney work, Roofline works (Gutters, fascias etc), Windows / Doors, Re-pointing / re-rendering etc.
 - External works – Fencing, Paths etc
 - Environmental works – Estate wide projects to include off street parking and larger environmental projects.

3.03 The Council will be looking at the potential cost savings of grouping elements together within a work stream, such as kitchens and bathrooms being completed at the same time (whole house). This approach is different from the existing method used, (individual elemental approach). This would achieve potential cost savings against both contractor and council contract management costs. This is because the council would be administering a smaller number of projects as opposed to managing a large number of contracts at the same time.

3.04 The Council will be tackling area specific issues and projects in the Asset Management Strategy through its Environmental schemes. Consultations will be required with Tenant groups, Members and other stakeholders to identify issues and solutions in specific areas and wards.

In addition the investment programme can be utilised to address housing management issues such as design issues which exacerbate ASB, or stock which needs to be changed to deal with issues such as Welfare reform or the changing needs of the local population.

3.05 The Asset Management Strategy aims to continue providing job creation and other community gain through the expenditure of the WHQS programme, (supporting the Welsh Government objective to maximise community benefit through investment programmes). The council is developing an ambitious goal to provide 200 local jobs and 20 apprenticeship schemes through its commitment to spend circa £100 million over all the streams of work to achieve WHQS during 2014-2020.

To help achieve this aim, the council will adopt the i2i model (developed by the Chartered Institute of Housing) within contracts for targeted recruitment and training and will be monitored through the Community Benefits Toolkit supplied by WG.

It is the intention to work closely with other organisations namely Coleg Cambria, Job Centre Plus, the CIH and other councils with similar investment programmes to pursue the option of developing a local training/jobs “Academy” to facilitate and manage the placement and training of individuals on apprenticeship schemes.

4.00 RECOMMENDATIONS

- 4.01 Cabinet is asked to
- Approve the Asset Management strategy attached to this report as Appendix 1
 - Agree and support the detailed consultation work needed with local councillors and tenants during the Spring and Summer of 2014 to produce an investment plan to achieve WHQS for each of the programme years up to 2020.

- 4.02
- Cabinet is asked to note that 14/15 programme will continue as previously agreed.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The HRA business plan allows for the full costs to achieve WHQS by 2020 with some further efficiencies and/or some prudential borrowing. The plan also allows for 6% costs to manage and deliver the work streams. Current costs are circa 3%.

The 2014/15 HRA budget proposes savings and efficiencies of £1.1m against service improvement costs of £0.5M. This supports an increased revenue contribution to the Capital programme of £0.7m over 13/14 and demonstrates that the council is stretching capacity in the HRA each year to maximise the investment programme. This approach will continue.

- 5.02 The results of the stock condition survey may have a financial implication on the costs to achieve WHQS by 2020, though this is not expected to have either a negative or significant impact.

The current plan assumes that MRA will continue to be provided unchanged post exit from the HRA. Should this not be the case this could have a detrimental impact on the resources available for investment.

6.00 ANTI POVERTY IMPACT

- 6.01 There will be local job creation through these significant investment programmes. Work streams to improve the housing stock provide a direct benefit to the lives and living conditions for some of the poorest Flintshire residents.

7.00 ENVIRONMENTAL IMPACT

- 7.01 The agreed approach will have impact on the external environment of all areas affecting both the aesthetics of the landscape.

8.00 EQUALITIES IMPACT

- 8.01 A large percentage of the housing stock is allocated to older people, therefore, the proposals in this paper will have an impact on this customer group.

9.00 PERSONNEL IMPLICATIONS

- 9.01 A small number of additional staff members will be needed to deliver the programme as investment levels and work stream areas increase.

These have been accounted for in the management fees to deliver the project as a whole, and agreed with Welsh Government.

- 9.02 In addition, the investment programme will create 200 local jobs and 20 apprentices.

10.00 CONSULTATION REQUIRED

- 10.01 The Asset management team will complete a consultation programme with elected members, tenants and other stakeholders to develop a revised investment plan commencing in April 2015.

11.00 CONSULTATION UNDERTAKEN

- 11.01 Scrutiny committee considered the draft Asset Management strategy at its January meeting and welcomed the strategy and the plans to achieve WHQS by 2020 and create local jobs. The committee were broadly in support of all internal elements being completed together as long as the service was sensitive to the needs of vulnerable tenants and made provision for this. There was unanimous support that all envelope works should be done as a single work programme. Finally, there was a recommendation that officers draw up the draft investment plans on the basis of stock condition data and with the principles of equitable investment streams in mind and bring this to members for final consideration/approval.

A Tenants conference in January considered the draft strategy and investment plan proposals and those attending were broadly supportive of the suggested approach, with similar issues raised to those of scrutiny committee.

12.00 APPENDICES

- 12.01 Asset Management Strategy (2014-2020).

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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