



**South
Derbyshire**
District Council

HOUSING SERVICES

**ASSET
MANAGEMENT
STRATEGY
2010/2011**

May 2010

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1.0 Introduction

- 1.1. This is the latest revision of the Housing Asset Management Strategy (AMS) and provides a framework for the effective management of the housing stock from the perspective of maintaining and improving Council homes. The strategy sets out a structured approach to measure the performance of South Derbyshire's Housing Services – Repairs and Improvement Section against a series of key objectives that have been established to ensure that the Council's housing assets are managed efficiently and effectively.
- 1.2. The core principle of this strategy is to ensure that all decisions are recommended on the basis of sustainability and ensure the service provides Value for Money.
- 1.3. It seeks to ensure that the stock and land is maintained in good condition and that products and service delivery continues to improve and achieve value for money and a high standard of customer satisfaction. By undertaking these responsibilities, Housing Services will increase the effective use of its capital resources and assist in the control upon the use of the Housing Revenue Account (HRA) for delivering responsive repairs.
- 1.4. The AMS and its incorporated action plan are reviewed annually to take into account changes that have occurred. The AMS is regularly reviewed to accommodate market and legislative requirements.
- 1.5. Issues which remain a high priority for the AMS are the sustainability of the housing stock and the impact that more expensive energy resources are having upon Fuel Poverty. The AMS continues to be a key instrument in addressing these priorities along with Housing's other strategic plans and strategies

2.0 Purpose of the Asset Management Strategy

- 2.1 This AMS sets out the strategic aims of South Derbyshire's Housing Service to maintain and improve its stock. It is vitally important the AMS sets its vision beyond 2010, and ensures our stock remains sustainable for future.
- 2.2 The AMS provides a framework to ensure that Housing Services make better use of its assets in conjunction with the local community and this strategy remains in line with the 'Quirk Review' recommendations, a Government backed study in 2007.

3.0 Responsibilities, Terms of Reference and Objectives

3.1 Responsibilities for the delivery of the AMS remain with the Repairs and Improvement Manager and the Repairs and Improvement Team. The terms of reference for the team are as follows:

- To drive through improvements in Asset Management and Housing Maintenance through an annual/time limited Repairs and Improvement Programme
- To review the programme for Asset Management identifying key areas of risk and take action where deemed necessary
- To regularly review and maintain an Asset Management Strategy to reflect corporate, market and legislative conditions
- To procure goods in accordance with best practice
- To maintain and communicate effective repairs and improvement procedures to staff and customers
- To deliver value for money in Asset Management.
- To proactively involve stakeholders in Asset Management decisions.
- To manage void properties efficiently
- To maintain effective IT for Asset Management
- To ensure Asset Management decisions and actions are cross-linked to corporate and service strategies
- To ensure the stock remains sustainable for the future

3.2 The Repairs and Improvement Manager undertakes annual reviews of performance via the corporate framework, using a variety of key performance measurement mechanisms.

3.3 The objectives of the Asset Management Strategy are:

- Achieve the Decent Homes Standard by December 2010 on all Council maintained homes
- To set out a vision for stock maintenance and improvement beyond 2010
- To increase and maximise the asset value of housing stock year on year
- To maximise and maintain high performance in customer satisfaction
- To maintain the level of void properties to a minimum achievable number of days between tenancies to maximise income
- To use green procurement methods and monitor quality and value for money for goods and services used to maintain and improve homes
- To annually review and challenge the approach to asset management to ensure value for money
- To steadily lower the energy used in homes through education and grant funding to support sustainable living and reduce fuel poverty
- To consult with stakeholders on key decisions relating to the provision of high quality affordable housing
- To consider the implications for communal land
- To have a clear strategy for garage sites and associated land

3.4 The Council's Corporate Plan 2009 - 2014 sets out four key themes which are designed to guide service delivery so that Housing Services can achieve the Council's vision in "Making South Derbyshire a better place to live, work and visit". The AMS will continue to help the Council deliver these themes through cross-linked objectives. The corporate themes are:

Theme 1) Sustainable growth and opportunity

Theme 2) Safe and secure

Theme 3) Lifestyle Choices

Theme 4) Value for Money

3.5 South Derbyshire District Council and Housing Services also maintain a number of strategic documents within the corporate framework. These documents are detailed in Section 15.0

3.6 A fundamental aim of the AMS is to ensure that the housing stock is maintained in good condition in order to maintain its value, avoid deterioration of assets, prevent future repair costs and meet legislative and regulatory requirements. The effective management of the housing stock must reflect the stock's future viability by consideration of demand for stock, property values, and stock condition. The Strategy must also take into account the following:

- Sustainability and environmental factors in a low carbon society
- Technology including the use of green electronic procurement
- Price, quality and value for money
- Democratic representation
- The requirement to provide value for money

3.7 Maintaining value for money from the procurement of goods and services is essential. As such the AMS should be read in conjunction with the Corporate Procurement Strategy where these considerations are defined through key actions and processes within a defined framework. Each decision made by Housing's Repairs and Improvement Team, should ensure that investment priorities and processes reflect the strategic needs of the Housing Service to ensure the maintenance of assets remain relevant, cost effective and meet high standards of performance and sustainability. The procurement of goods and services are categorised as:

- Routine Procurement – Where a significant proportion of the Council's expenditure is made up of multiple transactions involving low value items
- High Value/Strategic Procurement – Where despite there being less transactions, many carry a higher value and higher risk to the Council

4.0 Performance and Governance

- 4.1 The Council's Capital Programme Asset Monitoring Group (CPAM) reviews the Capital Improvement Programme on a monthly basis. The group is chaired by the Council's Chief Accountant and has representations from the Corporate Asset Manager and delegates from all departments who are responsible for capital spending. The group's purpose is to ensure effective planning, prioritisation and implementation of capital schemes as well as to monitor spend levels and receipts. The group's aim is to ensure capital spending and asset management decisions remain aligned to corporate strategic priorities with minimal risk to the authority.
- 4.2 The Housing and Community Services Committee and the Finance and Management Committee take policy and financial decisions on the use of housing assets in support of their strategic responsibilities to provide of affordable housing.
- 4.3 Housing Services' continually reviews the best use of its assets and has positively 'reclassified' properties that have not been entirely suited to sheltered housing. Reclassification has provided an opportunity through natural tenancy movement to place younger households in communal blocks where accessibility for the existing elderly and more vulnerable residents has been hampered by the use of communal stair wells, which are unable to have stair lifts fitted. This process has led to whole community blocks eventually being occupied by a younger profile of housing customer and provided increased property availability, for the general purpose stock. This policy has delivered an increase in 'general purpose' stock by 99 homes in the last four years.

5.0 The Property Portfolio

5.1 Domestic Properties

5.1.1 The Council now owns 3055 homes (as of 1st April 2010) throughout the District, 1,012 (33%) of which are sheltered. The Figure 1 shows the profile of South Derbyshire District Council's current level housing stock.

Building type	Beds	Pre 1945	1945 - 1964	1965 - 1974	1975 - 1985	Post 1985	Grand Total
Bedsits	1 bed		4		6		10
Bedsit Total			4		6		10
Bungalows	1 bed	16	153	91	37	9	306
	2 bed		55	152	118	5	330
	3 bed				1		1
Bungalow Total		16	208	243	156	14	637
Flats	1 bed		10	98	203	62	373
	2 bed		168	55	165	14	402
	3 bed		1	2	2	1	6
Flat Total			179	155	370	77	781
Houses	1 bed	1					1
	2 bed	134	317	20	18		489
	3 bed	304	616	91	87		1098
	4 bed	28	5	5	1		39
House Total		467	937	116	106		1626
Grand Total		483	1329	514	638	91	3055

Figure 1 – South Derbyshire District Council's Stock Profile

5.1.2 The above stock total is valued at £128,226,875 (Source: District Valuer – Existing Use Value (EUV) dated 31.3.10). It is therefore vitally important that this strategy is clearly understood and the appropriate safeguards are put in place to ensure that the stock is maintained to a good standard for future customers and generations.

5.2 Garages Sites

5.2.1 Housing Services own 52 garage sites around the district, which vary in size and popularity/usage. There have been a number of reviews which have resulted in the sale of a number of sites and the receipts used to increase capital programmes. The remaining sites are either recommended for sale or increased investment to bring them back to a good standard. If sale is the

preferred option for Housing Services the two new posts of Housing Delivery Officer and Affordable Housing Officer, would be available to ensure best use of the sites. In terms of investment, there are currently limited capital funds to undertake any meaningful programmes of improvement - this situation remains under review.

5.3 Communal Areas

5.3.1 The concentration of financial resources over the years has been directed primarily at the properties themselves. It is only in recent years that Housing Services have been able to ring fence a relatively small level of expenditure on street scenes and communal land. It is recognised that potentially significant financial resources are required to address some issues relating to communal land, and parking issues around the district. A review of all communal land is recommended in the attached action plan.

6.0 **Decent Homes standard and Improvement Programmes**

6.1 Decent Homes Standard Assessment

6.1.1 The original stock condition survey carried out in Sept 2002 concluded that 79% of the housing stock met the 'Decent Homes Standard' but the remaining 21% failed due to a variety of reasons including heating, windows, doors, insulation, kitchens and bathrooms. The report highlighted that many properties had failed due to gas and electric central heating systems being beyond their useful life and the need to have a full replacement programme. The report also recommended a systematic approach to the replacement of kitchens, bathrooms and windows.

6.1.2 The recommendations resulted in the Repairs and Improvement Team putting together a Housing Improvement and Planned Maintenance Programme, to ensure compliance was achievable. To date these programmes have been delivered as planned and the Council will achieve the target by the end of 2010. The stock condition data is held on 'Lifespan' software and remains in use by the Repair and Improvement Team.

6.1.3 During 2009 the Council procured an external validation of the stock data held by instructing Rand Associates to undertake a stock condition survey based on a 100% external survey and 766 (25%) internal Surveys. The resultant report confirmed that the Council remains on target to achieve the DHS by the end of 2010. However, the report does also highlight the potential shortfall in budgets for the next 5 years to be in the region of £12M.

6.2 Improvement Programmes

6.2.1 The Housing Improvement and Planned Maintenance Programme continues to be the mechanism for delivering Decent Homes. The following information provides an update of progress under the primary headings of the programmes:

6.3 Planned External Maintenance

6.3.1 This work is currently undertaken through a contractual collaborative agreement with a local building contractor, Harvey and Clark Ltd, which was awarded in May 2010 for a three year basis. The work consists of a variety of housing stock improvements, which are identified within the Council's capital improvement programme covering the following:

- Roof Repairs & Replacements
- Window & Door Replacements
- Building Fabric Repairs
- Groundwork Repairs & Improvements including; Paths and Fences
- External Painting and Pre paint Repairs
- Replacement of fascias and rainwater goods

6.3.2 Relationships between the Repairs and Improvement Team and the contractor are strong and in line with 'Egan' partnering principles that are considered to be best practice.

6.4 Central Heating Replacements

6.4.1 The undertaking of central heating replacements is being undertaken by Robert Prettie Ltd, who were awarded the contract in April 2009 for a three year period with an option to extend for a further two years, at the discretion of the Council.

6.4.2 The central heating replacements programme has been designed to deliver two key elements. Firstly, to ensure that any decent homes failures from the stock condition surveys, due to inadequate heating are brought up to standard. Secondly, to systematically identify and improve heating systems in properties to prevent them falling below the decent homes standard.

6.4.3 Since 2006, the prioritisation of work has been focussed upon reducing the number of homes heated by solid fuel.

6.4.4 Focus continues on finding ways to effectively tackle Fuel Poverty through a prioritised approach to heating upgrades. Efforts will also be focussed through the Energy Efficiency Strategy to continue to improve thermal efficiency of the stock and to examine cost effective alternative energy solutions, particularly in 'off grid' homes that depend on oil, LPG or electricity as their source of fuel. Housing Services have identified a budget of £80,000, as agreed by committee in 2010/2011 to deliver a renewable heat source to a variety of properties that currently have no access to mains natural gas.

6.4.5 The heating modernisation part of the programme remains on course to deliver Decent Homes.

6.5 Kitchen and Bathroom Replacements

- 6.5.1 The current kitchen and bathroom contract was awarded in May 2010 to Harvey and Clark Ltd for a 3 year period with an option to extend for a further two years, at the discretion of the Council. This programme has been running since the first stock condition survey in 2002.
- 6.5.2 The replacement of these elements has enabled the Council to improve properties inline with the decent homes standard, whilst meeting the aspirations of the tenants. The continuation of this programme will ensure that the Council continues to improve the condition of its stock to the satisfaction of its customers and to continue to meet the decent homes standard.

6.6 Electrical Installation Replacements

- 6.6.1 The Council operates a five yearly periodic electrical inspection programme on its properties. The periodic inspection results are analysed and a programme of electrical upgrades and improvement works is established.
- 6.6.2 To intensify the Council's approach to the electrical improvements, it has introduced a rewire contract, which will be awarded in 2010 on a 2 year basis. Subject to the identification of the ongoing requirement for this contract following the initial two years, a scheme of electrical rewires will continue to ensure the Council meets its statutory requirements.
- 6.6.3 Minor electrical improvements are dealt with by Powerminster, who were awarded the day to day electrical maintenance contract in 2007 for 5 years.

6.7 Disabled Adaptations

- 6.7.1 As part of the Council's commitment to ensure value for money in all our services, it is proposed that Housing Services work in conjunction with Private sector housing (current provider of disabled adaptations) to establish to what extent the adaptations service is providing value for money. This will be a joint project lead by the Repairs and Improvement Manager to ensure that our current HRA commitment for 2010/2011 of £115,500 and our MRA commitment of £194,000 provide best value to our customers.
- 6.7.2 The value for money review on this scheme of work is anticipated to be undertaken in November 2010, with any actions to be ratified and in place for February 2011, subject to approval.
- 6.7.3 Based on current levels of demand there is a shortfall in annual funding of around £50,000 for disabled persons' adaptations in the public sector housing stock. It is anticipated that the proposed review will fully identify the specific detail of this shortfall as well as any potential efficiencies in current processes. Such analysis will then be used to inform annual funding decisions.

7.0 Responsive Repairs Service

7.1 Housing's responsive repairs service is delivered through three collaborative arrangements. They are:

7.2 Gas Safety and Heating Maintenance

7.2.1 Gas Safety and Heating Maintenance is undertaken by Powerminster Gleeson Services, who were awarded the contract in April 2009 on a five year basis. The contractor carries out an annual programme of gas safety checks and a 24-hour, 7 days a week responsive repair service to meet the requirements of the Gas Safe Registration Scheme and the Gas Safety (Installation and Use) Regulations 1998. Powerminster work in partnership with Housing Services to ensure that they maintain their statutory duties as landlord and that all properties receive an annual gas safety check. This is carried out in accordance with the fully documented procedure, which is has been external audited during 2010.

7.3 Responsive Electrical Maintenance & Periodic Testing

7.3.1 Responsive Electrical Maintenance & Periodic Testing is undertaken by Powerminster Gleeson Services, as detailed in 3.6, the contract was awarded in 2007 for a five year period.

7.4 Day to day Repairs & Maintenance

7.4.1 All other day to day repairs and maintenance requirements are currently provided by Housing Services' in house Direct Labour Organisation which consists of 10 tradesmen, 2 Labourers and 1 Apprentice Plumber. The workforce is supported with 1 Foreman and 1 administrator and, for specialist work, locally sourced sub-contractors.

7.4.2 The DLO's turnover for the 2009/10 financial year was £1,025,500. The works consist of Emergency, Urgent and Routine responsive repairs, along with void property repairs.

7.4.3 The DLO service has been subject to a number of options appraisals where prices and performance have been benchmarked against comparable organisations and national indices. The most detailed and far reaching study was undertaken in 2006, by Housing Quality Network (HQN). This full independent value for money report stated that the service offered good value for money and that tendering responsive repair work was more likely to increase rather than reduce costs. In 2007, the organisation moved onto the National Housing Federation Schedule of Rates scheme, which has become the most recognised pricing model within social housing for works of this nature.

7.4.4 Since 2005, performance of the DLO has improved significantly and responsive building repairs have been maintained at upper quartile since 2006.

7.4.5 The following data is the latest achievements for the team during 2009/2010:

Work category	Target	Actual
*Emergency (within 24 hours)	99%	99%
Urgent (within 2 days)	95%	97%
Routine (Within 20 days)	95%	95%

*This target is usually within 4hrs of the repairs being reported.

8.0 Sustainability, Climate Change and Fuel Poverty

8.1 The AMS is one of a number of key documents that are to be used to promote sustainable living through efficient use of financial resources and access to grant funding opportunities in conjunction with Housing's Energy Efficiency Strategy. The aim is to provide homes that are affordable as well as thermally and energy efficient. In doing so, the AMS will be able to deliver targets to tackle Climate Change and Fuel Poverty by providing customers with homes that use less carbon based fuels to heat and light.

8.2 The relevant bodies responsible for delivering the programmes continue to meet on a monthly basis to evaluate the works being delivered against the Key Performance Indicators and to discuss ways have been used to improve quality and reduce costs on the programme including securing grant funding for energy efficiency schemes. This money has supported key aims of the AMS to lower the use of energy in homes and the risks of fuel poverty.

8.3 Efforts are continually concentrated accessing further funding opportunities through the Carbon Emission Reduction Target (CERT) and improving the thermal efficiency of solid wall properties in line with the aims of Housing's Energy Efficiency Strategy.

9.0 Health and Safety

9.1 South Derbyshire District Council have met and acted upon their legislative responsibilities with regard to asbestos and Legionella. In 2005, Housing Services commissioned a specialist asbestos firm, ECS, to undertake a survey and make recommendations to eliminate the risks associated with asbestos in the home. Risk Assessments for Legionella in communal housing areas have been prepared and regular samples are tested by specialist contractors. Risk Assessment documentation is maintained on site and by the Repairs and Improvement Team.

9.2 Housing tenants receive general advice on health and safety including asbestos safety through the Tenants' Handbook as well as guidance online through South Derbyshire's website.

9.3 The Repairs and Improvement Team engage two specialised asbestos removal companies who can provide a 24 hour service and a procedure is in place to relocate tenants to alternative accommodation in the event of an emergency.

- 9.4 All housing staff members have received training in asbestos awareness, which is now also incorporated into the induction-training programme for new starters with the Council. Specific staff also receive annual refresher training in accordance with the Control of Asbestos Regulations 2006.
- 9.5 Legionella awareness training has been undertaken by specific personnel with Housing and regular testing schedule is in place.
- 9.6 Housing Services has achieved (2010) the RoSPA Gold award for it's services to health and safety measures for the third successive year.

10.0 Asset Sales

- 10.1 Through the Government's Right to Buy scheme, Housing Services continues to sell its assets. In recent years the level of sales has dropped dramatically as the economic climate has taken its effect on the housing market. Last year 2009/2010 only 6 were sold. The level of sales is expected to stay in line with the economic climate for the foreseeable future. Housing Services also decommissioned some 32 properties at Willoughby House and Granville Court to make way for the new £18m extra care project.

11.0 Customer Satisfaction and Stakeholder Involvement

- 11.1 According to our last survey figures, collected at the end of 2008/9 from our general purpose tenants, our customer satisfaction rating is very high at 87.9%. This represents clear top quartile performance (83% or above) and is the 18th highest satisfaction rating of 198 Local Authority or Registered Social Landlords (i.e. top 10%) who benchmark their data through the Housemark Benchmarking tool.
- 11.2 The organisation has achieved 'Chartermark' for excellent customer services and operates a robust consultation process through the South Derbyshire Tenant Forum (SDTF), which is being re-launched during 2010.
- 11.2 Housing Services continues to increase the level of stakeholder involvement in line with good practice. The Repairs and Improvement Working Group has become well established with strong tenant representation from members of the SDTF. The group's involvement has resulted in a revised 'Fit to Let' standard, a new Repairs Policy and a new Tenant Starter pack, together with a revision of the repairs leaflet. The group is being re-launched during 2010 with new clear a definitive ambitions.

12.0 The Future - 2010 and Beyond

- 12.1 Through prudent planning and efficient use of the resources available to Housing Services the Decent Homes target will be achieved later this year. A new and revised programme has been established and will continue to maintain the decent homes standard in the short term whilst still meeting the aspirations of the relevant stakeholders, but it is likely, with current budget projections that the DHS will not be maintainable beyond 2013/14.
- 12.2 The Council is currently awaiting the much anticipated outcome of the national HRA review, and only when this is publicised will Housing Services be in a position to review its longer term capital improvement strategy.
- 12.3 During the second half of 2010 the Council has already committed to producing a new Housing Revenue Account Business Plan. This will set out, subject to government policy and direction, the likely resource available for investment in the medium term.

13.0 Reviews

- 13.1 Housing Services performance is reviewed annually which is monitored via a Committee Structure every quarter with a final report submitted at the end of each financial year.

14.0 Conclusion

- 14.1 Housing Services remain in a strong position to achieve the 'Decent homes' Standard by December 2010 and this strategy provides a framework to continue this work well beyond 2010. Further work in this area will remain the responsibility of the Repairs and Improvement Manager and Team under the guidance of the Head of Housing and Corporate Management Team.
- 14.2 The following Action Plan 2010 – 2011 sets out the main priorities that will need to be addressed during the next 12 months to ensure the organisation meets its corporate and service specific objectives.

15.0 Further Reading

- Housing Energy Efficiency Strategy
- Housing Carbon Management Plan
- Housing Revenue Account Business Plan
- Housing Strategy
- Corporate Plan 2009 -2014
- The Corporate Affordable Warmth Strategy
- The Corporate Procurement Strategy

**Repairs and Improvement Section
Asset Management
Action Plan
2010/2011**

Ref	Objectives for 2010/11	Designated officer(s)	Completion Date
a)	Maintain the Repairs and Improvement Programme	Repairs and Improvement Manager	01.04.11
b)	Maintain up to date gas, electric, asbestos and Legionella data.	Improvements Manager	01.10.10
c)	Undertake an independent review of DLO performance including Value for Money	Repairs and Improvement Manager	30.01.11
d)	Prepare a strategy for improving communal land	Repairs and Improvement Manager	01.09.10
e)	Thorough review of stock condition survey to prepare for post 2010	Repairs and Improvement Manager	01.09.10
f)	Review of disabled adaptations with private sector housing	Repairs and Improvement Manager	01.12.10
g)	Progress sustainable heating project	Improvements Manager	30.10.10
h)	Completion of TV digital switchover	Improvements Manager	31.12.10