



# Charnwood Borough Council

## Housing Asset Management Strategy



October 2009

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## **Introduction**

Charnwood Borough Council is the largest landlord in the Borough with 5858 properties for rent and 266 leasehold properties (Aug 09) and demand for council housing is high. At April 1st 09 there were 2131 people on the council's waiting list and around 600 new lettings are made each year. Management of the council stock is carried out by Charnwood Neighbourhood Housing, an Arms Length Management Organisation (ALMO).

To ensure we maintain and develop the housing stock for the future, we need to be satisfied that the property types we have are meeting the needs of the community, and that investment decisions in respect of the housing stock are made wisely to meet the required standards.

Despite the overall popularity of council housing the level of demand varies across the stock and a number of units, especially sheltered bedsits have become hard to let. Unlet properties not only fail to meet the pressing housing need in the borough but also have an adverse impact on the revenue through reduced rental receipts.

There are also a number of properties which, due to their method of construction, will in the future need significant investment to address inherent defects.

It is therefore necessary for the Council to have a coherent approach to the management and maintenance of the full range of dwellings in its portfolio.

### **Why have a Housing Asset Management Strategy?**

Local Authorities have a number of statutory and non-statutory responsibilities in relation to housing. They act as place shapers and take overall responsibility for meeting the housing needs of their locality. At the same time there is a responsibility to make sure that the Council's resources are used in the most effective way ensuring value for money.

A pro-active Asset Management Strategy will ensure that stock decisions can be made ahead of crisis and through effective planning responsive repairs can be minimised. It is one of the key tools available to meet varying housing need and demand.

### **What is Asset Management?**

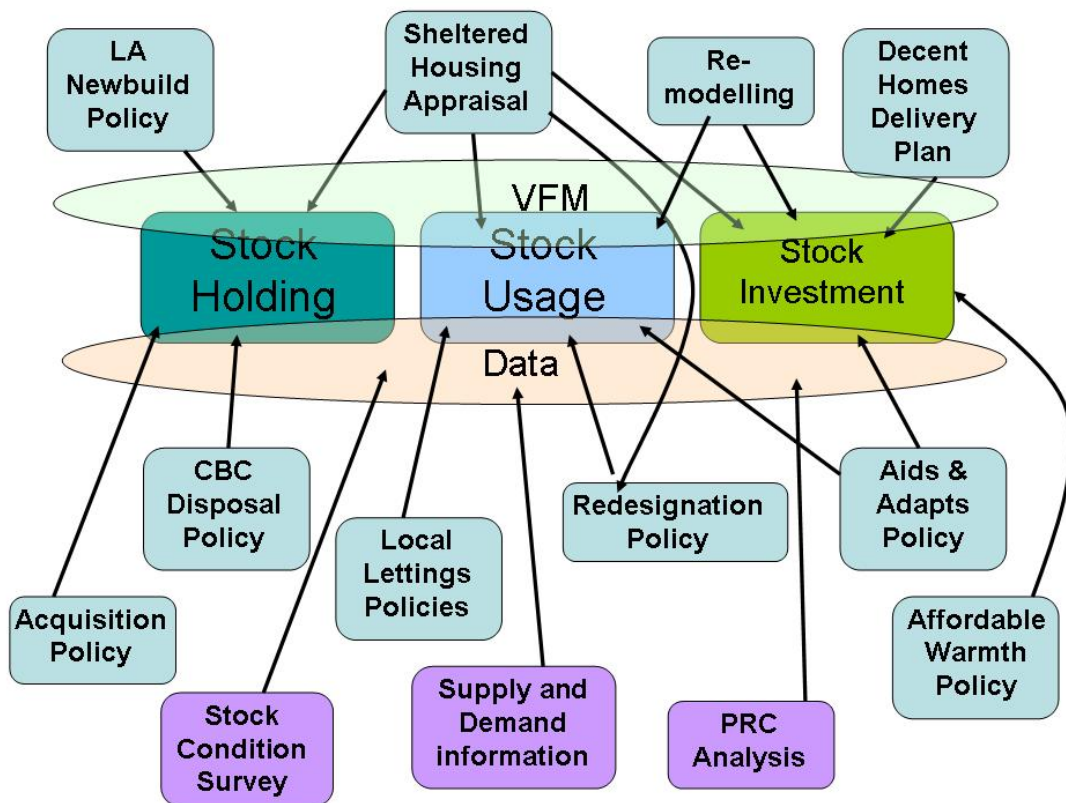
“This is the activity that ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned.” (Royal Institute of Chartered Surveyors)

For a social landlord, the overarching aim is ensuring that the housing stock is able to meet the needs of the borough whilst ensuring best use of resources available.

The overarching aim of this strategy is to ensure that the Council's housing stock is sustainable in the long term. There are 3 interlinked areas of decision making to ensure this ambition can be achieved.

- Stock holding decisions made in relation to disposal of and to a lesser extent acquisition of stock and assets.
- Stock investment- how and where should finite resources be allocated to best meet wider strategic aims?
- Stock usage – how to maximise the utility of the asset base

Within these three areas this strategy identifies a range of activities and interdependencies. The key relationships are illustrated below.



## Links to Corporate Priorities

The Corporate Plan under the “People Matter” theme seeks to “Ensure 100% of Council houses meet the Government’s decent homes standard by 2012/13,” by ensuring that the management of the landlord service meets two star standards to enable decent homes funding to be received. We will work with our partners CNH and FHM, and alongside our tenants to deliver improvements. This strategy will provide the framework to help deliver this ambition by both setting investment priorities for the Council stock and assisting CNH in reaching two stars.

The Corporate Plan also sets out within the “Prosperity Matters” theme to “increase the number of new and affordable homes within the Borough,” and this strategy will also ensure that the Council is being proactive in identifying new development opportunities within the housing land holdings.

## **Strategic Housing Priorities**

This Strategy links to, supports, and is supported by a number of existing Strategies within the Housing and Health Directorate. New strategies are produced to support and build open key challenges identified in previous work. The key relationships to this strategy are set out below:

### **Charnwood Housing Strategy 2005-2010: ‘Successful, Thriving and Inclusive’**

“Providing Decent Homes in all Tenures,” is one of 3 key objectives within the strategy. “Providing Decent Homes (social sector)” and “Promoting Affordable Warmth,” are two of the aims to achieve this.

The aim of “Promoting Healthy Housing,” is also identified within the objective of “Supporting a Healthy and Thriving Community.”

Furthermore the Objective of “Enabling Regeneration & Affordable Homes,” identifies the aims of “balancing housing markets” and “delivering affordable housing.” To deliver the aim of “balancing housing markets,” the priority of “Provision for an Aging Society” identifies the action of “Maximise use of existing sheltered stock.”

This strategy will assist with the delivery of these aims and objectives and assist with the delivery of a number of actions within the strategy that underpin them.

### **Older Persons Housing Strategy**

The Older Persons Housing Strategy identifies two key actions that require a co-ordinated strategic asset management approach:

“Review criteria for eligibility to property on the Housing Register to ensure that accommodation is appropriate for all older people”

“Undertake a review of current local authority older persons housing provision and develop a long term plan for each scheme”

### **Homelessness Strategy 2008**

The Homelessness Strategy 2008 identifies the following actions:

“Make better use of the existing stock through tackling under-occupation & low demand”

“Create a register of adapted property and disabled people needing adapted accommodation in order to facilitate better matching”

## Statutory Context

This Strategy is underpinned by a range of statutory guidance that sets targets for and direction of services in relation to property holdings and investment decisions. The key documents are summarised below:

### **A Decent Home: Definition and guidance for implementation – DCLG – June 2006 update.**<sup>1</sup>

The guidance replaces *A Decent Home: The definition and guidance for implementation* published in February 2004. It explains a number of Decent Homes policy amendments and seeks to clarify issues that have arisen in the implementation of the programme

In revising this guidance, Communities and Local Government is setting out how it sees social landlords building on the success of the programme. By working more flexibly to go beyond the Decent Homes programme and undertaking more radical solutions, we can transform some of the poorest neighbourhoods into mixed, sustainable communities.

### **Creating Strong, Safe and Prosperous Communities – DCLG – 2008**<sup>2</sup>

The document provides statutory guidance to local authorities and their partners on creating strong, safe and prosperous communities. It is a comprehensive guide on how to engage our citizens, lead our communities, and find new and more effective ways to deliver high quality services.

### **Homes for the future: more affordable, more sustainable – DCLG – July 2007**<sup>3</sup>

The Housing Green Paper seeks views on the government's proposals to increase the supply of housing, to provide well designed and greener homes that are supported by infrastructure and to provide more affordable homes to buy or rent.

### **Housing Repairs and Maintenance – Audit Commission 2002**<sup>4</sup>

Although highlighting areas of difficulty for repairs and maintenance services, this report shows how some authorities have achieved change, for example, in delivering well-managed capital programmes, or in increasing the efficiency of their responsive repairs services. It should therefore help all authorities to improve their service, particularly through their best value reviews.

### **Buy and make a difference How to address Social Issues in Public Procurement – Office of Government Commerce – 2008**<sup>5</sup>

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<sup>1</sup> <http://www.communities.gov.uk/publications/housing/decenthome>

<sup>2</sup> <http://www.communities.gov.uk/publications/localgovernment/strongsafeprosperous>

<sup>3</sup> <http://www.communities.gov.uk/publications/housing/homesforfuture>

<sup>4</sup> <http://www.audit-commission.gov.uk/nationalstudies/housing/Pages/housingrepairsandmaintenance.aspx>

<sup>5</sup> [http://www.ogc.gov.uk/documents/Social\\_Issues\\_in\\_Public\\_Procurement.pdf](http://www.ogc.gov.uk/documents/Social_Issues_in_Public_Procurement.pdf)

The government wishes to create a fairer society for everyone, support those with a disadvantage, and improve people's well being and the Council has a responsibility to use taxpayers' money wisely. These responsibilities aren't mutually exclusive and where they can work in tandem is in public procurement. This practical guide draws on real-life examples to show public procurers how they can help address social concerns both in what we buy and in the way we expect suppliers to cater for our needs.

### **Transforming places changing lives: Taking forward the regeneration framework –CLG – May 2009<sup>6</sup>**

In July 2008, Communities and Local Government published a consultation seeking views on a new national framework to shape the way that regeneration is carried out in England. This document sets out how the Government is taking forward the delivery of the framework.

### **Housing and Regeneration Act 2008 - CLG<sup>7</sup>**

The Act established the Homes and Communities Agency, which focuses on delivering more new and affordable homes across all tenures and will drive and invest in regeneration. It will support regeneration and provide decent places as well as decent homes, eg by grant funding social housing and investing in infrastructure.

It implements the changes proposed in the Green Paper to give councils more freedoms and incentives to build new homes, and makes rating against the Code for Sustainable Homes mandatory for new homes.

### **Releasing resources to the front line, Independent Review of Public Sector Efficiency - Sir Peter Gershon - 2004<sup>8</sup>**

This document sets out the conclusions of Sir Peter Gershon's review of public sector efficiency.

### **The Regulatory Reform (Fire Safety) Order 2005<sup>9</sup>**

The Order, made under the Regulatory Reform Act 2001 replaces many of the references to fire safety in other legislation such as the Fire Precautions Act, Licensing Act and Housing Acts with a simple, single Order. It requires any person who exercises some level of control in premises to take reasonable steps to reduce the risk from fire and ensure occupants can safely escape if a fire does occur.

### **'Legionnaires' disease; The control of the legionella bacteria in water systems – Health & Safety Executive – 2001**

The Health and Safety Executive Guidance document sets out a Landlords legal obligation to ensure that they have adequate methods in place to prevent legionella within their hot and cold water systems. (CNH have a contract in place for the management of legionella prevention and water monitoring.)

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<sup>6</sup> <http://www.communities.gov.uk/publications/citiesandregions/transformingplacesframework>

<sup>7</sup> <http://www.communities.gov.uk/housing/strategiesandreviews/housingandregenerationbill/>

<sup>8</sup> [http://www.hm-treasury.gov.uk/spending\\_sr04\\_efficiency.htm](http://www.hm-treasury.gov.uk/spending_sr04_efficiency.htm)

<sup>9</sup> <http://www.opsi.gov.uk/si/si2005/20051541.htm>

## **The Gas Safety (Installation and Use) Regulations 1998<sup>10</sup>**

The regulations cover various aspects of the supply and use of gas, and qualifications and duties of people involved with doing so. Provisions of the regulations with which the public is most familiar are:

- the duties of landlords to ensure the safety of gas installations and appliances in rented accommodation, attested by a Landlord's Gas Safety Certificate which must be obtained at least annually and a copy given to tenants.
- the qualifications required of people working on gas installations and appliances.

## **Key Challenges**

### **Decent Homes Standard**

In the 2000 Spending Review, a Public Service Agreement (PSA) target was set “to ensure that all social housing meets standards of decency by 2010”. The updated standard identified four elements that made up a “decent,” home.

1. It is free of category one hazards
2. It is in a reasonable state of repair
3. It has reasonably modern facilities and services
4. It provides a reasonable degree of thermal comfort

For local authorities unable to meet the standard within their own resources the government developed three options to access additional resources.

These were:

- 1) stock transfer of all or some of the housing stock to a Registered Social Landlord
- 2) the Private Finance Initiative (PFI)
- 3) setting up an Arms Length Management Organisation (ALMO)

After a full stock options appraisal in 2004/05 the decision was taken to set up an ALMO (Charnwood Neighbourhood Housing) to ensure the Council could meet the decent homes standard. A successful bid was submitted to Communities and Local Government for £35.85 million in 2006 and Charnwood Neighbourhood Housing went live in December 2007.

The Council’s original decency submission sought £36m of additional funding to achieve the decent homes standard by 2010. However in October 2006 DCLG contacted local authorities on the ALMO programme requesting that they reconsider their expenditure profiles and timescales for making all housing stock decent. This request envisaged decency timescales stretching beyond 2010, perhaps to 2013 and in response a revised spending profile was submitted.

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<sup>10</sup> <http://www.opsi.gov.uk/si/si1998/19982451.htm>

The allocation of £36m has been confirmed subject to CNH reaching a 2 Star status, but due to the delayed allocation of funds CNH would need £44m to achieve decency within the extended timeframe as the backlog of repairs is building year upon year.

The £36m allocation will address the majority of this backlog but it is not sufficient to clear it all, this will have a great impact on the future funding required to achieve 100% decency. It is not expected that future MRA funding will be sufficient to address both residual non-decency and newly arising failures under the standard in the future.

The current decent homes delivery profile (extracted from Charnwood Neighbourhood Housing delivery plan) is attached at Appendix 1.

## **Leasehold Properties**

At 1<sup>st</sup> April 2009 there were 302 leasehold properties (dwellings and shops) managed by Charnwood Neighbourhood Housing so this Strategy is relevant to leaseholders as they are responsible for contributing, through the service charges, to a proportion of the costs for communal works carried out on their blocks.

CNH and its contractors engage fully with leaseholders on plans for future works affecting them. They also notify leaseholders as part of the section 20 procedures under the Landlord & Tenant Act.

In 2004 the Council introduced a policy of deferred payment scheduling for leasehold work. This allowed for an extended interest free repayment period on leasehold recharges where the Head of Financial Services had determined hardship. The length of time that repayment can be made over is at the discretion of the Head of Financial Services and can be in the region of five years.

This policy is significantly more generous to leaseholders than their statutory “right to a loan,” prescribed in the 1985 Housing Act.

Where major works are planned in areas with leasehold properties consideration will therefore need to be given to leaseholders’ interests.

## **Evidence Base**

Decisions are not made in isolation and will lead to expected and unexpected consequences. Furthermore even within the three strands of holdings, investment and usage, decisions focussed on one area will impact on others.

The most effective way to ensure that decisions are robust and justifiable is by ensuring that they are underpinned by a robust evidence base.

There are a range of datasets that in combination are vital to making informed decisions some of the key data is discussed below.

## **Stock Condition Information**

Underpinning the whole concept of long term planning of investment relates to stock condition information.

Following the publication of the Decent Homes Standard it was recognised that stock information available to the Council was not sufficient to give a reasonable assessment of the condition of the stock.

NBA were subsequently appointed to undertake a survey of 10% of the stock covering each construction archetype and estate. Results were then extrapolated across the whole stock.

This survey was checked internally and results measured against the Decent Homes Contract carried out in 2005/06 for which the Council commissioned detailed individual surveys of 256 properties. 30 of these had also been included in the original NBA survey, and a comparison was made to identify any potential discrepancies between the extrapolation and actual surveys. The levels of identified works and specification costs to meet Decent Homes Standard and tender costs as a result of this process were used to inform the Building Cost Model.

The NBA survey found that a total of 2,718 dwellings or 43.6% of the stock failed to meet the Decent Homes Standard compared to a national average of 46%. The original survey results were input to a Stock Condition Database that has since been extensively updated and to include: -

- Maintenance and cyclical repairs programmes
- Medical adaptations
- Contract investment under Decent Homes
- Tenant led stock improvement programmes

This database is maintained on a monthly update cycle to reflect works to date, RTB sales, void works and tenants' alterations.

Historically, asset data was stored on a number of spreadsheets but to ensure the integrity of the data these have been consolidated into one access database which now holds all the asset management data for each property including:

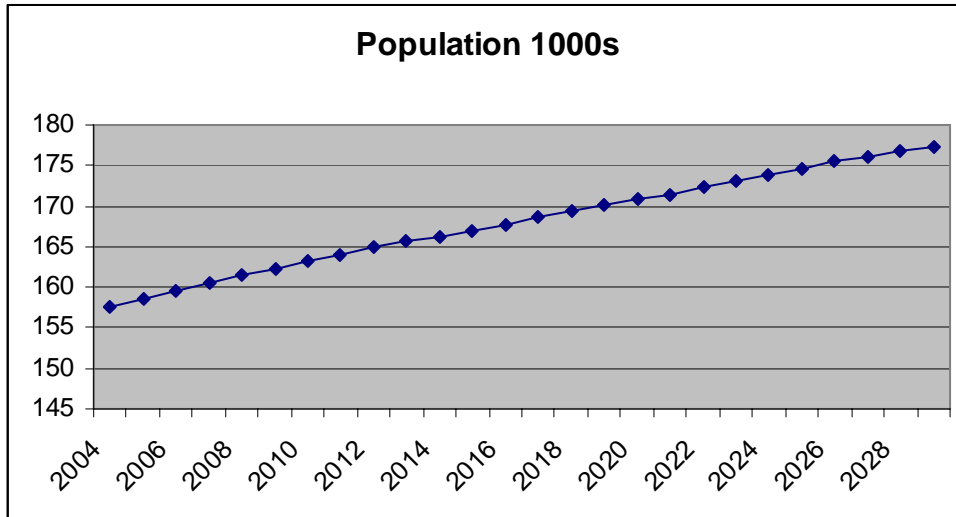
- Decent homes expenditure
- Life cycle maintenance schedules
- Component replacement schedules
- Expenditure to maintain Decent Homes Standards

Furthermore where the remit of the existing survey has not proved rigorous enough to plan and prioritise work, more detailed stock condition information has been commissioned such as the recent study into pre-cast reinforced concrete (PRC) homes by Michael Dyson Associates.

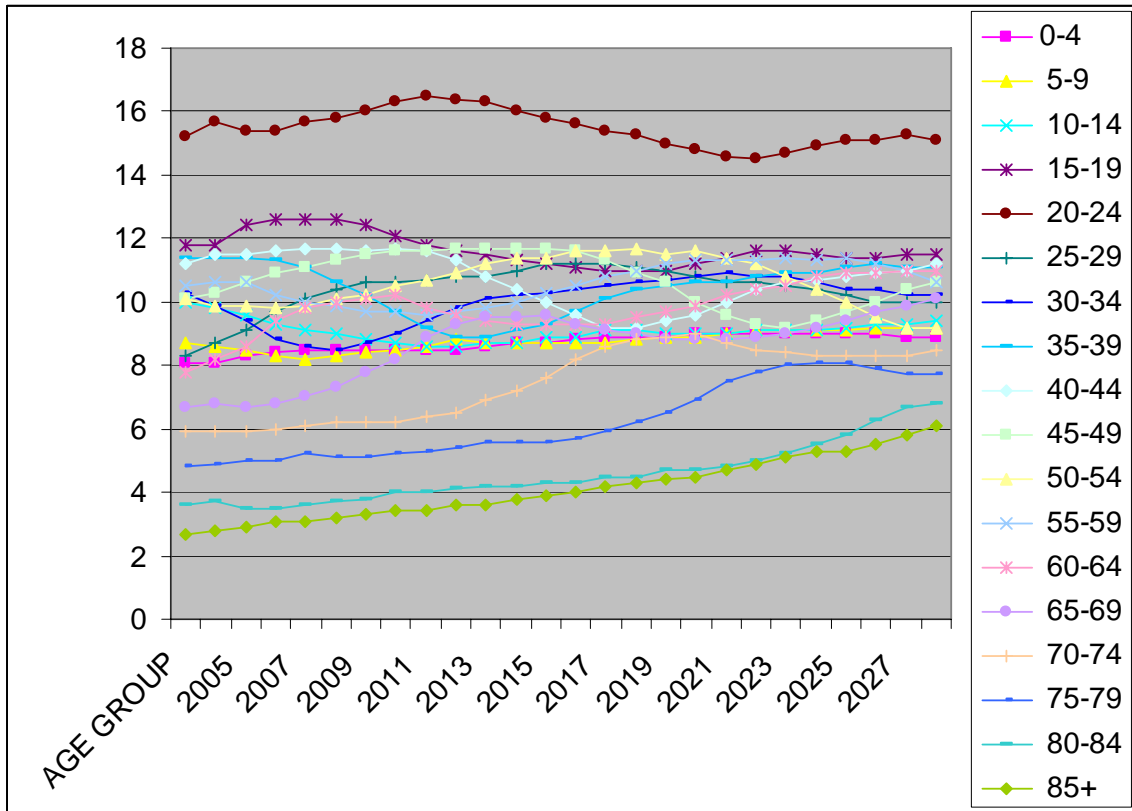
## **Supply and Demand**

As housing is a long term asset, decisions on the future of such stock need to be made both with regard to current needs and demand information and anticipated future demand. The long term viability of accommodation is assessed on a 30 year lifespan and so demand over this time period also needs considering.

The population of Charnwood is due to increase by around 20,000 over the next 20 years (the period for which forecasts are available) as illustrated by the following graph



The table below shows the estimated population change by age bands in Charnwood up to 2030.



Population 1000s source SHMA

The actual change (in 1000s) between 2004 and 2030 by age band is highlighted in the table below.

0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+	total
0.8	0.5	-0.6	-0.3	-0.1	1.7	-0.1	-0.3	0	0.5	-0.9	0.1	3.2	3.4	2.6	2.9	3.2	3.4	19.7

As can be seen above the most notable increase in the population profile is in relation to the over 60s, this contrasts with older persons accommodation currently being in relatively low demand. However despite increasing numbers of older people providing potential demand for sheltered stock, changing expectations and aspirations are likely to still mean demand for existing older persons accommodation remains low.

The following tables are from the Leicester and Leicestershire Strategic Housing Market Assessment and identify the need for new units over a seven year period within Charnwood (over and above current expected delivery of 90-100 units a year at the time the study took place) An additional 309 affordable units are needed, 245 of which should be social rent.

Overall need	309
% social rent	79%
% Intermediate Housing	21%
Social rent (actual)	245
Intermediate Housing (actual)	64

The study then goes on to provide the following breakdown of the unit size and types that are required to meet existing and forecast future need over the period.

1 bed general needs	6
2 bed upsizing general needs flats	6
2 bed downsizing flats/bungalows	26
2 bed general needs houses	52
3 bed general needs flats	5
3 bed general needs houses	89
4+ bed general needs	3
1 bed elderly person(s)	often no longer an acceptable type of accommodation for the client group already in larger homes
2 bed elderly person(s)	45
sheltered/supported	13
Total social rent	245

As can be seen above there is a significant shortfall between current supply and demand for social rented housing. Consequently any decisions that might be made to dispose of current stock should be made in the context of the above and the corporate objective of increasing the affordable housing supply within the borough. Whenever possible any disposal should not lead to a net loss of social housing

However the study also suggests that one bedroom elderly person accommodation is no longer meeting many people's needs or aspirations. Currently there is still demand for 1 bedroom older person housing within Charnwood although bedsit accommodation is becoming more difficult to let. The presumption above may be

based on the notion of all older people downsizing from larger family homes whereas there will always be people, particularly from the social sector who have always lived in single person accommodation.

Interestingly though this view conflicts with evidence from Peter Fletcher Associates which suggests at least in terms of owner occupation and intermediate housing, demand for one bedroom accommodation has remained as a result of the need to create a sufficient price differential to encourage older homeowners to move out of family housing into specialist accommodation.

Although the issue of pricing will be less important in social housing it does suggest that smaller units are still acceptable to a number of households.

The Council's Strategic Housing Team are currently working towards the government target of implementing Choice Based Lettings (CBL) by the end of 2010 and once this is in place there will be a very robust, regularly updated evidence base of demand at a very local level. This new intelligence base will be utilised to inform future decisions in relation to this Strategy.

## Priorities

Ahead of the development of this strategy there were two areas that had already identified themselves as requiring further work. These were the non-traditional housing stock (and more specifically addressing the cost of dealing with the defective elements of their constructions) and addressing the issue of low demand within the sheltered housing stock that is currently resulting in significant void loss.

### Non-traditional Housing Stock

A key area of focus for stock investment decisions is in relation to the non-traditional stock that the council owns and a breakdown of this stock is shown in the table below.

Construction	Total
Airey	93
Cornish*	45
Gregory	275
Reema*	33
Swedish Timber	9
Wates*	256
Wimpey No fines	46
Total	757

Non-traditional construction types marked “\*” are classified as defective under legislation.

The non-traditional properties will have a significant impact upon the business plan due to the structural repair requirements to ensure they have a meaningful future life.

In addition the properties have not always benefited from routine improvement programmes.

As a result the ALMO commissioned Michael Dyson Associates to carry out a representative structural survey of the properties. The resultant report, an executive summary of which is at (Appendix 2) will enable the Council to make an informed decision regarding the level of funding required and the prioritisation of a programme of works.

The survey included the following procedures:

- Catalogue of the properties by type and variant
- An overview of the construction methodology and the defects which have been identified for each of the property types
- A visual survey of all properties
- An invasive structural survey to a representative sample of each property type to enable a robust condition assessment to be made across all properties

The report provides the following information:

- A catalogue of the properties
- Results of the visual survey
- Results of the invasive survey including details of the survey ratio utilised and the results of any testing or analysis of components carried out
- Options and recommendations for repair/improvement of the properties consistent with an assured future life of 30 years (identify Decent Homes Standard failures and the improvements required to meet the Standard by 2012)
- Budget cost of the repair/improvement options
- Prioritisation of the repairs programme consistent with the survey findings
- Mortgage-ability and asset value implications of the recommended repairs/improvements
- An overview of the situations where redevelopment could be considered as the most appropriate solution
- A photographic log to support the findings and recommendations

Despite their non-traditional construction many of the properties are still in demand as they benefit from spacious plots and are in popular locations.

Following on from the MDA report it will be necessary to discuss the recommendations, consider the options and set priorities for the properties in light of the current funding profile.

The long term future of non-traditional stock has been an issue for the Council for many years with proposals first considered 15 years ago. Options that have been considered since then have included demolishing low density schemes and redeveloping at a higher density and trickle transfer at zero consideration of empty properties to an alternative provider to allow the non-traditional elements to be addressed.

Although these proposals were not deliverable at the time similar options may need to be reconsidered in the future.

## **Older Persons Housing Stock**

The future approach to older persons housing is one that needs particular consideration. Currently older persons' properties make up the vast majority of long term voids. At the same time demographic changes suggest that the demand for older persons housing will continue to grow. There is a problem with the mismatch between the properties available and current and likely future expectations in terms of what is acceptable as accommodation. A number of the units are still reliant on shared bathing facilities and it is generally accepted that these properties are no longer fit for purpose or meet expectations or aspirations of potential residents now or in the future. In fact there is an increasing view that due to changing expectations and lifestyles new provision for older people should be two bedrooms as standard.

Any medium term strategy for the stock will need to address this issue leaving no resident reliant on a shared bathing facility.

As a follow on from the Leicester and Leicestershire SHMA a successful bid was submitted to undertake further work in relation to the housing needs and aspirations of older people. Following a significant number of expressions of interest a preferred partner has recently been selected and a final report is scheduled by the end of this financial year that will provide a robust evidence base for decisions in relation to provision of older people's housing.

The primary outcome of the project will be a robust qualitative assessment of older people's housing aspirations. The study will conduct qualitative work across the housing market area with:

- Older people currently living in supported accommodation, including sheltered housing, residential care homes and extra care housing.
- Older people under-occupying standard unsupported housing (affordable and market housing).

One outcome of the recent work to develop the Council's Older Persons Housing Strategy though was the suggestion that there was a lack of knowledge in relation to the availability of older persons housing and what is on offer.

Despite a relatively high level of voids and apparent low demand there was a suggestion that many potential tenants were unaware of what properties were on offer suggesting a distorted market. Actions within the Older Persons Housing Strategy seek to address this.

## **Sheltered Housing Appraisal**

The Housing Strategy Team along with CNH's Housing Investment Team has recently appraised all sheltered schemes due to a number of emerging concerns with:

- low demand
- High turnover
- Difficulties in letting void properties, resulting in increased void periods
- Inflexibility of accommodation in terms of access and adaptability
- Void loss within sheltered stock

The specific aims of the review were to:

- Highlight investment requirements to ensure existing social housing stock continues to meet the needs of older people.
- Inform investment decisions in new housing provision or services.
- Promote choices of accommodation for older people.

There are a range of actions reflecting the different issues and pressures facing the schemes. Informed decisions will need to be made in relation to future capital investment in schemes that are structurally dated and decisions made as to how best to meet the current and future requirements of Sheltered Housing residents. The study has produced recommendations for each of the sheltered schemes but supply and demand data relating to designated elderly accommodation will need to be constantly monitored to ensure that the right balance between older persons and general needs housing is maintained. Options to redevelop the sites and or facilities to improve the quality of accommodation or alter the model of care have been identified and an executive summary of the findings is at Appendix 3.

## **Stock Holding Decisions**

There are a number of areas where the Council may need to consider the current profile of its property holdings. This could be because a property has such excessive cost associated with meeting the decent homes standard that a decision needs to be made with regard to retention, or that there is such a lack of demand that continual investment is no longer deemed value for money.

Over recent years portfolio decisions have primarily been concerned with disposal and a small amount of conversion work. As the government position on development by local authorities has changed there may be some opportunity for the Council to retain land and demolish obsolete stock and develop the land or maximise the use of existing underdeveloped land.

## **Disposals**

After a full appraisal of the sustainability of some properties it is likely that a decision will have to be made on the possible disposal of a number of units. An HRA disposal policy has been developed to identify which units to consider for disposal and the aspiration for those units when they are no longer in Council ownership.

Underpinning the Policy will be the objective that wherever possible assets remain as social housing. It is likely that properties considered for disposal will fall into one of two categories, Low Demand or Uneconomical to Maintain.

A proposed disposal policy is attached at Appendix 4.

## **Low Demand**

Although the majority of the Council stock is popular there are a number of unit types that suffer from low demand. The majority of these are sheltered bedsits and a number of units still have shared bathing facilities.

The Council is currently working towards the implementation of choice based lettings and there is some evidence from elsewhere that this may address some elements of

low demand although it is unlikely to have significant impact in relation to obsolete property types. As noted earlier, in relation to sheltered housing there is a suggestion that even one bedroom stock is in marginal demand.

### **Uneconomic Properties**

Where a property will require work over and above the usual decent homes works such as where serious structural defects are present (in the case of PRC dwellings for example) then it may be that the property is uneconomical to repair. Where this is the case efforts should be made to keep properties in the social sector.

### **Acquisitions**

Although the majority of investment decisions are likely to revolve around disposal of stock there are statutory reasons that the Council needs to make decisions in relation to acquisition.

The legislation relating to right to buy ensures that those benefiting from the discount are obliged to offer their properties back to the local authority if they choose to sell within a fixed period. This requires the authority make decisions in relation to acquisitions on a periodic basis and whilst the housing market is in flux requests are likely to continue to be made. To ensure a fair response to all former tenants looking to sell within the legislative period it has been necessary to develop an Acquisition Policy. A proposed Acquisitions Policy is attached at Appendix 5.

### **Newbuild**

Until recently it is unlikely that local authorities would have considered new build as an opportunity to enhance their property portfolio due to a restrictive subsidy system within the HRA. Recently however there has been a significant shift in the government's approach and there is currently a programme allowing local authorities an opportunity to bid for the National Affordable Housing Programme (NAHP) funding through the LA Newbuild Programme. This means that where land can be identified (and through the Asset Management Review of Sheltered Housing, surplus land may be identified) there is a possibility to bid for funds to redevelop that land to ensure a better strategic fit. Indeed one of the criteria for the funding is that LA owned land is provided at nil value.

The deadline for bid submissions this year is October 2009 although there is a strong possibility that further bid rounds will be announced. A recommendation was approved at Cabinet on 1<sup>st</sup> October to apply for Partnering Status with the Homes and Communities Agency and to submit a bid for a small newbuild programme utilising underused garage sites to deliver around ten new units.

If the Council is successful in gaining investment partner status with the HCA then a full appraisal of HRA land holdings will be undertaken to identify potential future development sites. If further HCA funding is made available for local authorities we will be in a strong position to respond quickly if it is deemed appropriate.

### **Stock Usage**

As has been noted it is the responsibility of the Council to make the best use of its resources to meet the housing needs of the borough. This means not only making

decisions about disposing or remodelling stock but also how best to make use of existing stock. Therefore we need to continually monitor supply and demand and wherever possible balance the two.

The Council currently designates properties as general needs accommodation, designated elderly, category one or category two. As well as the designation category a property may also be covered by a Local Lettings Policy and currently there are three LLPs that affect Council stock.

The impact of these categories is to limit who can be offered particular properties from the housing register.

The last major review of property designation was carried out in 1996 although a review carried out in 2001 further amended the approach to be taken when allocating to properties covered by the original review and reclassified a number of blocks of flats as elderly plus.

There are a number of factors that have influenced the designation of properties, most notably concerns about the benefits of having a mixed age range living in close proximity, and limitations imposed on properties as a result of supporting people grant.

Historically there was a further complication as a result of rules relating to discounted television licences in sheltered accommodation.

The approach to supporting people funding now is such that funding can be attached to a level of provision instead of particular properties and changes to TV licence regulations mean that the impact of mixing ages is also reduced.

Finally as people continue to lead varied and active lifestyles into later life it is less clear cut as to when someone becomes ready for older persons accommodation.

## The Current Position

The current breakdown of stock is shown below

Type	Gen Let	%	Sens Let	%	Eld Plus	%	G1	%	G2	%	Tot	% Tot
BEDS	87	1.49	25	0.43	3	0.05	19	0.32	223	3.81	357	6.09
BUNGA	148	2.53	0	0.00	0	0.00	377	6.44	39	0.67	564	9.63
FLAT	1392	23.76	175	2.99	17	0.29	582	9.94	206	3.52	2372	40.49
HOUSE	2540	43.36	0	0.00	0	0.00	0	0.00	0	0.00	2540	43.36
MAISON	24	0.41	1	0.02	0	0.00	0	0.00	0	0.00	25	0.43
	<b>4191</b>	<b>71.54</b>	<b>201</b>	<b>3.43</b>	<b>20</b>	<b>0.34</b>	<b>978</b>	<b>16.70</b>	<b>468</b>	<b>7.99</b>	<b>5858</b>	<b>100.00</b>

There are a further 15 units of accommodation at Lingdale House that are used as temporary accommodation for homeless households and do not fall within any of the categories above.

## Supply and Demand

Currently the older person's accommodation is disproportionately represented in terms of void properties whilst we have a shortage of accommodation for younger people.

The breakdown of void properties can be seen in the table below

Voids as at 19/08/2009

Type	Gen Let	%	Sens Let	%	Eld Plus	%	G1	%	G2	%	Tot	% Tot
BEDS	15	7.35	2	0.98	1	0.49	0	0.00	44	21.57	62	30.39
BUNGA	1	0.49	0	0.00	0	0.00	5	2.45	0	0.00	6	2.94
FLAT	68	33.33	9	4.41	3	1.47	28	13.73	11	5.39	119	58.33
HOUSE	16	7.84	0	0.00	0	0.00	0	0.00	0	0.00	16	7.84
MAISON	1	0.49	0	0.00	0	0.00	0	0.00	0	0.00	1	0.49
	<b>101</b>	<b>49.51</b>	<b>11</b>	<b>5.39</b>	<b>4</b>	<b>1.96</b>	<b>33</b>	<b>16.18</b>	<b>55</b>	<b>26.96</b>	<b>204</b>	<b>100.00</b>

A breakdown of voids over 6 months shows the following profile

Type	Gen Let	% Gen Let	Sens Let	% Sens Let	Eld Plus	% Eld Plus	G1	% G1	G2	% G2	Tot	% Tot
BEDS	9	10.34	1	1.15	1	1.15	0	0.00	36	41.38	47	54.02
FLAT	19	21.84	1	1.15	2	2.30	11	12.64	5	5.75	38	43.68
HOUSE	2	2.30	0	0.00	0	0.00	0	0.00	0	0.00	2	2.30
	<b>30</b>	<b>34.48</b>	<b>2</b>	<b>2.30</b>	<b>3</b>	<b>3.45</b>	<b>11</b>	<b>12.64</b>	<b>41</b>	<b>47.13</b>	<b>87</b>	<b>100.00</b>

Older persons accommodation makes up 45.1% of current voids. However when we consider voids vacant for more than six months that figure rises to 63.22%. Most striking is that sheltered accommodation (G2) makes up 27% of current voids but 47% of properties vacant for more than six months.

If we look at the number of voids as a percentage of their property type, 19.73% of sheltered bedsits are void 16.14% having been void for more than 6 months.

Within the Category 1 stock though 4.81% of flats are void (against 4.89% of general needs flats) whilst 1.89% have been vacant for more than 6 months (against 1.36% of general needs flats). It would appear that Category 1 flats are more likely than general needs properties to have been empty for more than 6 months but not greatly so.

Recently there have been as few as 11 people on the housing register matching against a sheltered bedsit.

There is still considerable concern amongst existing residents in relation to mixing age ranges within blocks. Indeed the 2001 amendment to the allocation/designation policy was a direct response to residents concerns.

However in the last financial year rent loss due to void properties was £460,285 and to date (as at 19/8/09) the figure for this year is £205,479. This has had a significant impact on the HRA.

Two further issues in relation to designation of properties and eligibility for allocations and nominations lead to a less than optimum use of Council Stock.

There are a small number of larger family houses in less popular locations that due to the bedroom need criteria have a limited waiting list meaning consideration at time is given to applicants with low levels of priority on the waiting list.

Furthermore due to a shortage of desirable downsizing accommodation “empty nesters,” occupying family housing remain there even if they would consider a move.

### **Opportunities to address designation issues**

The sheltered housing review has looked at solutions to address the issue of voids within sheltered blocks.

In relation to category one stock there is currently an issue in relation to the attachment of supporting people services to the units. There are a number of older applicants who do not currently require supporting people services whilst at the same time there are existing tenants who require support but would prefer to remain in their current accommodation. The introduction of lifeline alarms to current general needs Council properties would allow the Warden Service to move to a needs lead service. By providing their services in a flexible manner their capacity could be maintained whilst a larger pool of applicants could be eligible for current category one stock. If the support requirements attached to the Central Alarm System properties were removed then the properties would be comparable to the current “Elderly Plus,” units where age restrictions apply but there is no Supporting People service linked to the property.

If the lower age limit for these (CAS and Designated Elderly) properties was reduced to “over 50” rather than the current “over 60” that would allow access to an additional 156 applicants from the housing register than at present. At the same time maintaining age restrictions on the properties tenants concerns regarding mixed blocks could still be addressed.

The breakdown of the applicants in the 50-60 age group by applicant type is shown below

14	Housing Association Transfer
44	CBC Transfer
98	Waiting List

This option would both improve the ability of warden services to move towards a needs lead approach whilst ensuring better use of stock and facilitating more movement within the housing register.

To address the issue of lack of demand for some 4 bedroom properties the allocations eligibility criteria could be amended to allow 4 bed properties to be offered to households with a 3 bed need and at least 3 children/dependents when the waiting list

for priority applicants (those with over 100 points) with a four bed need has been exhausted.

To encourage the freeing up of family accommodation and to reflect the move away from the presumption all older people require supported accommodation priority could be given to households downsizing for 2 bed flats where the layout is deemed unsuitable for families with young children.

This is increasingly the case with newer built RSL properties particularly on private developments where space standards are less generous.

The proposed eligibility criteria for accommodation types to reflect these objectives is attached at Appendix 6

### **Local Lettings Policies**

As well as issues in relation to the broad designation of properties there are also a number of areas covered by local lettings policies (LLPs) where amended criteria are used when assessing the suitability of applicants for an offer.

The majority of properties covered by an LLP are “sensitive lets,” where the blocks were re-designated from older persons accommodation some years ago and there are residents who remain in the accommodation who moved in when it was specifically for older people.

There are currently two LLPs that were introduced in areas which had become the focus of anti-social behaviour and where demand for the units was falling. These are Ofranville Close in Thurmaston and Val Wilson Court in Loughborough. Policies were introduced that allowed a greater screening of applicants including police checks and applicants with a history of problematic behaviour were excluded.

This approach has successfully reduced the amount of ASB in both areas and demand for the units has increased. The ability to apply such an approach is vital in being able to address such issues but if applied for too long beyond the point the approach is needed it adds an unnecessary administrative burden and limits fair access to properties. At the same time the need to react quickly to problems is crucial to “nip problems in the bud.” As a result a more flexible approach to enhanced lettings criteria as a result of ASB would allow timely intervention but also timely removal of restrictions to lettings. It is proposed that the two LLPs covering Ofranville and Val Wilson Court are replaced with an “LLP to address ASB.” The proposed policy would allow the Director of Housing and Health in consultation with the Lead Member for Housing and the Lead Member for Community Safety and Customer Services to identify areas that require the temporary application of enhanced eligibility checks provided that such criteria are not applied to more than 5% of the Council’s housing stock at any one time. Furthermore the properties covered at any time will be clearly publicised on the Council’s website together with the timeframe for review of the application and the outcome of any previous reviews.

A proposed LLP is attached at Appendix 7.

### **Remodelling**

A number of remodelling schemes have already taken place to modernise and update sheltered stock that had been identified as reaching obsolescence.

The most significant of these was the remodelling of Grays Court, Barrow upon Soar. In partnership with an RSL the Council units were refurbished and additional bungalows were provided on the site owned and managed by the RSL. Support has continued to be provided by Warden Services.

Smaller scale works have taken place to convert bed sits into one bedroom flats such as at Sorrel Court and Dudley Court. However it has become apparent that this ad-hoc approach will not deliver the quantity or quality of improvement necessary. As a result a more radical option needs to be explored, building upon what has been learnt.

Within existing resources there may still be opportunities to undertake some further work although it is important that any significant investment is reliant on the resultant scheme having an expectant lifespan of 30 years. This means that any work must address **all** obsolete properties in a scheme rather than simply reduce the number of out of date properties or address them on an ad-hoc basis.

Some proposed schemes have been found to be prohibitively expensive because of fire regulations and the need to reroute utilities but future upgrading programmes in such blocks will be designed to address this issue.

## **Stock Investment**

Ensuring that finite resources are used in the most effective manner is one of the greatest challenges within asset management. Along with decent homes there are a number of areas where a strategic approach to investment will ensure the best use of resources.

### **Decent Homes Delivery Plan**

As we have identified above the most pressing issue in relation to asset management is meeting the decent homes standard. Responsibility to deliver this now sits with the ALMO and the key document to identify progress is the ALMO Delivery Plan that supersedes the Housing Revenue Account (HRA) Business Plan.

The Council will need to rigorously monitor performance against this to ensure that the decent homes standard is delivered.

### **Affordable Warmth**

Affordable Warmth is inextricably linked to fuel poverty. Fuel poverty is the ‘inability of a household to afford adequate warmth’. It is a combination of low household income, inadequate and expensive forms of heating and poor insulation standards. A fuel poor household is one that spends 10% or more of their income on fuel.

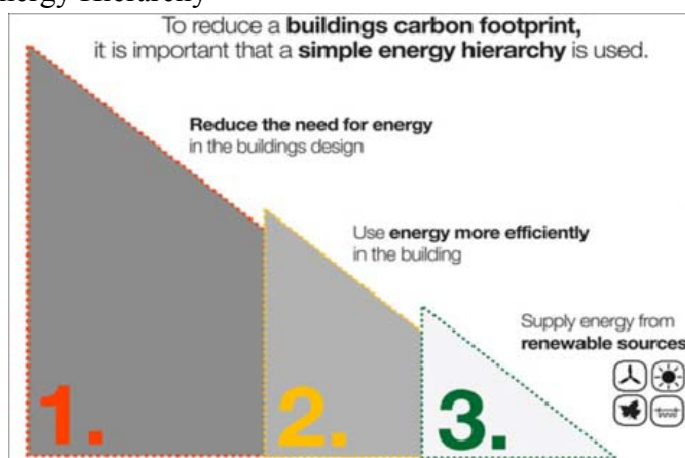
In 2008 the council committed to meeting national indicator targets to reduce its carbon emissions by 8% in 2011 as part of the Leicestershire Area Agreement<sup>11</sup>. A robust affordable warmth policy aligned to the principles of energy hierarchy will ensure that tenants are less susceptible to fuel poverty. The Council is committed to

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<sup>11</sup> [http://www.leicestershiretogether.org/laa2\\_final\\_performance\\_framework.pdf](http://www.leicestershiretogether.org/laa2_final_performance_framework.pdf)

the eradication of fuel poverty and the provision of affordable warmth for its residents, irrespective of tenure, by 2010.

Figure 1 Energy Hierarchy



from: <http://www.lga.gov.uk/documents/publication/leadingtheway.pdf>

Eradicating fuel poverty has become an increasing challenge as fuel prices have risen well above Retail Price Index. A recent report has suggested that the number of households in fuel poverty has more than trebled since 2004 and now affects 4million households.

Despite a recent fall in oil prices in May 2009 the EU Energy Commissioner said "The current relatively low oil prices give a respite to prepare for the coming new oil crisis. We have to reduce our dependency in all those areas in which black gold is not indispensable... And in all sectors, we have to accelerate our efficiency being aware that every barrel of oil that we are using is one of the last."<sup>12</sup> The depletion of global oil resources due to the peak oil phenomenon suggests the cost of fuel will continue to rise leaving more households susceptible to fuel poverty. In order to future-proof householders the council is committed to investigating innovative and appropriate energy optimising technologies and renewable energy options.

The Council aims to achieve this by:

- raising awareness and providing energy advice to all tenants
- improving energy monitoring and efficiency within Council owned homes
- investigating community-owned local renewable energy generation options

To ensure delivery against these actions CNH are developing an affordable warmth policy.

The council is committed to the process of adapting the delivery of services and the wider community to the impacts of climate change. Scenario projections for the borough over the next 50 years depict an increase in scale and frequency of flooding,

<sup>12</sup> <http://odac-info.org/peak-oil-quotes>

storms/high winds and extreme high temperatures. Criteria for investment and portfolio decisions will ensure resilience to climate change impacts is being built into council stock and tenants are made aware of mitigating actions where appropriate.

## **Aids and Adaptations**

The area of aids and adaptations is one in which we have been proactive for a number of years. One of the most pro-active ways that the Council can meet the needs of some of the most vulnerable households is through the provision of disabled aids and adaptations.

However adaptations can often be costly and whilst alleviating the worst difficulties faced by households they may not always fully meet their needs.

The Housing Department employed its own Specialist Occupational Therapist (now within CNH) to provide a disability and adaptation service to Council tenants and potential applicants to enable the elderly and people with disabilities to live in the community for longer. The service works in close partnership with Leicestershire County Council to provide carefully planned adaptations alongside tailored care packages.

The service also maintains a disability database, which enables existing adapted properties to be allocated more appropriately, making more efficient use of properties and meeting the longer-term needs of residents.

The Council also contributes to the Leicestershire Joint Adaptations Group established in 2001. The Specialist Occupational Therapist service has been cited as an example of good practice nationally and received the Department of Health 'Runner Up' Social Care Award (2000) for cross boundary working.

However it is important to ensure that our Aids and Adaptations services continue to deliver value for money.

It is necessary that policies such as CBCs Allocations policy and CNHs Aids and Adaptations policy are aligned to ensure that a co-ordinated approach and common message to the use of adaptations and adapted properties are embedded in both organisations.

To this end an approach must be developed to ensure that adaptations will be carried out where they will be effective but at the same time other options such as transfer should be made available to resolve problems if more appropriate.

Charnwood Neighbourhood Housing are currently developing an Aids and Adaptations policy. The Council's Allocations Policy has been shaped to ensure that adaptations can be matched to applicants outside of the usual points based system. This maximises the use of existing adaptations and minimises the need to remove and store or dispose of current adaptations.

Appendix 8 identifies a recommended approach to ensure this can be achieved.

## **Resources**

Currently the majority of stock investment is funded through the Major Repairs Allowance (MRA) although this is not sufficient to ensure that the decent homes standard will be met. The shortfall will be met by ALMO funding subject to CNH achieving a two star audit commission inspection and this will be the most significant funding stream available to invest in Council homes.

Recent announcements in relation to ALMO funding have suggested that any likely draw down for ALMOs that have not yet achieved two stars is likely to be delayed

until 2011/12 as government resources this year and next are redirected towards newbuild programmes.

However the Council in partnership with CNH is continuing to identify and target alternative funding streams such as Homes and Communities Agency Energy Saving Programme, Social Housing Cavity Insulation Funding.

Currently the Council maintains an “enabling grant,” budget that has traditionally been used to support RSL development in the borough. By utilising this budget for capital works on HRA stock further resources to achieve the aims of this strategy have recently been provided

Recent changes in the rules relating to accessing NAHP funding mean that Councils can bid for funding to develop new homes through a combination of grant and permission to prudentially borrow.

One of the key criteria for accessing this funding is that Local Authorities are in a position to provide “free,” land for development. There has been some suggestion that this could include previously developed land and so this route may allow the part demolition and rebuilding of poorly designed hard to let schemes.

Where traditional funding is insufficient to deliver action arising out of this strategy, innovative approaches and partnerships will need to be developed.

Recently the Council was successful in securing over £1m in grant funding to deliver a programme of insulation works which will benefit 1,250 tenants and make a significant impact on heating costs.

The Government is in the process of delivering a wholesale review of Local Government and Council House funding with the likelihood being that the HRA subsidy system will be overhauled and probably dismantled in the near future.

The outcome of this review is likely to have a major impact on the long term investment in Council homes however currently the timetable or full details of the changes have not been finalised and so the impact on this strategy is hard to gauge.

## **Overarching Themes**

Whilst for convenience this strategy has tried to compartmentalise the key issues into Investment and Portfolio there are a number of issues that are overarching and impact on all aspects of asset management

### **Tenant Involvement**

As the biggest stakeholders in the communities in which we own homes it is essential that tenants are involved in the decisions that will impact on those communities.

Tenants have already been central to the biggest asset management decision made in recent years, the decision to set up an ALMO to deliver the decent homes programme.

Furthermore tenant representatives were also involved in the selection of the decent homes contractor Frank Haslam Milan (FHM).

When it comes to issues relating to the disposal or remodelling of properties decisions will be made that affect communities for years to come and it is vital that these decisions are made with the community at the centre.

Any proposals that involve a significant change in the approach to the use of stock or the transfer of ownership should only be considered after full tenant consultation and consideration of their views.

When recently re-programming the capital works programme for 09-10 the Tenants Forum was actively involved. A presentation was made which demonstrated the current programme of works, the demand that the budget faced and the increased demand facing the central heating budget due to an increase of 30% in system failures from the previous year. Tenants were also provided with information about the Decent Homes Standard and the demands facing the Council's capital budget. Tenants were asked to identify the elements within the capital programme in priority order, and to give their perspective of the improvements that would make the most difference to their quality of life. Following their discussions a number of proposals came forward:

- Central Heating - to increase the budget on Responsive Heating to meet the current and future demands to ensure tenants were not left without heating when their old systems failed.
- Central Heating – to increase the budget on Planned Heating replacements to tackle the old inefficient heating systems, replacing them with efficient economical systems to help reduce fuel costs.
- Kitchens & Bathrooms – to reduce the budget and concentrate on replacing kitchens for 2009-2010, to reduce the threats of infection resulting from inadequacies in provision and facilities for the storage, preparation and cooking of food. Tenants also felt that the provision of new kitchens made the most difference to their comfort within their homes.

The current CNH Tenant Involvement Strategy aims to ensure that tenant involvement is at the heart of everything CNH does and this aspiration will apply to decisions made as a result of this strategy.

## **Procurement**

The procurement of contracts and services is a critical element of delivering this strategy and ensuring that these deliver value for money whilst meeting public sector requirements, is crucial.

All procurement must take place within the CBC or CNH formal framework whilst continuing to involve tenants.

## **Value for Money**

Value for Money particularly through the Gershon agenda has risen up the LA agenda in recent years. The CLG have identified that “Greater value for money - efficiency -

will be key to meeting the challenge of improving local services within the resources available”.

Nowhere is this more apparent than in terms of meeting the decent homes standard within local authority housing.

CLG identify the key elements of value for money focussing on:

- Net gains – efficiencies should be reported net of investment and ongoing costs required for their implementation;
- On-going gains – if an efficiency is not sustained in full or in part, then the value of the indicator must be reduced accordingly;
- Cash-releasing gains – only those efficiencies that reduce the level of resource required to achieve the same or better outputs, allowing resources to be redeployed, should be recorded;

In an environment of historic underinvestment, meeting these efficiency gains will prove particularly problematic.

CNH however, by managing contracts frugally have already identified that they can deliver savings as identified with the decent homes standard in 2008/09 which was able to address 11 extra homes.

## **Appendices**

The following appendices will inform future decisions on the housing stock and support the delivery of the Strategy by ensuring:-

- That we are more able to meet the housing needs of the borough by the optimum use of one of our most valuable assets.
- That the significant capital expenditure to be invested in the housing stock over coming years delivers value for money.
- That a co-ordinated approach is taken in these areas demonstrating that the Council is well positioned to continue to be a stock holding authority.

Appendix 1 –Decent Homes Delivery Plan extract

Appendix 2- Non Traditional Properties Survey executive summary

Appendix 3- Sheltered Accommodation Review executive summary

Appendix 4- Disposal Policy

Appendix 5- Acquisition Policy

Appendix 6- Eligibility Criteria for Accommodation Types

Appendix 7- Local Lettings Policy for areas affected by ASB

Appendix 8- Transfer Applicants Requiring Aids and Adaptations

## **Appendix 1 DECENT HOMES DELIVERY (DELIVERY PLAN EXTRACT)**

### **Decent Homes**

In July 2000, following its Spending Review, the Government announced a significant increase in resources for housing, especially social housing. As part of its desire to link increased spending to better outcomes, the Government established a target to:

*'ensure that all social housing meets set standards of decency by 2010, by reducing the number of households living in social housing that does not meet these standards by a third between 2001 and 2004, with most of the improvement taking place in the most deprived local authority areas'*

Achievement of the decent homes target is not just about good asset management or project management, it's about providing our customers with a home and neighbourhood which they can be proud to live in. It is at the heart of our services and is directly linked to our vision of Unlocking a brighter future.

The Council's original Decency submission sought £36m of additional funding. This programme and delivery submission was based on the Council's stated aim of 'Decent Homes for All' by the 2010 deadline. However the Council recognised that, although other ALMOs in the midlands area were reaching the end of their Decent Homes programmes, the profile of the Council's proposed ALMO delivery programme needed to take into account the capacity of the local building industry and potential partnering contractors to meet their requirements.

Accordingly the Council included in their submission a Decent Homes Delivery within an extended programme, which would run to 2012. This extended timetable resulted in a revised funding profile needed to achieve the Decent Homes standard of £44m.

Letters were received by many ALMOs and Councils in October 2006 from DCLG, which set out, in strong terms, the need for all local authorities to reconsider their expenditure profiles and timescale for making all housing stock decent. This request envisaged Decency timescales stretching beyond 2010, perhaps to 2013.

In response to this request a revised spending profile was submitted following discussions with Charnwood Borough Council.

The revised indicative spending profile is outlined for both £44m and £36m in the tables below:

### **£44M Spend Profile**

Financial Year	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Total
Planned Spend £M	3.5	3.5	3.6	3.7	18.9	19	16	3.9	74.2
ALMO Funding	-	-	-	-	15.2	15.2	12.2	-	42.6
5% Sustainability									2.1
MRA Funding	3.5	3.5	3.6	3.7	3.7	3.8	3.8	3.9	29.5

### **£36M Spend Profile**

Financial Year	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	Total
Planned Spend £M	3.5	3.5	3.6	3.7	16.77	15.85	13	3.9	65.5
ALMO Funding	-	-	-	-	13.07	12.05	9.2	-	34.3
5% Sustainability									1.7
MRA Funding	3.5	3.5	3.6	3.7	3.7	3.8	3.8	3.9	29.5

The allocation of £36m has been confirmed to fund the Council's Decent Homes Programme subject to CNH reaching a 2 Star status. However due to the delayed allocation of funds CNH and the Council would need the revised bid of £44m to achieve decency. At the current level of decency failure the current level of £36m allocation may not be sufficient to achieve the Council's target of 100% decency. The backlog of repairs is building year upon year, the £36m allocation will allow us to tackle the majority of this backlog but it is not sufficient to clear it all. The allocation of £36m would not allow CNH and the Council to carry out work needed to achieve 100% decency, leaving a small backlog and funding still needed to tackle those properties that fall into non-decency. The future MRA capital funding will not be sufficient to keep up with the rate of decency failures and there may be a case that the non-decency could start to build up again creating a new backlog that would need to be addressed. Therefore for the ALMO to achieve 100% decency the allocation of £44m is essential.

Allocations from 2010/2011 onwards will be confirmed in 2 year tranches. The Council may have to resubmit a revised Building Cost Model (BCM) and Monitoring information at the end of the financial year 2009/2010 but until DCLG ask for this we have no plans to do so. This means that although a notional programme post 2009/10 can be prepared, based on the above assumed funding profile, firm commitment to schemes cannot be given until future allocations are announced by DCLG.

The Council have appointed Frank Haslam Milan Ltd through an OJEU procurement exercise to deliver an annual programme of decent homes work of approximately £10 to £15 m per annum over a five year term. This works consist of elements set out in table 3. Works started on site in June 2007.

***For the purposes of this document all the following figures are based on the minimum £36 million allocation that has been confirmed by Central Government, this is of course subject to a successful 2 Star rating by the Audit Commission in February 2010.***

## **Stock Condition**

### **Non traditional stock**

There are a number of non traditional dwellings within the housing stock. There are various categories of non traditional houses that suffer from particular problems inherent to their form of construction.

Construction	Number of Properties
Airey	90
Cornish	44
Reema	33
Swedish Timber	9
Wates	258
Total	434

The Council has addressed some of these problems, through refurbishment. Historically Charnwood have carried out small pilot refurbishment projects on a number of schemes. This stock suffers from all the normal non-decency issues identified within the stock as a whole. In addition to these problems the non-traditional stock has significantly lower levels of energy efficiency with an average SAP rating of 56 compared with the stock average of 71. The Council have maintained a watching brief over its Pre-cast Reinforced Concrete (PRC) stock. The Council commissioned a report on the sustainability of these non traditional properties in 2005 and the report concluded the properties were structurally sound, but recommended that unless action was taken to address the corrosion of some of the steel reinforcement then there could be potential of structural failures in the future.

CNH and the Council are undertaking an option appraisal of these non-traditional properties. This will allow us to determine the level of expenditure required to make them sustainable for the future, and these results will be published in August 2009. This will allow us to make any adjustments to our delivery programme and deliver the Decent Homes Standard for all of the council's housing stock, and amend and update the Asset management Strategy.

## Investment considerations

CNH manages a housing stock of some 5851 units (as at end of March 2009). It is expected, due to reductions in stock through Right to Buys, this number will reduce to 5500 properties by 2013. The stock condition survey reported in November 2003 that approximately 43.6% of the Council's stock failed the Decent Homes Standard with a high number of the remainder falling into non-decency by 2013 unless appropriate investment is made.

## Current Stock

The following table shows the Major Repairs Allowance (MRA) groups:

MRA Archetype Group	No of Properties
i) Pre-1945 Small (<70m <sup>2</sup> ) Terr House (Trad)	123
ii) Pre-1945 Semi House (Trad)	405
iii) All other Pre-1945 House (Trad)	361
iv) 1945-64 Small (<70m <sup>2</sup> ) Terr House (Trad)	0
v) 1945-64 Large Terr House/Semi (>70m <sup>2</sup> ) (Trad)	1054
vi) 1965-74 House (Trad)	54
vii) Post-1974 House (Trad)	197
viii) All House (Non-Trad)	344
x) Post-1945 Low Rise <3 Storey (Trad + Non-Trad)	1757
xi) Medium Rise 3-5 Storey (Trad + Non-Trad)	978
xii) High Rise >6 Storey (Trad + Non-Trad)	0
xiii) Bungalow (Trad + Non-Trad)	564
ix) Pre 1945 Low Rise <3 storey	14
<b>TOTALS</b>	<b>5851</b>

Since the original 2003 10% sample stock condition survey was undertaken in accordance with the DTLR minimum guidelines, CNH have been working with the Council to validate and review our stock condition information with surveys carried out both internally and by external consultants and as from the 1<sup>st</sup> April 2009 we have found that:

- 1869 properties identified as non-decent (31.94% of the stock) with a further;
- 2851 properties becoming non-decent by 2013 (80.67% of the stock);
- 0.43% of stock fails under the fitness criteria;
- 30.25% of stock fails under the major repair criteria;
- 2.99% of stock fails under the modern homes criteria;
- 1.66% of stock fails under thermal comfort.

## Investment Requirements

Following analysis of the stock condition survey, an investment plan has been prepared setting out the level of investment required by element on all the Estates, towns and villages in Charnwood. Total level of investment needed is summarised in the table below.

<b>Work Description</b>	<b>Programmed Cost (£m)</b>	<b>Total Units (Houses)</b>
<b>Works to Meet Decent Homes Standard</b>		
Bathroom	£5,347,500	1725
Kitchen	£ 7,784,400	1996
Electrical Wiring – upgrades	£ 4,720,000	1475
Heating System Distribution	£ 12,425,400	3186
Windows	£ 2,173,200	1811
Doors	£ 2,654,600	2042
Structure / Walls	£ 5,695,000	1139
Roof Covers Structure or Related	£ 7,477,150	2316
Asbestos Removal	£ 499,570	519
Insulation	£ 443,250	985
Environmental	£ 3,343,154	1788
Contingent Major Repairs	£ 5,913,696	3261

**Note:**

- 1) This figure does not include inflation and does not allow for the reduction in stock through RTB sales
- 2) Contingent Major Repairs are provisions applied to all the housing stock in accordance with the findings of the Stock Condition Survey.

The investment requirements are substantial involving repair and improvement works to varying degrees in all homes as illustrated in the table below (Some homes will have more than one element of work carried out to bring them up to the Decent Homes Standard).

<b>Component</b>	<b>Percentage Requiring Component Replacement</b>
Bathrooms	29.48%
Kitchens	34.11%
Rewires	25.21%
Windows	30.95%
Doors	34.90%
Roof Covers Structure or Related	25.21%
Central Heating Systems	54.45%

**Achievements to Date and Current Progress**

Delivery of these projects to date has been very successful; expenditure is controlled and progress reported monthly. This has enabled CNH to ensure that proposed works are carried out in accordance with those works planned. A major factor in this success has been the contractors undertaking the works. Currently 90% by value of the major works projects are delivered on a partnership basis. This allows the contractors to have input into the design, specification, programming and delivery of the project. This is further strengthened by the well-developed supply chain of material suppliers who influence delivery through their knowledge and experience and their ability to speak directly with design staff to suggest innovation.

CNH currently works with a number of contractors and suppliers for project delivery, but is in the process of establishing a wider body of organisations to ensure delivery of the proposed works programme can be achieved. CNH recognises the need to ensure these organisations are as customer focussed and of sufficient quality and experience to deliver at least as effectively as current providers. Excellent procurement practices and the involvement of customers throughout the process will achieve this.

The contractual arrangements with Frank Haslam Milan will deliver an increased programme of works. Yearly expenditure will accelerate from the current £3.6 million per year to an average of around £15 million per year via additional funding. Implementing the processes currently undertaken and embracing best practice and innovation will enable CNH to achieve the delivery of the decent homes programme.

In 2003 the stock was assessed as being 43.6% non decent. At 1 April 2009 this figure was 31.94%. Despite the improvements highlighted above the amount of non decent stock has remained fairly static. This is a result of newly failing properties during the period, and this process will continue during the years up to 2013. Even with the additional finances the achievement of decency is subject to fluctuation:

Year	No. of properties meeting the DHS	% of properties considered to be decent
April 2007	4023	68.28%
April 2008	4028	68.67 %
April 2009	3982	68.06%
April 2010	3880	66.31%
April 2011	4600	78.62%
April 2012	5070	86.65%
April 2013	5539	94.67%

Note: figures based on £36m spend profile.

The extent of future works required is established using the stock condition database. It is important that this database is as accurate and up to date as possible. CNH regularly updates the database on both completed works and also additional surveys.

Updates on completed works are carried out shortly after completion and include major repairs, properties demolished or sold and properties receiving major repairs as part of the day to day repairs service. Additional surveys are carried out by staff using stock condition surveys that are input into a stock condition database which directly downloaded onto the Decent Homes Database. To keep the database as accurate as possible CNH need to carry out approximately 300 additional surveys per year.

### Total Number of Improvements Required by Year

Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Electrics	20	540	485	410	20	1475
Main Roof	2	585	605	485	100	1777
2ndry Roof	0	185	175	154	25	539
Chimneys	0	125	152	127	20	424
Windows	330	335	135	125	56	981
Doors	0	615	585	589	200	1989
Structural works	50	296	324	325	50	1045
Heating	334	816	802	612	150	2714
Insulation	20	310	255	300	100	985
Kitchens	185	535	502	286	150	1658
Bathrooms	30	512	425	389	30	1386
Common areas	103	553	415	191	110	1372
Environment	40	523	431	370	240	1604
Other Works	300	752	745	617	400	2814
Security	150	110	176	350	267	1053

Note: figures based on £36m spend profile.

**Proposed Spend Profile for Improvement Works Per Year to Meet the Decent Homes Standard**

<b>Component</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Electrics	£64,000	£1,728,000	£1,552,000	£1,312,000	£64,000	£4,720,000
Main Roof	£7,600	£2,223,000	£2,299,000	£1,843,000	£380,000	£6,752,600
2ndry Roof	£0	£175,750	£166,250	£146,300	£23,750	£512,050
Chimneys	£500	£62,500	£76,000	£63,500	£10,000	£212,500
Windows	£396,000	£402,000	£162,000	£150,000	£67,200	£1,177,200
Doors	£0.00	£799,500	£760,500	£765,700	£260,000	£2,585,700
Structural	£250,000	£1,480,000	£1,620,000	£1,625,000	£250,000	£5,225,000
Heating	£1,302,600	£3,182,400	£3,127,800	£2,386,800	£585,000	£10,584,600
Insulation	£9,000	£139,500	£114,750	£135,000	£45,000	£443,250
Kitchens	£721,500	£2,086,500	£1,957,800	£1,115,400	£585,000	£6,466,200
Bathrooms	£93,000	£1,587,200	£1,317,500	£1,205,900	£93,000	£4,296,600
Common areas	£97,850	£525,350	£394,250	£181,450	£104,500	£1,303,400
Environment	£74,790	£977,891	£805,872	£691,816	£448,745	£2,999,114
Other Works	£544,038	£1,363,722	£1,351,028	£1,118,905	£725,384	£5,103,077
Security	£142,223	£106,497	£170,396	£338,855	£258,498	£1,016,469

Note: figures based on £36m spend profile.

## **Programme delivery – monitoring**

To ensure programmes are delivered to cost, time, quality and satisfaction of our residents, CNH will continue to follow the established procedures that have enabled successful delivery of previous year's programmes. Monthly budgetary information is provided from the Agresso financial system allowing accurate, up to date statements on expenditure. This enables any problems to be identified at an early stage and actions to be taken. Monitoring information is also presented to the Board on a quarterly basis incorporating both financial and operational data. This enhances both accountability and governance.

Close working relationship with our partners has resulted in yearly works programmes being developed and agreed before works commence. This allows progress to be closely monitored and programmes to be adjusted accordingly to reflect major alterations. Quality aspects will continue to be assessed at all stages of the works delivery. Dedicated Project Officers will work alongside partners supervisory staff in ensuring compliance with the specification and requirements. Supporting this are members of the supply chain, who regularly visit installations to ensure quality of workmanship and also the Considerate Constructors scheme which independently assess the works against national guide-lines. Ultimately, satisfaction of the end user illustrates how well CNH have communicated prior to and during the works, how well the contractor and their operatives performed and what difference the works have made to the customers' homes.

Using the Vision Management system of surveying customer satisfaction has enabled CNH and its contractors to review certain working procedures to address concerns or comments made by customers and to learn from these comments to shape the service of the future. This process has allowed CNH to improve customer satisfaction and feed back to the Council to ensure the performance targets set are being delivered by CNH.

The Delivery of 100% Decency throughout the housing stock is a Fundamental and therefore Primary business objective of CNH. This can only be achieved by making significant service improvements across the business and securing a good 2 Star rating from the 2010 Audit Commission Re-Inspection which will unlock the additional funding that is so desperately needed.

**Appendix 2 NON-TRADITIONAL PROPERTIES SURVEY  
EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

## APPENDIX 2

The present structural investigation of non-traditional housing stock seeks to establish the structural condition of the properties, recommend appropriate repairs to maintain 30 year assured life structural integrity and forecast the required expenditure over a 30 year period.

The following non-traditional and traditional property types are included within the present structural stock condition survey:

<b>Property Type</b>	<b>Tenanted Stock</b>	<b>Privately-Owned*</b>
Repaired Airey	92	44
Cornish Unit	45	27
Gregory	279	195
Reema	33	33
Swedish Timber	9	5
Wates	259	117
Wimpey No-Fines	43	54
<b>Non-Traditional Totals</b>	<b>760</b>	<b>477</b>

\* This data is for information only and the properties form no part of the report.

The structural condition of properties was derived from an external visual survey of all properties and intrusive surveys of a sample of each property type.

The stock of non-traditional types is in largely original condition, and with the exception of the former Airey properties and a pair of Cornish Unit properties, has not been subject to previous programmes of structural reinstatement or improvement. The properties have had only localised patch repairs and sealing of panel joints etc, which have been carried out on an ad hoc basis as responsive repairs.

Information provided by Charnwood Neighbourhood Housing Limited confirms that such routine maintenance of the properties was suspended some years ago. Properties have continued to deteriorate due to a general lack of maintenance.

A recent programme of window replacements is, however, nearing completion.

The results of the present survey show that the structural integrity of the non-traditional stock can be maintained for an assured life of at least 30 years if structural repairs and protective measures such as lightweight insulation and render overcladding are implemented. Such overcladding will allow the recently installed windows to be retained, consistent with the brief agreed with Charnwood Neighbourhood Housing Limited.

The report identifies the most economic structural repair and protective works package for each property type. The recommended repair solutions reflect the minimum work necessary to provide a further 30 years of assured life but by necessity include elements of betterment or improvement in areas such as thermal performance and aesthetics.

Following agreement with Charnwood Neighbourhood Housing Limited, the Gregory properties have been excluded from our cost assessment as they have been found to be of the traditional construction variant and the Gregory classification relates to the internal layout and external appearance.

The cost of the recommended structural repairs and protective works to the remaining non-traditional property types is assessed to be in the order of **£7.66 million**, including preliminary costs.

We have made no allowances within our structural cost assessment for non-structural elemental renewals or modernisation works such as kitchens and bathroom improvements, replacement doors and windows, roof coverings, fascias/soffits, contingencies, VAT, inflation, fees, management or decanting costs.

The costs also exclude the necessary costs of meeting the requirements of Decent Homes by 2012. Such additional repair costs have been assessed separately by MDA. However it would be prudent to undertake works to the external envelope concurrent with the recommended structural repairs.

Where programming constraints apply, deferment of the repair solution beyond the timescales recommended may precipitate more costly repair solution intervention at a later date to achieve a similar period of assured life. Conversely it may be desirable to bring forward recommended repairs to improve thermal efficiency, aesthetics and enhance the sustainability of properties where budgets permit.

Where the recommended repair solutions cannot be implemented within the timescales indicated in this report it would be prudent to resurvey the structures at 5-yearly intervals to reaffirm their structural integrity.

We also recommend the timber frame properties (both the former Airey and Swedish Timber types) be subjected to a periodic re-inspection programme at 5-yearly intervals to verify the ongoing satisfactory condition of the timber frame.

The cost of recommended repairs solutions, for each property type are summarised as follows:

<b>Property Type</b>	<b>Nr of Units</b>	<b>Total Net Cost (£)</b>
Repaired Airey	92	1,886,000
Cornish Unit	45	474,000
Gregory	279	N/A
Reema	33	448,000
Swedish Timber	9	189,000
Wates	259	4,024,000
Wimpey No-Fines	43	637,000
<b>Non Traditional Totals (excludes Gregory type)</b>	<b>481</b>	<b>7,658,000</b>

The specification for the repair works includes,

- Preliminary items.
- Preparatory Works, such as temporary window screens, renewal of cables etc.
- Strapping, remedial ties and localised repairs to concrete and timber structure.
- Proprietary insulation and render system (Assume rate of £95/m<sup>2</sup>) including making good at reveals.( original replacement windows and doors retained).
- Replacement soil and vent pipes, rainwater gutters/downpipes, soffits and fascias etc.
- Mechanical extract ventilation.
- Statutory authorities (meters repositioned where required).
- Additional works to attached structures, fences, canopies, lean-tos etc.

A subsequent report will be provided in relation to the work required to achieve the Decent Homes standard.

The existing thermal performance as measured by the Standard Assessment Procedure (SAP) varies depending upon particular variant of each property type, as is to be expected, with mean values ranging from 49 to 58 recorded for the non-traditional properties, which is barely adequate for housing stock generally.

Typically the programme of repairs and improvements recommended will increase the value of SAP to the order of 68 to 76, a significant increase of approximately 20 SAP points for the majority of the properties as indicated below.

<b>Property Type</b>	<b>Mean SAP Existing</b>	<b>Mean SAP Improved</b>
Repaired Airey	58	69
Cornish Unit	55	76
Reema	53	72
Swedish Timber	50	73
Wates	49	68
Wimpey No-Fines	56	72
<b>Mean Non-Traditional Types</b>	<b>53</b>	<b>72</b>

## **Appendix 3 SHELTERED ACCOMMODATION ASSET MANAGEMENT REVIEW 2009**

### Executive Summary

In 2008 the Council identified a need to undertake a review of its Sheltered Housing due to a number of emerging concerns with:

- low demand
- High turnover
- Difficulties in letting void properties, resulting in increased void periods
- Inflexibility of accommodation in terms of access and adaptability

The specific aims of the review were to:

- Highlight investment requirements to ensure existing social housing stock continues to meet the needs of older people.
- Inform investment decisions in new housing provision or services.
- Promote choices of accommodation for older people.

All the Councils sheltered housing properties are located within schemes. A sheltered housing scheme is generally a group of flats or bungalows where all residents are older people.

The Council's existing sheltered housing consists of a large proportion of bed-sit accommodation which is generally viewed as the least popular accommodation type by residents. It is these bedsits that present the Council with the highest level of voids amongst older persons housing stock.

The first stage of the review was to analyse void and lettings data for all sheltered housing schemes to present a 'snapshot' of current demand.

*All data recorded on 3<sup>rd</sup> November 2008*

- The total number of voids within sheltered housing schemes currently stands at 53; this represents 10.83% of total dwelling numbers.
- The average length of a current void is over a year
- There are 5 sheltered housing schemes with a very high level of voids, at approximately 20% or higher, these being Babington Court, Riversdale Court, St Peters Court, Martin Court and Aingarth
- Of particular concern are Babington Court and Martin Court where the average length of current voids is 555 days and 1104 days respectively.

The Council owns 15 sheltered housing schemes across the borough covering a total of 489 dwellings.

In order to prioritise schemes in relation to the need for intervention a scoring matrix was developed focusing on factors such as demand, current service provision, suitability and maintenance expenditure. A desktop assessment for each Sheltered Housing scheme was then carried out with Service Managers, the schemes were placed in the following order of priority for further investigation.

Priority Ranking	Scheme
1	Longcliffe
2	Babington
3	Aingarth
4	Dudley
5	Fielding
6	Martin
7	Beresford
8	Sorrel
9	St Michaels
10	St Peters
11	Arnold
12	Riversdale
13	Durham
14	St Pauls
15	Grays

### Scheme visits and findings

A site visit and appraisal was carried out for each Sheltered Housing scheme. The appraisal focused on a number of different factors including scheme layout, appropriateness of design, physical quality of accommodation, access and development opportunities.

Following site inspections, the poorest performing scheme in terms of physical attributes was Babington Court, closely followed by both St Michaels Court and St Peters Court.

Grays Court sits at the top of the list and represents in terms of the assessment, the best performing scheme. Grays Court has recently benefited from a major re-modelling programme, the scheme's performance is a reflection of this previous investment.

Martin Court and St Pauls Court also scored very highly. Both schemes are in popular locations with good access both internally and externally and have experienced some recent re-modernising.

Sheltered scheme visits and inspections enabled the major shortfalls of each development to be identified and highlighted possible options for scheme improvements.

All scheme findings and resulting development options were discussed with representatives from the Councils ALMO, Charnwood Neighbourhood Housing (CNH).

The form of options considered came under 4 main categories

1) Decent Homes works

These are items that are ultimately required under the Decent Homes programme such as new kitchens, bathrooms and windows. Funding is only available subject to a 2 Star allocation following the Audit Commission inspection taking place early 2010. Even if 2 Stars are awarded, it has been announced by Central Government that funding will not be available until 2011.

2) Small scale scheme improvements

These are items that would not necessarily ensure the complete long term demand for a scheme but may make the scheme more attractive to some potential occupiers and improve the quality of life for existing residents. Items include lift installation and conversion of a storage rooms into mobility scooter storage.

3) Scheme re-modelling

These are major scheme improvements that are intended to address the low demand units within each scheme; options include converting bedsits into self contained 1 bedroom flats.

4) Site redevelopment

In some instances the most viable option to address long term demand is the complete demolition of a scheme and the subsequent development of a more appropriate purpose built scheme. To ensure sufficient resources are available for this option it may be necessary to transfer ownership of the scheme.

### Proposed scheme options

In consultation with CNH, the most appropriate investment options for each Sheltered Housing scheme were established. It is intended that this information is used to inform future investment decisions relating to Sheltered Housing.

It is important to highlight that at this stage these options have been identified for further investigation only. Although costs have been identified, these are purely indicative. Further investigation on each option individually will enable accurate costs to be established and full appraisals undertaken. Further consultation will take place with residents once the Council is in a more informed position on the specific realistic scheme options. No resources in terms of funding have yet been formally identified.

Estimated costs to address each scheme vary widely and the availability of resources will play a part on the programming of works and potential timeframes.

There are a number of lower cost options that can increase demand in the short term such as installing lifts or creating a scooter storage facility, however this will not necessarily ensure that housing stock meets the needs of older people in the long term.

Because of the inherent problem of minimal low demand for bedsits in the future the preferred options for the long term involve conversion or redevelopment works. This is because the inherent problem with most of the Council's Sheltered Housing development is the accommodation available- bedsits form the majority of units throughout the Council's stock. Whilst significantly more expensive, converting schemes into and developing more appropriate accommodation is therefore a better option if the Council's intent is ensuring the long term sustainability of its Sheltered Housing schemes.

## **Appendix 4 DISPOSAL POLICY**

### Purpose

This policy sets out the Council's approach towards the disposal of Council owned residential dwellings, predominantly from within the HRA. It will be used to support the strategic housing objectives of the borough and assist the delivery of the Housing Asset Management Strategy

Although the Council is committed to increasing not decreasing the level of affordable housing in the borough there will be occasions where disposal will need to be considered to ensure the commitments to efficiency and value for money are delivered.

This policy does not apply to the sales of homes under Right to Buy or right to Acquire as these are covered by statutory guidance.

### Regulatory Requirements

A disposal of property held by the Council for housing must proceed under Section 32 of the Housing Act 1985 as amended.

Under the General Housing Consents 2005, a Local Authority may dispose of a vacant dwelling house under a number of different consents. The most relevant of these in terms of this policy are:

- A local authority may dispose of the vacant house to an individual who intends to use it as his only or principal home, for consideration equal to its market value
- A local authority may dispose of a vacant house to any person for consideration equal to its market value, where the dwelling house is in need of substantial works of repair, improvement or conversion and that person enters into a covenant to carry out those works and then to dispose of the house to an individual who intends to use it as his only or principal home
- A local authority may dispose of a house to a Registered Social Landlord for the best consideration that can be reasonably obtained where the dwelling house is in need of substantial works of repair

### Charnwood's Approach to property disposals

Charnwood will only seek to dispose of properties when they are deemed uneconomic or under-used.

### Definition of uneconomic property

A property is defined as uneconomic where the cost of bringing that property up to the decent homes standard is in excess of likely available resources through the MRA future Decent Homes funding and other available resources.

### Principles of Disposal

- Wherever possible properties will be disposed of to an RSL to ensure the property is retained as social housing. Such a disposal is likely to take place at below market value.
- Where it is not possible to identify an RSL with sufficient resources to bring the property up to the decent homes standard the possibility of disposing of the property for another social purpose will be considered such as to a local charity or community group where such a disposal meets a strategic housing objective
- Where no social use of the property can economically be identified such properties will be disposed of for best consideration, receipts from disposal shall normally be ring-fenced for use on the decent homes programme
- Where there are multiple properties being considered for disposal at the same time then the whole “portfolio,” of properties will be considered. Taking into account costs, likely receipts and demand for the properties a decision will be taken on which combination of properties to recommend disposal of to maximise the utility of the retained properties

### Definition of under-used property

A property is defined as underused if there is no waiting list for that property type or there are a number of similar properties that are currently void and have proved difficult to let or there has been a significant problem of long term voids in the past.

Currently the majority of properties which are considered under used are flats or bedsits. As a result decisions cannot be taken at an individual property level but instead the future use of a whole block will need to be reviewed.

Because any decision on a change of use of a current block will impact on a number of current tenants and residents then decisions will only take place after a full options appraisal for the block has been undertaken.

Appraisals may be triggered by a particular property becoming empty or as a result of a strategic review of stock holdings.

Prior to reaching a decision to dispose of such properties full consideration should be given to such options as, re-designation, remodelling alternative approaches to marketing of properties and redevelopment of the site by CBC.

In future there may be situations where individual properties may become under-used as a result of shifting demand and demographic changes. If this situation arises it is likely that individual properties will be disposed of on an ad-hoc basis as they become vacant.

### Principles of Disposal (blocks)

- A decision to dispose will only take place once a full options appraisal has taken place
- Wherever possible disposal should result in no net loss of social housing or loss should be minimised
- Disposal will only take place after full consultation with existing residents

### Principles of Disposal (individual properties)

- Where an individual property is recommended for disposal due to under-use there is unlikely to be any merit in ensuring it remains as social housing however options for other social uses such as community centre will be explored

Prior to disposal one of the attached pro-formas will be completed before a recommendation is taken to the Director of Housing and Health to seek permission to dispose.

**Form A: Block Level Assessment  
Property Details**

Address of Property:
Reason why analysis should be undertaken:
Approximate Valuation.

**SUSTAINABILITY APPRAISAL**

Item	Calculation	Effect on HRA
Rental income (block)		
Ground rent from leasehold properties		
Management & Maintenance Allowance		
Day to day maintenance costs		
Void loss (block)		
Void maintenance costs		
Housing management costs		
Renovation/Decent Homes costs		
<b>OVERALL IMPACT ON HRA OF RETENTION</b>		+ / -

**Disposal**

Item	Calculation	Effect on HRA
Loss of rental income		
Loss of ground rent from leasehold properties		
Loss of Management & Maintenance Allowance		
Savings on day to day maintenance		
Savings on void loss		
Savings on void maintenance costs		
Savings on housing management		
Saving on renovation of property		
Capital receipt from sale		
<b>OVERALL IMPACT ON HRA OF SALE</b>		+ / -

**OTHER E.G. DEMOLITION / REBUILD / CHANGE OF USE.**

Item	Calculation	Effect on HRA
Loss of rental income		
Loss of ground rent from leasehold properties		

Loss of Management & Maintenance Allowance		
Savings on day to day maintenance		
Savings on void loss		
Savings on void maintenance costs		
Savings on housing management		
Saving on renovation of property		
<b>OVERALL IMPACT ON HRA</b>		

### HOUSING NEED APPRAISAL

The number of applicants requiring this type of home on the Housing Choice Register at date of assessment for this lettings area	
Number of this type of home which came available for re-letting in this lettings area in previous 12 months	
Number of current voids in block	
Housing need assessment	<b>High / Med / Low</b>

### HOUSING MANAGEMENT ISSUES

<b>Comments from Area Housing Management Teams</b>
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### ALTERNATIVE PROPOSALS FOR SITE

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### ENVIRONMENTAL IMPACT

<b>Retention</b>	<b>Disposal</b>	<b>Other</b>
Positive Y/N	Positive Y/N	Positive Y/N
Negative Y/N	Negative Y/N	Negative Y/N
No impact Y/N	No impact Y/N	No impact Y/N

Recommendation:

**Form B: Individual Property Assessment  
Property Details**

Address of Property:
Reason why analysis should be undertaken:
Approximate Valuation.

**SUSTAINABILITY APPRAISAL**

Item	Calculation	Effect on HRA
Rental income		
Ground rent from leasehold properties		
Management & Maintenance Allowance		
Day to day maintenance costs		
Void loss		
Void maintenance costs		
Housing management costs		
Renovation/Decent Homes costs		
<b>OVERALL IMPACT ON HRA OF RETENTION</b>		+ / -

**Disposal**

Item	Calculation	Effect on HRA
Loss of rental income		
Loss of ground rent from leasehold properties		
Loss of Management & Maintenance Allowance		
Savings on day to day maintenance		
Savings on void loss		
Savings on void maintenance costs		
Savings on housing management		
Saving on renovation of property		
Capital receipt from sale		
<b>OVERALL IMPACT ON HRA OF SALE</b>		+ / -

**OTHER E.G. DEMOLITION / REBUILD / CHANGE OF USE.**

Item	Calculation	Effect on HRA
Loss of rental income		
Loss of ground rent from leasehold properties		

Loss of Management & Maintenance Allowance		
Savings on day to day maintenance		
Savings on void loss		
Savings on void maintenance costs		
Savings on housing management		
Saving on renovation of property		
<b>OVERALL IMPACT ON HRA</b>		

### HOUSING NEED APPRAISAL

The number of applicants requiring this type of home on the Housing Choice Register at date of assessment for this lettings area	
Number of this type of home which came available for re-letting in this lettings area in previous 12 months	
Housing need assessment	<b>High / Med / Low</b>

### HOUSING MANAGEMENT ISSUES

<b>Comments from Area Housing Management Teams</b>
--

### ALTERNATIVE PROPOSALS FOR SITE

--

### ENVIRONMENTAL IMPACT

<b>Retention</b>	<b>Disposal</b>	<b>Other</b>
Positive Y/N	Positive Y/N	Positive Y/N
Negative Y/N	Negative Y/N	Negative Y/N
No impact Y/N	No impact Y/N	No impact Y/N

### RECOMMENDATION

**Decision making process.**

Following completion of the assessment the Director of Housing and Health should be consulted and their recommendation sought.

The recommendation section of the assessment form will be completed by the Director, whose recommendation will be signed and dated accordingly.

## Appendix 5 ACQUISITION POLICY

### Purpose

This Policy sets out to identify the criteria for recommending when the Council re-acquires dwellings disposed of through the right to buy. This may be because an owner or financial institution pro-actively offers the option of purchase or because a property formerly purchased under the right to buy is still within the statutory period where the property must be offered back to the Council.

### Assessment Framework

The decision whether or not to recommend that a dwelling is re-acquired is based on balancing a number of factors, namely

**Social:** Are the homeowners requesting that the Council re-acquires the property but they remain as tenants? Consideration would be given to the family make up, the duties the Council are likely to owe to the family under homelessness legislation and whether the property would meet the households needs under the Allocations Policy

**Management:** Are there any management benefits to re-acquiring the property e.g. is the property that is being offered a leasehold flat where re-acquisition would bring a whole block back into Council ownership?

**Costs:** Is the property likely to require significant investment to reach the decent homes standard which cannot be brought within the existing programme?

**Demand:** Is the property of a type and in a location that is likely to meet existing and future housing need?

**Value:** What is the cost of acquiring the property and is there current capital funding available to facilitate an acquisition?

**Ownership:** Where a property is offered to CBC under right of first refusal the Council can agree to purchase the property themselves or nominate an RSL to purchase the property. The Council will develop a list of preferred partner RSLs who may wish to purchase properties in appropriate circumstances

Properties purchased by an RSL would not be subject to the right to buy although those acquired by CBC would not be.

**Funding:** There are a number of funding streams that may be available for repurchasing properties. The funding stream would be identified during the appraisal process, and could be enabling grant or commuted sum capital provision for example.

### Decision Making Process

The final decision with regards to re-purchase will be made by Cabinet following the recommendation of the Asset Management Team

A report/scoring matrix will be completed by the Housing Strategy Team for each property that is offered back to the Council to inform the process.

### Scoring Matrix

	Low	Medium	High	Score
<b>Social</b>	<b>0</b>	<b>5</b>	<b>40</b>	
example	No specific circumstances/ owner not hoping to remain in property	Family likely to be owed a full homeless duty but can be accommodated elsewhere	Family wish to remain in property, are likely to be owed a full duty under the homelessness legislation and have particular needs their current accommodation meets	+
<b>Management</b>	<b>-25</b>	<b>0</b>	<b>20</b>	
	Property is in area of dense social housing where tenure diversity is beneficial	No management issues	The property is a single leasehold flat in a block otherwise fully social rented	+
<b>Costs</b>	<b>-25</b>	<b>0</b>	<b>25</b>	
	Property requires >£5k to meet decent homes standard	Property would meet the decent homes standard with less than £5k investment	Property meets the decent homes standard	+
<b>Demand</b>	<b>-50</b>	<b>5</b>	<b>20</b>	
	Property is of a type/in a location that is of low demand/high supply, eg sheltered bedsit	Property is of a type in reasonable demand in reasonable location	Property is of a scarce type in a popular location	+

<b>Value</b>	<b>0</b>	<b>10</b>	<b>20</b>	
	<b>Property is available at market value</b>	<b>Property is being offered with y% discount</b>	<b>Property is being offered with x% discount</b>	<b>+</b>
			<b>Total</b>	

**Scoring**

**0-20 – property would not be recommended for acquisition**

**20-60 - property will be recommended if commuted sums are available that need to be used within the location the property is available and have to be used within the next 18 months**

**60+ - property will be strongly recommended depending on available financial resources.**

**(for properties with a score of 20+ points Asset Management Team will receive a report from Housing Strategy with a recommendation to progress an acquisition. If the decision of the full AMT is to progress, a report will be taken to the next available Cabinet.**













