APPENDIX 1

Broxtowe Borough COUNCIL

ARK CONSULTANCY

BROXTOWE BOROUGH COUNCIL

Asset Management Strategy

August 2022

This report sets out work that was commissioned by Broxtowe Borough Council.

The Client's representative for the project was Nick Hawkes.

The first draft report was provided to the Client on 25 April 2022 and a further draft was submitted on 18 May 2022.

The Client has confirmed acceptance of this report.

This report has been signed off on behalf of ARK Consultancy Limited by:

[redacted]

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Tim Frondigoun FCIH

Director

ARK Consultancy Limited

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EXECUTIVE SUMMARY

Asset management is one of the greatest areas on which the Council spends its resources and accounts for the largest element of the Housing Revenue Account (HRA).

Asset management activity can be seen as a spectrum ranging from reactive repairs at the one end, through planned and cyclical maintenance with disposal and major redevelopment at the other. An effective asset management strategy will seek to move the balance of activity from more reactive and lower value-adding activity towards activity that adds greatest value to both the assets themselves and the communities in which they are based.

Key to an effective strategy is understanding what defines a ‘good’ or sustainable asset. This includes the standard of the property, its energy efficiency and ability to support the delivery of Net Zero Carbon (NZC), quality of the communal areas and surrounding neighbourhood, local market conditions and demand, and the ability to generate a positive financial return for the Council’s HRA or General Fund. In relation to developing and updating the Council’s investment plans, this implies a focus on these wider criteria as opposed to a purely stock condition-focused approach.

The Council owns and manages 4,383 rented dwellings across the Borough of Broxtowe. Almost half of these homes are flats and a third are designated as ‘independent living’ for older people. The most common archetypes are one-bedroomed flats and three-bedroomed houses. All properties are low-rise with no buildings over three storeys and there are a small number of non-traditional dwellings which have been subject to a review and assessed as being sustainable.

In terms of energy efficiency, existing data shows a third of homes not meeting the minimum EPC rating of C which homes will need to meet by 2035. However this potentially overstates the extent of the problem, as just under half of EPC surveys are over 5 years old and the impact of recent building fabric and insulation works has not been captured. This is being addressed as a matter of priority, as accurate data will be needed to support any bid for the next wave of Social Housing Decarbonisation Fund (SHDF) funding which is expected to open in August 2022.

The Council’s average rent levels are lower than the East Midlands regional average or those for other stock-retaining authorities in Nottinghamshire. There appears to be a significant differential between Council and private sector rents as indicated by the Local Housing Allowance.

There is demand overall across the Borough for social and affordable rented housing, with a potential requirement for 268 such new homes each year. Over 2,500 households are on the Council’s Housing Register, an increase of over 50% since 2018. There is a recognised need to increase the number of 2-bedroomed homes. Whilst there is a projected growth in the number of residents over 65, it is also projected that there will be an oversupply of rented homes with support for older people, however a need to expand leasehold and extra care housing in the Borough.

The HRA Business Plan was reviewed most recently in 2019 and is due for a further review at the end of 2022. Of the forecast expenditure for 2022/23 of £16m, 23% relates to revenue and cyclical maintenance and a further 26% to depreciation with is effectively provision for major repair. Based on the projected income and expenditure and current stock levels, and taking into account housing management costs and loan charges, this implies a surplus of approximately £800,000 or £187 per property.

Average management costs are broadly in line with sector norms (although this will mask significant variation in unit costs between different schemes). We have attempted to benchmark repairs and maintenance costs against our databases and whilst there are a number of data quality issues, this suggests that responsive repairs costs per unit are around 11% higher than ARK's benchmark median, driven both by higher levels of demand and higher average job costs. If these higher costs are a true reflection then this would reduce the capacity of the HRA Business Plan by over £200,000 per year.

Since the previous Business Plan revision, the Council has received the results of a stock condition survey which identifies total investment requirements over 30 years of £181m or £1,367 per property per annum. The forecast does not specifically make provision for NZC commitments which are estimated across the sector to be in the region of £21,000 per property, although it does include around £14,000 per property for improvements in building fabric and heating, some of which will contribute to NZC. The assumed unit costs in the forecast are broadly in line with ARK's benchmarks with the exception of kitchen costs where we would propose an increase of nearly 30% in provision which will increase the 30-year requirement by around £7million.

Further pressure on the Business Plan will come from ongoing inflationary pressures in the construction and maintenance market, with materials costs rising by over 20% and labour costs by a not dissimilar rate.

We have looked at how different parts of the Council's housing stock appear to 'behave'. Broadly, houses and bungalows appear to generate slightly more repairs on average than flats, whilst flats and independent living properties exhibit higher turnover. There are specific challenges with the independent living stock, including lettability and suitability, with steps already taken by the Council to 'de-designate' certain schemes and manage as general needs. There are also issues with the portfolio of garages, with over one in ten currently vacant. The Council is developing a programme of clearance and disposal or redevelopment of the worst performing garage sites.

We have done some simple modelling of three individual housing schemes to obtain an initial indication of their 'performance' and the extent to which they are potentially 'assets' or 'liabilities'. Two of these schemes would appear to be liabilities as a result of higher repairs demand and/or turnover and void rent loss, however this is based on the Borough's average management cost per unit which is arguably significantly lower than the actual management cost for those individual schemes, given higher levels of turnover and anti-social behaviour. We have also identified the top 50 homes in terms of responsive repairs demand; whilst these properties account for 1% of the stock they account for 5% of repairs activity. Some of this demand appears related to stock condition, however there is not a clear correlation, with other factors such as tenancy management potentially playing a part. There are also examples of repeat repairs where the initial or underlying fault may not have been rectified.

Customer satisfaction with the repairs service appears to have fallen and is below the levels normally expected across the sector. There are particular issues in relation to communication with the customer which is key to resolve in order to drive up satisfaction levels. Around 17% of repairs relate to damp, mould and leaks, reflecting anecdotal evidence from Members and officers. We have identified examples where this potentially links to stock condition and identified investment requirements. The recently-published Social Housing Regulation Bill will give the Regulator far greater powers of intervention with regard to the delivery of repairs, and so it is critical that the Council addresses the issues of customer satisfaction.

The Council also has statutory compliance and other obligations in respect of the service and maintenance of mechanical and electrical installations in order to ensure customer safety. As part of this review we have had limited sight of compliance reporting and so are unable to provide a view as to the effectiveness of compliance management.

There are a number of strengths in relation to Broxtowe's stock and approach to asset management, including stock that is low rise and in sustainable neighbourhoods, the availability of up-to-date stock condition information and recent work on energy efficiency.

Weaknesses and challenges include the Council's approach to asset data and intelligence, pressures on the Business Plan through NZC requirements (compounded by a lack of robust data), high responsive repairs costs and a need for greater understanding of the linkages with the planned programme, lower than average satisfaction levels with repairs services and the sustainability of parts of the independent living portfolio.

The Council needs to move to a position where it has clear standards and targets for its assets; an accurate understanding of the performance of all areas of its stock; a clear long-term investment programme for stock that is sustainable and a programme of option appraisals and redevelopment plans for stock that is not seen to be sustainable; an evidenced focus on compliance and safety; a shift in activity from responsive to planned activity; and high levels of customer satisfaction with services and homes.

We have set out an initial 3-year plan for housing assets. This focuses on:

- **Strategic**: addressing the issues around data, undertaking initial priority options appraisals for those schemes clearly not performing, carrying out a comprehensive asset grading exercise across the stock and a further portfolio-wide review of independent living, and developing a 20-year programme of redevelopment for poorly-performing schemes, ringfenced from within the capital programme.

- **Planned investment**: using stock condition and EPC data, intelligence on responsive repair and stock requiring option appraisal to develop an initial 3-5 year 'smoothed' investment programme, including a 'fabric first' approach to investing in less energy efficient homes. The Council subsequently needs to identify the most appropriate delivery model or contract for planned investment to replace the current contract which expires in March 2025.

- **Compliance**: the need to establish a clear regime for all areas of compliance, including policies, inspections, assurance, remedial works and reporting.

- **Reactive works**: delivering the improvement programme in the DLO, including deployment of ICT, improved customer communication, standard reporting, cost and effectiveness in the supply chain, review of overheads and improvements in productivity. There also needs to be a focus on reducing repairs demand through root cause analysis and addressing those properties with high demand.

With regard to General Fund assets, we have reviewed the Council's overall approach to asset management, including classification (such as operational, community, investment and surplus) and scoring methodology to assess the need for review.

We have had relatively little sight of any data in relation to these assets, however have had an initial look at three assets – the Depot, Council Offices and Durban House – in order to provide our thoughts on each, including some of the options and linkages to other Council strategies. The Depot represents poor usage of a site which would be suitable for residential development; this could be enabled by rationalisation of depot requirements linked to the DLO operational model and fleet management. The utilisation of the Council Offices is reduced following the pandemic and so any retention of the building will be linked to the ability to compartmentalise and sublet elements to other organisations. Alternatively the site could be redeveloped for other uses, however the needs will be driven by the Council's workplace and customer access strategies. Durban House is currently vacant and provides a number of options for conversion or redevelopment.

We have proposed that the Council builds on its earlier 2018 Interim Asset Management Plan and establishes an Asset Management Panel to oversee management of and decisions relating to its General Fund assets and potentially elements of the HRA asset base. We have identified proposed terms of reference and the data and information that is required to inform this activity.

INTRODUCTION

Asset Management is the greatest area on which the Council's Housing Revenue Account (HRA) spends its resources. It is also the element that has the widest impact on the Council's customers and wider communities, whether interacting with customers through responsive repairs and ensuring their safety through compliance activity, through to improving the longer-term value of the Council's housing stock – both in social and financial terms - through planned investment and remodeling of homes, schemes and estates. The Council also owns an estate of other buildings and land, whether for operational delivery of services, provision of community facilities or investment to support employment or generate an income to the General Fund.

Asset management activity should not simply be about bricks and mortar; it also recognises the role that housing and other building assets provide in terms of supporting thriving communities, health and wellbeing, and wider social and economic benefit, for example how the Council's annual investment can drive the most benefit and ensure that as much of the 'Broxtowe pound' as possible is invested locally.

This Asset Management Strategy sets out our understanding of the Council's current housing stock, at both a whole stock level and also looking at specific types of property and schemes or buildings. It then seeks to set out a roadmap of how the Council can develop and implement actions with the aim of ensuring not just that its building assets remain financially viable but more importantly that they provides good quality homes in areas that are sustainable and people want to live and enable the delivery of key services and support to communities across the Borough.

ARK Consultancy has developed the strategy through detailed analysis of available data (which has predominantly been on the housing stock), site visits and discussions with senior officers.

SECTION 1: OBJECTIVES OF THE ASSET MANAGEMENT STRATEGY

The Council's Corporate Plan sets out its aspirations which have influenced the development of the Asset Management Strategy. In particular, the Plan articulates an overall vision of

"A greener, safer, healthier Broxtowe where everyone prospers".

The specific aspiration for Housing is identified as

"A good quality home for everyone".

It is proposed that these aspirations will be achieved through the following priorities:

- **Building more houses**, more quickly on under used or derelict land within its asset base. This has included developing a programme for the redevelopment of under-utilised garage sites.

- Invest to ensure its homes are **safe** and more **energy efficient,** with a focus on building safety and compliance and improving the energy performance of its stock to reduce costs for its residents.

- **Prevent homelessness** through providing readily accessible advice on housing options as well as partnerships and innovation, which may improve the sustainability of certain schemes which exhibit higher rates of 'tenancy failure' as well as identifying alternative means of meeting demand other than the availability of Council homes.

The Asset Management Strategy is based upon an iterative process that is set out in the diagram below, with the HRA Business Plan at the hub of the 'wheel' in relation to the housing stock.

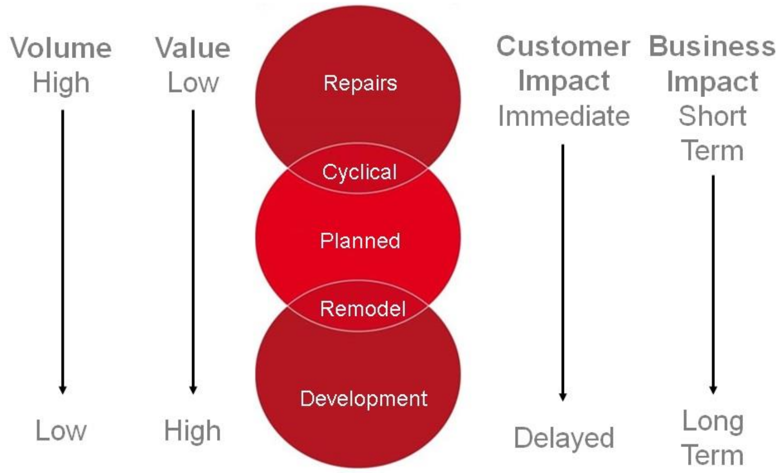
In ARK's experience, excellence in Asset Management can be defined as the following:

- A clear strategy setting out objectives, actions and measures
- Collation and use of intelligence on the true performance of all assets
- Clear standards and output specifications for homes, works and services
- A long-term investment plan in place for sustainable properties
- Efficient delivery solutions delivering Value for Money and excellent outcomes for customers
- A rigorous approach to statutory compliance and safety, including reporting, assurance and robust delivery solutions
- A structured approach to appraising poorer performing assets and determining and implementing courses of action

The Council's priorities should be based upon the approach of ensuring that the Council's legislative duties have first call on resources. There is also a requirement to repair and maintain properties in order to ensure that they remain in a decent condition. Remaining funds for investment should then be directed at priorities identified through a whole stock review and assessment, which will include both investment and disinvestment or redevelopment where appropriate.

To deliver best value for money the Council needs to minimise spend on repairs (which add no value to the assets), whilst maintaining an effective customer repair service, so that it can invest more in planned maintenance and improvements, which enhance asset value. However, the Council must be clear that it is only investing in homes and properties which are assets and must take a more interventionist approach in properties or areas which perform less well and which may in fact be 'liabilities'.

The Council's strategy should therefore be to move the emphasis and balance of expenditure away from higher volume, lower value work such as responsive and void repairs and towards planned investment so as to secure more investment in its homes and neighbourhoods and to address root causes of repair demand:



In terms of what makes a 'good' or sustainable asset, the typical characteristics include the following:

- The property is of a high **standard** in terms of modernity of fixtures and fittings, energy efficiency, space standards, level of repair, accessibility and so on.
- It is technically and financially feasible for the property to achieve high levels of **energy efficiency** and help achieve **Net Zero Carbon**. This includes the ability to invest in improvements to the building fabric and insulation levels, as well as changes to alternative heating sources.
- The quality of **common areas** (internal and external) in and around schemes should be clean, attractive, well-maintained, secure and well-lit. An individual property with a high quality of repair and fittings internally will not be desirable if it accessed via unappealing stairwells or parking areas for example.

- The property is in a **sustainable and safe neighbourhood.** This can include a balance of available tenures.
- **Local market conditions** support demand for the property, not only overall demand within the area but also differentials between the rent levels for Council properties and those of other landlords within the area. For example a surplus of private rented property may depress rent levels in that sector and impact on demand for Council housing.
- There is sustainable long-term **demand** for the property, evidenced by the Housing Register and bids for available properties. Applicants bid for the properties out of choice rather than necessity. The property should also meet those housing needs identified by the Council.
- The property or scheme exhibits **low turnover** of tenancies, reflecting higher levels of demand and satisfaction from residents.
- The property generates a **positive financial return** for the Council. This can be measured by comparing income to expenditure and calculating a Net Present Value (NPV) over a 30-year period. A healthy NPV will be driven by lower levels of responsive and void repair expenditure and reduced rent loss from bad debt and voids.

In developing and updating the Council's investment plans, it needs to focus on how the asset can be improved against the above criteria as opposed to a solely stock condition-focused approach.

SECTION 2: UNDERSTANDING THE COUNCIL'S HOUSING ASSETS

WHAT TYPE OF HOUSING STOCK DOES THE COUNCIL OWN AND MANAGE?

Broxtowe Borough Council owns and manages 4,383 rented dwellings across the Borough. This represents around 10% of the total number of homes within Broxtowe. In addition there are 296 leasehold flats sold under the Right to Buy where the Council maintains responsibility for the communal areas and external building fabric of the block.

The breakdown by archetype is as follows, and shows that almost half of the rented homes are flats and almost a third designated 'independent living' for older people:

	Rented – General Needs	Rented – Independent Living	Total Rented	Leasehold	TOTAL
Bedsit	1	8	**9**	-	**9**
Flat	1,174	929	**2,103**	296	**2,399**
Bungalow	291	399	**690**	-	**690**
House		-	**1,559**	-	**1,559**
Maisonette	8	14	**22**	-	**22**
Total	**3,033**	**1,350**	**4,383**	**296**	**4,679**

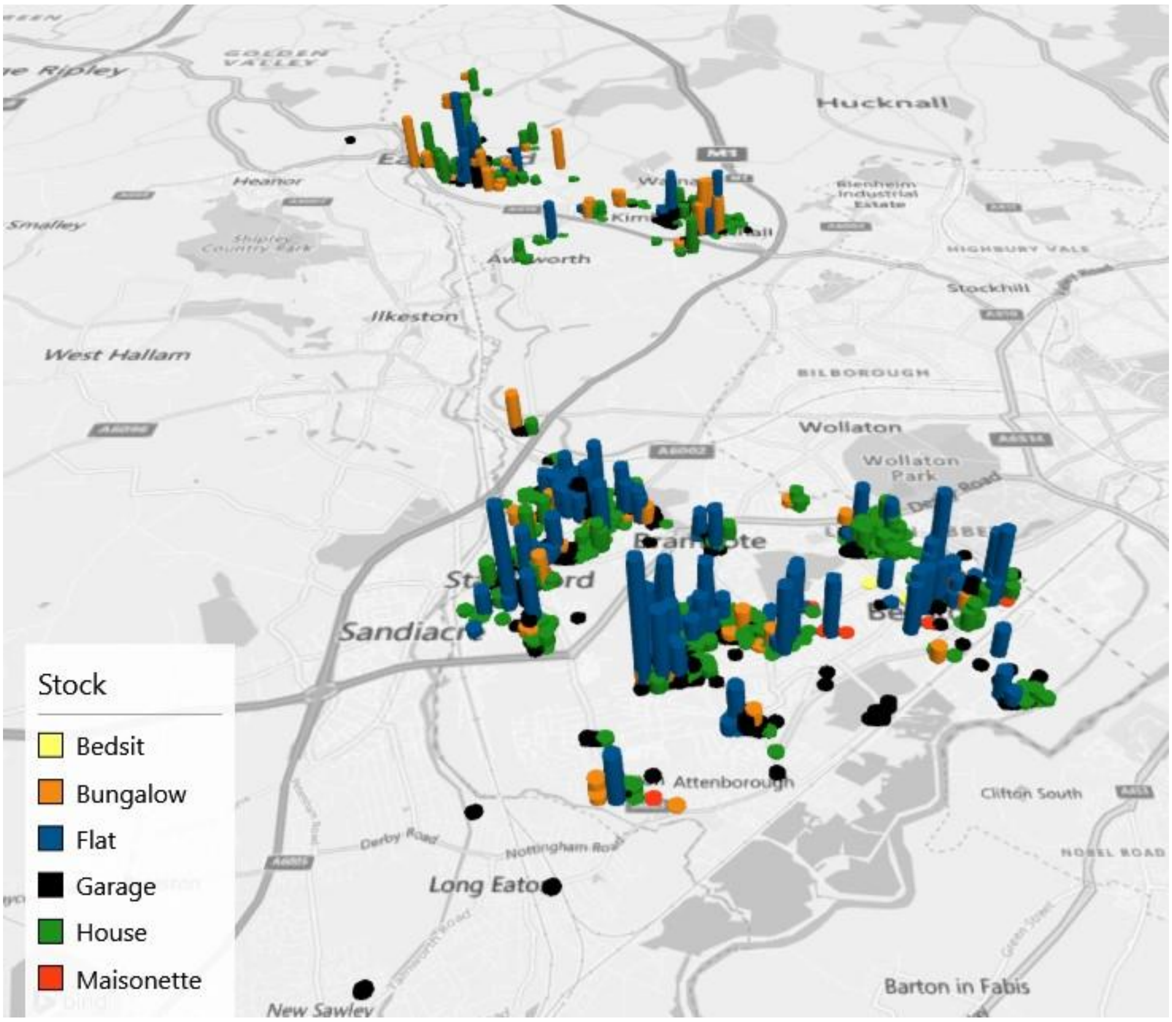
The breakdown of the rented stock by size is as follows, and shows that the most common archetypes to be 1-bed flats and 3-bedroomed houses. :

	Bedsit	1-bed	2-bed	3-bed	4-bed	TOTAL
Bedsit	9	-	-	-	**-**	**9**
Flat	-	1,164	935	4	**-**	**2,103**
Bungalow	-	465	217	8	**-**	**690**
House	-	-	329	1,173	**57**	**1,559**
Maisonette	-	11	1	10	**-**	**22**
Total	**9**	**1,640**	**1,482**	**1,195**	**57**	**4,383**

As can be seen, there are relatively few bedsits or maisonettes, whilst 75% of houses are 3-bed, with very few larger family houses and relatively few 2-bedroomed houses. Nationally, there has been an impact on demand for larger houses from welfare reforms and specifically the Spare Rooms Subsidy.

The Council also owns 828 garages across the Borough, just over half of which are located with just two Wards, Chilwell West and Stapleford North.

The geographical location of the housing stock shows the main concentrations of homes in Stapleford, Beeston, Chilwell, Eastwood and Nuthall:



All stock is low-rise. There are 463 (413 rented) flats in three-storey blocks, the remainder of properties are less than three storeys.

There are a small number of properties (75no.) of non-traditionally constructed dwellings (Nofines, Trusteel and Unity) which have been subject to a separate survey and a recommendation to retain. There are a further 66 timber frame dwellings, the majority of which are bungalows.

HEATING AND ENERGY

Nearly 90% of homes have gas central heating. The remainder are predominantly electric storage heating with some heated with gas fires. Fewer than ten homes have renewable sources of heating (ground source heat pumps).

The Government has adopted a target of all homes reaching a minimum Energy Performance Certificate (EPC) rating of C by 2035, with the most fuel-poor dwellings dealt with by 2030. The existing data indicates that there are 1,233 dwellings (26% of the rented stock) below a C-rating:

EPC Rating	D	E	F	G	Total
House	515	156	11	4	**686**
Flat	222	46	13	4	**285**
Bungalow	167	21	1	-	**189**
Maisonette	65	8	-	-	**73**
Total	**969**	**231**	**25**	**8**	**1,233**

Around one third of the lower rated homes are solid wall, whilst nearly all of the non-traditional construction properties are included in the figures above.

Data on energy performance is however patchy and is currently being addressed by the housing service, hence the above table is unlikely to be an accurate assessment, due to the age of the surveys. Only 54% of surveys have been completed within the past five years, with nearly 20% over 10 years old and hence no longer valid. It was also evident from examples that the data also has not captured all of the works completed to properties, for example insulation works and replacement doors and windows, which would be expected to improve EPC ratings.

The Council is currently addressing the issue, given that more accurate energy performance data will be a pre-requisite for accessing additional external funding such as the next wave of Social Housing Decarbonisation Fund with the next (and potentially final) round of bidding expecting to open in August 2022.

RENTS AND SERVICE CHARGES

The stock list provided by the Council shows the annual housing rent debit to be £15,634,000 for 2021/22 with service charge income of a further £789,000. Rents and service charges are levied over 48 weeks in every year with four 'rent-free' weeks.

Average rent levels have been historically lower than both the East Midlands regional average and other Nottinghamshire stock-holding authorities (excluding those that have transferred their stock to Registered Providers) as shown in the table below, which is based upon returns submitted by each Local Authority to central government and adjusted to a 52-week year for comparison:[1]

Local authority	Average rent over 52 weeks (2019/20)
Broxtowe	£65.21
Ashfield	£66.62
Mansfield	£72.73
Bassetlaw	£72.77
Newark & Sherwood	£77.81
Nottingham City	£72.78
East Midlands Average	**£74.06**

The £65.21 shown above equates to £70.64 over 48 weeks.

Void properties are however let at the target rent in accordance with the national formula.

The actual stock list provided by the Council suggests that the average rent for 2021/22 is £74.31 with average service charge of £3.75 across all rented properties.

Council rents are significantly lower than the Local Housing Allowance rates used to determine eligibility for Universal Credit/ Housing Benefit in the private rented sector within the Borough:

Size	Council				Private	Difference
	Designation	Rent	S/ Charge	Total	LHA	
1-bed	all	£ 68.80	£ 7.93	£ 76.73	£ 108.16	41.0%
	general needs	£ 68.14	£ -	£ 68.14	£ 108.16	58.7%
	independent living	£ 69.16	£ 12.38	£ 81.54	£ 108.16	32.6%
2-bed	all	£ 74.56	£ 2.18	£ 76.74	£ 126.58	64.9%
	general needs	£ 74.35	£ -	£ 74.35	£ 126.58	70.2%
	independent living	£ 75.42	£ 11.39	£ 86.81	£ 126.58	45.8%
3-bed	general needs	£ 81.03	£ -	£ 81.03	£ 143.84	77.5%
4-bed	general needs	£ 87.39	£ -	£ 87.39	£ 184.11	110.7%

[1] *Local Authority Average Weekly Rents by District, 1998-99 to 2019-20*, Department for Levelling Up Housing & Communities

HOUSING DEMAND AND VACANT PROPERTIES

The Council commissioned a social and affordable housing needs assessment from GL Hearn in 2018. Some of the key findings were as follows:

- 1,643 households on the Council's Housing Register in 2018
- Potential net demand (after available relets) for social and affordable housing of 268 per year
- A recommended target for new provision of 30-35% for 1–bed properties, a similar proportion for 2-bed, 25% for 3-bed and 5-10% for 4-bed (with a suggestion that the proportion of larger homes could be increased at the expense of 1-bed properties if the development programme is constrained below the number required)
- A recommendation that lower cost home ownership be focused on smaller family homes
- That consideration be given to the incorporation of bungalows in some redevelopments, as whilst 'land-hungry' they are popular and can assist with older people 'downsizing' from larger family houses
- Whilst the numbers of residents aged over 65 will increase by around 16-17% by 2028, there will potentially be an oversupply of rented housing with support for older people of around 900. There will however be increased demand for extra care (both tenures) and leasehold retirement schemes.

In the context of the Council's current stock, it can be seen that it manages a large number of rented independent living flats for older people, whilst there is a comparatively small proportion of 2-bedroomed and 4-bedroomed properties.

In terms of current overall demand for properties, the table below shows that there are just over 2,500 households registered on the Housing Register, an increase of around 54% since 2018. Just over half of the demand is from single people and childless couples under 65 and a further 6% from older applicants.

Applicant Type	No. of applicants
Couple	242
Couple & Pregnant	17
Couple with overnight carer	4
Elderly couple	18
Elderly single	137
Family & 1 child	345
Family & 1 child & pregnant	9
Family & 2 children	341

Family & 2 children & pregnant	11
Family & 3 children	181
Family & 3 children & pregnant	5
Family & 4 children	56
Family & 4 children & pregnant	3
Family & 5 or more children	12
Single	1,059
Single & 1	73
Single & pregnant	21
Single with overnight carer	3
Total	**2,537**

When comparing to the housing stock, it can be seen that the total number of applicants with 3 or more children is around five times the total number of properties with four or more bedrooms (let alone the number that actually become available). Similarly the number of applicants with 1 or 2 children is significant however there is very limited availability of 2-bedroomed houses compared to 3-bedroomed.

The growth in the Housing Register has been greatest amongst Band 3 applicants, i.e. non-priority homeless or those subject to early intervention, people in overcrowding or lodgings, and those with moderate medical needs or welfare needs. The number of applicants in Band 3 has doubled since 2018 and represents 38% of the Register. Band 4 applicants (with no housing need) account for 42% of the Register.

Over the twelve-month period from November 2020 to October 2021, 363 properties became void (slightly higher than the 2018 projection), a stock turnover of 8.2% which is higher than average for the region (up from the 7% across the financial year 2019/20 which would have been affected by the Covid pandemic). 60 of these voids were relet within one month and the rent loss from voids during the twelve-month period was just over £300,000. In terms of the property type, 111 of these voids were houses and 252 were flats.

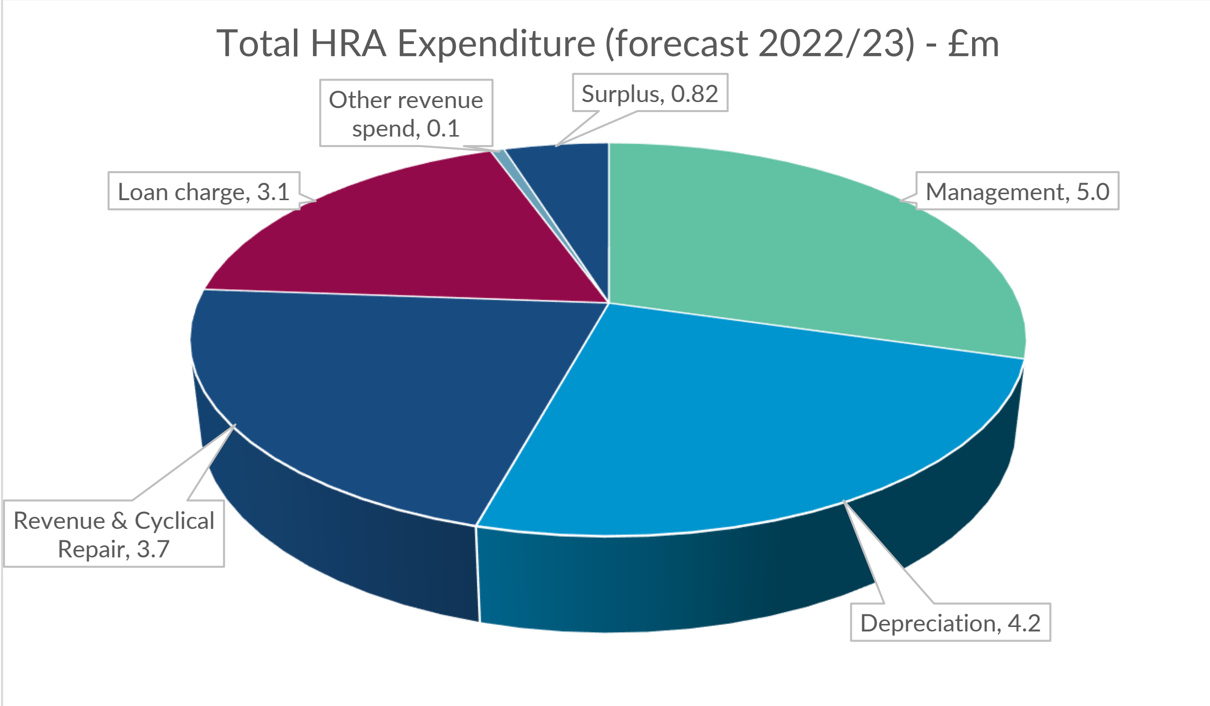
There were 120 properties void at the start of November 2021, around 2.74% of the stock. Of these, the average time that they had been void was 66 calendar days; just 23 had been void for a month or less whilst 28 had been void for over six months. A significant proportion of the long-term voids are within the independent living stock, in particular flatted accommodation, where there has been low demand.

FINANCIAL CAPACITY WITHIN THE BUSINESS PLAN

The Council's most recent review of the HRA Business Plan was in 2019, with a further review due later in 2022.

The Plan projects rental income for 2022/23 of £15.6m (which is close to the actual 2021/22 annual debit) and additional income of £1.23m (73% of which is from service charges and the remainder from non-dwelling income, predominantly garages). The base model assumes 30 sales under Right to Buy and 12 new builds or acquisitions each year (hence a net stock reduction of 18 per year), however capacity has in fact been identified within the Plan for additional development and acquisition.

Expenditure for 2022/23 is estimated to be £16.1m hence generating a surplus of £0.82m. Expenditure is broken down as follows:

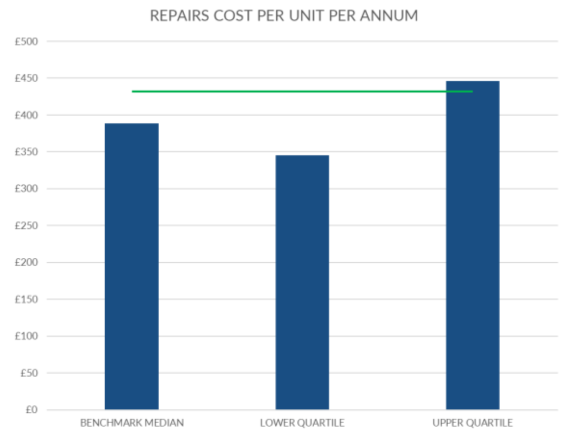


Based upon the 2019 review of the HRA Business Plan and the 2022/23 forecasts within the Plan along with the current stock level, this shows that at an individual property level, the assumed average income and expenditure is as follows:

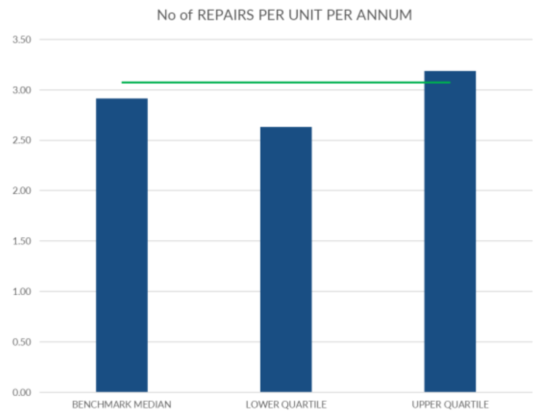
Income		Expenditure	
Rental income	£ 3,564.45	Management	£ 1,136.66
Service charges	£ 209.90	Depreciation	£ 953.68
Non-dwelling income	£ 77.57	Revenue & Cyclical Repair	£ 843.03
		Loan charge	£ 701.35
		Other revenue spend	£ 24.41
Total income	**£ 3,851.93**	**Total Expenditure**	**£ 3,665.07**
Surplus			£ 186.86

At an individual property, scheme or portfolio level, the ability to generate a surplus is one of the considerations as to whether the properties should be considered an asset or liability. The table above shows an annual surplus per property of £187 including non-dwelling income, or £109 excluding non-dwelling income. Later in this section we have carried out a crude financial assessment of a selection of schemes, using available data on repairs, voids and rent loss, which can be compared to the table above.

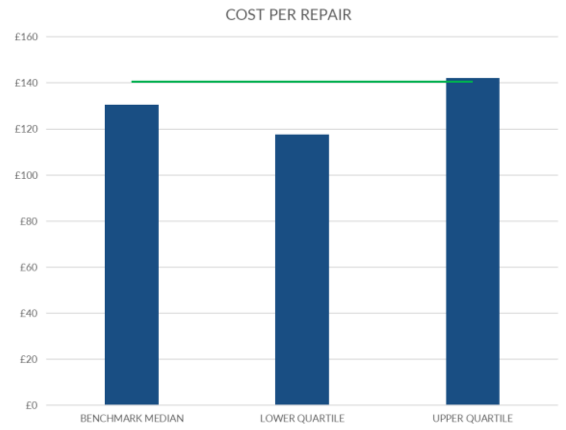
Average management costs per unit are broadly in line with sector norms (although this will mask significant variation in the unit management costs of different schemes). In terms of the Revenue & Cyclical Repair element, we have where possible benchmarked average costs per unit, however there have been issues with the quality of data, specifically the full recording of costs against revenue and void repairs which from the repairs data appear unrealistically low and do not appear to capture all costs against jobs. ARK has therefore benchmarked responsive repairs using the total expenditure figure quoted within the Annual Report and the repairs volumes from the data available against our database of around 100 comparator organisations nationally and around 36 within the Midlands. The graphs below indicate that average responsive repairs cost per unit, repair demand per property and cost per repair are all close to the upper quartile:



Comparison	Cost £	Variance £	Variance %
BENCHMARK MEDIAN	£388.60	£43.42	11.2%
LOWER QUARTILE	£344.96	£87.06	25.2%
UPPER QUARTILE	£446.12	-£14.10	-3.2%
Broxtowe Borough Council - 2020/	£432.01		
NUMBER OF BENCHMARKS	38		



Comparison	Quantity	Variance	Variance %
BENCHMARK MEDIAN	2.9	0.2	5.5%
LOWER QUARTILE	2.6	0.4	16.8%
UPPER QUARTILE	3.2	-0.1	-3.6%
Broxtowe Borough Council - 2020/	3.1		
NUMBER OF BENCHMARKS	36		



Comparison	Cost £	Variance £	Variance %
BENCHMARK MEDIAN	£130.54	£9.97	7.6%
LOWER QUARTILE	£117.60	£22.91	19.5%
UPPER QUARTILE	£142.13	-£1.61	-1.1%
Broxtowe Borough Council - 2020/	**£140.51**		
NUMBER OF BENCHMARKS	37		

It should be noted that the Council also carries out annual benchmarking through Housemark which has not previously highlighted any issues with regard to the cost of the service. The differential with ARK's benchmark may in fact be understated, as the database includes Registered Providers whose costs are subject to VAT.

It has not been possible to benchmark the cost of void repairs due to the absence of complete data on void repairs costs.

Accurate benchmarking is key to monitoring the delivery of the HRA Business Plan and the Asset Management Strategy as variations in unit costs against original assumptions will clearly impact on the available capacity within the Plan to deliver investment in new and existing homes.

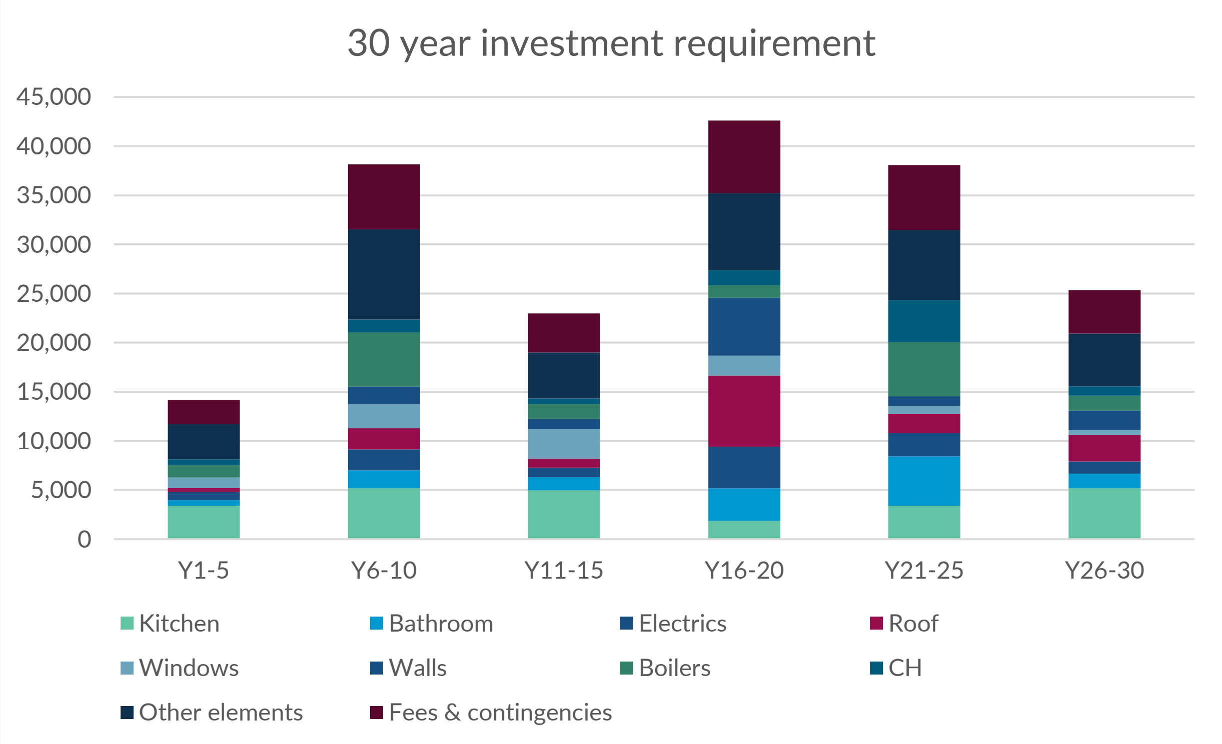
Based on ARK's benchmarks, we would expect to see other revenue and cyclical costs per unit per annum in the following region:

	ARK benchmark median (excl VAT)
Void repairs costs	£162.00
Gas servicing & repair	£132.00
Electrical cyclical	£69.00
Other cyclical (including decorations)	£100.00

If these costs are added to the average responsive repairs cost of £432, this produces an annual responsive and cyclical repairs cost of £895, over £49 higher than the Business Plan assumption which would have an annual impact of circa £216,000.

In terms of investment and major repairs, the Council commissioned a stock condition survey from Michael Dyson Associates in 2019 following the previous review of the Business Plan. This has identified a total investment requirement of £181m including fees over a 30-year period, £41m per property or £1,367 per property per annum.

The forecast is broken down between the components as follows:



The forecast does not specifically make provision for Net Zero Carbon (NZC) commitments to be delivered by 2050. These are estimated across the sector at approximately £21,000 per property [2](£700 per property per annum). Examples of some of the indicative cost elements per unit to achieve this based on ARK's data are as follows:

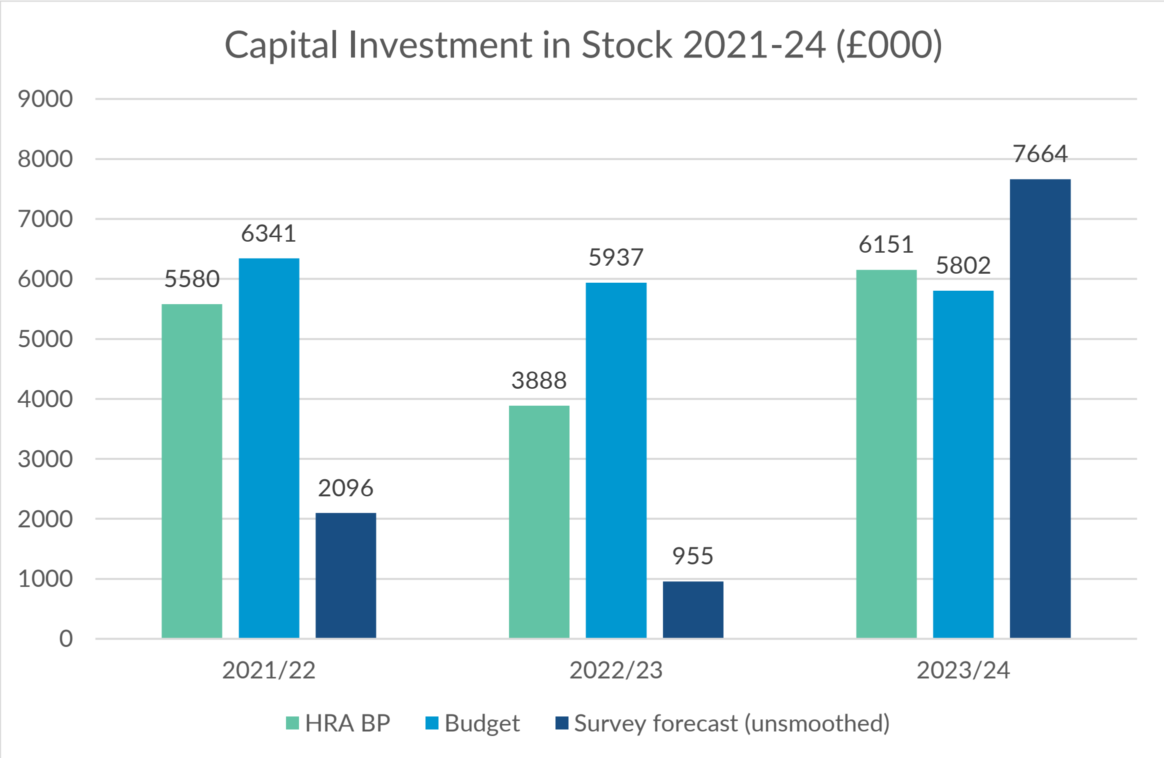
- Air source heat pumps - £8,000
- Ground source heat pumps - £12,000 to £14,000
- Mechanical ventilation and heat recovery - £3,000
- External Wall Insulation (EWI) system - £6,000 to £8,000
- Cavity wall insulation - £2,000 to £3,000
- Solar panels/ PV - £4,000 to £5,000
- Battery - £1,500

It should be noted that the stock condition survey forecasts do however include investment in both heating and building fabric (roofs, windows, walls, boilers and

[2] *Inside Housing* survey of 207 social landlords (November 2020): average figure £20,742

central heating) of £62.7m or £14,309 per property, some of which will contribute to the NZC requirement.

The overall forecast investment requirement is considerably lower in the first five years which will reflect estimated component replacement cycles and previous Decent Homes programmes. The Council has however sought to 'smooth' the programme to ensure continuity of workload and has in fact adopted a budget higher than that forecast within the 2019 revision of the Business Plan:



ARK has benchmarked all of the forecast component prices and assumed lifecycles with their database of actual costs. In all cases unit costs are at or above benchmark rates with the exception of kitchens, where ARK's benchmark cost is 29% higher than that assumed in the condition survey. The impact on the Plan of increasing the unit cost provision for kitchens would be an additional investment requirement of £7m or £1,600 per property over 30 years.

It should be noted that work is still in progress to transfer condition data from the old Lifespan system to Capita and at this point it has not been possible to view the full information including cost at an individual property level. It is envisaged that this information will be available in due course.

There are further challenges to the Business Plan in relation to current market conditions, in particular labour and material costs. These have been driven by a number of factors including:

- Impact of Covid-safe working practices on productivity and absenteeism amongst the workforce
- Loss of several skilled EU nationals from the construction sector
- Driver shortage, reducing the capacity of the transport and logistics sector
- Lack of domestic production capacity in relation to materials
- Regulatory and trade barriers in relation to import of materials from the EU
- Upsurge in global demand for materials
- Subcontractors unwilling to hold prices for any significant period
- Increases in repairs demand experienced by many landlords from the end of lockdown periods

Some of the pricing impacts of the above include:

- A forecast 21% increase in tender prices over the period 2021-26 (source: RICS)
- A forecast 23% rise in materials costs from January 2020 to August 2022 (source: BCIS index)
- Reported 19.6% annual increase in labour costs (source: Construction Index).

There are hence some challenges apparent to capacity within the Business Plan as a result of higher unit costs of maintenance, future stock investment requirements and market conditions. In terms of the apparent higher costs, it is therefore key to understand the drivers of this and hence identify options and actions to tackle these drivers and recover some of the capacity within the Plan.

UNDERSTANDING THE COST DRIVERS: HOW DIFFERENT PARTS OF THE HOUSING STOCK 'BEHAVE'

As part of development of this Asset Management Strategy, ARK has carried out analysis of the available data. It is recognised within this strategy that there remain 'health warnings' regarding some of the data and hence the conclusions.

This section considers some of the observations in relation to:

- Different property archetypes
- Different parts of the portfolio
- Examples of specific schemes
- Examples of individual 'high cost' properties

Different property archetypes

In terms of property archetypes, we have compared repairs demand and stock turnover between houses and bungalows on the one hand and flats on the other, and between general needs and independent living.

The repairs demand comparison must be qualified as there were a number of repairs that were not recorded against Unique Property Reference Numbers (UPRNs), however this indicates slightly higher demand from houses and bungalows and from general needs properties.

The twelve months to October 2021 indicated that stock turnover is higher for flats (12.3%) compared to houses (7.0%) and for independent living (12.9%) compared with general needs (6.1%).

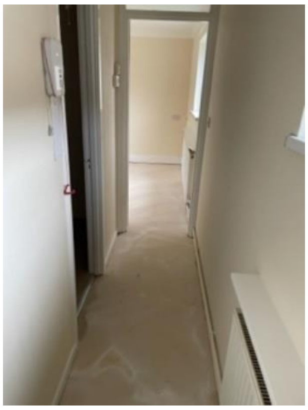
There were 40 properties that as at the end of March 2022 had been empty for over 6 months, all apart from 3 of which are independent living. Fifteen of these voids are within 2 schemes, Southfields Court and Hopkins Court.

Different parts of the portfolio

Independent living

Broxtowe's independent living stock of bungalows and flats account for around one third of the total stock. As set out above, stock turnover and void levels are higher within the independent living portfolio compared to general needs.

A recent review led by HQN of the independent living stock in 2019 has subsequently resulted in the decision to 'de-designate' certain schemes to general needs where it is felt that they are unsuitable for older persons' accommodation and the provision of the independent living service. Factors include access (lack of lifts), number of units and incorporation within existing general needs schemes. There are also issues with adaptability of some units for residents with mobility needs or in the 'institutional' feel of some of the adapted bathrooms (for example Regency Court pictured).



A three-phase programme of option appraisals was identified following on from the HQN report and the first phase of schemes have been 'de-designated' to general needs, with individual residents having the choice to continue paying for and receiving the independent living service.

Greater competition in the market for older people's accommodation, including retirement living and extra care, coupled with rising expectations around standards of accommodation and services, mean that some schemes in particular will be vulnerable to falling demand and the potential future oversupply identified earlier. We have set out in the next section how we propose to undertake a further review of the portfolio.

Garages

The Council owns and manages a portfolio of 828 garages. As at November 2021, there were 89 void garages representing a 10.7% void rate. Void rent loss has been around 22%.

Annual income from the garage portfolio is circa £350,000. There is provision within the HRA capital programme of £243,000 for garage repairs.

As is the case with many garage sites, there are challenges associated with the size of garages to accommodate modern day cars, which can see garages let for alternative uses and subject to anti-social behaviour.

A number of the post-war estates have been designed with a 'Radburn'-style layout, with front doors opening on to pedestrianized areas and hence no car parking areas at the front. This arguably poses more of a challenge in that there is a greater dependence within these estates on the garages or communal parking areas.

The Council is developing a programme of clearance and disposal or redevelopment for the worst performing garage sites with redevelopment for housing where appropriate, for example at Chilton Drive, Nuthall (pictured).

Examples of specific schemes

As part of developing the Asset Management Strategy, ARK has modelled some individual schemes in order to obtain an initial indication of their 'performance' and the extent to which they are potentially 'assets' or 'liabilities'.

These use available data on repairs and voids activity at scheme and property level and apply a number of assumptions (including assumed costs within the Business Plan) where appropriate:

Item (cost per unit per annum)	Assumption
Responsive repairs	Actual repairs volume for scheme multiplied by average repairs cost for Borough (£140.51)
Void repairs	Actual turnover for the scheme multiplied by ARK's benchmark void repair cost (£2,103.29 excl. VAT)
Gas servicing & repair	ARK benchmark cost (£131.67 excl. VAT)

Other cyclical repairs	ARK benchmark cost (£169.00 excl. VAT)
Management	HRA Business Plan forecast for 2022/23 (£4.892m) divided by 4,383 properties
Depreciation	HRA Business Plan forecast for 2022/23 (£4.180m) divided by 4,383, however apportioned in relation to the average scheme rent divided by the average Borough rent
Loan charge	HRA Business Plan forecast for 2022/23 (£3.074m) divided by 4,383, however apportioned in relation to the average scheme rent divided by the average Borough rent
Rental income	Based on the stock list provided Void rent loss calculated with reference to the list of void properties provided and the period when void. We have used the 12-month turnover rate, taking into account the reduction in turnover in 2020/21 due to the pandemic, however have compared it to the 2019/20 figure to ensure that the most recent 12 months' figure is representative.

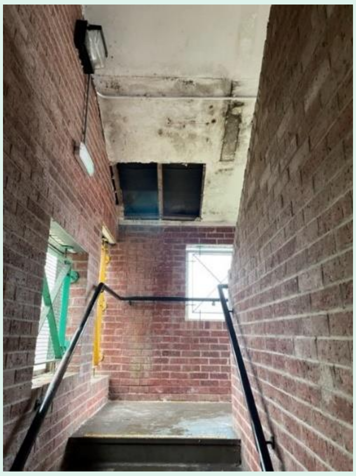
The following scheme analyses are intended as an initial high-level illustration and should not be used as a substitute for a full option appraisal or more accurate scheme performance and grading assessment. For example, the use of the average management cost across all of the stock will understate the management cost and overstate the performance of those schemes that are known to require more management time, for example due to anti-social behaviour, voids and turnover, rent arrears and so on, and where a more sophisticated assessment can allocate management costs based on these variables.

The first two examples relate to schemes where there are potential issues of sustainability. The third is provided as a 'control', where the scheme is generally viewed as operating successfully.

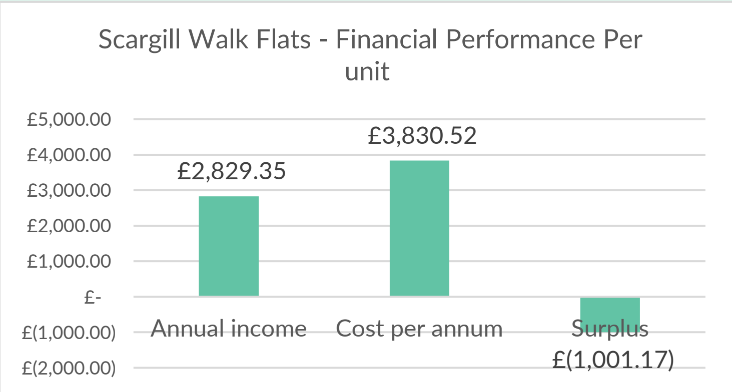
Case Study 1: Scargill Walk flats, Eastwood

A 1977 scheme of 22 x 1-bedroomed flats in 2-storey blocks close to Eastwood town centre. The scheme is adjacent to other council properties including houses on Scargill Walk and independent living flats at Hopkins Court (constructed around the same time) and older Victorian terraced houses in Princes Street and Wellington Street.

The external environment is poor, with gated narrow walkways, little evidence of communal maintenance and a poor standard of cleanliness. An inspection of one of the void properties revealed a poor standard of decoration and evidence of mould and leak damage, however the kitchen and bathroom fittings were relatively modern (the kitchen appeared to have been replaced on the void).



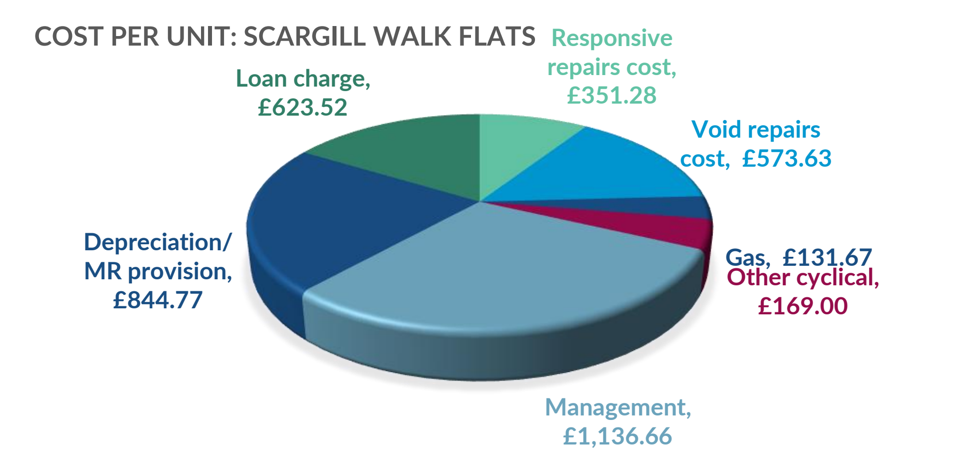
The scheme has a lower level of repairs per unit per annum (2.5) however high stock turnover (27% in the twelve months to the end of October 2021). Rent loss has been nearly 10% during this period.



Average rents are £66 per week (48 week per year) with relet rents just over £70. Rental income for the scheme is £69,620 less £7,374 void loss resulting in £62,246 or **£2,829.35 per unit.**

Using the unit cost assumptions set out above, the annual cost is estimated at **£3,830.52 per unit** resulting in a deficit of **£1,001.17 per unit**.

The cost breakdown is estimated as follows:



The deficit is driven by reduced rental income and increase revenue and cyclical repair costs. The position is arguably understated as the unit management costs will undoubtedly be higher for Scargill Walk, given anti-social behaviour activity and high stock turnover.

The impact across the whole scheme is an annual deficit of £22,000, which if it continues is equivalent to a Net Present Value (NPV) over 30 years of minus £419,000 (- £19,045 per unit).

The stock condition survey does not forecast any internal works necessary within the next 10 years. Communal works identified include replacement of the door entry system and store doors and improvements to the stairwell balustrades. The overall property condition is described as 'average'.

An option appraisal will clearly need to consider whether the current position can be reversed, for example through improvements to communal decoration and maintenance, improved or more sensitive lighting and security and changes to management and lettings. Alternatively, the cost of disposal/ clearance is likely to be circa £0.5million including Home Loss & Disturbance payments, rent loss during the decommissioning process and demolition. There will be between 15 to 20 households to rehouse (allowing for voids and tenancy terminations). The Council owns and manages 58 other general needs and 160 independent living 1-bedroomed flats in the NG16 area. Any redevelopment will have a further capital investment requirement however would seek to produce a more viable asset, both in terms of value to customers and neighbourhoods and financially to the HRA Business Plan. This could include higher density and higher rental value schemes. There may be an option to link the appraisal of Scargill Walk with the adjacent independent living scheme at Hopkins Court, in terms of a larger improvement or redevelopment programme.

Case Study 2: Ribblesdale Court, Chilwell

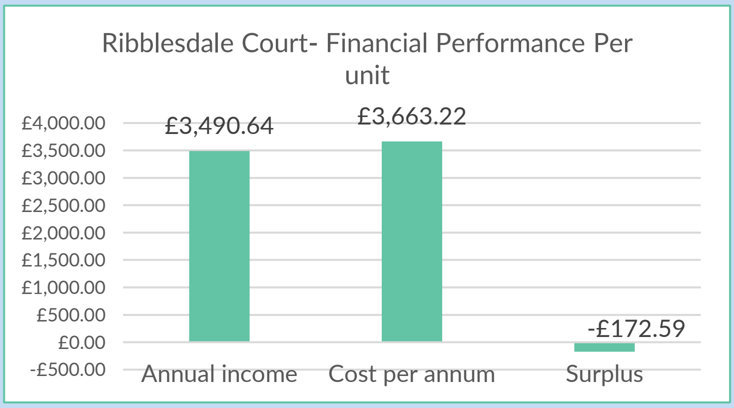
Built in 1976, Ribblesdale Court comprises 8 x 3-storey blocks with no lift, each of which contains 9 flats. There are 24 x 1-bed flats and 48 x 2-bed flats.

8 of the 2-bed flats have been sold under Right to Buy as leasehold properties.

The scheme is part of a wider high-density development of Council dwellings on the edge of Chilwell built over the 1960s and 1970s, with other 3-storey blocks of flats and also houses.

The external environment is mixed, with some external and internal communal areas well-maintained and others exhibiting evidence of anti-social behaviour.

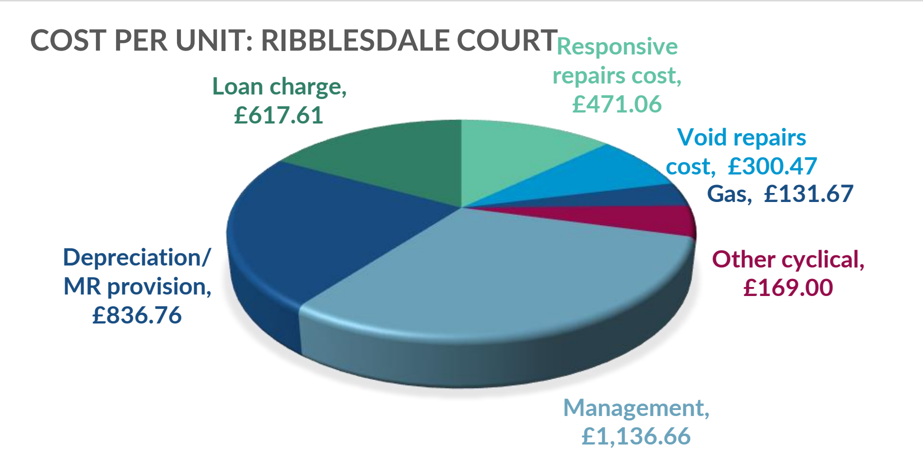
The blocks have a higher level of repairs per unit per annum (3.4) compared to the Borough average, and stock turnover is also higher than the average (12.5% in the twelve months to the end of October 2021). Rent loss has been around 2.5% during this period.



Average rents are £65 per week (48 week per year) lower than the Borough average, with relet rents for 2-bed flats just over £82. Rental income for the scheme is £219,910 less £5,777 void loss resulting in £62,246 or **£3,490.64 per unit.**

Using the unit cost assumptions set out above, the annual cost is estimated at **£3,663.22 per unit** resulting in a deficit of **£172.59 per unit**.

The cost breakdown is estimated as follows:



The deficit is driven by higher revenue and cyclical repair costs. As with Scargill Walk, the position is arguably also understated for Ribblesdale Court as the unit management costs will undoubtedly be higher.

The impact across the whole scheme is an annual deficit of £10,900, which if it continues is equivalent to a NPV over 30 years of minus £207,000 (-£3,234 per unit).

The stock condition survey identifies a need to replace boilers and windows within the next 5 years. Further works will be necessary over the next 10 years to wall finishes, communal flooring, boundary walls and balustrades. The overall property condition is described as 'average' for the vast majority of properties, with a small number recorded as 'good' or 'poor'.

Again, an option appraisal will clearly need to consider the pros and cons of improvements to the environment and management of the flats as opposed to disposal and/or clearance. Alternatively, the cost of disposal/ clearance is likely to be circa £1.4million including Home Loss & Disturbance payments, rent loss during the decommissioning process and demolition. In addition there will be the additional cost of purchase of the 8 leasehold flats sold under Right to Buy which at c.£125,000 each would add a further £1.1m, resulting in initial costs of £2.5million. There will be around 50 households to rehouse (allowing for voids and tenancy terminations).

Again, any redevelopment will have a further capital investment requirement however would seek to produce a more viable asset, both in terms of value to customers and neighbourhoods and financially to the HRA Business Plan. There are potentially opportunities for better utilisation of the site enabling higher density development.

Case Study 3: Templar Road, Beeston

Another scheme from 1977, Templar Road comprises 42 x 1-bed flats in a 3- storey block with no lift. 3 of the flats have been sold under Right to Buy and a further 28 have been redesignated from independent living to general needs.

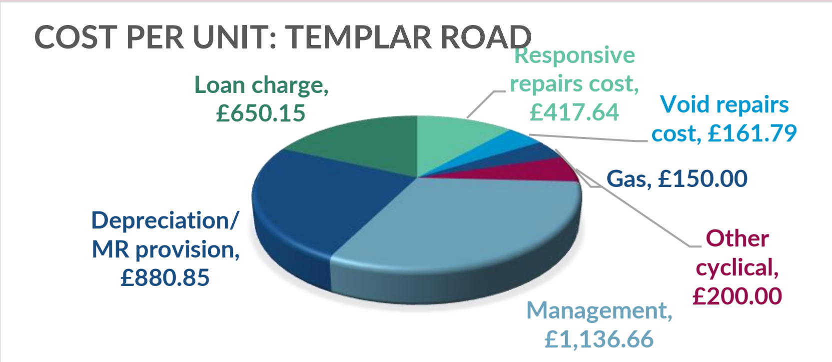
The scheme appears well-maintained internally and externally.

The properties have a level of repairs per unit per annum (3.0) which is close to the Borough average, whilst stock turnover is lower than the average (7.7% in the twelve months to the end of October 2021). Rent loss has been around 0.9% during this period.

Average rents are £69 per week (48 week per year), i.e. lower than the Borough average. The previously-designated independent living flats also have a weekly service charge of £12.78 and residents have the option to continue paying for the service. Rent and service charge income for the scheme is £146,400 less £1,291 void loss resulting in £145,109 or **£3,720.73 per unit.**

Using the unit cost assumptions set out above, the annual cost is estimated at **£3,597.10 per unit** resulting in a surplus of **£123.63 per unit**.

The cost breakdown is estimated as follows:



The impact across the whole scheme is an annual surplus of £4,821 including service charge income, which if it continues is equivalent to a NPV over 30 years of £91,800 (£2,354 per unit).

However, when compared to the previous two schemes, it is likely that the management costs and potentially void costs in this case are overstated and hence the financial performance understated.

The stock condition survey identifies the need over the next 10 years for replacement of kitchens, boilers, windows, and communal doors, works to internal communal areas and external areas including outhouse roofs. The overall property condition is described as ‘good’ or ‘average’ although three surveyed properties are described as ‘poor’.

Example of high-cost properties

ARK has identified the 50 properties with the highest repairs demand from April 2018 to October 2021. Whilst these properties represent 1.1% of the stock, they account for over 5% of the total repair demand. Over this period, an 'average' property would be expected to generate approximately 10 repairs, however the 'top 50' generate between 29 and 52 repairs in comparison. Some of the key findings are:

- 38 of the properties are general needs and 12 independent living.
- In terms of archetypes, 20 are houses. 12 flats and 6 bungalows.
- The most common themes for these repairs are leaks, roofing repairs, radiator repairs, roofing and wall plaster issues.
- Whilst there are some links to components nearing the end of their life and requiring replacement, this would not appear to be the main cause. Other factors may be tenancy-related or linked to the repairs process including diagnosis, work quality and specifications.
- There are examples of 'repeat repairs' where the initial or underlying fault may not have been rectified.

The following properties have the highest repairs demand over the period:

2-bedroomed bungalow, Nuthall **Designation of property:** general needs **Year of construction**: 1983 **No. of repairs (April 2018 – October 2021):** 52 **Common repairs:** bathroom/ shower (9no.), heating (9no.), damp (4no.) **Stock condition:** overall condition good (cloned). Roof and doors 18 years' remaining life, bathroom 18 years, boiler 8 years, kitchen 9 years
2-bedroomed flat, Stapleford **Designation of property:** general needs **Year of construction**: 1958 **No. of repairs (April 2018 – October 2021):** 47 **Common repairs:** roofing/ roofline (9no.), UPVC doors (5no.), boiler (5no.) **Stock condition:** overall condition average (surveyed). Boiler has 3 years' life remaining, roof and doors 18 years
1-bedroomed bungalow, Eastwood **Designation of property:** independent living **Year of construction**: 1958 **Type of property:** 1-bed bungalow (independent living) **No. of repairs (April 2018 – October 2021):** 47

Common repairs: heating (9no.), kitchen (6no.), roof (4no.), windows (4no.)

Stock condition: overall condition good (cloned). Boiler has 7 years' life remaining, kitchen 3 years, windows 11 years. Property re-roofed in 2018 (although there appear to have been subsequent issues).

It is key to understand in more detail and address the factors that are driving higher demand for repairs in some of our properties, as this impacts on both customer satisfaction and financial viability.

IMPACT ON CUSTOMERS

Customer feedback on service delivery

The majority of responsive repairs are delivered by the Council's Direct Labour Organisation (DLO). Void repairs have also been delivered by the DLO, however the Council is considering options to use external contractors. Planned maintenance is delivered by external contractors, including United Living who deliver much of the component replacement.

The service monitors customer satisfaction with its repairs service via the annual STAR survey, using twelve questions which relate to the different stages of the process, from reporting repairs and communication on job progress through to completion of the repair. The response rate for 2021 was just under 10% of all tenants.

The average of all satisfaction measures for 2021 was 81%. This is lower than KPIs used across the sector and specifically in repairs contracts, where a minimum 90% is normally specified. The average satisfaction measure has fallen from over 95% in 2018/19, whilst the measure for satisfaction with the overall service is at 74%.

Particular areas of low satisfaction (below 70%) include appointments, communication on job progress and the time before work is started. Any strategy to move overall satisfaction above 90% must address the issues of communication, including ensuring that as a minimum customers receive text confirmation of jobs reported and appointments, reminder texts or calls the day before the appointment and when the operative is on route to the job, and booking follow-on works before the operative leaves the customer's home.

Whilst the communication issues clearly impact on the customer experience, there is also the potential that these impact on delivery costs, for example through repeat calls to chase progress, problems of access and recalls or repeat repairs.

Anecdotal evidence from Members and senior officers is that there are high incidences of repairs associated with damp, mould and leaks, along with a need for repeat visits to resolve repair issues.

It is not easy to provide a definitive clarification of this from the available repairs data, in particular as these are not categorised by trade and the descriptions are in 'free text'. An initial search shows that over the last twelve months, there appear to have been 1,819 reported repairs involving leaks, 319 damp and 112 mould. This is around 17% of repairs reported or on average one such repair for every two properties.

ARK has carried out some more detailed repairs analysis on selected schemes, for example Princes Street, Eastwood:

- Over 2020 and 2021, 56 repairs were reported from the 66 properties which appear to relate to damp and leaks
- 21 of these repairs relate to 8 dwellings, some of which appear to be repeat problems; 2 of the properties account for 9 repairs
- Of the 56 repairs in total, 15 appear to relate to the bathroom or WC, 12 to kitchens, 11 to boilers and heating distribution and 9 to roofs

When comparing to the stock condition survey, this shows:

- The majority of properties requiring kitchen replacements over the next 10 years, with 25 potentially requiring a replacement within 2 years of the survey
- Nearly all properties are forecast to require boiler replacement in the next 4 to 5 years
- The majority of roofs – in particular natural slate roofs – require replacement in the next 8 years, along with associated roofline works
- Chimneys require works within the next 3 to 8 years
- Works are also need to the external wall finishes within the next 8 years

The investment requirements are likely to be in the range of £15,000 to £18,000 per property. This example demonstrates the potential linkages between stock condition and investment and repairs demand. Clearly, repairs intelligence such as this needs to be used to inform investment programmes, however this should also be subject to an assessment that the scheme is viable as an asset and that any investment in components will improve its performance from both a customer and financial perspective.

Legislative changes

In looking to address the need for improvement in repairs and maintenance services to customers, the Council needs to be mindful of forthcoming legislation.

The new Social Housing Regulation Bill announced in the Queen's Speech on 10 May 2022 proposes to introduce stronger regulatory and intervention powers with regard to the delivery of services to tenants. The main elements of the Bill affecting Council housing are:

- Enabling the Regulator to intervene with landlords who are performing poorly on consumer issues, such as complaints handling and decency of homes, and to act in the interest of tenants to make sure issues are rectified.
- Enabling the Regulator to inspect landlords to make sure they are providing tenants with the quality of accommodation and services that they deserve.
- Creating new Tenant Satisfaction Measures which will allow tenants to see how their landlord is performing compared to other landlords and help the Regulator decide where to focus its attention.
- Guaranteeing that the Regulator will be able to act more quickly where it has concerns about the decency of a home. They will only be required to give 48 hours' notice to a landlord before a survey is carried out.
- Providing powers for the Regulator to arrange emergency repairs of tenants' homes following a survey and where there is evidence of systemic failure by the landlord. This will ensure that serious issues are resolved rapidly where a landlord is unable or unwilling to act.
- Ensuring there will be no cap on the fines that the Regulator can issue to a landlord who fails to meet required standards.

The proposed legislation reflects the higher profile provided recently to reported cases of maladministration of repairs to customers' homes, highlighted in recent determinations by the Housing Ombudsman (including the performance of landlords in relation to cases of reported damp[3]) and coverage in the national media. It is therefore critical that the Council addresses the issues in relation to lower customer satisfaction, including not only the efficiency and communication with regard to repairs delivery but also effective root cause analysis.

COMPLIANCE AND SAFETY

The Council has statutory compliance and other obligations in respect of the service and maintenance of mechanical and electrical installations and equipment across all HRA properties. It needs to ensure that it has a robust inspection, testing and servicing regime in place with regard to the following:

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[3] *Spotlight on damp and mould: its not lifestyle*, Housing Ombudsman (October 2021)

- Gas safety (including carbon monoxide)
- Electrical safety
- Fire prevention
- Asbestos
- Water hygiene and legionella
- Lift safety

As part of this review, we have had limited sight of compliance reporting, with the exception of overall KPIs for electrical and gas safety inspections and example Fire Risk Assessments. We have therefore been unable to provide a view as to the effectiveness of compliance management, save that the availability of reports suggests a need to strengthen the reporting function.

We are advised that work is underway to ensure that all activities are supported by a robust regime of reporting at all level, supported by periodic review and sampling, to provide assurance that all inspections have been undertaken, appropriate certification and records in place and evidence that any resulting remedial work has been completed.

The proposed Tenant Satisfaction Measures which are likely to be introduced under the Social Housing Regulation Bill include a requirement to report on all of the key compliance issues.

With regards to legislative changes, whilst the Council does not manage any 'high risk' buildings as defined by the Building Safety Act 2022, it is conceivable that the definition could in the future be widened in relation to the duty-holder regime and the requirement to collate and manage a wide range of information in relation to the building's construction and safety.

OVERVIEW OF THE COUNCIL'S STRENGTHS AND WEAKNESSES WITH REGARD TO ASSET MANAGEMENT

In this section we have sought to set out our understanding of the Council's housing assets.

There are clearly a number of strengths and advantages associated with Broxtowe's housing stock:

- Most of the neighbourhoods in which the stock is located appear to be sustainable, including what appear to be relatively buoyant urban centres.
- The stock is largely traditionally built and all low-rise.

- The current HRA Business Plan has capacity to deliver current forecast investment in improvements to the existing stock and development and acquisition of new properties.
- The Council has recently undertaken a stock condition survey in 2019 and so has an accurate view of the overall investment requirements over the next 30 years. It has also commissioned a recent independent review of its non-traditional stock which has recommended retention and investment.
- Works have been undertaken to improve the energy efficiency and fabric of a number of its homes, including through External Wall Insulation (EWI) programmes.
- There has been a strong focus on improving management of gas safety and carbon monoxide risks.

There are however some significant challenges for the Council which need addressing through this strategy. Whilst the stock and the neighbourhoods in which it is situated do not on the face of it give major cause for concern, this masks some serious risks to the stock and the deliverability of the HRA Business Plan:

- The quality of data held and accessible to officers - and hence the way in which data is used to inform decisions and promote a strategic approach to asset management – is not currently sufficient to deliver effective asset management. Information on investment requirements by individual property has only recently started to become available due to data migration issues between systems, although this should soon be resolved. EPC data has largely been out of date and only partially available, and this is currently being addressed by officers, whilst the full cost of repairs to properties is not being captured. All of this provides obstacles in both setting a forward investment programme and in making rational decisions with regard to specific properties or segments of the stock.
- The Business Plan faces further challenges through the investment requirements for Net Zero Carbon by 2050 and the intermediate target of bringing all properties to a minimum EPC C-rating by 2030/2035. Estimates for the sector are of circa £21,000 per property over the next 30 years (although elements will be covered in the current provision for building fabric and heating). Some properties will clearly not be suitable for retrofit. The current lack of accurate data is a potential barrier to the Council accessing additional funding, such as future rounds of Social Housing Decarbonisation Fund (with bidding for the SHDF expected to open in August 2022).
- ARK's benchmarking – which is based on a detailed analysis of source data - shows that the Council's revenue costs are higher than average, a function of both higher demand and average repair cost, although this potentially contradicts earlier benchmarking through Housemark which has largely been driven by the Finance Team. We have earlier identified examples of higher

demand properties and blocks. The Council needs to develop its intelligence in order to understand the links between repair demand and investment requirements, tenancy management interventions or the need to appraise future options for the properties. The higher average repairs cost also suggests an investigation of productivity and supply chain costs in relation to delivery. If costs continue to exceed the provision made within the HRA Business Plan then this will clearly reduce the capacity for investment in the existing and new stock.

- Satisfaction levels appear lower than would be expected and, in some cases, would appear to be related to the ability to resolve complaints either at first visit or root cause.
- The independent living portfolio accounts for almost one third of the rented stock, 70% of which are flats. Although the Council has taken steps to de-designate some blocks back to general needs, there remain challenges regarding the current and longer-term sustainability of some of the schemes, particularly in relation to meeting customers' expectations, adaptability and accessibility and the overall service delivery model.

Section 3: Recommendations & the Way Forward- Housing Assets

WHERE DO WE WANT TO BE?

In this section we have set out the overall approach and specific recommendations for the Council in managing its housing stock.

The aim of this Asset Management Strategy is to provide the guidance and direction to enable the Council to develop its approach. In terms of where Broxtowe needs to be in relation to excellence in asset management, we would identify this as follows:

- The Council has clear standards for its homes, schemes and estates, which inform its technical standards, investment programmes and decisions in relation to specific assets.
- The Council has set clear targets for the performance of its stock in relation to an agreed set of customer, financial and technical objectives.
- The Council understands the performance of all areas of its stock and can identify which properties and schemes have long-term sustainability and which require intervention or option appraisals.
- For those properties assessed as sustainable, the Council has a clear long-term rolling programme of component replacement, with long-term forward programme of addresses providing certainty to both customer and contractor.
- The Council has a robust methodology to appraise the options for specific properties and schemes and has a programme of appraisals in progress. Whilst some appraisals may result in retention with management interventions or disposal of individual properties, it is able to develop a 20-year programme of major redevelopment.
- The Council can evidence clearly a strong focus on compliance and safety, both in relation to inspection and remedial work.
- The Council is able to identify avoidable responsive repair demand and control cost through targeting of the investment programme, using root cause analysis to tackle common causes of repair, and through other tenancy or asset management interventions.
- The Council has clear service standards for our customers and a delivery model which provides high levels of customer satisfaction through effective communications, scheduling, quality of work and first-time fix.

OUR RECOMMENDED APPROACH

We have set out our recommended approach for Broxtowe over the next three years in relation to the different elements of asset management activity:

	Strategic	Planned Investment	Compliance	Reactive Works
Year 1	Address gaps in data Priority option appraisals HRA Business Plan review	Develop initial 3-5 year programme SHDF bid	Reporting & Assurance	DLO Improvement Plan High cost properties/ root cause analysis
Year 2	Comprehensive asset grading Independent option appraisal Option appraisals (schemes) Review/ develop Broxtowe Standard	Define requirements for new delivery model/ contract		Review Service Standards Pilot technology
Year 3	Conclude options appraisals Develop priority redevelopment schemes Ringfence funding within Capital Programme/ HRA	Procure and mobilise new delivery model		Ongoing service & productivity improvements

YEAR 1 (2022/23)

Strategic

An immediate priority is addressing the gaps in the collation and **use of data and intelligence**. At present the Council's approach to asset management is severely hampered by its limitations in respect of and approach to asset data and intelligence. This means that officers have been limited in their ability to prioritise investment, link asset data from different sources or provide evidence to inform options appraisals and specific decisions.

There are some existing gaps that the Council is currently addressing and needs to conclude as a matter of priority. Prioritisation should therefore be given to filling the following 'gaps':

- **Stock condition:** Ensuring that the full stock condition survey information including expenditure projections are available at UPRN level (this is beginning to become available through the migration from Lifespan to Capita)
- **Energy performance**: up to date EPC data is required across the stock, and in particular in relation to properties with a D-rating or lower. This is particularly key given the expected opening of bidding for Wave 2 of the Social Housing Decarbonisation Fund (SHDF) in August 2022. Work is now underway to try and bridge this gap which can potentially be addressed through the following actions:
    - 'Cloning' of ratings for individual properties, informed by more recent EPC surveys (e.g. on voids)
    - Review of properties where since the previous survey there has been investment in the building fabric or heating, including use of thermal imaging
    - Procurement and delivery of additional EPC surveys
- **Repairs costs**: reconfiguration of the repairs ICT system to capture all costs against jobs by UPRN, including labour, materials, subcontractors, transport, overheads and preliminaries.

Once this data is in place, it will allow a more robust and sophisticated assessment and monitoring of asset performance, as recommended for Year 2.

Within the first year we also recommend that the Council commence initial **priority option appraisals.** We have proposed that for year 2 (below) that a comprehensive asset grading exercise is undertaken which will identify a number of schemes and properties where option appraisals are required. However, we recognise that without the data Broxtowe can identify certain schemes which clearly have viability issues, for example some of the independent living schemes as well as general needs schemes, such as Scargill Walk which was considered in the previous section, and commence the appraisal process.

These appraisals will involve a far more detailed assessment of each scheme, including:

- Development of a specific options appraisal and report template
- More detailed analysis of the data at the scheme level
- Site visits involving key staff and stakeholders to score and grade a number of factors including:
    - Scheme appraisal
        - 'Kerb appeal'
        - Condition of property (validate stock condition survey assessment)
        - Security
        - Refuse and litter
        - Parking
        - Accessibility
        - Location
    - General neighbourhood
        - Quality
        - Amenities
        - Street security
- Research into local housing market
- Option generation
- Modelling of 30-year NPV for each option, including decanting, clearance and redevelopment costs

The next **review of the HRA Business Plan**, which is due in late 2022, should be informed by the outcome of any completed options appraisals and also the initial planned investment programme (see below). This will inform an assessment of the capacity to deliver further mew homes.

Planned Investment Programme

Once the key information gaps have been addressed, it will be possible to undertake the following:

- Produce initial address list for each component replacement programme (e.g. kitchens) over the next 3 years based on condition survey data

- Identify the high repairs demand properties (including high void costs) and identify any links between common repairs and potential investment (either within the 3 years or beyond, where earlier component replacement may benefit responsive repairs expenditure)

- Identify schemes or properties that may require option appraisal and the component investment requirement associated with these (and hence any potential deferral of investment activity pending the outcome of the option appraisal)

- Identify properties with EPC D-rating or lower and identify any investment requirement in building fabric or heating (either within the 3 years or beyond), subject to whether these also require an option appraisal.

A 'smoothed' 3-year investment programme can then be produced, driven not only by the stock condition data but also by repairs and EPC data along with taking into account properties requiring an option appraisal (which may be added back into the programme if the appraisal recommends retention).

For low EPC-rated properties, a 'fabric-first' approach to investment – focusing on insulation, doors, windows, roofs etc. – should be pursued, however where heating systems are due for renewal during the period then this should still take place, given the 15-year lifespan for boilers (which will expire before the 2050 deadline). A priority list of schemes for SHDF funding will need to be developed in preparation for the opening of the bidding round (anticipated to be August 2022), and should be focused on properties which the Council is confident will continue to be viable.

Compliance

Broxtowe needs to be able to demonstrate that it has in place an appropriate compliance regime for the following:

- Gas safety
- Electrical safety
- Asbestos
- Fire risk assessments
- Water hygiene/ legionella
- Lifts

Key elements that must be in place include:

- Clear policies in respect of each area
- Identified responsibility/ appropriate specialist contracts
- A clear inspection regime that meets statutory requirements
- Regular performance monitoring on inspections and remedial works
- A means of tracking the completion of remedial works
- Appropriate reporting up to Executive and Cabinet Member level
- Evidence of sample checking and assurance
- Contracted third party audits

ARK has so far only seen limited information and so have not been able to make an assessment on the robustness of compliance management, save that they have not seen any comprehensive reporting.

Reactive Works

As identified earlier, according to ARK's analysis and benchmarking, Broxtowe's revenue repairs costs appear higher than the expected benchmark. We understand that the Council has already agreed an efficiency and **improvement programme for the DLO**, which will need to include:

- Review of deployment of ICT, to include:
    - Accuracy in cost recording
    - Standard reporting, including productivity and commercial management
    - Communication with customers/ improving access
- Review of overheads and preliminaries, including management and supervision, offices/ depot
- Review of supply chain, including subcontractors, materials and vehicles

This will need to be accompanied by other measures aimed at reducing revenue costs which are linked to strategic asset management activity, including **root cause analysis** and full analysis of those properties exhibiting the **highest repairs demand**.

YEAR 2 (2023/24)

Strategic

We recommend that the Council undertakes a **comprehensive asset grading exercise** in year 2, which will be possible once the key information gaps have been addressed. Typically, an organisation's housing stock can fall into 3 categories:

- Stock that generates a positive financial return, has sustainable demand, has a viable future and should therefore continue to be invested in: (normally c.70% properties)
- Stock that appears to make a positive financial return and does meet demand, however there may be certain factors (property, tenancy, neighbourhood) which may affect its future viability if not addressed (normally c.10-20% properties).
- Stock that either does not generate a positive financial return and/or demonstrates other factors (investment needs, customer behaviour, neighbourhood and market factors), and therefore where an option appraisal

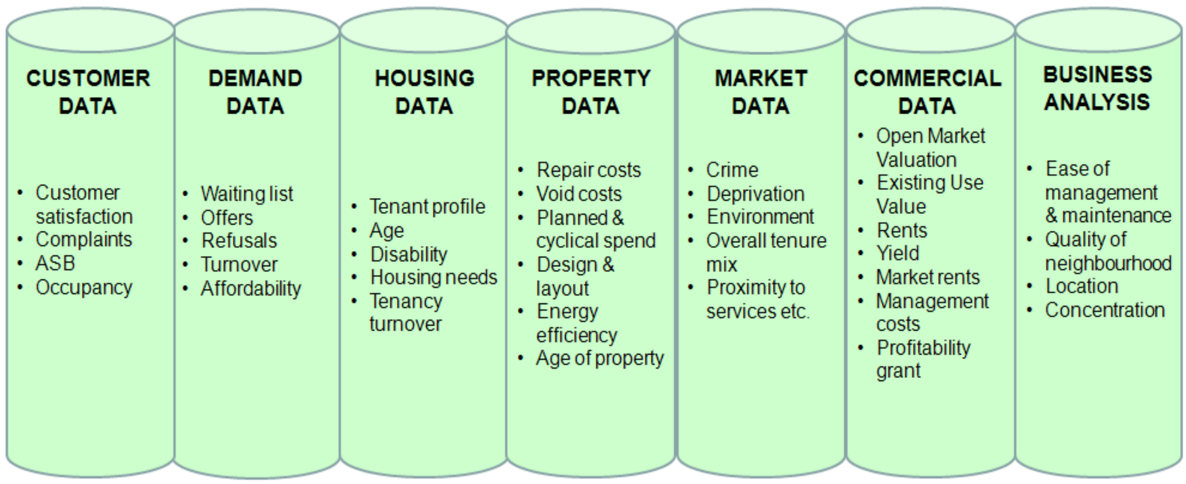
should be undertaken before committing to major re-investment (normally c.10-20% properties).

Although the Council can potentially identify certain individual schemes or properties that quite clearly have viability issues and where option appraisals can commence, it needs a more robust data and intelligence base with which to inform decisions around retention, disposal, remodeling and so on.

An asset grading exercise will provide this level of intelligence across the stock, specifically providing the following:

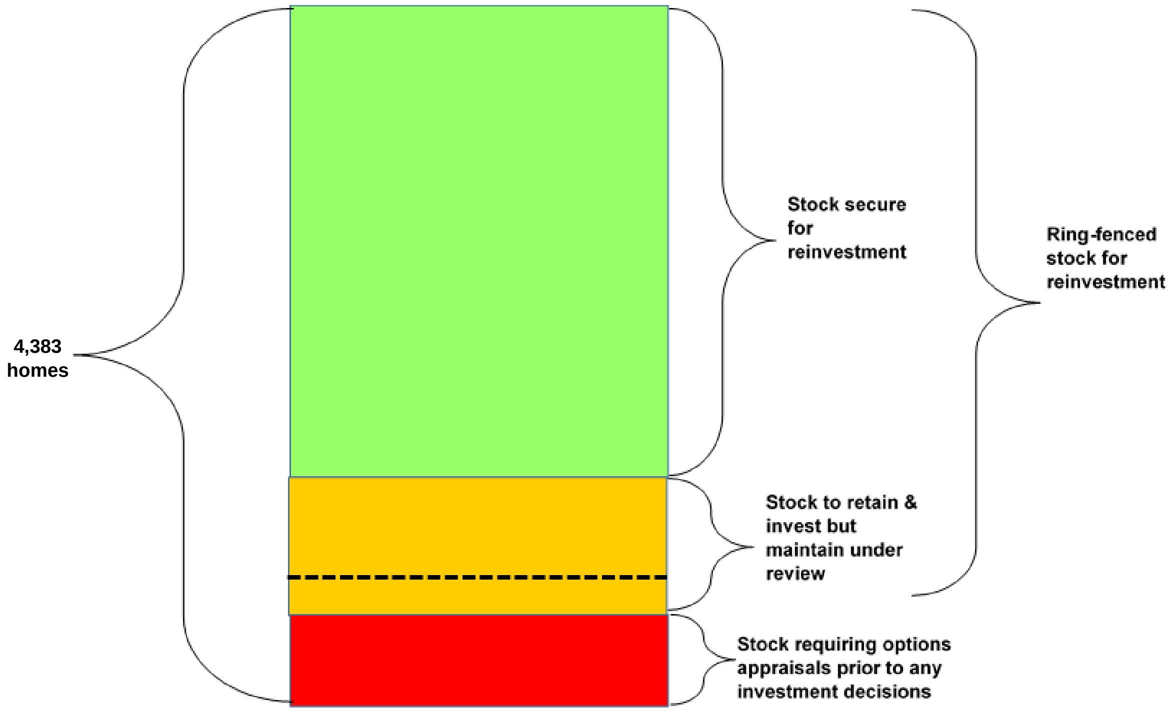
- Accurate net present value and surplus/ deficit calculations by scheme and property, using management costs that reflect the actual management input for the scheme or property rather than the stock-wide average
- Assessment of performance against a wide range of other measures and metrics – assets, customer behaviour, neighbourhoods and markets
- The ability to model scenarios and options in terms of their impact on scheme viability
- Regular updating as the data changes

Examples of the data that can be sourced to inform the grading are as follows:



This will be in the form of green, amber and red bands, where ‘green’ properties are long term sustainable assets, ‘amber’ are sustainable but should be kept under review and ‘red’ stock will be the subject of option appraisals and have clear reinvestment strategies.

This is represented by the illustration below.



The volume of stock ring-fenced as secure for investment will include the better performing amber stock. Once the grading is complete, the Council can set out the long term investment strategy for the majority of the asset base and so create a clear forward order book for its contractors.

The remainder of the stock will need to go through **option appraisals** to determine appropriate investment requirements or whether other interventions are needed, to strengthen the Council's underlying asset base.

This will inform reviews of the investment programme – with stock added to or removed from component replacement programmes for example.

We would also propose that the 2019 review is revisited through a specific **option appraisal of the independent living portfolio** (post-Covid has led to many landlords re-evaluating their service offers) as a more fundamental review is required of the independent living portfolio, which not only focuses upon the asset but also the overall accommodation and service offering to older people. This would also reflect some of the challenges with 'Category 2' schemes such as Southfields Court which is exhibiting challenges with regard to lettability. We recommend that the portfolio as a whole is reviewed – and that individual scheme reviews are led by this – rather than simply individual scheme reviews or options appraisals, as this will ensure that the overall 'offer' of housing and services to older people can be defined.

At a 'macro' portfolio wide level, this should include:

- Engagement with commissioners for older peoples' services (the most recent Market Positioning Statement highlights an intention to expand the number of extra care units, ensure that schemes support people with dementia and emerging complex needs, and also promotes a balance of needs and hence vibrant communities, for example including younger people with moderate support needs).

- Definition of the independent living service offer, in consultation with residents, families and commissioners. This includes a link to the removal of hard-wired warden call systems and the replacement with digital technology linking to telecare solutions. It can also involve the extent to which schemes interact with the wider community and neighbourhood, for example services and activities delivered through the communal facilities for example.
- Appraisal of the competition within the local market for older people's accommodation.

At a 'micro' or scheme level, this requires an inspection and assessment (both physical and desktop) of each scheme, which would enable the categorization of schemes on an initial traffic-light system such as the following:

RED	Issues relating to the physical nature, repair or condition of the scheme, the degree of local demand/competition, an inherent viability problem or a combination of these means significant action needed within 5 years.
AMBER	A probable requirement that major investment, development or re-utilisation needed within 15 years. Amber schemes are unlikely to sustain good long-term demand without the identified actions or investment.
GREEN	A scheme is essentially sustainable in the longer term (up to 30 years) in its present form with some improvement & upgrading work.

There is also a basic option appraisal methodology which can be applied using a series of factors. The options would broadly be:

- Option 1 – Improve and continue in current use
- Option 2 – Improve for an alternative use
- Option 3 – Remodel for current use
- Option 4 – Remodel for an alternative use
- Option 5 – Redevelop for current use
- Option 6 – Redevelop for alternative use
- Option 7 – Dispose of property as a going concern
- Option 8 – Dispose after decommissioning

The criteria which should ideally be considered in relation to the appropriateness of each option, and which would usually require weighting of scores, include:

- the capital cost implication of implementing the option

- the likely Net Present Value impact over 30 years
- the income risk, including the potential impact of rising inflation
- the deliverability of the option in complexity terms
- the deliverability of the option in timing terms
- the fit of the option with the strategic context
- the long-term sustainability of the solution
- the impact of the solution on residents
- the impact of the solution on staff
- the likely demand profile of the option
- the level of planning risk
- the level of health and safety risk
- the reputational risk
- the option’s compliance with typical quality standards

This can enable a relatively quick assessment of the portfolio, following which those schemes requiring a detailed option appraisal can be prioritised and progressed.

Broxtowe also needs to review and set its vision for the standard of its housing stock. This will enable existing properties to be assessed against this standard – along with the ability to reach the standard technically and financially, a void relet standard which supports the achievement of the **Broxtowe Standard** (although not necessarily undertaking all works at a void stage) and informing technical specifications and standards.

Areas for consideration include:

- Ability to adapt for disability and mobility requirements
- Energy efficiency and carbon neutrality
- Standard of fittings (kitchen, bathroom, electrics)
- Internal space standards
- Parking/ charging of vehicles
- Internal and external communal areas (lighting, grounds maintenance, refuse, drying and storage etc.)

This will require consultation with customers and also modelling of how this would apply to the existing stock, for example where properties may not meet the requirements but where there is still demand and viability. It also needs to take account of the financial envelope within the HRA.

Planned Investment

The current contract with United Living for delivery of the component replacement programme has been extended until the end of March 2025. A new contract will take around twelve months to procure and mobilise (with the need for Section 20 consultation with leaseholders), and so the Council will need to have concluded by March 2024 the preferred route that it wishes to take in relation to the delivery of the investment programme.

During the latter half of 2023/24, the Council will therefore need to scope and design the requirement, which will need to build in sufficient flexibility with regard to the future programme. It is intended that there will be greater clarity in relation to the programme, informed by the condition data, asset grading and any initial options appraisals. Thought will need to be given to the packaging of workstreams, e.g. multiple workstreams in one contract or individual component contracts. Packaging workstreams together can deliver efficiencies and a more 'joined up' approach to investment with less customer disruption (for example linking roofing, roofline and cyclical decorations). Single component contracts may be more attractive to SME contractors.

Reactive works

Following the initial phase of the DLO improvement plan, we would recommend consultation with customers on **service standards**, in order to both improve satisfaction and improve the proactive approach to repairs diagnosis and solution.

This can include areas such as communication standards, appointment slots and availability, capturing real-time satisfaction data, follow-on repairs and so on.

The review of service standards as well as property standards should take account of the potential impact of the Social Housing Regulation Bill (as identified earlier).

In relation to **technology**, a number of proactive 'Proptech' initiatives are being developed and trialed and this can be developed further. Examples include measures to monitor temperature and damp – enabling a more proactive approach to diagnosing and treating damp as well as preventing disrepair claims – and compliance monitoring.

YEAR 3 (2024/25)

Strategic

The programme of **option appraisals** should be concluded and preferred approaches developed for each scheme.

For those schemes where retention and 'business as usual' investment is not deemed the appropriate option, plans will need to be developed for redevelopment, remodeling or disposal. This is likely to involve a **minimum 20-year programme of redevelopment and regeneration**.

Planned maintenance

Following on from the review of delivery options and requirements in 2023/24, the focus will be on **procuring and mobilising** any new arrangements in order to deliver the Council's investment requirements from April 2025.

EFFECTIVENESS MEASURES

We would propose the development and introduction of a number of 'effectiveness measures' to assess the success of the Asset Management Strategy. These are in addition to the proposed Tenant Satisfaction Measures (TSMs) produced by the Regulator (and likely to be introduced under the Social Housing Regulation Bill) and other service-related KPIs:

- Decent Homes (as defined by the outcome of the current Government review)
- Gas safety checks
- Electrical Safety checks
- Legionella safety checks
- Asbestos safety checks
- Lift safety checks

Further Asset Management Effectiveness measures should also include:

- Repairs demand per property
- Responsive repairs cost per property
- Void repairs cost per property
- Cost per void
- Turnover
- EPC below C

- Delivery of programme

The Asset Management Strategy should be subject to a further review in three years' time and will inform the 2025 review of the HRA Business Plan.

SECTION 4: GENERAL FUND ASSETS

CURRENT APPROACH

The Council's previous Asset Management Plan from 2018 includes the following Policy Statement:

- Broxtowe Borough Council will seek to realise or re-purpose under-performing assets in accordance with its Land Disposal Policy unless there is a compelling case for retention, underpinned by a robust business case and (where appropriate independent expert advice
- The Council will put in place effective processes to manage its real estate assets in an efficient and economical manner with reference to industry best practice.

The Plan categorises the Council's non-housing assets as follows:

- **Operational** (Council offices, depot, cemeteries and crematorium, supporting core / statutory services)
- **Community facilities** (community centres, public conveniences, Scout huts, etc.)
- **Investment** (properties let on arms-length commercial terms to produce income)
- **Employment** (properties let to encourage enterprise and economic activity)
- **Leisure** (Leisure centres, parks & open spaces, DH Lawrence museum, heritage assets)
- **Infrastructure** (car parks, service media, bridges, watercourses, etc. for discretionary services.)
- **Surplus pending realisation** (Including strategic holdings that may ultimately move into one or more of the above categories). This will also include windfall and planned development sites.

Although not expressly stated in the Plan, the Council does not appear to propose adopting an active approach to acquiring investment properties either within or outside the Borough (other than the refurbishment of the existing Beeston Square shopping development). This activity clearly carries significant risk – exacerbated by the recent Covid pandemic and other macro-economic factors – and requires significant investment in the necessary skills and commercial structure, including establishing special purpose vehicles (of which ARK has previous experience). Given the current economic uncertainty and the focus needed on the existing General Fund and HRA stock, we would caution against acquisitions for investment purposes save where they may support wider regeneration objectives within the Borough.

The previous Plan sets out a scoring methodology (1 to 5) for the following range of measures:

- Operational
    - General service suitability

- Attracts external funding
    - Good neighbour
- Efficiency
    - Utilisation
    - Occupation costs
    - EPC
    - Condition
- Opportunity
    - Best use value
    - Cost to relocate core services
    - Market demand
    - constraints
- Policy
    - Adherence to policy objectives
    - Accessibility (internal and external)
- Risk
    - Likelihood of service interruption (due to asset)
    - Consequences of service interruption (due to asset)

Any asset scoring above 54 overall is identified as requiring urgent intervention. A score of between 41 and 54 requires an action plan and between 33 and 40 an investigation into opportunities for improvement.

Whilst we have been provided with a list of assets, we have not seen any data relating to stock condition, running costs and so on, and hence have not been able to undertake any analysis in relation to performance or whether the properties represent assets or liabilities.

We have been provided with SWOT analyses on a number of the sites, however the lack of data means that in the main it appears that the Council is having to base decisions on subjective judgements.

Two of the operational properties – the main Council Offices and the depot – along with the leisure centres and a surplus property (subsequently disposed of) were identified as requiring 'active and urgent consideration' in 2018.

We have had an initial look at the two operational assets and another surplus asset, all of which require full detailed options appraisals to determine the most appropriate course of action for each. We have provided our initial thoughts with regard to each, in the absence of any data on condition, running costs and usage, and have identified those linkages to other Council strategies which will need to be taken account of in any subsequent option appraisal.

SPECIFIC ASSET REVIEWS

Kimberley Depot, Eastwood Road, Kimberley NG16 2HX

Description: Operational depot, servicing housing and building maintenance, refuse collection (including waste transfer station), street cleansing and grounds maintenance. Includes offices, stores and large car parking area.

Category: operational

Land Area: 10,940 sq. metres (4.8 acres)

Site observations:

- Location within attractive residential area
- Equidistant between the two main areas of population within the Borough
- Poor utilisation of site
- Main demand for land – storage of refuse vehicles, vehicle cleaning and fueling
- ‘Bad neighbour’ risks to adjoining residential area and brook to the south

Constraints:

- Buildings to demolish
- Potential ground contamination
- Noise from dual carriageway to the south
- Neighbouring commercial use – restricts ability for partial redevelopment through rationalisation of depot operations
- Risk of surface water flooding issues from brook to the south

General area:

- General area is good with background second hand residential values around £250/ft2
- Close to Giltbrook retail park and local amenities
- Well screened boundaries to the rear of the site
- Good access to Junction 26 of M1

Opportunities:

- Good potential residential development site

- Site appears to sit outside greenbelt area
- Mix of family and affordable housing could be delivered
- Rationalisation of depot requirements:
    - Use of external merchants for material stores and welfare facilities, management of van stocks
    - Alternative location in industrial/ commercial zone for refuse/ environmental services vehicles and plant

Linkages to other strategies and service requirements:

- Housing DLO Review & Improvement Programme
- Vehicle fleet strategy (including requirements for electric/ hybrid vehicles and charging)
- Waste and recycling strategy

Next steps:

- Option appraisal to identify and define future operational requirements to support the building maintenance, waste, cleansing and grounds maintenance services
- Identification of alternative site(s) within the Borough
- Discuss residential opportunity with key agents in the area to gauge demand and establish housing mix.
- Carry out more detailed site appraisal with planner, architect, and professional team to establish best use for the site and to maximise potential return for the Council.
- Potentially submit a pre application to planning department to gauge appetite for proposed end use

Council Offices, Foster Avenue & Devonshire Avenue Car Park, Beeston NG9 1AB

Description: Purpose built offices and customer reception in town centre. Part of building part-leased to Police. Adjoining car parking area. Further car park close by which is reserved for use by Council staff.

Category: operational

Land Area:

- 5,900 sq. metres (1.47 acres) – Foster Avenue
- 2,360 sq. metres (0.58 acres) – Devonshire Avenue

Site observations:

- Location within busy town centre
- Adjoining redevelopment, including new supermarket, cinema and leisure village
- High value residential properties around Devonshire Avenue
- Council offices appear to have large areas of under-utilised space
- Some evidence of inadequate thermal insulation
- Main reception area appears to have low volumes of customer activity

Constraints:

- Working office for Council required
- Large council building
- Insufficient demand for large offices
- Parts sublet
- Unlikely existing offices could be converted into residential
- High demolition costs due to size of building
- Loss of parking facility and potential right of way through Devonshire Avenue

General area:

- Good town centre location
- Range of facilities within walking distance
- Prestigious high-value residential area around Devonshire Avenue
- Public transport links to Nottingham City Centre including tram
- Background second hand values around £250/ft2 (Foster Avenue) and over £300/ft2 (Devonshire Avenue)

Opportunities:

- Increased compartmentalisation and subletting of office space
- Redevelopment for retirement living and/or extra care (forecast requirement for leasehold accommodation or rented extra care)

- Redevelopment for potential discount retailer site
- Good site for higher density residential development.
- Potential to develop part of car park for residential and retain smaller car park for council offices
- Potential for partial redevelopment of Devonshire Avenue car park for pair of newbuild semi-detached houses (as per recent small development opposite), leaving smaller car park.

Linkages to other strategies and service requirements:

- Workplace strategy (including homeworking)
- Customer access strategy
- Economic development/ town centres strategy
- Housing strategy and housing needs assessment
- NCC Commissioning Strategy

Next steps:

- Option appraisal to identify and define future operational requirements for office accommodation and customer access points
- Engagement with Economic Development teams, local Chamber of Commerce etc., with regard to local demand for office accommodation
- Site survey to identify ability for further 'compartmentation' of office
- Discuss residential opportunity with key agents in the area to gauge demand and establish housing mix.
- Carry out more detailed site appraisal with planner, architect, and professional team to establish best use for the site and to maximise potential return for the Council.
- Potentially submit a pre application to planning department to gauge appetite for proposed end use

Durban House, Eastwood NG16 3DZ

Description: vacant period building with surrounding landscaped grounds

Category: Surplus

Land Area: 4,055 sq. metres (1 acre)

Site observations:

- Location within sustainable residential area
- Large surrounding grounds
- Site currently secured
- Opportunities for renovation and/or development

Constraints:

- Period building which could be locally listed or statutory listed in future
- Mature trees on site which could be protected
- Prominent site
- Main access is close to sharp bend in road

- Previous community uses

General area:

- Good residential area. Background second hand values around £250/ft2
- Close to local amenities
- Recreation ground on the south and east boundaries of the site also owned by the Council
- Open outlook across adjacent recreation ground

Opportunities:

- Conversion into high quality office but a little remote
- Conversion into apartments with some additional new build in the grounds
- Demolish for extra care/ care home site
- Demolish for residential development
- Nursery school (previous consent in 2019 for change of use from Spa to school)

Linkages to other strategies and service requirements:

- Housing strategy and housing needs assessment
- NCC Commissioning Strategy

Next steps:

- Discuss residential opportunity with key agents in the area to gauge demand and establish housing mix.
- Carry out more detailed site appraisal with planner, architect, and professional team to establish best use for the site and to maximise potential return for the Council.
- Potentially submit a pre application to planning department to gauge appetite for proposed end use

THE WAY FORWARD

We would propose that the Council builds on the approach set out within its previous Interim Asset Management Plan. A series of detailed option appraisals will need to be commissioned for certain assets, however these need to be undertaken within a clear and robust framework to ensure that decisions are taken consistently and reflecting wider corporate priorities and with a method of prioritisation. This requires strengthening of governance and use of data:

Governance

The previous Interim Asset Management Strategy acknowledged that in the short term the Council would continue to oversee and take decisions based on individual business cases submitted by the relevant department, with decisions taken by the appropriate Committee. It recognised however that this would result in a piecemeal and reactive approach and so identified an aspiration towards establishing a 'real estate panel' to review the economic, financial, legal and real estate implications of projects, potentially supplemented with appropriate external specialists.

We would recommend the establishment of an Asset Management Panel, which would involve appropriate senior-level representation of the operational and corporate support departments. External expertise can also be brought in either on a standing or project-specific basis, for example commercial/ retail, regeneration and so on.

We have set out below some suggested Terms of Reference for the Panel. A key consideration is whether the Panel should cover both General Fund and HRA Assets or just the former. This will be a case of striking a balance between ensuring consistency and a joined-up approach, as opposed to 'diluting' focus on the key commercial decisions that will be required in relation to General Fund assets. One suggestion is that housing options appraisals and projects are brought within the remit of the Panel once redevelopment or disposal is recommended, or if they are likely to be of a significant scale, so that this can be subject to the same commercial disciplines and that any linkages and opportunities with regard to other corporate asset management activity are not lost. This recognises the likelihood that some housing options appraisals may result in changes to management and lettings approaches or improvements to communal areas for example, which would not represent best use of the Panel's time and resources.

We would propose that the terms of reference for the Asset Management Panel are based on the following:

- Commissioning detailed options appraisals into General Fund assets, including appointment of specialists where needed

- Ensuring that reviews of individual assets and portfolios are driven by wider corporate strategies
- Promoting a data-driven approach to asset management, ensuring that the appropriate information and metrics are available and monitored regularly, so as to inform prioritisation of reviews and decision-making
- Agreeing recommendations to Members following the conclusion of options appraisals
- Receiving reports and assurance on all building safety and compliance issues, including gas and electrical safety, water hygiene, fire safety, asbestos and lifts
- Agreeing major reinvestment in the General Fund estate
- Approving external funding bids for investment in building and land assets
- Ensuring a robust, compliant and commercial approach to the appointment of external redevelopment partners including valuers, architects, specialist consultants and building contractors
- Ensuring that appropriate governance is in place for major projects
- Agreeing recommendations to Members on the use of any proceeds from disposal
- Ensuring that option appraisals and decisions take into account linkages with other asset-holding public sector bodies within the Borough.

Use of data

There is currently little visibility of key metrics with regard to General Fund assets, and hence it is not possible to derive any objective measure of the performance of the portfolio.

There is currently no stock condition survey for the General Fund estate and we have been advised that the Council has recently commissioned a survey.

The Council needs to be collating and reporting on the following data by asset:

- Stock investment requirement (5, 10 and 30 year)
- Annual repairs and maintenance costs
- Energy costs (cost and kWh per square metre)
- Energy Performance Certificate ratings
- Compliance responsibilities, inspections, performance and remedial work
- Utilisation (staff and/or customers)
- Accessibility (compliance with Disability Discrimination Act)
- Income and expenditure/ yield (commercial properties)
- Subsidies paid (community facilities)
- Vacancy rates (commercial/ investment properties)
- Valuations (vacant and existing use)