



HOUSING REVENUE ACCOUNT (HRA)

ASSET MANAGEMENT STRATEGY

2022 - 2027

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## **1. Introduction**

This Gateshead Council Asset Management Strategy sets out how Gateshead Council (the Council) will manage, maintain, invest in, and review our homes and other associated assets.

We have recently reviewed how our homes and assets are managed and have consolidated housing services back within the Council. This review ended The Gateshead Housing Company's management of our assets. The realignment of these services within the Council will support our wider plans to transform Gateshead and will deliver efficiencies and improvements, while providing services that best meet the needs of our tenants and the communities we support.

The Council owns and manages over 18,000 homes valued at £733.4m; in addition, we have non-domestic assets valued at a further £12.2m. The physical and financial performance of these assets underpins the viability of the Housing Revenue Account (HRA). The quality of our assets and how they perform also directly impacts on our customers and the communities that they are part of. We know good quality and well-maintained homes can significantly impact upon the health, wellbeing and quality of life of our residents.

Key drivers for the consolidation of services within the Council were to generate efficiencies in the delivery of housing services and to ultimately move an unsustainable HRA to a sustainable position where our assets generate the income and value necessary to fund the costs of their management, ongoing maintenance and investment. This strategy will align our asset management priorities with our wider plans for housing, community sustainability and growth for the borough.

Work has been undertaken across housing services and the wider Council to fully understand the investment needed across all of our assets to ensure they are sustainable and can be maintained and improved to achieve the anticipated legal and regulatory obligations we need to meet.

We have worked to determine, identify and review the factors that were driving the HRA into deficit and negatively impacting on the account's sustainability. Successfully identifying these factors ensures that we can ensure that the investment decisions we know we will need to make are affordable and can be fully funded. In addition, the prospect of significant changes in required property standards, in terms of condition, safety and environmental sustainability can be achieved.

As we develop our approach to asset management further, we plan to look beyond just the physical condition of our properties to identify actions that can be taken to better use our land, commercial units and other non-domestic assets to support local communities and the HRA.

We recognise that we must make immediate decisions on the long-term use and sustainability of some of our assets to ensure the viability of the HRA. Our business intelligence tells us that some of these assets are now unsustainable and no longer meet the aspirations of our customers for a safe and sustainable home. It is therefore important that we now work with customers and all stakeholders to effectively plan to divest from these assets and, where appropriate, consider alternative options for their use that would provide homes and places that best meet the needs of existing and future customers.

This strategy will guide our approach over the next 5 years so that we can protect our assets and tenants and ensure that the investment we will make over that period is well informed

and will not risk the HRA's sustainability. The strategy will be reviewed annually to guide and direct the gathering of additional intelligence and understanding of asset performance to enable us to develop our longer-term plans.

## 2. HRA Business Plan Sustainability

We undertook a detailed options appraisal of our housing delivery in early 2020, which directly informed our decision to close The Gateshead Housing Company and return the management of our assets back to the Council. The options appraisal was undertaken as we recognised our HRA was unsustainable and was forecast to go into deficit within a number of years.

At the time of undertaking the evaluation, the HRA Business Plan was not up to date, and there was no costed evidenced 30 year investment plan setting out the requirements for renewal of components or wider stock investment during that period.

Over the past year, we have worked to develop a fit for purpose HRA Business Plan and have done extensive work to understand our costs, investment requirements and future obligations. A new business planning tool has been procured to enable complex and detailed scenario planning to be undertaken, including the modelling of changes to the stock and investment plans.

This work has led to the production of an HRA 30 year business plan that is now informed, affordable and fully funded and in apposition to meet sector challenges and deliver local priorities.

The evaluation work in early 2020 identified a number of key issues which were impacting on the HRA sustainability. We have looked in detail at each of these issues and undertaken remedial actions to address them and ensure financial sustainability.

- **Issues with stock sustainability as some properties are less popular and/or require significant investment over the life of the business plan.**

Four sections of stock have now been identified as key areas of concern. Financial options appraisals have been undertaken on these assets that demonstrated divesting from them has a significant positive impact upon HRA sustainability.

Further consultation will be undertaken with members and customers on how we progress with divesting from this stock and developing a strategy for decommissioning.

- **The stock sustainability issues may require expensive solutions**

Subject to consultation, divest decisions on demolition and remodelling have now been built into the business plan to demonstrate that they are affordable.

- **There was a lack of or uneven spread of up to date stock condition data**

Our approach to stock condition surveying has been completely redesigned and relaunched, improving both effectiveness and efficiency. Despite the challenges associated with Covid-19, we have been able to increase the percentage of assets surveyed by almost 10%. Over 40% of the stock is now surveyed and we have filled gaps in our stock coverage and knowledge.

- **There are areas of low demand stock, which are suffering from wider sustainability issues and require significant investment to improve them and make them attractive or to address them through other means;**

A net present value KPI will be introduced to monitor the health of the stock and support the identification of poor performing assets. Improved performance monitoring of the financial and social performance of the stock will allow for more reactive and effective interventions, including scenario planning within the business plan. The HRA Viability Tool has been extended and integrated in the LION (local indices of need) mapping software. This now allows the performance of the social housing stock to be viewed in a wider context of community and area social benchmarks.

The Business plan now also has environmental improvements costed for the first time, along with funding in the first 5 years of over £3.5million to launch a new CCTV offer for communal blocks, enhancing security and helping to combat the fear of crime.

- **Void levels were extremely high, in part due to some low demand properties being ‘held’ vacant**

In conjunction with Pennington Choices, a review of the voids process and long-term vacant properties was undertaken. This work has positively impacted on the voids process and the number of vacant properties. Support has also been built into the business plan to assist in tackling works to complex voids, such as structural repairs.

A new process for the fast tracking of properties that have the potential to become ‘long term’ voids has also been developed. This will introduce a managed escalation route that will lead through to a property receiving improvement works or being divested, within a defined timescale.

- **Forecast cost for investment works were higher than regional expectations**

We have reviewed our schedule of rates for investment work and will be moving to a benchmarked national rate provider by the end of March 2022.

As an interim measure, our most frequently used rates have been refreshed in a benchmarking exercise that generated significant savings.

- **Our housing stock had started to become non-decent, and 5.5% of the stock is currently estimated to be non-decent, with some spikes in expenditure forecast for coming years;**

Increased stock condition surveying is having a positive impact on the percentage of homes that are non-decent, with the percentage reducing as more information is collected. Better information has allowed for the smoothing of investment spikes, which, alongside the revised schedule of rates, means our investment requirements are achievable and affordable.

- **Past investment programmes have not dealt fully with the investment needs of blocks and communal spaces.**

Stock condition surveys have now been completed on over 99% of the residential blocks in the HRA. The completion of these surveys mean that their investment needs are now accounted and budgeted for in the business plan. The work to survey

the blocks will also support our response to the Building Safety Bill and the Fire Safety Act, helping ensure that our buildings are safe and sustainable places to live.

### **3. Strategic Alignment**

This section provides an overview of the strategies that support, inform and influence how our HRA assets are managed, maintained and are invested in.

There are several corporate plans which impact on this Asset Management Strategy, and the strategy needs to align with them. This strategy will also influence and guide a range of supporting or inter-related strategies, plans and policies, to ensure that our management of our assets is part of a wider approach to delivering high quality services and places for the benefit of our residents.

**The key documents that should be read in conjunction with this strategy include:**

- Making Gateshead Thrive – The Thrive Strategy & Pledges
- Health & Wellbeing Strategy
- The Gateshead Housing Strategy
- The Residential Growth Strategy & Programme
- The Emerging Economic Strategy
- Gateshead Local Plan
- Gateshead's Climate Emergency Declaration
- The Medium-Term Financial Strategy

Our Thrive agenda, which is focusing work and money on what matters most within Gateshead, remains a key Council objective, and our approach to investing in our assets will align with this. This will include making the right investment decisions about where, when and how much to invest in our properties in order to get maximum value for money, but also supporting the principle of retaining 'the Gateshead £' in our investment delivery programmes.

Our wider housing strategy focuses on ensuring that people who live in Gateshead can access, sustain and remain in a home that meets their needs and is safe, secure and affordable, in a thriving neighbourhood. The Asset Management Strategy therefore needs to support the objectives of maximising supply, including through use of existing stock and bringing empty homes back into use quickly; this will result in improving the quality, condition and management of housing and helping residents access and sustain a home which promotes their wellbeing and supports them to thrive.

### **4. Strategic Context – National Policy**

The housing sector is currently facing a number of complex and diverse challenges and there are a number of key national strategic factors which will influence how we manage our assets; the strategy, therefore, needs to understand and respond to them.

#### **Housing Growth**

The government and the Regulator of Social Housing (RSH) have set a clear expectation that social landlords use any increased rental income generated as a result of a return to annual rent rises to continue to invest in existing homes and deliver new homes.

Addressing the housing shortage is a priority issue for the government and one that carries clear expectations on how housing supply is increased in order to meet local housing needs. The government is also keen that people can be supported into home ownership and have made available a number of packages and initiatives to enable social landlords to deliver new homes which specifically support this agenda.

### **Climate Change & The Low Carbon Future**

Gateshead has historically been at the fore of energy efficiency, embracing early the benefits of thermal efficiency and energy saving measures. We recognise the importance of the global Green Agenda and the Council has declared its own climate emergency and committed to a low carbon future.

The government has also committed to tackling climate change and intends to set a target of reducing domestic emissions to zero. The government has indicated the possible revision of the Decent Homes Standard, including a requirement to achieve EPC D by 2025 and EPC C by 2030, thereby obliging us to meet these targets. The RSH therefore expects social landlords to be working to understand the potential costs of making carbon reduction improvements to our assets.

By 2025, new build homes will need to be low carbon and energy efficient, and this will incur additional costs for the construction of new build properties as well as the ongoing repair, maintenance and component renewals throughout the life of the property.

### **Regulatory Standards**

#### ***Existing Regulatory Standards***

The Value for Money Standard requires us to be able to demonstrate a full and comprehensive understanding of the financial performance of our assets, the income they generate and the cost we incur to maintain and manage them. We must also be able to demonstrate how we manage any stock which does not perform at an optimum level, and how we will intervene to address tackle those assets. A well-evidenced Asset Management Strategy which sets out how our assets are performing and how they are managed is key to demonstrating our compliance with the standard.

The Home Standard requires that our homes meet at least the Decent Homes Standard and all applicable health and safety requirements for homes. We are also obliged to ensure a prudent, planned, balanced and value for money approach to repairs and maintenance of homes and communal areas. This must include our approach to the delivery of responsive and cyclical repairs, planned maintenance and the Housing Capital Programme, work to voids and the delivery of adaptation works.

#### ***Social Housing White Paper – A Charter for Social Housing Residents***

The government published their Social Housing White Paper in November 2020 that aims to strengthen and, in some regards, significantly enhance the requirements of social landlords. This sets out clear expectations on building safety, enhancing the measures in the Building Safety Bill and proposing to strengthen the RSH's powers in this area. The Decent Homes standard is to be reviewed to see how it can better support decarbonisation and energy efficiency, improve communal and green spaces, and whether it reflects present day expectations. There are also proposals for enhanced scrutiny of performance on repairs and how income is spent.

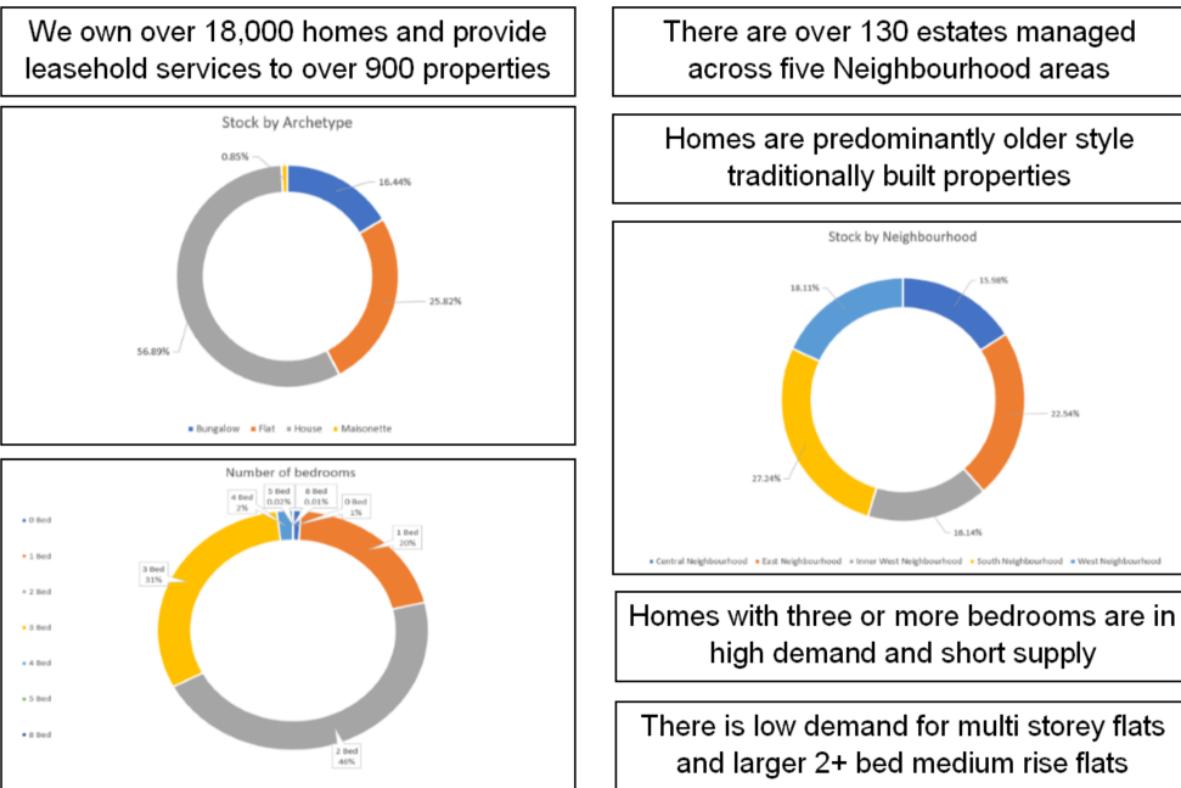
### **Building Safety**

Tragic events such as the Grenfell Fire tragedy have increased government and the RSH's focus on building safety, maintenance, internal governance and the importance of resident engagement. The subsequent reviews and inquiries have brought increased scrutiny of the approach to building management, investment and maintenance of high-rise blocks, but also the wider issue of ensuring the safety of tenants and others.

Significant changes to our legal obligations became law during 2021 as a result of the Fires Safety Act 2021 and the Building Safety Bill that is like to receive Royal assent in 2022. Extensive work has been undertaken in the past 12 months across the stock and we will continue our work to uphold and strengthen how we maintain the safety of residents through our management of higher risk buildings.

## 5. Gateshead Council's HRA Assets

### Domestic Asset Overview



The domestic stock is made up of multiple styles of construction. Just under 80% of our homes are traditionally constructed. Of the remainder, the most common non-traditional styles of construction are MWM high rise blocks and Wimpey-No-Fines houses. While non-traditional properties can be found across the borough, archetypes tend to be geographically grouped together as purpose-built estates or as 'infill' sites on larger traditionally-built estates.

There are also 24 high rise blocks managed within the HRA, mostly constructed during the 1960-70's. The blocks vary in design, with the tallest being twenty-one storeys. As well as high rise blocks, there are also over 1000 low and medium rise blocks within the stock that contain the flat and maisonette properties.

Over the last two years, we have increased the level of investment within high rise blocks and flats with communal space as we have strengthened our approach to building safety.

### **Non-domestic Asset Overview**

The HRA owns a number of non-domestic assets, which are predominantly made up of garages, lounges, shops, land and play equipment. We recognise the need to review the status of non-domestic assets to explore how they are used and whether a change of use would bring more value to the HRA to better help, support and sustain neighbourhoods & communities.

Garages make up the largest proportion of non-domestic assets. These are assets that are formed of blocks or individual units that are not tied to or let as part of a domestic tenancy. There are 3678 garages currently in the HRA, making up 512 garage block sites. All garage blocks have been stock condition surveyed and sites have also been appraised to assess their potential future use. This could include improvement, demolition or a change of use and almost £1m has been allocated in the business plan to start delivering on the garage review over the next 5 years.

Within the HRA portfolio, there are also a range of shop units. Historically, this part of the portfolio has been managed separately from the wider HRA assets, meaning there have been differences in the approach to management, financial management and investment. This has been resolved with the alignment of these assets with the wider HRA portfolio. This will give a greater level of scrutiny and transparency on asset performance and will align future maintenance, compliance and investment responsibility and decisions.

Land within the HRA falls into two separate categories. The first and smallest is allotments, which return a small financial contribution to the HRA. The larger section of land is community open space within estates, which includes grassed areas, paths and unadopted highways. This land returns no financial contribution but does have maintenance expenditure associated with it. A programme of surveying HRA land to evaluate its value, potential use and maintenance liabilities will commence in Autumn 2021. It will ensure that future costs are appropriately captured and covered and that alternative use opportunities are fully explored.

There are also a small number of fixed play equipment sites and local community art installations that fall within the management of the HRA. These sites carry with them inspection, compliance requirements and ongoing maintenance costs. In partnership with communities and stakeholders, we will review these assets and their future sustainability.

We recognise the need to review the status of non-domestic assets to explore how they are used and whether a change of use would bring more value to the HRA and better help support and sustain neighbourhoods & communities.

## **6. Gateshead, the local context**

### **Housing Revenue Account Sustainability**

The Housing Revenue Account (HRA) is the financial account used to manage the Council's activities as a landlord. It is a ring-fenced account and can only be used to provide services to Council housing tenants through the collection of rent and other service charges.

The HRA Business Plan is a key strategic document which sets out the Council's income and expenditure plans for delivering Council Housing Services in Gateshead.

The HRA Business Plan is updated every year. It is closely aligned to the HRA Asset Strategy including a 5-year plan for the Housing Capital Investment Programme. These plans are set within the context of our 30-year long term planning profile to ensure that our accounts are balanced and affordable.

The previous interim HRA Strategy highlighted that the HRA was unsustainable over 30 years and that in the medium term the account would fall beneath the minimum operating balance. Work to better understand our costs, investment and stock condition needs has, alongside a wider business planning exercise, led to the development of an HRA financial plan that is fully costed and does not breach the minimum balance during the life of the plan.

The plan is able to meet the investment needs of the existing stock, has sufficient capacity to meet emerging priorities and deliver on the development of new social housing stock.

To deliver the financial plan, several stock options scenarios have been modelled, based on stock performance and assets' sustainability. These scenarios will need to be delivered over the period of this strategy to ensure the affordability of the financial plan is maintained.

| HRA Scenarios   | Units | Years                         |
|---|-------|-------------------------------|
| <u>Phase 1.</u> Complete decommissioning and demolition of Sir Godfrey Thompson Court & Crowhall Towers | -     | 2021 –22                      |
| <u>Phase 2.</u> Decommission and demolish two multi storey blocks                                       | - 333 | Over three years from 2022/23 |
| <u>Phase 3.</u> Decommission a further multi storey block   | - 109 | Over three years from 2022/23 |
| <u>Phase 4.</u> Recommission block to create 80 new supported units                                     | + 80  | 2023-25                       |
| <u>Phase 5.</u> Decommission and demolish purpose built older persons unit                              | - 41  | 2023/24                       |
| <u>Phase 6.</u> Decommission and demolish two multi storey blocks                                       | - 133 | Over three years from 2024/25 |

## Stock Condition

We need to deliver a continual reinvestment plan to maintain our assets in a good condition and ensure they are fit for purpose. The reinvestment needs are identified by the stock condition data that is held in our Civica Keystone Asset Management system.

A technical review of the quality and representativeness of our stock condition survey data was carried out. It identified several areas where we needed to strengthen in order to have a comprehensive dataset that would enable us to make evidenced investment decisions across all of our assets. Targeted work was carried out to tackle these gaps, and over 40% of the stock now has a current stock condition survey in place. This includes all high, medium and low-rise blocks and all garage blocks.

The increase in surveyed assets has contributed positively to the business plan by reducing the expected investment costs in the stock. Additional surveying resource has also been identified and will be deployed to ensure the target of reaching 100% coverage by Spring 2023 is achieved. A fully funded resource is in place that will lead on the establishment of a 5-year rolling programme of reinspection thereafter.

The data gathered will, for the life of this strategy, steer the investment decisions that will be made. The 30-year investment projections will be reviewed annually, updating forecasts to reflect increases in stock condition data and to review and appraise the investment decisions that have been made in that year.

In addition to traditional condition surveying, we will start a programme to embed stock condition resource into the Housing Management Estate Inspection regime. Supporting estate inspections will allow the surveying team to share their knowledge with estate-based colleagues and customers. It will correctly identify potential repair or HHSRS hazards and provide a high-level opportunity to benchmark existing estate condition information. This will help strengthen and ensure the accuracy and robustness of our stock condition data.

### **Stock Investment**

Reinvestment into the stock must be done in a way that demonstrates compliance with the Homes Standard and the regulatory standards, keeping our assets to the agreed standard and providing homes and estates that meet the aspirations of current and future residents.

A primary focus on delivering works programmes rather than holistically managing assets has, in some instances, led to an unintentional underinvestment in some areas of the stock. Non-domestic assets such as garages and communal space have seen limited spending in recent years. That underinvestment has been assessed through stock condition activities and is now fully reflected in future investment and business planning projections. Work to improve communal spaces within our blocks will commence next year, with a proposed investment target of £3m and a further £1m programmed to fund work and interventions to the garage stock over the next five years.

The main focus for stock investment remains the delivery of works to ensure compliance with the Decent Homes standard. The increasing number of emerging sector priorities, such as Net Carbon Zero, digital inclusion and build safety, now highlight the disconnect between the existing standard and the expectation on social landlords around property condition and a modern home. While Gateshead has a standard that exceeds the statutory minimum standard, it does require updating.

We will work with customers to develop a new offer for Gateshead that details what our future standard will be for the homes that we manage. Alongside the engagement with customers, we will support and work in partnership with the wider sector and organisations like NHC and ARCH, to lobby and inform the government's thinking and approach to the standard(s) that will succeed decent homes.

Over the term of the 30-year stock condition forecast, the HRA will need to reinvest around £750m in to the known and forecasted investment priorities. This will include maintaining the stock and working towards net zero carbon.

The HRA will not be able to meet all the financial asks associated with net carbon zero unsupported. Assumptions have been made, aligned with sector expectations, around the level of grant funding that will be available from government and through initiatives such as the Energy Company Obligation.

### **New Homes**

The Council is currently committed to three schemes that will provide new Council homes. This strategy supports the aspiration to go further with the creation of more new council homes that will support the existing portfolio.

With the assumption that there will be Homes England grant funding available to support delivery, there is provision in the HRA Business Plan to develop 40 new social housing units over the next 10 years. A Residential Growth Strategy and Programme will be developed to support the Council's priorities and will detail further the Housing Revenue Accounts roll.

### **Delivery cost and financial sustainability**

Through the business planning process, it was identified that the schedule of rates for investment works were higher than expected and, as exclusively internal rates, were un-benchmarkable. A procurement exercise has been undertaken to adopt a national schedule of rates provider. The implementation of this exercise will be completed in early 2022.

As an interim measure, our most frequently used rates were refreshed in a benchmarking exercise that generated in the region of a £300m saving over the 30-year business plan projection. The adoption of a schedule of rates provider will generate additional efficiencies and ensure that future financial forecasts are robust and in line with the sector.

Investment costs will remain under close scrutiny throughout the delivery and review of the investment schemes and other planned works. HRA capital monitoring, the Asset Steering Group and scrutiny through the new housing governance structure will ensure cost and delivery against budget are closely monitored.

It is recognised that the sector, our partners and suppliers are facing short term challenges linked to the supply and availability of labour and materials due to Brexit, the pandemic and issues in the supply chain. To protect against any potential impact from this, a three-year contingency has been built in to the business plan.

### **Quality & Assurance**

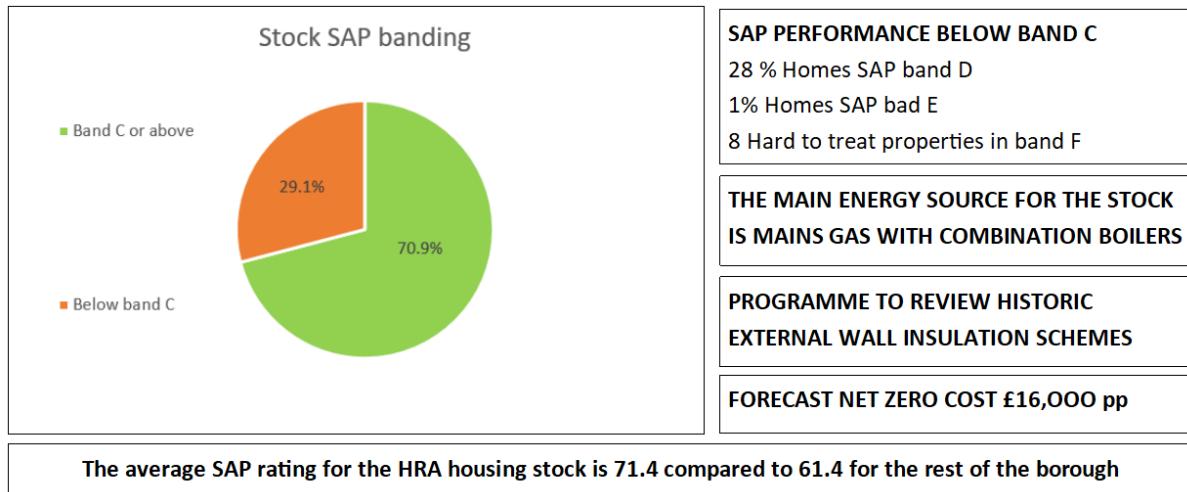
It is essential that the value of any investment into the stock is protected and safeguarded to ensure value for money, elemental performance and asset value. Quality and assurance are key to ensuring that the work we deliver addresses the needs of the stock and is delivered safely, competently and to a high standard. Divergence from agreed specifications or quality and assurance standards can place customers and residents at risk and expose the HRA to additional cost such as increased repairs and maintenance expenditure and premature elemental replacement.

Quality and assurance is being guaranteed in Gateshead through a robust and increased clerk of works resource that is aligned with stock condition surveying and appropriately trained in the built environment. With a complete understanding of the asset life cycle, from installation, condition surveying to reinvestment, this team is able to ensure that work delivered meets our compliance obligations, is right first time and completed to a high standard.

### **Environmental Sustainability**

The energy standards suggested by the government are in keeping with the commitments Gateshead has already made in its Climate Emergency. We are reviewing the energy efficiency data we hold on our assets and identifying any gaps that we need to address so we can understand the scale and cost of work we will need to deliver to our assets to achieve the national targets on energy efficiency and carbon reduction.

## Energy overview.



As we develop and enhance the information we hold around the current energy performance of all of our assets and the cost to bring them to the required standard, we will need to determine whether the costs associated with some properties will make them unsustainable. Investment decisions must be evaluated to ensure we do not make financial commitments on properties that may not be sustainable in their current form.

We anticipate that, to meet our current requirements on carbon reduction, the HRA will need to invest £265m into insulation measures and new heating technologies.

We anticipate average investment costs of around £16,000 per property and, in some cases, potentially even as much as £37,000 for hard to heat buildings. While the HRA business plan includes some allowances for costs for energy efficiency measures and improvements, it will require support from public funding. It is estimated that just over £40m will need to be secured in additional funding to meet our obligations around energy and net zero.

Work has already commenced to build strong relationships with potential funding partners who have access to Energy Company Obligation (ECO) funding. We will work with these partners to identify potential schemes for fully funded measures, such as insulation top ups or the replacement of aging insulation systems.

The first wave of the Government's Social Housing Decarbonation Fund (SHDF) launched in August 2021. The fund is a competitive application process and, at present, only funding for the initial wave has been confirmed. At present, the fund can provide two thirds funding for successful bids. An application will be submitted for Gateshead, and additional schemes developed to ensure we are well placed to bid for future rounds when announced.

The current short-term Government funding regime that is in place makes it difficult to effectively plan energy works and interventions. Working with partners and the wider sector, we will press for greater support for the delivery of energy improvements in the social housing sector and a detailed forward plan from Government.

Our focus initially will be on 'fabric first' energy improvements, installing and improving insulation in homes so that they are better able to retain the heat that they generate. The technology around green energy heating system is still developing and evolving. While we will undertake some limited pilot schemes, we believe that we should, in the short term, continue to monitor how this market develops before committing to a future approach.

Working with the Council's Energy Services, we will continue to monitor the progress of Northern Gas Networks Hydrogen project in Low Thornley and explore the potential for the switch to hydrogen in the domestic gas network in the region. Work is also underway to explore the opportunity to extend the existing heat networks in the borough and, where possible, to create new ones to increase the number of homes that receive sustainable and affordable heating generated by the Council.

We acknowledge that, almost exclusively, the estates that we manage now have a mixed and diverse tenure and resident profile. Within the boundaries of the funding arrangements in place and the schemes that we develop to tackle net zero, we will endeavour to be inclusive. Where it is possible, we will look to deliver tenure blind schemes that help Gateshead achieve the aims of the Climate Emergency declaration and protect all residents from fuel poverty.

### **Compliance and Building Safety**

The Council is committed to ensuring tenant safety, and our intention is to ensure that assets meet all applicable health and safety requirements so that all residents and visitors are confident that they are in a safe and secure environment. We have invested heavily in strengthening the safety of our assets over the last two years, and we will maintain the necessary investment when we have delivered this cycle of investment to ensure all of our assets are compliant.

We will build from the successful exercise with Pennington Choices and Voluntary Undertaking with Regulator of Social Housing to continue to strengthen the work that we do to effectively and safely manage the homes, buildings and equipment that form the basis of the HRA's asset portfolio.

As part of the consolidation of housing services back into the Council, we have introduced new, and strengthened existing, governance and scrutiny processes to protect customers and the sustainability of the HRA. New targeted and measurable key reporting has been introduced through performance indicators on repairs, safety, complaints, engagement and neighbourhood management. We have also formalised our governance, ownership and accountability structure for safety and the consumer standards across all assets.

A robust and resourced Building Safety Team has been established to manage the Council's approach to this critical area of safety-based work and assurance. The Building Safety Team meets the competency levels stipulated in the Government Competency Framework that came out of the Grenfell Inquiry and is fully compliant with the requirements of the Building Safety Bill. Governance in this area is strengthened further through regular business assurance reporting and the creation of the Tenant Scrutiny Board.

Strong condition data, robust building assessments and maintenance information will help protect the HRA from unplanned high cost and non-compliance. As a building owner of higher risk residential buildings, such as high-rise buildings, we will compile and maintain safety case files and have appointed a building safety manager to support the management of our assets.

A new Building Safety Regulator will implement a more stringent regulatory regime for higher risk residential buildings of 18 metres or more than six storeys initially, extending to other premises in future. They will also oversee the safety of all buildings and will set requirements for the competence of professionals and tradespeople working on them. This will have implications for our management of our high-rise blocks and for ensuring the standard of work on all of our properties.

The identification and robust management of risks, including any properties with defects which have a high-risk Housing Health & Safety Rating System (HHSRS) hazard, will be important. HHSRS training and refreshers have been delivered to targeted key posts and additional training will be developed and rolled out across the organisation. We will make sure that officers understand what risks are and know how to effectively and efficiently deal with them.

We have an Asbestos Management Plan which sets out how we identify and manage asbestos in the properties we manage, and all asbestos related activities are carried out in accordance with the management plan and the Control of Asbestos Regulations 2012.

We are undertaking Legionella and Water Hygiene risk assessments across our stock and have completed them in buildings that are deemed to pose a potential risk. We have removed legacy risks from buildings and taken steps to remove the potential for new water hygiene risks to be introduced during repairs or planned work. Water hygiene risk assessments and vacant property management processes are in place to ensure the risks are mitigated in any void property or building.

We operate a policy that ensures the safety of tenants and leaseholders in all homes that contain a gas supply or associated appliances such as a fire which ensures we meet our legal obligations.

Electrical safety inspections and associated repairs of the fixed wiring installations are undertaken at defined periods of time based on age and condition. We are working to improve how cyclical electrical testing can better inform our planned investment programme and support our collection of strong stock condition data.

In accordance with the Regulatory Reform (Fire Safety) Order 2005, we have undertaken fire risk assessments of all relevant assets. The assessments are reviewed on an annual basis and any remedial work required to mitigate the risks identified is reviewed, planned or undertaken in an appropriate timescale. We also carry out regular checks of the common parts of flats and blocks and activity that is monitored is recorded. None of the Council's high-rise blocks has ever contained any Aluminium Composite Material (ACM) cladding.

Similarly, with other building safety and compliance-based activities, we are continuing to develop and adapt our processes, management and scrutiny to ensure that all homes, buildings and assets are safe and secure for residents.

## **Responsive Repairs**

In the last benchmarking exercise, the average number of repairs per property was 3.5 repairs. The average cost of repairs was £155.41 per property.

Since the end of the Decent Homes Programme, the balance of responsive repairs versus planned works has shifted and we are delivering excessive responsive repair interventions. The split between responsive and planned repair needs to be addressed so that more work is delivered in a planned way, ensuring value for money and the efficiencies associated with programmed works.

We have developed a tool that will analyse estate-based repairs to gain insight into the numbers of repairs and the type of work being delivered, then assessing it against stock condition data. We will embed this tool and use it to identify trends and drivers for expenditure so that we can plan to deliver an appropriate balance of reactive repairs and planned investment and ensure this is aligned with our understanding of stock condition and asset sustainability.

The introduction of a new benchmarked schedule of rates provider will also increase transparency around our repair costs. It will enable greater scrutiny on performance as well as delivering savings against forecast future repair costs.

We have worked to remove the risk of duplication in our stock condition information; enhanced processes ensure that whole element replacements through voids or repairs are accurately captured and fed back into the stock condition data. This has removed the risk of double counting and strengthens the accuracy of the HRA business plan.

### **Void Properties**

The number of void properties had increased in recent years, and the level of financial loss for the HRA, with associated increased management costs, had become a further risk to the HRA Business Plan. Following cross-service working in partnership with Pennington Choices, focused action has been taken to improve this position, reduce the overall void numbers and re-let properties. A continuation of this work forecasts vacancy level of 2.5% in 2022/23, 2% in 23/24 and 1.5% by 2024/25.

Additional support has been brought into capital to support dealing with high value void properties. This will ensure that they are appropriately tackled and the costs for major reinvestment work are accurately captured and delivered in a planned, rather than responsive, way. Properties that have the potential to become long term and high value voids will now be assessed to ensure that investment is appropriate and the properties will be sustainable following investment, with a positive future net present value.

### **Data management & systems**

The Council has two core IT systems in operation to support the delivery of services within the HRA. Northgate's 'Housing Management Solution' (NPS) provides the core housing functionality for services such as Housing Management, Rent, Allocations and R&M. Civica's Keystone Asset Management provides the strategic asset management solution for the stock, providing functionality like Asset Management, the Asbestos Register and Housing Quality Standard reporting.

Tertiary systems are in place to support specific functions, such as Tyne & Wear Homes' choice-based lettings service and some elements of compliance management.

The current IT systems are structurally fit for purpose; however, we recognise that there is insufficient interfacing or linkages to ensure a 360 view of all business intelligence. We are committed to strengthening our approach to data and have worked to develop a systems plan to ensure robustness and resilience. This will enable us to effectively manage and monitor the performance, quality and investment requirements of our assets and support our review of systems in line with future procurement exercises that will take place within the term of this strategy.

### **Adaptations**

The Council recognises its social responsibility to support vulnerable and disabled residents to remain independent in their home. We allocate an annual budget for the provision of minor works, like handrails, through to major adaptations such as adapted bathrooms or property alterations.

Demand for adaptations in Council homes remains high, with a large proportion of residents defining themselves as having a disability. We need to ensure that our approach to adaptations remains sustainable and viable, makes the 'best use' of our stock by ensuring

that properties are allocated appropriately, that investment is made into only sustainable adaptations, and that value for money is achieved.

The introduction of adaptations into a home or building will commonly introduce additional compliance implications. Through competent delivery processes and robust stock condition data, we will ensure that all adaptation equipment with a cyclical inspection, maintenance or defined element life is captured and managed in a safe and compliant manner.

Our specification for works will be reviewed with customers and partners to ensure that appropriate and value-based decisions are made when investment works are planned. We will consult on not installing baths in property types that commonly need the installation of walk in showers and we will look to future-proof homes when undertaking improvements to prevent abortive works, limited element life and lost asset value. This approach will help in reducing future adaptation costs and support the sustainability of the HRA.

### **Homeownership**

Tenants exercising their Right To Buy remains a risk to the HRA. Applications remain consistent at an average of 256 per year, and, of those applications, around 140 progress to completion. It is anticipated that the sales in the region of 100 properties per year will continue for the foreseeable future, unless there are changes to the scheme. As the economy has started to reopen following the pandemic, we have seen an initial surge in new applications. This may be linked to changes in customers' working patterns or greater aspirations for homeownership. We will monitor the increase in applications to ensure our business plan assumptions remain accurate.

Gateshead property prices are lower than the national average, with many properties falling well below lower quartile prices. Over the last 5 years, the average annual total valuation for completed sales was £12.9m.

Completed sales are commonly those of large traditionally built, high-quality low-cost houses in high demand areas. Many of those exercising the Right To Buy are also eligible for high discounts. For the last five years, the average total discount received was £6.6m, with the average net receipts totalling £6.3m.

Work is underway to strengthen our digital offer to customers looking to exercise the Right to buy and those residents who are leaseholders. A customer portal is in place and being further enhanced to support customers' transactions related to Homeownership.

As the percentage of mixed tenure increases across the estates we manage and residents look to extend or alter properties rather than move, we are seeing an increase in covenant permission requests. While legal costs are recovered, the increasing complexity and potential compliance risks associated with covenant permission is increasing and now requires the involvement of building surveying support. To minimise the cost to the HRA, we will review how these requests are dealt with and how costs are recovered.

We have strong relationships with our leasehold customers and value the contribution that they make. Working with them, we have strengthened our leasehold agreements and are looking to enhance them further to ensure that owned properties do not represent an additional risk to the Council through the statutory duties associated with them.

### **High Rise Blocks**

The analysis of the future pressures on the HRA highlights high rise blocks as a key area of concern. While there has been significant investment in the blocks as part of the decent

homes programme, there has been little investment into the physical structure of the buildings and the core building services such as ventilation and drainage. Some of these services and periphery building elements are not able to accommodate modern system upgrades and, as such, need replacement.

The buildings also form one of the largest challenges in the portfolio when it comes to energy efficiency. While some blocks have been externally insulated, others remain as built or have building details that would be difficult or unviable to insulate or build in other measures that would increase their SAP ratings.

A strategic review is underway of the high rise block offer with in the stock. With the significant changes in customer expectations for a modern and efficient home, household finance and benefit changes and sector wide issues such as Grenfell, we recognise that a dedicated high rise strategy is needed to append to this strategy. This review will cover our future approach to the management & maintenance of the blocks.

The high rise stock is commonly characterised as a liability to the HRA as a result of high investment cost, low demand and high management requirements. The largest section of the stock with a negative net present value is found in the high rise stock.

Business planning exercises have been carried out as part of the work on the HRA business plan. Those exercises demonstrate that divesting from a further five high rise blocks has a positive impact on the business plan's affordability over the next thirty years.

The strategic roadmap, subject to the decision-making process and consultation, is to divest from and demolish four high rise blocks, and to divest and decommission a fifth, with the intention of recommissioning a renovated building with a lower accommodation density to provide an alternative supported housing offer. This scenario has been fully modelled and is sustainable with in the first 5 years of the business plan.

Stock condition exercises have been undertaken in a percentage of all high rise flats to assess the condition of the assets. While critical business intelligence, this dataset is only part of a much wider piece of work required to ensure that the sustainable high rise stock is a net contributor to the HRA and not a liability. To gap fill and provide a fuller picture of the investment needs of the high rise stock, a commission was raised for a detailed stock condition exercise. Phase 1 of this exercise has been delivered jointly by the Council's design services with support from built environment professionals. Phase 2 of this work will be completed during 2022/23 and will further investigate the blocks from an invasive building safety perspective.

To support the sustainability of high rise blocks and other large communal buildings, we will relaunch our approach to building management systems such as CCTV and door entry equipment. Working with customers, stakeholders and those colleagues involved in managing the buildings, we will develop and roll out an offer that promotes confidence, safety and security in our blocks. Staffed by competent and well-trained officers, in line with our statutory requirements and good practice, we will deliver a building management solution that is modern, enhances our assets and protects the long-term sustainability of our blocks.

## **Older Persons' Housing**

Since Gateshead last reviewed its older persons' housing blocks, both the sector and market have changed exponentially. This part of the housing sector has evolved significantly, with the private sector rented offer increasing in both scope and quality.

Gateshead has seven older persons' purpose-built housing blocks. They include over 200 sheltered 1-bedroomed and 2-bedroomed flats. Only one of these, Angel Court, is a modern purpose-built scheme. Demographically, there is also a disproportionate spread of blocks across the borough. The East, Central and West Neighbourhoods have one block each, while in the South there are four schemes.

Apart from Angel Court, the blocks are of their time and do not match the offer that is available elsewhere in the sector for modern sheltered or older persons' housing. While investment could significantly improve and update some of the blocks, in others it would be financially impractical or physically impossible to undertake the alterations that would secure the long-term viability in terms of meeting modern access and living standards.

Like the high rise blocks, it is proposed to undertake a specific Older Persons' purpose-built block review. It will focus on the specific needs of this section of the stock. The review will, alongside the Housing and Council's other strategies, review the current offer, undertake an options appraisal of the blocks and make recommendations on the future approach to this type of asset.

## **7. Asset Evaluation**

### **HRA Sustainability**

The resources for the delivery of the Asset Strategy come from within the Housing Revenue Account and its reserves. The HRA was faced with affordability challenge and could not meet all future obligations. A review of the stock and business planning exercises has been undertaken and action both taken and planned to now ensure the account's long-term sustainability.

We have identified unsustainable stock and carried out options appraisals that have determined these assets are uneconomical. We need to carry out a phased programme of decommissioning, demolition and change of use with these assets over the course of the next 5 years. Increased levels of robust stock condition data have supported the assumptions about the unsustainable stock.

We have considered how we deal with the future funding pressures such as net zero, decency changes and building safety. Budgetary provision has been built into the financial plan and we have modelled assumptions around the additional financial support that will be available from public funding, through grants and schemes such as the energy company obligation.

### **Financial Deliverability**

We have reviewed the forecast 30-year financial expenditure profile and it is deliverable and affordable in meeting our existing obligations, emerging priorities and the delivery of new social housing in Gateshead.



The above table details the forecast split of capital expenditure for the next 30 years as laid out in this strategy.

Improved stock condition data and scrutiny of business intelligence have supported the smoothing out of future investment spikes and enabled the production a balanced, deliverable and affordable short, medium and long-term investment programme.

We will ensure that any proposed capital funding demands on the HRA are considered against this strategy, and they will go through a robust scrutiny and approval process to ensure that they appropriate and do not impact on the overall deliverability of our HRA business plan.

### Evaluation Asset Performance

The Council recognises the need to achieve balance and value for money when making investment decisions, and that we cannot invest in poorly performing stock or assets ahead of HRA sustainability or all other stock.

We understand the need for thorough scrutiny, options appraisal and scenario modelling when making high value high risk investment decisions, and also that investment needs may not be the only factor contributing to poor asset performance.

We have an Asset Viability Tool (AVT), that can be used in conjunction with our business planning tool, to assess the sustainability of the stock over the 30-year life of the HRA Business Plan and support sound investment decisions. The tool takes account of a number of business metrics, including demand, projected costs and net present value and classifies assets based on their performance. The classification will identify the level of risk and, in that way, drive decision making.

Property that is classified as 'Red' or 'Amber' will be subjected to scrutiny and additional investigation through a robust options appraisal, and they must be reclassified as 'Green' or an alternative forward plan agreed to either monitor, dispose or redevelop. Those properties in the green tiers are deemed as sustainable and are our viable long-term assets. The largest proportion of the stock currently falls into this tier and can continue to be invested in with confidence.

### Options Appraisal

We operate an options appraisal process to enable a balanced approach between making informed investment decisions and replacing or removing elements of the stock or assets that are no longer financially or socially viable.

Some assets within the wider portfolio present significant challenges that need careful consideration and thought. We have properties with a low or negative NPV, homes that have low SAP ratings that cannot be easily enhanced and buildings that no longer meet the expectations of customers for a modern home. With intervention and a clear strategy, some Red and Amber performing assets will be deemed fit for purpose or fit for the future and classed as sustainable.

## **8. Impact on Place shaping and plans**

The Council's Housing Strategy recognises that the future success of Gateshead is dependent on ensuring that all of its different neighbourhoods thrive and are great places to live and visit. This requires the right mix of safe and secure housing that people can afford, together with good schools, parks, sports and cultural facilities, roads and transport links, and streets and public spaces free of litter and anti-social behaviour. This will be brought together in the development of the next Gateshead Local Plan which is currently underway

When undertaking capital works programmes, major investment or options appraisals, we will ensure that residents are consulted and actively involved in improvement, enhancements or changes to their neighbourhood.

A major review of the HRA Business Plan alongside this new Asset Management Strategy has ensured fundable 5 and 30 year financial and investment plans moving forward. Known income and expenditure has been considered alongside key assumptions in relation to borrowing and debt repayment, right to buy receipts, operational performance and efficiencies. The revised HRA Business Plan confirms the priority given to ensuring the Council's homes are safe and fully compliant. It will also make a significant contribution to the Residential Growth Strategy. Over 330 new homes were completed in Gateshead during 2020/21 and an increase on that number is forecast in 2021/22. The HRA will support future completions with a planned development programme of 400 new homes over the next 10 years.

Fast and reliable digital connectivity is now seen as essential to a modern and vibrant society. It can be the most efficient and effective way for some residents to access services and stay in touch with those who support them. As part of our larger regeneration schemes, we will identify opportunities to incorporate measures to ensure that our buildings are able to access the best possible broadband and digital services. We will work with our partners and external providers to support the installation of super-fast broadband services to our estates and buildings where feasible, ensuring that installations are managed in a way that protects residents, our assets and our neighbourhoods.

Our portfolio of estates is almost exclusively mixed tenure now. As we develop our future work programme, we will, particularly with energy efficiency works, strive to create opportunities for other tenure groups to access the work. Where there is the potential for funding, we will look to support residents in accessing it and where appropriate or feasible look to sell services in a socially responsible way.

## 9. Asset Management Strategy ‘Plan-on-a-page’

Our Asset Management Strategy must ensure that we meet the key legal and regulatory obligations placed upon us. It must also enable us to support the delivery of government policy agendas and to respond to key local and national drivers.

The strategy has been developed by the Asset Management Team in collaboration with representatives from across the Housing, Environment & Healthy Communities Group and through engagement with residents.

| We have identified the following key strategic objectives for our long-term asset management vision as:  | These objectives will be underpinned by:  |
|--|---|
| <ol style="list-style-type: none"><li>1. Creating thriving, high-quality and financially and environmentally sustainable homes and places;</li><li>2. Ensuring safe homes, buildings and places;</li><li>3. Establishing strong financial viability, sustainability and deliverability;</li><li>4. Maximising community wealth building &amp; employment impact.</li></ol> | <ol style="list-style-type: none"><li>A. Having engaged customers;</li><li>B. Having an intelligence led approach to managing our assets;</li><li>C. Taking an effective approach to risk management.</li></ol> |

Adopting an intelligent and informed approach to understanding the performance, value and needs of our assets will enable us to deliver an affordable investment programmed aligned to needs of customers and the borough.

| We are adopting an Asset Management Strategy which will be focused on the following objectives:  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Continuing to improve our understanding of our asset condition by achieving 100% stock condition survey by 2023;</li><li>• Demonstrating improvements in efficiencies, including a move to a benchmarked SOR provider by 2022;</li><li>• Protecting property standards and improving our Decent Homes position;</li><li>• Continuing to deliver our building safety compliance recovery plan;</li><li>• Delivering on the Business Plan Scenario outcomes</li><li>• Developing an approach to Thriving Neighbourhoods Planning to provide a framework for ensuring that our HRA assets are integrated with Council wider housing, and developing priority plans;</li><li>• Setting a target for a percentage improvement in the Net Present Value of our stock;</li><li>• Setting a target date for achieving carbon neutrality in the stock and agree a target SAP rating for our homes;</li><li>• Publishing and maintaining a 5 year investment plan.</li></ul> | <ul style="list-style-type: none"><li>• Maintaining safe and compliant homes;</li><li>• Maintaining properties which achieve a refreshed Gateshead Standard;</li><li>• Reducing fuel poverty, and working towards a net zero carbon future;</li><li>• Ensuring the long term financial performance of homes, where it can be demonstrated that this represents value for money;</li><li>• Reducing the number of voids and the length of time homes are empty;</li><li>• Ensuring a value for money approach to responsive versus planned works and delivering more work in a planned approach;</li><li>• Delivering positive local economic outcomes;</li><li>• Supporting thriving places.</li></ul> |

## 10. Governance & Delivering the Strategy

The Strategy provides a structure and framework that will allow informed decisions to be made about our assets and our investment priorities.

The Strategic Director of Housing, Environment and Healthy Communities has overall ownership for the strategy, and for ensuring that it is aligned with other key strategies including the Growth Strategy. The Service Manager for Strategic HRA Asset Manager is responsible for delivery of the action plan.

The strategy will detail the strategic direction to all officers who are involved in housing service activities as well as our partners and stakeholders. It will provide a framework for Senior Leaders in the Council to support the housing asset management decision making process and influence housing related projects and programmes, including our approach to repairs and maintenance.

The Strategic Housing Board, which includes customer board members, will provide overall monitoring and review for the HRA Asset Strategy. The board will receive regular progress reports on the delivery of the strategy, monitor its progress, review and scrutinise the decisions and recommendations that it makes. The Resident Influence Panel will also play a key role in delivering the strategy by providing tenant and leaseholder influence and oversight.

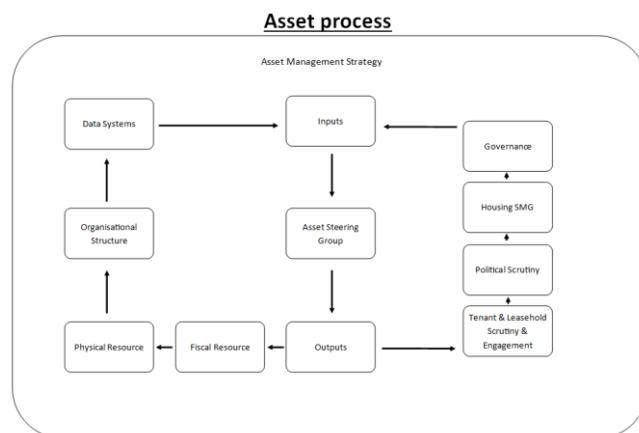
### Structure and resources

As part of the review of housing services, the Council has reviewed its organisational structure to ensure a proper alignment in the delivery, review and management of housing services, in particular, in its approach to activities related to responsive and planned work.

This includes the structure needed to deliver asset management. Whilst all staff must adhere to this strategy, the Service Manager for HRA Strategic Asset Management will oversee its implementation in conjunction with the Asset Steering Group.

### Asset Steering Group

The Council has established an Asset Steering Group. This inclusive group of officers will look across of areas of asset management to provide a holistic view of the performance and management of our assets.



The Asset Steering Group will assess work programmes, promote options appraisals in the context of viability model findings, consider initiatives, monitor and review performance and

take ownership of the Gateshead Standard, reassessing it from time to time in the context of the HRA Business Plan.

### **Customer insight and engagement**

The aspirations of stakeholders and residents are a key part of the strategy and how we implement it. Listening to, and engaging with, current and future residents will be an essential part of successfully delivering this strategy and ensuring the sustainability of the HRA.

We aim to increase the formal and informal ways in which residents can take part and influence the decision-making process. This will be undertaken through a range of media to ensure involvement opportunities, on both a micro and macro scale, are maximised.

Resident involvement and contributions will be sought at both a strategic level, through the Asset Steering Group, and at a project level throughout the project development stage, scheme communication and residents' choice.

### **Ensuring Value for Money**

Value for money must be enshrined in our approach to asset management and a fundamental part of the strategy. In order to sustain the HRA, we must be able to demonstrate that there is a full and comprehensive understanding of the financial performance of the assets we own and the cost to manage and sustain them.

Financial scrutiny will run through all activities. All investment decisions will be reviewed prior to commitment and analysed once completed to ensure the desired outcomes have been achieved. We have worked with Pennington Choices to develop Stock Condition & HRA Business Planning Controls that will be used to validate and assess the value and effectiveness of our investment decisions.

The Asset Steering Group will review VFM and costs to ensure that the HRA is receiving best value and will monitor the impact of the move to the new procured schedule of rates.

### **Ensuring compliance and regulatory control**

As the government progresses its proposals for the reform of building safety, how we deliver, monitor and review works will form an important part of how meet the challenges of future regulatory frameworks.

All the elements and stages that form the design, development, delivery and ongoing management of works will continue to be scrutinised for compliance. We will ensure that only those competent to do so, and with the right skills, are commissioned to deliver work. This is the only way to ensure residents are safe in their homes and our assets protected.

### **Commissioning role & internal partnering relationship**

For the Council to effectively maintain our assets, we must maximise the performance of our stock and increase the net present value it generates. To do this, we must keep both maintenance costs and premature element failures to a minimum.

The delivery of work in a planned way, over a defined period, is a far more efficient than delivering it in a responsive way. To support the sustainability of the HRA, we must start reducing the amount of reactive repair activity and increase the amount of planned work.

An efficient and effective repairs service and planned delivery model is essential to support the Asset Management Strategy and meet the requirements of the 'Home Standard'.

The Asset Steering Group will assume the role for commissioning the Council's Construction Services and this will be undertaken through the Service Manager for HRA Strategic Asset Management. Performance information, trend analysis, delivery and scrutiny of the repairs service plan will form part of the Asset Steering Group remit. Close alignment of the management of our assets and their daily maintenance is key to delivering VFM and ensuring asset sustainability.

## **11. Closing Statement**

This 5-year asset management strategy sets out the key priorities and projects that will be delivered over the term of the strategy to meet the Council's strategic goals and statutory requirements.

It sets out the strategic framework for effectively managing the HRA portfolio and builds from the progress that has been made since the consolidation of housing services back into the Council in 2021.

| Gateshead Council<br>Draft Housing Revenue Account Asset Management Plan 2021   |  |                               |  |             |
|---|--|-------------------------------|--|-------------|
| <b>Strategic Objectives</b> <p>A Creating thriving, high-quality and financially and environmentally sustainable homes and places<br/>     B Ensuring safe homes and places<br/>     C Establishing strong financial viability, sustainability &amp; deliverability<br/>     D Maximising community wealth building &amp; employment impact</p> |  |                               |  |             |
| Objective   | Key Activity   | Linked to Strategic Objective | Measure of success   | Target Date |
| <b>Governance &amp; Scrutiny</b>  |  |                               |  |             |
| <b>Develop a review programme for the Asset Strategy to support an annual refresh of and update of Plan</b>   | <p>Establish annual refresh of the strategy that reflects progress made and reacts to sector changes and emerging themes</p> <p>Increase colleague awareness of the strategy and how it cross cuts all areas of service provision</p>  | A, B, C & D                   | Robust an informed strategy and work plan that are able to support strategic priorities.   | April 2022  |
| <b>Embed the Asset Steering Group to support the development, delivery and scrutiny of the Asset Strategy and the actions and activities that flow from it.</b>   | <p>Embed the core group and three subgroups within the asset planning process.</p> <p>Agree work plan and priorities for short- &amp; medium-term actions to support the delivery of options appraisals and performance benchmarking.</p> <p>Define and agree standards and policies that support the sustainability of the HRA</p> <p>Approve short term investment priority targets for options appraisal process.</p> | A, B & C                      | The steering group will have a clear work plan that all services will have the ability to feed into and influence the asset decision making process and strategy to deliver a sustainable HRA. | Ongoing     |

|   |  |             |  |      |
|---|--|-------------|--|------|
| <b>Establish a Project Team and develop a work plan to deliver the business plan scenario objectives.</b>   | <p>Establish a cross service Project Team to lead on the delivery of the business plan objectives.</p> <p>Develop a project programme and timeline with key dates and milestones clearly defined.</p> <p>Devise a communications strategy to keep residents and stakeholders informed of outcomes and key information.</p> <p>Identify the target demographic and building use for the 80 unit renovation and build business case to demonstrate financial viability.</p>  | A, B, C & D | Business Plan scenarios delivered as planned and financial projections achieved.                                       | 2025 |
| <b>Build on the experience gained from the voluntary regulatory undertaking with the RSH to ensure that robust business processes are in place to support the fulfilment of Gateshead's landlords' obligations.</b> | <p>Ensure Gateshead is well placed to respond to the outcomes from the Social Housing White Paper &amp; the Building Safety Bill, reconciling any anticipated cost implications with the HRA business plan.</p> <p>Using the experience gained from the voluntary undertaking, continue to build on the improvements to the provision of compliance-based activities, their delivery and the management of data.</p> <p>Apply the learning from the undertaking to stress test other elements of service provision associated with asset</p> | A, B, C & D | Robust business process, underpinned by strong regulatory compliance that stands up to scrutiny, audit and inspection. | 2022 |

|  |   |             |   |            |
|--|---|-------------|---|------------|
|  | management (capital investment / decency & R&M) to ensure compliance with the regulatory standards.   |             |   |            |
| <b>Produce a new Gateshead Standard to clearly define how the Decent Homes Standard will be sustained.</b>   | <p>Develop and implement an up to date and clear standard detailing realistic life cycles and replacement criteria for elements, defining what a decent home will look like in Gateshead.</p> <p>Set a standard that is able to sustainably extend life cycles, reduces replacement costs and minimise future reinvestment obligations.</p>   | A, B, C & D | A new standard is in place that ensures homes can be maintained as decent in a way that is sustainable and affordable with in the HRA business plan.  | 2022       |
| <b>Introduce quarterly impact assessment to embed regular reviews of investment decisions, stock interventions and the impact upon the 30-year financial model.</b>  | Establish a culture of review and scrutiny for investment decisions to ensure that desired outcomes are achieved and impact positively on the HRA.  | C           | Transparency around investment decisions, where evidence can be seen, outputs and benefits measured and demonstrated physically and financially.      | April 2022 |
| <b>Establish a communications policy to ensure stakeholders, customers and residents are kept informed and updated on the investment, redevelopment and regeneration decisions that are made and the outcomes that flow from them.</b> | <p>To better engage, we will identify and explore a range of solutions that will facilitate more agile engagement and allow us to better consult on our projects and investment plans on a macro or micro scale.</p> <p>Encourage a more diverse group residents to be involved and help inform our approach. We will aim to provide easy, innovative and secure ways for our residents to participate in person and online, negating the traditional</p> | A & D       | Customers, stakeholders and residents that are well informed and are engaged, know about our priorities, how we perform and how they can be involved. | Ongoing    |

|  |   |   |   |            |
|--|---|---|---|------------|
|  | <p>barriers to involvement.</p> <p>Agree a protocol for publicising activities linked to the HRA capital programme, informing customers of the works, improvements and decisions that are made and building on the direct benefits and improvements they make to people's lives.</p>  |   |   |            |
| <b>Data Management, analysis and insight</b> | <p>Support the development of the current Civica &amp; Northgate IT systems to ensure they continue to be structurally fit for purpose and meet the needs of the HRA business plan.</p> <p>Develop a 360 view of all business intelligence linked to the sustainability of our assets. Ensure that only data with value is collected and that it is managed and maintained so that it can be effectively used to monitor the housing portfolio.</p> <p>Work to ensure we are best placed to maximise the benefits of analytics, 'big' data and data science technologies to support the sustainability of the HRA.</p> <p>Establish a time limited Project Team to safeguard business continuity during the transition from Keystone to Asset CX.</p> | C | <p>IT systems that are supported, accurate and hold business intelligence that supports and informs the delivery of the HRA Asset Strategy and HRA Business Plan.</p> | April 2023 |

|   |   |   |  |            |
|---|---|---|--|------------|
|   | Develop a forward plan to inform the business decision making process ahead of the end of the current software licence agreements   |   |  |            |
| <b>Sustainability</b>   |   |   |  |            |
| <b>Increase the proportion of the stock that has a new condition survey and implement a programme to achieve 100% coverage.</b> | <p>Develop a programme for reaching 100% stock condition survey for all domestic assets by 2023.</p> <p>Deliver the programme in a way that reduces the existing estate spikes and provides a better base data set for interim financial modelling.</p> <p>Embed scrutiny, independent validation and feedback into the surveying process to ensure that data quality is maintained to a high standard, guaranteeing the robustness and accuracy of the HRA investment decisions and the business plan.</p> <p>Build on the phase one surveying of high rise blocks to identify phase 2 priorities and procure a competent surveying partner.</p> <p>Ensure all replacement and renewal data from void / cyclical and repair work is captured and used to update stock condition data.</p> <p>Instigate a rolling 5 year programme of</p> | C | 100% stock condition data held for all assets that support financial forecasting and business planning which is supported by a robust resurveying process that maintains data quality. | Early 2023 |

|  |  |          |   |                  |
|--|--|----------|---|------------------|
|  | refresher surveys to ensure stock condition knowledge is maintained.   |          |   |                  |
| <b>Carry out an independent validation of the viability model to ensure that it is accurately able to benchmark stock performance.</b> | <p>Get independent validation of the viability model to ensure that methodology, data and performance benchmarks are sound and fit for purpose.</p> <p>Implement processes that automate the running of the model to remove the existing data capture exercise.</p> <p>Increase the scope of the model to incorporate non-domestic assets.</p> <p>Agree an in year ‘refresh’ frequency to reduce latency in the model.</p> | C        | A viability model that covers all HRA asset type, is validated as accurate and fit for purpose and has and is refreshed on a regular basis.   | 2022             |
| <b>Embed new procured schedule of rates (SOR) in Keystone and set up annual evaluation.</b>  | <p>Update the SOR’s in Keystone to the newly procured rates and undertake new 30-year forecasts to evaluate impact.</p> <p>Arrange annual benchmarking exercise to compare SOR’s with rates achieved in planned works delivery.</p>  | C        | Accurate and robust SOR’s that are benchmarked and reduce forecast spend.   | 2022             |
| <b>Produce and publish a detailed rolling 5-year investment programme.</b>   | <p>Using stock condition data, identify investment priorities and develop budget forecasts.</p> <p>Develop and publish a 5-year HRA capital programme, initially providing a 3 year works programme and subsequent 2-year financial forecast.</p>  | A, B & C | A published programme that will allow for greater workforce and resource planning, increased investment certainty linked to agreed priorities and better information to customers and stakeholders. | 2021 the ongoing |

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|  | Build up to a full 5-year projected works programme within 12 months of the publishing of the initial programme.   |          |  |            |
| <b>Review the 30-year financial forecast to ensure viability, deliverability and sustainability of the HRA.</b>  | Set targets for improving NPV and establish a rolling programme of review and performance escalation.  | C        | A 30-year financial forecast and business plan that is financially viable and supported by sustainable assets. | 2022       |
| <b>Undertake a review and update of elemental life cycles and schedule of rates to ensure that they are fit for purpose and offer value for money.</b>   | <p>Using repairs trend data and specifications expectations, analyse the performance of key building elements to identify appropriate life cycles, including the performance of element in differing archetypes.</p> <p>Review the housing performance specification to identify opportunities for value engineering.</p> <p>Embed a new and benchmarked schedule or rates for forecasting. Set up a review cycle to identify and adjust forecasts based on % discounts achieved in scheme delivery.</p> | A, B & C | Confidence in the expected life cycle performance of key building elements and a robust SOR that offers VFM.   | April 2022 |
| <b>Carry out detailed options appraisals on all RED performing stock types to identify the best future options including disposal, redevelopment, divest, reclassification, remodel or traditional</b> | <p>Agree a forward plan for appraising remaining RED performing properties and prioritised AMBER properties.</p> <p>Seek approval and implement the recommendations from the options appraisals</p>  | A & C    | Agreed, approved and funded forward plan for option appraisal recommendations.                                 | 2023       |

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| <b>investment.</b>                        |   |          |   |      |
| <b>Repairs &amp; Maintenance</b>          | <p>Complete work on repair trends tool to produce data that can be interrogate (alongside capital projections) to identify root causes and drivers for repairs and develop interventions to address.</p> <p>Review existing responsive v planning expenditure and develop a plan for increasing the % of planned work.</p> <p>Identify properties with Nil or extremely low repairs spend and target with stock condition surveys to assess risk &amp; potential investment need,</p> <p>Work with customers to explore areas of service enhancement and identify repair v capital priorities.</p> <p>Review tenancy management process linked to refusal of planned work and recharging of wilful damage/ misuse to reduce pressure on R&amp;M budget and wider HRA.</p> <p>Identify trends in Void work and ensure support is built into the capital programme to support emerging works and the voids process.</p> | A, B & C | An R&M service that is better supported through planned investment and is able to increase the % of rechargeable repair debt that is recovered. | 2022 |
| <b>Implement the recommendations that</b> | Establish a priority list of sites and recommendations to be progressed and   | C        | A clear forward plan for the management of garage sites that  | 2023 |

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| <b>come out of that review of garage sites.</b>  | develop a delivery programme in line with the HRA capital programme budgetary provision  |          | protects sustainable assets, identifies opportunities and reduces risk for the HRA.  |            |
| <b>Develop interim asset strategies for targeted subsections of the stock.</b>   | <p>Support the strategic review of high rise accommodation and the purpose-built older persons' housing blocks.</p> <p>Undertake an options appraisal of the blocks and make recommendations on the future approach to this type of asset.</p> <p>Develop two archetype specific interim strategies that alongside the Housing and Council's other strategies, review the current offer. Guaranteeing the future approach to these assets is driven by holistic understanding of their performance, is underpinned by an options appraisal and a solid understanding of future housing need.</p> | A, B & C | Approved and embedded archetype targeted interim strategies that direct the way in which those assets are managed; clearly identifies strategic priorities and delivers sustainable assets that support the HRA business plan. | 2022/23    |
| <b>Survey all non-domestic assets to record their condition, viability, risk, opportunities and investment need and develop a plan to manage them.</b> | <p>Identify land held in the HRA and develop GIS overlay for the sustainability model.</p> <p>Complete stock condition surveys on all HRA</p> <ul style="list-style-type: none"> <li>• shops</li> <li>• land &amp; street furniture</li> <li>• play equipment</li> <li>• allotments</li> </ul> <p>Develop financial forecasts to support the wider HRA business plan.</p>  | C        | <p>A non-domestic asset register supported with up to date stock condition data and evaluation of alternative site uses.</p> <p>All commercial assets make a positive contribution and support the HRA's priorities.</p>       | April 2023 |

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|  | <p>Review status and performance of non-domestic assets and explore how they can be used to deliver best value and/or outcomes.</p> <p>Carry out options appraisals on Red performing assets and explore options to maximise income, review social value, alternative uses and future potential.</p>  |          |  |      |
| <b>Ensure property standards are maintained and free from risk or disrepair.</b> | <p>Strengthen the approach to HHSRS by embedding it into all our surveying and property inspection processes. Increase staff awareness and training to ensure risks are understood and identified.</p> <p>Include HHSRS assessment in Keystone foundation stock condition survey.</p> <p>Increase general staff training and awareness of property condition, disrepair and fitness and ensure there is robust understanding of landlord obligations.</p> | B        | <p>All officers involved in surveying properties will have received appropriate training on HHSRS/ Section 11 Disrepair and Fitness for Human Habitation.</p> <p>HHSRS will be embedded in the stock condition process and data.</p> | 2022 |
| <b>Support communities and neighbourhoods to thrive.</b>                         | When undertaking capital works programmes, major investment or options appraisals, ensure that residents are consulted and actively involved in improvement, enhancements or changes to their neighbourhood.  | A, C & D | <p>A capital and investment programme that supports neighbourhoods and communities to thrive and generates opportunities of education and employment.</p>  | 2022 |

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|  | <p>In larger regeneration schemes, identify opportunities to incorporate measures to ensure that our buildings can access the best possible broadband and digital services. Work with partners and external providers to support the installation of super-fast broadband services to our estates and buildings where feasible, ensuring that installations are managed in a way that protects residents, our assets and our neighbourhoods</p> <p>Through work with partners and by identifying opportunities within the HRA investment programme, examine the prospects for increasing apprenticeships and employment opportunities for residents.</p> |             |  |      |
| <b>Redefine the approach to services linked to Homeownership</b> | <p>Ensure that RTB &amp; lease renewal valuations are robust and accurate to give residents certainty and maximise the potential income for the Council.</p> <p>Appraise how permissions and consents pre- and post-sale are dealt with to ensure building safety and value for money.</p> <p>Where we provide maintenance or other services to HRA land that others (apart from tenants and leaseholders)</p>   | A, B, C & D | <p>A combined homeownership function that supports customers and can maximise income and minimise financial risk to the HRA.</p> | 2023 |

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|   | <p>benefit from, investigate how, in future, we can cover the cost of these services more so that the HRA is protected.</p> <p>Assess the processes for the procurement of works so that the Section 20 process is supported and leasehold charges can be fully recovered for investment and cyclical work.</p>  |       |   |      |
| <b>Energy – Gateshead's Climate Emergency</b>                                     |  |       |   |      |
| <b>Develop and implement a 'fit for a low carbon future' standard for the HRA</b> | <p>Supporting Gateshead's Climate Emergency, develop and publish a commitment that details what Gateshead will do to reduce carbon use within the services linked to asset management.</p> <p>Develop a forward thinking and innovative approach to carbon reduction across all our assets. Examine the risks from non-domestic commercial assets and the potential opportunities with HRA land to offset carbon, improve our neighbourhoods &amp; help create vibrant &amp; thriving communities.</p> <p>Explore low/zero carbon technologies and refresh the housing specification to ensure it is fit for a low carbon future and supports customers to use energy responsibly.</p> | A & C | <p>A clear statement and standard that defines the commitment to support Gateshead's climate emergency and ensure homes are fit for the future.</p> | 2022 |

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|  | Investigate options to value engineer carbon off-setting opportunities with non-domestic HRA assets  |       |   |      |
| <b>Produce an action and cost plan for the stock which details how carbon net zero will be achieved alongside a minimum SAP rating of C.</b>                             | <p>Develop a financial appraisal of the work required to improve the stocks thermal efficiency and meet the requirements of net zero, including an assessment of the implications on the HRA business plan.</p> <p>Complete a pilot scheme with renewable technologies and insulation improvement. Review and monitor the schemes efficacy and the customer experience.</p> <p>Appraise the implications on R&amp;M of increase renewable technologies and changes to traditional building elements such as gas boilers.</p> <p>Review current arrangements for recording SAP in UNO and assess alternative solutions that maximise the use of stock condition data.</p> | A & C | A well-researched and evidence cost plan for the HRA that forecasts additional investment requirements, incorporates the associated life time cost implications and is informed by robust and validated stock condition data. | 2022 |
| <b>Appraise the options for district energy schemes. Establishing the opportunities for expanding existing schemes where there is capacity and creating new systems.</b> | <p>With the Energy Team, assess the spare capacity within existing energy schemes to establish the opportunities for connecting additional properties.</p> <p>Work with partners to assess the potential for the creation of new district energy schemes, including the sale of</p>  | A & C | A comprehensive understanding of the potential alternative ways in which some of our assets could be heated, supported by a detailed cost benefit analysis for the HRA business plan.   | 2023 |

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|   | <p>energy to leaseholder or homeowners.</p> <p>Review existing appliance data to identify the optimum timescales for gas boiler replacement programmes.</p>  |             |  |            |
| <b>Raise awareness and influence government policy on financial support needed to achieve carbon net zero</b>                               | <p>Work proactively with others to coordinate our approach; assist sector and industry bodies to help adapt; and influence the Government to increase financial investment into largescale energy infrastructure projects around insulation, energy efficiency &amp; heat generation.</p>  | C           | <p>Government and sector support that helps Gateshead meet its obligations, commitments and priorities around a carbon net zero future.</p>                              | On going   |
| <b>Develop a strategy to invest in education and training programmes to aid and support customers overcome barriers to good energy use.</b> | <p>Develop programmes and support that will aid customers' transition to new renewable technologies and assist them in using them in affordable and responsible way.</p> <p>Work with customers to identify positive installation stories and instances of customer feedback to help support the successful migration of more customers to renewable technologies.</p> <p>Work with partners like CAB to develop information that will explain to customers the changes that are going on around energy, how to responsibly use new technologies, deal with energy companies and reduce the risk of fuel</p> | A, B, C & D | <p>A strong communications programme, supported by partners, that supports customers through the transition from traditional energy systems to renewable technology.</p> | April 2023 |

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|  | poverty.   |       |   |                                      |
| <b>Review and evaluate the efficiency of existing EWI &amp; insulation schemes across the stock to ensure it remains fit for purpose and can support the 'fit for a low carbon future' standard.</b> | Assess all in-situ insulation schemes to ensure fitness for purpose and efficacy. Establish remaining life, SAP performance and validate financial expectations / stock condition data.  | A & C | Insulation systems that are safe, fit for purpose and support the priorities of a low carbon future.                    | Rolling evaluation programme to 2029 |
| <b>With partners identify opportunities to maximise ECO funding and develop 'off the shelf' schemes suitable for short notice grant opportunities</b>  | With sector partners identify potential work stress that are fully funded through ECO or are eligible for significant support.<br><br>Develop a bank of energy schemes that are progressed to a point where they can be mobilised quickly in response to short notice funding calls. | A & C | External funding sources are maximised to reduce the HRA's exposure to costs associated with achieving Net Carbon Zero. | Ongoing                              |