

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>3 DECEMBER 2018</p>		
<p>H&F HOUSING: COMPLIANCE AND ASSET MANAGEMENT STRATEGY</p>		
<p>Report of the Cabinet Member for Housing – Councillor Lisa Homan</p>		
<p>Open</p>		
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>		
<p>Consultation:</p>		
<p>Wards Affected: All</p>		
<p>Accountable Director: Jo Rowlands, Strategic Director of Growth and Place</p>		
<p>Report Author: David McNulty, Assistant Director Operations, Growth and Place</p>	<p>Contact Details: Tel.: 07867 160527 Email: david.mcnulty@lbhf.gov.uk</p>	

1. EXECUTIVE SUMMARY

- 1.1 The appended asset management strategy (the “Asset Management Strategy”) sets out the Council’s approach to how it will invest agreed capital resources in delivering a compliance-based asset management approach across all council housing.
- 1.2 The Asset Management Strategy sets out how we will ensure that the Council adopts a planned approach over the medium term to address the issues identified through a range of surveys including fire risk assessments, asbestos surveys and stock condition and structural surveys.

2. RECOMMENDATIONS

- 2.1 To approve the Asset Management Strategy as set out in appendix A.
- 2.2 To delegate approval to the Strategic Director of Growth and Place in consultation with the Cabinet Member for Housing of the annual delivery plan to achieve the objectives set out in the Asset Management Strategy.
- 2.3 To delegate to the Strategic Director of Growth and Place to put in place necessary measures to consult with residents on the Asset Management Strategy.

3. REASONS FOR DECISION

- 3.1 The Council is committed through its Fire Safety Plus programme to achieve a higher standard of fire safety across its housing stock (the “Fire Safety Plus Strategy”). This Fire Safety Plus Strategy sets out how available resource will be invested and prioritised to achieve this objective.
- 3.2 Following on from the Hackitt Review, there are key areas which need to be improved in the way in which the Council manages housing. The Asset Management Strategy outlines how the Council will adopt the very best practice in implementing these changes.

4. BACKGROUND

- 4.1 The Asset Management Strategy establishes how the Council will prioritise investment in housing over the course of the next five years. It makes clear the Council’s commitment to achieve a compliance-based asset management approach to its housing stock.
- 4.2 The resources required to maintain housing stock are significant therefore prioritisation is required to ensure that we achieve the Council’s objective of a higher standard as set out in the Fire Safety Plus Strategy. The resources available are those that are already pre-agreed through the Housing Revenue Account Business Plan and the additional £21 million when the Council launched its Fire Safety Plus Strategy in 2017.
- 4.3 Adoption of the Asset Management Strategy will align the investment decisions in the Council’s housing stock with the Council’s wider objectives of:
 - 1. Building shared prosperity
 - 2. Doing things with residents, not to them
 - 3. Taking pride in Hammersmith and Fulham

4. Creating a compassionate Council
5. Being ruthlessly financially efficient.

4.4 The Government's Hackitt Review will have significant implications for how the Council manages its stock. The adoption of the recommendations in the Hackitt Review will ensure that Hammersmith and Fulham is leading best practice in how it manages and invests in its stock. The key themes of the review are

- Clear roles and responsibilities to ensure a stronger focus on building safety
- Clear governance and record keeping of investment decisions
- Robust record keeping of all changes made to detailed plans
- Clear rights and obligations for residents to maintain the fire safety of individual homes, working in partnership with the Council.

4.5 The Asset Management Strategy clearly identifies responsibility for taking forward the delivery of the Council's compliance and asset management approach. The Growth and Place Directorate is the lead for this area and is putting in place structures which reflect the need for clearly defined roles between the operational and strategic in delivering a capital programme.

4.6 The Asset Management Strategy identifies the need to develop the Council's overall approach to asset management through improved recording of data and information about the condition of Council's housing stock, and to improve access to this information to residents. Work is underway to improve the Council's recording of stock condition and improve information made available to residents.

5. CONSULTATION

5.1 Subject to cabinet approval it is proposed that the strategy would be discussed through existing resident forums, including the Housing Reps Forum, Fire Risk Advisory Working Group and the Repairs Working Group. Feedback from these groups would be reported back to the Cabinet Member for Housing and inform further iterations of the strategy and the Compliance and Asset Management Delivery Plans.

6. EQUALITY IMPLICATIONS

6.1 In implementing the strategy all efforts need to be made to mitigate any negative impacts on residents with protected characteristics arising from any refurbishment works.

Implications completed by Peter Smith: Head of Policy and Equalities, tel. 020 8753 2206.

7. LEGAL IMPLICATIONS

- 7.1 The Asset Management Strategy has sought to implement some of the key recommendations made in Dame Judith Hackitt's report "Building a Safer Future" which reviewed building regulations and fire safety. It is likely that there will be legislation to overhaul of the system and gives residents a stronger voice in an improved system of fire safety.

Implications verified/completed by: Janette Mullins, Senior Solicitor, tel. 020 8753 2744.

8. FINANCIAL IMPLICATIONS

- 8.1 This report is requesting approval of the Asset Management Strategy. As set out in para 4.7 it is expected that this Strategy will be delivered through pre-agreed budgets set out in the Housing Revenue Business Plan, the Fire Safety Plus Strategy and Capital Programme. The Strategy sets out a framework with which these resources will be prioritised.
- 8.2 The approval of the delivery plan resulting from the implementation of the strategy proposed in this report will need to be affordable to the HRA. The current approved HRA Capital Programme four-year (2018-22) budget of £133.6m which was approved at Cabinet on 8 October 2018 (based on forecasts as at 30 June 2018). Any additional funding requirements arising from the delivery plan will need to be approved by Cabinet if under £5m and by Full Council if over £5m. Once approved funding variations within the four-year capital programme will need to be approved via the Council's quarterly capital monitoring regime.
- 8.3 The cost of the longer term strategy will need to be affordable to the HRA over the course of 40 years. This needs to be demonstrated via the HRA business plan model which will need to demonstrate a minimum level of reserves and borrowing levels/costs in line with the requirements replacing the former HRA debt cap which was abolished on 29 October 2018 as announced in the Chancellors budget. Restrictions on HRA borrowing will be set out in the near future by the CIPFA¹ Prudential Code.
- 8.4 Implications completed by: Firas Al-Sheikh, Head of Financial Investment and Strategy (Growth & Place), tel. 020 8753 4790.
- 8.5 Implications verified by: Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

¹ Chartered Institute of Public Financial Accountants

9. IMPLICATIONS FOR BUSINESS

- 9.1 There are no direct implications for business as a result of this strategy.
- 9.2 Implications completed by David Burns, Assistant Director Growth, tel. 020 8753 6090.

10. COMMERCIAL IMPLICATIONS

- 10.1 There are no procurement implications resulted from this report.
- 10.2 All procurement exercises that may result from adopting the strategy presented will follow the Council's Contracts Standing Orders (CSOs) and the Public Contracts Regulations (PCR 2015).
- 10.3 Implications provided by Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.

11. IT IMPLICATIONS

- 11. IT Implications: IT systems will be a key enabler in supporting the development of a compliance based approach to asset management and improve residents' access to compliance information. The service will need to work closely with IT Services and G&P Systems and Programmes to define the scope for this work and ensure that appropriate solutions/solution enhancements are properly specified and implemented.
- 11.2 Any contractors engaged to support the council in delivering the planned programme of works and any associated systems improvements will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.
- 11.3 A Privacy Impact Assessment will need to be completed and kept up to date, to ensure all potential data protection risks around implementing this strategy are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule or an information sharing agreement template and a Supplier Security Checklist to ensure any systems used by third parties comply with H&F's regulatory requirements.
- 11.4 Any contracts entered into as a result of this strategy will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.

Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, tel. 020 8753 5748.

12. RISK MANAGEMENT

- 12.1 Asset management is the planned management of physical assets undertaken to meet the Council's service and financial objectives. By applying good asset management practices and principles the Council will ensure that its housing stock meets current and future needs, including planning for investment in repair and improvements, and reviewing and changing the portfolio to match local circumstances and legislation. An Asset management plan will contribute to the management of risk in the following areas; customer needs and expectations, legislation and compliance, value for money and environmental risk.

Risk implications verified by Michael Sloniowski, Risk Manager, tel. 0208 753 2587.

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES

APPENDIX A - Compliance and Asset Management Strategy 2018-22