



## London Borough of Enfield

<b>Title of Report:</b>	HRA Asset Management Strategy
<b>Report to:</b>	Cabinet
<b>Date of Report briefing:</b>	13 <sup>th</sup> September 2023
<b>Cabinet Member:</b>	Cllr George Savva (Social Housing)
<b>Directors:</b>	Joanne Drew, Strategic Director of Housing and Regeneration
<b>Report Author:</b>	Katie Martell, Acting Head of Asset Strategy
<b>Ward(s) affected:</b>	All
<b>Key Decision Number</b>	KD 5247
<b>Implementation date, if not called in:</b>	
<b>Classification:</b>	Part I Public
<b>Reason for exemption</b>	

### Purpose of Report

This report seeks approval for a Council Housing Asset Management Strategy (AMS) to cover the period 2023 to 2028. The AMS describes the way the Council will use its housing assets to support the delivery of the Council's corporate aims and objectives. Reflecting the Corporate Plan Priority to provide More and Better Homes, the Council is seeking to continually improve the quality and safety of its housing stock including through regeneration and development programmes.

### Recommendations

- I. Approve the Council Housing Asset Management Strategy 2023-2028 attached at **Appendix 1**.
- II. Delegate to the Strategic Director of Housing and Regeneration authority to agree, in consultation with the Cabinet Member for Social Housing, an annual programme of investment works to Council Housing in accordance with the approved strategy.

## Background and Options

1. Enfield Council has a total asset base of over 18,300 units managed through its Housing Revenue Account (HRA). This comprising of 15,383 residential homes – which includes over 5,000 leasehold properties where we retain freehold ownership and over 3,000 commercial units including shops and garages. The physical and financial performance of these assets underpins the strategy for Council Housing which is funded through the HRA. The Council is also delivering new housing through its HRA through its development and regeneration projects.
2. The vision for the Asset Management Strategy (AMS) is to invest in and improve our council homes and for our homes to be:
  - affordable so that different people on different incomes can live together in mixed communities
  - safe and good for health and wellbeing
  - child, age, and disability friendly
  - low carbon and climate resilient
  - and digitally connected
3. Our ability to deliver good quality Council Homes impacts on our wider priorities as a council to support and enable strong, healthy, and safe communities and thriving children and young people. We can only achieve this if our council tenants and leaseholders live in a good quality home in a well-managed estate or neighbourhood.
4. The Council Housing Asset Management Strategy provides the strategic direction and approach to allow us to make better, more informed investment decisions in our existing housing stock. There is a focus on improving knowledge of stock through stock condition and Housing Health and Safety Rating System (HHSRS) surveys which will ensure investments can be prioritised more accurately and respond to risks such as damp and mould.
5. The AMS sets out how we aim to provide warm, comfortable and decent homes by ensuring all our assets are maintained to clearly defined, understood, and adopted standards for decency. Through intelligence-led asset management, we will use our understanding of our stock's performance, to deliver investment where it is needed most and will deliver the best outcomes for our residents, ensuring opportunities are taken to unlock any untapped potential or act where stock no longer meets our residents needs or is no longer 'fit for purpose'. Our Energy Efficiency targets of EPC B by March 2030 will also support this strategy objective. The Department of Levelling Up, Housing and Communities has been undertaking a review of The Decent Homes Standard and this is now out for consultation. The outcome of this will be closely monitored and the AMS will be reviewed to reflect any changes to the standard.
6. The AMS objective to provide safe and compliant homes is key to ensure Landlord Compliance and Building Safety regulations are met. As a minimum, we will consistently deliver 100% compliance on the "Big-6" (gas, electricity, water, fire, asbestos, and lifts). We will also ensure we target the

requirements from the Building Safety Act, changes to the building regulations and other important legislative changes to ensure the safety of our residents and fulfil our obligations as a building owner. The ability to meet statutory targets for performance and compliance and in doing so avoid prosecution and fines, maintains the reputation of the Council and more importantly the safety of our residents.

7. The AMS provides overview of the plan to achieve sustainability and carbon neutrality of housing stock. We have committed to “Retrofit council housing to increase SAP to a minimum score of 86” [EPC B] by March 2030 so consequently we have focussed our objectives through the life of this AMS towards improvements in SAP ratings which will also reduce carbon emissions. We will also continue to seek additional grant funding to supplement our capital funding requirements, striving to deliver new and exciting opportunities that offer better value for residents and drive carbon efficiencies.
8. The approach set out within the AMS will ensure effective investment in our assets making sure they are fit for purpose and enable efficient procurement and delivery in order to achieve best value as well as reducing expensive reactive replacement costs.
9. The Asset Management Strategy includes a 35-point action plan that will be monitored through Council Housing Asset and Capital Investment Board and key measures reported through the Council Housing Assurance Framework.
10. As noted above, there are two forthcoming changes that will impact on the long-term delivery of the AMS - amendments to the Decent Homes Standard, and the proposed new regulatory standards implemented by the Regulator of Social Housing (RSH).
11. The Decent Homes Standard (DHS) was introduced in 2000 and is currently applicable to the social housing sector. The Government is considering a review of the DHS, considering the following:
  - An updated list of items which must be kept in a reasonable state of repair for a home to be considered ‘decent’.
  - An updated list of services and facilities that every property must have to better reflect modern expectations for a ‘decent’ home.
  - Whether the current Decent Homes Standard sets the right standard on damp and mould to keep residents safe.
  - Updates to how the condition of building components - such as roofs and walls - are measured, to make sure that buildings which are not fit for use cannot pass the standard.
12. Following the Social Housing Regulation Act receiving Royal Assent, in July 2023 the RSH launched consultation on new Consumer Standards, including The Safety and Quality Standard, which will replace the Homes Standard from April 2024. New building safety requirements includes the production of Building Safety Case reports for tall buildings. This work is ongoing and requires further assessments of the stock which may identify additional works requirements. The Council will need to undertake a review of the AMS and ensure that programmes of work are directed toward decency and regulatory

compliance. However, the proposed AMS will provide a strong direction of travel for the Council in meeting any new requirements. Consultation with residents on the draft Consumer Standards is planned at the Tenants' Conference in September 2023.

13. Option to do nothing would lead to non-compliance with the statutory requirements of the Regulator of Social Housing and Building Safety Regulator. This would also impact resident satisfaction as having good quality and well-maintained homes can significantly impact upon the health, well-being, and quality of life of our residents and is a major driver of resident satisfaction. This option has been rejected

### **Preferred Option and Reasons For Preferred Option**

14. Approve the approach set out within the Council Housing Asset Management Strategy to enable the Council Housing service to deliver essential actions to achieve Council plan and service objectives and to ensure regulatory compliance.
15. Officers considered that this option would be preferred to ensure compliance with regulatory standards and reduce risks associated with non-compliance with these requirements.

### **Relevance to Council Plans and Strategies**

16. This Asset Management Strategy (AMS) sets out how we will maintain, manage, and invest in our Council Homes meeting our priority to invest in and improve our Council Homes as outlined in our Housing and Good Growth Strategy 2020-2030.
17. The AMS will support all five of the objectives from the Council Plan Priorities as follows:
  - Clean and green places – ensuring land is well-designed and well-managed
  - Strong, healthy and safe communities – reducing carbon and improving sustainability
  - Thriving children and young people – providing warm, safe and comfortable that are good for health and wellbeing
  - More and better homes – regeneration and development programmes delivering more homes and capital works programmes improving the decency and energy efficiency of our current homes
  - An economy that works for everyone – ensuring opportunities available through our capital programme procurement provides local people with skills and employment opportunities.

### **Financial Implications**

18. This report sets out the Council Housing Asset Management Strategy and action plan which sets out the ongoing works required to HRA stock.
19. With changes in regulatory requirements and additional expectations around Decent Homes standards, building safety regimes and energy

decarbonisation measures, the strategy will be on an interim basis and will be reviewed on an ongoing basis.

20. In the next two years there is £100m budget approved as part of the HRA rent setting report (KD5503). In this period investment will continue to:
  - a. Achieve Decent Homes standards in all homes by 2026, replacing roofs, kitchens, bathrooms, electrics, heating, door entry systems, fire rated door replacements and fire safety improvements.
  - b. Focus on building safety requirements in high rise blocks
  - c. Improve energy performance in homes so that they are warmer and greener
21. In the next 10 years the HRA business plan has a budget of £260.7m to investment in our current stock. Following new standards (subject to consultation) there may be a requirement for future budget provision. This value is unknown at this time but will be reviewed as part of the annual business plan review.
22. It should be noted that the current base Business Plan remains constrained within the first ten years, and it is only after this time that cash balances start to increase. The overarching principles in the strategy to invest in stock, along with the current and proposed Development and estate renewal programmes, may lead to resource constraints and choices may have to be made over prioritisation of future projects.
23. All opportunities for additional funding will need to be explored, including:
  - a. Grants from Government and the GLA including additional funding support in particular to meet new Decent Homes standards and the retrofitting of homes
  - b. Flexibility in the use of RTB receipts
  - c. Lower borrowing rates to reduce revenue costs – this will increase reserves that can be used to fund additional capital requirements
24. There is a £1m annual income disposal target built into the HRA business plan, to ensure the plan remains sustainable. The strategy will identify opportunities for disposal and redevelopment of HRA assets and land.

### **Legal Implications**

25. The recommendations proposed in this report support the statutory, regulatory, and future requirements for safe, comfortable, and desirable homes for the residents of Enfield.
26. The framework for the regulation of social housing in England is contained in Part 2 of the Housing and Regeneration Act (HRA) 2008 (as amended). The Regulator of Social Housing (“the Regulator”) is an independent body, responsible for setting standards that all registered providers of social housing must meet and holding landlords to account for compliance with these standards. It maintains a statutory register of social housing providers and has power to register and de-register providers. Under the 2008 Act, the Regulator has two fundamental objectives:

- Economic objective: to make sure that registered providers of social housing are well-managed and financially stable.
- Consumer objective: to make sure that tenants get quality accommodation, have choice and protection, and can hold their landlords to account.

27. The regulatory framework is made up of:

- regulatory framework requirements – what registered providers need to comply with, including: regulatory standards; registration and notification requirements; and information requirements.
- codes of practice – a code of practice can amplify any economic standard to assist registered providers in understanding how compliance might be achieved. It is not binding. The Regulator has published codes of practice on Governance and Financial Viability and Value for Money.
- regulatory guidance – this provides further explanatory information on the regulatory requirements and includes how the regulator will carry out its role of regulating the requirements.

28. Regulatory standards

To achieve its objectives, the Regulator has a set of regulatory standards containing specific expectations registered providers of social housing must comply with and the outcomes providers are expected to achieve. The regulatory standards are classified as either 'economic' or 'consumer'. The Regulator considers whether landlords are meeting the standards at an organisational, or systemic level. This means looking at the landlord's performance in the round and making sure they have the appropriate systems and processes in place to meet the standards.

29. Legal obligation under the Gas Regulations 1998 to annually check the safety of all gas appliances, pipework, and associated things within our stock.
30. Obligation under the Regulatory Reform (Fire Safety) Order 2005 to carry out Fire Risk Assessments (FRA) in all our Homes of Multiple Occupation (HMO).
31. A duty to comply with the Asbestos Management Regulations 2012 and follow best practice relating to domestic properties. Legionella compliance and Electrical Safety checks. To further support the asset management strategy, landlords must adhere to repairing obligations in Section 11 of the Landlord and Tenant Act 1985 (the Act) as amended by the Homes (Fitness for Habitation) Act 2018.
32. Section 9A of the 1985 Act requires landlords to ensure the property is fit for human habitation. It can now clearly be argued that mould can leave a property unfit for human habitation. There are also specific requirements in the Housing Act 2004 for housing to meet certain standards / conditions and to be free from certain hazards, with provisions for enforcement action to be taken against those that fail to meet those requirements. The Act focuses on 29 housing hazards, the first on this list being damp and mould

growth. The HHSRS assesses the health and safety risks within a property. If a property fails, the HHSRS it automatically fails the Decent Homes Standard.

33. Social housing green paper

The Grenfell Tower fire in June 2017 exposed a range of issues with social housing resulting in a social housing green paper - A new deal for social housing - which aimed to “rebalance the relationship between residents and landlords”. On 17 November 2020 the Government published a social housing white paper – The Charter for Social Housing Residents. The Charter set out measures to deliver on the Government's commitment to the Grenfell community. The white paper was intended to deliver “transformational change” for social housing residents in England. It set out several measures including:

- Encourage investment in neighbourhood, place and decent homes - by reviewing the Decent Homes Standard, supporting the quality of and access to green spaces, and tackling anti-social behaviour by enabling tenants to know who is responsible for action and who can support and assist them.

34. As a result of the white paper, the measures were followed up in The Social Housing (Regulation) Bill's where its aim is to facilitate a new, proactive approach to regulating social housing landlords on consumer issues such as safety, transparency and tenant engagement, with new enforcement powers to tackle failing landlords. The Bill has three core objectives:

- to facilitate a new, proactive consumer regulation regime;
- to refine the existing economic regulatory regime; and
- to strengthen the Regulator for Social Housing's powers to enforce the consumer and economic regimes.

35. Landlords also need to prepare for new provisions being introduced as part of the Social Housing (Regulation) Bill, which will place more responsibilities on landlords to respond to complaints about damp and mould and other hazards quickly and inform their tenants about how to complain. Landlords should consider the issues raised in this report, and prepare for the forthcoming regulation of consumer standards, to ensure they have a good approach to maintaining their assets, tackling damp and mould in their homes and ensure that the homes they provide are safe and decent. The bill received Royal Assent on 20 July and is now the Social Housing (Regulation) Act 2023.

### **Equalities Implications**

36. The recommendations proposed in this report support the statutory, regulatory and future requirements for safe, comfortable and desirable homes for the residents of Enfield.

37. The AMS aims to improve the quality of housing for Council housing residents in Enfield. Women, individuals with disabilities, and households with a lower income are over-represented among social housing tenants in Enfield when compared with owner/occupiers and private rented tenants.

These groups are therefore likely to benefit from the delivery of the AMS, and to the extent that it improves housing quality it may be seen as a measure to address inequalities in the Borough. Investment in homes is prioritised according to the Decent Homes standard and building safety risk assessments.

38. A Disabilities Facilities service, supported by occupational therapy assessment is provided to ensure adaptations are made to enable residents with the need for additional facilities in their home such as stair lifts are provided enabling residents to live independently and safely.
39. There is no indication that delivery of the Asset Management Strategy will result in any foreseeable negative impacts on any individual or group that has protected characteristics, and reasonable adjustments will be made to programme delivery where appropriate to support residents.

**Environmental and Climate Change Implications (if any, delete if not relevant)**

40. The AMS offers major improvements to the existing council housing stock, committing to improving energy efficiency and reducing carbon emissions in line with the Council's commitment to carbon neutrality by 2030. Retrofitting to EPC B will also help the tenants with their energy costs and provide warmer and healthier homes for residents.

**Public Health Implications (if any, delete if not relevant)**

41. The causal link between poor housing conditions and poor health outcomes is long established. The independent Marmot Review (2010) said housing is a 'social determinant of health', meaning it can affect physical and mental health inequalities throughout life. The Marmot Review 10 Years On – Health Equity in England, recorded an expansion in research on the relationship between poor housing and health:  
Poor-quality housing harms health and evidence shows that exposure to poor housing conditions (including damp, cold, mould, noise) is strongly associated with poor health, both physical and mental. The longer the exposure to poor conditions, including cold, the greater the impact on mental and physical health. Specific physical effects are morbidity including respiratory conditions, cardiovascular disease and communicable disease transmission, and increased mortality. In terms of mental health impacts, living in non-decent, cold or overcrowded housing and in unaffordable housing has been associated with increased stress and a reduction in a sense of empowerment and control over one's life and with depression and anxiety. Children living in overcrowded homes are more likely to be stressed, anxious and depressed, have poorer physical health, attain less well at school and have a greater risk of behavioural problems than those in uncrowded homes. Work to improve housing conditions within Enfield will therefore have a positive effect on health in the borough.

**Other Implications**



42. All expenditure and commissioning of suppliers to support the asset management plan must be procured in line with the Councils Contract Procedure rules.
43. Effective contract management must take place to ensure that the deliverable of the contract is met and deliver the outcomes set out in the strategy and the specification of the contract.
44. That due regard to the Councils Sustainable and Ethical Procurement Policy is made, especially regarding climate action.

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### **Appendices**

Asset Management Strategy 2023-2028  
Asset Management Strategy 2023-2028 EQIA

### **Background Papers**

None

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