

NOTTINGHAM CITY HOMES

REPORT OF REPORT OF THE INTERIM
DIRECTOR OF PROPERTY SERVICES

THE BOARD
15 NOVEMBER 2007

NOTTINGHAM CITY HOMES ASSET MANANAGEMENT STRATEGY

1 SUMMARY

- 1.1 The purpose of this report is to confirm the present status of the Draft Asset Management Strategy circulated for consultation September 2007.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 Note the approach to the implementation of the NCH Asset Management Strategy incorporating the five year capital expenditure of £243 million* to deliver Decent Homes to support the transformation of our neighbourhoods.
- 2.2 Note the proposals relating to the Decent Homes investment which will lead to Decent Homes being completed within Nottingham within the 2012/2013 financial year.
- 2.3 Note the five year programme of works to achieve the Decent Homes standard for 100% of the Council's tenanted properties.
- 2.4 Note the intended procurement methods to deliver the to deliver the programme incorporating elemental streaming of works relating to Windows and Heating based upon residents priorities.
- 2.5 Note the re-procurement by NCH of Decent Homes Phase 2 works in line with the proposals within the NCH Asset Management Strategy to incorporate elemental delivery of construction works.
- 2.6 Note the intended use of PVCu windows on the Decent Homes programme in line with the PVCu specifications already in place for current Regeneration programmes.
- 2.7 Note the approach to homes where Decent Homes investment is unlikely to be undertaken due sustainability issues.
- 2.8 Note the approach towards the publication and consultation for the programme

3 REPORT

- 3.1 The NCH Asset Management Strategy sets out the way forward for the delivery of long term sustainable houses for our residents. The report also addresses the way in which we will ensure that we deliver the Decent Homes standard for every home and ensure that our residents receive a value for money repairs and maintenance service.

The strategy assesses effective procurement and the sustainability and future options for poorly performing or poor quality housing. Effective works programmes are required to keep the stock in good condition.

The NCH in-house team has worked with consultants Savills over the past months, in developing a detailed investment plan through analysing what work is required to the housing and how this work should be carried out in order to achieve the decency standard by the end of the 2012/13 financial year This strategy aims to deliver the following benefits:

- Meet the Decent Homes target
- Incorporate residents priorities
- Ensuring that the Decent Homes programme is the affordable within the proposed Capital Funding
- Value for Money Repairs and Maintenance;
- Investment only to properties that are sustainable in the medium to long term
- Incorporating residents priorities into the programme
- Packaging works instead of a one hit approach
- Better value from procurement
- Detailed Programme Planning

The document is now being considered by all stakeholders for consultation.

It is expected that the final version of the AMS incorporating the views received will be presented to be approved by the Board (Next Meeting).

4 OTHER OPTIONS

- 4.1 Following the 1 star rating by the Audit Commission in the inspection of NCH in December 05, NCH and NCC undertook a review of the Decent Homes investment and determined that a larger programme that that first envisaged would give better overall benefits.

To this end a delegation from NCC and NCH visited the then DCLG to discuss an increase in ALMO funding in October 2006. There was clear guidance from the DCLG at that time that there would not be further scope for increasing the funding available to Nottingham for the Decent Homes programme. This option became therefore untenable.

Recent meetings presented to CLG jointly by NCC and NCH have indicated that the current spending profile within the AMS, is in line with Government expectations and would be fully funded.

5 FINANCIAL & RISK IMPLICATIONS

- 5.1 With the adoption of the AMS, NCH has a clear plan for investment in the stock for the next 5 years.

NCH anticipates a spend of £243m on decency work out of an overall £309m Capital Programme from April 2008 through to the end of the 2012/13 financial year. Of this programme, £165m is subject to a positive inspection by the Audit Commission.

The programme can only be affordable through taking the actions identified within the strategy and outlined in the recommendations above.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 6.1 This Asset Management Strategy has been drawn up to complement and inform the Nottingham City Homes (NCH) Delivery Plan, 10 Year Strategy and Procurement Strategy.

This Nottingham City Homes (NCH) Asset Management Strategy (AMS) forms part of and supports a series of strategic documents such as Strategic Regeneration Frameworks, Neighbourhood Plans, the Housing Strategy, Community Strategy, Local Community Strategies, and the Local Area Agreement. which will revitalise the local economy, support the regeneration of the city and the creation of successful neighbourhoods within it.

Nottingham City Homes (NCH) recognises that effective asset management is fundamental to the delivery of the Councils corporate themes and the documents delivery is crucial to the successful delivery of our organisation's objectives as an Arms Length Management Organisation (ALMO).

7 VALUE FOR MONEY & EFFICIENCY ISSUES

- 7.1 The strategy details how NCH will achieve savings against current costs by procurement and benchmarking. A prudent estimate of the savings which will be achieved is around £2million per annum, £10 million over the course of the Decent Homes contract.

The Repairs and Maintenance service is currently engaged in the market testing of the whole business by OJEU process. This contract is based up a 60/40 quality price split and is worth around a potential £210 million over a 5-7 year contract.

Work is constantly taking place between NCH officers and the Constructor Partners to review costs and materials. Both direct costs of works and indirect through the supply chain. By revising processes through comparisons with others efficiencies will continue to be made.

8 EQUILITY & DIVERSITY IMPLICATIONS

8.1 The strategy will describe how The Decent Homes programme will advance the cause of the communities of interest within Nottingham

9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

9.1 The NCH Asset Management Strategy (Draft for Consultation)

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