



City of Lincoln Council

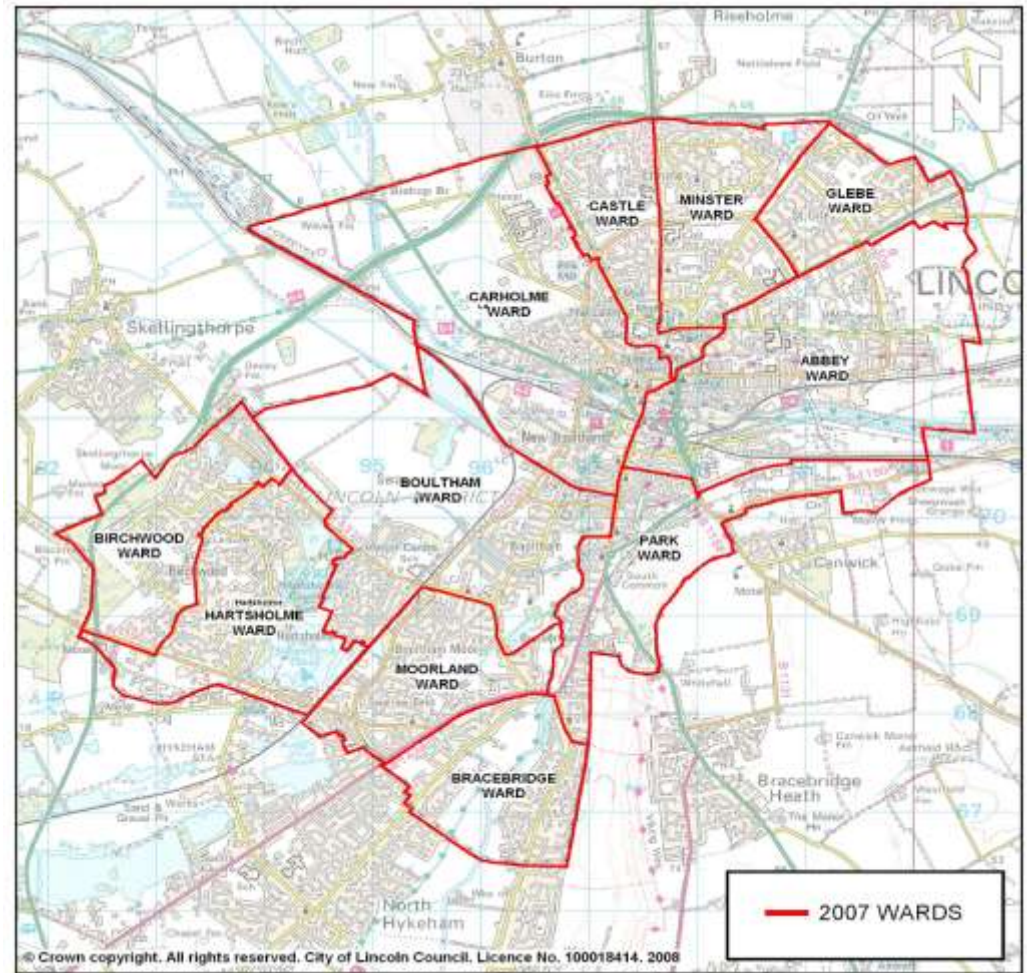
Tim Whitworth



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The area of operation

- We cover an area of 36 sq. miles
- Lincoln is one of the highest cities with a high under 25s profile (recent university impact)
- Lincoln is famous for its annual Lincoln Christmas Market and the Norman cathedral. The film of the 'Da Vinci Code' was filmed there
- Demographic knowledge could be improved
- Partnership arrangement under one roof



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A potted history of CoLC assets

- The council has 7905 properties and 1668 garages, total income in 2012-13 was £25.7 million
- Housing portfolio stock is a mixture of pre and mid war traditional and low rise 1960s dwellings, 3 tower blocks and a selection of older individual properties. Considerable land bank recently 'unlocked'
- Right To Buy had 24 sales in 2012-13 and in 2013-14 there were a further 32 sales
- Lots of small pockets of land usually ex garage sites
- Few large scale opportunities and most with strings attached e.g. power lines, multiple ownership, land locked etc



A potted history of CoLC assets (2)

- Average SAP rating is 75 for council houses in the City
- Fuel poverty is an issue – 19.2% in all homes in Lincoln are affected
- Expenditure of major schemes in 2013-14 is in the order of £13.5 million. Responsive repairs costs are circa £6 million per annum and not reducing.
- Voids turn around is 24 days (Q1 2014-15). There are 500 lettings per year (falling compared with previous years - 750). Full year T/a times across all types 39 days



A potted history of CoLC assets (3)

- There were 5 new builds in 2012-13, 5 more last year and 20 (phase 3) planned in 2014-15 all within HRA in an EMPA framework
- New homes to code level 4 with a SAP rating of 91. EPC rating is B. Future homes to be 'to code' with omissions
- Total 'pot' size is circa £17m HRA inc max borrowing ceiling and 'liquidity'/HIP savings and re programming
- Exploring building outside the HRA through special vehicle. Report due October 2014

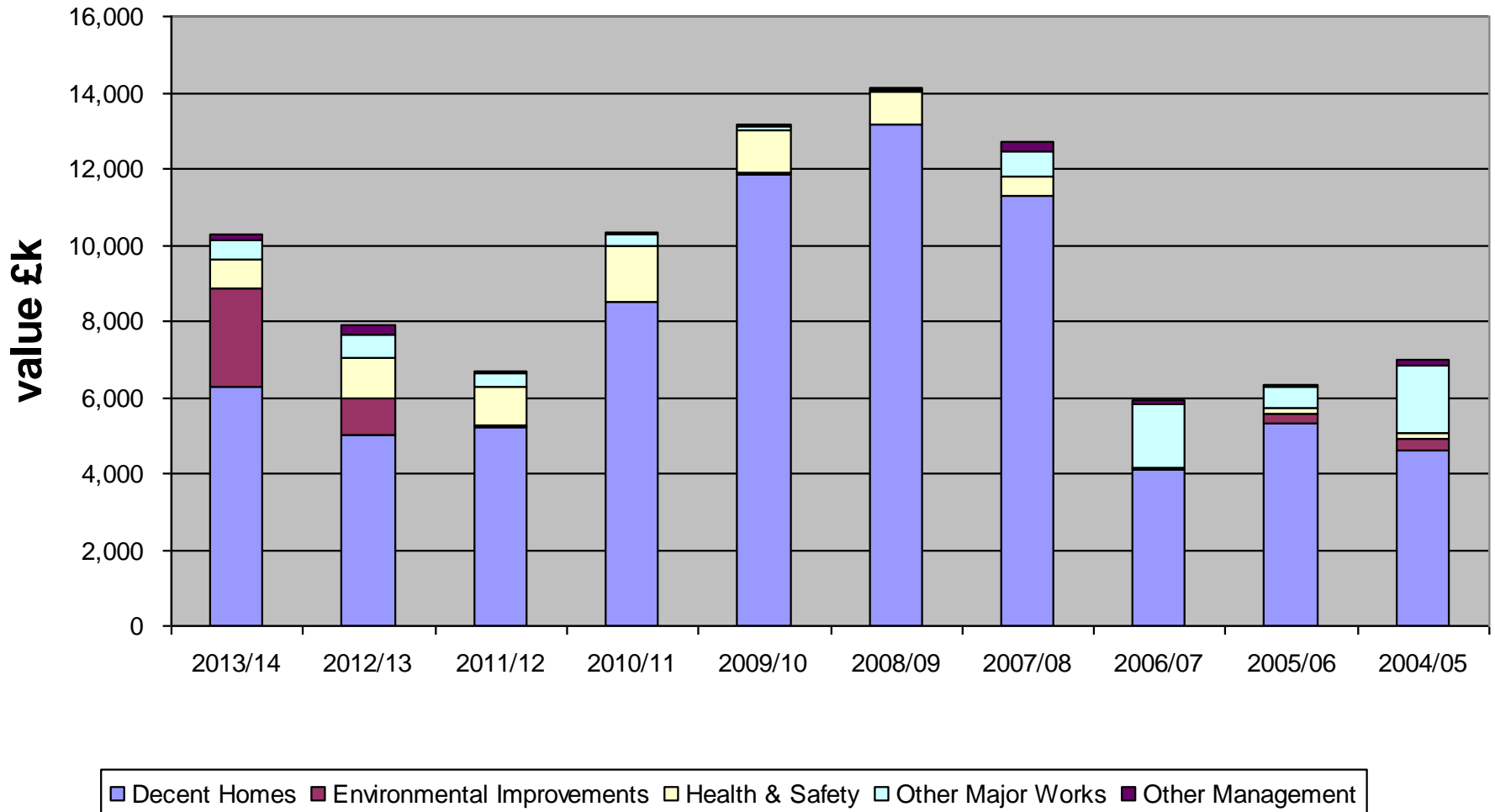


A potted history of CoLC assets (4)

- First authority to sign the CIH national Repairs Charter
- Repairs service undertakes 25k D2D jobs per year with less than 3% undertaken out of hours. The repairs service has been LEAN reviewed
- 15% of the workforce is multi-trade with an enhancement under local agreement. Upgraded repairs IT package almost installed, enhanced PDAs and integral 'real time' stock movement and billing using 'task times'
- Welfare reform – under occupancy has affected approximately 10% of the stock threatening income streams
- Rent arrears in that tenant group are starting to increase slightly above that of the remainder



Repairs expenditure - past 10 years



■ Decent Homes
 ■ Environmental Improvements
 ■ Health & Safety
 ■ Other Major Works
 ■ Other Management



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The 'old world'

- Stock condition – 'drive-bys'
- Housing Investment Programme
- Short sighted approach, no long game plan
- Little consideration other than to keep it standing and decent

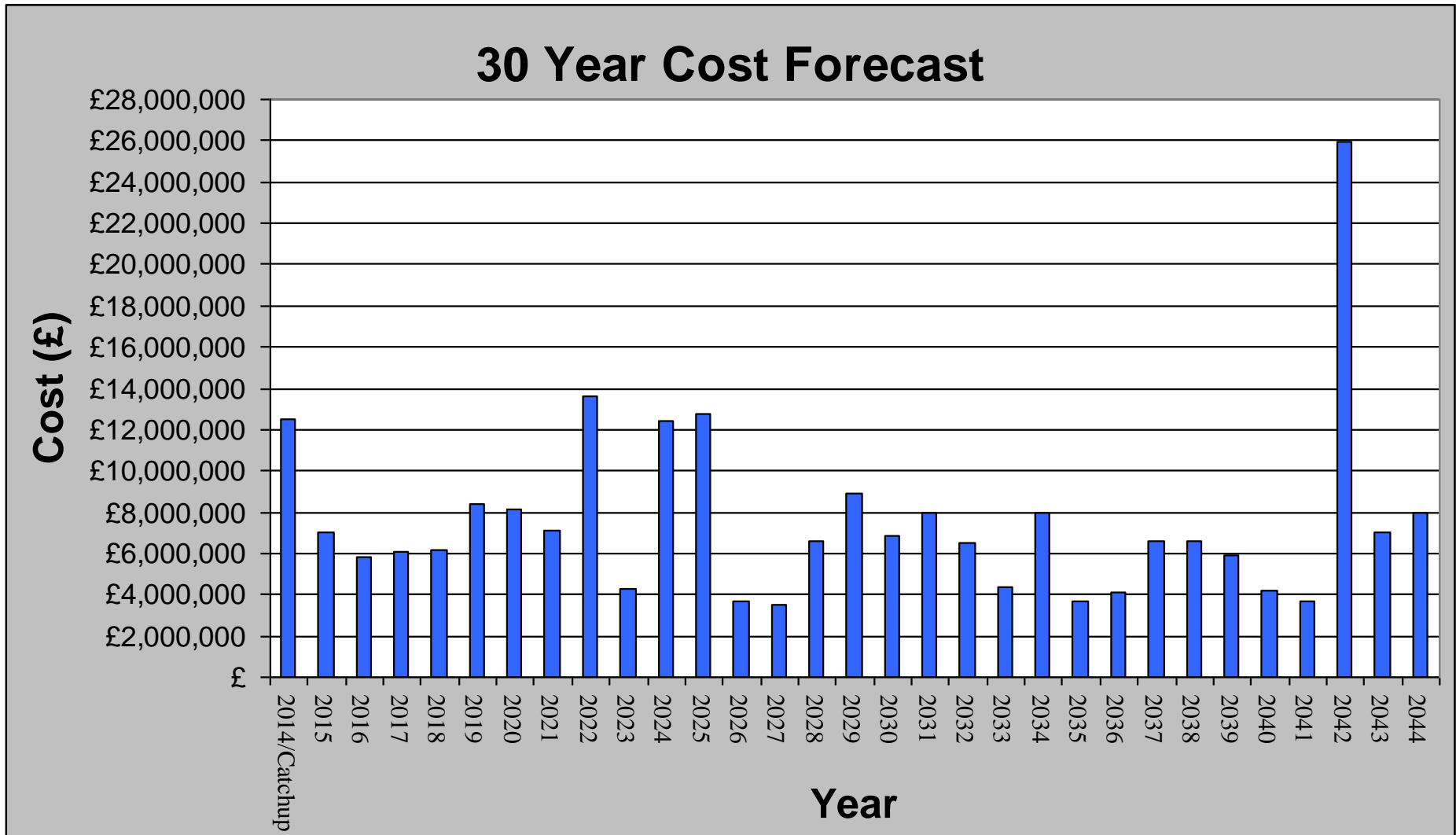


The 'recent world' - Self Financing

- Thirty Year asset plan - accuracy is paramount or what?
- The 'extra 10%' at each level?
- Playing 'Find the lady' with stock condition inaccurate values - £1m here is not £1m there
- True projected spend



The 'recent world' - Self Financing



The new world for Council Landlords– ‘Commercial’ asset management

- Expenditure – all levels
- Past investment – the bigger picture (Impact of Decent Homes and the current % of reactive repairs compared with total rental income)
- Does the asset ‘wash its face?’



Considerations 1: Demand and supply

- Demographics – serving the ageing population
- Fluctuations in demand – location & home types (e.g. the impact of welfare reform on 3 bed semi detached properties)
- Choice - increased customer demands/expectations



Considerations 2: Stock Condition and sustainability

- An ageing stock profile and 'fit for purpose issues' with some property types
- The pressure to a deliver higher, local determined standard (Decent Homes +)
- Neighbourhood and economic sustainability



Considerations 3: Funding, Financing and delivering Value for money

- The imperative for assets and asset planning to support the Business Plan
- The need to optimise value and use of assets (economic regulation)
- The need for proactive solutions to improve stock portfolios and their performance



The road map for change

- A robust approach to use of resources
- A clear understanding of the return on assets
- Whilst meeting organisational objectives the use of assets should be considered in the round, seeking the best strategy for delivering value from them
- To use information on return on assets to underpin strategic decisions (e.g. hold stock in current form, dispose, convert tenure etc.)



The HCA view on VfM statements

“In the last set of statements it was on the return on assets requirement where people struggled most”

**Jonathan Walters, Deputy Director
Strategy and Performance, HCA**



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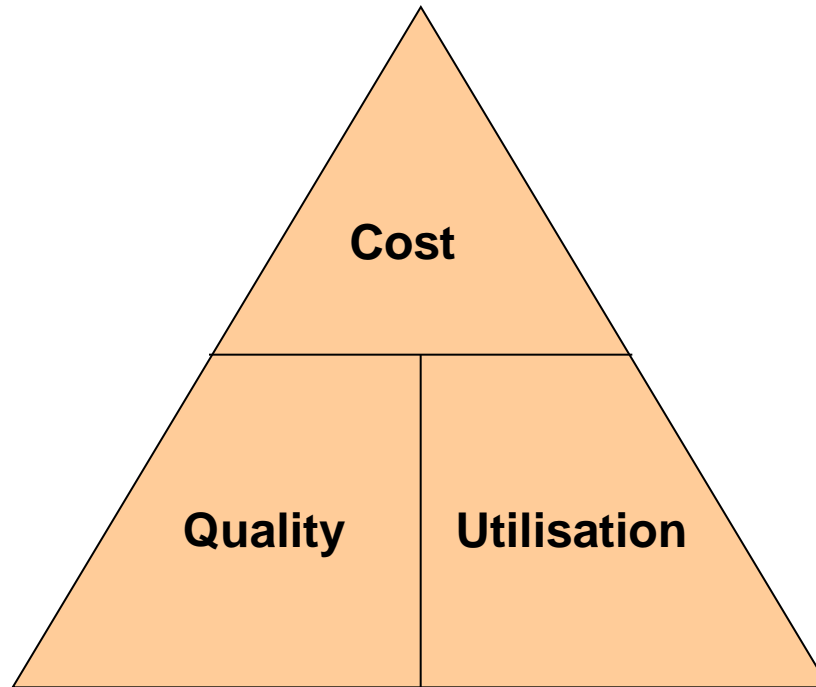
Target position

- To establish a position where all the councils housing assets and intended assets meet with its strategic objectives. That means:
 - Right assets
 - Right quality
 - Right place
 - Right time
 - Right level of income generation for the business plan



Means to achieve your target position

- Seek to manage the council's assets to achieve the optimum balance between



1 Produce an asset management strategy

- Well informed and fact driven from:
 - Stock condition surveys
 - Asbestos register information
 - SAP ratings plus Local knowledge of Reactive repairs and Decent Homes feedback
 - Feedback from your Allocations team and from ‘how was it for you?’ customer consultation (also good for voids standards)



2 Produce an asset management delivery plan

- What
- When
- Why (linked to strategic objectives)
- How much?
- But don't forget the bit about consultation/social argument consideration



3 Asset management tools

Financial – the easy bit

Net Present Value and Yield

Non Financial – the harder bit

Social context, localism, community cohesion, demand, 'churn', consultation

Question

Are there sufficiently robust IT 'tools' out there to handle this objectively?



Outcomes sought from asset management tools

- To produce a Viability Report to enable you to confidently arrive at a decision to recommend either:
 - Keep
 - Adapt
 - Change usage
 - Redevelop
 - Dispose
 - Or fuel a heated debate

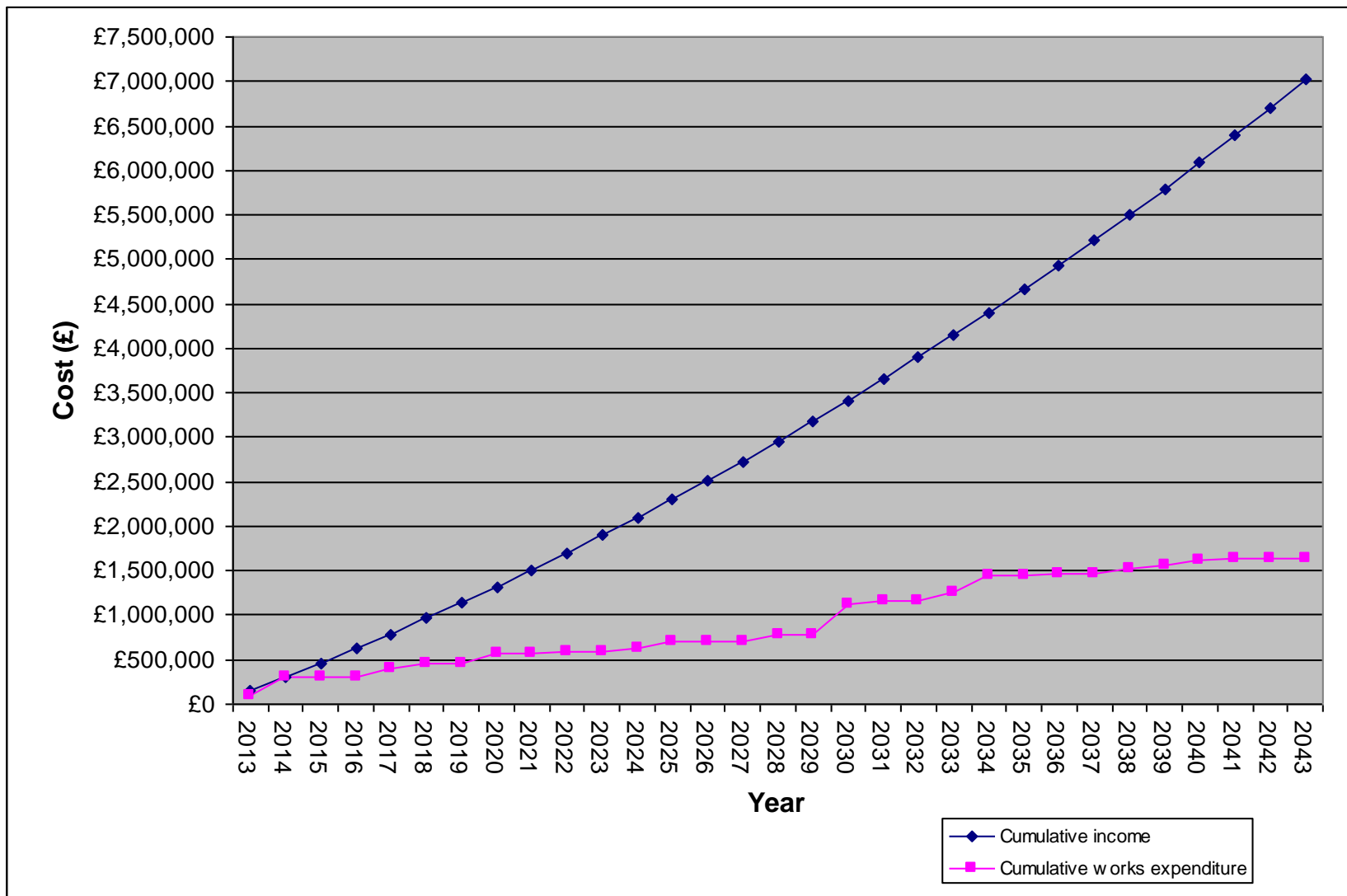


Lincoln Case Study – St Botolph's Court

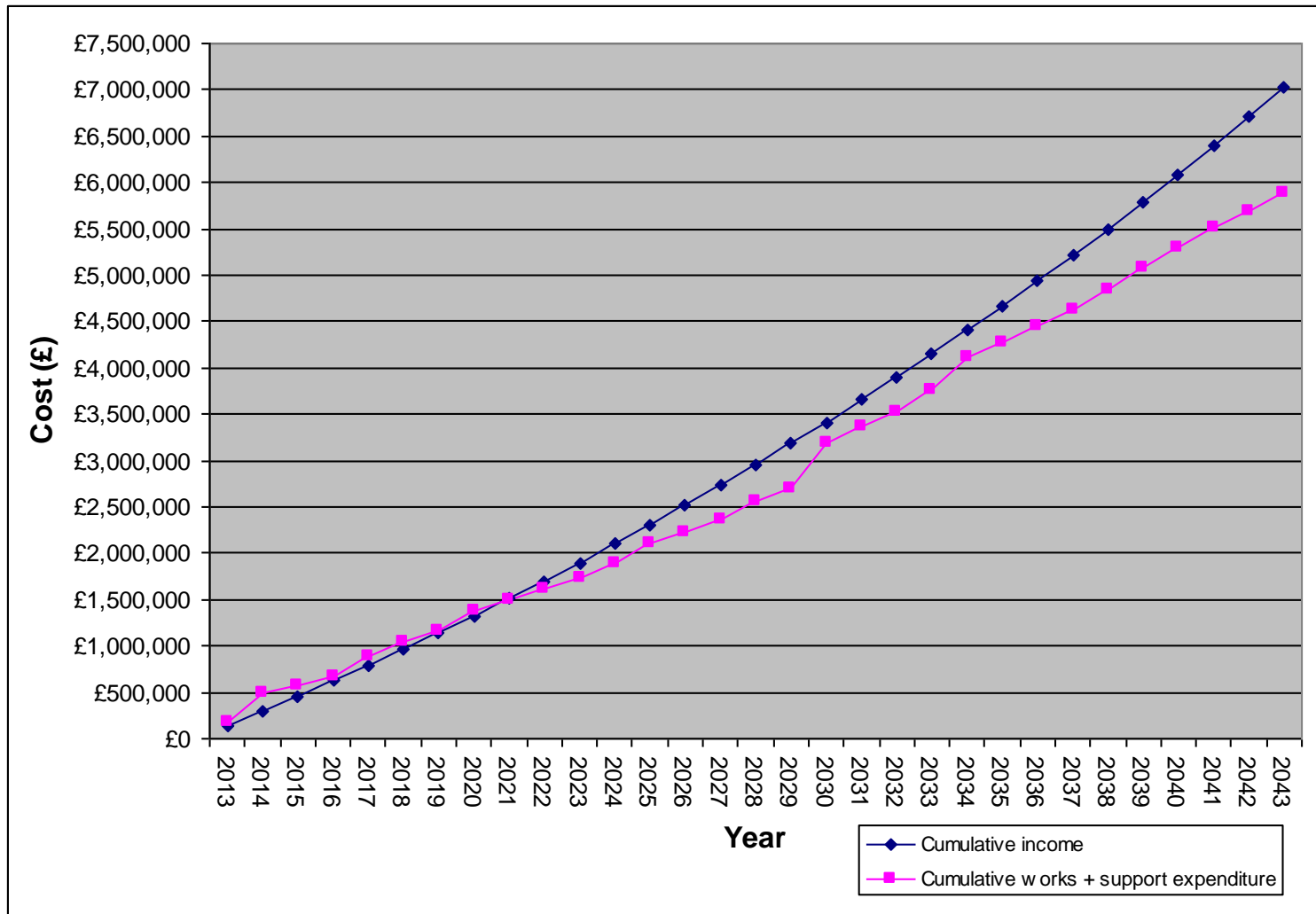
- 60 units of studio living for vulnerable people
- Common kitchen and lounge standard 'level 3' scheme
- Common bathing facilities
- High Legionella risk
- Considered as part of knock down, student accommodation, or sell off. Lots of Member concern



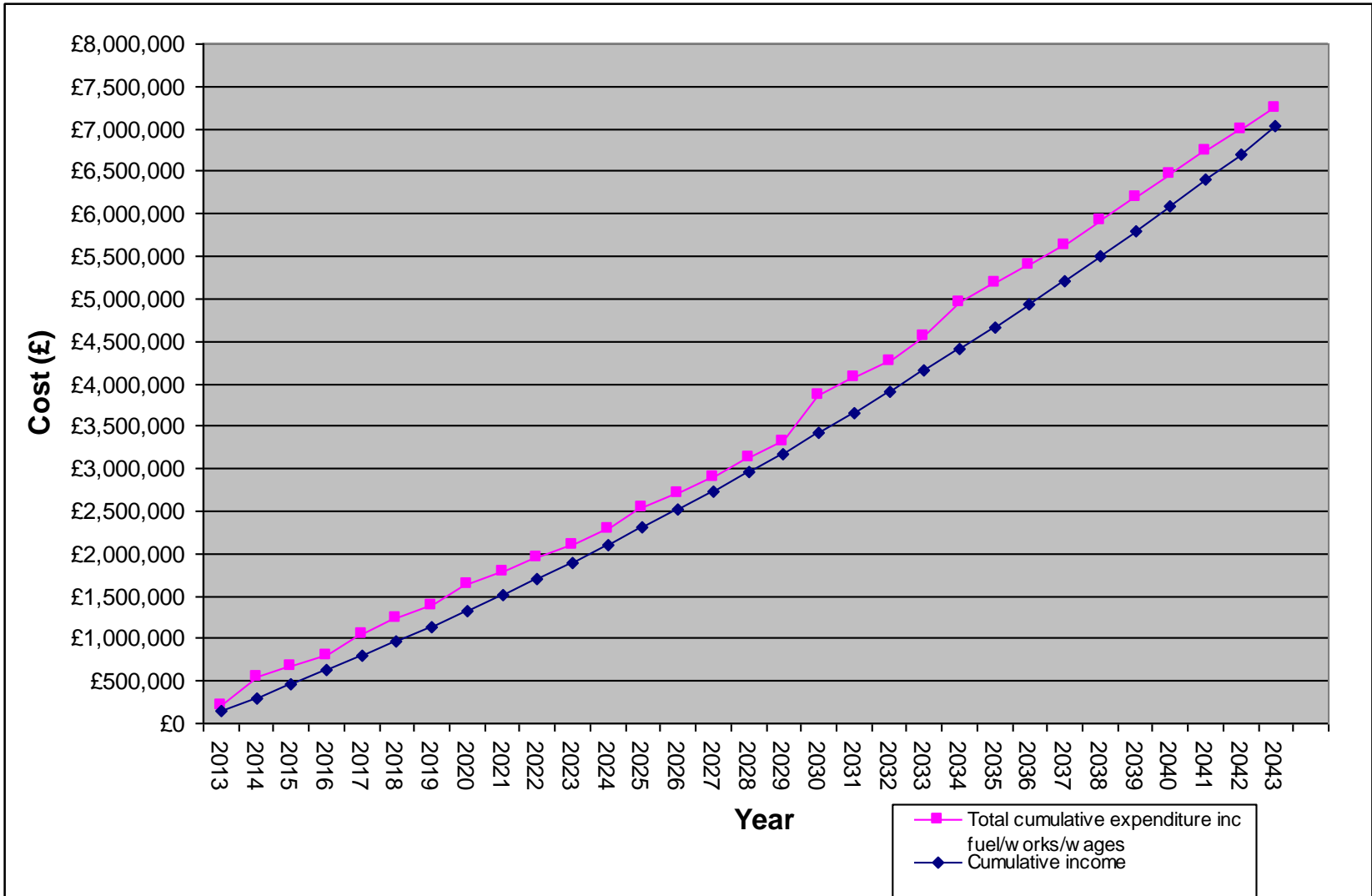
Cumulative works expenditure against income: St Botolph's Court



Cumulative works, support expenditure against income: St Botolph's Court

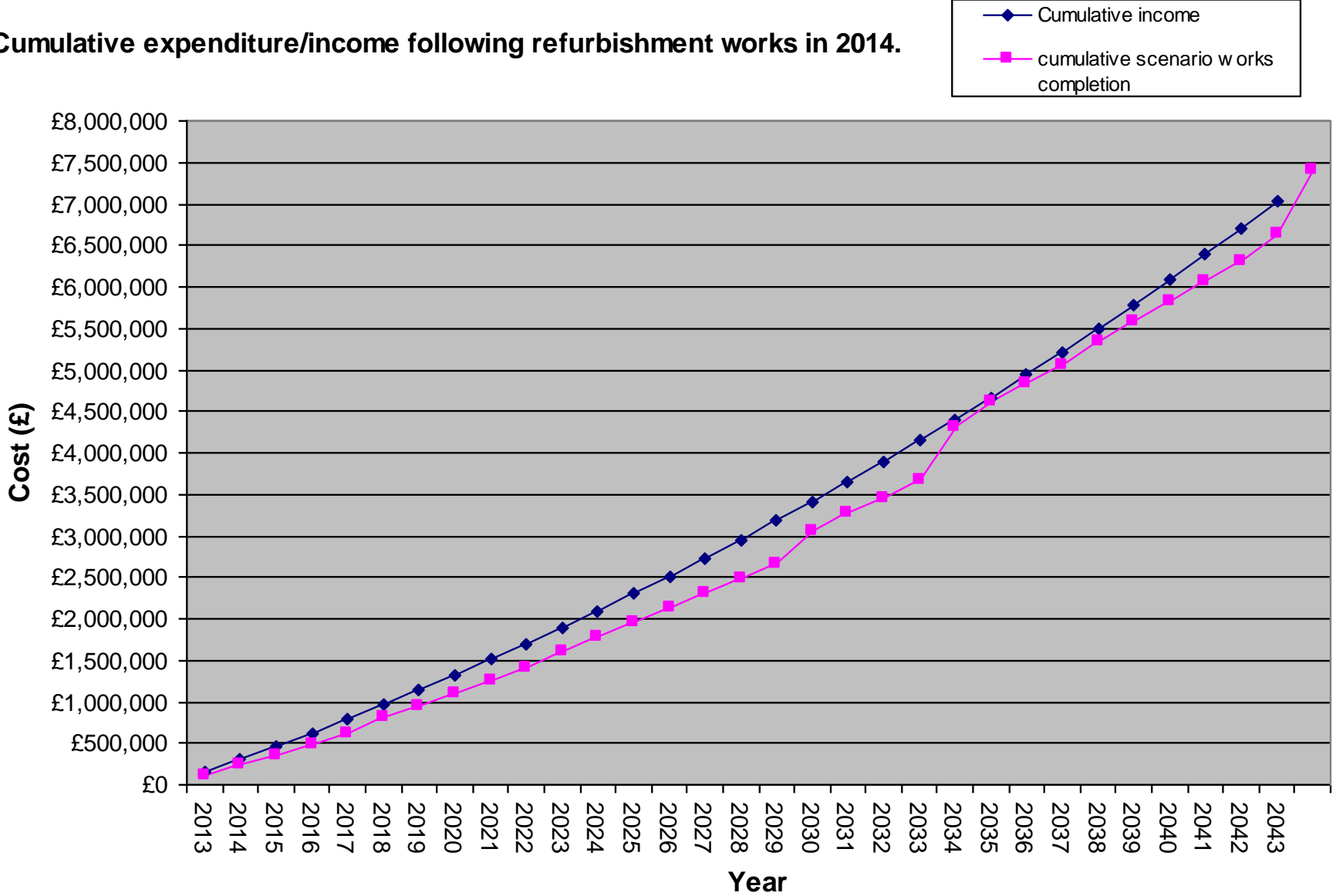


Cumulative total expenditure (including wages/ fuel/ refurbishment works) vs. income: St Botolph's Court



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Cumulative expenditure/income following refurbishment works in 2014.



Outcome

- Retained and refurbishment underway
- Show home as part of ongoing consultation
- Achieved the desired socio-economic optimum outcome
- Need to revise the Viability Report

