



Cheltenham  
Borough  
Homes

# HRA Asset Management Plan 2023–2028

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# Introduction

This Asset Management Plan sets out the principles and framework for decisions to make best use of Cheltenham Borough Council's (CBC) housing assets for the next five years; it supersedes the CBH Asset Management Strategy 2018-2023.

The homes Cheltenham Borough Homes (CBH) manages are of high capital value and are revenue generating assets, but also our greatest financial liability in terms of the cost to repair, maintain and improve. Our ambition is for effective management of our customers' homes, for them to be more than bricks and mortar, providing security, supporting health and wellbeing, and contributing to thriving communities.

The environment in which we operate is fast changing due to the focus on customer safety, with a new legislative framework, the need to meet the challenges of climate change, with a target for Cheltenham to become Net Carbon Zero by 2030, the Social Housing White Paper - The Charter for Social Housing Residents and the focus on quality of homes and issues associated with damp, mould, and condensation. This is against a backdrop of global instability, construction sector skills shortages, high energy costs and the demand for materials exceeding supply, all contributing to significant increases in cost, whilst rent increases are capped below inflation. It is therefore essential that investment in homes is at a viable scale and pace to ensure financial viability and an appropriate balance between meeting regulatory and statutory compliance, customer expectations and our aspirations.

A key part of developing this Asset Management Plan is ensuring the aims and outcomes contribute to and support:

- The CBC Corporate Plan 2023-2027
  - Key Priority 2 – Working with residents, communities and businesses to help make Cheltenham #NetZero by 2030
  - Key Priority 3 - Increasing the number of affordable homes with a fabric first approach to improve energy efficiency of council owned homes
  - Key Priority 5 – Being a more modern, efficient and financially sustainable council
- CBC Asset Management Strategy 2022/23 – 2026/27
  - Corporate priority 3 – for the Council and Borough to be #NetZero by 2030
  - Corporate priority 4 – Increasing the supply of housing and building resilient communities

- CBC Climate Emergency Action Plan Pathway to #NetZero, 2022
- Cheltenham Climate Change SPD, 2022
- CBC Housing Investment Plan 2018
- CBC Housing, Homelessness and Rough Sleepers Strategy 2023-2028
- HRA Business Plan 2023 – 2028 with the long-term strategic vision 'Build a better future for Cheltenham by providing:
  - More affordable and sustainable homes
  - Stronger and more resilient communities
  - Change to realise opportunities

This Plan incorporates five key priorities for the maintenance and improvement of homes over the term of the plan: knowing our assets, supporting the climate emergency, ensuring safe homes, quality of home and our repairs service, with cross cutting themes of modernisation, governance and embracing technology to enhance person centred, efficient and accessible services.

## Modernising and use of new technologies to provide excellent services

Knowing our assets

Supporting the climate emergency

Ensuring safe homes

Quality of home

Our repairs service



# Key priority A - Knowing our assets

Our stock condition survey provides key information critical to the assessment of asset viability and decision making in relation to investment programmes. The existing condition data provides key information to support Regulatory returns, understanding of repair need, health and safety issues and is used to plan future repairs and improvements. Following the impact of the Covid-19 pandemic and forthcoming changes to the decent homes standard, a programme of stock condition surveys will be procured to ensure our data is fit for purpose. This information will be maintained with a rolling programme of surveys in place.

We have undertaken an asset performance evaluation (Appendix 1) by calculating the net present value (NPV) to understand the financial performance of all managed homes. This informs and supports investment decisions with the intention that properties should contribute positively. We will develop the intelligence of the NPV model further to include nuances such as listed building status and energy performance to further improve the understanding of dwelling performance and viability. We will refresh the asset performance evaluation to reflect current rent and planned maintenance cost data and if necessary, using revised values and assumptions for the other variables used in the NPV formula.

Option appraisals will be prepared for any property with a negative NPV, to support the decision to retain and maintain, improve, convert, regenerate, redevelop or dispose. It is expected to take around two years to carry out this exercise and should significant investment be proposed for any of these properties in the meantime the option appraisal will be prioritised to be undertaken before an investment decision is made.

In 2018 a review was undertaken of our independent living accommodation, this identified that it is a good standard, residents are satisfied and there is high demand. Some accommodation was dated, with some being bedsits. A decision was made to modernise the communal areas and a project to deliver this work is underway, with works at three schemes completed and a further two to be delivered in 2023/24. With large scale remodelling not currently viable a watching brief is being maintained to ensure all schemes remain fit for purpose.

Reliable and accessible data enables the best decisions and is vital strategically and operationally. Quality data enables accountability, strategic financial planning, less waste and duplication, and lowers risk. Data will become increasingly important as we deliver retrofit programmes and building safety regimes to demonstrate compliance. We will make improvements to the quality of our data, taking advantage of the opportunities QL, our housing management system offers.

## **We will:**

- ✓ Procure external expertise to deliver stock condition surveys, undertaking a review of the current status of data to inform an appropriate forward inspection programme
- ✓ Deliver a rolling programme of stock condition surveys with the aim that every property will be inspected at least every five years
- ✓ Undertake a review of data quality and cost assumptions to provide assurance on investment decisions
- ✓ Undertake further energy performance surveys to improve the knowledge of the energy performance of our homes
- ✓ Undertake option appraisals of any property confirmed as having a negative NPV and put in place plans to retain and maintain, improve, convert, regenerate, redevelop or dispose
- ✓ Model the NPV results together with listed building status to further improve the understanding of dwelling performance/viability, refreshing the NPV assessment
- ✓ Appraise monitoring devices recently installed in homes and explore emerging technologies for monitoring and improving asset data, to inform investment decisions, performance reporting and service delivery to customers
- ✓ Continue development of the property dashboard to provide strategic oversight of property compliance status and performance

## Key priority B – Supporting the climate emergency

CBC declared a climate emergency in 2019 and subsequently set a challenging target for Cheltenham to become #NetZero by 2030. The government target is for all social homes to be EPC C by 2030 and #NetZero by 2050 with grant funding aimed only at facilitating the lower government targets.

As of March 2023, the average energy rating of the housing stock was 73.3 (EPC C) with 917 homes (20%) EPC D or below (Appendix 2).

With the existing homes accounting for over 90% of CBH carbon emissions, they provide the greatest opportunity for carbon reduction. In 2021 we developed a Carbon Reduction Plan having undertaken a high-level review of the energy performance of the housing stock, potential improvements to reduce carbon emissions and identified a number of options delivering varying levels of reduction in emissions. This exercise indicated that getting close to net carbon zero would cost in the region of £75m, at 2021 costs. Due to HRA capacity and viability it was proposed that initially the aim should be to attain an average of mid EPC B, with a proposal that this be reviewed regularly, taking into account potential for grant funding opportunities, new technologies, HRA capacity, etc.

The forward carbon reduction programme continues to focus on fabric measures to the worst performing homes to reduce the heat demand, thereby saving on energy use and reducing energy bills for our customers, helping to alleviate fuel poverty and making best use of external funding opportunities. These works will make the homes suitable for green heating systems as these become more viable in the future and technologies develop enabling a move away from fossil fuels.

We have successfully obtained grant funding in all three rounds of the Social Housing Decarbonisation Fund (SHDF) which will deliver significant, mainly fabric based, improvement to 248 homes, whilst also piloting new technologies and green heating solutions. We recognise that the speed of delivery of improvements needs to accelerate and will continue to bid for grant funding where possible to reduce the cost burden on the HRA and deliver the maximum improvement possible within cost constraints. It is hoped that retrofit costs will reduce as the market matures and new technologies become more readily available.

In addition to carbon reduction, it is necessary to take wider action to mitigate the effects of climate change as identified in the CBC Climate Pathway such as increasing biodiversity, reducing waste and reducing the use of water.

## **We will:**

- ✓ Support the ambition to reach #NetZero by exceeding the government EPC C requirement by 2030, utilising the funding currently available
- ✓ Develop the Carbon Reduction Plan through to 2030, to be reviewed annually, continuing the focus on fabric first (insulation) measures to the poorest performing homes and moving to green heating technologies in the later stages, making best use of external funding opportunities
- ✓ Deliver annual programmes for carbon reduction improvements in line with the agreed Carbon Reduction Plan
- ✓ Provide case studies to support CBC in helping others to learn and implement climate change mitigation initiatives
- ✓ Develop effective communications for our customers to increase knowledge and understanding of the climate emergency and to encourage uptake of energy reduction improvement and behavioural change
- ✓ Utilise CBC's Climate Impact Assessment tool in project decision making
- ✓ Report annually on the Carbon Reduction Plan and carbon footprint
- ✓ Continue to bid for grant funding to support the carbon reduction programme where available
- ✓ Provide biodiversity gain through projects that we deliver in line with the CBC Climate Pathway and the Environment Act 2021
- ✓ Manage communal spaces to increase biodiversity and reduce carbon pollution through reduced use of pesticides and weedkillers and increased wildflower areas
- ✓ Consider contractor environmental credentials, such as waste management and recycling, carbon emissions and local employment within procurement exercises with performance review through the contract duration
- ✓ Through the neighbourhood works programme deliver improved waste and recycling areas at schemes to enable customers to be responsible in disposing of waste
- ✓ Decarbonise the Building Services fleet

## Key priority C – Ensuring safe homes

The safety of our customers in their homes remains our highest priority. Following the Grenfell tragedy in 2017 there has been a spotlight on safety within construction and the management of homes with new legislation brought in, including the Fire Safety Act 2021, Building Safety Act 2022, Fire Safety Regulations 2022 and the Smoke and the Carbon Monoxide Alarm (Amendment) Regulations 2022. The requirements of this legislation have been incorporated into our compliance regimes and will be further embedded. Further legislative change is anticipated and we will continue to respond to the continually changing environment.

We recognise that working effectively with our customers is essential to delivering good compliance and that robust and varied forms of communication are required. We have delivered a programme to replace all fire doors with new certified fire doors, are moving to a five-year cycle for electrical safety testing and implemented more rigorous Type 3 and 4 fire risk assessments. External consultants have undertaken a 'Compliance Healthcheck' on the 'Big Six' areas of compliance, being gas, electric, fire, asbestos, lifts, and water hygiene, from which we have a roadmap for improvements beyond compliance which is ongoing and expected to be completed over the first year of this Plan.

We have acted quickly for customers in support of the Social Housing Regulator and Housing Ombudsman's zero-tolerance approach towards damp, mould and condensation in homes and will adopt the amendments to the Social Housing Regulation Bill which will introduce 'Awaab's Law' requiring landlords to fix reported health hazards within specified timeframes. This compliance area will continue to be a heightened area of focus with monitoring through our compliance performance framework.

The new tenant satisfaction measures (TSM's), published by the Regulator of Social Housing in September 2022, requires property compliance reporting against regulatory standards. We will respond to these requirements.

We have a dedicated compliance team who ensure adherence to statutory and regulatory requirements. Building on these solid foundations we will respond to legislative change and embed new estate compliance officer roles in our communities to further engage with customers and strengthen compliance management.

## **We will:**

- ✓ Engage with customers on matters of compliance to better understand issues they may encounter and how best to communicate with residents to improve safety in homes
- ✓ Develop a resident engagement plan to regularly communicate important safety information and advice to customers using a variety of media, ensuring that messages are received and understood by all
- ✓ Deliver a programme of beyond compliance improvements in line with the Compliance Healthcheck roadmap with updates on progress regularly reported to Audit and Risk committee
- ✓ Include new TSMs within our compliance reporting KPIs, providing increased performance oversight
- ✓ Develop the team, integrating new community-based compliance roles and increasing the level of compliance
- ✓ Instigate a programme of communal fire door inspections on a quarterly basis
- ✓ Instigate a programme of flat fire door inspections on an annual basis commencing with blocks over 11m in height to meet new regulatory requirements
- ✓ Develop compliance reporting to include oversight of levels of damp, mould and condensation
- ✓ Develop an internal audit programme across the main six areas of compliance
- ✓ Develop an external technical audit programme across the six main areas of compliance

## Key priority D – Quality of home

Our aim is to provide great quality homes that meet the needs of our customers and build stronger communities with customer voices at the centre of service development and delivery. CBH regularly collects tenant insight data with 2,000 customers surveyed over the last two years to inform opportunities for future improvement. In the development of this Asset Management Plan focussed consultation events have provided understanding of what improvements tenants would like to their homes and how we can improve the maintenance service we offer and most importantly increase customer satisfaction.

Satisfaction with the 'quality of the home' is currently 84%.

A feedback theme is the condition of homes at the point of letting. We will review the lettings standard to explore how the standard can be improved to enhance our customers experience and support successful tenancies.

Homes are managed to maintain compliance with the national Decent Homes Standard; this Standard is currently under review. Publication of a new Standard was expected in Summer 2022, however this has not been forthcoming. We have a watching brief in relation to this and once known we will assess the impact on the homes we manage and our planned maintenance and improvement programmes. It is expected that any changes to the current Standard will relate to compliance, carbon reduction and improving neighbourhoods and as such are not expected to have significant impact on our existing plans.

The management and rectification of damp, mould and condensation in homes continues to be a priority. We recognise the potential impacts for our customers that such issues can have and will ensure that our planned maintenance and improvement programmes support our customers and maximise opportunities to reduce this risk.

## **We will:**

- ✓ Continue to engage with customers to gain insight on how we maintain and improve their homes and use this to shape our future services
- ✓ Continue the watching brief on new Decent Homes Standard and determine the impact or focus the changes may have on our programmes of work
- ✓ Review the lettings standard to determine viable opportunities for improvement to help support successful tenancies
- ✓ Ensure that our specifications for planned maintenance and improvements consider and include for the opportunities that such works have to mitigate the risk of damp, mould and condensation
- ✓ Through differing communications ensure that our customers understand the Quality of Home offer
- ✓ Deliver a programme of communal area improvements engaging customers to shape designs that will address security, biodiversity, amenity, waste and recycling

## Key priority E – Our repairs service

We know from tenant insight that our day-to-day repairs service is of high importance to our customers being the area attracting the most suggestions for improvement.

Our priority is to maintain the quality of homes through a modern repairs service that meets our customers' expectations. The quality of the service provided is measured through tenant satisfaction surveys both at transactional level at the time of the repairs and perception through our quarterly insights' surveys; we also benchmark performance against our peers.

CBH operates its own in-house direct labour organisation (DLO), the trades employed attend to the vast majority of the reactive repair requests received from our customers. Additionally, the service carries out elements of compliance and capital programme delivery. Providing these services via an internal resource enables control and the ability to change, adapt and improve the service to meet customer aspirations.

Our repairs and maintenance transformation project is delivering change to the service across a wide scope to achieve improved efficiency and colleague engagement as well as increased customer satisfaction.

### **We will:**

- ✓ Complete the repairs transformation project, improving efficiency, colleague engagement and customer satisfaction
- ✓ Continue to evolve a proactive and person-centred approach to eradicating damp and mould
- ✓ Utilise modern technologies to improve how we engage with customers to better meet their needs and improve process to generate efficiency
- ✓ Analyse customer feedback and prioritise service improvements accordingly
- ✓ Continue benchmarking to compare quality of service against peer group
- ✓ Achieve high performance at median cost per property levels or better compared with peers

# Summary

This Plan sets out our 5-year commitment to our customer's homes with a primary focus on health and safety, climate emergency/energy efficiency and customer service, ensuring customer voice remains central to our service and investment decisions. We will continue to modernise our services and utilise technology to ensure that we provide safe modern and energy efficient homes, promoting health, wellbeing, and sustainability.

Delivering this Plan will support the HRA Business Plan objectives to provide more affordable and sustainable homes, stronger and more resilient communities and enable change to realise opportunities.

Accompanying this Plan (Appendix 3) is a high-level action plan providing an overarching view of the actions required over the five-year period of this Plan. This action plan will be reviewed and updated, and progress reported annually.

# Appendices

[Appendix 1 - NPV profile](#)

[Appendix 2 - Energy performance profile](#)

[Appendix 3 - High level action plan](#)

## Appendix 1 – NPV profile

The graph below shows the distribution of the cumulative NPV after 30 years.

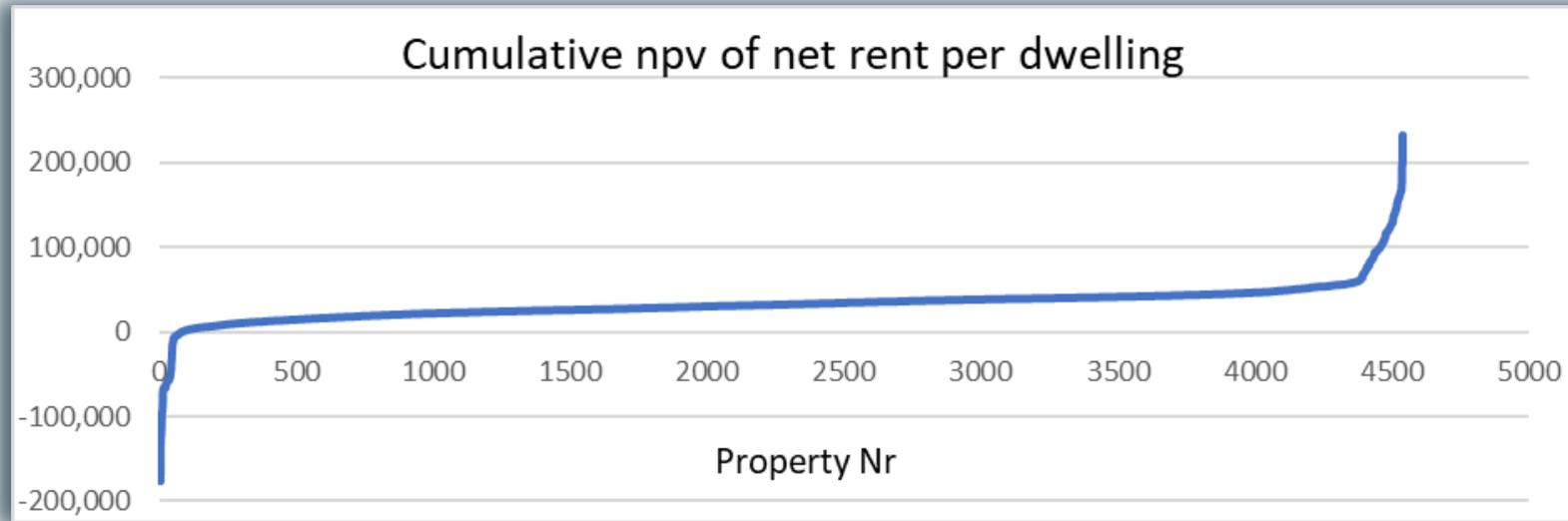


Table 1 shows the NPV by performance band together with the number of properties within each band, together with the short-term action required to better understand the property performance and determine properties requiring option appraisals to be undertaken.

**NPV's for Cheltenham Borough Council's housing stock - Calculated May 2023**

NPV	Number of dwellings at 30 years	Action
£100k +	79	Maintain
£75k to £100k	32	Maintain
£50 to £75k	264	Maintain
£25 to £50k	2807	Maintain
£0k to £25k	1252	Maintain
£0k to -£25k	35	Data validation/option appraisal
-£25k to -£50k	7	Data validation/option appraisal
-£50k to -£100k	29	Data validation/option appraisal
Total	4505	

# Appendix 2 - Energy performance profile

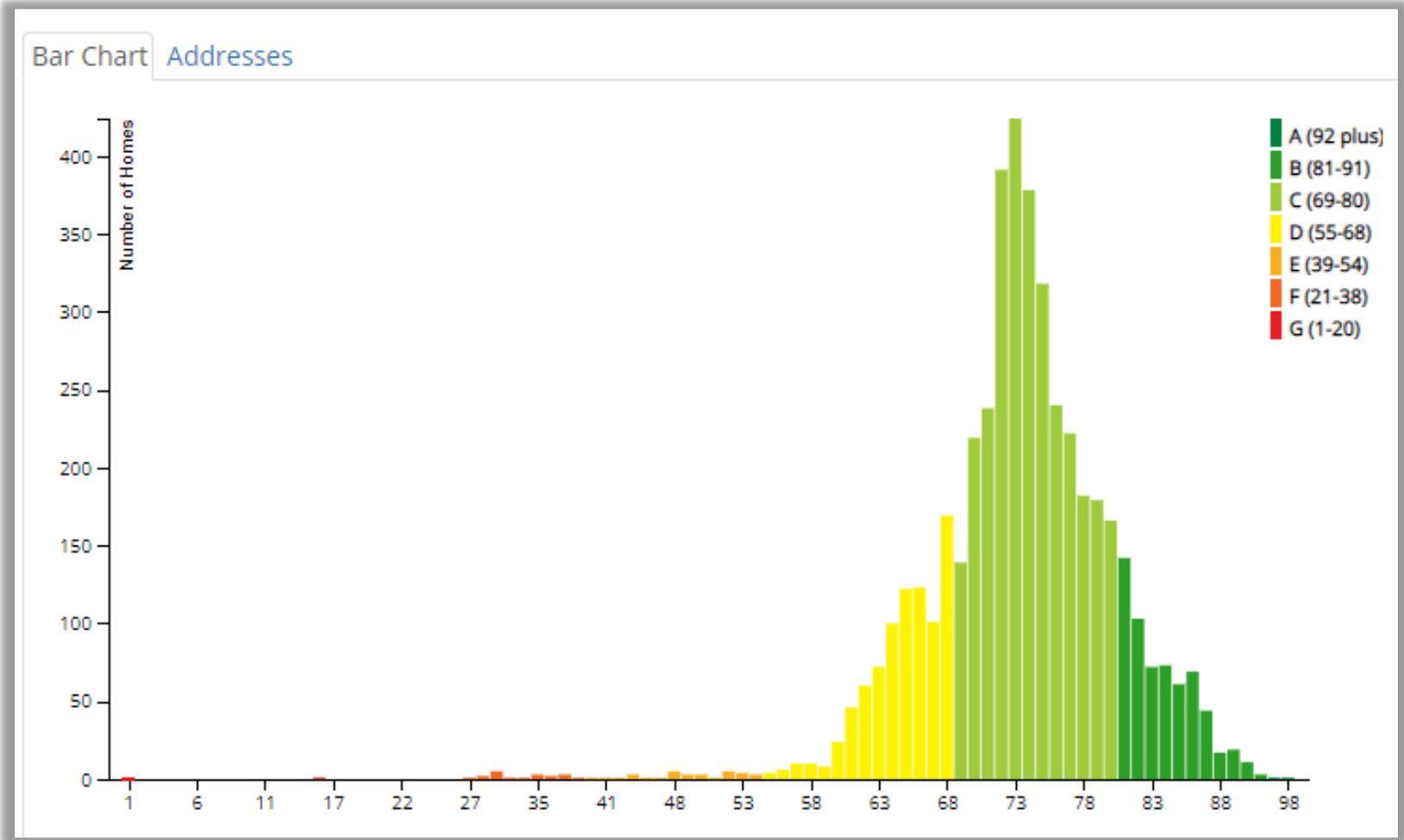
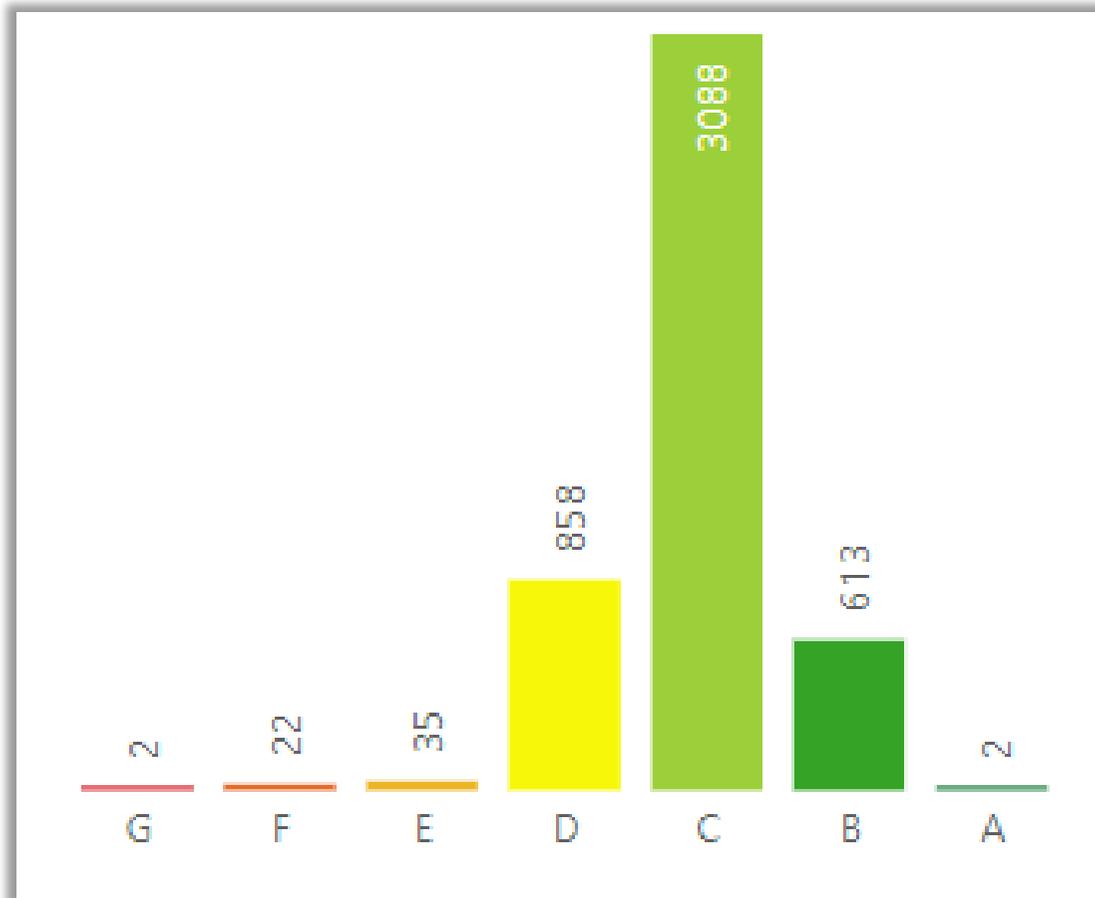


Figure 1 - SAP ratings



*Figure 2 - Number of properties per EPC band*

### Appendix 3 - Asset Management Plan 2023-2028 action plan

Key Priority A - knowing our Assets	Yr 1 (23/24)	Yr 2 (24/25)	Yr 3 (25/26)	Yr 4 (26/27)	Yr 5 (27/28) →
Procure and deliver stock condition survey	←————→				
Review stock data and cost assumptions	←————→				
Deliver rolling programme of stock condition surveys			←————→		
Increase sample of energy performance surveys	←————→				
Undertake option appraisal of negatively performing properties	←————→				
Develop NPV modelling for listed properties and energy performance	←————→				
Undertake appraisal of home environment monitoring	←————→				
Continue development of property dashboard	←————→				

Key priority B - Supporting the Climate emergency	Yr 1 (23/24)	Yr 2 (24/25)	Yr 3 (25/26)	Yr 4 (26/27)	Yr 5 (27/28) →
Exceed government target of EPC C, moving improved properties to EPC B+ where possible	←————→				
Develop Carbon Reduction Plan and review annually	←————→				
Deliver annual programmes for carbon reduction	←————→				
Provide case studies	←————→				
Develop communication plan	←————→				
Utilise CBC Climate Impact Assessment	←————→				
Report on progress towards 2030 target	←————→				
Bid for grant funding where available	←————→				
Consider and provide biodiversity gain opportunities in investment projects	←————→				
Manage communal spaces to increase biodiversity	←————→				
Consider contractor environmental credentials within procurement exercises review annually	←————→				
Deliver improved waste and recycling areas through the neighbourhood works programme	←————→				
Decarbonise the Building Services fleet	←————→				

Key Priority C - Ensuring Safe homes	Yr 1 (23/24)	Yr 2 (24/25)	Yr 3 (25/26)	Yr 4 (26/27)	Yr 5 (27/28)
Engage with customers	←————→				
Develop resident communications plan	←————→				
Deliver Compliance Healthcheck roadmap improvements	←————→				
Incorporate TSMs in compliance reporting	←————→				
Develop compliance team	←————→				
Instigate programme of communal fire door inspections	←————→				
Develop internal audit programme	←————→				
Develop compliance reporting to include damp mould and condensation	←————→				
Develop external technical audit programme	←————→				

Key Priority D - Quality of Home	Yr 1 (23/24)	Yr 2 (24/25)	Yr 3 (25/26)	Yr 4 (26/27)	Yr 5 (27/28)
Engaging with customers to gain insight to inform how we should maintain and improve homes	←————→				
Watching brief on Decent Homes Standard review and implement changes	←————→				
Review lettings standard		←————→			
Review specifications to ensure they support mitigation of damp, mould and condensation	←————→				
Publish Quality of Home offer			←————→		
Deliver programme of communal area improvement	←————→				

Key priority E - Our repairs Service	Yr 1 (23/24)	Yr 2 (24/25)	Yr 3 (25/26)	Yr 4 (26/27)	Yr 5 (27/28) →
Complete the repairs transformation project	←————→				
Continue to evolve a person-centred approach to eradicating damp and mould	←————→				
Improve customer engagement by using modern technologies	←————→				
Analyse customer feedback and prioritise service improvements accordingly	←————→				
Achieve high performance at median cost per property when compared with peers	←————→				



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