

# Report

Report to:	<b>Housing and Technical Resources Committee</b>
Date of Meeting:	<b>8 December 2021</b>
Report by:	<b>Executive Director (Housing and Technical Resources)</b>

Subject:	<b>2021 Property and Housing Asset Management Plans</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update Committee on the outcomes of the 2021 Property and Housing Asset Management Plans process, including the Local Government Benchmarking Framework (LGBF) Indicator outcomes for Property Condition and Suitability

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the 2021 update to the Property and Housing Asset Management Plans be noted; and
- (2) that the updated Local Government Benchmarking Framework (LGBF) Indicators for Property Condition and Suitability, be noted.

## 3. Background

- 3.1. The Executive Committee, at its meeting held on 22 September 2010, approved the implementation of an extended model for Corporate Asset Management from 2011. This included developing Asset Management Plans (AMPs) across a number of service areas, in line with Chartered Institute of Public Finance and Accountancy (CiPFA) guidance and summarised, under an overarching Corporate Asset Management Plan, which demonstrates how each asset type supports the Council's corporate objectives. The Service areas included within the Corporate Asset Management Plan are Property, Housing, Roads Infrastructure, Fleet and ICT.
- 3.2. The attached Property and Housing Asset Management Plans (Appendices 3 and 4) are the eleventh in the extended model. The Council recognises the importance of the good management of assets in delivery of quality services, meeting corporate objectives and providing best value. This includes a property portfolio which is suitable for the Council's needs in terms of scale, condition, location, suitability and is based on the Corporate Standard that property should be in good condition, well maintained, well used, energy and cost efficient.

## 4. Outcomes of the 2021 Property Asset Management Plan

- 4.1. The Property Asset Management Plan is divided into 2 key sections: direct operational property and the lease portfolio, for which a separate management plan has been prepared.
- 4.2. Operational Property  
The operational property portfolio comprises 358 establishments from which a Council service is delivered.

Within the Property Asset Management Plan, operational properties are assessed on Core Facts for Condition and Suitability, the outcome of which is detailed in Appendix 1.

The Scottish Government recently issued refreshed guidance as the result of a collaborative venture between the Scottish Government, Scottish Futures Trust, Scottish Heads of Property Services (local authorities), Education Scotland, Scottish Building Standards, Architecture and Design Scotland and the Association of Directors of Education in Scotland.

The refreshed guidance has been prepared to:-

- ◆ strengthen the risk-based approach to condition surveys through a raised awareness of the importance of effective risk management as an integral part of the facilities management regime
- ◆ ensure greater uniformity in the scope and methodology applied to each property to minimise variations in assessment methods and criteria
- ◆ further improve the consistency and robustness of the reporting of the Suitability Core Fact and therefore increase confidence in the comparability of the ratings within and among local authorities across Scotland

The 2021 Property Asset Management Plan has been prepared in accordance with the latest guidance.

The outcome of the assessment, calculated on the new criteria, demonstrates continued progress towards establishing a core estate through property rationalisation and investment. Despite the current financial climate, the figures show that, through programmes of Prioritised Capital Investment and Planned Preventative Maintenance, performance remains positive.

The centralisation of property budgets and services enables the prioritisation of investment and ensures that it is directed in line with corporate priorities. Property Services will continue to engage with all Council Resources and public sector partners in 2021/22.

#### 4.3. Estates Portfolio

The Council has a tenanted, non-residential, lease portfolio known as the Estates Portfolio, which consists of 708 properties, with a gross rental income of £4,282,071 as at 31 March 2021. The role of this portfolio, which comprises a wide range of property interests from ground rents for major retail developments through to business centres, is to support the economic and social objectives of the Council as well as meeting corporate financial targets. Key Facts for the leased portfolio are included in Appendix 1. The drop in income is substantially as a result of the changes in the retail sector.

During 2021/22 the Estates Portfolio objectives will continue to be reviewed, in conjunction with Economic Development and Housing, to ensure they are aligned and contribute to the Council's objectives. Financial performance and risks will continue to be monitored through the Estates Business Plan.

### 5. **Outcomes of the 2021 Housing Asset Management Plan**

- 5.1. The Housing Asset Management Plan has been developed to complement and inform the Housing Business Plan and to set out priorities for the physical care and improvement of the housing stock and related assets. The Plan details the priorities for the current housing portfolio which extends to 25,012 homes.

5.2. In the year to 31 March 2021, the movement in the stock comprised 118 new builds and 51 mortgages to rent/buy back. This was offset by a loss of 21 properties through demolition and sales resulting in a year-end total of 25,012.

5.3. There are a number of key priorities within the Housing Asset Management Plan which include:-

- ◆ the continued investment and improvement of the quality of existing housing and related assets to ensure that they meet the needs of residents
- ◆ phased investment in the communal areas of the Council's multi-storeys over a 5-year period
- ◆ continuing to meet the Scottish Housing Quality Standard (SHQS)
- ◆ working toward the new Energy Efficiency Standard for Social Housing 2 (ESSH2) to be met by December 2032
- ◆ changes to the Tolerable Standard (SHQS) to include New Fire Safety standards for Scottish Homes, which comes into force February 2022
- ◆ continuing to progress the Council's plan to provide 1,000 additional Council homes by 2022
- ◆ investment in the Council's Gypsy/Traveller sites
- ◆ improving the external environment

5.4. A key priority is to ensure provision of sufficient, appropriate housing which can meet the housing, care and support needs of an increasing older population. The approved Capital Programme for 2021/2022 reflects the level of investment required to continue to achieve SHQS and to work toward achieving ESSH2 by December 2032. A main focus of the programme is the New Council Housing Programme, which commenced in 2015/16, which includes the programme of buy backs, with the target to provide 1,000 additional Council homes by 2022. Key Facts for the Housing Stock are detailed in Appendix 2.

## **6. Performance Indicators**

6.1. The Local Government Benchmarking Framework (LGBF) Indicators for Asset Management relate to the property Core Facts for Condition and Suitability for direct operational property, excluding Housing.

6.2. Benchmarking for 2021 has given the following return for the LGBF Indicators:-

- ◆ Condition is assessed as the percentage of floor space of operational buildings which are in a satisfactory condition (categories A & B in Core Facts). This indicates 87.8% of properties are in a satisfactory condition, sustaining the performance of 87.5% from the previous year
- ◆ Suitability is assessed as the percentage of operational buildings which are considered to be suitable for service delivery. This indicates 96.4% of properties support delivery of services in terms of suitability, sustaining the performance of 96.8% from the previous year

6.3. The performance figures for Condition noted above differ from the Council's internal performance assessment, as set out in Appendix 1, as the LGBF measures are calculated on a floor area basis.

## **7. Employee Implications**

7.1. There are no employee implications.

## **8. Financial Implications**

- 8.1. The details of the Asset Management Plans will influence future investment decisions and capital bids but there are no direct financial implications from the production of the Asset Management Plans.

## **9. Climate Change, Sustainability and Environmental Implications**

- 9.1. The Asset Management Plans will influence future proposals/options to utilise the Council's portfolio of assets in a way which improves energy efficiency whilst reducing carbon outputs.

## **10. Other Implications**

- 10.1. The Asset Management Plans assist the Council in managing its assets, efficiently and effectively to deliver best value. It also helps manage risk across its asset base.

## **11. Equality Impact Assessment and Consultation Arrangements**

- 11.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore, no impact assessment is required.
- 11.2. The statutory Consultation Authorities have confirmed that the Asset Management Plans are exempt from Strategic Environmental Assessment as their implementation will have minimal effect in relation to the environment.

**Daniel Lowe**

**Executive Director (Housing and Technical Resources)**

8 October 2021

### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Improve later life
- ◆ Deliver better health and social care outcomes for all
- ◆ Improve achievement, raise educational attainment and support lifelong learning
- ◆ Focused on people and their needs
- ◆ Accountable, effective, efficient and transparent
- ◆ Improve the availability, quality and access of housing
- ◆ Support our communities by tackling disadvantage and deprivation and supporting aspiration
- ◆ Work with communities and partners to promote high quality, thriving and sustainable communities

### **Previous References**

- ◆ Housing and Technical Resources Committee, 4 September 2019

### **List of Background Papers**

- ◆ 2021 Lease Portfolio Asset Management Plan

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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## Appendix 1 - Property AMP Key Facts

**Table 1: Condition Core Fact**

	2021		2020	
Condition Category	Number of properties by category	Percentage by category	Number of properties by category	Percentage by category
<b>A Good</b> - Performing well and operating effectively.	165	46.1%	292	69%
<b>B Satisfactory</b> - Performing adequately but showing minor deterioration.	115	32.1%		
<b>C Poor</b> - Showing major defects and/or not operating adequately	72	20.1%	113	27%
<b>D Bad</b> - Economic life expired and/or risk of failure	6	1.7%	16	4%
<b>Totals</b>	<b>358</b>	<b>100%</b>	<b>421</b>	<b>100%</b>

**Table 2: Suitability Core Fact**

	2021		2020	
Suitability Category	Number of properties by category	Percentage by category	Number of properties by category	Percentage by category
<b>A Good</b> - Performing well and operating effectively.	308	55.3%	956	83%
<b>B Satisfactory</b> - Performing well but with minor problems.	136	24.4%		
<b>C Poor</b> - Showing major problems and/or not operating optimally	93	16.7%	178	16%
<b>D Bad</b> - Does not support the delivery of services	20	3.6%	13	1%
<b>Totals</b>	<b>557</b>	<b>100%</b>	<b>1147</b>	<b>100%</b>

### Notes to Tables:

1. These figures reflect the new Scottish Government guidelines.
2. 358 is the number of operational establishments which may comprise more than one building or accommodate multiple Resources and uses. Condition is assessed on an establishment basis.

3. 557 is the number of service interests within the operational establishments.
4. **Condition** is assessed as an overall rating for the property based on an elemental assessment carried out by qualified surveyors.
5. **Suitability** is an assessment by Resources of how well the property supports current service delivery in terms of design and location.

**Table 3: Estates Portfolio Headline Financial Figures**

	<b>2020/21</b>	<b>2019/20</b>
<b>Number of Properties</b>	708	708
<b>Gross Income Received</b>	4,778,321	5,782,311
<b>Gross Rental Income</b>	4,284,071	4,972,221

## Appendix 2 - Housing AMP Key Facts April 2021

Housing and Technical Resources has responsibility for the management of a varied housing stock as outlined below:-

Area	Flats Exc. Multi's	Multi Storey	House	Total	% Overall Stock
Blantyre	947		1763	2710	10.83%
Cambuslang	1390	412	695	2497	9.98%
Clydesdale	1918		2915	4833	19.32%
East Kilbride	1992	796	2270	5058	20.22%
Hamilton	2594	137	1362	4093	16.36%
Larkhall	1217		2105	3322	13.28%
Rutherglen	1823	173	503	2499	9.99%
<b>Grand Total</b>	<b>11,881</b>	<b>1,518</b>	<b>11,613</b>	<b>25,012</b>	<b>100.00%</b>

Investment in the housing stock continued with £15.924m invested in 2020/21 on improvement work resulting in the condition of the stock in relation to the SHQS being as noted below:

SHQS - 2020/21	Number	Percentage
Total meeting tolerable standard	25,012	100.00%
Total meeting free from serious disrepair	25,012	100.00%
Total meeting energy efficient	24,562	98.20%
Total meeting modern facilities and services	24,983	99.88%
Total meeting healthy, safe and secure	23,852	95.36%
<b>Total dwellings meeting SHQS</b>	<b>23,385</b>	<b>93.50%</b>

Currently 93.50% of the housing stock meets the SHQS and further 4.6% is exempted on the grounds of work refusals by tenants, residents or other practical matters. 1.9% of the housing stock fails the standard, work to address these failures is included in the 2021/2022 investment programme.

Standard Assessment Procedure (SAP) is the Scottish Government's preferred energy rating, introduced as a way of comparing different energy labels being delivered within the UK. The average SAP rating of the Council's housing stock has increased to 73.82 from 73.59 reported last year which is above the average of 65 for a home in Scotland.

The final submission for Energy Efficiency Standard for Social Housing (ESSH) confirmed that 93.88% of the stock meets the standard by December 2020. This is the last year we will report on ESSH as we will move to reporting on ESSH2 in 2021/22.

The ESSH2 milestone is for all social housing to meet, or can be treated as meeting, EPC rating B, or be as energy efficient as practically possible by the end of December 2032. The first return is due to be reported May 2022. The baseline calculated at the previous year end confirms 4.82% of the stock meets ESSH2. For the year to March 2022, it is anticipated that 7% of the stock will be compliant with ESSH2.