Housing Asset Management Framework 2025-2030

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1.1 Background

Lambeth Council aims for all residents to have access to and benefit from safe, secure and high-quality local homes which are affordable and provide sanctuary, stability and the best conditions to grow up and age well – across all tenures. We are committed to being a responsible landlord providing good-quality, safe and well-managed and well-maintained accommodation, across our housing stock. Our ambitions are set out in *A place we can all call home: Lambeth Housing Strategy 2024-30,* through three priority themes:

- More affordable homes
- Delivering excellent housing and repair services
- Supporting healthy and safe neighbourhoods

This Asset Management Framework 2025-2030, with its focus upon our existing portfolio of some 33,000 homes, is a vital enabling document, designed to provide a robust, evidenced-based framework to lead our investment decisions in both individual housing units (flats/houses/maisonettes et al) and communal areas / the wider estate environment. In doing so, this framework will provide a structure for our delivery against the three core components of asset management:

- **Stock Investment**: investing to maintain the housing stock to standards that meet regulatory/statutory/legislative requirements, the council's needs and ambitions and customer expectations
- **Long-Term Asset Planning:** ensuring that over the long-term, expressed across a 30-year Housing Revenue Account (HRA) business plan, the council retains housing that meets the needs of our local communities, is fit-for-purpose for the future and reflects our residents' priorities
- **Supporting wider objectives**: being clear where and how asset management is supporting wider objectives, such as new development and/or supporting wider community activities, partnerships and innovation.

In respect to these wider objectives, these include the council's corporate Lambeth 2030 Vision, which sets out our ambitions to be a borough with social and climate justice at its heart. Our Asset Management Framework 2025-2030 seeks to support our Borough Plan ambitions of *making Lambeth Neighbourhoods fit for the future*, *making Lambeth one of the safest boroughs in London* and *making Lambeth a place we can all call home*.

1.2 Context

In recent years we have seen an unprecedented amount and complexity of change for social housing across the UK, alongside an increasing need for affordable housing. The scale of the challenges faced in continuing to provide decent, safe and sustainable housing to those most in need, is significant.

These challenges are compounded by factors which have resulted in a significant reduction in the financial resources and capacity available to local authorities to invest in the repair, maintenance and improvement of their housing stock:

1. **Inflation –** for the first time on a sustained basis since the 1980s, the UK has experienced a period of sustained inflation since 2022 which has increased the costs attendant to the costs of repairing, maintaining and investing in our housing stock.

2. **Higher rate of inflation in construction sector -** the rate of inflation within the construction/maintenance sector has been more than the headline rate of inflation within the wider UK economy. The Building Costs Information Service (BCIS) confirmed price inflation of 14.1% for 2022, 6.1% for 2023 and 3% year to December 2024. This compares to general inflation CPI (Consumer Price Index) 10.1% for 2022, 6.7% 2023 and 1.7% 2024. The BCIS has also predicted that construction costs will increase a further 15% over the next five years, while tender prices will rise by over 20% over the same period.

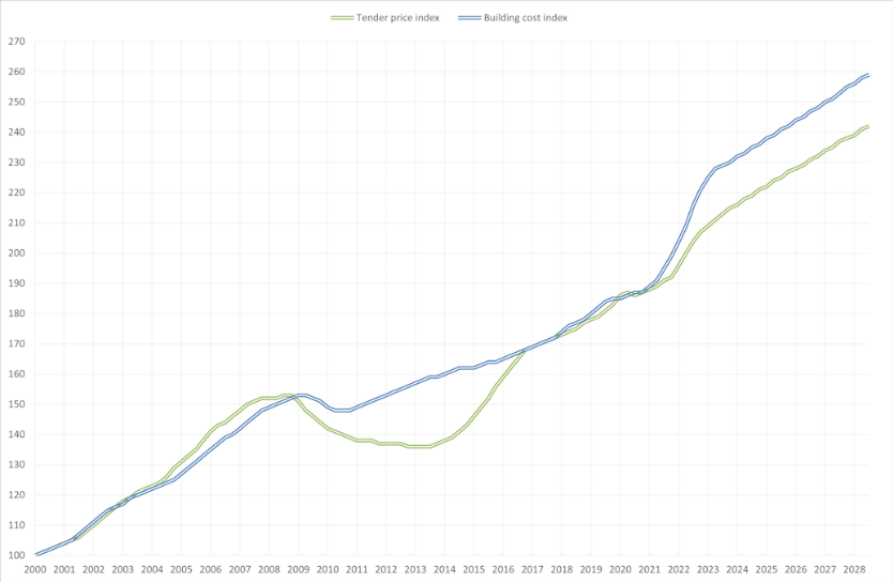


Diagram Source (uk tender price and building indices December 2024)

3. **Rent controls –** including as part of its response to the high(er) inflation environment in the UK since 2022, and specifically to provide financial assistance to residents within social/affordable housing as they sought to cope with the increased costs of living, central government has repeatedly intervened and restricted the ability of Registered Providers to increase rent levels. This intervention has taken place despite the previous agreement by central government for most social/affordable housing rents to be able to be increased by the rate of inflation (as measured by the Consumer Price Index - CPI) plus 1% for each year of the five years from April 2020 – which itself followed a period (from April 2016 to April 2020) whereby rents were reduced by 1% each year.

   In Lambeth, the Housing Revenue Account (HRA) faces significant pressures following central government four-year rent reduction policy from 2016, and the recent 7% rent rises cap in 2023. These national policy decisions on rent continue to have a material impact on the HRA, which continues to impact on the amount available for investment in the housing stock. Over the course of the 30-year HRA business plan, we estimate that these two decisions alone leave the HRA with a shortfall of over £1 billion from what would have been the case had rents risen in line with the Self-Financing settlement in 2012.

The increasing 'affordability gap' created by the above combination of high(er) inflation and restrictions on available rental income, and hence available financial resources and capacity to fund repairs, maintenance and investment, has impacted upon all registered providers. For example, in London alone, stock-retaining Local Authority landlords have estimated that this impact equates to a "black

hole" of in their social housing finances and ability to invest in their housing stock of up to £700m ('*Boroughs warn of 'mission impossible' on social housing amid £700m budget 'black hole' over the next four years'* March 2024 London Councils). In Lambeth, our stock condition surveys between 2023-25 have identified a minimum of £2.75 billion of investment need in our stock to maintain decency and achieve zero carbon, across a 30-year period.

In addition, there have been considerable increases in regulatory, statutory and legal standards, obligations and requirements during a period when the financial capacity to meet these challenges is constrained:

1. **Climate Change –** successive UK Governments have, as part of their response to the global climate emergency, indicated that regulatory/statutory/legislative requirements relating to the energy efficiency of housing stock will be placed upon registered providers of social/affordable rented housing. Whilst we await the detail setting out the new Government's proposals, there is a strong indication that the requirement is likely to be EPC band C by 2030. Whilst we support this ambition, and our own local ambitions exceed this target, this remains particularly challenging for some of our housing stock.

2. **Resident health and safety –** the Grenfell Tower tragedy in 2017 and its aftermath, has been transformative in respect to the expectations of registered providers in ensuring that residents are provided with safe homes via the appropriate identification, management and mitigation of health and safety related risks. In no category/type of accommodation has this been more the case than High-Risk Residential Buildings (HRBs) – defined by the Building Safety Act 2022 as those above 18 metres/7storeys in height and containing at least 2 residential dwellings. New statutory legislative obligations are now in place to pro-actively manage both the risk of spread of fire and structural safety/integrity of the building, and to extensively evidence having adequately done so to the new Building Safety Regulator (BSR). For Lambeth Council, our housing stock features 76 such HRBs which fall under the auspices and jurisdiction of the new Building Safety Regulator.

   All registered providers are now required to operate a comprehensive, effective safety management system which identifies, manages and mitigates health and safety risks to residents across at a minimum of gas, electrical, fire, asbestos, water and lifts safety (the so-called 'Big 6'). These enhanced resident health and safety obligations and requirements have been enacted and reinforced via additional regulation and legislation, including:

   - Fire Safety Act 2021 and Fire Safety (England) Regulations 2022.
   - Smoke and Carbon Monoxide Alarm Regulations 2022.
   - Regulator of Social Housing's new Safety and Quality Standard effective April 2024.

   Whilst developments in keeping residents safe are necessary and welcomed steps, these responsibilities come at a significant unfunded cost.

3. **Enhanced regulation and its focus on housing quality** – the direction of national policy in recent years has been to drive-up the standard and condition of the UK's Housing Stock within the social housing sector.

   This has included a focus upon issues such as:

   - Damp and mould
   - Complaints management

- Disrepair – reflected in a resumed emphasis upon residents being able to seek adequate redress and remedy for issues across the full range of the hazards set out within the Housing Health and Safety Rating System first introduced in the Housing Act 2004
- Decent Homes Standard and formal consultation upon increasing its scope and requirements via introduction of an enhanced 'Decent Homes 2'
- Reinforced Autoclaved Aerated Concrete (RAAC).

Increasingly, and particularly since April 2024, the responsibility for delivering this drive for improvement in the quality, as well as safety of social housing rests with the Regulator for Social Housing (RSH). This has been reflected in the RSH's reintroduction of an inspection regime, against new Consumer Standards (including one centred upon 'Safety and Quality') and operation of mandatory Tenant Satisfaction Measures (TSMs) which include residents' perceptions as to whether their home and its wider environment is in good repair, well-maintained, and safe.

1.3 Objectives

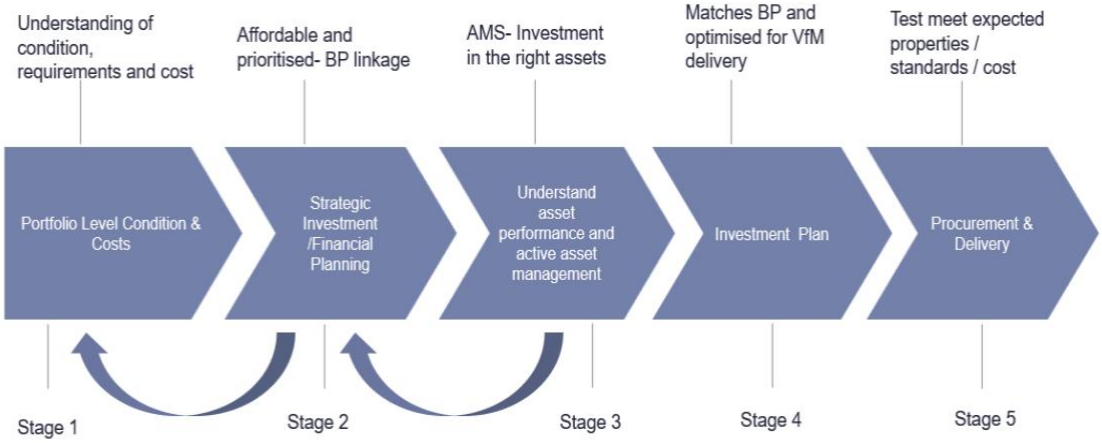
The scale, nature and complexity of the above context is such that council's approach to the management of its social housing assets must be reset. Whilst the council's aspirations and ambitions as social landlord remain as high as ever in the interests of our residents, these ambitions are confronted by increased financial pressures. This means that decisions will have to be made as to the housing stock which may or may not receive investment and the nature and level of that investment.

The reality of this position is reflected in our objectives for asset management. We will:

- Prioritise our investment on essential expenditure and with a focus on building and resident safety, in line with our hierarchy of investment priorities
- Ensure that our assets continue to meet the needs of the council and our residents, and where they can be better utilised, dispose of assets, to ensure the best use of rental income
- Strive to contribute to the delivery of our ambition to be Net Zero compatible by 2030 wherever practical and affordable, seeking ways to maximise grant funding
- Continue to communicate with and listen to our residents, working with them to ensure that their experiences remain central to all that we do
- Develop effective and productive partnerships that will positively impact the council and communities.
- Deliver value for money through clear, compliant, efficient, targeted and strictly monitored programmes.

1.4 A decision making and prioritisation framework for investment in the council's housing stock

As part of the council's overall budgeting and financial planning processes, investment planning (and associated financial planning in the context of the Housing Revenue Account) will follow the Housing Asset Management Decision-Making and Prioritisation Framework – illustrated in overall terms below, and subsequently (in respect to each of the five key stages involved) set out in more detail thereafter:



Stages 1-3 form our strategic decision-making process, with stages 4 and 5 related to delivery and operational planning**.** Each stage includes identifying:

Our current position and what is needed next	**Define**
The risk/s we are trying to manage	**Risks**
How we intend to apply what is needed	**Actions**
How we will keep stakeholders informed and manage risk	**Controls**
How we will monitor performance	**Measures**

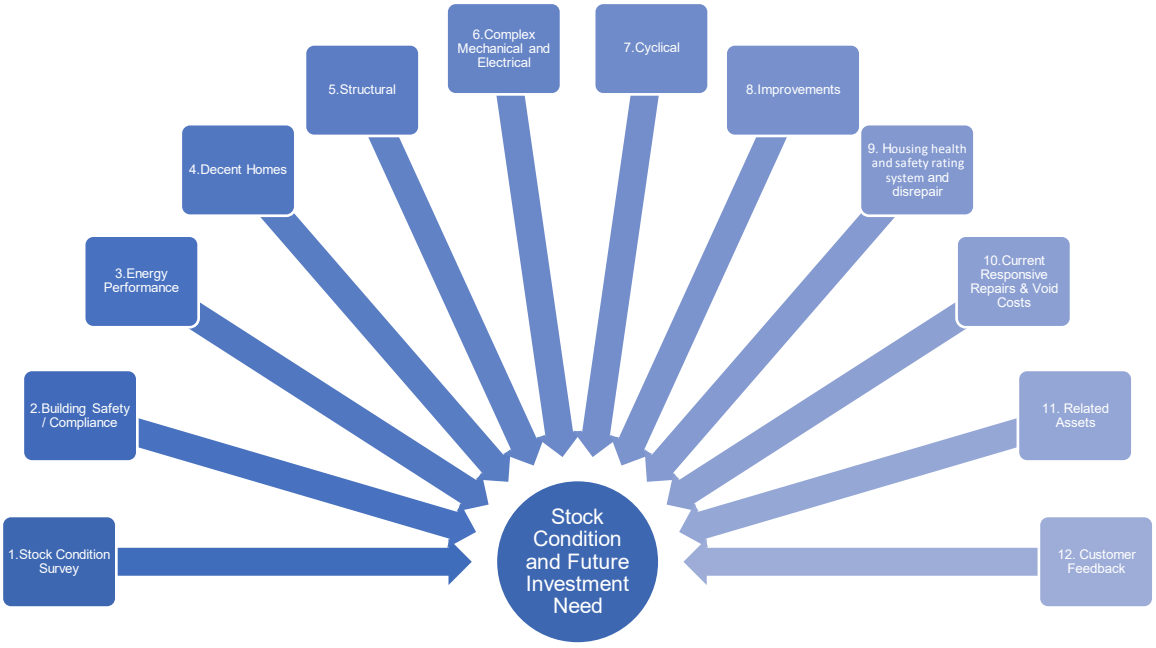
Stage 1 – Portfolio Level Condition and Costs (Understanding of Condition, Requirements and Costs)

As referenced above it is vital that the council understands, quantifies and can cost the investment requirements within its housing stock via comprehensive data at the individual property/dwelling/unit level.

Define: Accurate and comprehensive data regarding the condition of the housing stock is a key factor in any approach to asset management. This data then forms the basis for effective, evidence-based and transparent decision-making as to the level and nature of Investment into the Housing Stock.

The importance of having robust housing stock condition data in place is all the greater in the context of the affordability challenges faced by the council as set out above as this increasingly means that decision-making has to consider scenarios centred upon reducing the level of investment made – whether across the whole housing stock or in respect to particular, specific properties/schemes – or indeed ceasing this in outright terms in the context of asset disposal.

Within any effective, dynamic approach to asset management decision-making there are multiple sources of data in respect to the condition of the housing stock, which when assessed in combination produce a profile of 'Future Investment Need'. This can then be translated into Investment Plans and subsequently Programmes of Work for delivery/implementation. These multiple sources of data are illustrated below:



A definition and further details of each of the above data sources No.s 1-12 can be found within the Data Assurance Confidence Summary.

Category 11 'Related Assets', is worthy of particular note. Whilst this includes non-dwelling assets within the HRA, it also includes assets across six estates which have been identified for future regeneration. Historically, there has been limited investment need identified for these assets owing to the proposed regeneration activities. The investment needs of these assets will need to be considered in line with future regeneration timelines. Therefore, its vitally important to understand the investment requirements for the regeneration estates through stock condition surveys.

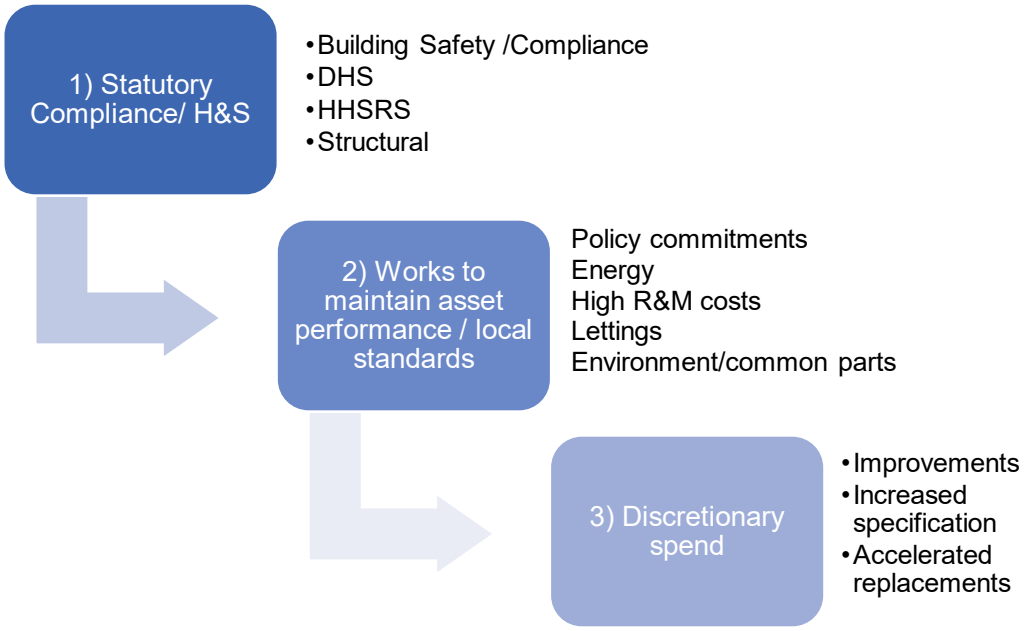
A confidence rating is applied to each of these datasets which indicates the council's level of confidence as the accuracy, comprehensiveness and age of the data involved and hence the extent to which it can be considered fit-for-purpose for use in Asset Management and Investment Planning decision-making. This confidence rating approach is set out below, followed by confirmation of the present rating given to each of the datasets in a Data Assurance Confidence Summary.

Data Source Confidence Rating	**Definition**
High	A **high level of confidence** exists that the dataset is **up-to-date** and reflective of a recent data gathering exercise/s, is **comprehensive** in its coverage of the Housing Stock and therefore considered **accurate** and **fit-for-purpose for use** in Asset Management and Investment Planning decision-making
Moderate	A **reasonable level of confidence** exists that the dataset is up-to-date, though some of the data **falls short of being considered up-to-date** as it has not been either initially gathered and/or validated via a recent exercise. Whilst **still considered fit-for-purpose** for use in Asset Management and Investment Planning, this should be **in the context of contingencies, allowances and appropriate risk mitigation being in place** for potential inaccuracies
Low	An **insufficient level of confidence** exists in the accuracy, comprehensiveness and age of the dataset concerned and it is considered **not fit-for-purpose**. Any dataset given this Assurance Rating should be subject to an **active Improvement/Remediation Plan**

Risk	Action
• Weak underlying data could lead to a limited visibility of Investment Need. Impact of poor investment decisions, issues for tenants and regulatory intervention. • Investment to maintain H&S and quality of home/environment becoming due in identified regeneration sites because of further delays in commencing work. • Delivery of work programmes which depart from investment priority needs re both components and/or costs creates backlogs of non-completed Works which still need to be addressed – including potential to breach regulatory/statutory/legislative requirements (for example Decent Homes Standard).	• We will maintain an Annual Plan to maintain and improve data quality. This includes identifying emerging requirements. • Review of likely programmes for regeneration sites to consider short-term investment need for any that will remain occupied for longer than anticipated. • Undertake surveys (both specialist activities and rolling stock condition) • Update data when work is completed. • Maintain the schedule of rates that underpins the cost forecast and ensure that this aligns with outturn costs • Produce an annual update of the Investment Need Forecast.
Controls	**Measures**
• We will maintain the above Data Assurance/Confidence Matrix and track progress against our survey plan. • The Data Assurance/Confidence Matrix latest update will be presented alongside the Annual HRA update and 30 Year Cost Forecast. • The above risk will be recorded in the risk register and internal/external audit activities agreed according to risk.	• % of homes surveyed within the past five years • % of homes meeting the Decent Homes Standard (including breakdown by failure criterion) • Data Assurance/Confidence Summary • Monitoring of work completions versus • investment need and outturn versus target cost (i.e. Delivery) • 30 Year Investment Need Forecast.

Stage 2 – Strategic Investment/Financial Planning (Affordable and Prioritised – Business Plan/HRA linkage)

Define: At Stage One, the council produces an annual update of the outline 30 Year Investment Need. This will itemise the investment need indicated by that data across each of the main categories of investment works and segmented into five-yearly delivery periods. Subsequently, our detailed strategic investment/financial planning process will commence, based upon consideration of the 'Hierarchy of Investment Needs', with statutory compliance and Health and Safety (H&S) as the highest priority and so on, as illustrated below (and detailed in Hierarchy of Investment Needs).



It is at this point that the context of affordability becomes an integral part of the Investment Planning Process.

If there is insufficient budget available to meet regulatory, statutory, and/or legislative requirements based on our housing stock data, the investment planning process will be paused. Officers will then reassess the data to identify areas where lower-confidence estimates can be improved. If meeting these requirements is still unaffordable, the matter will be addressed through the council's standard governance processes.

If there is sufficient budget to both cover and exceed the council's minimum regulatory, statutory, and legislative requirements, the investment planning process can move forward to determine how funds are allocated to the remaining investment priorities:

- Asset Performance/Existing Local Standards: works to maintain asset performance/existing local standards (including policy commitments, energy efficiency, high repairs and maintenance costs, the lettings standard applied to void properties, wider estate environmental Improvements and common parts/communal areas) and then, should financial resources still remain after the costs of these works are met;

- Discretionary Spend areas: discretionary spend areas (allowing consideration of general improvements via increased specifications and raised standards for works carried out whether within individual homes, common parts/communal areas and/or the wider estate environment). An example in this respect could be reducing the replacement lifecycles for key component items such as kitchens, bathrooms or boilers or a commitment to the installation of CCTV-equipped door entry systems in all flat block schemes if these are not already in place.

Once investment need beyond regulatory, statutory and/or legislative requirements has been examined, some areas of spend in categorisations two and three within the Hierarchy may be removed from, or adjusted, in further investment planning. For example, work to boundary treatments may be dealt with as 'fix on fail' through revenue budgets, or the specifications for certain items reduced. Other areas may be included but re-reprofiled. Such interventions may be needed to maintain affordability within the HRA, but both increase the likelihood of risk materialising and need to mitigate. The risks are discussed below.

Risk	Action
• Removal and/or re-profiling of Investment may adversely impact the quality of homes and neighbourhoods. Without effective prioritisation, this may lead to regulatory or statutory compliance issues. Any reduction in Investment can lead to a reduction in resident satisfaction (for example as measured via the Regulator's TSMs) or impact upon the council's organisational objectives.	• Agree and maintain investment priorities and Specifications, consult with stakeholders (including resident engagement) • Test Investment Need against the HRA; • Apply the Investment Priorities and note any proposed omissions, re-profiling and efficiency assumptions. These will be recorded formally upon the Strategic Investment Planning Assumptions Proforma • Highlight risk of any assumptions in the context of council objectives. • Produce an updated Investment Need Forecast. • Produce an Annual Summary Report to give stakeholder visibility.
Controls	**Measures**
• Apply Investment Priorities and maintain 'Golden Thread' between HRA business plan and Investment Need Forecast at Stage One. Immediate report of any concerns regarding ability to meet minimum requirements. • Produce an Annual Summary Report outlining any omissions, reprofiling and efficiency assumptions and present for approval. • The above risk will be recorded in the Risk Register and Internal/External Audit activities agreed according to risk.	• Updated Investment Need Forecast and Risk Analysis

Stage 3 – Understand asset performance and active asset management

Define: Lambeth Council is clear that, given the pressures and challenges faced by the Housing Revenue Account in retaining sufficient financial capacity to meet the council's Investment Requirements over a 30 year period, and the expectations of its residents as to the standard of accommodation to be provided, it must practice '*Active Asset Management*' in order to generate additional financial capacity, over and above rental income alone.

In essence, this means that via the detailed knowledge and understanding of the condition of its housing stock (and as a result the costs related to the full range of its investment requirements) relative to the Housing Revenue Accounts capacity in respect to rental income i.e. Asset Performance – the council may have to periodically make strategic decisions in respect to Housing Stock retention, and potential disposal, as part of its Asset Management Framework.

There are typically two broad types of intervention: firstly, regeneration; and secondly, disposal of vacant homes. The council has already identified 6 estates for regeneration activities, and these are considered as distinct strategic projects. Plans relating to these regeneration sites are not considered in this framework, but stakeholders must consider the risk that regeneration sites come back into management or require short-term investment. The remainder of this section considers the second intervention, disposals.

For the avoidance of any doubt, and particularly so that unnecessary concerns are not created regarding potential Housing Stock disposal, it should be noted that we will only proceed with such disposal in respect to accommodation which is untenanted and vacated (i.e. 'void') and not in respect to any council home which is still let and occupied.

Such disposal decisions will be in the context of, for example, homes and schemes which – by virtue of their age, design and/or level of condition – will have a disproportionate impact upon the overall Investment Plan in terms of the cost of investment needed to meet the current regulatory, statutory and/or legal requirements let alone the council's more ambitious objectives as set out in Section 1.3 above.

Such homes and schemes could include those originally built using non-traditional methods of construction, those with structural issues/defects for which remedial works would be both costly and significantly disruptive to residents or those for whom the scale of works required to even met the Decent Homes Standard and/or reasonable standards of energy efficiency would be both initially disproportionate to complete and drive subsequent, ongoing higher Repairs and Maintenance costs throughout the duration of the council's 30 year HRA Business Plan.

Equally, the council may possess Housing Assets – including land (for example Garage/Parking sites) – that have a high value and which if disposed of could generate income which, when reinvested into the Housing Revenue Account, could increase financial capacity and resources available to benefit residents or create further capacity for new housing supply.

As part of active asset management, we will use all funding opportunities to acquire additional properties through acquisitions, home building, or regeneration. Our ambition is to maintain the level of stock, to ensure that the stock we hold is well-maintained, can be managed effectively, and responds to the local housing need.

Risk	Action
• Investment in assets that do not have a long-term sustainable future, risks reducing investment in the wider Housing Stock; • Reduced Investment in assets – particularly in the context of anticipated regeneration, or for assets for which original decision-making regarding non-affordability/future viability has changed – which remain tenanted and occupied becomes prolonged beyond originally targeted timescales; leading to a deterioration in the condition and state of repair of council homes to an extent unacceptable (relative to the council's standards and objectives and also potentially in respect to Regulatory/Statutory/Legislative obligations) • Disposal of too many assets' results in an unacceptable reduction in overall Affordable Housing Supply and/or such an unacceptable reduction concentrated within particular areas; • Individual disposals may impact future regeneration activity and/or new supply.	• We need to both initially appraise, and subsequently regularly reappraise, assets to understand their performance in the context of our objectives. This will include an assessment of both financial and social performance. • In terms of any strategic decision-making which involves disposal of either Housing Stock or associated Assets (such as land), the council is conscious of the sensitivities attendant to this given the shortage of affordable housing within the Borough and the perceptions therefore potentially associated with the disposal process. As a result, disposals will follow the governance agreed in the Constitution, and as set out in the *Disposal of Housing Revenue Account Assets Policy and Process.*

Controls	Measures
• The Approvals Process outlined above. • An Annual Disposals Summary and review. • The above risk will be recorded in the risk register and internal/external audit activities agreed according to risk.	• Summary of Disposed Assets by Number and Value.

Stage 4 – Investment Plan (matches HRA Business Plan and optimised for value for money delivery)

The Investment Plan produced as outlined above will feature works which have been packaged to aid delivery, minimise resident disruption and help to ensure the best use of rental income.

These packages are likely to include:

- Internal (Kitchens and Bathrooms)
- Heating (Domestic & Communal)
- External (Streets)
- External Blocks
- Cyclical (Painting and Repairs Programmes)
- Electrical (incl. Detectors)
- Specialist Mechanical and Electrical
- Fire & Building Safety
- H&S

Lambeth Council is committed to engagement with our residents through our new Service Panels on the development and delivery of our Investment Plans as set out above and we will seek to learn as a landlord service from resident feedback to drive improvements in the way we deliver work programmes.

The Investment Plan will be approved annually to confirm alignment with (and affordability within) the parameters of the Housing Revenue Account and its associated Business Plan via application of the above Asset Management Framework for Investment Planning and Decision-Making.

For year 2025-26 ('Year 1'), the Investment Plan and its subsequent, associated Programmes of Investment Work have been compiled upon the basis of immediate, known Priority One (as defined within the Hierarchy of Investment Requirements) works. This will be followed by a full 5-year Investment Plan 2025-2030. Investment plans will be publicly available.

Stage 5 – Procurement and Delivery (test this is meeting expected standards and costs)

Whilst the above Stages 1-4 describe the council's annual Investment Planning and Decision-Making Process, it is vital that once this proceeds to delivery, via packaged programmes of work, it is subject to regular, routine performance management and monitoring to ensure that works are being delivered to both the standards required and specified by the council and at the cost levels used to compile the Investment Plan and then subsequently used within procurement.

One of the primary risks which would adversely affect delivery of the council's Investment Plan, and its objectives, is for the completion of works to take place at higher cost levels than those used for Investment Planning and Decision-Making. Therefore, in addition to the volume completion of works, the level of resident satisfaction with those completed and their conformity to the council's required

standards, our Key Performance Indicators (KPIs) regime will also feature information and data relating to costs and budget compliance so that any variation can be highlighted, remedial measures and actions agreed, and their level of impact managed.