

PUBLIC

DERBY HOMES BOARD

ASSET MANAGEMENT STRATEGY – COMPONENT LIFECYCLE REVIEW.

THURSDAY 24 APRIL 2025

ITEM NO. Enc. 13

PRESENTER: Shaun Bennett

Please delete as appropriate:

Finance

Please delete as appropriate:

Noting

REPORT OF (OWNER) AND EMAIL

Shaun Bennett shaun.bennett@derbyhomes.org

REPORT AUTHOR AND EMAIL

As above.

1.	SUMMARY
1.1	The Partnership Agreement with the Council delegates the management of the capital investment plan to Derby Homes. We are currently working to the Asset Management Strategy 2022-27 as presented to Board on 24 November 2022 and subsequently approved by Derby City Council.
1.2	<p>The independent stock condition survey (SCS) currently being carried out by Ridge has gathered data on the current condition of our homes and this data has been used, alongside data we already hold on homes, to undertake a refresh of average component replacement lifecycles.</p> <p>It is important to note that these lifecycles are a guide for planning, scheduling and budgeting over the course of a 30-year HRA Business Plan. The actual condition of the component is the primary factor on when it will actually be replaced.</p>
1.3	The government are still considering the introduction of Decent Homes 2 with no date indicated as yet for change, our proposals are based on the current definition. It is not expected that Decent Homes 2 will materially alter the refreshed component replacement lives.

2.	RECOMMENDATION
2.1	To note the changes to the component replacement lifecycles as approved by the Councils HRA Capital Board on 4 April 2025.

3.	REASON FOR RECOMMENDATION
3.1	To ensure that investment forecasting is accurate and best reflects the condition of stock.

4.	MATTERS FOR CONSIDERATION
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4.1	The data being returned from the SCS evidences that the current stock both meets the Decent Homes Standard and by definition that the main components remain fit for purpose.
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4.2	Based on the data we have carried out a review of the current component lifecycles. This is the number of years a component is expected to last before needing replacement. Full detail is contained in Appendix 1 to this report which is available on CMIS.
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4.3	On 4 April 2025 Capital Board approved the following proposed amendments:
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Component	Existing (Yrs)	New (Yrs)	Comment
Electrical Rewire	40	46	SCS Assurance
Sockets & Systems	40	46	
Block Wiring	40	46	
Heating Boilers	15	17	Current estimate of replacement.
Heating Distribution	30	40	Technology improvements.
Air Source Heat Pumps	25	17	Lifespans similar to boilers.
Windows	30	31	Revised in line with SCS estimates.
External doors	30	33	SCS Assurance
External doors – flats	30	33	SCS Assurance
Kitchens	20	22	SCS Assurance
Bathrooms	25	28	SCS Assurance
Wet Rooms	25	28	SCS Assurance
Lift Maintenance	30	20	Revised down in line with last cycle.
Door Entry System	15	20	System reliability.
Communal window	30	33	SCS Assurance
Inverters – solar	10	15	Technology improvements

4.4	<p>There are no changes proposed to:</p> <ul style="list-style-type: none"> • Roofs – 60 years • Electric showers – 12 years
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	<ul style="list-style-type: none"> • Communal Entrance Doors – 30 years • Solar Panels – 60 years (linked to roof lifespans)
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5.	OTHER OPTIONS CONSIDERED
5.1	Not applicable. It is not considered appropriate to disregard the recommendations from the SCS. Extending/Increasing component lifecycles achieves is financially prudent and maintains good quality, safe homes.

6.	IMPLICATIONS
6.1	Legal/Confidentiality None
6.2	Consultation None
6.3	Equalities impact assessment Not required as this is a minor change to the existing strategy.
6.4	Financial and business plan The proposed changes achieve creates a notional circa £1.3m annual saving in the HRA Major Works Capital Programme. However, this saving is more than offset by inflationary pressures on unit costs for components and increasing / additional compliance and regulatory responsibilities.
6.5	Council The updated asset replacement lives has been discussed with Council colleagues and approved at the HRA Capital Board on 4 April 2025 and are planned to be incorporated into the future HRA Business Plan. Additionally, Derby Homes will work with the Council to update the formal accounting standards around the depreciation charge applied to replacement components. This will be considered at a future DCC Audit & Accounts Committee meeting.
6.6	Environmental These proposed changes do not affect our ambition to ensure that all homes have an Energy Efficiency Statement of at least Band C by 2030.
6.7	Risk Specified within the strategy.

7.	Background information
7.1	None.

8.	Appendices
8.1	Appendix 1 – Asset Management Strategy 2022-27 as amended.

This report has been approved by: (Add or delete as necessary).

Managing Director	Maria Murphy	14.04.2025
Finance Director & Company Secretary	Michael Kirk	14.04.2025

Governance Services (checked)	Chloe Gaskell	15.04.2025
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Reports have only been approved where dates have been applied