

12 November 2025

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Dear Adrian and WDCO,

Thank you for your email and the questions raised about how NHG manages capital expenditure, planned maintenance programmes, and cyclical works at Woodberry Down. I appreciate WDCO's desire to understand these processes in detail, and I hope this response provides the clarity you're seeking.

Before I address your specific questions, I want to clarify some terminology. The terms "cyclical works" and "planned works" are regularly used interchangeably within the housing sector, and both refer to programmed major works and component replacements based on lifecycle planning and stock condition data. For general needs (social rented) properties, this means works such as kitchen and bathroom replacements, windows and doors, heating systems, and external fabric repairs funded by the landlord. For leaseholders, this means major works to communal areas/components and the building structure for which leaseholders are charged a proportionate share in accordance with their lease terms.

Understanding stock condition surveys and priority setting

NHG undertakes stock condition surveys across all our properties to assess the condition of building components and plan future investment. Stock condition surveys for Woodberry Down blocks were completed in 2018, 2022, and 2024.

These surveys rate properties and components using a grading system based on their current condition.

The condition rating, combined with the estimated remaining lifespan of components, determines how urgent replacement or refurbishment work is. Most surveys will result in data that informs some, all or similar areas to those listed below:

- Internal cyclical works programmes
- Component details (doors, floor finishes, ceiling finishes, windows, kitchens, bathrooms, etc.)

- Estimated replacement years and costs
- Our overall asset management strategy

Importantly, replacement decisions are based on actual condition rather than simply reaching an average lifecycle age. If a kitchen is 20 years old but still in good condition, it's unlikely to be replaced just because it has reached the typical replacement age. However, there is one significant caveat: with mechanical and electrical equipment (including HIUs, boilers, and heating systems), we are increasingly seeing the need to replace items earlier than their expected lifespan due to software obsolescence, availability of replacement parts, and technological changes that make older systems incompatible with modern requirements.

Central capital budget and sector-wide challenges

NHG operates a central capital budget that funds planned and cyclical works across our entire stock. The amount of cyclical work that can be undertaken in any given year is determined by:

1. The size of the available capital budget
2. Statutory and regulatory priorities
3. Stock condition data and urgency of need
4. Opportunities to align works with other programmes or funding streams

It's important to understand the broader context affecting the social housing sector. Over the past few years, many housing associations, including NHG, have had to reduce or reallocate cyclical works budgets. While this may appear concerning, it is never any housing association's initial intention to reduce investment in their assets—it is always in our best interest to maintain properties in the best possible condition.

However, significant factors have necessitated these difficult decisions:

- Substantial increases in construction and material costs
- New and rapidly evolving building safety requirements following the Grenfell tragedy
- Fire safety remediation works
- Compliance with new regulatory standards
- Enforcement notices and ombudsman determinations that require immediate action

Many housing associations, including NHG, have had to redirect funding from planned cyclical programmes toward meeting these urgent regulatory requirements and ensuring resident safety. This has been an unavoidable sector-wide reality, which has resulted in cyclical programmes becoming smaller or slowing down.

NHG's data-led approach to programme planning

NHG has recently moved toward a more data-led programme planning approach to ensure fairness, consistency, and that investment is targeted where it's needed most. You can read more about this on our website: <https://www.nhg.org.uk/help-and-advice/planned-maintenance/>

These programmes use a data model that brings together live data from stock condition surveys and applies a scoring matrix to support prioritisation. This enables us to establish longer-term programmes based on actual need rather than arbitrary timescales.

However, the following years are always subject to change as new stock condition data becomes available. We update these programmes approximately every six months as more information is gathered.

Our priorities for investment over the next three years are:

1. Statutory works (enforcement notices, ombudsman determinations, lease covenant obligations)
2. Regulatory works (Decent Homes Standard compliance)
3. Health and safety matters
4. Condition-based priorities informed by stock condition surveys

This means that homes requiring urgent intervention may be prioritised over properties already in draft programmes if new information comes to light.

Cyclical works at Woodberry Down

To answer your specific question about whether Woodberry Down has independent cycles or is dependent on cycles at other sites: Woodberry Down does not operate on independent cycles. All NHG properties, including those at Woodberry Down, are assessed using the same data-led approach and compete for investment from the same central capital budget based on condition, urgency, and regulatory requirements.

Current Position for Woodberry Down:

I have been upfront about current timelines, as I know this is important to WDCO.

- None of the NHG-managed blocks at Woodberry Down are included in the current cyclical works programme for 2025/26.
- The programme for 2026/27 and 2027/28 is still being developed.
- We expect to receive confirmation of which blocks (if any) will be included by the end of the 2025/26 financial year (March 2026).
- We will update WDCO once this information becomes available.

While I appreciate the contributions residents make to reserve funds, the current programme does not include Woodberry Down blocks for 2025/26, and I understand this may feel disappointing.

General needs vs leasehold responsibilities

For general needs (social rented) properties, cyclical or planned works typically include:

- Kitchen replacements
- Bathroom replacements
- Windows and doors
- Internal decorations (communal areas)
- Heating systems
- Roofs and external fabric

These responsibilities are determined by NHG's legal ownership of the building and what is specified in tenancy agreements.

For leasehold properties, NHG has no responsibility for the internal condition of individual homes (kitchens, bathrooms, internal decorations within the flat). However, planned works will consider replacement of communal and structural components such as:

- Roofs
- External doors and windows (where these form part of the building structure)
- Communal decorative works

- Building fabric and structure
- Communal mechanical and electrical systems

These responsibilities are defined in individual lease agreements.

Heat networks and major components

Lifecycle of Key Components:

- HIUs (Heat Interface Units) typically have a lifespan of 10-15 years
- Plantroom boilers and components generally last 10-20 years, depending on make, model, and usage

Capital Expenditure Plans:

NHG maintains a 10-year business plan and a specific 10-year capital plan for heat networks. These plans guide replacement schedules and investment priorities.

Condition Assessment:

HIUs are monitored through:

- Service and repair data
- Heat meter readings
- Performance reports
- Heat Network Technical Assurance tools (HNTA), NHG's internal reporting and monitoring tool

Factors Influencing Replacement Timing:

Replacement programmes may accelerate due to:

- Component failures
- Stock condition data
- Performance issues
- Meter condition
- Regulatory changes

- Opportunities to align with other major works and funding streams (such as the Heat Network Efficiency Scheme)

Heat Network Asset Management – Our Approach

At NHG, we take a proactive and structured approach to managing our heat network assets to ensure reliability, efficiency, and resident satisfaction. Our strategy is built around industry best practice and compliance with CIBSE CP1 Heat Networks Code of Practice.

We work with two specialist heat network maintenance partners, both operating to agreed Key Performance Indicators (KPIs), Service Level Agreements (SLAs), and efficiency metrics aligned with CP1 standards. This ensures consistent quality and accountability across all sites.

Key elements of our asset management approach include:

- **Regular Inspections and Maintenance**
 - Monthly inspections of plant rooms.
 - Quarterly planned preventative maintenance (PPM) of all plant room equipment.
 - Annual servicing of Heat Interface Units (HIUs) and heat meters.
- **Independent Compliance and Condition Monitoring**
 - Regular stock condition surveys carried out by an independent compliance assurance consultant.
 - Data from surveys and repairs is integrated into our asset management system.
- **Heat Network Health Score**
 - Our system calculates a health score for each network, factoring in:
 - Repairs history and downtime.
 - Component age and system efficiency.
 - Meter health and water quality.
 - Stock condition data.
 - This health score directly informs our planned replacement strategy, ensuring timely investment and minimising disruption for residents.

This structured approach helps us maintain high standards of service, improve system resilience, and plan future upgrades effectively, while keeping residents and stakeholders informed and reassured.

Please note that detailed plans tied to future Heat Network Efficiency Scheme (HNES) applications cannot be shared until official announcements from the Department of Energy Security and Net Zero (DESNZ).

Every site currently has a stock condition survey in place, and these surveys will be updated and refreshed in 2026 following the publication and ratification of the Heat Network Technical Assurance Standard (HNTAs). HNTAs is a new heat network regulation currently in draft form. Once finalised, it will influence how NHG updates its condition data and asset management approach.

The key point to emphasise is that heat network components are subject to hard replacement deadlines when they fail or become ineffective. We monitor performance data closely to anticipate and prevent service disruption. These are not items that can be delayed in the same way that internal redecoration might be.

Mixed-tenure blocks: funding and reserve contributions

I want to clarify how funding works in mixed-tenure blocks.

For Leaseholders (Shared Ownership and Other Leasehold):

- Leaseholders pay an annual service charge
- Part of this service charge includes a contribution to a **reserve fund (sinking fund)** for future major works
- These reserve contributions are **ring-fenced** specifically for planned works within those blocks
- When major works are undertaken, leaseholders' proportional costs are drawn from their accumulated reserves (and any shortfall is charged via Section 20 consultation)

For General Needs (Social Rented) Properties:

- NHG does not operate a sinking fund system for social rented properties in the same way
- Instead, major works for social housing are funded from NHG's central capital budget
- This means the funding is not ring-fenced at block level but allocated strategically across the entire organisation based on need and priority

How This Works in Mixed-Tenure Blocks:

When planned works are undertaken in a mixed-tenure block (e.g., roof replacement, external decorations, communal heating system replacement):

1. **Leaseholders' proportion** of the cost is funded from their ring-fenced reserve fund (and any shortfall is recovered via Section 20 consultation and billing)
2. **NHG's proportion** (representing the social rented homes in the block) is funded from NHG's central capital budget

For example, if a mixed-tenure block is 60% social rented and 40% shared ownership:

- 40% of the major works cost is funded from shared owners' reserves
- 60% is funded from NHG's central capital budget for that financial year

This means that while leaseholders can expect to see their reserve contributions spent on major works within their block, the timing of when those works take place depends on:

- NHG's central capital budget availability
- The condition and priority of the work
- Competing demands across NHG's portfolio
- Statutory and regulatory obligations

I recognise this can feel frustrating when contributions are made to reserves but there is no direct control over the timing of works, as this depends on NHG's central budget priorities and competing demands across the portfolio.

Transparency for leaseholder:

When leaseholders receive their annual service charge statements showing their reserve fund contributions and balances. When Section 20 consultation is required for major works, leaseholders receive detailed information about the proposed works, costs, and how their reserves will be applied.

Responsive maintenance and communal improvements at Woodberry Down

While we haven't undertaken large-scale planned works programmes in communal areas since Woodberry down joined NHG Places, this doesn't mean we haven't been investing in the blocks. We have taken a responsive, needs-based approach that has included:

- Changing carpets where and when needed
- Painting ground floor communal areas
- Replacing signage
- Addressing specific maintenance issues as they arise

This approach has been much more cost-effective for residents. We have funded these works using in-year budgets and capital expenditure from our department, which means we haven't depleted sinking funds or triggered Section 20 consultations for minor works that can be addressed responsively. Considering the age of our first phases, much of our blocks remain in good condition, and this targeted maintenance approach has allowed us to address issues as they emerge rather than waiting for a large-scale cyclical programme.

Engaging with NHG on capital planning

I understand WDCO's desire to engage with detailed capital expenditure plans at block level, similar to what would be available in private blocks managed by a residents' management company.

However, there are important differences in how social landlords operate:

- NHG manages approximately 65,000 homes across London and the Southeast
- Capital investment decisions are made strategically across the entire portfolio
- Detailed capital plans are commercially sensitive and subject to change based on stock condition data, regulatory requirements, and funding availability
- Individual blocks do not have dedicated capital budgets in the way private blocks do

What we can share with WDCO:

- High-level information about our approach to planned maintenance and cyclical works

- Updates on when Woodberry Down blocks are included in upcoming programmes
- Information about specific planned works once programmes are confirmed (typically 6-12 months before works commence)

What we cannot share:

- Detailed multi-year capital expenditure plans at block level (these do not exist in the same format as for private blocks)
- Commercially sensitive information about future HNES funding applications
- Draft programmes for years 2 and 3 that are subject to significant change

Meeting to discuss

I'm happy to arrange a meeting to discuss these matters in more detail and help WDCO understand the nuances of how NHG's asset management and capital planning processes work with specialist colleagues. This could be particularly helpful in explaining:

- How stock condition surveys translate into investment priorities
- The scoring matrix used to prioritise works
- How mixed-tenure funding operates in practice
- The governance around heat network asset management

Please let me know if a meeting were something you would like for me to arrange, and I will coordinate with relevant colleagues from our Strategic Planning and Heat Network teams to ensure we can address your questions comprehensively.

I hope this response provides the clarity you were seeking. Please do not hesitate to reach out if you have further questions.

Kind regards,

Jada Guest