





Overview and Scrutiny Committee

Report for:	Overview and Scrutiny Committee
Title of report:	Draft Interim Asset Management Strategy
Date:	17 th January 2024
Report on behalf of:	Councillor Simy Dhyani, Portfolio Holder for Housing & Property Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix 1 - Draft Interim Asset Management Strategy Appendix 2 – Draft action plan
Background papers:	N/A
Glossary of acronyms and any other abbreviations used in this report:	

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Corporate Priorities	<ul style="list-style-type: none"> A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency
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Wards affected	All
Purpose of the report:	To provide an update with progress on developing a draft Interim Asset Management Strategy with associated action plan for the Council.
Recommendation (s) to the decision maker (s):	Approve the Draft Interim Asset Management Strategy
Period for post policy/project review:	

1 Purpose

To provide an update for SLT on the development of a draft interim Asset Management Strategy for DBC.

2 Background

The social housing sector is facing a period of rapid change that will fundamentally reshape what we do and how we deliver strategic asset management services in the future.

There is more focus on, and wider expectations of, the social housing sector than ever before. Many residents are understandably worried about feeling safe in their home and neighbourhood, problems with damp and mould, rising energy bills and the cost of living crisis. The Social Housing (Regulation) Act 2023 brings new Consumer Standards for social housing, and the Regulator of Social Housing is taking a more active role in holding providers of social housing to account for their performance in delivering core landlord services.

Policy and regulation are requiring stronger governance and accountability not only to central government but also to residents. The Building Safety Act 2022 builds on the recommendations within Dame Judith Hackett's independent review following the Grenfell Tower tragedy bringing new duties for housing providers. More broadly, government targets for the UK to become net zero carbon places the requirement on social housing landlords to decarbonise homes, with a current target of all properties meeting Energy Performance Band C by 2030.

We expect further requirements and expectations to emerge during and beyond the life of this interim strategy. This includes an updated Decent Homes Standard which is likely to set out more stringent requirements in key areas including damp and mould, disrepair, and thermal performance of properties

DBC has aging portfolio of homes, the majority of which were built in the years post WWII. There is currently a mismatch between the expenditure required to maintain the council housing stock in good condition and the income available through the ring fenced HRA. In addition to this challenge there are the requirements and costs associated with decarbonisation. The financial shortfall is further exacerbated by the 7% rent cap in the face of higher inflation, and by the increased cost of borrowing due to high interest rates.

3 Current position

With these challenges in mind, we need to better understand how our social housing stock performs. In response to this the Council have recently invested in this area and through the implementation of the ARK Strategic Asset Performance (ASAP) stock grading model, which combines multiple data sources to assess the performance of our assets.

The model came into operation of the 19th of October 2023 and informs us of the net present value (NPV) of each property and provides a sustainability rating which will help inform our investment decision making. We are also working with ARK to develop an 'options appraisal tool' so that we can model the impact of different approaches to our less sustainable properties. This moves away from the traditional 'it costs a lot consider disposal' to an

approach of modelling options such as investment v income, change of use, change of rent model through to outright sale.

To ensure that the ASAP model and options appraisal tool provide accurate and helpful insight we need to ensure that they are fed with accurate and up to date data from our 5-year rolling stock condition survey programme. Our 40% survey with data cloned to other similar homes has given us a good indicative view of the investment needs of our portfolio, however we must continue to capture survey data for the remaining 60% of our homes so that we can confidently make the right decisions and plans. In addition, we will be commencing a rolling 5 year programme of EPCs from 2024, to ensure that we have accurate data to support decarbonisation planning.

Whilst the data we gather matures and we gain a better understanding of asset performance we have developed an interim Asset Management Strategy (AMS) covering the next 2 years. This approach allows time for the council to better understand the current turbulent social housing landscape and embed a whole organisation approach in this area.

The strategy is being developed in tandem with the HRA business plan refresh and the new Housing Strategy as these are fundamentally interlinked.

The development of the strategy has been influenced by:

- An Asset Management Priorities Survey of 178 resident
- Asset Management stakeholders workshop to review an initial strawman document with DBC Managers and Leaders
- 1:1 conversations with relevant stakeholders
- Review of the draft action plan by HSLT
- The following documents
 - The Corporate Plan Draft Decarbonisation Strategy
 - Emerging Housing Strategy
 - Commercial Strategy
 - HTIP Plan and Programme
 - Draft Damp and Mould policy
 - Cabinet Report – Strategic Asset Review – June 2023

4 Approach

Appendix 1 - An initial draft of the strategy is provided for comment. The Interim AMS is being developed in tandem with the HRA business plan refresh and the Housing strategy and aligns longer term objectives with corporate strategy.

The AMS document is purposely entitled 'Foundations for the Future' which plays to the interim rationale previously articulated in this paper. The strategy is constructed around 6 key headings;

1. Putting residents at the heart of everything we do
2. Ensuring efficient, effective, and modern services
3. Providing good quality, safe and affordable homes
4. Responding to the climate emergency by reducing carbon emissions
5. Investing wisely to ensure our homes and neighbourhoods are fit for the future
6. A sustainable long-term financial plan

For each area the relevant background, challenges and opportunities have been shared.

The strategy then sets out the commitments that will be delivered between 2024-2026 to address the challenges, leverage the opportunities and set the foundations needed for the sustainable delivery of our key priorities.

Appendix 2- A draft action plan has been developed to support the strategy with dates and responsibilities, this will continue to evolve as the strategy is further developed over the coming months.

Key dates for the approval of the strategy are articulated in Table 1

Table 1

Action	Date
Draft Strategy presented to SLT with any feedback from HSLT incorporated	13/12/23
Draft Strategy presented to PH	21/12/23
Draft Strategy presented to SLT/PHG	04/01/24
Strategy presented to TLC	January 2024 (TBC)
Draft Strategy presented to OSC Chair	22/01/24
Draft Strategy presented to OSC	26/01/24
Interim Strategy presented to Cabinet for approval	29/02/24

5 Financial Considerations

The interim strategy highlights the funding gap in the HRA business plan and commits to identifying ways to close this gap during the 2-year life of the strategy.

6 Risk

The adverse financial environment, significant costs of achieving net zero targets, cost of maintaining older properties and reduction of ‘real terms’ income all create significant risk in creating a financial sustainable asset management strategy. The proposed 2 year interim strategy is intended to mitigate this risk by enabling a 2 year period in which DBC can gather and use asset data and business intelligence to plan solutions that increase the viability of the HRA and business plan enable an appropriate level of investment in the housing portfolio to ensure that it remains fit for the future and meets the needs and aspirations of our current and future residents.

7 Options and alternatives considered

This document is required for statutory and/or regulatory purposes.

8 Consultation

The Tenant and Leaseholder Committee will be consulted on the report and their feedback taken into account.

9 Legal Implications

There are no legal implications directly arising from this report.

10 Equalities, Community Impact and Human Rights:

The Community Impact of adopting this Policy will be positive.

There are no Human Rights Implications arising from this report.

11 Sustainability implications (including climate change, health and wellbeing, community safety)

Delivering the Council’s strategic priority of tackling climate change forms a key part of the strategy.

12 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no Council infrastructure implications arising from this report.

13 Conclusions

The interim Asset Management Strategy (AMS) will cover the next 2 years. This allows time for the Council to better understand the current turbulent social housing landscape and embed a whole organisation approach in this area.

The strategy is being developed in tandem with the HRA business plan refresh and the new Housing Strategy as these are fundamentally interlinked with our approach to housing asset management and must support each other in delivering the Council's corporate objectives.