



Foundations for the Future

Interim Housing Asset Management Strategy

2024-2026



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Foreword

This is an interim Housing Asset Management Strategy for Dacorum Borough Council, setting out our priorities over the next two years, 2024 -2026. We have taken an approach which starts to balance ambition and innovation with sustainable and deliverable commitments. Recognising the challenging external environment, we will always ensure that safety comes first when delivering this strategy.

Customers are at the heart of our strategy. We will target our investment and service development to make a real, meaningful, and positive impact on the lives of our customers and we will do this through listening to, and contributing to our communities, by maintaining quality homes and accessible services allowing people to thrive.

Our housing stock portfolio is challenging, both in its construction and repairing requirements but also in the range of locations and expectations of our customers. Our approach must evolve, and this includes partnering with contractors, regularly reviewing our material supplies and trade skills and ensuring we continue to strive to deliver our services in the most efficient way.



Councillor Simy Dhyani
Portfolio Holder for Housing and Property services

Executive Summary

Our interim Housing Asset Management strategy sets out our six key priorities. For each priority, we share the emerging challenges and opportunities for the Council and the actions that we are committing to deliver between 2024-2026. This strategy is supported by an action plan to ensure we can achieve these aims, both now and going forward.



Putting residents at the heart of everything we do



Ensuring efficient, effective, and modern services



Providing good quality, safe and affordable homes



Responding to the climate emergency by reducing carbon emissions



Investing wisely so our homes and neighbourhoods are fit for the future



A sustainable long-term financial plan

We know that we need to continue to improve the quality of the homes that we manage and ensure that they are fit for the future. Our homes must meet the changing needs of our communities and become more energy-efficient to keep bills low for residents, and combat climate change.

We must respond to the new consumer standards introduced by the Social Housing (Regulation) Act 2023 and ensure that we provide effective and modern property maintenance services that work for our residents.

The financial environment is challenging; rent caps are leading to reduced income, high inflation is causing increased costs, and significant expenditure is needed on our homes to achieve energy efficiency targets. To address these challenges, our interim strategy focusses on increasing our stock condition data and developing our decision-making framework. This will enable us to make wise choices about when, where, and how to best invest in our homes and neighbourhoods whilst resources are limited and create a sustainable long-term financial plan.

A cornerstone of our strategy is to put residents at the heart of our decisions by employing a co-design approach. During the life of this two-year interim housing strategy, we will work with tenants and leaseholders to co-design a ten-year asset management strategy underpinned by reliable data, a clear approach for investment decisions and a robust financial plan. This will provide firm foundations for delivering our six priorities in the years to come.

Drivers for Change

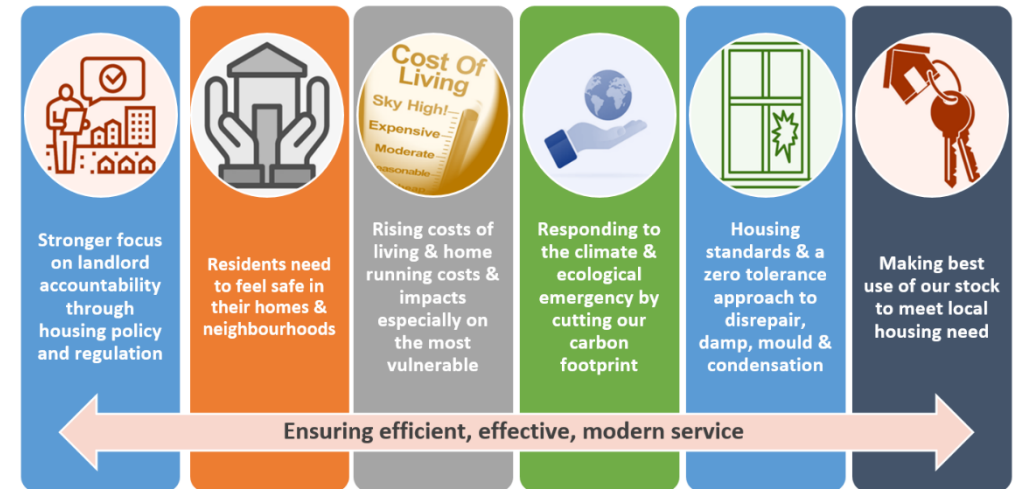
The past few years have seen change on an unprecedented scale across society. Looking to the future, the social housing sector faces further challenges that will drive us to fundamentally reshape what we do and how we will deliver strategic asset management services.

The Social Housing (Regulation) Act 2023 brings new Consumer Standards for social housing, and the Regulator of Social Housing will actively hold providers of social housing to account for their performance in delivering core landlord services, with an increased focus on accountability to residents.

Over the lifetime of this strategy, we will see changes that will drive a need for increased investment in our homes. These include increased expectations in terms of building safety, new minimum housing standards, a zero-tolerance approach to damp and disrepair and the imperative to respond to the climate emergency by reducing the carbon footprint of our homes.

External factors such as political and economic uncertainty may also affect our ability to invest sufficiently to meet future standards. Importantly, we need to respond to concerns about rising energy bills, the cost of living crisis and how this impacts our residents, particularly the most vulnerable. We are also seeing an increased media and societal spotlight on the social housing sector.

We recognise the importance of making best use of our stock to meet the housing needs and aspirations of local people. This means adapting homes to meet residents' needs, improving our performance on re-letting empty homes and taking opportunities to build new Council homes - for example where assets are identified as poorly performing.



Putting residents at the heart of everything we do

We are committed to putting residents at the heart of everything we do so that our services meet the needs of our tenants and leaseholders and reflects their priorities. We already have several routes in place by which residents can be involved in influencing decisions and shaping services:

- Tenant & Leaseholder Committee
- Supported Housing Forum
- Tenant Improvement Grant Panel
- Block Champions

In developing this strategy, we have started to engage with our communities to understand our residents' top priorities for improvements to their homes and neighbourhoods over the coming years.

Our recent resident priorities survey completed by 187 residents showed a range of asset management priorities that were important to them, with the most common three being:

"Getting day-to-day repairs done"

"Safety in the home - gas, electricity, lifts etc."

"Facilities- kitchens and bathrooms"

We also asked residents to tell us their top priority and why. These more detailed responses demonstrated strong links to comfort and mental wellbeing of the household and the individual, with phrases like "peace of mind" "need to feel safe" "mental health".

Residents' responses to the question "What is your top Asset Management Priority and why?"

"Getting day-to-day essential repairs done promptly and well-executed is most important to me for the reasons of safety, convenience and ongoing peace of mind."

"Safety in the home as I am now elderly and need to feel safe and secure."

"Local communities and green spaces as I feel it is beneficial to people's mental health and can be a social thing to"

"The energy & environmental performance of homes because it is already very expensive to run a home due to the current economic situation."

"Design and layout - It's very important to be comfortable in your home with the right amount of space for everything you need"

"A functional home is very important especially for me who is a parent of a special needs child."

Putting residents at the heart of everything we do

We recognise that - although the properties we manage are the Council's 'assets' - they are also our residents' homes.

Around half of our tenants have lived in their property for over ten years*, and 75% of our tenants plan to stay in their current home for as long as possible.

(*Resident asset management priorities survey June 2023).



Our residents possess invaluable local knowledge, lived experiences and unique perspectives, making their input essential to shaping the future of our housing assets and it is crucial that residents are at the heart of our decision making. We will work collaboratively with residents through a co-design approach to ensure residents' priorities are addressed.

In Asset Management decisions we need to consider multiple and often competing priorities. This could be needs of existing and future residents, or multiple residents within a block of flats or wider neighbourhood area, including both tenants and leaseholders. Co-design will help us to navigate these decisions in a way that delivers positive outcomes for individuals and communities.

To put residents at the heart of everything we do we will:

- Co-design our long term Asset Management Strategy with residents and elected members.
- Co-design a Dacorum 'Fit for the Future' home standard and consider to what extent we develop a fixed standard for every home or personalised approach, based on the specific priorities of a household and their diverse needs.
- Co-create area improvement plans with our residents for their local neighbourhood.

Ensuring efficient, effective and modern services

Asset Management involves delivering the following services to keep properties continuously well maintained:

Repairs We fix or replace existing fixtures and fittings that have become unsafe or are not working.

Planned Works We plan and deliver replacement and improvement programmes to keep our properties in good condition. These include replacement of windows, doors, kitchens, bathrooms, roofs and heating systems as well as redecoration of communal areas and upgrade work to estates.

Decarbonisation Works We have started to deliver planned programmes of decarbonisation work supported by the government's Social Housing Decarbonisation Fund.

Adaptations We deliver adaptations such as wet rooms and stair lifts to support residents to live in their homes as their needs and mobility change. Referrals for these services are made by the Herts County Council's Occupational Therapy team.

Empty homes We complete work to bring our empty properties up to our agreed lettings standard so that they can be quickly re-let to new tenants.

Asset Compliance We carry out regular safety checks and risk assessments within homes and the common areas of blocks of flats, carrying out any actions necessary to ensure that we continue to meet all current regulatory standards.



Ensuring efficient, effective, and modern services

The Council's Housing Transformation and Improvement Project (HTIP) is currently in progress. This project transformation programme aims to improve the lives of tenants and leaseholders through the provision of excellent housing services and homes that they are proud to live in. Within the programme is a review of the structure and function of the teams involved in the delivery of Asset Management services to develop a new Target Operating Model that improves service standards.

Our Total Asset Management (TAM) contract for carrying out repairs and planned maintenance and investment works is due to end in 2026, which provides an opportunity to procure fit-for-purpose, value for money solutions that align with our strategic priorities.

Our Asset Management software "MRI Asset Management" has significant capability that we are not fully using. Leveraging the potential within this existing software system will support us in the effective and efficient delivery of asset compliance, stock condition surveys, works planning, mobile data access and document management.

To ensure efficient, effective, and modern services we will:

- Complete the HTIP Project and implement a new operating model that increases customer satisfaction.
- Develop a workforce plan to attract, retain and develop our teams to ensure they have the skills we need.
- Focus on 'what residents want' and involve residents in the specification, procurement and on-going oversight of our repairs and planned works services.
- Use modern technology to improve residents' experience of interacting with us.
- Fully utilise the capabilities of our MRI Asset software to support Asset Compliance delivery and Asset Investment decision making.
- Provide support to ensure Councillors understand their accountabilities and collectively have the knowledge to provide clear leadership and effective governance of our housing asset and repair activities.

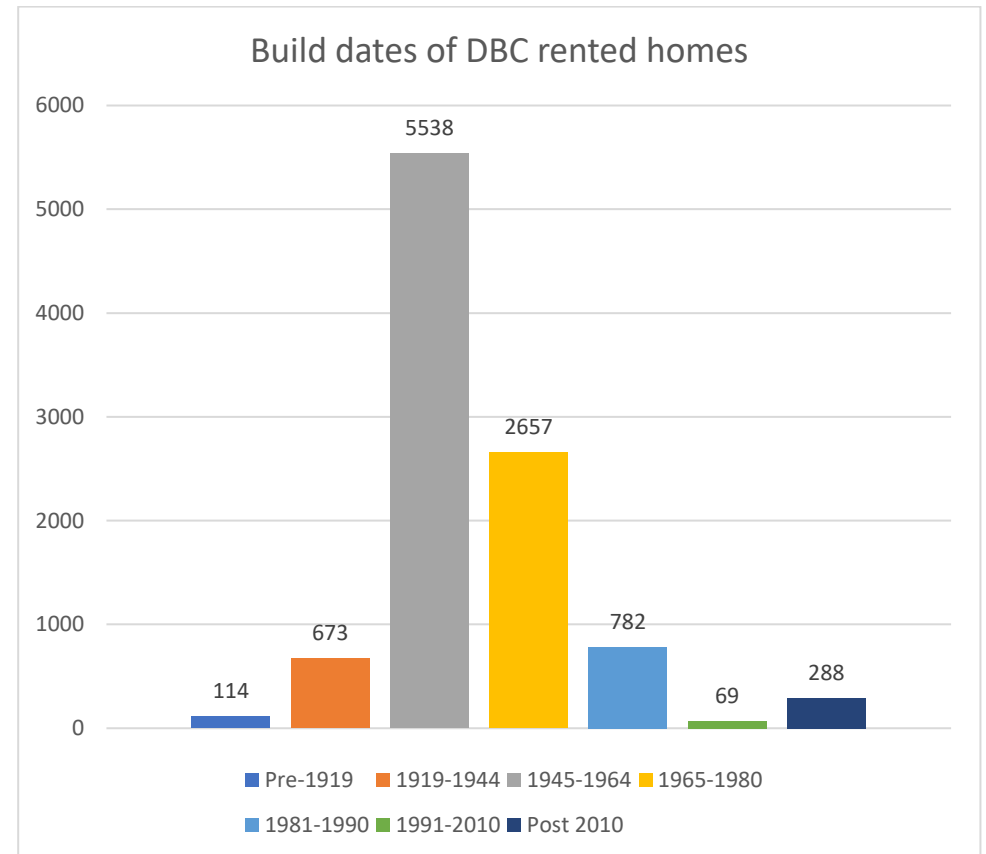
Providing good quality, safe and affordable homes

Dacorum Borough Council manages around 10,200 rented homes and the freehold for around 1,800 leasehold flats. Most homes are located within Hemel Hempstead, with around 2,500 in surrounding smaller towns and villages. Our rented homes are diverse a mix of houses, flats, maisonettes & bungalows with about half being houses. Within our portfolio we also manage supported accommodation for older residents, and temporary accommodation for people experiencing homelessness.

The age of the portfolio varies; from homes built pre-1900s to new housing developments completed during the last 12 months. However, just over half of our homes were built between 1945 and 1964 and a further quarter between 1965 and 1980. This ageing portfolio needs an ongoing programme of repairs, maintenance and improvement work to ensure that it continues to meet current standards and the evolving needs of our residents.

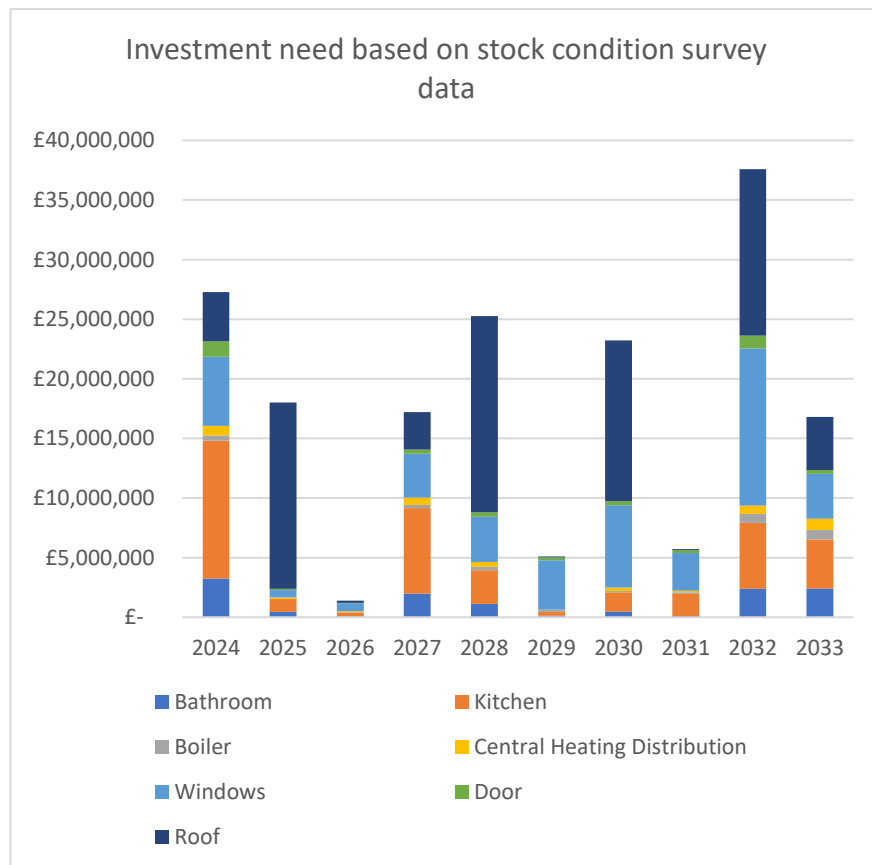
Our stock surveys have identified that around 9% of our homes require work to bring them up to the government's Decent Homes Standard. We are delivering a 'catch up' programme to be completed by March 2024 to ensure that these are quickly brought up to the required standard.

Many of our properties are over 60 years old and prone to higher maintenance requirements. This ageing infrastructure presents challenges in terms of addressing maintenance issues promptly, ensuring the safety and well-being of residents, and complying with regulatory standards. We need to ensure that our portfolio is sustainable for us to maintain into the future.



Providing good quality, safe and affordable homes

Our stock condition survey data highlights the work that we should consider for each home during the coming years, the graph below shows the amount of investment needed in property components over the next 10 years with roofs, kitchens, windows and bathrooms showing the highest spend requirements.



Our 2 Year Investment Plan

Over the coming 2 years we will continue to invest in maintaining and improving the quality of our homes. Focussing on maintaining Decent Homes standard and addressing the energy performance of our portfolio.

We will be continuing to improve our data, assess priorities and refine our programme of work to ensure that we invest in the right measures for the right home.

To provide safe, good quality and affordable homes we will:

- Identify and complete all outstanding Decent Homes work to achieve 100% decency, and continue to maintain this.
- Ensure all homes are safe by continuing to take a robust approach to managing all building safety, legal and regulatory requirements.
- Deliver a 2 year planned programme of capital improvement work

Responding to the climate emergency by reducing carbon emissions

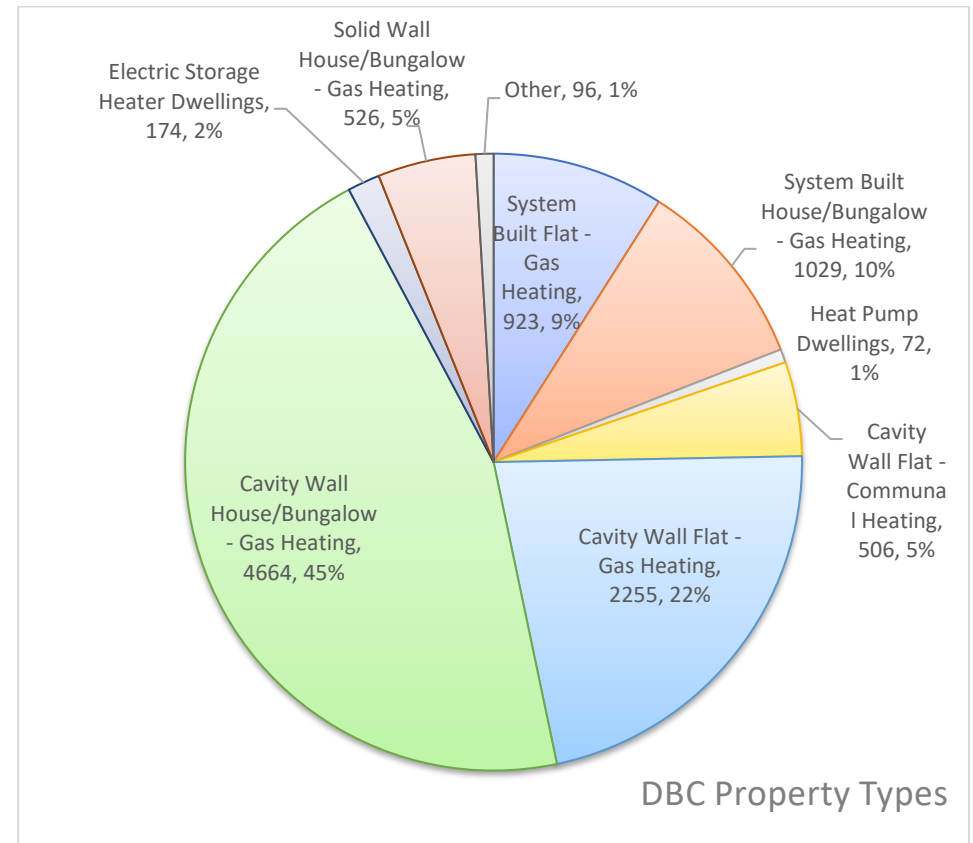
In 2019, the UK Government declared a climate and ecological emergency. This followed concerns about the increasing rate of man-made climate change. The UK government has set legally binding targets to meet net zero carbon by 2050.

In response to the 2019 UK Government Climate Emergency Declaration, the Council declared a subsequent Dacorum Borough Council Climate Emergency and published a strategy to deliver change at all levels to mitigate the consequences of climate change. A commitment was made to having a net-zero Council housing stock by 2050.

We have around 7,000 homes that require an estimated £19M investment to upgrade them to Energy Performance Certificate (EPC) level C to achieve the government target of all rented properties being EPC C by 2035 (2030 for the most 'fuel poor' households). We have resources available to fully meet this target and plan to target those most fuel poor households first. We aim to bring this target forward, should additional resources become available.

Further work will be needed to achieve the subsequent target for all our homes to be net zero by 2050. It's currently estimated to achieve net zero for all homes will require total additional expenditure of £255m.

Within our portfolio we have a variety of different property archetypes which will require different types of solutions to achieve EPC C and net zero. The majority of our homes are cavity wall properties but 19% of our homes are system-built properties of various types including cross wall construction, and pre-cast concrete panel - these non-traditional construction types are likely to require bespoke solutions to achieve energy performance targets.



Responding to the climate emergency by reducing carbon emissions

We intend to take a fabric first approach to reducing the energy demand on our homes by improving insulation levels, then subsequently installing renewable technology such as air source heat pumps, and solar PV to further reduce carbon reliance, and will seek to use grant funding where available.

It is important that we have up to date information about the energy performance of our portfolio to inform our decision making. From 2024 we will be carrying out a rolling programme of 2000 new EPCs a year. Over the next 2 years we will start to use this data to understand the nature of the work that will be needed to each of our property archetypes so that we can plan, procure and mobilise programmes of work to deliver this.



To respond to the climate emergency by reducing carbon emissions we will:

- Complete 4000 new EPCs to provide up to date data about the energy performance of our homes
- Develop a road map to achieve net zero backed by a viable financial plan.
- Develop a planned programme of work to achieve EPC C for all Council homes by 2035. (2030 for the most ‘fuel poor’ households)
- Actively seek grant funding for decarbonisation and retrofit programmes.
- Integrate our net zero retrofit works programmes into void property and capital investment works.
- Ensure staff are equipped successfully develop and deliver larger scale decarbonisation programmes by building on the learning from our SHDF projects and investing in further pilots to improve our retrofit knowledge and skills.
- Work with Herts LEP and local colleges to support the building of local skills to help scale up decarbonisation programme delivery.
- Identify learning and adopt approaches from others - acting as ‘fast followers’ to accelerate learning and capacity building.
- Play our part in Dacorum’s Climate Action Network, (Dacorum CAN) to make positive environmental changes that will reduce emissions and improve biodiversity.

Investing wisely so our homes and neighbourhoods are fit for the future

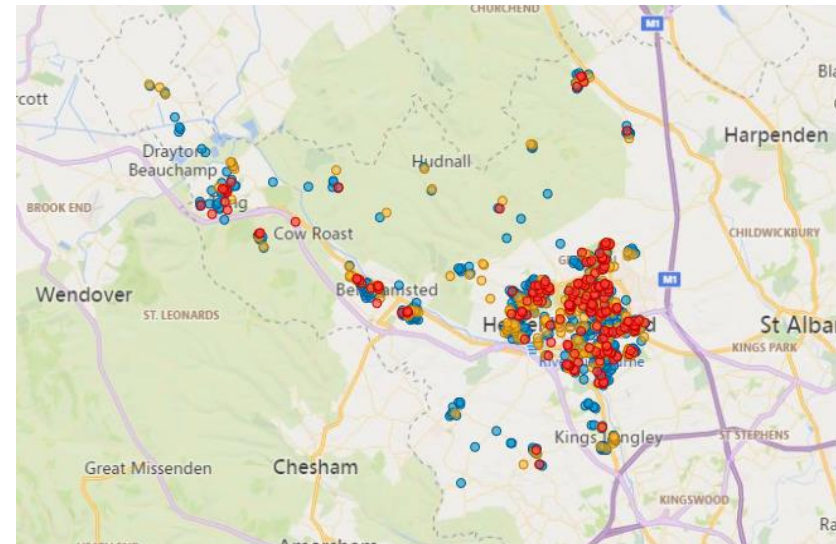
We have recently increased the volume of information that we hold about our homes through the completion of 4,000 stock condition surveys over the past two years. We will complete a further 6,000 surveys in the coming three years to provide an accurate picture of future maintenance needs. This will allow us to plan an integrated and intelligent approach to investment in properties and places.

We have also gathered a holistic set of data about our properties as part of our Asset Grading project, using the ARK Strategic Asset Performance (ASAP) model. In addition to financial metrics, this includes data to assess the social performance of our assets, such as ease of letting, quality of the neighbourhood, access to facilities and ease of management. The model informs us of the net present value of each property and provides a red, amber, or green sustainability rating to help inform our investment decision-making.

- **Green Status** – homes that are flagged as sustainable core stock that perform well in financial and resident value terms. Full programme of improvement and investment works will be applied.
- **Amber Status** – homes that are flagged as not fully sustainable as some aspects do not perform well. Improvement and investment work to be considered against the components that are failing.
- **Red Status** – homes that are flagged as unsustainable as they do not perform well. Any major improvement and investment works will be subject to comprehensive further assessment and consultation on the future of these assets.

The table below shows the headline assessments for our 1227 'schemes'. Each scheme is made up of a group of properties located together and sharing similar characteristics. This information will help us investment wisely and consider alternative interventions where necessary.

DBC Schemes	Class A	Class B	Class C
Supported	607	227	203
Non-Supported	79	16	45
Total	786	243	248



Investing wisely so our homes and neighbourhoods are fit for the future

The ASAP model helps identify the properties and neighbourhoods which are not sustainable and where we should consider alternative options to enhance the quality of housing and meet the evolving needs of residents. Options may include upgrading, redevelopment, and infill development.

We already know that some of our sheltered housing falls short of providing the right type and quality of accommodation to meet the current and future needs of residents, so we have started the process of reviewing the future sustainability of each scheme.

We have an opportunity to use the insight from the ASAP model to inform our decision-making when considering planned investment and decarbonisation programmes.



To invest wisely so our homes and neighbourhoods are fit for the future we will:

- Complete stock condition surveys for 100% of homes and use this data to inform our Planned Investment programme from April 2024 onwards.
- Develop cost-effective initiatives to make neighbourhoods greener, cleaner, and safer in collaboration with residents, Council teams and other agencies.
- Use our Tenant Improvement Grant and develop other initiatives to encourage involvement and greater ownership among residents of their home and community.
- Make sure our investment work plans and programmes are readily available to staff and residents.
- Use our ASAP model to inform decisions about which buildings to continue to invest in.
- Conduct a first batch of option appraisals that explore all options to address the 'performance' of our poorest performing properties.
- Consider options for our supported housing to ensure that it meets the needs of current and future residents.

A sustainable long-term financial plan

The HRA (Housing Revenue Account) is the financial mechanism used by Local Authorities to manage housing stock. The HRA is a ring-fenced account that separates the income and expenditure related to the provision and management of housing services. It ensures that the finances associated with housing are accounted for separately from the Council's General Fund, allowing for transparency and effective financial planning.

The HRA operates by collecting income from rents, service charges, and grants where available, and uses these funds to cover the costs of maintaining, repairing, and managing the housing stock. This includes expenses such as property maintenance, repairs, improvements, and ongoing management services. The Council has a long-term HRA Business Plan which includes funding the repayment of debt and investing in housing development projects.

The HRA Business Plan will be refreshed annually and over the life of this Asset Management Strategy. During the next two years we need to identify ways to build additional capacity into the HRA to ensure that we can deliver our strategic priorities.



A sustainable long-term financial plan

The current environment presents several financial challenges for our Housing Revenue Account: Local Authorities normally increase rent annually by CPI +1%. However, in 2023 rent increases were capped by the government at 7%. Whilst this keeps direct rent costs lower for residents, it also creates revenue shortfall within the HRA, which can impact service quality and delivery.

The costs of achieving EPC C and Net Zero are not currently incorporated in the HRA Business Plan. Funding needs to be identified to meet these costs.

Increased interest rates mean we face difficulty borrowing funds at affordable rates, which limits our capacity to deliver necessary improvements and upgrades to the housing stock and embark on new development projects.

We hold land and housing stock in some high-value locations. This includes both garage and sheltered housing sites. By capitalising on the demand for housing in the area, there is the potential to leverage resources associated with new housing development to fund asset management projects.

The Council has started a corporate Strategic Asset Review. One of the aims of this is to secure long-term income streams through regeneration and development programmes, which will support our ongoing financial sustainability and allow continued delivery of the corporate vision and objectives. There is an opportunity to consider as part of this review whether there are any cross-funding opportunities that could benefit the HRA.

The Council has been successful in achieving SHDF funding through the Greener Herts partnership and there may be future opportunities to explore further public and private section partnerships to access funding schemes to supplement our financial resources.

To have a sustainable long-term financial plan we will:

- Develop a robust and sufficiently resourced HRA-funded 30-year investment and decarbonisation plan that focusses our investment on homes that are sustainable in the long term.
- Maximise existing income streams such as service charge income.
- Identify cross funding opportunities that could benefit the HRA.
- Collaborate with existing and new partners to attract further funding and investment to improve our homes and neighbourhoods.