

London Borough of Harrow

Asset Management Strategy 2019 - 2024



Asset Management Strategy

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Foreward

This Asset Management Strategy is a key part of meeting the Council's ambition to create high quality council housing in Harrow.

Asset management is about looking at every part of the Council's housing stock to ensure it contributes towards a great quality of life for our residents. It is very important that our homes improve the local environment and neighbourhoods, and should improve residents' satisfaction and feeling of wellbeing.

The Strategy has the following key aims and objectives :

- Invest in stock to improve quality and meet environmental standards, including achievement of essential health and safety standards and energy targets
- By investing in our stock we are protecting our assets
- Deliver Value for Money by evaluating the social benefit return on investment of our stock
- Checking estates and properties are fit for purpose and assess all options
- Improve the quality of data on our stock to enable good decision making.
- Engage customers and respond to their needs positively, by striving to meet their expectations and empowering them to participate in investment decisions.

This important strategy will help to meet The Council's vision of Building a Better Harrow.



A handwritten signature in black ink that reads "P W O'Dell".

Councillor Phillip O'Dell
Cabinet Member for Housing



A handwritten signature in black ink that reads "N Powell".

Nick Powell
Director of Housing

1 Executive Summary

1.1 Introduction

This is the Asset Management Strategy (AMS) of London Borough of Harrow effective from 1 April 2019.

Having used its 2013-18 strategy to establish a development programme and set a Better Homes Standard to move beyond Decent Homes, the council now needs a strategy to support pursuit of its objectives within the current policy and financial environment.

The strategy sets out the vision and aims for management of the council's Housing Revenue Account assets which include homes, garages, community centres and leasehold properties. It will enable a consistent and clear methodology to be established in the assessment of its activities and future investment and divestment decisions. These will cover financial, environmental and social considerations.

The strategy reflects the emerging practice for social landlords to have a detailed understanding of their assets, and how to make best use of these assets in pursuit of housing and wider corporate objectives. The strategy supports this and shows how the council will use this understanding to deliver value for money from its assets through its investment decisions.

The strategy sets out clear asset management objectives, linked to the Council's corporate objectives, and designed to improve services, deliver value for money, and increase resident satisfaction.

As well as establishing principles to inform investment decisions, the strategy also sets out the planning tools which will support effective decision making and effective delivery. We have committed to strengthen some of our tools including property survey data, evaluation of asset performance, and staff structures.

1.2 Demand and sustainability

Demand for housing in Harrow is strong. The housing department has made efforts to help the wider council meet its obligations to homeless households and has begun a development programme to add new homes to the borough. This strategy links strategies for existing and new homes, taking into account housing pressures and corporate priorities.

A commitment to social and environmental sustainability has informed recent investment in energy efficiency and regeneration. In future we will build on this by undertaking a formal process of evaluating the performance of assets which will include sustainability and financial analysis. This will provide a robust and objective basis to target neighbourhood interventions and can also be used to support asset management decision making.

Opportunities for development are limited but consideration has been given to where non-residential assets in the HRA could offer development capacity. To date we have been reluctant to dispose of residential assets but, once we understand more about the performance of our stock, we will be exploring where disposals of empty property could release funds to support new better quality homes.

Satisfaction with our services will be improved upon with the aim of our performance being in the upper quartile when compared to our peers. Work to understand this will continue, and efforts to address it will encompass some of our asset management activities and the ways we engage with tenants. Our new customer engagement structure will be of value here.

1.3 Stock profile and condition

Our housing stock is concentrated in a few areas of Harrow and largely comprises homes built between 1950 and 1970. The amount of investment required and the associated expenditure on these homes is dependent upon the standards set and the budget available. We must and will achieve compliance with health and safety and decent homes standards. We will develop a new investment standard and move away from age based component replacement to a just in time approach, replacing major components individually when their condition deteriorates rather than when a particular time has elapsed. To deliver this approach and maintain cost control and property conditions, we will improve quality and confidence in our property and monitoring data.

We will tackle fuel poverty through property investment, and energy efficiency works will need to be prioritised in properties that have a long term sustainable future where we can identify the greatest risks of residents being in fuel poverty.

We will continue efforts to address challenges posed by non-traditional construction and appraise key sites with stock in need of renewal. Beyond existing regeneration programmes, options appraisals and further survey work will be undertaken to identify a future strategy for this stock.

Non-residential stock, namely garages, community pieces of land,, will be reviewed to establish a long term strategy that ensures best use (social and financial) can be made of the sites. Sheltered housing will also be kept under review with an eye to fitness for the future, as the needs and expectations of its core client group continue to change.

1.4 Active asset management

This strategy recognises the need to introduce a structured assessment of the performance of our stock. We are aware that there is some stock that requires major investment and that we need to develop guiding principles that would inform decisions to invest or divest.

We plan to develop a model that will evaluate the financial performance of all our stock, alongside other measures of broader neighbourhood sustainability linked to our social housing objectives. Once that is in use we will develop a programme of options appraisals for poorly performing stock. This will enable us to shape our shorter term investment programme appropriately, strengthen the HRA business plan, and improve the efficiency of our contribution to meeting housing and wider social needs.

1.5 Investment and maintenance planning

The rent cut from 2016-20 could put Harrow's HRA at potential risk. Budget cuts to address this have resulted in asset management budget reductions. While overall we are confident that the provision remains adequate to maintain quality, careful targeting of investment will be required to ensure the right properties receive investment at the right time, and that we can provide for the additional requirements of our non-traditional stock, regeneration and energy efficiency.

Rigorous action is required to address this. A new overall investment standard will be adopted, and efficiencies will be achieved by finessing the timing of that investment. In future asset performance evaluation work will help to inform investment decisions, and this should help to maximise return on investment.

Our investment programme will prioritise works to the long term sustainable stock within available budgets under agreed criteria set out in this strategy. These criteria prioritise works to ensure the health and safety of residents and maintain decent homes, followed by works to reduce on-going maintenance costs, external and communal decorations and estate improvements. Overlaid on these priorities will be other factors that were given emphasis as part of the Better Homes programme linked to sustainability, demand and investment that makes a positive contribution to the local economy, energy efficiency, household security and community safety.

Investment programmes will be developed based on the Decent Homes standard and a Just-in-time approach to asset management planning using data from the stock condition surveys. This will be overlaid with the investment priorities in order to develop a 5 year investment programme that can be updated on an annual basis to meet any changing priorities or budget constraints that may come to light.

LB Harrow will constantly be looking to deliver value for money in its asset management strategy to maximise the use of scarce resources and minimise customer and leaseholder charges. The strategy sets out the approach to value for money from a delivery perspective, through the procurement strategy and the principles of targeting limited resources where they can deliver maximum return for investment.

1.6 Review and monitoring

LB Harrow will publish annual plans for Stock Investment and Active Asset Management and consult with members and our Residents' Board on the financial and quality out turns against the plans.

The strategy sets out the role of staff and members in respect of asset management and identifies the key internal controls used to manage risk.



Grange Farm estate, South Harrow

2 Introduction

2.1 Background

The strategy updates the 2013-18 Asset Management Strategy for residential and non-residential assets in our Housing Revenue Account.

The council owns some 4,800 homes within its Housing Revenue Account (HRA) which are made available at social rents. Within the HRA it is also responsible for management of 1,100 leasehold properties (largely former council flats sold under the Right to Buy), nearly 800 garages and 11 community centres.

LB Harrow has particular concentrations of housing stock in the Harrow Weald, Roxbourne, Pinner and Stanmore Park wards. Properties are managed from the council offices in Harrow, with repairs services currently provided by three external contractors. Core activities relating to homes within the HRA are housing management, repairs and maintenance, and the improvement of housing and related assets. The Council has an ambitious development programme, and a major regeneration programme is underway at Grange Farm..

Many homes in the borough date from the mid-20th century, as the area was a focus of efforts to tackle shortages of good quality housing following the second world war. Currently it experiences high house prices relative to incomes and consequently high demand for affordable accommodation to rent and own.

Consequently, in recent years the council has been ambitious in its aims to invest in new and existing homes and residential areas. The council now needs a vision and strategy for management of HRA assets that will retain this ambition whilst responding to financial pressures and looking closely at the needs and expectations of residents.

2.2 Scope

This Asset Management Strategy (AMS) sets out how LB Harrow will approach investment in, and maintenance, of its HRA stock. It includes all our social rented and leasehold homes as well as garages and community centres.

It sets out priority areas for action. It aims to ensure that any investment is undertaken in the context of the future sustainability of the stock and ambitions for Harrow's residential areas. It therefore provides a framework within which council officers can make best use of resources, improve the satisfaction of current residents and meet the needs of future communities.

The strategy is grounded in current operational and financial realities and is supported by operational plans and policies that guide our day to day activities on repairs and maintenance, compliance and procurement. It links to LB Harrow's commitment to provide high quality homes, develop new homes and to work with customers and communities to improve services.

2.3 Purpose

Asset management is about understanding and managing the performance of, and risks presented by LB Harrow's housing assets. It plays a major role in delivery of our HRA business plan. It also links into wider strategies, such as regeneration, development and poverty reduction both within the HRA and in the General Fund.

The AMS provides a framework for the council to manage HRA stock proactively and support business plan objectives. It links knowledge of the stock, the property requirements in response to obligations and aspirations, and what is affordable in the HRA business plan. It also focuses on issues of sustainability, both environmental and social, in terms of effects on lives of residents and the wider community. It considers a 30 year timescale but also provides a framework for medium and short term plans.

The adoption of a clear strategy helps us to follow sound management processes and gives reassurance to council members, tenants, leaseholders and wider stakeholders that the council is focusing on maintaining the stock under an approved programme of on-going investment.

It will help to safeguard the long-term future of the stock portfolio and ensure that it is regularly maintained and appropriate decisions are taken to ensure all homes meet the agreed quality standard. Under this methodology any gaps between required investment and actual resources will be flagged and addressed early, which is to the benefit of current and future residents.

2.4 National context

Central government policy in all areas continues to be focused on economic restraint whilst encouraging new housing supply and access to home ownership. Rent reductions for the period 2016-20, continuation of the Right to Buy, and pressure on councils to use all means to increase housing supply particularly affect local authority owners of social housing. Recent events have increased focus on property standards, governance of property management, and residents' voice in these matters, though at the time of writing no new policy imperatives were in place.

In this context it is very important for landlords to ensure that they are managing their assets efficiently and effectively to support delivery of their objectives and to promote good safety and quality of life. The AMS has been drafted in accordance with the Homes and Communities Agency's (HCA's) consumer standards under its Regulatory Framework. The tragedy at Grenfell Tower has meant an increased focus on social housing and increased scrutiny on the Health and Safety of our assets.

2.5 Local context

LB Harrow has a high need for affordable housing, faces challenges around catering for homeless households, and has some estates in need of physical and social regeneration.

The council's own housing stock and Housing Revenue Account has a central role in addressing these challenges. There is a key strategic role in helping to meet objectives in the Plan, including enhancing housing, jobs and growth; and protecting the most vulnerable.

The AMS will support these objectives by identifying and targeting economic, social and environmental investment in the right areas.

Loss of income resulting from reductions in social housing rents are forcing change within the housing department, with financial changes necessitating radical transformation rather than efficiencies if the HRA is to remain viable. The housing department has had to move quickly to respond to these changes and this Asset Management Strategy will provide a framework for longer term reforms to investment decision making.

2.6 Asset management objectives

This AMS has been established to complement LB Harrow's HRA business plan and corporate objectives.

Our objectives include to:

- Invest in stock to achieve good quality and environmental standards, including achievement of essential health and safety standards and energy targets
- Ensure that stock, and our approach to its management, secures and strengthens the financial viability of our HRA
- Deliver Value for Money by evaluating the social and economic performance of our assets and using this knowledge to inform investment decisions, including targeting investment where it will have the best financial and social return
- Carry out a programme of options appraisals on stock that does not deliver a good financial or social return, exploring the widest range of alternative options to improve outcomes for residents and for our business plan
- Improve the quality of management information about the nature, condition and sustainability of the stock, to keep this information up to date and to use this information to support decision making
- Understand the markets in which we operate, exploring innovative ways to use HRA stock to increase both permanent and temporary housing supply.

- Engage customers and respond to their needs positively, by striving to meet their expectations and empowering them to participate in investment decisions.

2.7 Links to LB Harrow's HRA business plan

The HRA business plan must be constructed to maintain financial viability over the long term and this AMS works to support that.

The AMS needs to work with resources available for investment in the stock taking into account:

- The requirement to service and manage debt, and to operate under a debt cap
- The permanent reduction in revenue capacity resulting from the 2016-20 rent reductions
- The need to make best use of non-housing assets.

The asset management priorities set out above include steps that will improve performance of the business plan as well as residents' experience of the housing service they receive. In the long term the Asset Management Strategy will seek to replace the uneconomic or obsolete housing stock and related assets leading to an overall increase in quality and replacing some of the homes sold under the Right to Buy.

2.8 Asset management planning requirements and tools

LB Harrow has a range of tools to assist in the process of delivering this strategy. Central to effective asset management is the collation and use of robust and integrated management information to enable effective planning.

The new strategy relies on information in the following areas which will need to be regularly updated to ensure it is fit for purpose, which will be maintained with an asset management database:

2.8.1 Stock condition data: The plan is supported by data from our PIMSS asset management data base. The data base includes the results of surveys carried out over a number of years. While data exists for 99% of properties, there is a need to strengthen its consistency and reliability. We need more robust data to enable us to manage expenditure closely and deliver value for money. Our plan going forward is for an external validation of our existing data, to inform a survey strategy designed to achieve 100% survey confidence within five years.

2.8.2 Data and governance to support compliance: In order to be fully compliant in relation to the health and safety of our properties we need arrangements in place which clearly set out our responsibilities across the major areas of fire, gas, water, electrical and gas safety. These documents need to set out the process to be followed, and how performance is monitored. Our current position statement in respect of compliance is set out in section 4.

2.8.3 Asset Performance Evaluation: An action from this strategy will be an exercise to assess the performance of all the housing stock. This strategy sets out how the results of that exercise will be used to inform future investment plans. Where stock is performing poorly, on either a financial or broader sustainability basis, alternative options will be explored for these areas before investment decisions are made. This approach ensures resources are targeted where they will provide maximum value for the council and customers, and helps to plan for the replacement or modernisation of properties.

2.8.4 Skills and expertise: The Asset Management and Housing Regeneration teams require access to a range of skills and competencies to deliver the activities described above. We currently operate with a large proportion of temporary staff and benchmarking shows that our cost of managing works programmes is high compared with peers. We plan to restructure teams to increase focus on core tasks and reduce the use of agency and interim staff. This should improve efficiency and delivery.

We are also exploring options for partnerships with other organisations, to assess whether these could assist us to access skills and expertise in a cost effective way.

2.9 Risk Management

Asset management within the housing sector has traditionally been based on the retention of existing housing stock and prioritising investment to meet a defined standard. Looking beyond this, it is important to ensure long-term viability of a stock base which matches the current and future needs of local residents and which remains financially viable for the long term.

This strategy recognises that housing assets can also become liabilities, threatening the viability of the HRA and significantly impacting on residents' lives.

Asset Management carries risks for LB Harrow:

- Failures to manage Health and Safety compliance could put residents, staff and contractors at risk
- Failures to meet statutory standards can carry penalties and will damage the organisation's reputation
- An incorrect scope or poor quality of stock investment will have a key influence on customer satisfaction
- Poor value for money in asset management will have a major impact on our finances as this represents a very large proportion of our business plan spend
- Internal and external factors impact on expenditure to make it the element of our landlord operations most vulnerable to increased costs

A regular process to identify and assess risks (strategic and delivery) is in place and actions agreed to manage risks in order to minimise impact.

- Health and safety risks are overseen by the Health and Safety Board which is chaired by the Director of Housing, and recorded on the Health and Safety Risk Register
- Other operational risks, and risks to the performance of the Housing Revenue Account are recorded on the Housing Services Risk Register
- Key risks from these are also included in the Corporate Risk Register



Bob Currie Close, South Harrow

3 Demand and sustainability

3.1 Housing demand

Demand for council housing is strong. The housing department is also assisting the wider council with its efforts to assist homeless households without using bed and breakfast accommodation. The Smarter Housing Plan sets out the aspiration to increase supply of permanent and temporary housing in the borough. Some HRA stock is currently let as temporary accommodation and a small number of former right to buy properties in the Grange Farm regeneration area¹ have also been bought back for this purpose. In 2016-17 30 general needs properties were offered directly as temporary accommodation to households who were accepted as homeless.

Right to Buy applications have been steady in recent years, leading to around 12 sales in 2018/19. The HRA is sustainable with this level of sales but an increase would pose difficulties.

Demand for our properties is high. We have no properties that are hard to let, although we are aware that residents prefer properties that are let at social rents with a separate kitchen and a garden.

Turnover in our properties is very low at less than 2% in 2018-19. We received an average 117 bids for each of the 158 general needs properties and 45 sheltered housing properties advertised. The allocations policy ensures that 90% of our properties are advertised through Choice Based Lettings and are allocated to one of the top five bidders. Our average time to re-let a void property (one that has been vacated) is 25 days.

Harrow also has 745 garages available for letting. Demand for these is not high as some may require modernisation works and some are too small for modern cars.

3.2 Growth strategy

The council has a housing growth strategy that seeks to have a strong pipeline of new development and a mixed tenure house building programme delivered through a range of models and partnerships. This includes development of new council housing within the HRA. 16 council homes have now been completed or acquired, with 19 more on site and planning permission for 30 homes. Regeneration of the Grange Farm estate is also underway, with no net loss of social homes within the HRA planned. The Housing Service will also manage 72 new homes owned within the council's General Fund these were delivered in partnership with a private developer.

Infill and redevelopment are expected to be the main source of development opportunities. Options to re-develop the sites of garages and community centres have been explored. Options appraisals have been carried out on potential development and regeneration sites within council estates.

Harrow's opportunities for development are quite limited. This is in part because the high number of sold properties restricts viability for redevelopment. The council has initiated a council house building programme building new homes on underused infill development sites on existing Housing Revenue Account (HRA) land such as garage sites. Ten new family homes have been completed for rent and two for outright sale, with a further thirteen homes currently under construction – eight for rent and five for sale on a shared ownership basis.

Planning permission has also been received for a further 38 new homes for rent and due to the successful bid to the GLA Building Council Homes for Londoners (BCHfL) programme these are now able to be progressed. The council has been allocated £32m grant funding from the BCHfL programme. This, together with other council resources including HRA borrowing following the abolition of the borrowing cap, enables the development of 639 new council homes including the council homes for rent on Phase 1 and 2 of the Grange Farm regeneration project.

Combined with new homes already completed or nearing completion, this will provide a total of 659 additional homes. The programme is funded from a number of sources as well as GLA grant such as ring fenced Right to Buy receipts, 141 receipts retained by the council, other HRA capital resources such as capital receipts and HRA borrowing. Where GLA grant is applied, this is at the rate of £100,000 per unit for council rent homes

and either £38,000 or £28,000 for shared ownership. The total cost of the Homes for Harrow programme is £171million.

The programme enables the sites already granted planning permission to proceed.

The rest of the programme utilises remaining vacant infill HRA land as well as opportunities for roof top extensions on existing 2 or 3 storey council flat blocks. However these opportunities are now more difficult to find due to the constrained nature of our housing land and in order to deliver the increased level of council house building, it is also proposed to use opportunities on general fund land such as that within the regeneration programme or other small council general fund sites. The programme identifies sites that could accommodate the proposed programme. However it may be necessary to substitute sites as the programme is developed.

The cost of the programme has been assessed and incorporated into the Housing Revenue Account (HRA) Business plan and is affordable based on the spending profile assumptions, in particular on the estimated borrowing profile

The delivery of the Homes for Harrow programme contributes to meeting the council's target to deliver at least 500 new council homes as well as the overall affordable housing targets set out for Harrow in the London Plan.

Harrow has been reluctant to dispose of vacant HRA stock to realise the open market value because all property is in strong demand and the immediate need to cater for homeless households is a council-wide priority. Once we understand more about the performance of our stock, we will be exploring where disposals of empty property could release funds to support new better quality homes. Basement conversions and upwards extensions have been undertaken on some properties to create additional or larger homes to cater for demand.

Development opportunities are identified from within the council's own land and property holdings. The approach is based on strategic fit and responding to the council's corporate objectives in particular the Housing Strategy and Ambition Plan to meet the housing, social or economic needs of particular communities or groups.

This AMS supports the growth strategy by ensuring that opportunities to use the existing HRA asset base to support the development strategy can be explored. It provides a link between the strategies for existing stock and new development, ensuring that the existing stock is regularly reviewed and opportunities to renew and redevelop are identified where these may deliver better outcomes for residents and for the council.

3.3 Community and social sustainability

The AMS needs to ensure that the stock continues to meet the council's social housing objectives, and that the investment plan serves to "future proof" the stock in terms of changes in future demand and residents aspirations for the quality of their homes.

The Council's Ambition Plan states its commitment to make homes as sustainable and energy efficient as possible, and the Heart of Harrow Regeneration Plan sets out plans for regeneration of key council sites to provide a Build to Rent portfolio, tackling fuel poverty and increasing housing supply in all tenures. All new homes have to meet high standards of energy efficiency to reduce CO2 emissions as well as reduce fuel poverty. Larger schemes such as the Grange Farm regeneration project will also provide a Combined Heat and Power plants (CHP) in accordance with London Plan requirements.

Other environmental improvements often included in new housing developments include: provision of green roofs, solar thermal hot water systems to meet the target for use of renewable resources and resulting reduction in CO2 emissions, improved biodiversity as a result of increased tree planting and landscaped communal open spaces, provision of Sustainable Urban Drainage Systems, and green travel plans to encourage use of public transport and walking. Where possible, we will endeavour to recycle demolition material recognising this may be limited due to the construction type of some properties.

We plan to undertake a formal process of evaluating the performance of assets which will include a sustainability analysis that takes into account the socio economic performance of the neighbourhoods in which the assets are located. This will highlight areas at particular risk of decline by virtue of (for example) less effective services, less popular housing or less integrated communities. This will provide a robust and

objective basis to target neighbourhood interventions around (for example) welfare reform, development, regeneration or community capacity building projects. Combined with an evaluation of financial performance across the stock, this can also be used to support asset management decision making. There will be different strategies for business improvement and asset management depending on whether an asset group exhibits weak values, weak sustainability or both.

3.4 Customer satisfaction

Customer satisfaction is collected using a range of methods, for example, Star surveys and repairs satisfaction via customer panels. The customer involvement structure includes a Residents Board and consultative group (Housing Matters) which ensures that key decisions have input from the customer base.

The 2019 tenant Star survey maintain overall satisfaction levels. Satisfaction with repairs, quality of home, value for money of rent and listening to tenants remained fairly steady, but levels are comparably lower than for other landlords in the council's peer group. In some areas residents are less satisfied with their home than with the

neighbourhood they live in, which suggests there may be some service based issues to consider. Work is currently underway to understand more about the areas flagged, particularly relating to the repairs service, lower performing estates, feeling listened to, younger tenants, and ethnicity.

The Smarter Housing Plan 2018-19 sets out the council's desire to get closer to its customers in both its general fund and HRA housing activities and our vision is to:

- Provide smarter housing services
- Highly valued by our communities
- Delivered by people inspired to achieve.

We will strengthen the service by 2021 and plan for the future, whilst continuing to deliver excellent services, high quality homes and more new council homes.

There is extensive consultation with local residents on any sites where we are proposing to build new council homes with residents having an opportunity to input their views and for amendments to be made before plans are finalised and submitted as planning applications.

We have recently refreshed our framework for gathering feedback, consultation and discussion of key strategies and service improvements. The Residents' Board and Housing Matters offer opportunities to explore more closely with residents the approaches in, and outcomes of, this AMS and we commit to providing regular updates through the residents magazine 'Homing In' and on the Housing Portal.



Northolt Road refurbishment

4. Stock profile and condition

4.1 Stock profile

The HRA stock holding of Harrow Council is 4,763 social rented homes along with 1,176 leasehold properties.

46% of the HRA stock (2,203) is flats, 11%, (512) is sheltered flats in 17 schemes. 43% of the stock is houses, with the rest being maisonettes, bungalows and a gypsy site. Harrow has no high rise accommodation – all blocks are 6 storeys or fewer although proposed new build development may exceed this.

Total number of properties	5996
Rented	4763
Flats	2203
Houses	2048
Sheltered schemes	17 (10.7 %)
Sheltered units	512
Leasehold	1216
Community centres	11
Garages and car ports	745

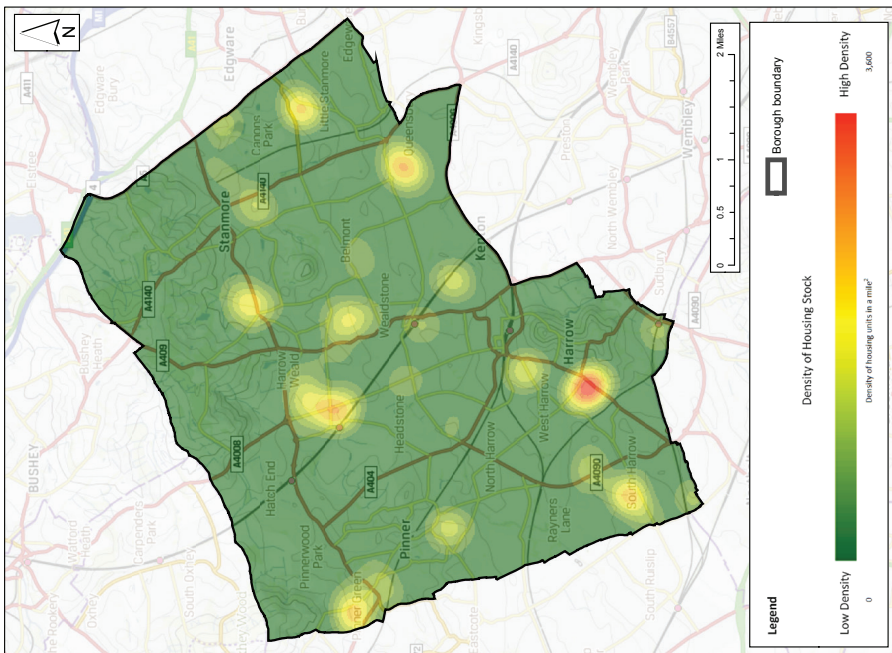
The stock is predominantly of traditional construction. 632 are of non traditional construction, and the majority of these (around 450 homes) are concentrated in HA2 and HA3 postcode areas, either side of Courtenay Avenue Harrow Weald. The remainder (around 230 homes) are on the Grange Farm estate, and are scheduled for replacement.

1,047 properties were built pre-1939, and just 289 were built after 1981. The majority of properties were constructed in the 1950s and 1960s. 11 new homes have been added to the stock in 2017, the first for 25 years.

A map of stock holding across the borough is set out overleaf.

Figure 1:LB Harrow Council Housing Stock

Housing Stock Densities (June 2019) Density Map

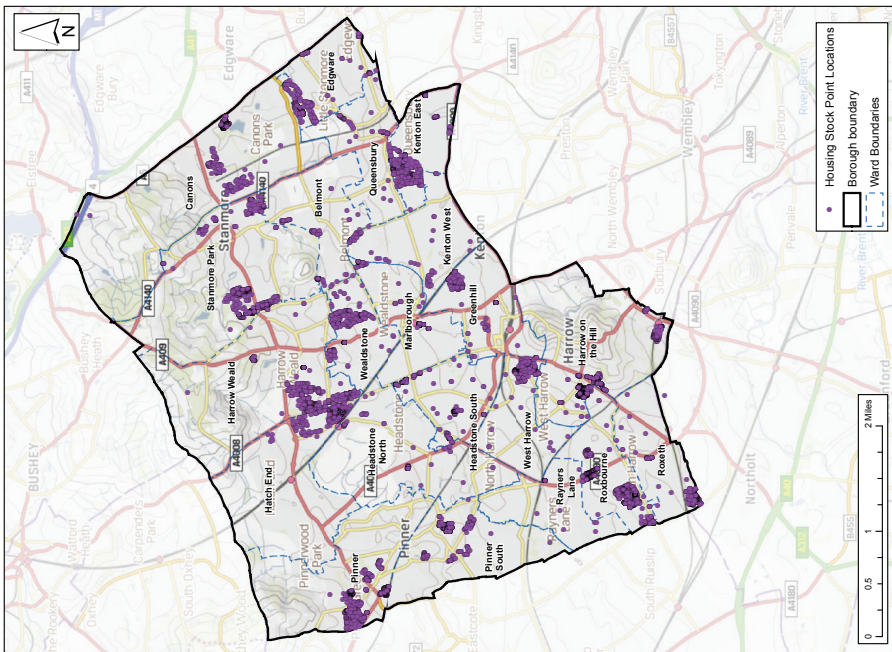


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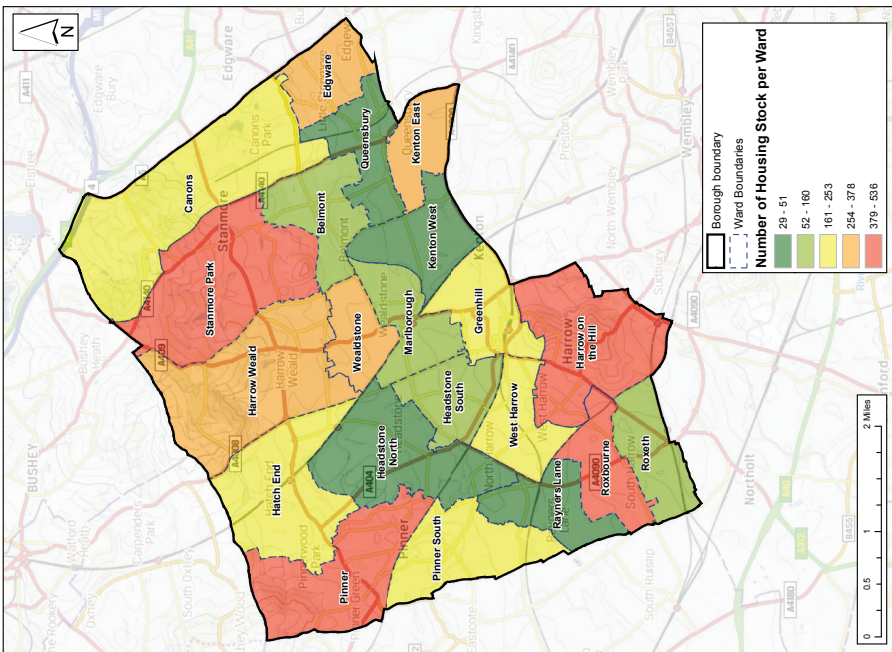
Housing Stock Densities (June 2019) Stock Locations Map



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Housing Stock Densities (June 2019) Ward Count Map



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4.2 Investment standard

There is no single answer to how much expenditure a social landlord is required to spend on the stock, either now or in the future. The amount of investment required and the associated expenditure is dependent upon the standards set and the budget available. The minimum external requirement is to comply with health and safety requirements and meet Decent Homes. Above this Harrow council needs to balance stock investment and neighbourhood sustainability with the development of new homes and other initiatives. To deal with immediate financial pressures a new investment standard for Harrow's council housing needs to be agreed quickly.

Harrow has set its own Better Homes Standard, which includes recommended timescales for replacement of key components. However we need to review the implementation of this in light of budgetary constraints arising from the 2016-20 rent cuts. The current approach is based on the Better Home standard criteria for replacement, grouping and packaging major components together with a focus on modernisation criteria. The proposed methodology is to implement a Just in time approach. This approach requires detailed and up to date information on the condition of the stock. We also need to monitor closely the impact on responsive repair budgets and resident satisfaction. Other aspects of the Better Homes Standard can remain as an aspiration if they are affordable within revised budgets.

The council will work with customers to develop a new standard for long term investment in the stock that will meet the requirements of the properties, regulations and customers' aspirations, within the affordability of the business plan.

Key objectives for the development of the standard will be to ensure that properties are:

- Safe and secure
- Designed to meet reasonably modern standards
- Improved and maintained to reasonably modern standards
- Meet the needs of diverse communities
- Adaptable to customer needs
- Sustainable for the life of the business plan and beyond
- Affordable.

This approach will safeguard the long term future of the stock portfolio and ensure that it is maintained to the agreed quality standard, identifying any gaps between investment needs and resources.

4.3 Stock condition

Current asset data is held on the asset management systems, PIMSS. The data is based on a series of surveys carried out over time and although survey coverage is high with only 1% cloned data, data quality is increasing, particularly in the longer term forecasts beyond ten years. We need to improve this, looking at the age range of the surveys and the process followed. The information is used as a planning tool to identify works which are due and to develop investment programmes, in line with the priorities in this strategy.

The level of non-decency within our stock is currently 8.4% which compares with around 14% of social housing nationwide.

Current data indicates a future investment need of £111m over thirty years for component replacement (e.g. kitchens, bathrooms, heating, windows etc.) as well as external decorations and environmental works to paths, fencing and parking areas. This represents just over £23,000 per unit which is a relatively low amount compared with benchmark figures which are closer to £27,000 - £30,000 per unit. This reflects a change from recent investment standards at the Better Homes standard towards a "just in time" approach to replacing components when their condition has deteriorated rather than basing replacements purely on age.

To deliver this approach and maintain cost control and quality we need to have very robust data on stock condition. We will develop a survey strategy that includes external validation of our existing data, additional surveys targeted where current data is poorest and aims to achieve 100% confidence levels within three

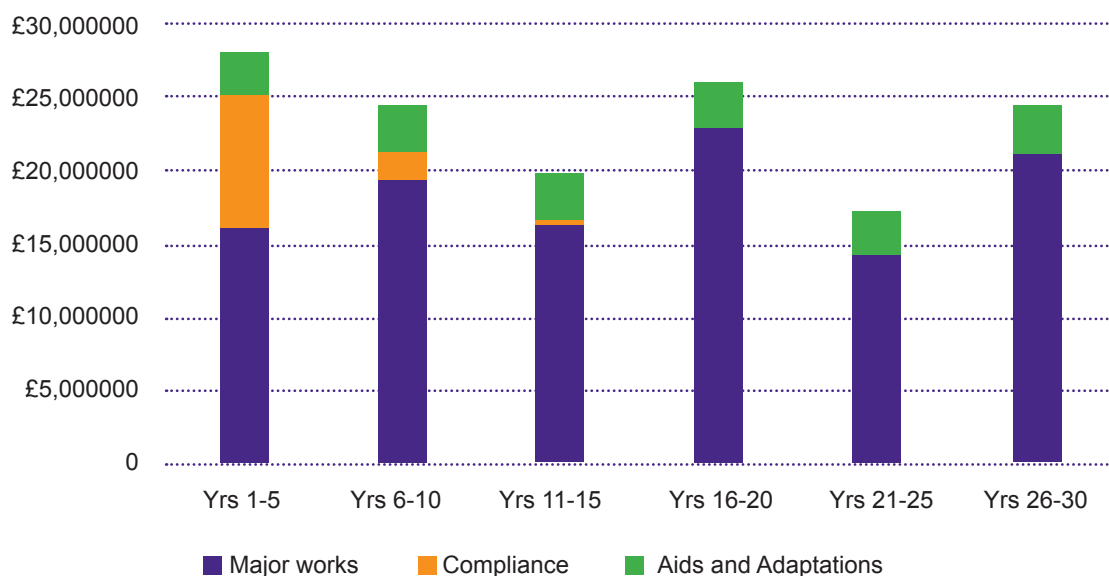
years. We then plan to maintain data quality with a rolling programme of surveys of 20% of the stock per annum. This volume will be supported by a move from paper to digital surveys.

In addition to component replacement we have also identified expenditure required to address essential health and safety and compliance issues. This includes a programme of works over the next 11 years of £11.1m. After that point we anticipate that regular servicing and management will be supported within existing maintenance budgets.

We also have a budget for disabled aids and adaptation of £651,000 per annum.

Our total forecast investment need is £141m over 30 years. The profile of spend is illustrated below.

Figure 2: Future investment need



4.4 Compliance

Compliance

Harrow Council is committed to ensure the Health and safety of its residents, leaseholders, contractors and any visitors to our housing stock has not been compromised. It is not just our legal requirement to continually assess various asset management risks to ensure that we remain compliant, but it is our social and moral duty to ensure that all our residents and internal and external stakeholder, when and where at our premises, are safe.

Therefore, we will ensure that we:

- To provide safe, secure and good quality homes for residents
- Meet all statutory and regulatory obligations
- Our housing stock meet the highest safety standards and that our residents are safe in their homes
- Integrate and implement health and safety process, systems and information in our planned and cyclical programmes of works
- Provide transparent information to residents on our health and safety performance
- Proactively apply recommendations contained within Hackitt's review
- Procure and Implement a suitable compliance database enabling the council to monitor, audit and report on the council's asset management compliance streams and the related operational management activities

In order to meet our statutory obligation, we will ensure that:

Gas Servicing

- All gas appliances are checked on an annual basis
- The Gas Regulations are complied with

Fire Safety

- We review all the Fire Risk Assessments for communal areas
- We undertake training for staff and residents on fire safety
- There are suitable Fire Safety Management measures in place

Asbestos:

- The asbestos register is effectively managed
- There are seamless processes in place to manage risk
- The Asbestos Management regulations are complied with

Legionella:

- We carry out Water Risk Assessments, check and sample water to all water systems that could be susceptible within the timescales laid down by the Health and Safety
- There are suitable Water Safety Management measures in place

Electrics:

- We carry out periodical electrical checks and ensure asset database is updated accordingly
- The Electrical Regulations are met

Lifts:

- We check all lifting equipment every six months or monthly, dependant on the type of equipment
- All lifting equipment is compliant with the lifting regulations

Security:

- Review the requirement for on-going communal door entry system servicing

We aim to improve resident knowledge and satisfaction with the asset management compliance related inspections, testing and work activities and services through a number of initiatives including:

- Continued training and development to ensure customer service staff are customer focused and sufficiently knowledgeable of the specialised service to effectively respond to customer enquiries and complaints and to prevent any delays
- Focussing on proactive (prevention) as well as reactive (cure) problem solving
- Engaging managers as the key change agents in their area of activity.
- Regular dissemination of the health and safety related topics via individual letters, leaflets, brochures, newsletters, web page portal etc.
- Email address and web page access to information on specific projects and major compliance related works
- Workshops, Road shows and presentations for all stakeholders
- Attendance at meetings with resident groups
- Post work review (via letter, phone or in person) following completion of major works giving every resident who has had work carried out to their home or estate the opportunity to comment on their experiences
- Promptly responding to specific issues raised by stakeholders. We use the outcome of our investigations and the feedback given to help improve the performance of contractors, consultants and the project

management team. We are keen to ensure any lessons learned are used to improve the overall service we provide.

Our position with regard to the key compliance areas is set out in a series of related policies. We have identified budgets for remedial works set out in the previous sections.

Our approach to compliance will need to be regularly reviewed to have assurance that we have detailed policies setting out our approach to compliance across all major areas to provide a structure to ensure compliance across the following themes:

- Policy and Procedure
- Operational and Process Issues
- Contract Management
- Resourcing
- IT Development
- Data Validation
- KPIs and Reporting
- Audit and QA process
- Training Requirements
- Communications.

We also need to invest in IT to support the delivery and governance of compliance. We currently hold data on a range of different spreadsheets and this poses risks for us in terms of potential gaps, as well as increasing the time required by staff to oversee the process.

The council has recently purchased 100 street properties which are held in the general fund and let on assured shorthold tenancies. There is also a homeless hostel, Vernon Lodge, held in the general fund. Our work to review compliance needs to confirm responsibilities for maintaining compliance in these properties.

Our current position shows compliance with gas safety is at 99.97 as at November 2018. This is higher than the position in 2017 of 99.87% and at that point we were in the lower quartile of performance. This demonstrates the need for us to improve performance and governance in this area.

4.5 Energy performance of the stock

As part of the Decent Homes programme Harrow carried out a range of works that directly improved the overall energy performance of the stock. The average SAP rating for Harrow tenanted dwellings rose from 63 in 2011-12 to 69.8 March 2019. This essentially moved the mean average band from D to C for Harrow tenanted dwellings.

We want to reduce fuel poverty of our residents, through investment where budgets to allow, and through our allocations system to ensure households at risk of fuel poverty are not housed in homes with poor energy efficiency.

Our energy strategy needs to focus on reducing the number of properties that fall below band C and increasing the percentage of homes in Band A and B. The financial implications of this ambition need to be tested. Works will need to be prioritised where we can identify the greatest risks of residents being in fuel poverty. Where budgets are available, properties that have a long term sustainable future and that would benefit from external wall insulation and pitched roofs would be prioritised, alongside installation of high efficiency heating systems.

4.6 Non traditional housing

Our non traditional housing stock requires major investment to extend the life of properties and to improve thermal insulation. The works to regeneration of the Grange Farm Estate will address the issues with the non traditional Resiform properties.

Of the non-traditional house builds in Harrow, both the Airey House and Orlit construction types are classed as defective under Part XVI of the Housing Act 1985. However, Airey Houses across Harrow were 'corrected' in the 1990s and the validation of stock shows these dwellings as no longer defective. Orlit housing stock is still classified defective and un-mortgageable across Harrow. Works to remedy defects in these properties are currently estimated at between £40,000 to £50,000 per home. A programme of options appraisals for this stock is planned to determine its long term future.

The Council also has piloted improvement works to 9 dwellings of BISF construction to replace windows, doors and improve external wall insulation. Affordability constraints mean that there are currently no plans to roll this out to the remaining 149 BISF dwellings which require an estimated £2.4m. Further investigation is required into the 21 BISF Hills Prestweld dwellings.

A very small proportion of the Harrow housing stock features other build types including Scotwood and cross wall construction.

4.7 Further estate regeneration

In addition to Grange Farm we have identified a need for further regeneration works in three key areas.

At Howards and Deacons Close the estate suffers from poor quality external space and urban planning. Road layout is poor with large areas of tarmac dominating the estate with no natural surveillance over large areas. The construction of buildings can cause issues of damp, condensation, acoustics and cracking brick work. An initial options appraisal has been carried out and further work is required to explore options for future regeneration.

Hazeldene Drive estate consists of a series of two and four storey blocks of flats. While external walls are in good structural condition, the type of brick used has resulted in cracking due to thermal movement and shrinkage. It is also of solid wall construction which has an impact on the thermal performance of the buildings. Repairs have been undertaken over the years to try to overcome the defects and this will continue within the constraints of affordability in the business plan.

29 – 33 Hornbuckle Close is a listed building in a desirable area with high maintenance costs and extensive refurbishment required. An options appraisal will be carried out before major investment decisions are made on the property.

4.8 Adaptations and disability access

The housing department has a budget of £645,000 per annum for disabled aids and adaptations to its own stock. This is a historic figure that has not been set based on current assessed need, and it is a high figure when benchmarked against other social landlords.

We need to be clearer that our investment benefits, and continues to benefit, people and properties that most need it.

Due to the design of existing building layouts not all premises can be easily adapted without major intervention. All reasonable steps will be taken to make adjustments or to seek alternative solutions that may include re-housing.

We will create an asset register for aids and adaptations, which will have strong links into both our allocations policy and our new approach to asset performance evaluation.

4.9 Older persons accommodation

The council provides 17 older person's schemes comprised of 512 sheltered properties.

None of these were built to modern extra care housing standards and some are increasingly unsuitable for meeting the needs of our more vulnerable and frail older residents, including those with dementia. Some schemes still have bedsit accommodation which may not meet the expectations or requirements of older people going forward.

An Older Person's Housing Review in 2005 identified the need to reduce the amount of traditional sheltered housing and increase the level of extra care housing. As a result of the increase in demand for adult social care, additional demands for extra care housing have been identified. Further work has been undertaken to understand the need for increased extra care provision in the borough and to develop plans to ensure our stock is better aligned to local needs.

One of the council's existing sheltered schemes, Watkins House, is being redeveloped by Harrow Churches Housing Association. The scheme had been used as extra care accommodation although it did not meet the current standards for such housing. The scheme is now being redeveloped, along with an adjacent piece of council land, to provide an increased level of extra care housing to modern best practice standards within a more sustainable building.

The council continues to keep under review both the quantity and quality of its older person's housing provision to ensure that it remains financially viable and fit for the future.

An older person's housing strategy is being developed within the main housing strategy, informed by understanding of local need and provision, asset performance and alignment with national standards.

4.10 Garages

The council owns 745 garages², which provide a small income. We will invest in the long term maintenance of these assets where there is demand. However generally demand is low due to some of the garages being too small for modern cars and consequently they may be used for other purposes such as storage. Some sites have already been identified as potential development opportunities and are included within the infill development programme. This strategy commits to revising the review to determine a long term strategy for all sites. This will include consideration of the extent to which we can continue to maintain these assets and maintain viability.

4.11 Shops and other commercial premises

There are 23 shops, a doctors surgery, an office, a children's centre and a neighbourhood resource centre in the Housing Revenue Account³, which have council accommodation above them. These are managed by the estates valuation team and are not addressed by this strategy. To ensure the council is delivering effective management and making best use of assets we will take steps to improve accountability for decision making relating to non-residential assets within the HRA.

4.12 Community centres

There are 11 community centres within the Housing Revenue Account. They are in use by community groups but generate little income. Their future, including development potential, will be explored as part of options appraisals of surrounding assets.

4.13 New homes

Where new homes are developed within the HRA we need to ensure these assets are incorporated into our ongoing investment programmes.



Whitchurch and Buckingham estate, Edgware and the new recycling area

5. Active Asset Management

5.1 Understanding the performance of our assets

This strategy recognises the need to introduce a structured assessment of the performance of our stock. We are aware that there is some stock that is not fit for purpose and we need to develop guiding principles that would inform decisions to invest or divest.

We plan to develop a model that will evaluate the financial performance of all our stock, alongside other measures of broader neighbourhood sustainability linked to our social housing objectives. In adopting this model we will change the way all staff think about our properties, and build a culture that drives efficiency in the HRA and quality of the residential offer for customers.

The key principles of an asset performance evaluation will be a financial assessment based on an understanding of future cash flows in order to measure the worth to the housing business plan, measured by the net present value (NPV) over 30 years. Our approach to evaluating financial performance will be threefold:

- We will use a projection of operating cashflows to calculate a 30 year net present value (NPV) in order to evaluate the “worth” of the properties to the current business plan
- We will project cashflows forward in order to forecast how NPVs will move in future
- We will identify key performance drivers so that we can establish strategies for improvement.

Alongside this we will also use a set of indicators that measure the extent to which assets meet our social objectives. These will be developed to fit with our corporate and housing plans and are likely to include aspects of income and affordability for residents, satisfaction, popularity and management issues such as anti social behaviour and crime. Stock will be analysed at a very local level, so that we can understand how performance varies across our borough and take action where the need for improvement is identified.

Finally we will include information on open market values and market rents in order to compare the worth of properties in their existing use, with alternatives including disposal and tenure change where resources could be used more effectively to deliver our growth ambitions.

The modelling provides a framework for investment decisions to inform an investment strategy based on an active asset management approach where we seek to make investment decisions based on the financial performance of the stock, in a way that strengthens the Business Plan and contributes to meeting our social housing objectives.

The key steps to establishing this approach include:

- Carrying out a healthcheck of our stock condition data to ensure it is fit for purpose to model performance at an individual property level.
- Establish a project team including representatives from Housing, Finance and IT.
- Draw up a brief in consultation with assets, housing and finance in order to confirm our requirements
- Consider whether we can resource this internally and explore what could be procured from external providers
- If required carry out a procurement exercise to select a supplier
- Collect data, agree indicators, and prepare a model.

Typically exercises of this type take 3 – 4 months to complete once a supplier is identified. We will aim to identify a supplier and initiate the project in Winter 2019.

5.2 Options for Poorly Performing Assets

The asset performance evaluation described above will provide us with a framework to demonstrate return on investment against our social and financial objectives, and a candidate list where further more detailed options appraisal would be required before finalising investment strategies.

Where this evaluation identifies assets that are performing poorly, either on a financial or non financial basis, a more detailed options appraisal will be carried out and all options for improvement will be explored. Interim investment plans will be established for those assets identified as requiring options appraisal before long term investment decisions are made. We will consult residents and other stakeholders during this appraisal process.

The appraisal process will partly be financially-based, drawing upon the findings of the initial evaluation assessment and any further more detailed financial appraisals. However, it will also include qualitative criteria to ensure that we are abiding by our mission as an affordable housing provider and will be informed by the social sustainability and market analysis included in the asset performance evaluation model.

Key potential options for stock could include:

- Investment in potentially viable properties to improve sustainability and meet long term demand
- Investment in environmental improvements to address fuel poverty
- Management initiatives – for example, efficiencies in management costs or reductions in underlying maintenance or repair expenditure, reduction of voids, increases in income subject to the Council's policies on rents and service charges
- Other management initiatives to improve financial performance such as change of use to sub-market renting and potentially market renting and shared ownership (subject to regulatory constraints) and in line with our growth strategy.
- Disposal of properties that are uneconomic and/or do not meet social need to release latent value for investment in affordable housing that will better meet the needs of customers
- Decommissioning and disposal for redevelopment, again to release latent value for reinvestment, linked to the growth strategy.
- Council led regeneration involving either partial or complete demolition and rebuild subject to available financial resources

We are a relatively small landlord with very tight affordability constraints. As such options around working in partnership with other landlords to improve the quality of homes and deliver services, or in some cases to transfer ownership, will be explored as part of these appraisals. This will be done with full consultation with residents.

5.3 Using the results to drive strategy

The benefits of this active asset management approach are that it will enable the Council to:

- Strengthen its business plan
- Make more efficient use of capital resources available
- Consider long-term planning for obsolescence
- Obtain a balance between new build, remodelling and stock investment
- Test alternative strategies
- Enable balanced investment decisions and support difficult decision making
- Improve asset led value for money
- Communicate reasons to the Council members, staff and customers
- Assist the Council in delivering its social and housing objectives.

We will be able to use the outputs from this work to develop this AMS and to support decisions at options appraisal stage in the following ways:

- Manage investment programmes within the overall affordability of the business plan by setting long term plans for the improvement and repair of high quality, affordable homes by demonstrating an approach to asset management that demonstrates the value for money of investment decisions
- Releasing resources for new investment
- Supporting short and medium term investment strategies for assets identified with limited financial viability in the longer term
- Providing evidence to inform local management strategies to improve the financial performance and sustainability of neighbourhoods and the satisfaction of customers
- Working with customers to enable them to understand the decision making process, to model alternative scenarios and to ensure transparency in asset management decisions
- Working with Council members to develop targeted disposal strategies which maximise business plan value
- Creating a consensus at Council level about rent policy, lettings policy, disposals and investment.
- Supporting our growth strategy.
- Address regeneration needs to improve the sustainability of neighbourhoods.

We need to plan for the resources required to evaluate the performance of assets, and to deliver a programme of options appraisals. We anticipate that the financial, and social, results yielded by this approach are likely to be greater than the financial investment in staff time and any professional support to conduct option appraisals.

6. Investment and maintenance planning

6.1 Investment capacity

The 2016-20 rent cuts cause Harrow to lose £8m in rental income by 2020. This loss of rental income means the HRA would become unviable from 2019-20 unless action was taken to reduce costs. Our savings plans include for a reduction in revenue of £1.9m. Our 2019/2020 HRA budget includes a revenue repairs provision of £6.4m (£1,343 per unit), increasing to £6.5m in 2021/22 and £6.5m in 2022/23.

Current business plan budgets allow for £9.7m of future major works in 2019/20. The current budget breakdown for major works is set out below.

Table 1: HRA capital investment

	(£)	(£)	(£)	(£)	(£)
Budget Description	2019/20	2020/21	2021/22	2022/23	2023/24
Internal Works	2,264,127	1,468,600	1,468,600	1,468,600	1,468,600
External Works	2,329,048	754,600	754,600	754,600	754,600
Mechanical & Electrical	4,380,825	4,147,630	4,147,630	4,147,630	4,147,630
Garages		62,940	62,940	62,940	62,940
Aids and Adaptations ⁷	645,000	645,140	645,140	645,140	645,140
Health & safety work *	165,000	146,580	146,580	146,580	146,580
HRA Capital Investment	9,784,000	7,225,490	7,225,490	7,225,490	7,225,490

Together the revenue and capital provision provides for a total budget of £373m over 30 years, representing an average of just over £77,500 per property.

Investment is being refocused to prioritise legislative and health and safety requirements. This review has identified expenditure which, given the reduced financial resources, is now considered lower priority in meeting the core requirement in consultation with resident representatives.

In comparing the overall budget provision with benchmark figures from other landlords, we are confident that this provides adequate provision to maintain quality over the long term. However, in the short term careful targeting of investment will be required to ensure the right properties received investment at the right time and to ensure provision for additional works to non traditional homes and to support regeneration.

In section 4 we described the future investment need currently captured in our PIMSS system. This shows a current investment need which averages £3.2m over the next five years. This compares with a provision of £2.76m set out above for internal and external works and garages. We have also set out in section 4 an estimated need for compliance works of £2.3m in year one, reducing to £1.6m within three years. This compares to a current business plan budget of £2.1m, reducing to £1m from 2019/20.

We believe that there may be some overlap between the provision in our PIMSS system for external decent homes work (windows, doors electrics) and the provision in our M&E/compliance assessment for example in respect of external doors. We anticipate that pre works surveys will provide a more accurate specification to enable us to balance budget with resources. The ongoing improvements in our stock condition data will help to refine this further in order to deliver a programme within available budgets.

6.2 Investment planning

In order to ensure that the standard of investment that has been delivered to the stock under LB Harrow's Decent Homes and Better Homes programmes is maintained, the investment programme will prioritise works to the long term sustainable stock within available budgets under agreed criteria including:

- Priority 1: Statutory compliance such as fire safety, gas servicing, lift servicing, and works identified through Health & safety risk assessments.
- Priority 2: Works that are structurally of concern requiring monitoring and capital investment. Could affect the overall value of the asset and result in higher expenditure in the future.
- Priority 3: Works to maintain decent homes
- Priority 4: Works that impact on high responsive repair costs e.g. roof repairs, internal electrical and plumbing, DPC, repointing etc.
- Priority 5: External and communal area redecorations on a regular cycle
- Priority 6: Estate improvements and management of environmental areas, trees, footpaths and open spaces, enhancements to overall appeal and letting potential of the stock, parking and security.

Overlaid on these priorities will be other factors including:

- Information on the future sustainability of the stock, based on the asset performance evaluation set out in section 5 of this strategy, as well as information on future demand, housing needs and aspirations of current and future customers
- The allocation of planned maintenance budgets within the business plan
- The development of approaches to investment which make positive contributions to the local economy, local employment and training, energy efficiency, household security and community safety.

Investment programmes will be developed based on the data from the stock condition surveys and informed by repairs data, overlaid with these investment priorities in order to develop a 5 year investment programme that can be updated on an annual basis to meet any changing priorities or budget constraints that may come to light.

The stock condition survey information will highlight properties that are in most need of improvements to maintain decent homes. In addition to stock condition survey information other factors that will be considered in setting up annual programmes of work include:

- Frequency of repair/repairs expenditure
- The results of the asset performance evaluation and more detailed local options appraisals.
- Individual customer needs
- Referrals from internal teams
- Funding opportunities
- Feedback from key stakeholders.

6.3 Value for money

LB Harrow will constantly be looking to achieve Value for Money in its AMS to maximise the use of scarce resources, minimise customer and leaseholder charges and maximise social and economic impact of its expenditure.

6.3.1 Value for Money in delivery

LB Harrow will consider whether works will be delivered as whole house packages, separate programmes for internal and external works, an elemental approach or a combination of these options. We will develop a 5 year plan which enables us to procure at volume and give longer term certainty in order to secure better rates. We regularly compare outturn costs against budgets and use this information both

to review unit rates, and change processes to improve cost control.

The investment and delivery process needs to ensure the following:

- Works programmes are affordable within the business plan
- Programmes are informed by in-house data on repairs, component age and type of stock
- Programmes are mapped out to suit local needs
- Work packages can be structured to secure best value for money
- Capacity and skills are in place to deliver the project management of the programme.
- Effective delivery of the programme whether in-house or contracted out.

Works will be programmed wherever possible to maximise economies of scale and reduce set up and preliminaries costs.

An overall investment standard will be adopted, and efficiencies will be achieved by finessing the timing of that investment. Efficiencies are currently achieved by grouping and packaging of works. In future asset performance evaluation work will help to inform investment decisions, and this should help to maximise return on investment.

6.3.2 Value for money in procurement

The procurement strategy has Value for Money as a key driver.

We will continue to look to deliver high standards in terms of products but focus on leaner and more effective procurement.

One such example of this is the saving of £750,000 on the internals Kitchen & bathroom 17/18 programme. The initial budget was £2.2 million and the contract was let for £1.45 million. This was achieved by reducing contractor overhead costs and preliminary costs on the contract by not providing a local site set up and by encouraging SME's and local contractors to tender for the project. Consideration should be given to maintaining future savings based on the application of JIT asset management planning.

Correct identification of the works through the stock survey and pre works scoping will be important to ensure the contractors receive sufficient quality information in order to build a programme based on correct volumes of replacements thus minimising abortive work/visits and unplanned additional costs.

The procurement approach is designed to deliver the investment plan as set out above whilst meeting the following objectives:

- Certainty – meet identified investment standard and customer needs.
- Deliverability - meeting required timescales and quality standard.
- Affordability and Value for Money – within the Business Plan.
- Predictability and flexibility – to meet future changes in the business.
- Mitigate risk – reduce and contain.

6.3.3 Value for money return on assets

LB Harrow will use the asset modelling work set out in section 5 to determine how limited resources are targeted to deliver maximum return for investment. Our aim over time will be improve the value of our portfolio both from a financial perspective (measured by NPV) and social (measured against our objectives as a social housing landlord). This may mean reviewing the overall investment standard to be delivered, the timing of that investment and whether there is a case for that level of investment across the whole stock.

7. Review and monitoring

7.1 Performance monitoring

Investment plans and the results from options appraisals leading to alternative proposals for assets will be reported regularly to Senior management, Members and our Resident Board. Reports will include financial and quality out turns against plans. We will measure our success through a range of Key Performance Indicators (KPIs) which could include:

- Overall growth in NPV across our portfolio
- Option appraisal within 12/24 months for all properties identified as poorly performing in our asset performance evaluation exercise
- To have no properties with an EPC rating below C by 2030 with alternative options explored where this is not feasible
- Number of kitchen, bathrooms, windows and doors replaced as part of planned works programme
- Adherence to planned works budget and timescales
- Compliance with all health and safety, regulatory and statutory standards
- Increasing resident satisfaction.

7.2 Accountabilities

The accountability for key aspects of this strategy is set out below.

Tasks	Officer Role	Member Role
Drafting, maintaining and updating the Asset Management Strategy	Prepares draft AMS for member decision	Approves draft AMS and has overall responsibility for ownership of asset management strategy
	Maintains AMS	
	Provides annual update of AMS	
	Provides full periodic reviews of AMS	Approves annual updated AMS and periodic reviews.
Implementing stock options appraisals and managing outcomes	Conducts stock options appraisals and makes recommendations to members	Considers recommendations and takes decisions on implementation
	Implements member decisions	
	Annual report to members on outcomes including use of proceeds/ land	
Managing progress against delivery of five year investment plans	Reporting and consideration of progress / corrective action via management	Receives and approves reports, including annually at Cabinet level
	Contracts board oversees risks and will consider strategic need for any changes to approach every six months. This will feed into annual monitoring of progress against HRA Business Plan by members	Takes/approves corrective action where required
Updating stock condition survey information	Annual programme of stock condition to maintain 100% survey every 5 years	Results reported for information and via annually updated investment plan and approval of revised active asset management strategy
	Establish sample external validation of stock condition information	
	Outcomes used to inform annual revisions to the AMS and to the Asset Performance Evaluation model	
Implementing and updating asset performance evaluation model	Model will be implemented, owned and managed to support decision making and it will be updated on a regular basis in response to changes in the stock portfolio (additions, disposals, investment etc.) and updated stock condition information.	Model outputs reported to members to demonstrate progress in active asset management to improve value.

7.3 Internal Controls

The main internal controls are in the following areas:

7.3.1 Stock Condition Surveys (SCS):

- The lifecycles and costs used in the SCS will be reviewed regularly to ensure they are consistent with sector benchmarks and updated on a systematic basis based on actual prices obtained for works done and planned
- The standards will be developed with customer engagement and any revisions will be agreed in consultation with customers
- Updates to the SCS will be captured as the investment programme is implemented. SCS updates will form part of the annual investment planning verification process.

7.3.2 Investment Plans

- There will be a planned investment programme in place
- There will be performance measures in place to enable effective and regular monitoring and management of actual delivery performance against these plans by the asset management team
- There will be clear and robust contract management arrangements
- Use of demand analysis and customer feedback from response repairs programmes will be strengthened to inform and update the planned investment programmes
- There will be a framework for customer engagement in developing investment programmes
- Investment programmes will be designed with regard to the diversity and disability needs of our customers
- Customer feedback is obtained on a regular basis and we are working to increase levels of customer satisfaction with the service
- Repairs and maintenance, including all major compliance areas delivery programmes are all in place and there is effective monitoring and management of outcomes.

7.3.3 Procurement and staffing:

- A restructure is taking place during which we will identify procurement plans and processes in to assess whether we are delivering value for money using benchmarking and external validation exercises.
- There are management systems in place to recruit, select, train and appraise staff with the skills to deliver the strategy, moving away from reliance on temporary staff.

7.3.4 Response Repairs:

- There are detailed contract controls and performance measures in place for the service and these are being effectively managed by the Response Repairs management team
- Service outcomes and measures are used to inform forward planning of both the response and the planned repairs service, and we will improve our use of data in this regard
- Levels of customer satisfaction with the service are routinely tested as part of the service and we are working to improve the levels achieved.

7.3.5 Asset Performance Evaluation:

- We will adopt an asset performance evaluation model, drawing on input from Asset Management, Housing Regeneration and Finance teams.
- The model will become an integral starting point for investment planning
- Updates of the model will be undertaken every 3 years, informed by new information including updated stock condition data following delivery of investment plans, response repairs spend, changes in management costs, changes in void rates, local option appraisal outcomes, and new homes coming into management.

7.3.6 Asset Management Strategy:

The AMS will be updated as a key part of the annual corporate planning processes and outcomes from this exercise will inform business planning and capacity modelling.

7.3.7 Business Planning & Capacity Modelling:

The annual business plan and associated capacity model review processes will explicitly evidence a golden thread from the business plan through the AMS, from stock condition to investment and procurement programmes.

7.3.8 Internal Audit & Risk Management arrangements:

- Aspects of asset management, property disposals and response repairs are longstanding items on the corporate Risk Register with regular reporting on management of the risks
- The Internal Audit programme will include a triennial verification and review of the golden thread from asset model to stock condition survey and all of the key links in between
- This work and recommendations arising will be reported into the Health and Safety Board, which will link into the corporate risk register
- This will underpin development of a formal continuous improvement culture in the asset management and repairs services.

There will be a rolling programme of specific Internal Audit Reviews of individual elements of the AMS to provide greater in depth assurance that changed staffing, processes and management control arrangements are working in a satisfactory way.

7.4 Review

The strategy covers a five year period from 2019 – 2024. Investment plans will be reviewed annually. The strategy will be reviewed in 2020.

7.5 Authority and control information

Responsibility for implementation of this strategy is with the Head of Housing Regeneration and the Head of Asset Management..

