

Housing Revenue Account  
Asset Management Strategy  
August 2020 Review

## EXECUTIVE SUMMARY

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Slough Borough Council's Housing Revenue Account Asset Management Strategy (HRAAMS) covers a five year period from 2018 – 2023. Investment plans will be reviewed annually together with the whole strategy which will also be reviewed in annually.

This report is an update to that 2018 HRAAMS and is written within the backdrop of a worldwide pandemic which has impacted Council operations, including that of the Council's appointed contractor for repairs, maintenance and investment, Osborne Property Services Ltd.

Covid-19 also impacted the Council's ability to undertake Stock Condition Surveys (SCS) as only 30% of the stock had been completed before lockdown in March of this year.

There are also emerging themes and Government policies that the Council's Investment Standard will need to reflect moving forwards, in particular the new Fuel Poverty regulations, The Climate Change Act 2008 (2050 Target Amendment) Order 2019 and the new Decent Homes 2 standard.

These changes will obviously have an impact on the planning of investment decisions including the level of capital investment and when and how we invest.

- A new Asset Performance Evaluation has been undertaken with the majority of the stock performing well but, 7 units which have a negative Net Present Value (NPV) over the next 30 years and a further 687 properties have a marginal NPV below £15,000.
- Over the next 12 months the poor performing properties will be transferred into the 'Development Initiative Slough Homes Registered Provider (DISH RP)', with further options appraisals carried out on the remaining marginal properties.
- Further modelling will be required for the zero carbon and investment into energy reduction in homes in the next 3-4 years.
- The report outlines 3 steps to becoming carbon neutral by 2050 with a capital requirement of £205m
- With regards to compliance, the Council are strengthening their approach to the delivery of its landlord compliance obligations. There remains work to do - both in terms of further developing the framework supporting the management of landlord compliance and in closing gaps in the delivery of programmes of work.
- Work programmes include the requirement for asbestos management surveys in all of our rented domestic properties, updating block door entry systems across our portfolio and catch up costs relating to compliance that need to be completed this financial year.
- The HRA repairs and maintenance budget is £70m over 5 years. This broadly matches the liabilities identified in the stock condition survey, along with other

day to day expenditure required in the stock.

- The investment standard will likely have a higher specification to conform to the incoming legislation.
- 2020/2021 investment spend has been budgeted for this year due to slippages during the pandemic are totalled (both revenue and capital) £13,698,849.
- Investment over the next 5 years for SCS total £8.8m split over 5 years, total investment including investment into non SCS items therefore equal £33.45m giving a variance of circa £1.4m against the HRA Business Plan.
- However, there is capacity within the plan to allow for contingencies and headroom for unforeseen circumstances and to allow for the development of plans for Zero Carbon and options appraisals to aid in the transfers of properties to the DISH RP.
- As the Council moves towards a locality based approach, all reporting will conform to the 4 areas of locality Slough has produced.

# 1. INTRODUCTION

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## 1.1 Background

- 1.1.1 This Housing Revenue Account Asset Management Strategy (HRAAMS) has been developed to inform the strategic medium and long-term approach to the Council's housing assets. It sets out the Council's vision for the housing stock and sets key priorities for the maintenance and improvement of the housing stock and how Slough will continue to meet the needs of the borough, as well as looking at the key drivers in managing our assets. This will enable the Council to improve the existing assets and to increase the supply of new housing where opportunities exist within the asset base.
- 1.1.2 Making sure our properties are kept to a high standard of repair and maintenance and of an appropriate type is key to a successful business plan, as it means that we are protecting our primary source of income. It is therefore vital to have an effective Asset Management Strategy (AMS) which drives our approach to the provision, of maintenance, improvement and redevelopment of the Council's housing portfolio and its localities, contributing to the overarching corporate priorities of the Council.
- 1.1.3 This strategy is an update to the 2018 AMS and is written against the backdrop of Covid-19 which has had an effect on the operations of the Council and its suppliers leading to catch up costs across the spectrum of compliance and capital works. These works are mentioned in detail further in the report, but asbestos management surveys of the whole housing stock, door entry system upgrades, together with the stock condition surveys (SCS), 30% are complete with 70% remaining due to Covid-19. These are required to fully understand the repair and maintenance cost for the portfolio over the medium and long term.
- 1.1.4 Coupled with the Pandemic and since the last AMS in 2018, there are emerging themes and Government policies that the Council's Investment Standard will need to reflect moving forwards.
- Fuel Poverty Regulations impose an obligation to achieve EPC C by 2030 on all tenanted properties.
  - Climate Change Act to achieving a 'Net Zero Carbon' economy by 2050
  - Decent Homes 2 legislation – This will come into effect by 2022 or earlier and will focus on sustainability and energy efficiency in homes.
  - Building Safety regulations emerging from the Hackitt Report 2018 and the Fire Safety Bill
  - Abolition of the HRA borrowing cap was announced on 3rd October 2018,
  - Roll out of Universal Credit nationwide,

- The new National Planning Policy Framework (NPPF) was published in July 2018. Key elements for the HRA are:
  - The definition of affordable housing has been changed. It still includes social and affordable rent and rents at least 20% below local market rents, and it now also includes:
    - *Starter homes*
    - *Discounted market sales housing* (homes sold at a discount of at least 20% below local market value) and
    - Other affordable routes to home ownership (including shared ownership, relevant equity loans, other low -cost homes for sale, rent to buy)

## 1.2 Scope

1.2.1 The strategy includes all HRA assets including residential (for permanent and temporary accommodation), commercial, community use, and land. It also includes the management and maintenance responsibilities for non HRA dwellings held in DISH (Development Initiative Slough Housing).

1.2.2 The strategy should be read in conjunction with

- Housing Revenue Account Business Plan 2017-2047
- The Capital Programme 2021-2031 (tbc)
- SBC Housing Strategy, 2016-2021
- SBC 5 Year Plan, 2020-2025

## 1.3 Purpose of AMS

1.3.1 The purpose of this strategy update is to bring the 2018 AMS in line with new priorities, policies and legislation and set the Council's new capital profile against the backlog, new demands on resources, priorities, and legislation.

1.3.2 The strategy recognises that effective asset management includes three key elements

### 1.3.3 Stock Investment

Those activities that will maintain the stock to a standard to meet customer needs and regulatory requirements. This is principally the stock investment/capital programme designed to keep all properties to the agreed investment standard which is to be updated within this strategy update including (but not limited to) door entry systems, boiler replacements, kitchen and bathroom replacements, rewiring, fabric elemental replacement and energy upgrades including new technology initiatives.

### 1.3.4 Active Asset Management

Those activities to improve or replace properties that have a poor social, economic, or environmental performance, because of low demand or high costs, and either improving them or replacing them with properties which

are fit for purpose. An updated model using Savills Housing Asset Performance Evaluation (SHAPE) for the whole HRA (residential) estate, (6,036 properties) has been undertaken and the results shown later are in advance of any options appraisals to quantify alternate uses or options.

#### 1.3.5 Supporting wider objectives

The recognition that our assets are one of a number of factors that enable and sustains a community, being clear where and how asset management is supporting wider objectives, such as new development or supporting wider community activities.

### 1.4 Corporate Objectives

1.4.1 The Council's corporate five-year plan 2020-2025 sets out the borough's vision to grow a place of opportunity and ambition. It sets out priority outcomes for the delivery of this vision, putting people first to achieve the following priority objectives:

- 1 *Slough children will grow up to be happy, healthy and successful*
- 2 *Our people will be healthier and manage their own care needs*
- 3 *Slough will be an attractive place where people choose to live, work and stay*
- 4 *Our residents will live in good quality homes*
- 5 *Slough will attract, retain, and grow businesses and investment to provide opportunities for our residents.*

1.4.2 This updated AMS sets out how we will deliver these outcomes, particularly in respect of residents' access to good quality homes. Within our 5 year plan we commit to delivering our priority outcomes in the following ways

- demonstrating community leadership
- enabling people to help themselves
- supporting the most vulnerable
- shaping and managing the changing place

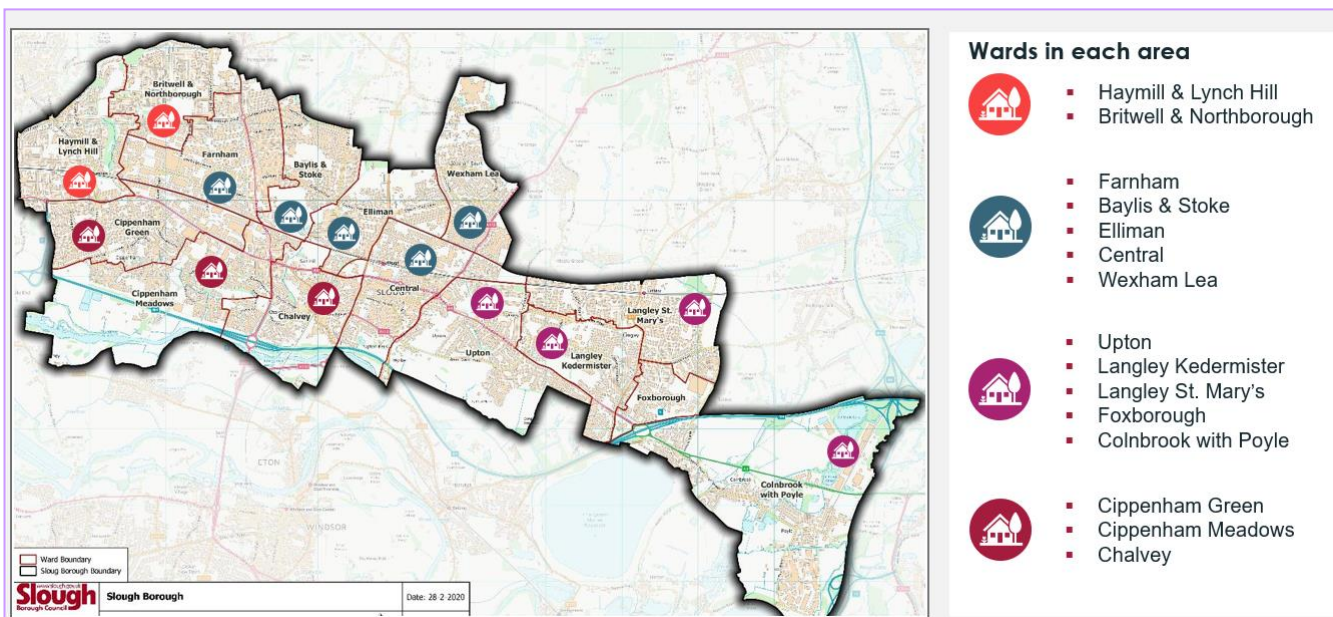
1.4.3 As our corporate strategy the Five Year Plan is important as we use it to:

- drive the decisions made in the medium and long-term financial strategy
- focus on delivery of outcomes by prioritising resources
- provide a basis for discussions with partners about the services they provide
- develop a performance framework which services and staff will be held accountable

1.4.4 The Council is developing 4 locality service offer across Slough to bring public and community services together to meet the needs of the different populations we serve. In designing this change to our ways of working we consider all services and partner services being delivered in a particular area including health, police and the voluntary and community sector.

1.4.5 The first locality to be designed is the Chalvey and Cippenham locality in summer 2020. Working with our strategic partnerships we will maximise the potential to share assets and resources through the One Slough Public Estate initiative.

1.4.6 All surveys and asset management data including reporting, SHAPE outputs etc. will be reported and noted with the new localities (shown below)



## 1.5 Asset Management Objectives

1.5.1 Our objectives for asset management reflect our aim to increase the number and quality of our homes and include:

- Invest in our homes, to achieve good quality and environmental standards
- Enhance effective and meaningful resident engagement
- Ensure that stock secures and strengthens our financial viability
- Deliver Value for Money through targeting investment where it will have the best financial and social return and by delivering work efficiently and effectively
- Carry out options appraisals on stock that does not meet the above criteria, 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, including our new homes, to keep this information up to date and to use this information to support decision making

- Understand the markets in which we operate, using the wider HRA asset base to develop opportunities to expand the housing stock to provide the type of housing required to meet the needs of our many diverse neighbourhoods, including the needs of the most vulnerable residents
- Support wider regeneration and economic well being of communities, ensuring investment in the housing stock supports the strategic priorities of the borough.
- Integrate where possible new technology to assist in asset management planning.

## 1.6 Planning Requirements & Tools

1.6.1 Slough has a range of tools to assist in the process of implementing this strategy. Central to effective asset management is the development of robust and integrated management information systems to enable effective planning based on current business intelligence. The new strategy relies on information in the following areas which will need to be regularly updated to ensure it is fit for purpose:

### Stock condition data

A comprehensive stock condition survey was commissioned by SBC earlier this year, but due to Covid 19 there has been some delay in starting onsite surveys. Circa 30% of the stock (1,500 properties) were surveyed in 2019, with the remaining 70% due to complete by Christmas 2020. For the purposes of this report we have used the data from the 30% sample and have extrapolated this across the portfolio using archetypal/cloned data to 'fill in' the gaps of the remaining surveys. This provides information to inform our investment planning.

### Data and governance to support compliance

In order to be fully compliant in relation to the health and safety of our properties we have arrangements in place, in partnership with the RMI provider, Osborne Property Services Ltd, which clearly set out the responsibilities of SBC and , and its contractors. These documents set out the process to be followed, and how performance is monitored. Detailed policies and procedures have been developed which outline our approach in each area including gas safety, fire risk assessments, legionella, electrical testing, and asbestos. These documents set out the detail of the regulatory and legislative standards that apply to each area.

SBC operates a complex, multi-ICT systems environment with Capita as the core, 'master' system but with three further systems then operating across the 'Big 6' compliance areas - Risk Hub (Fire Safety), Alpha Tracker (Asbestos Management) and RAMIS (Gas, Electrical, Water, Fire



Equipment, Asbestos and Lifts Safety).

We are currently exploring how the data can be stored and enhanced using one source, our intention is to consolidate all the data into an asset management system to;

- Record property information
- Capture details of all plant equipment within communal spaces and in dwellings
- Statutory Compliance including M&E, Fire, Asbestos, Water etc
- Management of the Gas Servicing function
- Management of Stock Condition
- 30-year planning and development of investment projects
- Reporting capabilities

Our current position statement in respect of compliance is set out later in the report.

#### Asset Performance Evaluation

As part of the formulation of this strategy we have carried out an exercise to assess the performance of all our housing stock. This strategy sets out how the results of that exercise and 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 SBC and residents, and helps to plan for the replacement or modernisation of properties.

#### Skills and expertise

The Council have in place the skills and expertise to deliver this strategy, when the need arises subject to demand and resources available, interim personnel will be appointed to deliver specialist parts of the programmed projects.

### **1.7 Standards & Regulations**

- 1.7.1 Our compliance policies set out the statutory standards and regulations that we need to maintain to ensure our homes are warm and safe.
- 1.7.2 Our investment standard reflects the government's decent homes standard as a minimum, moving forwards, the investment standard will equal if not better Decent Homes 2 and the Energy standards to zero carbon.

## **2. HRA Affordable Housing Development Strategy**

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### **2.1 Housing Development Programme**

- 2.1.1 A program of 85 sites (appended to this report) has been developed by the Housing Development & Contract Services (HD&C) Team offering a range of garage sites and brownfield sites. These offer varying degrees of challenges to overcome. These sites have been passed over for development, as others considered these too difficult and concentrated on what was easy to develop. In effect, the supply of land for development for purely affordable housing at comparative ease is exhausted.
- 2.1.2 The acknowledgement of difficulty is not offering what cannot be done but endeavouring to illustrate the lengths by which, through close working relationship with procurement, and other services in creating opportunity on difficult small sites to potential of larger schemes. The team seek to deliver 473 units to planning for consent and construction underway in the next 18 months.
- 2.1.3 The principle is that even one or two houses are still one or two homes that would not have been achieved without adopting an approach to innovative use of DISH RP, Institutional Financing and efficiency of design and model of procurement that can engage even the smallest builder within the borough.
- 2.1.4 Larger schemes such as Tower & Ashbourne are progressing through demolition phase, the procurement process established and initiatives for a clear site ongoing. Weekes Drive has been subject to extensive dialogue with the planning team on balance of open space, and provision of affordable housing. The ground work, drainage, flood concern as well as boundary measures have offered the widest conceivable design challenges which have been overcome and we are progressing with planning.
- 2.1.5 In addition, there have also been significant collaborative working groups of adult social care and youth provision, Housing (People) Service and HD&C team have met frequently, through discussion, workshops with architects a number of design principles have enabled schemes to be developed for planning and procurement.
- 2.1.6 As a group the HD&C team have also established 160 existing bedsit bungalows and the former de-designated shelter schemes as opportunities with adult social care services to plan to remodel over the next 5 years. The principle is a masterplan approach in Britwell, Langley Kedermister and Chalvey and continues to work in conjunction with colleagues to deliver new homes, modify existing or incentivising so that current schemes are an attractive offer for downsizing. We will evaluate, design and cost to implement a cost effective program of extensions, attic conversions, remodel for extra bedroom, and where gardens can be split build new homes within existing tenancies.

2.1.7 The pressure of providing homes for homeless has been highlighted and in discussion with Housing (People) Services, the housing development programme alongside specialist housing has dedicated its resources to creating the potential homes to rehouse or offer temporary accommodation for the homeless. The major affordable housing developments at Tower & Ashbourne and Weekes Drive will provide the opportunity for over 250 new homes. The challenge is to sustain planners approval to allow an ongoing pipeline for development.

#### 2.1.8 Development Procurement

The HD&C team are in the process of implementing a procurement program. The level of £140m investment to deliver 600+ homes necessitates a robust approach whereby we are creating a number of frameworks for tender, covering small, medium, large sites and professional services.

This has commenced with the formation of the Small Sites Framework (sites up to £2.5m), the tender process for this is underway with the framework being launched in October 2020. This small sites framework is aimed at local suppliers and companies to offer a key to key solution to build homes within and outside the borough. Whilst this will take six months the team are actively working with procurement for immediate tender and subject to planning appointment to build new homes at Rochford Gardens, Langley Police Station, Broom House former garage site and Quantock Close garage site.

The tender for larger sites (excess of £10m) will be launched by the end of August 2020 and be in place for commissioning from January 2021 with the first site to commence, the 60 bedroom extra care scheme in Chalvey.

The approach being delivered with procurements services will achieve value for money through option of fix price, and best offer for sites such as Chalvey extra care scheme and Weekes Drive.

#### 2.1.9 Sustaining Delivery

The basis of sustaining future delivery is through innovation and a socio-intuitive commercial approach to developing homes. The principle is that affordable housing is intended to be the delivery of the following range of housing options;

- Social Rent
- Slough Living Rent
- Homes where rent is set so as to receive funding from 'Homes England'
- Key Workers Accommodation
- Economic Worker Private Rented Sector
- Slough Shared Ownership
- Starter Homes and Development for Sale.

There is also the realistic principle that we first look to delivering traditional forms of construction; but where this is not feasible, planning restricts us from doing so, pressures for homeless accommodation prevail, or commercial opportunity beckons we will create a modular offer for a site explained in more detail later in this report.

The principle of doing so is in order to offer opportunity for a wider range of residents that are restricted through income, limited choice or opportunity to access a broad range of affordable housing.

The decision as to what we deliver is dependent on key factors that determine the reality of the options as to what we build. Fundamental to delivery is planning and consent as to what we can do. The site, by size location and condition of the land has its own potential character and design personality. Each will have an associated cost to potential and design but the principle of the housing development strategy is that we can build, and the character as well as the personality that is affordable will be one of the above identified.

#### 2.1.10 Next Steps

The DISH RP in coordination with the Council's Housing Companies will seek to deliver new affordable housing through opportunities due to new government rules that existing commercial properties, including newly vacant shops, can be converted into residential housing more easily, in a move to kick start the construction industry and speed up rebuilding. The changes include:

- A wider range of commercial buildings will be allowed to change to residential use without the need for a planning application.
- Builders will no longer need a normal planning application to demolish and rebuild vacant and redundant residential and commercial buildings if they are rebuilt as homes.
- Property owners will be able to build additional space above their properties via a fast track approval process, subject to neighbour consultation.
- Planning in Principle - New homes will be granted "automatic" permission to be built as part of sweeping planning reforms in England.
- Permission in Principle will be given to developments on land designated "for renewal" to speed-up building.

There will be opportunities arising in relation to Slough's existing estates, garage compounds that offer commercial rent to residents or landholdings; where for example, there are lower density buildings which could be intensified. The HD&C team will make applications for grants where the council meets eligibility criteria.

## **2.2 Modern Methods of Construction**

- 2.2.1 'Modern Methods of Construction' (MMC) is a wide term, embracing a range of offsite manufacturing and onsite techniques that provide alternatives to traditional house building. MMC ranges from whole homes being constructed from factory-built volumetric modules, through to the use of innovative techniques for laying concrete blockwork onsite.
- 2.2.2 In recent years there has been renewed interest in MMC, with more developers, RP's and Local Authorities engaging in project trials and going on to make increasing use of the variety of systems available.
- 2.2.3 To this end a report was commissioned as SBC is seeking to develop and deliver a workable Offsite & Modern Methods of Construction (MMC) Strategy with the intent of delivering a cost effective off site manufactured housing solution that meets the key drivers of the Council's housing programs. The report includes a review of different methods of MMC and is appending to this update report.
- 2.2.4 Whether key drivers have a desire to improve building quality, reduce maintenance costs, reduce fuel poverty, meet zero carbon objectives, deliver a greater number of units and improve commercial outcomes, they all have to be tangibly demonstrable and prove they'll add value compared to traditional build options.
- 2.2.5 Fundamentally, the strategic aspiration and defined strategy are inextricably linked to the physical context of the sites the Council has to offer, individually and collectively. The outcomes of each site assessment together with the key strategic drivers with the understanding of the overall pipeline will determine the strategy and available options.
- 2.2.6 Over the coming year SBC will evaluate and assess each of the sites it has for development to understand which construction route to pursue subject to key drivers both corporately and as a business, site characteristics and funding to ensure value for money and getting the best for our residents.

### **3. EXISTING HOMES**

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#### **3.1 Portfolio overview**

- 3.1.1 The HRA currently own some 6,100 units. The Council are the freeholder for a further 1,116 leasehold units situated within our housing blocks and schemes.
- 3.1.2 The HRA provides housing management to a small portfolio of 10 properties 'owned' by the general fund through other council departments.
- 3.1.3 There are 54 properties owned by the DISH. The HRA acts as managing agent for the DISH and is responsible for providing all letting, management and maintenance services to the properties.
- 3.1.4 The HRA rented stock comprises 47% flats/maisonettes, 45% houses and 8% bungalows. 41% of our stock is either studio or one bedroom accommodation, 29% two bedrooms and 27% three bedrooms. A small proportion (3%) is 4 bedroom or larger. This profile is out of line with our housing need which is predominantly for family sized accommodation.
- 3.1.5 Under the Council's development strategy, the aim is to bridge the gap between current stock profile and housing need within the borough.

#### **3.2 Stock Condition, Building safety and compliance position statement**

- 3.2.1 The Stock Condition Surveys (SCS) of the Council's HRA residential assets was commissioned earlier this year. It would have completed by summer 2020, however with the shutdown commencing from the end of March due to Covid-19, we are therefore, currently relying on the completed 30% survey of the stock from 2019.
- 3.2.2 The survey programme has now restarted and is due to complete in October 2020 with a view to finalising the data by December 2020 with updated analysis of SHAPE, Investment and Energy due in the early part of 2021.
- 3.2.3 The stock condition survey covers 6,200 dwellings and 648 blocks. The data from the 30% of surveyed properties has been cloned to property archetypes and extrapolated across the rest of the estate which gives the Council a baseline from which to work with in the absence of a full set of surveys.
- 3.2.4 The surveys found clear evidence of regular investment in the stock although there remain a number of properties which have components approaching the end of their useable life and are due for replacement over the coming years.



- 3.2.5 The Council also commissioned a Landlord Compliance Position Statement earlier this year. Savills undertook a detailed assessment of SBC's position in respect to Landlord Compliance - focussed on the 'Big 6' areas of Gas, Electrical, Fire, Asbestos, Water and Lifts Safety, during the second quarter of 2019/20.
- 3.2.6 A follow-up review was undertaken to produce an updated position statement and it is appended to this strategy report. It also includes a summary of the Government's response to the Building a Safer Future consultation. This document is detailed – extending to over 46 pages - and contains more information than is practical to include here. However, a high-level summary is appended to this report.
- 3.2.7 Also appended to the report is - Advice for Building Owners of Multi-Storey, Multi-occupied Residential Buildings document which was published in January 2020 and is the latest from Central Government in its response to the Grenfell Tower Disaster of June 2017.
- 3.2.8 This latest publication is part of a significant quantity of advice and guidance which has been published by Government since June 2017 and itself makes reference to further, forthcoming and additional legislative (in the form of the Fire Safety Bill) and regulatory (via the establishment of the new Building Safety Regulator within the Health and Safety Executive) changes in the near future which SBC will need to maintain an awareness of as further details emerge.

### **3.3 Landlord Statutory Compliance**

- 3.3.1 Slough Borough Council has adopted new policies and management plans and process maps in the following compliance areas, Domestic Gas and Carbon Monoxide, Asbestos, Fire Risk Assessments, Electrical systems, Lifts, and Water.
- 3.3.2 The 'Big 6' activity areas of compliance are detailed below with updates and results/ actions ;
- 3.3.2.1 Domestic Gas and Carbon Monoxide
- SBC remains 100% compliant on Landlord Gas Safety checks under the RMI contract for the past 28 consecutive months
  - SBC have realigned the servicing programme with the target to complete 600 properties per calendar month
  - In Partnership with Osborne and Housing People Services is set up to the very high standard on gas servicing enquiries and responses are immediate.
  - SBC have introduced quarterly visits to all of council owned commercial units to ensure that boilers remain operational and in

satisfactory condition

- As part of Electrical Installation Condition Reports we are replacing CO2 detectors within domestic dwellings

### 3.3.2.2 Asbestos

- 491 blocks have had re-inspection surveys carried out. The next surveys are scheduled in October 2020
- 68 blocks requiring asbestos removals of some degree in-conjunction with necessary fire risk works.
- All asbestos surveys and necessary removals have been carried out to the 9 de-designated schemes.
- An Asbestos Register has been developed (previous information held by the Council was not compliant)
- The Council is under a duty to undertake periodic checks to ensure the arrangements for managing asbestos are working and that residents are fully aware of what they should be doing to comply with the duty to manage. Building users/site managers will have to decide how frequently these checks are to be made.
- As a minimum, HSE publication, Approved Code of Practice 'Managing and working with asbestos' referring to Regulation 4 of the Control of Asbestos Regulations 2012' states that the review should be carried out at least every 6-12 months if there have been no changes.
- Separately the SBC Asbestos Safety Policy states, SBC will hold up to date management surveys of all non-domestic properties constructed prior to 2000 in accordance with recommended Health and Safety Executive (HSE) guidance; HSG264 and HSG227. SBC aim to survey 100% of its domestic stock (constructed prior to 2000) by delivering a programme to undertake management surveys, that the Council does not currently have surveys for, by 30 December 2025.
- To this end the Savills Compliance Position Statement (April 2020) states there are circa 5,118 to 6,102 properties that the Council is the landlord for and these properties require Asbestos Management Surveys (AMS), albeit there is sufficient survey data for circa 1000 properties where a survey has been conducted over the past 3 years. However, to be prudent it is recommended a full analysis of those properties that have had an AMS over the past 3 years to check that the surveys are correct and in order.
- Therefore, the Council will have to undertake a procurement exercise to appoint a competent provider with the experience, resources and the ability to carry out these surveys in bulk in a programmed manner for these rented properties by January 2021.

### 3.3.2.3 Fire Risk Assessments

- Fire Alarm, sprinkler systems, fire detection and fire extinguisher servicing have been carried out and are currently compliant. Works continued during the COVID 19 pandemic with very little disruption to

service.

- SBC have introduced a new Fire Risk Assessment (FRA) remedial compliance system which now allows us to manage and clear all recommendations on the FRAs. The system allows other users such as Housing (People) Services and RMI service providers to update and monitor completion on remedial tasks.
- 12,076 actions have been noted following completion of all FRA's. 5069 remedial actions have now been completed in the last year with further works programmed to reduce the remedial task numbers.
- 446 blocks have been completed for Fire Stopping and now almost at completion across all low-rise blocks and completed at the de-designated schemes.
- 5000 Fire stopping actions completed across De Designated properties
- Electrical over box project is now nearing completions, replacing all current non-compliant electrical over boxes with fire rated boxes.
- A further 1000 actions have been targeted for completion relating to signage. This includes fire door keep shut signs, evacuation policy changes and directional signage.
- New fire door installations completed at Calstock House, Apsley House, Redwood House, Armstrong House, Allington Court, Seymour House, Kennedy House, Harrow Road & Primrose Hill.
- 185 Resident store doors completed to date

#### 3.3.2.4 Electrical systems

- SBC commissioned a large programme of Electrical Installation Condition Reports for domestic dwellings to achieve 100% compliance on electrical safety
- The Council are currently 79% complaint and further inspections will be taking place from July 2020 due to Covid-19
- As part of the electrical programme we are replacing CO2 detectors and smoke alarms to hard wired alarms.
- As part of fire safety, during 2019-2020 SBC commenced a large programme of electrical works to the communal areas of blocks to achieve 100% compliance, this programme is ongoing and scheduled for completion by Autumn 2020. EICR communal remedial works completed at 97 blocks
- The Council have identified a number of additional tasks which fall under electrical compliance and successfully commenced all of the required checks, such as access control, drop key entry checks and automated gates.
- Emergency Lighting is being tested on a monthly basis for the whole HRA stock

### 3.3.2.5 Lifts

- All passenger lifts are maintained on a monthly basis and thorough reports are completed on a 6 monthly basis.
- During 2019-2020 SBC identified several stair lifts and other lifting equipment which is installed within the HRA stock. We have successfully completed the condition surveys and obtained a cost for required works to comply with the requirements of PUWER and LOLER, HSE Regulations
- SBC is currently in preparation for this project, with an estimated start date for repairs and servicing commencing August 2020.

### 3.3.2.6 Water

- From contract commencement, Osborne have been carrying out monthly tap temperature testing. SBC have now instructed Osborne to make the water schedule a more robust testing schedule.
- From June 2020 the Council have commenced testing to CWST, weekly flushing, shower and spray tap descale, calorifier and expansion vessel testing, POU water heaters, TMV maintenance, combination water heaters inspection and closed system testing.
- Testing is going well and currently compliant. 2 yearly risk assessments were carried out in June 2020 and we are awaiting detailed remedial works required. All testing was completed during the COVID 19 pandemic and no disruption to service.

## **3.4 Garages – Non-Residential Assets**

3.4.1 The HRA owns 1905 garages and 178 former garage bases that are available for rent. These are available to both council tenants and leaseholders and other non-council residents. These assets are located across 166 garage ‘sites’. A site is defined as a location of 2/3 grouped assets within a definable space where the council holds additional maintenance or management responsibility.

3.4.2 The Council adopted a Garage Strategy in 2015-2020 with the aim of establishing processes for the management of the garages stock to ensure it provides a valued and well-managed facility for local residents and contributes towards the long-term sustainability of the council’s estates and neighbourhoods.

Strategic objectives include;

- Assess the viability of garage sites and stock through systematic ‘health-check’ reviews carried out on a periodic basis.
- Identify proposals for remodelling, redeveloping or decommissioning sites. Site reviews include consideration of low demand, poor design, or poor condition where capital investment would not provide a long-term solution.

- In decommissioning sites, to consider a range of alternative uses, with priority given to using redundant sites for the provision of new social housing, to meet the Council's priority to deliver affordable housing.

3.4.3 The principles of the garage review are to prioritise development of new social housing to meet increasing local demand, meet the council priority for affordable housing and deliver opportunity for residents to access options of a broad range of affordable housing. Progress at end of August 2020 includes;

- 2 sites have full planning permission and a further two being submitted for full planning in September
- 15 sites have been submitted for pre-applications and are awaiting feedback,
- 2 sites are being submitted for 2nd pre-applications.
- 14 sites with early stage design work to be developed for their first pre-applications in September/October 2020.

### **3.5 Energy Efficiency**

3.5.1 The UK Governments' policy to achieve zero carbon by 2050 places significant challenges on housing which contributes approximately 25% of all carbon emissions in the UK. The social housing sector will need to invest at unprecedented levels to meet this target, compounded by the fact that the type of work involved will present huge challenges in its delivery in terms of new technology, with all the limitations of a different skill set required, and a lack of capacity to deliver at scale nationwide.

3.5.2 Our initial study, appended to this report, outlines the requirement for SBC to meet this target. It should be read in the context that there are many unknowns in respect of electricity grid decarbonisation, introduction of new technology and that it is a long term target that gives SBC a reasonable time frame to make some key strategic decisions linked to its wider asset management strategy and corporate objectives.

3.5.3 The methodology adopted has been to model a series of building improvements designed to reduce carbon emissions against a selected set of property archetypes to determine the cost and the resultant reduction in both energy consumption and carbon emissions. From corresponding with the corporate sustainability team at SBC we understand there will be a wider SBC Zero Carbon Strategy of which the housing strategy will form a part and we will continue to liaise as we update this report following completion of surveys and updating of the asset performance model.

#### **3.5.4 Stage 1**

The first stage in the strategy is reducing energy demand in dwellings which involves upgrading insulation, including external walls (even those with insulated cavities of a certain age) and ground floors. The latter will present significant challenges and probably need to be done when the

dwelling is vacant, particularly in the case of solid floors which will most likely need to be hacked up and replaced. However, introducing high levels of insulation creates potential risk of damp and mould without proper additional ventilation and therefore it is imperative that this is also undertaken in parallel.

### 3.5.5 Stage 2

The second stage is to install alternative heating systems, right sized to suit the reduced heating demand, and we have adopted heat pumps as the most likely technology to meet this. The options are either air source or ground source heat pumps, both will require individual building appraisals to determine technical suitability.

Calculations show that these measures will reduce the total CO2 emissions from the housing stock from a current base position of approx. 16,800 tons CO2 per year to 2,600 tons per year, with average carbon emissions per dwelling reducing from 2.8 tons CO2/kg per year to just over 0.4 ton per year. This residual CO2 emission is due to the fact that the national grid has not been de-carbonised in the assessment modelling and the speed that this will happen at is obviously uncertain today.

Similarly, energy consumed by a typical household reduces from an average of just over 13,500 kWh/year to just over 3,200 kWh/year. However, as this energy is now all electricity, which has a higher tariff than gas, energy bills per tenant only reduce by an average of 29% from £676 to £481 per year and in some archetypes the potential savings are quite nominal.

### 3.5.6 Stage 3

The final stage is to eliminate this residual carbon in order to become net zero. If the grid has been decarbonised by 2050 in line with UK Government targets then SBC will be net zero carbon. In the event that the grid has not been decarbonised and other local heat networks are not available, SBC could introduce renewable generation measures such as solar PV (possibly with battery storage) to some dwellings. Alternatively, SBC could invest in community wind farm or solar farm projects which would offset these emissions at the same time as generating clean power and a financial return. The extent of renewables required to offset any residual carbon emissions cannot be determined until the decarbonisation of the grid is more widely understood.

### 3.5.7 The Costs

The estimated budget to become 'near zero carbon' is in the region of £205m over the next 30 years inclusive of undertaking ground floor insulation. This equates to an average cost of approx. £34,231 per property. However, taking into consideration the £56m of related work contained in the current 30 year capital delivery programme (and assuming this amount is in the business plan), the budget requirement reduces to



approx. £148m, or £24,868 per dwelling on average.

The Council will also need to consider the wider asset management impact which will inevitably be significant, especially in respect of the NPV of the housing stock and we will be re-running the asset performance model over the next few months to reflect this. The general implications are that the longer term sustainability of a wider range of stock may be questionable and ought to be subject to further modelling and option appraisals. Approximately 11% of the stock has a current NPV below £15,000 with an average NPV of £29,965, it is expected that a larger proportion of the stock will become marginal or negative as a result of the zero carbon work.

In order to undertake these works and have a fit for purpose strategy SBC will take a strategic approach that takes advantage of the 30 year timescales and allows informed decision taking. Over the next 4-5 years (2021-2025/26) the Council will:

- Apply for funding - new Green Homes Grant scheme, which launches in September, for most homeowners/landlords and public bodies which will be up to a maximum of £5,000 per property (If applicable) and also the De Carbonisation Fund due later this year.
- Model the stock NPVs to determine financial performance in light of the zero carbon standards and confirm the long term future to support the levels of investment required. It must be borne in mind that this represents a significant investment in stock that will be expected to have a life of probably in excess of 50+ years.
- Review all zero carbon work components in relation to life cycle replacements of existing components. Assess the ongoing capital/investment programme to ascertain which asset components require renewal and we will specify that component to achieve an energy rating EPC C and zero carbon standard. For example if windows are to be replaced they will be triple glazed instead of single or double glazed.
- Review difficult to treat properties such as properties with solid ground floors, historic listed buildings, complex tenure mixes etc and agree a suitable strategy and work scope. A proportion of the stock will not be physically suitable to install heat pumps or external wall insulation and these need to be identified and a strategy on what happens next to these properties will need to be formulated.
- For stock with a long term sustainable future, develop a new holistic and sustainable investment plan that reflects both normal decent homes type work as well as zero carbon work. As option appraisals are completed, this stock should be added to the investment plan.
- Identify those dwellings currently below EPC C following the full stock condition survey that potentially put residents into fuel poverty. Ascertain the measures needed to achieve C by 2030 and ZC by 2050

and develop a plan to meet these targets, prioritising investment in these dwellings (where agreed sustainable).

- Undertake detailed surveys across the stock to identify technical suitability for zero carbon measures.
- Explore and trial technical solutions across building archetypes to ensure suitability and affordability. This could involve localised scheme upgrades designed to inform the wider strategy.
- Embark on the implementation of improvement measures to selected sustainable pilot properties/blocks/estates that reflect the wider agreed strategy and build up a level of expertise internally as well as a supply chain.
- Develop a 25 year plan from year 5+ but with an interim plan to meet EPC C by 2030.
- Gear up to commence delivery programme to meet EPC C by 2030 and a wider Zero Carbon plan from year 6 with a programmed delivery of circa 300 dwellings per year until 2045.

### **3.6 TECC | Smart Technology**

3.6.1 An evolving and enhanced picture of the full lifetime cost of decisions can enable a strong correlation between repairs and assets, and repairs linked to components which support replacement decisions.

3.6.2 This can be further enhanced with analytics to consider any link between the different types of tenants and therein provide further intelligence and insight into longer term decisions.

3.6.3 Ultimately, the data generated from tenant self-service systems could be extended to provide updated information on asset condition, and by utilising internet of things (IOT) sensors, this data could provide an early warning on specific assets. It could also flag up a change in the overall condition of the property such as damp ingress through humidity levels.

3.6.4 Technology in this sector is ever evolving, however SBC is co-ordinating various pilot schemes to determine if the technology apparatus and the outputs in data will assist in asset management planning in the longer term, but also reduce ongoing call out fees or cyclical costs for inspections and such, if the technology works.

3.6.5 The table below highlights the pilot programmes that the Council will take forward in the next 12 months.

Equipment/Service	Hard Benefit	Soft Benefit	Data
<b>Boiler Monitoring New – Individual Systems</b>	Reactive maintenance Proactive Maintenance, Access Leverage, Compliance (CO, NOx,	Fuel Efficiency, individual or cohort usage, access Leverage via reduced service	Boiler function, burn efficiency, connection with thermostat
<b>Boiler Monitoring Old – Individual Systems</b>	Compliance	Fuel Efficiency, individual or cohort usage, access Leverage via reduced service	
<b>Boiler Monitoring - Communal Systems</b>	Fuel Efficiency, billing		
<b>Air Quality</b>	Compliance -FFHH, Air Quality	Health monitoring	Volatile Organic Compounds, CO2, pressure, temperature, humidity
<b>Humidity / Mould</b>	Compliance -FFHH, Air Quality	Damp and mould detection / evidence	Humidity levels, possible correlation with other monitors e.g. heating, ventilation, occupancy
<b>Locks</b>	Control, enhanced security, reduced failed visits	Void management, access improvement	
<b>Fire System</b>	Compliance, Reduced inspection rota, Remote turn off / on		
<b>Emergency Lighting</b>	Compliance (proactive notification), safety reduced cost of callouts (inspections and maintenance)	Anti-social behaviour reduction	
<b>Landlord Network</b>	Control, security, option to reduce digital exclusion	Option to reduce digital exclusion via cheap or free WiFi	
<b>Backhaul networks</b>	Control		
<b>De Designated schemes and adult social care</b>	Keep ASC chart independently living longer		

## 4. ACTIVE ASSET MANAGEMENT

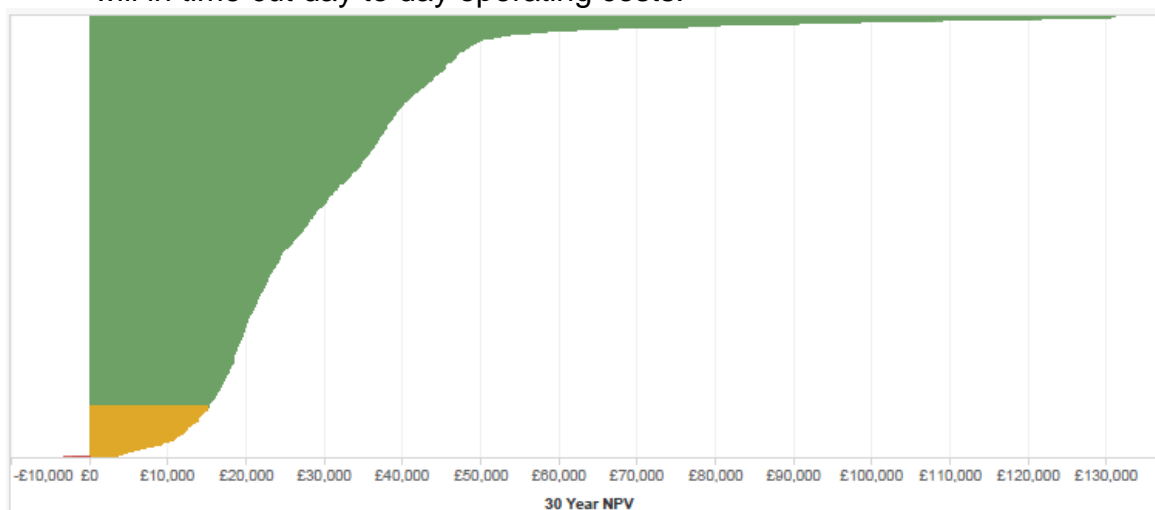
### 4.1 Update SHAPE - Summary Position Statement – Financial Performance

- 4.1.1 The Council's HRA properties have a potential vacant possession value of £1.5bn. For the purposes of asset management, it is important for us to understand their value in our business plan in their existing use as social housing.
- 4.1.2 As part of the development of this strategy update report Savills were commissioned to model the financial performance of all our residential rented stock, alongside other measures of broader neighbourhood sustainability linked to Slough's social objectives. Stock has been analysed and refreshed from the 2018 strategy report at a very local level, with properties organised into asset groups of properties that share characteristics.
- 4.1.3 The modelling provides a framework for investment decisions to inform an investment strategy based on an active asset management approach where Slough seeks to make investment decisions based on the financial and social performance of the stock, in a way that strengthens the business plan and contributes to meeting the our policy objectives.
- 4.1.4 The financial analysis is based on a 30year net present value (NPV) of operating cash flows, modelled at an individual asset level. The results show an overall NPV of £179.7m, equivalent to an average of £29,635 per unit.
- 4.1.5 The results vary across the portfolio which will present challenges and solutions to the overall strategy. A small percentage of the portfolio (less than 1%) or 7 units have a negative/forecast NPV over the next 30 years and a further 11.3% of properties have a marginal/ forecast NPV over 30 years of 687 properties with an NPV of below £15,000
- 4.1.6 Much of the portfolio (88%) stock is good and delivers positive NPV's over the course of the modelled 30 years. The results are illustrated in the table below and overleaf

Performance	Tenanted Units	% Units	Total NPV	NPV Per Unit
Poor	7	0.12%	-£12,338	-£1,763
Marginal	687	11.33%	£7,327,314	£10,666
Good	5,369	88.55%	£172,359,040	£32,103
Grand Total	6,063	100.00%	£179,674,016	£29,635

- 4.1.7 This compares with benchmark figures provided by Savills from their work with a wide range of social landlords across the country covering over 500,000 units. This shows an average NPV of £33,760 in the South East. Slough's NPVs are lower due to lower rents and higher day-to-day operating costs. New initiatives in technology, which Slough is undertaking

will in time cut day to day operating costs.



4.1.8 The modelling does not currently include any costs to increase works in relation to building safety or delivery of zero carbon. These will be incorporated when it is updated in Spring 2021 with new survey data, with an update to the strategy annually, the new data will be reviewed and reported with any changes to approach and strategy.

### Comparison with 2017/18

4.1.9 The 2020 results show an improvement in performance of the whole portfolio compared with the position in 2017. NPVs have increased from £117.8m to £179.67m, representing an increase of £10,401 per unit on average. A comparison of key inputs and results is shown below.

Key Input	2017	2020
Total NPV	£117,825,690	£179,674,016
<b>NPV per unit</b>	<b>£19,234</b>	<b>£29,635</b>
Unit numbers	6,126	6,063
Capital expenditure per unit	£26,858	£30,680
Average Rent	£103.64	£105.56
Average Void %	0.56%	0.55%
Average Maintenance	£1,334	£1,243
Average Management	£1,225	£1,398

4.1.10 This increase is driven primarily by changes in economic assumptions. In 2017 the Council was assuming that costs would rise faster than income. This assumption has been amended to show costs and income rising in line with inflation (CPI) over the long term. In the short term rents rise at CPI + 1% for four more years to reflect the social housing rent settlement.

## 4.2 Implications for AMS – Using the results

4.2.1 Previously NPVs had been forecast to decline over time, as costs rose faster than income. This position has now been reversed and the model

now projects NPVs to increase over time by an average of 1.81% pa. The AMS will aim to beat this with higher increases as a result of active asset management, tackling poorer performing properties and building new high performing homes.

4.2.2 Those properties that were poor performers in 2017 remain so, including bedsit bungalows and some age restricted accommodation. Other poor performers in 2020 include properties in a range of different localities as indicated below and overleaf with a breakdown between localities



4.2.3 **Locality 1 Britwell & Northborough, Haymill & Lynch Hill**



This locality encompasses the Wards of Haymill and Lynch Hill together with Britwell and Northborough hold a total of 1,894 properties with an annual rent roll of just under £11m, with an average 30-year NPV of £33,211.

Performance	Tenanted Units	% Units	Total NPV	NPV Per Unit
Poor	3	0.16%	-£4,745	-£1,582
Marginal	171	9.03%	£1,599,123	£9,352
Good	1,720	90.81%	£61,307,633	£35,644
Grand Total	1,894	100.00%	£62,902,012	£33,211

4.2.4 **Locality 2- Farnham, Baylis & Stoke, Elliman, Central & Wexham Lea**



This locality encompasses a total of 5 Wards and hold a total of 1,691 properties with an annual rent roll of just under £9.5m, with an average 30-year NPV of £29,384.



Performance	Tenanted Units	% Units	Total NPV	NPV Per Unit
Marginal	134	7.92%	£1,605,300	£11,980
Good	1,557	92.08%	£48,082,544	£30,882
Grand Total	1,691	100.00%	£49,687,844	£29,384

#### 4.2.5 Locality 3- Langley, Upton, Colnbrook with Poyle



This locality encompasses a total of 5 Wards and hold a total of 1,614 properties with an annual rent roll of £8.6m, with an average 30-year NPV of £27,753

Performance	Tenanted Units	% Units	Total NPV	NPV Per Unit
Poor	3	0.19%	£-4,192	£-1,397
Marginal	237	14.68%	£2,420,839	£10,215
Good	1,374	85.13%	£42,376,670	£30,842
Grand Total	1,614	100.00%	£44,793,317	£27,753

#### 4.2.6 Locality 4- Chalvey, Cippenham Meadows & Cippenham Green



This locality encompasses a total of 3 Wards and hold a total of 864 properties with an annual rent roll of just under £4.5m, with an average 30-year NPV of £25,800

Performance	Tenanted Units	% Units	Total NPV	NPV Per Unit
Poor	1	0.12%	£-3,402	£-3,402
Marginal	145	16.78%	£1,702,052	£11,738
Good	718	83.10%	£20,592,193	£28,680
Grand Total	864	100.00%	£22,290,843	£25,800

4.2.7 Including the seven negative NPV properties and the 687 marginal properties, the AMS will include actions to target these following a more detailed appraisal of feasible options.

4.2.8 The results from this SHAPE analysis have been used in the development of this asset management strategy to include;

- Establish the 5-year investment strategy for the stock, based on a transparent investment standard which prioritises investment decisions based on the performance of the assets and business plan affordability.
- Establishing which properties will require additional investment to correlate with the SAP Energy data
- The production of a 30-year investment profile that manages critical points in the business plan cash flow.

- Marginal and negative NPV asset groups as listed in the appendix for reference will be rigorously tested and remodelled to identify forward options for the stock to include; disposal, retention and investment, redevelopment/remodel or wider regeneration of the block or estate.
- The establishment of neighbourhood plans which link the performance of the assets, regeneration and redevelopment potential in order to identify resources and opportunities to support future new homes.

4.2.9 The Council’s aim over time is to replace poor performing stock with new housing of higher quality and to introduce new stock at a range of different tenures. It will mean that over time our average NPV will improve, and NPV growth will be stronger in future.

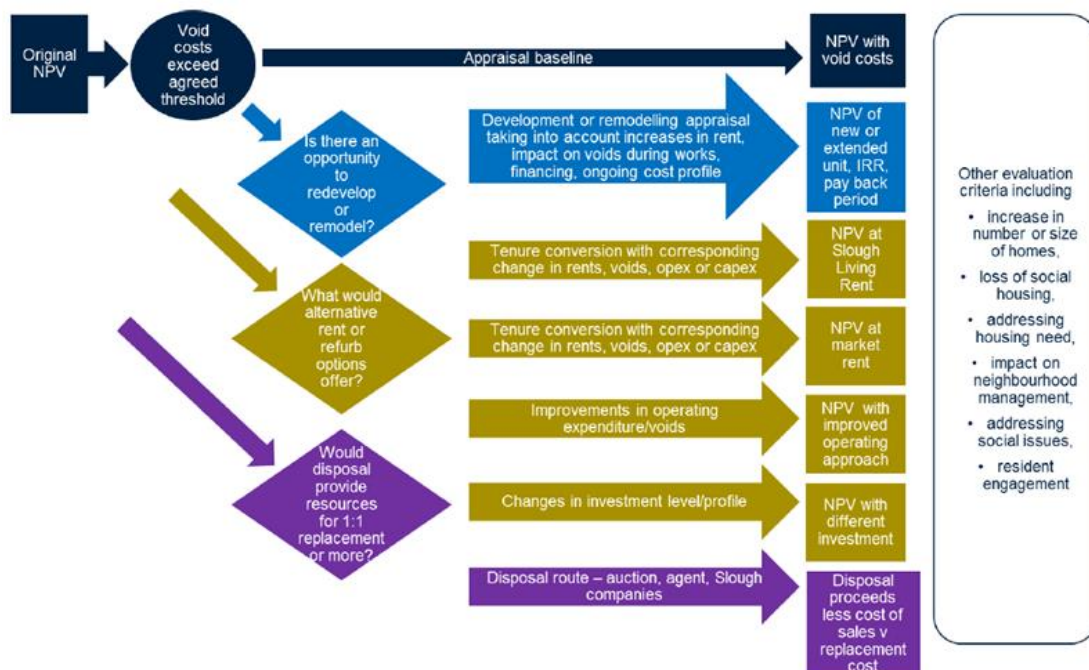
### 4.3 Options Appraisals

4.3.1 Where the SHAPE model identifies assets that are performing poorly, either on a financial or social basis, a more detailed options appraisal will be carried out and all options for improvement will be explored. We will consult residents and other stakeholders during this appraisal process.

4.3.2 Triggers for options appraisal will be;

- Properties with poor financial performance measured by negative net present value
- Properties with marginal financial performance where this is forecast to decline in future

4.3.3 The flow diagram below shows the process that will be followed and tailored to each options appraisal we undertake based on the below output options;



4.3.4 As a result the appraisal the programme includes the 7 negative NPV properties (RED) as well as the marginal NPV's that fall below the minimum threshold of an NPV of £15,000 which includes 687 properties (AMBER) as listed in the appendices. Key potential options for stock could include:

- Management initiatives – for example, efficiencies in management costs or reductions in underlying maintenance or repair expenditure, reduction of voids, increases in income subject to our 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 requirements) and in line with our diversification objectives.
- Relocate to DISH, for use as market, intermediate or temporary housing where this use is better suited to the asset.
- Sale as new starter homes of properties that do not meet social need to release latent value for investment in affordable housing that will better meet the needs of communities in our core area.
- Decommissioning and disposal for redevelopment, again to release latent value for reinvestment.
- Increase density by building on top of blocks where feasible, using large gardens and combining with adjacent land where this provides opportunity for additional affordable housing.

4.3.5 An airspace development study has recently been completed that shows it is feasible to build on top of existing blocks (low rise only) subject to various scenarios such as load bearing capacity and engineering of existing, type of construction for airspace development (modular-lightweight), external staircasing fire stopping etc.

4.3.6 The study featured two blocks as an example on which to focus the studies on;

- 14-24 and 26-76 Church Street
- 252-258 Cippenham Lane

4.3.7 It is technically feasible to add either one or two floors to all blocks although this involves the removal of the existing pitched roof. This will necessitate construction of a full temporary roof and effectively mean that the top floor residents will need to be decanted in order to facilitate the works. Whilst existing staircases can be extended to the new floor, there is uncertainty as to whether a new secondary staircase will be required by building control.

- 4.3.8 Further work is required whether roof top extensions can be financially viable and should look to include any flat roof estates/blocks where decanting will not be required.
- 4.3.9 Consideration also needs to be given to the long term future of these blocks and whether, in their current form, they are viable for the long term. In this context, the recommendation is that these blocks should form part of a wider neighbourhood appraisal intended to confirm the future of the area before embarking on any further work.
- 4.3.10 This rooftop extension work is relatively expensive compared to the relatively limited accommodation gains in an area where current low site densities suggest that other options should also be considered as standard.
- 4.3.11 As properties become void and where such voids are either one of the 687 properties or where substantive works are required to other voids, they will be subject to a further APE evaluation. Where these evaluations show that the property is amber or red then we would seek to trickle transfer these properties to the DISH or other Council owned RP. This would require permission by the Secretary of State.

## 5. INVESTMENT PLANNING

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### 5.1 Introduction

- 5.1.1 The HRA repairs and maintenance budget is £70m over 5 years. This broadly matches the liabilities identified in the stock condition survey, along with other day to day expenditure required in the stock. So investment is affordable, but in order to ensure future costs can be managed within budgets it will be very important to prioritise investment, and to ensure we are investing in our long term sustainable stock, exploring alternative options for uneconomic stock.
- 5.1.2 The investment standard will likely have a higher specification to conform to the incoming legislation on Decent Homes 2 and new energy standards coming into effect in 10 years- time, therefore to prepare any investment into the internals of the properties such as boilers, windows, cavity insulation will be done to the standard to avoid replacement in say 5 years-time.
- 5.1.3 Regeneration and new development will require additional resources. Some of this can be met by further borrowing within the limits of the headroom available under the current HRA debt cap. However additional sources and funding structures will be required to expand activity at scale, such as central Government/ HE funding.

### 5.2 Investment Priorities

- 5.2.1 In order to ensure that the standard of investment that has been delivered to the stock is maintained, the investment programme will prioritise works to the long term sustainable stock within available budgets under agreed criteria including
- **Priority 1:** Works required to meet statutory or health and safety obligations including fire risk, compliance and other changes due to government regulation
  - **Priority 2:** Works to bring properties up to the “Slough Standard” and to maintain them at this standard.
  - **Priority 3:** Works that impact on high responsive repair costs e.g. roof repairs, internal electrical and plumbing, DPC, repointing, and Member expectations
  - **Priority 4:** External works including leasehold obligations and communal area redecorations to keep the fabric of the building in good repair
  - **Priority 5:** Other works to common areas including mechanical and electrical installations which residents believe are important for the quality of life in particular blocks
  - **Priority 6:** Improvements and management of environmental areas, trees, footpaths and open spaces, enhancements to overall appeal and letting potential of the stock, parking and security reflecting the priorities identified in our garage strategy.

## 5.2.2 Overlaid on these priorities will be other factors including

- Information on the future sustainability of the stock based on the asset performance evaluation (SHAPE) and Energy Considerations to evaluate before and after scenarios to individual localities or down to a single property.
- Information on future demand, housing needs and aspirations of current and future residents.
- The allocation of planned maintenance budgets within the business plan.

## 5.3 Planning & Programme

### 5.3.1 In generating the investment plan (5 Year) rules have been identified and prioritised on the following basis:

1. Ensuring the stock remains compliant with statutory regulations including:
  - Rectification of works identified through fire risk assessments, electrical testing regime and the gas maintenance programme.
  - Installation of modern smoke alarms and CO2 detectors where applicable.
  - Heating upgrades and high efficiency boiler replacements wherever applicable to address fuel poverty and cost of energy.
2. Identifying means to address foreseen or unforeseen issues which are to the detriment of the building or the health and safety of the resident. This will be assisted by focusing investment on known elemental failure hot spots within the stock profile and in turn help mitigate disrepair claims. Technology pilot programmes will also assist in detection and early indication of systems/elemental failure
3. Ensuring investment aligns with corporate objectives including:
  - Maximising social impact in accordance with the social objectives incorporated in the Asset Performance Evaluation model and the overarching Group's social objectives.
  - Conformity with Asset Management strategic objectives
  - Maintaining conformity to the current Decent Home Standard and improving asset value.
  - Ensuring timely leasehold consultation protocols are followed to enable associated income recovery.
4. Ensuring planned works remain on a yearly basis within the constraints of the business plan.
5. Ensuring the investment planning process takes into account the stock sustainability by giving consideration of the Asset Performance Evaluation model and requirement for option appraisal work.
6. Driving efficiency through programme delivery and procurement including:

- Dividing the stock into Locality areas to enable compliance works to be targeted and maintained, works to be programmed on an equitable basis, works to be efficiently programmed over the five- year period and addressing sustainability issues.
- Developing work packages which incorporate associated replacement elements (e.g. chimneys with roof replacements) (windows with cavity insulation) to maximise economic delivery, we will limit number of site visits and minimise disruption to customers.

5.3.2 The current year 2020/2021 investment spend that has been budgeted for this year and planned due to slippages during the pandemic are totalled (both revenue and capital) £13,698,849 detailed in the table below;

#### RMI Budget/Spend

Budget Heading	Totals 20/21 (£'000)
<b>Repairs, Voids, Minor Aids and Adaptations, Internal &amp; External Decorations and Cleaning</b>	3,414,946
<b>Osborne Contractual Overheads revenue</b>	1,935,397
<b>Statutory Compliance and Cyclical Programmes</b>	1,409,512
<b>Osborne Contractual Overheads capital</b>	
<b>Capital Investment</b>	4,675,411
<b>RMI+</b>	253,105
<b>Sub Totals - Osborne</b>	<b>11,932,549</b>
<b>Other</b>	
<i>10% audit checks</i>	100,000
<i>Statutory Compliance Mentoring</i>	20,000
<i>Stock Condition surveys</i>	636,000
<i>Asbestos Surveys</i>	600,000
<i>Energy strategy</i>	45,000
<i>FRA's</i>	180,800
<i>Investment Planning</i>	32,500
<i>CDM</i>	75,000
<i>SHAPE</i>	47,000
<i>Airspace Modelling</i>	30,000
<b>Sub Totals - Other</b>	<b>1,766,300</b>
<b>Total Costs</b>	<b>13,698,849</b>

5.3.3 Devising the five-year investment plan by using the priorities and principles detailed above ensures that investment is undertaken to sustainable stock in a cost-effective manner and ensures stock compliance is maintained. The five-year capital programme that has been developed with those rules is set out below



<b>STOCK CONDITION SURVEY</b>	<b>Total Years 1 to 5</b>	<b>2021.22</b>	<b>2022.23</b>	<b>2023.24</b>	<b>2024.25</b>	<b>2025.26</b>
<b>PROGRAMME</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Internal	<b>£4,248,900</b>	£774,450	£806,450	£846,250	£983,250	£838,500
Heating	<b>£726,217</b>	£145,243	£145,243	£145,243	£145,243	£145,243
Dwelling external	<b>£500,000</b>	£100,000	£100,000	£100,000	£100,000	£100,000
Blocks	<b>£375,000</b>	£75,000	£75,000	£75,000	£75,000	£75,000
Environmental	<b>£2,600,510</b>	£520,102	£520,102	£520,102	£520,102	£520,102
Block Door Entry	<b>£341,700</b>	£341,700	£0	£0	£0	£0
<b>SCS Programme Total</b>	<b>£8,792,327</b>	<b>£1,956,495</b>	<b>£1,646,795</b>	<b>£1,686,595</b>	<b>£1,823,595</b>	<b>£1,678,845</b>

<b>NON STOCK CONDITION SURVEY CAPITAL WORKS</b>	<b>Total Years 1 to 5</b>	<b>2021.22</b>	<b>2022.23</b>	<b>2023.24</b>	<b>2024.25</b>	<b>2025.26</b>
<b>PROGRAMME</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Compliance - Capital	<b>£4,539,553</b>	£3,939,553	£200,000	£200,000	£200,000	£0
Zero Carbon	<b>£0</b>	£0	£0	£0	£0	£0
Environmental Improvements Extra Cost	<b>£1,000,000</b>	£200,000	£200,000	£200,000	£200,000	£200,000
Achieve SAP C by 2030	<b>£1,153,151</b>	£230,630	£230,630	£230,630	£230,630	£230,630
Firestopping	<b>£42,137</b>	£42,137	£0	£0	£0	£0
Fire Doors	<b>£64,772</b>	£64,772	£0	£0	£0	£0
Loft Asbestos Removals	<b>£58,094</b>	£58,094	£0	£0	£0	£0
Compartmentalisation	<b>£30,000</b>	£30,000	£0	£0	£0	£0
Incinerator Removals	<b>£0</b>	£0	£0	£0	£0	£0
Fire Alarm & Warden Call	<b>£1,622,250</b>	£540,750	£540,750	£540,750	£0	£0
Garage Sites	<b>£750,000</b>	£150,000	£150,000	£150,000	£150,000	£150,000
De-Designated Schemes- Upgrade	<b>£2,000,000</b>	£400,000	£400,000	£400,000	£400,000	£400,000
Kitchens and Bathrooms	<b>£0</b>	£0	£0	£0	£0	£0
Re- Wiring/ Consumer Units	<b>£1,790,802</b>	£358,160	£358,160	£358,160	£358,160	£358,160
Door Entry systems	<b>£350,000</b>	£350,000	£0	£0	£0	£0
Capitalised Voids	<b>£2,500,000</b>	£500,000	£500,000	£500,000	£500,000	£500,000
Stock Condition surveys	<b>£636,000</b>	£0	£0	£636,000	£0	£0
Asbestos Surveys	<b>£1,400,000</b>	£600,000	£200,000	£200,000	£200,000	£200,000
Energy strategy	<b>£45,000</b>	£0	£0	£45,000	£0	£0
FRA's	<b>£0</b>	£0	£0	£0	£0	£0
Investment Planning	<b>£32,500</b>	£0	£0	£32,500	£0	£0
SHAPE	<b>£47,000</b>	£0	£0	£47,000	£0	£0
Airspace Modelling	<b>£50,000</b>	£50,000	£0	£0	£0	£0
Asset Management Strategy	<b>£30,000</b>	£0	£0	£30,000	£0	£0
Master planning	<b>£250,000</b>	£50,000	£50,000	£50,000	£50,000	£50,000
Asbestos Removal	<b>£500,000</b>	£100,000	£100,000	£100,000	£100,000	£100,000
<b>NON SCS Capital Programme Total</b>	<b>£18,891,259</b>	<b>£7,664,097</b>	<b>£2,929,541</b>	<b>£3,720,041</b>	<b>£2,388,791</b>	<b>£2,188,791</b>

<b>ADDITIONAL CAPITAL SUPPORT COSTS</b>	<b>Total Years 1 to 5</b>	<b>2021.22</b>	<b>2022.23</b>	<b>2023.24</b>	<b>2024.25</b>	<b>2025.26</b>
<b>PROGRAMME</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Preliminaries & 10%	<b>£2,768,359</b>	£962,059	£457,634	£540,664	£421,239	£386,764
Fees & 8%	<b>£2,214,687</b>	£769,647	£366,107	£432,531	£336,991	£309,411
Contingencies @ 3%	<b>£830,508</b>	£288,618	£137,290	£162,199	£126,372	£116,029
<b>Additional Capital Support Total</b>	<b>£5,813,553</b>	<b>£2,020,324</b>	<b>£961,031</b>	<b>£1,135,394</b>	<b>£884,601</b>	<b>£812,204</b>

<b>Grand Total</b>	<b>£33,497,139</b>	<b>£11,640,916</b>	<b>£5,537,366</b>	<b>£6,542,029</b>	<b>£5,096,987</b>	<b>£4,679,839</b>
<b>Business Plan</b>	<b>£32,000,000</b>	<b>£8,800,000</b>	<b>£5,800,000</b>	<b>£5,800,000</b>	<b>£5,800,000</b>	<b>£5,800,000</b>
<b>Variance to Business Plan</b>	<b>-£1,497,139</b>	<b>-£2,840,916</b>	£262,634	<b>-£742,029</b>	£703,013	£1,120,161

5.3.4 Year one addresses the catch-up costs on compliance and capital work programmes of compartmentalisation, curtain walling and FRA works. We have also included for investment in garage sites where no development potential is identified, to sustain their future and maximise future income.

5.3.5 A provision for environmental work acts as a contingency within the budget to allow for sudden emergencies and or estate improvements.

5.3.6 In order to deliver the works, the Council has procured and entered into a contract with Osborne for an initial period of 7 years, subject to satisfactory performance against agreed Key Performance Indicators.

5.3.7 The Council is also looking at alternative delivery methods via other contractors for speed, efficiency, and value for money.

## Appendices

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|----|---|-------------|
| 1. | Summary of Affordable Homes Development Programme               | August 2020 |
| 2. | Modern Methods of Construction Report (BD Solutions)            | May 2020    |
| 3. | Annual Asset Performance Evaluation Summary Report (Savills)    | June 2020   |
| 4. | Energy Efficiency Report - Initial Report (Savills)             | June 2020   |
| 5. | Stock Condition Survey Report (Savills)                         | Dec 2019    |
| 6. | Government response to the Building a Safer Future consultation | August 2020 |