

GLEN HOUSING ASSOCIATION

34. ASSET MANAGEMENT STRATEGY

Introduction

The Association's Mission Statement states that "Glen strives to be a forward looking, professional and approachable provider of good quality housing, working with others to create attractive communities that people want and can afford to live in. This Asset Management Strategy sets out how we ensure the assets we manage can be utilised to deliver that Mission Statement.

The Association recognises that the physical aspects of the housing stock are not the only assets of the Association and our Internal Management Plan details how we make best use of our other assets including people, reputation, office buildings etc.

However, the focus of this Asset Management Strategy is on the physical assets of our housing stock and links back to the objectives in the Internal Management Plan, of providing a repairs and maintenance service of the highest quality, working in partnership to address the needs of communities, pursuing opportunities for growth to meet demand, balanced with sound financial management and safeguarding the financial wellbeing of the Association.

The Strategy takes into account legal requirements relating to repairs and maintenance and recommended practice from the Scottish Housing Regulator and SFHA.

The strategy is set out into 5 sections to show how we:

1. Define our approach to asset management and demonstrate our holistic approach to making the best use of our stock.
2. Look at our housing stock and how we use the information we have on it to guide our asset management activities in the future.
3. Show how the Asset Management Strategy feeds into the business and financial planning of the Association
4. Look at our plans for development and increasing our housing stock.
5. Consider our Procurement arrangements and value for money.

1. Our Approach to Asset Management

The Association recognises that its approach to asset management cannot be limited to “bricks and mortar”, however, the ability of the Association to provide the best services to its tenants is intrinsically linked to the ability to maintain its housing stock.

Maintenance of stock is one of the biggest expenditures for the Association and the ability to manage this asset is the foundation on which the Association’s business is built. The Housing Regulator states that, to understand the importance of asset management you only have to think of the financial flow of the Association. The primary source of income comes from the rent charged on the asset with the main costs being the management, maintenance and investment in the assets.

In order to effectively manage these assets, the Association has to think of how **ALL** its activities impact on this and how they can be used to get the most out of the asset. The following examples show how other activities can input into asset management.

Estate Management – Looking after our estates as places where people want to live is crucial for not only effective housing management but also for managing the physical assets. Keeping up standards on the estates encourages tenants to take more care and pride in the place they live. This could reduce the need for repairs caused by neglect or wilful damage and can prolong the expected life of common areas and other building elements. This fits in with the key priorities in our Corporate Strategy, relating to our Core Services and Strategic Objective 1.

Void Management – Ensuring the quick turnover of empty properties maximises rental income and also keeps up standards on the estates. Maintaining high relet standards may reduce the need for future repairs, will keep tenant satisfaction with the property high and promote better tenancy sustainment. This fits in with the key priorities in our Corporate Strategy, relating to our Core Services and Strategic Objective 1

Allocation Policies – By ensuring tenants are allocated properties that meet their needs and aspirations and are in places that they want to and can afford to live in, will increase tenancy sustainment and reduce future void costs. This fits in with the key priorities in our Corporate Strategy relating to our Core Services and Strategic Objective 1

Tenancy Sustainment - Ensuring tenants are able to sustain tenancies reduces void costs and helps tenants to afford their tenancy. Services related to financial and social inclusion can help in this respect. This fits in with the key priorities in our Corporate Strategy relating to our Core Services and Strategic Objectives 1 & 2.

Arrears Management – Our approach to arrears management is to maintain income for the Association to cover ongoing expenditure and also maximise income for tenants to promote tenancy sustainment. This fits in with the key priorities in our Corporate Strategy relating to our Core Services and Strategic Objective 1.

Financial Strategy – Our financial planning recognises the pressure points relating to the management of our stock and seeks to balance affordability and meeting our planned expenditure. This fits in with the key priorities in our Corporate Strategy relating to Governance and Strategic Objective 5.

Partnership Working – Where appropriate, we work with others to meet housing need and the demand of current and future tenants and to raise standards in services to tenants to increase satisfaction and promote sustainability.

Growth and Looking forward – We are committed to creating success in our communities and having an impact on the local economy. We realise the distinct benefits we can create as a small business working with other small businesses in helping local employment, recirculating wealth within the local economy and strengthening community cohesiveness. This fits in with the key priorities in our Corporate Strategy relating to Growth and Strategic Objective 6.

2. Our Housing Stock

The Association's stock is a mixture of new build and refurbished units modernised in the 1990's. We have a mixture of flats, bungalows and houses throughout our developments in Levenmouth and Glenrothes.

A breakdown of our current stock can be found in Appendix 1.

2.1. Repairs & Maintenance

Our tenants expect us to keep our housing stock in the best possible state of repair and as a social landlord we have legal obligations relating to the maintenance of our stock.

We have stated our objective to provide a repairs and maintenance service of the highest quality which meets legal responsibilities and is responsive to tenants' requirements. Our Repairs Policy and Procedures set out how we aim to achieve this objective in relation to day to day repairs. This is monitored by the Board of Management through quarterly Repairs Reports.

2.2. Stock Information and Performance Monitoring.

An essential element in managing the housing stock is having good quality, comprehensive and accurate information about the stock and its condition. There are a variety of different measures used by the Association to monitor the condition of its stock.

Stock Condition Surveys

The Association undertakes independent sample stock condition surveys every six years. The sample surveys take into account; location, build, form, style and age, making sure at least one of each property type is surveyed independently. The stock condition surveys normally take the form of a building attribute survey where the surveyor will inspect the different components of each property noting their condition and likely life expectancy. The information from these surveys is updated on an ongoing basis by staff from void and repair inspections to give a good understanding of stock condition.

Valuation Surveys

These are carried out regularly and give an existing use value of the housing stock which is broken down into an individual unit basis. The most recent surveys undertaken between Feb 2015 and Nov 2016 gave good feedback on the condition of housing stock and taking into account management and maintenance liabilities presented a positive value for all our stock:

Tenant Surveys and Satisfaction

The Association routinely gathers feedback from tenants which relates to its housing stock:

- Repairs Satisfaction Surveys - feedback from repairs surveys confirm the quality of service.
- Tenant Satisfaction Surveys - last carried out in 2014 and showed 91% satisfaction amongst tenants with the quality of their home. This also gave an indication of tenant priorities for improvements.
- Void Surveys/ Post Allocation Surveys – show a high percentage of satisfaction with the quality of the properties at relet.

The information received from the aforementioned surveys can be broken down into area, house type, etc. to show any patterns of dissatisfaction or area of tenants' priorities.

Information on Tenancy Sustainment

Information relating to tenancy sustainment is monitored as part of our void reporting and benchmarking. Any tenancies not sustained for 12 months are reported on via Scotland's Housing Network benchmarking with reasons noted.

Termination Reasons

Termination reasons are noted for every termination of tenancy and patterns can be established relating to area, property type etc.

Energy Data

Energy data in the form of SAP ratings and EPCs are recorded for individual units – SAP ratings are used for the annual returns and monitoring our SHQS and EESSH performance.

Recurring/Common Repairs

Our housing management software can group repairs into categories to show particular recurring repairs in certain areas which can be used to influence our planned maintenance programme.

Waiting List Information

Waiting list and demand information from the Fife Housing Register can show any area /property types where demand is low and can feed into long term decision on stock investment.

All of the above monitoring mechanisms are routinely reviewed by staff and many reported to Board where any exceptions can be picked up on and drilled down into.

Due to the size of the Association and its stock profile and condition, the asset performance monitoring is not collated into a specific asset performance monitoring system. As the age of the stock increases and we continue with planned works the Association may have to consider a comprehensive asset performance monitoring system where the data held can be collated, updated and evaluated all in one place.

2.3. Stock Attributes Data

The Association's Housing Management software can hold detailed information about the different elements that make up each unit; this includes data on makes and models of components which are updated on a regular basis.

The majority of stock is new build since 1993 or newly refurbished stock. Due to this we have comprehensive data from the health and safety and project information files from each project which includes specifications and, as built, drawings. We are currently going through the process of entering useful data on stock attributes from those files into the Housing Management software

2.4. Life Cycle Costings

The data on stock attributes is used to compile a life cycle costing for each unit. This work is undertaken by our Quantity Surveyor who is able to provide estimated useful economic lives for each building element and estimated costs, based on current prices, for their replacement at the end of their useful lives. The data is updated by the QS every 5-6 years and also when we take on new build stock.

2.5. Planned Maintenance Programming

We recognise the importance of an effective repairs service but also that this alone is insufficient to meet the future maintenance requirements of our stock. It is therefore necessary to plan for the lifetime maintenance of our stock by developing a Planned Maintenance Programme.

Information on stock condition, life cycle costings exercise and information on the actual performance of components taken from the above noted condition surveys and repairs analysis is updated onto our Housing Management software which is able to produce a Planned Maintenance Programme for our stock.

This Programme is reviewed annually by the Board of Management who monitor actual spend against anticipated spend and also approve the planned and cyclical maintenance work for the coming year.

The full Planned Maintenance Programme is incorporated into our financial planning in our 5 Year and 30 Year Financial Projections.

The software provides for scenario planning, allowing Board and staff to consider a variety of options for programming future planned maintenance works. Appendix 2

shows an example of the schedule of works taken from the Housing Management software for the 5 years 2017-2022 and Appendix 3 shows the 30 year graph.

2.6.Improvements / Meeting New Standards

When undertaking planned maintenance works, the Association strives to not only meet the current standard but improve on the existing standard. This has put the Association in a strong position to exceed the SHQS targets and meet the EESSH target for much of our stock. Meeting new standards and anticipating standards is a challenge and will become more so as further planned works are due to take place.

The Association also seeks to respond to tenants' priorities and aspirations and, where possible, work with tenants to make improvements to contribute to sustaining tenancies and improving its assets. This could include changing kitchen designs in consultation with tenants or fitting showers for tenants finding it difficult to manage hot water costs.

3. Asset Management & Business Planning

Asset Management forms an integral part of the Association's Corporate Strategy, Internal Management Plan and Financial Planning. It is acknowledged that the intense work being undertaken in reviewing the Corporate Strategy during 2016 and 2017 will have an impact on our approach to asset management and decisions made regarding the Corporate Strategy will be incorporated into the Asset Management Strategy.

The annual budgets include cost headings for day to day repairs and maintenance and cyclical maintenance.

Day to day repairs budgets are worked out using information from previous years i.e. historical costs, information from contractors regarding rate rises or construction cost inflation and any anticipated variations factored in i.e. anticipated additional work – large voids etc.

Cyclical maintenance budgets are taken from the Planned Maintenance Programme. Both day to day repairs and cyclical maintenance are charged to Statement of Comprehensive Income.

Planned maintenance work is capitalised as part of the housing property costs and the Association operates component accounting on the basis of major property components.

Components	Useful Life (UL) (Years)
Structure	80
Roof	60
Kitchen	15
Bathroom	30
Heating Pipes	30
Boilers	15
Windows & Doors	30
Electrics	30
Site Work	25
External Walls	30

The Association's Finance Agents maintain an Asset Register for the purposes of component accounting. Depreciation on this basis is charged to the Annual Statement of Comprehensive Income.

Five Year Financial Projections use the current repairs & maintenance budget considerations and adjust for inflation. Cyclical and planned maintenance costs are taken from the Planned Maintenance Programme and adjusted for inflation, fees etc. Actual costs can vary and the Association needs to be able to review costs on an ongoing basis and amend plans accordingly.

30 Year Financial Projections are also required by the Scottish Housing Regulator and lenders. These are drawn up by our financial consultants and use cyclical and planned maintenance costs from the Planned Maintenance Programme, adjusted for inflation fees etc.

The Planned Maintenance Programme assumes full replacement of all components during the 60 year life cycle of the unit; however, it may be the case that certain building components may not require replacement at the time specified and can be delayed or removed from the Programme. The Planned Maintenance Programme is based on a probability model using knowledge and experience of staff and details of housing stock. The further into the future this budget is projected, the less accurate

we can be on the likely condition of the component and therefore the necessity for replacement.

Planned maintenance expenditure has implications for future rent levels and the future expenditure and financial projections are given consideration during the annual rent increase considerations. Our Corporate Strategy and Financial Projections recognise the pressure points relating to planned maintenance.

The Association is projected to spend over £30 million over the next 30 years on planned maintenance and the Association recognises that loan funding will be required to assist in meeting this planned expenditure. The Association's financial planning takes into account this requirement in the financial projections.

The Housing Manager and Director will perform scenario planning on the Planned Maintenance Programme and will present options to the Board of Management for decision. When making decisions on the programming of future work, Board will consider the financial implications as well as the information on the condition of the stock.

4. Development Strategy

The key priorities in our Corporate Strategy for growth and looking forward, indicate the Association's desire to pursue opportunities for growth to meet housing need.

Through the Fife Housing Association Alliance, a long standing partnership between the four Fife based Housing Associations, the Association will continue to look to increase its housing stock

The Board of Management will consider the financial implications of each new development and any quality of service implications prior to committing to any further development. Committed projects will be included in financial projections prepared by our finance agents.

5. Procurement & Value for Money

The Association is committed to creating success in its communities and having an impact on the local economy.

Our Procurement Policy sets out how we procure works and services and seek to balance costs and quality for our tenants. We recognise that the cheapest cost does not always represent the best value for money and we are committed to working with

small, local contractors wherever possible, to achieve the best outcomes for our tenants.

6. Risk Management

The Association's Risk Management Strategy has identified the management of assets as having an impact on a number of key strategic risks.

The Risk Strategy sets out how risks are monitored and the controls and mitigating factors that are put in place to manage these risks.

7. Review

This Strategy will be reviewed every 3 years in line with our Repairs and Maintenance and Procurement policies.

APPENDIX 1

Stock Profile

Unit Type: 2 Apt / 1p Flat	23
Unit Type: 2 Apt / 2p Bungalow - No Parking	2
Unit Type: 2 Apt / 2p Flat	60
Unit Type: 2 Apt/2p Bungalow - With Parking	18
Unit Type: 2apt/2p Flat - Private Ent	22
Unit Type: 3 Apt /4p House - No Parking	1
Unit Type: 3 Apt/3p Bungalow - With Parking	1
Unit Type: 3 Apt/3p Bungalow - No Parking	3
Unit Type: 3 Apt/3p Bungalow - With Parking	8
Unit Type: 3 Apt/4p Bung - With Parking	21
Unit Type: 3 Apt/4p Bungalow - No Parking	2
Unit Type: 3 Apt/4p House - With Parking	40
Unit Type: 3 Apt/4p House - No Parking	35
Unit Type: 3 Apt/4p W/C Bung - With Parking	3
Unit Type: 3apt/3P W/Chair Bung - With Parking	3
Unit Type: 3Apt/4p Bung - No Parking	11
Unit Type: 3apt/4p Bung - With Parking	1
Unit Type: 3apt/4p Flat (Priv Ent)	45
Unit Type: 3apt/4p Flat	15
Unit Type: 3apt/4p W/C Bung - With Parking	1
Unit Type: 4 Apt / 5p House - No Parking	18
Unit Type: 4 Apt / 5p House - With Parking	37
Unit Type: 4 Apt /5p House - No Parking	6
Unit Type: 4 Apt/5p House - No Parking	3
Unit Type: 4ap/5p House + ES - With Parking	4
Unit Type: 4apt/4p Bungalow (L. Methil)	2
Unit Type: 4apt/4p House - No Parking	3
Unit Type: 4apt/4p House	4
Unit Type: 4apt/4p Maisonette - No Parking	8
Unit Type: 4apt/5p Flat (Priv Ent)	1
Unit Type: 4apt/5p House - No Parking	2

Unit Type: 4apt/5p Maisonette - No Parking	10
Unit Type: 4apt/5p W/C Bung - With Parking	7
Unit Type: 4apt/5p W/C Bung - With Parking	1
Unit Type: 5apt/5p House	1
Unit Type: 5apt/6p House - No Parking	2
Unit Type: 5apt/6p Maisonette - No Parking	2
Unit Type: 6apt/7p Maisonette	1
Unit Type: 7apt/7p House (5 Bed) - With Parking	8
Unit Type: 7apt/9p House (5 Bed) - With Parking	2
	437

APPENDIX 2

Extract from Planned Maintenance Programme – Schedule of works 2017-2022

<u>Year Due: 2017</u>					
201					15
7	Decoration	External - Timber - Paint	0	£77,500.00	5
201					
7	Decoration	Fencing - Metal /Timber - Paint	0	£7,350.00	35
201					
7	Protective Installation	Smoke Detectors	0	£10,400.00	26
201					
7	Windows & External Doors - Cyclical	Pointing - Mastic	0	£1,155.00	15
201					
7	Windows & External Doors	Doors - Timber	15	£43,160.00	26
201					
7	Floors Cyclical	Common Stairs Vinyl	16	£27,675.00	41
201					
7	Substructure	Facing Brick/Render Brick Base Course - Mortar pointing	20	£2,054.00	26
201					
7	Site Works	Facing Brick Walls - Mortar pointing	30	£4,108.00	26
<u>Year Due: 2018</u>					
201				£101,500.0	20
8	Decoration	External - Timber - Paint	0	0	3
201					20
8	Decoration	Fencing - Metal /Timber - Paint	0	£43,680.00	8
201					42
8	Decoration	Fencing Timber Paint	0	£11,760.00	20
201					5
8	Protective Installation	Smoke Detectors	0	£8,000.00	71
201					58
8	Annual Servicing	Boilers & Fires	15	£10,480.00	81
201				£108,346.0	19
8	Windows & External Doors	Doors - Timber	15	0	0
201					86
8	Roof	Fascias, Soffits & Verges, etc - Timber	20	£43,558.00	0
201					19
8	Roof	Gutters/Downpipes - UPVC	20	£48,826.00	0
201					86
8	Site Works	Bin Stores	25	£52,060.00	0
201				£102,082.0	86
8	Site Works	Fencing/Gates - Timber	25	0	86

Year Due: 2019

201 9	Decoration	Common Stairs - Paint	0	£93,492.00	15 9
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201 9	Decoration	External - Timber - Paint	0	£33,500.00	67
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Year Due: 2019 (Continued)

201 9	Protective Installation	Smoke Detectors -	0	£800.00	2
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201 9	Annual Servicing	Boilers & Fires	15	£35,436.00	17
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201 9	Sanitary Appliances	Fittings	15	£952.00	1
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201 9	Windows & External Doors	Doors - Timber	15	£123,606.00	81
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201 9	Roof	Gutters/Downpipes - UPVC	20	£7,032.00	12
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201 9	Substructure	Facing Brick/Render Brick Base Course - Mortar Point	20	£1,500.00	12
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201 9	Site Works	Bin Stores	25	£9,042.00	33
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201 9	Site Works	Fencing/Gates - Timber	25	£75,968.00	64
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201 9	Site Works	Facing Brick Walls - Mortar Pointing	30	£14,399.00	11
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Year Due: 2020

202 0	Decoration	External - Timber - Paint	0	£6,500.00	13
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202 0	Decoration	Fencing Timber Paint	0	£3,640.00	13
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202 0	Protective Installation	Smoke Detectors	0	£17,200.00	43
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202 0	Windows & External Doors - Cyclical	Pointing - Mastic	0	£10,270.00	56
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202 0	Annual Servicing	Boilers & Fires	15	£88,326.00	42
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202 0	Fittings & Furnishings	Kitchen Fitments	15	£14,128.00	4
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202 0	Windows & External Doors	Doors - Timber	15	£97,664.00	64
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202 0	Floors Cyclical	Common Stairs Vinyl	16	£33,075.00	49
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202 0	Roof	Fascias, Soffits & Verges, etc - Timber	20	£8,010.00	10
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2020	Site Works	Bin Stores	25	£16,440.00	60
2020	Site Works	Fencing/Gates - Timber	25	£89,258.00	73
<u>Year Due: 2021</u>					
2021	Decoration	External - Timber - Paint	0	£77,500.00	155
2021	Annual Servicing	Boilers & Fires	15	£154,298.00	76
2021	Communication Installation	Door Entry Phone - Wiring and Fittings	15	£40,300.00	62
2021	Fittings & Furnishings	Kitchen Fitments	15	£21,288.00	6
2021	Windows & External Doors	Doors - Timber	15	£1,526.00	1
<u>Year Due: 2021 (Continued)</u>					
2021	Site Works	Fencing/Gates - Timber	25	£46,842.00	37
2021	Electrical Installation	Lighting & Power - Consumer Unit, Wiring & Fittings	30	£750.00	1
<u>Year Due: 2022</u>					
2022	Decoration	External - Timber - Paint	0	£5,500.00	203
2022	Decoration	Fencing - Metal /Timber - Paint	0	£20,160.00	96
2022	Decoration	Fencing Timber Paint	0	£34,720.00	124
2022	Protective Installation	Smoke Detectors	0	£11,200.00	28
2022	Windows & External Doors - Cyclical	Pointing - Mastic	0	£37,726.00	229
2022	Annual Servicing	Boilers & Fires	15	£52,362.00	24
2022	Fittings & Furnishings	Kitchen Fitments	15	£7,160.00	2
2022	Windows & External Doors	Doors - Timber	15	£22,890.00	15
2022	Roof	Fascias,Soffits & Verges, etc - Timber	20	£47,154.00	59
2022	Roof	Gutters/Downpipes - UPVC	20	£33,177.00	57
2022	Substructure	Facing Brick/Render Brick Base Course - Mortar Point	20	£1,845.00	15

202	2	Site Works	Bin Stores	25	£7,124.00	26
202	2	Site Works	Fencing/Gates - Timber	25	£60,217.00	49
202	2	Electrical Installation	Lighting & Power - Consumer Unit, Wiring & Fittings	30	£750.00	1
202	2	Site Works	Facing Brick Walls - Mortar Pointing	30	£2,370.00	15

APPENDIX 3

20 Year Planned Maintenance spend

