



## ASSET MANAGEMENT STRATEGY

### POLICY NO. 34

<b>Date of Review</b>	November 2023
<b>Date of Next Review</b>	November 2028
<b>Regulatory Standards of Governance and Financial Management</b>	<p><b>RS 3:</b></p> <p><i>The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.</i></p> <p><b>Guidance: 3.1</b></p> <p><b>RS 4:</b></p> <p><i>The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</i></p> <p><b>Guidance: 4.1</b></p>

## 1. INTRODUCTION

The Association's mission is "to provide affordable, quality housing, working in partnership to strengthen communities and meet their needs". This Asset Management Strategy sets out how we ensure the assets we manage can be utilised to deliver that mission.

The Association recognises that the physical aspects of the housing stock are not the only assets of the Association, and our Business Strategy and range of internal policies and procedures ensures 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 Strategic Priorities in our Business Strategy:

1. Zero carbon/energy efficiency
2. Financial stability & business resilience
3. Quality of our homes

## 2. RISK MANAGEMENT

The Association's Risk Management process has identified the management of assets as having an impact on a number of key strategic risks. Our Risk Registers set out how risks are monitored and the controls and mitigating factors that are put in place to manage these risks.

## 3. LEGAL AND REGULATORY FRAMEWORK

This Asset Management Strategy considers legal requirements relating to repairs and maintenance, our regulatory requirements and recommended practice from the Scottish Housing Regulator (SHR) and Scottish Federation of Housing Associations (SFHA)

The SHR's Recommended Practice on Integrated Asset Management is based around 5 key principles:-

**Principle 1:** Governing bodies and committees lead the strategic response to asset management and should be assured that assets are managed effectively.

**Principle 2:** Social landlords should have a comprehensive understanding of their assets.

**Principle 3:** Social landlords should develop an approach to understanding the value of their assets.

**Principle 4:** Integrated asset management outcomes should be understood and used as evidence to inform future investment decisions.

**Principle 5:** Social landlords should use the integrated asset management outcomes to inform their asset management strategies.

These key principles run throughout our Asset Management Strategy, how they interact with the Regulatory Standards is shown on the extract from the Recommended Practice Guide at Appendix 1.

The Scottish Government introduced the Scottish Social Housing Charter in April 2012, and it supports the government's long-term goal of creating a safer and stronger Scotland and improving the quality and value of services provided by RSL's.

The Charter clearly defines the standards and outcomes that all social landlords should strive for when carrying out their housing activities, as well as assisting tenants and other stakeholders in holding landlords accountable.

There are 16 Standards and Outcomes in the Charter that are reported on as part of the Annual Return on the Charter (ARC). In implementing our Asset Management Strategy, the Association will focus on Charter outcomes 4 and 5:

#### **Outcome 4 - Quality of Housing**

Social landlords manage their businesses so that:

*tenants' homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) when they are allocated; are always clean, tidy and in a good state of repair; and also meet the Energy Efficiency Standard for Social Housing (EESH).*

#### **Outcome 5 - Repairs, Maintenance and Improvements**

Social landlords manage their businesses so that:

*tenants' homes are well maintained, with repairs and improvements carried out when required, and tenants are given reasonable choices about when work is done.*

The Association as a landlord is under a general obligation to keep its properties wind and watertight and generally fit for human habitation. It is also affected by a number of specific legal requirements including the Right to Repair which governs both the need to repair and the execution of the work. Some of these requirements apply directly to the Association whilst others may be transmitted through a third party, e.g., Building Contractor.

The Association will undertake to comply with the relevant legislation together with all other legal requirements which may from time to time, affect the Association's need to repair its property and environs.

## **THIS ASSET MANAGEMENT STRATEGY IS SET OUT IN 6 SECTIONS:**

1. **Our Approach to Asset Management.** Defines our approach to asset management and demonstrates our holistic approach to making the best use of our stock.
2. **Tenant Safety.** Recognises tenant safety as a priority for the Association
3. **Our Housing Stock.** Looks at our housing stock and how we use the information we have on it to guide our asset management activities in the future.
4. **Business Planning.** Shows how the Asset Management Strategy feeds into the business and financial planning of the Association.
5. **Development Strategy.** Looks at our plans for development and increasing our housing stock.
6. **Procurement.** Considers 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. To understand the importance of asset management you only must think of the financial flow of the Association. The primary source of income is from the rent charged on the asset with the main costs being the management, maintenance and investment in the assets.

To effectively manage these assets, the Association must think of how **ALL** its activities impact on this and how they can be used to get the most out of the asset. This integrated approach ensures that asset management is an integral part of not only our business planning but all our other activities. The following examples show how other activities can input into asset management.

## 1.1 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.

## 1.2 Void Management

Ensuring the quick turnover of empty properties maximises rental income and 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.

## 1.3 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.

## 1.4 Tenancy Sustainment

Ensuring tenants can sustain tenancies reduces void costs and helps tenants to afford their tenancy. Services related to financial and social inclusion can help in this respect.

## 1.5 Arrears Management

Our approach to arrears management is to maintain income for the Association to cover ongoing expenditure and maximise income for tenants to promote tenancy sustainment.

## 1.6 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.

## 1.7 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.

## 1.8 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.

## **2. Tenant Safety**

Ensuring tenants safety and being able to react to changes in legislation and good practice is a priority for the Association in ensuring that our assets are managed effectively. The Association will have particular focus on the following elements of tenant safety.

### **2.1 Servicing and Repair of Gas Central Heating**

The Association is required by law to have safety checks carried out on gas heating and hot water systems once a year.

The Association will ensure a contractor is in place to carry out this function and the repair of all gas central heating systems.

A separate contract will be entered into for the gas servicing which will include an out-of-hours emergency service for gas heating repairs.

### **2.2 Stage 3 Adaptations**

The Annual Budget will provide an allowance for Stage 3 adaptations as negotiated with the Scottish Government who will provide the funding.

All requests for Stage 3 adaptations must be accompanied with a report from an Occupational Therapist or other appropriate department/person and will be reported to the Board of Management within the quarterly Repairs Reports.

Consideration will always be given to ensure that the adaptation will not alter the layout or services within a house that would restrict a future let.

The Association will ensure the recommended servicing and safety checking of equipment we are responsible for is carried out within the appropriate timescales and our procedure for maintenance of aids and adaptation.

### **2.3 Electrical Safety and Fire Safety**

The Association has a duty of care to ensure all properties have electrical systems that are always in a reasonable state of repair and proper working order at the start of the tenancy and during the tenancy.

We also have a duty to ensure tenants, staff and others can use their buildings and facilities safely. This extends to taking all reasonable steps to mitigate any risks associated with electrical installations both within our housing stock, our office and other premises.

We will carry out checks in line with our planned and cyclical maintenance

programmes carrying out electrical tests at 5 yearly intervals and at all changes of tenancy.

Our smoke, heat and CO Alarm replacement programme will ensure that alarms are replaced to the current standards at 10 yearly intervals.

Electrical Appliances (This refers to electrical appliances owned by the Association only). Regular inspection and testing of all portable electrical appliances owned by the Association will be carried out by a specialist Contractor in accordance with the Electricity at Work Regulations (1989).

#### 2.4 Legionella

We have a duty to assess the risk from exposure to Legionella to ensure the safety of our tenants, this does not require an in-depth, detailed assessment as the risks from hot and cold water systems in most residential settings are generally considered to be low owing to regular water usage and turnover.

In addition, none of our stock have cold water storage facilities with cold water outlets fed directly from the mains supply. Many of our properties have combination boilers. Where hot water storage tanks are in place these are inspected regularly and set to store water above 60degrees therefore mitigating the risk.

Legionella testing or sampling is not required where the risk is shown to be low and the Health & Safety Executive (HSE) does not recognised legionella testing certificates as a way to control the risk of legionella.

Processes are in place to ensure water systems in vacant properties are used to prevent stagnation.

#### 2.5 Asbestos

The Association is committed to adhering to the relevant Control and Management of Asbestos and Health and Safety legislation.

The presence of an asbestos containing material in itself does not constitute a danger. However, there is a potential risk to health if such material is disturbed and damaged. Glen Housing Association will ensure that, as far as is reasonably practicable, no persons are exposed to risks to their health due to exposure to any asbestos containing materials that may be present in any of the properties it owns or occupies.

Properties built pre 2000 have been surveyed to identify any asbestos containing materials that may be present therein and to prepare and maintain an Asbestos Register for these buildings.

Where possible Asbestos Containing Material (ACM) has been identified samples are taken to establish if asbestos is present. We have no stock where ACMs have been identified at this time.

That being said the Association will not be complacent on the risk of Asbestos, and we will ensure our staff and contractors have an awareness of the risks from

asbestos containing materials and the Association's Procedures and processes to follow on the identification of suspect materials.

## 2.6 Mould and Dampness

The Association recognises that excessive mould and damp can be a serious issue which can affect the health and wellbeing of our tenants.

We will ensure that we have appropriate and proactive systems in place to record cases of mould and damp, identify causes and take action to deal with issues timeously and effectively.

These elements of tenant safety will be monitored by the Board through periodic, currently quarterly, repairs reports.

## 3. 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 2**.

### 3.1 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.

### 3.2 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.

#### a) Stock Condition Surveys

The Association undertakes independent sample stock condition surveys every six years. The sample surveys consider; 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.

b) 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 April 2018 gave good feedback on the condition of housing stock and considering management and maintenance liabilities, presented a positive value for all our stock:

c) 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 2020 and showed 94% 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 surveys can be broken down into area, house type, etc. to show any patterns of dissatisfaction or area of tenants' priorities.

d) 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.

e) Termination Reasons

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

f) 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.

g) Recurring/Common Repairs

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

h) 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 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.

3.3 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.

Most of the 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.

As components are replaced, data on makes models etc can be added into the Housing Management database.

3.4 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 (QS) who can 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 when we take on new build stock.

3.5 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 costing exercises 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 can 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 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 a schedule of works for the 5 years 2022-2027 and Appendix 3 shows the 30-year graph.

### 3.6 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 implication of decarbonisation new targets for energy efficiency and Net Zero will be considered in preparing specifications and implementing planned works with a view to undertaking low/no regret works and future proofing as much as possible.

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.

## 4. **Business Planning**

Asset Management forms an integral part of the Business Strategy and Financial Planning.

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 e.g. 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 the Statement of Comprehensive Income.

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

<b>Components</b>	<b>Useful Life (UL) (Years)</b>
Structure	80
Roof	60
Kitchen	20
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.

Thirty 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. Business Strategy and Financial Projections recognise the pressure points relating to planned maintenance.

The Association is projected to spend over £20 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 considers 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.

## **5. Development Strategy**

The key priorities in our Business 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.

## **6. Procurement**

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 seeks 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.

## **REVIEW**

This Strategy will be reviewed every 5 years in line with our Repairs and Maintenance and Procurement policies.

Scottish Housing Regulator  
 Recommended Practice on Integrated Asset Management



The principles underpinning integrated asset management align strongly with the [Regulatory Standards of Governance and Financial Management](#), as shown below:

Regulatory standard	Principle 1 (assurance and strategic response)	Principle 2 (understand assets)	Principle 3 (valuing assets)	Principle 4 (understand and use outcomes)	Principle 5 (inform strategies)
Standard 1: The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users	✓			✓	✓
Standard 2: The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities	✓	✓	✓	✓	✓
Standard 3: The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay	✓	✓	✓	✓	✓

Standard 4: The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose	✓	✓	✓	✓	✓
Standard 5: The RSL conducts its affairs with honesty and integrity	✓				
Standard 6: The governing body and senior officers have the skills and knowledge they need to be effective	✓	✓	✓	✓	✓
Standard 7: The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants	✓	✓	✓	✓	✓

**APPENDIX 2**

**STOCK PROFILE**

<b><u>Split</u></b>	<b><u>House</u></b>	<b><u>4 in Block</u></b>	<b><u>Flat/Mais</u></b>	<b><u>Total</u></b>
2 apt	20	63	50	133
3 apt	153	51	15	219
4 apt	102	1	18	121
5 apt	19	0	3	22
				<b>495</b>

## APPENDIX 3

### \*Extract from Planned Maintenance Programme – Schedule of works 2024-27

*\* For illustration purposes only – ongoing review – subject to change.*

			<b>Units</b>
<b>2024</b>	<b>Cyclical Maintenance</b>	Common Stairs Vinyl	37
		EICR	1
		External - Timber - Paint	286
		Pointing - Mastic	244
	<b>Component Replacement</b>	Bathroom	6
		Door Entryphone - Wiring and Fittings	62
		Doors	118
		Fascias and Gutters	33
		Fencing/Gates - Replacement	11
		Flashings/Valleys - Lead	190
		Gas (Landlords)	24
		Gas fired - LPHW	56
		Hot Water Tanks	3
		Kitchen Fitments	30
		Lighting & Power - Cons Unit, Wiring & Fittings	1
		Render - Roughcast	64
		Smoke Detectors	10
		Windows	77
<b>2025</b>	<b>Cyclical Maintenance</b>	Common Stairs - Paint	68
		EICR	2
		Fencing & Railings Paint	107
	<b>Component Replacement</b>	Bathroom	1
		Door Entryphone - Wiring and Fittings	30
		Doors	81
		Fascias and Gutters	11
		Flashings/Valleys - Lead	70
		Gas (Landlords)	38
		Gas fired - LPHW	18
		Hot Water Tank	27
		Kitchen fitments	43
		Lighting & Power - Cons Unit, Wiring & Fittings	2
		Render - Roughcast	73
		Smoke detectors	13
		Windows	81

			<b>Units</b>
<b>2026</b>	<b>Cyclical Maintenance</b>	Common Stairs Vinyl	67
		EICR	222
		External - Roughcast/Masonry - Paint	106
		External - Timber - Paint	20
		Fencing & Railings - Paint	238
		Pointing - Mastic	17
	<b>Component Replacement</b>	Doors	82
		Flashings/Valleys - Lead	49
		Gas (Landlords)	11
		Gas Fired - LPHW	18
		Hot Water Tank	1
		Lighting & Power - Cons unit, Wiring & Fittings	245
		Render - Roughcast	37
		Track & Hoist	3
		Windows	82
<b>2027</b>	<b>Cyclical Maintenance</b>	EICR	247
		External - timber - Paint	53
		Pointing - Mastic	39
	<b>Component Replacement</b>	Bathroom	43
		Door Entryphone - Wiring & Fittings	6
		Fencing/Gates - Replacement	15
		Gas (Landlords)	20
		Gas Fired - LPHW	14
		Kitchen Fitments	13
		Lighting & Power - Cons Unit, Wiring & Fittings	247
		Render - Roughcast	26
		Smoke Detectors -	37