

<b>Abertay Housing Association</b>	<b>TITLE OF POLICY</b>	<b>NO. 011</b>
	<b>ASSET MANAGEMENT STRATEGY</b>	<b>VERSION – 01</b>
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<b>Notes</b>

# **ABERTAY HOUSING ASSOCIATION LTD.**

## **ASSET MANAGEMENT STRATEGY**

### **Core**

Based on principles of Abertay's mission statement the core of the Asset Management Strategy will be to ensure that Abertay delivers to the community homes which suit the varying needs its tenants both immediately and in the long term in whilst ensuring overall Association's long term business stability.

Accordingly, the strategy relates to all aspects of the Association's work rather than simply programming the repair and replacement of key building elements, and recognises the importance of the assets to every key decision made by the Association.

### **Business Continuity**

Abertay can only provide its tenants with secure homes and domestic stability, if it is financially stable itself.

This can only be achieved if its short, medium and long term costs fall within anticipated rental income. The strategy must therefore ensure that sufficient investment is made into the stock to ensure that its asset value is protected and that those assets continue to be attractive to rent, countered by this investment level not exceeding the value of those rents (after day to day running costs). Therefore, all significant planned expenditure must be modelled on a rolling 30 year basis to ensure both its efficacy and affordability.

This 30 year modelling will also be used to understand the impact of varying short term expenditure over longer term outcomes to optimise whole lifetime costs.

Similarly, at points of major reinvestment, Abertay will consider the remaining economic and operational life of particular stock to ensure that it has at least an operational life equivalent to that of the elements being replaced / upgraded.

Abertay will also investigate opportunity to increase revenue streams where appropriate through alternative rental models, uses, feed in tariffs, etc.

In considering 30 year modelling external factors such as rent increase levels, increasing pension commitments and predicted changes to household sizes and demographics will be taken into account.

### **Programme Planning**

Abertay will plan elemental replacement works over a 30 year period, based on previous replacement dates, stock condition and the principle objectives of this strategy regarding stock utilisation and business stability.

These plans will be in specific detail over years 1 – 5, with years 6 – 30 being in generic base level detail and banded in 5-year periods.

The works themselves will fall into a number of categories.

- Cyclical Maintenance and Decoration – based on a 7 year rolling programme covering the repair and repainting of all external timberwork, repair and maintenance of rainwater goods, soffits, fascias etc, and the decoration of internal common areas. The extent of this programme will

systematically be reduced as the External Works Programme (below) replaces timber windows, doors, soffits, fascias etc. with UPVC and composite alternatives.

- Compliance and Regulatory Works – works relating to the servicing, maintenance and upgrading of items subject to legislation – Gas Safety, Fire Risk, Smoke and CO Detection, Legionella, Electrical Safety, , Lifts, Stairlifts, Hoists, Play Equipment etc. In each of these areas, programmes will be the product of the regular review of the associated risk assessment.
- Internal Component Replacements – based on previous replacement dates and stock condition – the replacement of kitchens, bathrooms, electric installations, heating systems etc. Where possible these works will be packaged rather than delivered individually removing the need for visiting any one address repeatedly over consecutive years.
- External Envelope Upgrades – based on stock condition – the replacement of roofs, soffits, fascias, windows, doors, rainwater goods etc. (removing them from the cyclical programme). Where possible these works will be packaged rather than delivered individually removing the need for visiting any one address repeatedly over consecutive years.
- Energy Efficiency Works – works relating to an overall drive to reduce fuel poverty and carbon emissions, increasing RdSAP scores and targeting EESSH compliance. Likely to include insulation, boiler replacements and green technologies – many of which may be delivered in conjunction with other programmes.
- Estate Improvement – works to address factors such as external lighting, footpaths, littering, vandalism, refuse storage / collection, hard / soft landscaping and security with an aim to making estates safe, well lit, secure, and inviting to residents. It is anticipated that these works may not be programmes in themselves but will inform how works are delivered / specified or be “bolted on” to other programmes.

## **Stock Data**

A key resource in informing any Asset Strategy is appropriate stock condition information. This information will not only include historic installation dates, condition when last surveyed, and projected renewal dates, but also information on built form, construction type, asbestos and energy data.

We will carry out surveys of our stock on an ongoing basis, to ensure the stock data held on our Keystone Asset Management database can be relied on for asset and financial planning and decision making. Surveys will normally be carried out in house. To ensure the greatest benefit from the work involved, surveys will be planned to include a mix of both “routine” and “targeted” surveys. “Routine” surveys will be carried out to assess the general condition of all of our stock types. These can most easily be carried out in properties when void, though surveys of tenanted properties may also be required. Targeted surveys will be planned to provide stock condition information on high risk areas. These will include, for example, properties which we

have not visited (for any reason) in the past 2 years; properties where we anticipate components are nearing the end of the lives.

### **Local Demand**

In addition to considering the physical condition and attributes of the stock, it is vital to consider the demand level for that stock. Measures such as void turnover, tenant refusals (along with associated reasons), void periods and tenant satisfaction relative to other Abertay (or broader RSL) stock can point to demand levels.

The current demand for particular stock is impacted by its size, configuration, condition, neighbourhood, local facilities (shops, schools, and transport links), topography and car parking etc. with Abertay's having varied influence over these items.

Broad information on anticipated demand levels is included in the local housing strategy – however this may tend to being quantitative rather than qualitative – giving anticipated numbers of households, and their sizes rather than what factors might be important in informing choices within the resultant demand.

Good quality stock in unpopular areas will not provide stable tenancies and therefore not reduce void rates either now or in the future.

Where demand is currently poor, or anticipated to decline, Abertay will undertake research and analysis into the causes impacting demand with this leading to the identification and evaluation of potential options to return the stock to a viable level of demand or a dispose / re-provision / redevelopment strategy.

### **Regulatory & Reporting Standards**

Following the original SHQS deadline in 2015, Abertay will continue to monitor stock against these baseline standards and, in particular, seek reasonable opportunities to tackle remaining SHQS refusals and abeyances (typically at void etc.) Abertay will continue to model (via stock and energy information in Keystone) and measure energy performance against the EESSH standards for 2020. The impact on energy performance of other planned works will be incorporated into these calculations.

Furthermore, the predicted requirements of future regulation (post EESSH) will be allowed for where reasonably possible. Where stock could be upgraded economically to meet current regulation, but not reasonably to meet predicted follow up regulation, evaluation will be carried out to determine the possibility of attaining indefinite abeyances or alternatively carrying out more radical reprovisioning / disposal or redevelopment.

### **Energy Efficiency**

Aside from any regulatory requirement to improve energy efficiency (either as a carbon or fuel poverty reduction measure) the general principle improving energy efficiency sits entirely within the overall mission statement. In addition, if tenants' spending on fuel is reduced it follows that rent arrears are likely to be reduced – providing business stability.

Keystone (together with AutoAssessor) allows both the interrogation of the data behind many of our previous EPCs as well as the ability to derive RdSAP scores for remaining properties. This will allow the easy identification of properties failing EESSH together with the ability to model the effectiveness of any remedial works.

Thereafter it also allows energy performance to be a key measure of overall stock performance in deriving future programmes.

In carrying out Energy Efficiency Works, Abertay will seek to take advantage of any grants or funding that might be available.

Abertay recognise that new and alternative technologies will have an input into improving the energy efficiency; however, evidence of these systems being both effective and free of unintended consequences will be sought. Any pilots for such technologies will be clearly targeted, well monitored and supported both technically and at a tenant level.

### **Value for Money**

In line with all housing associations, it is vital that Abertay can demonstrate value for money within its delivery of the Asset Management Strategy.

Not only will the investments made as a result of the Asset Strategy represent the largest area of expenditure for Abertay (and therefore offer the greatest potential for gaining value), but also the overarching purpose of the strategy is to ensure that Abertay's stock remains a useful business Asset over the longer term - maximising its value to Abertay.

Value for Money is however often difficult to measure in absolute terms. However measures such as monitoring stock condition improvements, customer satisfaction (both specific to completed works and in general), monitoring ongoing day-to-day maintenance costs, benchmarking and letting times could be key considerations.

Abertay will seek to improve value for money through efficient procurement (in conjunction with other local associations and procurement groups where possible), and the management of specifications of works.

### **Visibility**

Abertay will make both its Asset Management Strategy and the resulting programmes of work visible to its tenants, via the website and residents newsletters. In addition where large-scale projects are planned, small focus groups of residents will be formed, to assist in shaping and development the proposals and delivery methods.

### **Review**

The Asset Management Strategy will be due for review again no later than November 2021, or earlier if required.