

# Asset Management Strategy

Customer  
Focus

Respect

Communication

Integrity



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# 1. Introduction

The Cloch Housing Association Asset Management Strategy focusses on the physical assets of our housing stock and links back to the objectives in the Business Plan.

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

## 1.1 Aims and Objectives

Cloch HA aims to provide 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.

## 1.2 Customer Profiling and Stakeholders

There are a number of key stakeholders Cloch HA must recognise in relation to our asset management strategy. These include:

- Residents, service users, local stakeholders and the wider community
- Our Committee of Management, Directors and Staff
- Funder and Lenders
- The Scottish Housing Regulator and other regulators
- Partners such as Inverclyde Council, other RSLs, contractors, agencies and community groups

## 1.3 Compliance with Standards

The Scottish Housing Quality Standard (SHQS) was introduced in February 2004. It is the main way housing quality is measured in Scotland.

The SHQS means social landlords must make sure their tenants' homes:

- are energy efficient, safe and secure
- not seriously damaged
- have kitchens and bathrooms that are in good condition

The Scottish Government introduced a minimum housing standard in Scotland to try to make sure that no property ever falls below this level. The Scottish Government set a target for local authority landlords and registered social landlords to bring their housing stock up to SHQS standard by April 2015. Since 2012, this target has been incorporated in the Scottish Social Housing Charter.

As at 2019, all Cloch HA housing stock was SHQS compliant with no properties in abeyance or failing the standard.

## 1.4 The Scottish Social Housing Charter

The Scottish Social Housing Charter came into force in April 2012. It sets out the standards and outcomes that all social landlords should be aiming to achieve for their customers.

The Charter also covers what tenants and other customers can expect in terms of the:

- quality and value for money of the services they receive
- standard of their homes
- opportunities for communication about, and participation in, the decisions that affect them

Management of housing assets is undertaken to ensure the association lets its housing stock in a condition which meets the legal obligations under the relevant legislation such as the Housing (Scotland) Act 2001 and Health & Safety legislation.

This strategy takes account of current good practice and the Scottish Government Social Housing Charter outcomes 4, 11 and 13 which state that: -

Outcome 4 –Quality of housing *“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 ( EESSH) by December 2020.”*

Outcome 5: 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.*

Outcome 13 – Value for money *“Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay”.*

## 1.5 Energy Efficiency in Social Housing

The Energy Efficiency Standard for Social Housing (EESSH) aims to improve the energy efficiency of social housing in Scotland. It will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases.

The EESSH is based on the minimum Energy Performance Certificate (EPC) rating. EPCs are calculated using the Standard Assessment Procedure (SAP) for energy rating of dwellings 2009 methodology.

<https://www.gov.scot/policies/home-energy-and-fuel-poverty/energy-efficiency-in-social-housing/>

In line with Scottish Government advice Cloch HA will consider a range of common measures from the list below which may be applied to properties to help meet the EESSH 2020 ratings:

- Condensing boilers
- Double/secondary glazing
- Heating controls
- Storage heaters (or switching to more efficient storage heaters)
- Loft insulation top-up
- Floor insulation
- Tank and pipe insulation
- Room-in-the-roof insulation
- Compact fluorescent lighting
- Cavity wall insulation
- Internal wall insulation
- External wall insulation
- Waste water heat recovery
- Thermostatic radiator valves
- Replace secondary heating

## **1.6 Financial Planning**

Cloch HA's financial plan supports the delivery of its' strategic objectives and building financial strength to deliver long term commitments. The plan demonstrates sound financial planning and management including financial resilience testing against financial ratios and sensitivity analysis associated with key risks.

Our cash expenditure profile is influenced by the investment in planned and cyclical maintenance, which links with the life cycles or replacing our major components such as roofs, kitchens and bathrooms. The financial peaks and troughs of expenditure are known and planned for, with the investment programme based on our most recent stock condition survey.

## **1.7 Stock Profile**

Cloch HA celebrated its 50th year in operation having been originally formed on the 16th January 1968 as a charitable non-profit making organisation to provide suitable and affordable housing for rent to stem the flow of young families leaving the area. Since then Cloch HA has built new homes, invested in tenemental modernisation and regeneration, and acquired properties through stock transfers. Cloch HA has also acquired properties through the Mortgage To Rent scheme (which allows a social landlord to buy an owner occupied home which the owner is finding it difficult to pay their mortgage so that the household can continue to live there as a tenant) and through the purchase (or 'buy back') of properties which had previously been sold under the Right To Buy.

Cloch HA currently owns just fewer than 1400 units in Greenock, Port Glasgow, and Inverkip. With a focus on communities and people, the Association prides itself on achieving high customer standards alongside a range of housing and community services. Cloch HA housing

stock sits within the wider context of Inverclyde which includes: depopulation, an increase in ageing households, increased demand for smaller homes and higher than average levels of long term illness or disability which reduces the number of working age households.

Area	1 apt	2 apt	3 apt	4 apt	5 apt	Total
<b>West</b>	4	29	2			35
<b>Dempster Street (54-68)</b>		1	25	1		27
<b>Wellpark</b>		175	144	19		338
<b>Greenock East</b>	2	105	81	32		220
<b>Larkfield Grove</b>			23			23
<b>Inverkip</b>		2	5	3		10
<b>Whinhill</b>		38	85	37	7	167
<b>Auchmountain</b>			17	5		22
<b>Bridgend/Grosvenor</b>			21			21
<b>Clynder/Cardross</b>			17	8		25
<b>South Maukinhill</b>			34			34
<b>Aberfoyle/Killearn</b>			29	16		45
<b>Gibshill</b>		4	50	41	2	97
<b>Macgillivray Estate</b>		10	44	18	2	74
<b>Maukinhill</b>		10	105	67	8	190
<b>Port Glasgow</b>		2	33	3		38
<b>Total</b>	6	376	715	250	19	1366

## 1.8 Risk Assessment

The Cloch HA Risk Management policy regards risk as a quantifiable level of exposure to the threat of an event or action that will adversely affect the associations' ability to achieve their business objectives. The task of management is to identify and respond effectively to these risks, so as to maximise the likelihood of each association achieving its purpose, and ensuring the best use of resources.

Strategic risks associated with asset management are assessed as part of our Business Planning process and risks are monitored to ensure we have a good understanding of actual and potential risks which could impact on our asset management strategy.

There will, of course, always be unforeseeable and unavoidable events which we cannot predict. These may include financial factors such as higher than expected inflation of costs; health and safety incidents; environmental events; or other economic conditions which have

an impact on the management of our assets. We carry out regular risk assessment and monitoring in order to minimise the impact of such risks.

## 1.9 The Planning Approach

Cloch HA participated in research commissioned by Inverclyde Council to assess the impact of potential new build affordable housing developments in Inverclyde on the existing stock of each of the main RSLs operating in the area. The research provided a good understanding of the localised housing markets so that the Association can ensure that developments are sustainable in the long term; make best use of assets; and provide an appropriate offer for the local communities to thrive.

Cloch HA has built upon this approach to include an assessment of asset management combined with the demand analysis and new build impact assessment. Cloch HA therefore has a modelling tool which takes into account the following demand, new build impact and asset management indicators:

- Property Size demand
- Property Type demand
- Stock to Applicant ratios
- Relets as a percentage of stock
- Applicants per let
- Refusal rates
- Length of Tenancy
- Proximity to new build developments
- Percentage of properties in a block owned by Cloch HA
- Average Day to Day Repairs
- Average Void Repairs
- Heating Type
- EESSH Compliance
- EPC Rating
- Cyclical and Planned Maintenance Costs over 5 years
- Cyclical and Planned Maintenance Costs over 30 years

The results of the modelling have been used by Cloch HA as a risk assessment tool to inform the Asset Management Strategy including the Asset Management Priorities 2020 to 2025. Senior management and frontline staff were consulted on the results of the modelling and workshops sessions with these groups agreed the priorities for 2020 to 2025.

## **2. Asset Management Priorities For 2020 to 2025**

In order to ensure effective asset management of our housing stock we have identified the following priorities for 2020 to 2025:

### **2.1 Day to Day Repairs**

Externally we will carry out repairs to components such as the roof, main entrance door, windows, external walls, gutters, and downpipes. In a close, we will also maintain the close entrance doors, close lighting and the back-court area.

Internally we will maintain the installations/fittings that were provided by the Association. Generally, these are; kitchens, bathrooms, heating systems, pipework, electrical system (wiring, sockets, switches, pendants, smoke alarms and consumer unit), windows and doors. Internal Common Areas. We will maintain common areas, stairwells, lifts, communal TV aerials, windows and other communal areas to ensure they are safe and in a good condition, including paintwork.

Environmental Repairs we will repair and maintain the areas around our properties and communal areas where we have responsibility. These include boundary walls, bin stores, paths, fences, lighting, parking areas, play areas and hard and soft landscaped areas.

Pre-Works Inspections - on some occasions it may be necessary to carry out an inspection to a tenants home to ensure that we are instructing the correct repair, or where the works may not be straightforward.

### **2.2 Planned and Cyclical Maintenance**

As well as providing a reactive repairs service, we also have a cyclical programme which includes the following:

- Gutter Cleaning & Roof Anchor Testing;
- Gas Boiler Safety Inspections;
- Safety Inspection to Electrical Systems;
- External & Communal Painting;
- Communal Grass Cutting and Landscape Maintenance.

Cloch HA will also replace other essential items in our homes home such as kitchens, boilers, bathrooms, windows, doors, roofs when they reach the end of their useful lives. We will always let tenants know when these planned works will affect them and consult with them (for example, to choose a kitchen) before we start the work.



## **2.3 Stock Condition Surveys**

Cloch HA will undertake regular stock condition surveys of its' housing stock to ensure there is a clear understanding of stock condition and investment priorities.

## **2.4 Asset Disposal**

There are a number of blocks (particularly in the Wellpark, Greenock East, Clynder and Bridgend areas) where Cloch HA owns 25% or less of properties within a block. Such low levels of ownership make it very difficult for Cloch HA to reach agreement with the other owners in the block to carry out essential and desirable repairs and maintenance to common areas.

Cloch HA will, therefore, follow a policy of asset disposal where we have been unable to reach agreement with other owners to carry out repairs and maintenance. Asset disposal will be considered where properties become vacant and Cloch HA owns 25% or less of the properties in a block. At present there are a total of nine blocks where this applies.

## **2.5 Mortgage to Rent Disposals**

Cloch HA owns a small number of properties purchased through the Mortgage To Rent Scheme to assist owner occupiers in financial distress and to allow them to become tenants of Cloch HA. Properties bought through the Mortgage To Rent scheme usually sit outside the main stock concentrations, they tend to be of diverse build types compared to the mainstream stock and do not easily conform to the Association's cyclical and planned maintenance programmes due to the diverse nature of the stock. These properties have complicated financial arrangements and potentially outstanding mortgages again outwith the usual funding streams of Cloch HA.

Cloch HA will, therefore, consider disposal of these properties where there are concerns around the asset score and investment required. Any such considerations would be subject to discussion with the Scottish Government regarding any potential payback conditions.

## **2.6 Missing Share Scheme**

A majority of owners in a tenement can make a binding decision to carry out maintenance and repairs. Local authorities can pay a 'missing share' on behalf of owners who are unable or unwilling to comply with the majority decision. The local authority can recover its costs and use a repayment charge, a kind of security against the property.

Scottish Ministers can also regulate to allow registered social landlords a similar discretionary power to pay and recover 'missing shares'. Before Ministers can make regulations, they must consult bodies representing location authorities and registered social landlords, among others.<sup>3</sup>

Cloch HA will use 'missing shares' powers where possible to ensure its' housing stock is maintained and repaired to meet regulatory standards.

## **2.7 Buy Backs**

In tandem with asset disposals Cloch HA will also seek to consolidate ownership within blocks where it owns a majority share. When properties in blocks which Cloch owns 75% or more of all properties become available for purchase on the open market Cloch HA will pursue a 'buy back' policy. Cloch HA may also approach owners in the block on a speculative basis to determine their interest in selling their property. In buy back cases Cloch HA will pay no more than current market value. Any such buybacks will also be subject to consideration of the condition of the property. At present there are a total of twenty blocks where we may consider the 'buy back' approach.

## **2.8 Opportunity Fund**

In order to establish a strategic approach to buy backs Cloch HA will establish an 'opportunity fund' which allows delegated authority to the management team to purchase a defined number of buy backs (within defined price points) during the year.

The opportunity fund will initially have a budget £100,000 and any additional income generated through disposal of assets would be allocated to the fund. In addition any savings against the business plan and budget will be added to the Opportunity Fund. The amount within the fund would be reviewed by the Board on an annual basis.

The senior management team would consider 'opportunities' on a case by case basis, taking into account supply and demand issues, property type, future maintenance and investment requirements. In flatted accommodation the target 'break even' date would be twenty years and twenty five years for properties with front and back doors.

## **2.9 Analysis of Demand Issues**

Cloch HA will analyse reasons for refusals of property allocations to determine which areas are most likely to be refused and the main reasons for the applicant refusing the property. The demand model currently highlights areas with the greatest proportion of refusals and this data will be used to target exploration of the reasons for refusals.

Cloch HA will also increase its analysis of the reasons for tenancy terminations. The Asset Management tool currently highlights those areas with higher than average stock turnover and this data will be used to target exploration of the reasons for tenancy terminations.

## **2.10 Pilot Schemes**

Cloch HA will use the analysis of demand issues to develop appropriate pilot schemes and local initiatives to make best use of housing stock. This may include consideration of property layout restructuring or creation of a client specific letting initiative to combat issues of low demand.

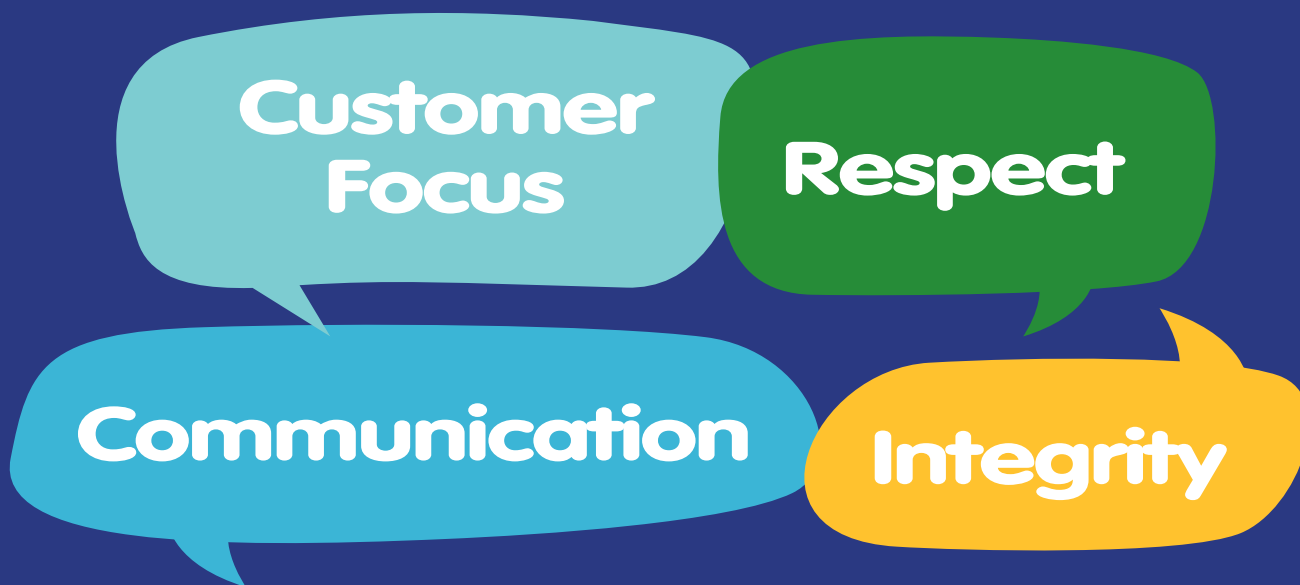
## **2.11 Environmental Improvements**

Cloch HA staff are aware that in some areas demand is affected by environmental issues. Cloch HA will develop environmental improvement proposals and seek wider action funding to deliver these. The Association will also consider schemes which allow delivery of enhanced services in areas where bin stores, drying greens and parking are issues for residents. Such enhanced service delivery would be offered by a charge would apply to cover the enhanced services.

## **2.12 Links to Inverclyde Council**

Cloch HA has successfully worked in partnership with Inverclyde Council over many years. The Association will continue to work in partnership with the Council and will seek to make best use of Council delivered and administered initiatives which will complement the key priorities within this strategy. This will include:

- Working with the Council to ensure owners and private landlords in mixed tenure blocks are aware of and able to access Schemes of Assistance to carry out home improvements
- Compulsory purchase powers which are important in helping to deliver housing, development and regeneration that create high quality places where people want to live, work and invest. Such projects will deliver social, economic and environmental improvement for the public benefit and, used properly, these powers can aid effective and efficient regeneration, the revitalisation of communities, and the promotion of inclusive economic growth.
- Exploration of other initiatives which could deliver projects in lower demand stock. This may include homelessness initiatives or housing for specific needs groups.



CLOCH HOUSING ASSOCIATION LTD	
<b>Policy Name</b>	Asset Management Strategy
<b>Policy Category</b>	GOV
<b>Policy Number</b>	103
<b>Date Adopted</b>	11/11/2019
<b>This Review</b>	N/A
<b>Next Review</b>	November 2022
<b>Equalities Impact Assessment Required</b>	
<b>Link to other policies</b>	
<b>Consultation</b>	
<b>Need for Procedure</b>	