

# MARYHILL HOUSING

## Asset Management Strategy

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# Asset Management Strategy

## 1.0 Introduction and Background

- 1.1 Maryhill Housing (MH) has a vision to inspire “passion in people, for our homes and for our community”. Our homes are by far our most valuable assets, generating most of our income, from rents and service charges, and consuming most of our spending, through management, maintenance and investment. For our customers, the quality of their home will be one of the most important things in their lives and few things will impact on them as much as the way we provide and look after those homes. It is fundamental to the success of our business that we manage our asset base to keep the business healthy and to satisfy the needs and expectations of our customers now and in the future.
- 1.2 Our assets include housing (including shared ownership and shared equity), offices and commercial property, equipment, land and open areas surrounding our homes and the income derived from these, including income from property that we factor on behalf of owners.  

The Asset Profile of the Association from the ARC return for 2015 - 2016 is contained in appendix 1.
- 1.3 The effective and efficient management of our assets is therefore central to meeting both our business objectives and customer expectations - all the more so given the increasingly challenging financial environment that affects our customers and our business. This new Asset Management Strategy sets out a comprehensive approach to meeting that future challenge. It captures the results of a very substantial amount of hard work that has been going on within MH, reviewing all aspects of our approach, drawing on external best practice, improving our information and analysis base, and weaving together the short, medium and long-term aspects of our asset management thinking. It is complementary to, and consistent with, our Corporate Plan and our Business Plan, which have also been going through a process of fundamental review.
- 1.4 The Strategy recognises that there will be difficult decisions to be made along the way. Our diverse range of stock includes some of the most challenging property types to manage and maintain. The neighbourhoods in which we operate include some of the most deprived in Scotland and continue to present a major regeneration challenge. All this creates a complex decision-making context for investment. We will need to be able to explain these complex issues to customers with professionalism and respect as these decisions will affect their homes. A central aim of this strategy is to ensure that we have reliable and clear information to support such discussions and the decisions that follow.

## **2.0 Good Practice and Regulatory Compliance**

- 2.1 This strategy explains how we will obtain and use data and information to understand the planned future investment needs of our stock to maintain the stock to a standard that will meet customer and regulatory requirements. It sets out the guiding principles for making cost effective decisions for the right investment to the right property at the right time in line with regulatory compliance and current good practice.
- 2.2 The Scottish Social Housing Charter (2012) sets the standards and outcomes that all social landlords should aim to achieve when delivering housing and related services. The Association has a duty to comply with the Charter provisions and the Asset Management Strategy will assist by linking specifically to the following outcomes:
- *Social landlords manage their businesses so that tenants' homes are well maintained, with repairs and improvements carried out when required, and that tenants are given reasonable choices about when work is done*
  - *Social landlords manage their businesses so that tenant's homes as a minimum meet the Scottish Quality Housing Standard (SHQS) by April 2015 and continue to meet it thereafter, and when they are allocated are always clean, tidy and in a good state of repair*
  - *Social landlords manage their businesses so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides*
  - *Social landlords, working in partnership with other agencies, help to ensure that tenants and other customers live in well-maintained neighbourhoods where they feel safe*
  - *Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges that they pay*
- 2.3 The development of a strategic approach to asset management is also in line with Scottish Housing Regulator Recommended Good Practice (August 2012) and is a requirement of the Association's Regulation Plan with the Scottish Housing Regulator for 2016 - 17. We have used the Recommended Good Practice's 10-strand framework for our own self-assessment and to set out the later sections of this strategy.

## **3.0 Strategic Context**

- 3.1 The Association's Corporate Plan 2016 – 2020 sets out our vision, values and long term aims. A key priority in the period of the plan will be the successful delivery of our investment plans and priorities for our homes and surrounding environment. We want to create a sense of community and help people to thrive and our aim is to provide the best homes that we can, where people will

want to live or aspire to live, put down roots and help to build a strong and vibrant community.

- 3.2 Our Corporate plan identifies the level of investment that we are planning in the next 5 years and our plans to publish clear information on this to our customers and improve how we communicate and engage with them in the design and delivery of our investment programme. We will continue to meet the Scottish Housing Quality Standard as a minimum and aim to achieve the Energy Efficiency Standard for Social Housing (EESH) for all our homes by the end of 2020.
- 3.3 The quality of the environment is an important issue for our customers and we understand the wider role that community regeneration plays in helping us to achieve our long term aims. The Association has been very successful in attracting significant grant funding and leverage from Community Benefits to deliver environmental projects that improve and enhance the quality of derelict land and open spaces for our customers.
- 3.4 Our Asset Management Strategy therefore links to and complements other plans and strategies that help to support service delivery and drive the business forward. This year we have planned reviews in relation to policy and strategy in several business areas including Risk Management, Procurement, Customer Engagement, Community Regeneration, Financial Inclusion & Anti-Poverty and Value for Money. The Asset Management Strategy will influence other strategic plans and priorities for the business as material changes to our assets and the financial investment required to protect them directly influences the capacity we have as an organisation to deliver existing and new services for our customers.
- 3.5 The aims of the Asset Management Strategy can be summarised as:-
- provide a framework for fully informed decision making, underpinned by good quality customer service, communication and involvement in our plans and delivery
  - manage both current need and future expectation
  - ensure long term viability and sustainability
  - identify risks that will impact on the ability to deliver
  - mitigate financial risks to the business through informed business planning
  - reduce costs and provide value for money through effective and efficient procurement and contract management
  - address the issue of Fuel Poverty and compliance with EESH by 2020
  - address the issue of “cause for concern” stock
  - identify and involve the right people who will have clear responsibilities and accountability
  - complement other plans and strategies
  - involve the prioritisation of resources and the efficient management of budgets and expenditure

#### **4.0 Property Data and Performance Analysis**

- 4.1 A central part of our framework for decision-making centres on the ability of the association to collect and maintain data that is accurate and reliable. It

must also use this information in a way that is analytically robust and meaningful to support all asset management decisions that are made.

Our information base includes:

- A new and comprehensive Stock Condition Survey database covering over 86% of the Association's housing stock
- A robust approach to keeping the stock condition information up-to-date
- A Life Cycle Costing model with cost projections for 30 years
- A detailed annual review of the value and performance of each group and type of stock within our portfolio, using our Insight Analysis tool.
- An accurate assessment of local housing need and demand by area and property type and our Low Demand Strategy
- An assessment of short, medium & long-term investment priorities for all stock and assets of the Association
- Alignment of Cyclical Maintenance, Planned Maintenance and Investment programmes with Asset Management priorities
- A set of clear objectives and priorities for repair, investment, servicing, disposal, development, acquisition consistent with the organisations strategic objectives
- A compliant procurement framework - Sustainable Procurement Policy for the Procurement of Goods and Services approved by the Board in May 2016

4.2 During 2015 we carried out a complete review and restructure of our rent setting framework and carried out an affordability assessment. This has given us confidence that our methodology and rent setting framework is fair and reasonable and easily understood by our customers. We have the assurance that we need to have going forward that our rents are affordable to our customers, comparable to our peers and that our rents derive maximum income possible from our portfolio of stock. By benchmarking we also have a better understanding of how our rents compare with our peer group landlords and other housing providers including the private sector.

4.3 We know that different groups and types within our stock do make very different contributions to our business plan. In order to make sure we fully understand this picture we appointed consultants to assist us in developing a specific Maryhill approach to this. The Insight Analysis approach that we now use helps us to understand the value that individual stock brings to the business and where action needs to be taken to address problematic and poor performing stock. The Insight tool uses our own data to analyse the financial and non-financial performance of different groups and types of stock and present the results in an accessible way involving traffic-lighted Red, Amber and Green status. Future investment needs to demonstrate value for money, that the investment will meet the needs of residents and future customers, and that we are investing in long-term sustainable homes. By using Insight we can identify where stock performs well and where there are issues of performance that require further consideration before making decisions with respect to future planned investment.

4.4 The Association will also explore and make use of Customer Insight intelligence and market information where appropriate as part of the approach to understanding property information and data. Our delivery plan

this year includes research in relation to Customer Insight techniques and how this can be applied to areas of our business.

## **5.0 Review Framework**

- 5.1 The SHR Strategic Asset Management Recommended Practice guide identifies ten strands of good practice in developing an approach to strategic asset management. In developing the Asset Management Strategy, we have taken each of these strands in turn and used them to form the basis of a set of guiding principles on which our asset management strategy is based. The Association has then taken a self - assessment approach to each strand to help us to understand where there is existing good practice that we can continue to build upon, where there are risks or gaps and where current practice needs to improve. Actions that we will take in response, timescales and priorities are described further in the action plans that accompany the strategy document. The remainder of this strategy largely follows those ten strands.
- 5.2 The Asset Management Strategy is supported by Action Plans against which progress can be reviewed and monitored. The Association has developed an organisation wide approach to Asset Management and has reviewed existing policy and strategy in conjunction with an internal working group. The Asset Management Working Group (AMWG) comprises key members of staff from across the organisation with responsibility for driving forward the Asset Management Strategy and review process and for the development of associated action plans. The Asset Management Strategy will be reviewed annually by the AMWG to sense check and update annual plans and priorities with a formal review undertaken every 3 years.
- 5.3 We engaged closely with our customers and other stakeholders in the autumn of last year developing our Corporate Vision and strategy and consultation on our investment plans and priorities was included as part of this review. We will work with our Board, RTO framework and Scrutiny Group to communicate the key themes emerging from the current review and publish a summary version of our strategy and our action plans and priorities following Board and SHR approval. Future asset management strategy reviews will involve our internal working group working more directly with our customers and other stakeholders to ensure that our plans and priorities continue to be aligned with customer demand and expectation, with business and financial projections and that our customers understand the decisions that are taken and the reasons for these decisions.

## **6.0 We have a whole organisation approach**

- 6.1 MH aims to ensure a whole organisation approach to Asset Management based upon quality, robust and well understood data, ensuring there is a strategic fit between our Asset Management Strategy, Business Plan, and Financial Business Planning processes and other strategic plans and priorities. The Association has developed its Asset Management Strategy through the AMWG described in 5.2 above. This group has membership from

each of the service areas across the organisation and has responsibility for driving the various elements of the strategy forward.

- 6.2 This approach paid dividends during the design and development of the Insight Modelling tool. The data information requirements to populate the Insight Tool were required from different sources across the organisation. The group worked in a coordinated way to provide the data required. They understood why the information was required and how this fed into the model. The group were also then involved in the assessment of the results and have collective buy in to the value of using and maintaining this software tool going forward.
- 6.3 We recognise the importance of engaging with customers and other stakeholders in relation to our investment plans and priorities. Communication with stakeholders and with our owner occupiers in particular has been identified as an area of weakness. We therefore need to develop our approach to the communication and involvement of our customers in the planning and delivery of programmes and will prioritise the development of structures and processes that will allow this to happen more effectively. We will develop a framework to ensure that our investment programme is communicated in a way that is easily understood and that we consult with our customers and provide opportunities for our customers to become involved and engaged at each stage of programme development and during delivery.
- 6.4 Our 2016/17 Delivery Plan includes work to improve and develop the quality of information and communication processes with customers in relation to our investment plans and priorities. We have a Service Improvement Plan in place for this area and aim to have annual and 5 year programme information available for all our customers this year so that they are well informed and able to engage with us in relation to investment works that will directly impact on them or on their area.
- 6.5 Our most recent Customer Satisfaction Survey indicated that owner satisfaction with the quality of service had declined. This year we have appointed a consultant to carry out a complete review of our Factoring Service to understand the reasons for this and what we need to do to improve. Initial findings suggest that owners are not satisfied with the quality of information and communication being provided. We will act on the recommendations from the factoring review to ensure that we address weaknesses identified in this area.
- 6.6 Our employees are one of our main assets and investment and employee development is a key priority. Continuous review of people resources is integral to our Asset Management Strategy and vital to ensure its successful delivery. In November last year we carried out a review of the resources required to ensure that we had the right structure and expertise in place to allow us to deliver our objectives.

## **7.0 We understand our customers**

- 7.1 An understanding of our customers and future customers' needs and aspirations is a key to good strategic asset management. We will as a matter of routine gather and maintain base level information on our existing tenants

and ensure that this is kept up to date. We will carry out regular satisfaction surveys and look for ways to use feedback to drive forward business improvement to services and the way that we deliver them and in a way that responds to customer expectations.

7.2 We have a Housing Options approach for all new applicants. Housing Options information provides useful intelligence on our future customers and demand information.

7.3 At a strategic level we will reference and contribute to the Local Housing Strategy (LHS) for market demand and demographic change information. The senior Management Team is currently providing a written response to Glasgow's Draft Housing Strategy 2017 – 2022. The strategy document identifies a growing and ageing population and an ageing housing stock. The document also highlights the impact of Welfare Reform and the challenges this has for both landlords and tenants.

At a city wide level the strategy identifies issues with respect to;

- substantial repair and investment needs of pre 1919 tenements
- communal maintenance of privately owned blocks
- increased levels of mixed tenure within tenemental stock

Key priorities over the period of the plan include; managing and maintaining existing stock, reducing poverty and economic growth, improving energy efficiency, preventing homelessness, delivering regeneration and building new homes and improving access to housing across all tenures. These challenges are all relevant to us and we will work with Glasgow City Council and others to meet them.

7.4 We can use and understand this information at city wide level to further enhance our knowledge and understanding of our customers and stock at a local level. We will work with neighbouring RSL partners to understand our local housing market, current shifts and trends and issues with respect to housing need and demand. We are already working more strategically with our neighbouring RSLs facing similar challenges to our own. We have worked in partnership with NG Homes and Queens Cross Housing Associations to launch a joint Poverty Charter. We are also currently working with Queens Cross HA with respect to future development capacity and resource.

7.5 The provision of a high quality factoring service is a key priority for MH. At the same time owners represent a key risk and major challenge for us in terms of our ability to successfully deliver the planned investment programme.

It is essential to ensure there is clarity with respect to the responsibility for the delivery of the factoring service, that we have good standards of communication with our factored owners and early consultation with respect to investment plans and priorities, that we provide good quality clear and concise factoring invoices and factoring statements and that there is transparency with respect to repairs and procurement processes. The factoring service must be economic to deliver and at the same time provide good value for money for owners. We have commissioned the comprehensive review of the factoring service referred to in 6.5 above to address weaknesses that we have identified with our service provision to help us identify and prioritise the

improvements that we need to make. The recommendations and actions arising from the Factoring Review will be prioritised and implemented.

- 7.6 We encourage owner occupiers to participate in planned maintenance works and will make them aware as early as possible of their financial liability. We will develop our approach to the use of owners floats and sinking funds for major repair works and review our policy with respect to payment plans to ensure that we do not expose ourselves to unacceptable levels of risk or breach of our charitable status. We will work closely with Glasgow City Council (Private Sector) to keep them informed about our investment plans and priorities and seek grant assistance for owners. We will investigate all viable options to remove potential blockages to the works including compulsory purchase, buy-backs and negotiating with the Council to carry out essential works where participation cannot be secured.

## **8.0 Our approach is risk based and proportionate**

- 8.1 We recognise the link between good asset management and effective systems of Audit, Performance and Risk Management. We have carried out a comprehensive review of approach and methodology with respect to the identification and management of risk at a strategic level. A Strategic Risk Register has been developed with our Board and there is a formal and ongoing process of review. The Strategic Risk Register identifies the top risks for the organisation at a strategic level and this is monitored by the Risk and Audit Committee.

Operational level risks are monitored by the Operational Team a multi-disciplinary team of staff with direct responsibility for service delivery from across our service areas. Performance and progress with delivery is monitored by the Policy and Performance Committee.

- 8.2 The Board has been clear in its Corporate Strategy that future investment is about making the right investment based on a full understanding of our stock performance and future viability of certain stock types. We understand the need to reduce uncertainty and risk around the accuracy of costs for future investment and the need to make assumptions in some cases, for example the costs of compliance with ESSH, where these costs are not yet completely understood.
- 8.3 Asset Management has been identified as a strategic risk. Having a sustainable approach to asset management and an approved asset management strategy in place is key to mitigating the impact of this risk and providing the Board with the level of assurance required that this risk is being addressed.
- 8.4 Our Business Plan and 30 year financial projections will regularly model sensitivities to provide assurance that our investment is affordable to the current business plan and what differences increased levels of investment and decreases as a result of savings, e.g. through re procurement exercises can make. This gives confidence that there is flexibility to 'smooth' our investment profile and consider longer term investment options in consultation with

tenants and owners. We plan to look at our long term investment priorities to carry out the smoothing in the Business Plan during 2016/17.

## **9.0 We have good information which we maintain and use appropriately**

9.1 We will ensure that the data which feeds into our Asset Management database is comprehensive, robust and regularly updated. This will include; Stock Condition Survey information, Life Cycle Costings (LCC), SHQS & EESSH Compliance information, Insight Analysis (including performance information on Void Trends, Rent Levels, Demand, Planned, Cyclical and Reactive Maintenance, Adaptations, Antisocial Behaviour and Customer Satisfaction). Current SHQS and EESSH compliance figures are provided at appendices 2 and 3.

The SDM Property Management database will be used to store information relevant to the Asset Management Strategy. Information will be gathered, collated and migrated to SDM where required and validated and tested.

9.2 We have surveyed the condition of over 86% of the housing stock. Ongoing stock condition surveys will continue to ensure there is comprehensive up to date information on stock condition and that current valid surveys are maintained. We will achieve a 90% level of Stock Condition Surveys by the end of 2016 - 2017 and will review our need for updates to our stock condition information requirements on annual basis.

9.3 A key objective during the current year will be to bring “in-house” and use the Insight Analysis Tool. Insight Analysis highlights the value that different types of stock bring to the business plan, using both financial and non-financial measures to give a rounded assessment of performance and value. It uses the following data as part of the performance assessment:

- Property information including address, scheme, type, block and status
- Energy performance
- Rents and service charges by property
- 30-year planned and cyclical maintenance works
- Reactive repair and maintenance costs
- Housing management costs and assessment of staff time spent on area
- Tenancy turnover including voids
- Assessment of popularity of area and demand
- Levels of antisocial behaviour
- Satisfaction levels of home and neighbourhood
- Ranking of area in Scottish Index of Multiple Deprivation (SIMD)

The Insight Analysis will use information mostly produced from SDM and to ensure that the reports generated from Insight are accurate it is essential that the information contained on SDM is kept as up to date as possible.

It is our intention this year to update the Insight Model with current data including our new revised rent and service charge information. The reports generated from the Insight Analysis will form the basis for sound business planning, be a key component for Asset Management planning and provide a basis for demonstrating value for money.

## **10.0 We use joined up planning**

- 10.1 The development and delivery of an efficient and effective Planned Maintenance and Investment Programme is integral to our business planning processes and Asset Management.
- 10.2 At present we have a 30-year Planned Maintenance programme based on stock condition information and this is maintained by external consultants Brown and Wallace (Construction Consultants). We will bring this Life Cycle Costing model “in-house” and take ownership of this as a priority this financial year. The data will be migrated from this system to the SDM Planned Maintenance Module. We will ensure that there is adequate training and support for staff to ensure effectiveness of this exercise.
- 10.3 After migration, validation and testing SDM will be used to produce 30-year plans which will feed into the annual budget setting process and long-term business planning. The 30-year Planned Maintenance Module in SDM will provide the essential data for implementing the BRIXX Business Planning software. The move towards BRIXX and implementation is a project being delivered by Finance and IT staff within the Corporate Services Team. The timescales for the migration of data to SDM are intrinsically linked to the successful implementation of BRIXX. This work will therefore require detailed planning, coordination and resource identification and allocation across the organisation, with a particular focus within the Investment and Finance teams. This work will commence in 2016/ 2017 as detailed in Short Term Priorities in appendix.
- 10.4 We understand the relationship between the need to reduce reactive day to day maintenance costs through efficient and effective planned and cyclical investment programmes. A drive towards reduction in day to day reactive maintenance costs will be a key feature of our Value for Money strategy.
- 10.5 Joint Housing and Investment Team meetings were introduced in April 2016 in line with our whole organisation approach to asset management and to improve communication and planning in relation to planned investment and cyclical works programmes. Each year as part of the annual budget process a draft planned investment programme will be considered by the joint Housing and Investment and wider AMWG to eliminate overlap, potential for conflict in terms of priorities and delivery and to minimise disruption and inconvenience for our customers in terms of the timing and nature of works being planned. This approach to planning programmes will improve communication within the organisation and allow measures to be taken at an early stage with respect to the identification of vulnerable customers and customers requiring additional support which can be used to inform procurement exercises at the earliest opportunity.
- 10.6 A draft Investment plan for 2016 - 2017 was considered and approved by the joint Housing and Investment team prior to finalising our annual budget for this

year. The annual programme of investment for 2016 – 17 is included as appendix 4.

## **11.0 We look after our core stock**

- 11.1 We will ensure that the Reactive Maintenance service is responsive, high quality, value for money and meets the needs and expectations of our customers. Services will be delivered to meet service standards, key performance indicators and that our customer feedback on the quality of our service is used to make improvements.
- 11.2 A comprehensive programme of Cyclical Maintenance and Planned Maintenance is important to ensure that the stock is maintained to a high standard. Our cyclical maintenance programmes include painter work, gutter cleaning, landscape maintenance, gas servicing, lift maintenance, asbestos management, legionella testing, electrical testing, emergency lighting testing and structural inspections. Planned maintenance programmes include the renewal of kitchens, bathrooms, windows, heating systems, roofing and other major works.
- 11.3 We also deliver an annual programme of aids and adaptations to existing stock and bid annually to GCC DRS for Stage 3 Adaptation funding to assist us with the delivery of this programme. The aids and adaptations programme allows our customers to remain in their own homes for as long and as independently as possible. One of the overall trends at a city wide level is an aging population and demands for adaptations are therefore likely to increase. The Association needs to make sure that adapting or remodelling existing property is the best solution for our customer and make the best use of adapted property when it becomes available for letting. It is important in terms of knowing and understanding our stock that we maintain accurate data and update our property data basis when any changes or adaptations have been made to our existing stock. Our Adaptations policy will therefore be reviewed during 2016/17 to ensure that our processes are fit for purpose and that we have a co-ordinated approach to the management of property adaptations.
- 11.4 It is important that we look after the environment surrounding our homes. The quality of the environment can detract from the overall appearance and attractiveness of our stock. Our Regeneration team has an excellent track record of assisting residents within our communities to attract grant funding for environmental projects including community gardens, pop up allotments and for community clean up campaigns and litter picks. During 2016/17 we have increased our Community Fund to £80,000 that can be used by residents to make improvements in their local environment and developed a new approach and framework to deliver Community Benefits for our customers.
- 11.5 There are some areas within our communities where land is not in our control. We will work with partners to influence investment programmes in these areas and where it makes financial sense for us to do so look at ways of bringing these areas within our ownership and our control. In future we aim to look at consolidating land ownership in areas where this is complex and where this presents us with difficulty achieving our own objectives and priorities.

- 11.6 We have reviewed our concierge service and extended the role of our concierge staff to provide a Caretaking Service. We hope to develop and expand this service in the future across our neighbourhoods.
- 11.7 We have a customer Scrutiny Panel. Membership of the panel includes tenants and residents from across our communities. The panel carry out a programme of detailed investigations of our service each year and make recommendations to our Board on changes that should be made to improve delivery. The first report from the panel focused on our repairs service and recommendations were used to inform our current re-procurement exercise for our reactive repairs service.

## **12.0 We comply with relevant standards**

12.1 We will ensure that all of the stock meets the Scottish Housing Quality Standard (SHQS) as a minimum standard and we have systems in place for delivery and monitoring of compliance with this standard. Priority will be given to revisiting all SHQS failures, exemptions and abeyances and we will endeavour to find a solution to resolve these issues to ensure a 100% pass rate for SHQS is achieved in 2016 - 2017. SHQS failures, exemptions and abeyances information is included in appendix 2.

12.2 We will also ensure that all of the stock meets the Energy Efficient Standard for Social Housing (EESH) by 2020 as a minimum standard and we have systems in place for delivery and monitoring of compliance with the standard. The scale of the work has been assessed as part of the ARC return for 2015 - 2016 and is included in appendix 3.

A programme will be put in place to carry out the required work by 2020. By achieving full compliance and by assessing the long term sustainability of different heating options the Association aims to ensure warm, affordable and energy efficient homes and to tackle the fuel poverty being experienced by our customers. We recognise that investment is only one of many ways to help people out of fuel poverty, and will be developing our approach to this further through a new Financial Inclusion and Anti-Poverty strategy. We will investigate alternative funding streams to progress this work from organisations such as Utilities Companies, Local Authority and the Scottish Government.

12.3 Statutory compliance with Health & Safety related legislation is essential. MH has appropriate process and procedures in place to meet our statutory obligations and best practice including; annual gas safety inspections, electrical servicing, the management of asbestos, Legionella and water hygiene, lifts maintenance, emergency lighting and fire safety.

12.4 We will ensure that our Asset Management Strategy is underpinned by an environmentally sustainable approach to all aspects of housing investment, development and maintenance. This approach will seek to reduce the harmful impact that asset management activities can have on our environment and improve the quality, durability, efficiency and green credentials of our asset base. We will carry out a comprehensive review of our strategy and approach to sustainability next year.

### **13.0 We deal with stock that is a cause-for-concern**

- 13.1 The Insight Analysis provides the Association with a full detailed analysis of the Net Present Value (NPV) of our stock, this alongside other information will point to stock that gives cause-for-concern. The Insight Analysis allows us to understand the performance and prospects of groups and types of stock, right down to individual properties if necessary and can be used to inform whether we can continue to invest, need to remodel or ultimately dispose of stock which we consider to be a cause for concern and having a negative effect on the business plan.
- 13.2 We will use a systematic approach for dealing with stock which is identified as a concern. We will use best practice principles of option appraisal and a key priority for us this year is to develop our approach to options appraisal work to ensure it is of a sector-leading standard.
- 13.3 We will develop and put in place an agreed framework for carrying out options appraisals which will be approved by our Board. Options appraisal will be key to our approach in dealing with stock that is a cause for concern and will be a fundamental part of the decision making process. A thorough options appraisal will be an essential prerequisite in dealing with problematic stock or stock that is performing poorly.
- 13.4 It will take some time to develop this framework and to put it in place and we therefore do not envisage formal options appraisals work on specific stock commencing until early 2017 - 2018.
- 13.5 As part of the development of an options appraisal framework we will, as a minimum, ensure that the methodology includes;
- Setting of clear aims and objectives
  - Agreeing a set of criteria against which the different options can be assessed
  - Identifying who needs to be involved
  - Identifying who should be consulted and how feedback will be incorporated into the process
  - Research and evidence based information on performance
  - Identification and consideration of a range of different options/potential solutions and the costs/benefits of each
  - Assessment of the risks and uncertainties
  - Assessment of the likely impact on our business, customers and communities.
  - Allocation of sufficient people and financial resource
  - Agreed timescales and strategy for reporting and communications
  - Agreed approach for evaluation of the appraisal process
- 13.6 Options appraisals will be the responsibility of the AMWG who will explore the full range of issues and potential solutions. Any decision to dispose of an asset or groups of assets will be subject to a full options appraisal to ensure that sufficient information is available to enable an informed decision to be

made. Any decision to dispose of an asset or groups of assets will also be made in full consultation with local communities and with our Board.

#### **14.0 New development with a purpose**

- 14.1 Our Board, customers and other partners are supportive of the idea that MH should continue to build new homes and grow through new build or land and property acquisitions. The Board agreed as part of a strategic review that new development would be modest in scale and purposeful. We will not develop new housing for the sake of it or where it could be at the expense of our existing stock. New development should be strategic in focus and targeted to meet unmet need or to replace stock that is no longer viable. The full impact of any new development on the business plan and financial capacity will be assessed. New development will be subject to grant funding availability and financial viability.
- 14.2 We will explore where there is land that MH can buy for future development and how such development activity can be resourced. We will also look at the feasibility of developing land that is in our ownership and acquired as a result of SST. We made an application to GCC DRS for Hag funding for new development for 2016/2017 and have received a grant planning target of £0.378m to progress proposals for a number of sites.
- 14.3 The recent affordability analysis carried out as part of our rent restructuring review highlighted that there could be a demand in Maryhill for Mid- Market Rented (MMR) property which is a property let on the basis of a rent midway between a social rent and that of the private sector charged in an area. We will therefore explore alternative tenures such as MMR and shared equity and will be open to working in partnership with others to meet unmet demand.
- 14.4 We will continue to bid for funding from the GCC DRS Acquisition programme to buy back owner occupied property in our area. The priority for MH is to consolidate ownership in blocks which have maintenance issues or where there are private landlords or empty properties which are preventing common repairs. We have submitted a bid this current financial year to GCC DRS for £1,090,740 from the above strategy.

#### **15.0 We provide for Value-for-Money**

- 15.1 Providing value for money for our customers is at the heart of everything that we do. During 2016/17 we are developing our Value for Money (VfM) strategy which will firmly embed a VfM culture across our business.
- 15.2 We have recently carried out a comprehensive review of our procurement activities to ensure that that the Association achieves good quality and can demonstrate value for money, and is technically compliant with procurement rules and best practice. In addition we will also address sustainability by encouraging local supplier development and involvement in our procurement and maximise community benefits wherever possible to contribute to the development and regeneration of our communities.

- 15.3 We are reprocurring our reactive and planned contracts this year in line with our new policy. A Framework for planned maintenance will be put in place as part of this procurement exercise. We will also carry out an appraisal of the procurement of cost consultancy and surveying services for the planned programme with a view to carrying out a procurement exercise later this year.
- 15.4 In 2016 we joined the Scottish Procurement Alliance (SPA) to allow us to take advantage of existing contractual frameworks that deliver efficiencies and VfM. In addition we have also expressed an interest in being a named partner on Link HA Framework for contractors and consultants for new build development.
- 15.5 We strive to continually improve how we deliver our services and are benchmarking ourselves with others as part of this process. To complement our work in this area we are members of the Scottish Housing Network (SHN). SHN is a consortium of local authority and housing association landlords working together to drive up performance, meet the demands of Best Value and deliver quality services by means of benchmarking, peer review, good practice exchange and information sharing.

## **16.0 Action Plans, Monitoring and Review**

- 16.1 Action plans for the short, medium and longer term have been developed to cover the three year period of the current strategy. The action plans include measures that will allow us to manage our assets more effectively and we will monitor our progress with delivery against the timescales and targets identified within the plans. All key actions are summarised in appendices 4-6.
- 16.2 We will review and update our Asset Management Strategy every three years or more frequently if there are significant changes to legislation or recommended good practice. The action plans that support the strategy will be reviewed and updated on an annual basis.
- 16.3 The AMWG will drive forward the review process and we will involve our customers and other stakeholders in line with our whole organisation approach to asset management. This approach will make sure that the strategy remains properly aligned to our business plan and other related strategies. We will also use customer feedback, results from scrutiny investigations and latest best practice developments to inform the review process and ensure that our strategy and action plans that support it remain current

## **17.0 Conclusion**

- 17.1 Looking after our assets and making wise investment decisions in our stock is a fundamental business requirement and key to achieving our corporate vision and meeting our financial and business objectives.
- 17.2 We will use the Asset Management Strategy to guide our future investment decisions. The strategy will ensure that current and future assets fully support the business objectives of the organisation by having the right assets, of the

right quality, in the right place, at the right time that are generating appropriate value to the Business Plan.

## APPENDICES

### 1.0 Appendix 1: Asset Profile

As of 31/03/2016, as recorded in the ARC return for 2015 - 2016, the Association has the following range of stock and assets:

ANALYSIS OF STOCK BY TYPE					
House	High Rise	Tenement	4 in a block	Other / Maisonette	Total
406	714	1539	255	132	3046

ANALYSIS OF STOCK BY AGE						
Pre 1919	1919- 1944	1945- 1964	1965- 1982	1983- 2002	Post 2002	Total
702	535	844	400	244	321	3046

In addition the Association owns or has an interest in the undernoted assets:

DESCRIPTION	NUMBER	LOCATION
Sheltered Complexes	2	Oran & Shiskine
Wardens Flats in Sheltered	3	Oran & Shiskine
Offices	3	Gairbraid, Lyndale & Glenavon
Commercial Unit	1	Maryhill Locks
Lock up Garages	78	Various
Factored Properties	717	Various
Areas of land owned by MHA awaiting Development	1	Smeaton Street
Shared Ownership	16	Various

### 2.0 Appendix 2: SHQS Failures, Abeyances and Exemptions

Category	Failure	Exemption	Abeyance	Total
Cavity wall insulation	0	60	0	60
Efficient heating	28	0	2	30
Adequate kitchen sockets	69	0	3	72
Adequate kitchen storage	35	77	44	156
Mechanical ventilation reqd	8	0	0	8
Smoke alarms	4	0	0	0
<b>Total</b>	<b>144</b>	<b>137</b>	<b>49</b>	<b>330</b>

It should be borne in mind that these figures were extracted from the 2015 - 2016 ARC report and some of these works have already been completed.

### 3.0 Appendix 3: EESSH Works

<b>Category</b>	<b>Number</b>
EESSH Failures	650
EPC surveys still to be carried out	202
<b>Total</b>	<b>852</b>

It should be borne in mind that these figures were extracted from the 2015 - 2016 ARC report and some of these works have already been completed.

## **4.0 Investment Programme 2016 - 17**

## **5.0 Appendix 5: Short Term Priorities (2016 - 2017)**

## **6.0 Appendix 6: Medium Term Priorities (2017 - 2018)**

## **7.0 Appendix 7: Long Term Priorities (2018 - 2020)**