



HILLHEAD HOUSING ASSOCIATION 2000

ASSET MANAGEMENT STRATEGY

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The information in this document is available in other languages or on tape/CD, in large print and also in Braille.

For details contact the Association on 0141 578 0200 or e-mail: admin@hillheadhousing.org

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1.0 INTRODUCTION

1.1 Foreword

Successful asset management is fundamental to the delivery of Hillhead Housing Association's Business Plan. Our Business Plan is considered our key strategic document outlining the Association's objectives and vision. There are strong links between the Business Plan and the Asset Management Strategy.

The Association has invested heavily in its stock since inception in relation to both new build and retained stock and will continue to do so to protect and sustain the Association's assets in the future.

The following document describes the framework within which the Association will continue to operate and demonstrate how the stock will be maintained to the highest standard possible, ensuring that the necessary resources and finances are in place to do so.

1.2 Vision & Values

Our Vision

Our vision is of:

“A great community with a strong sense of belonging”

This encapsulates the importance we give to:

- Serving our community.....
- Supporting the community's aspirations
- Fostering a sense of ownership; and
- Pride in the local area.....

Our Values

- Going the extra mile:- a key part of our customer service and one which we know is appreciated hugely
- Thinking positively:- we are a “can do” organisation and where we make mistakes we always learn from them
- Showing appreciation: - we employ 23 members of staff and we encourage appreciation from customers and colleagues alike.
- Empowering others:- we believe in letting our staff get on with the job and maximising their responsibility without being micro managed
- Not forgetting the important things:- as a registered social landlord we must operate within a tight regulatory regime and ensure compliance and our systems of assurance are maintained at all times

- Spending wisely: - we are always mindful that our financial resources come almost entirely from rents our tenants pay. Capital subsidy from the government is taxpayer's money so we also have a commitment to transparency and thrift

1.3 Objectives

The Association observes its objects at all times, as highlighted within its Rules as follows:

- 2.1 to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
- 2.2 any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
3. The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
4. The Association shall not trade for profit.
5. The registered office of the Association is at:

2 Meiklehill Road, Hillhead, Kirkintilloch, G66 2LA

The rules now allow the Association to develop new housing outwith the estate of Hillhead but still within East Dunbartonshire Council's area of operation.

1.4 Purpose of Asset Management Strategy

Hillhead Housing Association, as a Registered Social Landlord has a number of statutory and non-statutory responsibilities to comply with. This includes developing and maintaining a sustainable community for our tenants to live in homes, and in an area, that they are proud of and happy to live in. Investment and maintenance of the Association's assets will be managed carefully and properly and will consider the welfare of the Association's tenants.

At the point of transfer in June 2004, the Association chose to develop a Masterplan for the area. A Masterplan for the whole area was completed in 2005. The Masterplan proposals received outline planning consent in 2006, including the demolition of poor quality, low demand tenement housing and replacement with low rise good quality new build housing. The Masterplan addressed physical, economic and social issues within the area. As such, and from the beginning, the Association has sought a strategic approach to investment within the area in a bid to create and enhance a sustainable community.

1.5 What is Asset Management?

In a housing context, the Scottish Housing Regulator has described Asset Management as “Ensuring that current and future assets (houses, land, garages, shops etc) fully support the organisation’s objectives – working towards having the right assets, of the right quality, in the right place, at the right time generating appropriate value to the business plan and 30-year cashflows.” The Association endorses this guiding principle and this document describes the Association’s approach to asset management and how it achieves this requirement.

2.0 BACKGROUND INFORMATION

2.1 The Association

Hillhead Housing Association 2000 is a community housing association located in the Hillhead area of Kirkintilloch which grew out of a bid for New Housing Partnership funding submitted by East Dunbartonshire Council to the Scottish Executive in December 1998.

Following a successful ballot of tenants in September 2002, the Association acquired properties and vacant land from EDC at the end of June 2004.

The Association is registered under the Industrial and Provident Societies Act 1965 and has charitable status.

The Association was formed as a partnership between the Council, Hillhead Initiative for Tenants and the wider community. This is reflected in the composition of the Management Committee.

The Association currently has a staff team of 23, including a Director, Property Services Team, Housing Management Team and Finance and Corporate Services Team.

The Association has opted to employ an independent firm specialising in financial services i.e. FMD Financial Services Limited. On occasion, further specialist help may be bought in.

2.2 The Area

Hillhead is an estate, which forms part of the wider Kirkintilloch area and falls within East Dunbartonshire Council's area of operation.

The attached Site Plan (Appendix 1) highlights the area where stock is currently owned and managed by the Association.

Hillhead lies to the north east of Kirkintilloch and was formerly noted for its iron and coal production. Today the area is an established community containing approximately 1500 homes. Approximately 1/3 of these homes are owner occupied, primarily following tenants exercising their Right to Buy. The vast majority of the remainder of the stock is owned by the Association.

The estate has some local shopping facilities albeit limited, schools and a recently completed community centre which was developed and is owned by the local authority. The nearest supermarkets are within the town centre of Kirkintilloch approximately 2 miles away.

The area offers reasonable public transport and whilst is within walking distance of the town centre of Kirkintilloch, for those without cars, access to the town can be limited.

In the fairly recent past, a few private housing developments have been developed within the area. The cost of this housing is however, outwith the means of the majority of Hillhead tenants. The tenants therefore count largely on the provision of high quality, affordable homes from the Association. The Association has recently however delivered 8 shared equity units within the Braes O Yetts scheme which was developed by Barratt Homes. This has allowed individuals the opportunity to purchase their own homes that perhaps they could not afford outright.

Hillhead suffers from multiple deprivations. The major contributors to deprivation in the Hillhead area are: income; employment; health; crime; education, skills and training and to a far lesser degree now, housing. The Association has participated and continues to participate in a variety of wider role activities to help tackle these issues, including the employment of a Welfare Rights Officer, and an Income Maximisation Assistant. We purchase a Tenancy Sustainment service from the Simon Community. The projects to date have either been delivered directly by the Association or in partnership with other organisations such as Antonine Housing Association (now Caledonia HA), The Wise Group, Impact Arts, East Dunbartonshire Council, East Dunbartonshire Community Health and Care Partnership, *Streetlinks*, Solas Scotland, the Mungo Foundation/Simon Community (tenancy support) and Strathkelvin Credit Union (now disbanded). In addition to these formal projects, the Association has also worked to regenerate the area through the ongoing development of informal relationships with key partners such as the police, local schools etc. As a result of the new house building activities, apprenticeships have been created and work experience weeks organized via Main Contractors. There has been considerable investment to date in terms of Wider Role projects, including capital and revenue funded projects and it is hoped with the aid of funding partners, more projects will follow. Via funding from Big Lottery, the Association developed a community garden and orchard during 15/16, including the employment of a fixed term Community Growing Co-ordinator to run workshops to teach local people, including local groups, how to successfully grow their own fruit and veg.

A report with updates to the Scottish Government SIMD data for our community was presented to the Committee in March 2020.

The Association's Wider Role Strategy is currently under review and a Place Making workshop was held with front line staff in November 2022. The Wider Role Strategy is underpinned by the Scottish Government's "Regeneration Strategy: Achieving a Sustainable Future" with a strong emphasis on community-led regeneration.

2.3 Stock Transfer

The Association acquired 863 units and 58 lock-up garages from East Dunbartonshire Council. The housing on the estate at that time had been built at various times ranging from 1925 to 1976, with the majority built during the 1950s and 1960s. The house type breakdown, at the time of transfer, was as follows:

- 360 2-storey semi-detached and terraced houses. These properties are generally highly desirable but required significant investment.
- 503 flatted properties, including approximately 300 “four-in-a-block” cottage flats, again in need of significant investment. 186 of the flatted properties were unpopular tenement flats and have all been demolished and replaced with high quality, new building housing.

2.4 Tenant Involvement and Empowerment

The Association has a strong customer focus and is pro-active in engaging with its tenants. The Association adheres to its Customer Care Policy and observes the general principles as highlighted within the Policy. The Association has a Customer Care Working Group that meets regularly to discuss relevant issues, including rents, repairs, allocations, wider role activities etc. The purpose of the group is to engage with the tenants as much as possible and try and respond to their needs and wishes. This group also gives the Association the opportunity to discuss the rationale behind decisions, including on the planned renewals programme and why we do things at certain times.

The Association has recently conducted a further Tenants’ Satisfaction Survey in 2021. Due to the pandemic the survey took place on line or by telephone. Some of the key headlines include:

- Satisfaction with the overall service provided by Hillhead: 88.3% - Social Housing Average since 2010 – 83.2%
- How good are we at keeping you informed? : 90.5% - SHA 85.6%
- Satisfaction with the opportunities for participation in our decision-making processes : 83.2% - SHA 77.9%
- Satisfaction with the Repairs Service: 87.7% - SHA 89.1%
- How satisfied are you with the quality of your home?: 86.4% - SHA 80.4%
- How satisfied are you with the way the Association manages the neighbourhood? : 82.2% - SHA 78.7%

3.0 ASSET PROFILE

3.1 Current Stock Holding

The Association currently owns and manages 830 properties and 30 lock-up garages. The majority of the Association's stock is mainstream housing; however, particular needs housing has been developed as part of the new build programme to meet the needs of existing tenants and those wishing to reside in the area. A number of single storey bungalows were developed within a new build phase of development within our "Homezone" and were designed to suit the needs of "older/amenity" users.

The following table highlights the current breakdown of stock:

Category	No. of Properties
Mainstream – Retained stock	617 including 9 Mortgage to Rent properties & 6 properties purchased through the ROTS scheme
Mainstream – New Build	209 including housing for "older/amenity users"
Wheelchair – New Build	4 (fully compliant)

Over and above the wheelchair units and bungalows for "older/amenity" users, the Association has a further 225 properties with medical adaptations either funded as Stage 2 (part of the new build) or Stage 3 Adaptation works.

The table below divides each category in to apartment sizes and also shows where Stage 2 and 3 adaptations have been carried out:

Category	2 Apt	3 Apt	4 Apt	5 +Apt	Total
Mainstream Retained	95	278	221	23	617
Mainstream New Build	58	104	38	9	209
Wheelchair New Build		2	2		4
Stage 3s	50	89	79	7	225

The table below highlights the split by age of each property type:

All types House High rise Tenement 4 in a Block Other flat/

	All Types	House	Bungalows	Tenement	4-in-a-block	Main entrance cottage flats
1919-1944	249	12	0	18	219	0
1945-1964	303	239	11	52	0	1
1965-1982	65	16	16	33	0	0
New build	213	114	11	0	0	88
Total	830	381	38	103	219	89

3.2 Garages

At the point of transfer, the Association acquired 58 lock-up garages. A number of these garages were in poor condition and the cost of upgrading the garages versus the rental income meant that this would not be cost efficient to the Association. Over and above this, there was insufficient demand for this level of garage accommodation. As such, a number of the lock-ups, especially those that were in a very poor state of disrepair have been demolished as part of the development programme. This has left the Association with 30 lock-ups of which only 9 are allocated. A review of the condition of the remaining lock ups will take place to allow us to consider best action, i.e repair works or demolition.

3.3 Lettings Plan/Waiting List

As at 9 February 2022 there were 649 applications on Hillhead Housing Associations waiting list as shown within the table opposite.

We also have a commitment to assist in alleviating homelessness. Around 45% of our lets go to EDC for either Section 5 referrals or nominations.

Property size	Hillhead Tenant	Other applicants	Total
2 apt	24	261	285
3 apt	46	142	188
4 apt	33	97	130
5 apt +	10	36	46
Total	113	536	649

4.0 ACHIEVEMENTS TO DATE

4.1 New Build

As highlighted earlier, the Association chose to develop a Masterplan for the area following the stock transfer. This Masterplan identified the stock to be demolished and the new build housing programme.

To date, 6 new build developments are complete. Each incorporate the following number of units:

- Phase 1 45 units
- Phase 2 26 units, including demolition of 36 existing properties
- Phase 3 71 units, including demolition of 150 existing properties
- Phase 4 34 units
- Phase 5 15 units
- Braes O Yetts 22 units

Eight shared equity units were also developed at Braes O Yetts allowing local people the option to access alternative housing tenure. These units are not included in HHA stock profile.

To date, the Association has invested £26.77m in relation to new build works.

The house type and size developed has been a reflection of housing need and demand and has been determined by the Association's Housing Management Section.

All projects mentioned have received grant from Scottish Government and private finance from the RBS.

All new build developed is to an exceptionally high standard, offering energy efficient homes that will prove easy and cost effective for the tenants to heat. This includes double glazed windows, condensing boilers and high levels of insulation. The specification used throughout the new build projects takes full cognizance of the Association's Sustainability Policy. The majority of new build stock meets current "Secure By Design" criteria and is certificated by Police Scotland.

The Association has standardized its specification as far as possible in terms of kitchens, bathrooms, windows, doors, ironmongery etc.

The specification utilized in the new build is also mirrored in the retained stock. This enables the Association to provide the tenants with a quicker, more efficient service when replacement parts are necessary. This approach also enables the Association to establish good working relationships with those on its supply chain and maximize value-for-money as a result of bulk purchasing.

It should be noted however, that the Association does not purchase directly from suppliers. Purchases are via the appointed contractors on a project-by-project basis.

Upon completion of the works, both new build and planned renewals, product guarantees are received in relation to gas boilers, windows render/insulation and roofs.

Following the Rule change in 2014, the Association, in partnership with Barratt Homes developed 30 new homes, which included 22 for rent and 8 which were sold on shared equity basis. The Association continues to explore developments outwith the Hillhead estate. This includes: a joint venture with a house builder to provide up to 61 new homes at Fauldhead Road, Kirkintilloch, on the fringes of Hillhead.

4.2 Retained stock

The Association's most up-to-date stock condition survey was carried out in February 2022. The survey was carried out by an independent consultant, Grant Murray Architects. A copy of their survey findings is appended (Appendix 2).

The findings of the stock condition survey were reviewed enabling the Life Cycle Costing Programme to be updated. The LCC is then used to feed in to the Association's 30 year Business Plan and is updated yearly to reflect progress and spend.

Upon completion of the stock condition survey carried out in 2009, the Association prepared a "Refurbishment Programme." This programme is in relation to retained stock in need of substantial investment and is split in to 11 phases of work. This document is updated yearly to reflect progress. In summary, the following has now been achieved:

- Phase 1 21 units (complete)
- Phase 2 58 units (complete)
- Phase 3 & 4 265 units (complete)
- Phase 5 (pilot) 10 units (complete)
- Phase 6 97 units (complete)
- Phase 7 103 units (complete)

- Phase 8 97 units (complete)
- Phase 9 141 units (complete)
- Phase 10 102 units (complete)
- Friars Croft 16 units (complete)
- Phase 11 66 units (complete)

Phase 11 was the final phase of works in terms of planned renewal works for the Association, based on the existing stock base. Phases 1 to 4 only included internal works; however, the decision was taken from Phase 5 onwards to coordinate both the internal and external works at the same time to: 1) help achieve economies of scale and 2) to disrupt tenants only once.

As some of these phases include working adjacent to owner occupiers and sometimes within the same block, the Association has acted as agent to a number of owners. The Association was keen for as many owners to participate as possible to further enhance the estate. This has included entering into Minutes of Agreement with the owners at inception, coordinating the works on their behalf and providing East Dunbartonshire Council with financial information to enable grant assistance to be considered. In total, 60 owners benefitted from the works coordinated by the Association. With regard to the Friars Croft project, this tenement block of a non-traditional construction was a “hard to heat” building type and as a result, an EWI (external wall insulation) project took place. The tenements included 36 flats in total; 20 of which were in private ownership. With the assistance of HEEPS and ECO funding, the project was completed during 15/16.

Upon completion of the final phase of planned renewal works, the Association had invested £17m in the retained stock.

The 2022 stock condition survey which was completed in summer 2022 now forms the basis to reprofile our next phase of refurbishment programmes, with components such as kitchens, bathrooms and boilers soon coming to the end of their respective life cycles.

4.3 Environmental Improvement Works

Following completion of the Planned Maintenance Works, the Association consulted with tenants with a view to carry out an Environmental Improvement Contract.

It was recognised that particular focus was required to enhance the fencing throughout the estate and this was high on the wish list of tenants.

Following a procurement exercise P1 Solution commenced works on site in August 2019 renewing fencing and carrying out repairs to footpaths and drying areas.

This project completed in the Autumn of 2022 with a total investment of £1.5m

5.0 STANDARD OF STOCK

5.1 Scottish Housing Quality Standard SHQS

In terms of the 5 broad criteria listed below, the situation is as follows:

- A – Must be Compliant with The Current Tolerable Standard
- B – Must be free from serious disrepair
- C – Must be energy efficient
- D – Must have modern facilities and services
- E – Must be healthy, safe and secure

Previously 99.64% of stock met all SHQS criteria. However the SHQS criteria has now been modernised meaning a few additional properties will now be classed as “in abeyance”.

Element 35 (amended) states – “Homes should meet the EESSH milestone by 31 March 2020.” The previous SHQS elements relating to energy efficiency is superseded by the Energy Efficiency Standards for Social Housing (EESSH).

Four properties are now “in abeyance” per Element 35. As these tenants have refused access to allow the installation of new central heating. Should these tenants allow access, or vacate the properties, then the properties will be brought up to standards.

Safe Electrical Systems now also form part of the Tolerable Standards within SHQS (Element 45). In order to demonstrate compliance with this element an electrical safety inspection must be completed. It is therefore likely that access issues will be experienced, meaning a further number of properties will be classed as in abeyance or SHQS failures. At the moment information provided by Scottish Government/Scottish Housing Regulator is unclear how we record no accesses where the EICR certificate is not up to date.

5.2 Statutory Compliance

As well as compliance with the SHQS and working towards the EESSH/EESSH2, the Association keeps abreast of current and new legislation. Full cognisance is taken of the following:

- Building Standards
- Health and Safety Regulations
- Working at Height Regulations
- Gas Safety Regulations
- Asbestos Management

- Legionella/Water Systems Management
- Procurement, including EU Regulations

5.3 Energy Efficiency/ESSH(2)

As highlighted elsewhere, all of the Association’s new build stock complies fully with Housing for Varying Needs and the properties are very energy efficient. Following planned renewal works, the retained stock too is proving to be energy efficient with the majority meeting the first ESSH milestones.

The ESSH milestones are summarised as follows:

The ESSH milestones

The ESSH was introduced in March 2014 and set a first milestone for social landlords to meet for social rented homes by 31 December 2020. A second milestone (ESSH2) was confirmed in June 2019, for social rented houses to meet by December 2032. The ESSH2 milestone is that:

All social housing meets, or can be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent.

In addition, no social housing below EPC Band D should be re-let from December 2025, subject to temporary specified exemptions.

A review of the ESSH 2 milestones is due to take place in 2023, to strengthen and realign the standards with the target for net zero heat in houses from 2040.

At the time of writing the report the Energy Efficiency ratings within the stock was as follows:

	Number of Units
Band B	152
Band C	668
Below Band C or unknown	10*

*where energy efficiency ratings are unknown or below band C, this is due to the central heating system installed at the dwelling

At the time of writing the policy, the Association have appointed a -a specialist consultancy called Changeworks, to review our data and carry out ESSH 2 analysis. This should help us to plan and develop a strategy to deliver upgrades and understand the current levels of energy efficiency of housing stock and what is required to work towards the challenging ESSH2 target. It is expected to report in May 2022.

6.0 STOCK INVESTMENT

6.1 Cyclical Programme

To ensure that the Association's stock is maintained to a high standard and that all current legislation is met, the Association operates an annual cyclical programme. The Association also takes account of best practice and adheres to the following programme:

Component	Programme
• Gas servicing	Yearly
• Landscape maintenance	Ongoing yearly
• Painter work (common/external)	5/10-yearly
• Painterwork (timber)	5/10-yearly
• Electrical checks	5-yearly
• Smoke/Heat alarm checks	Yearly
• CO detector checks	Yearly

The Association has already invested heavily in the stock and by ensuring adequate cyclical maintenance; the lifespan of the stock and the components will be maximized as far as possible.

The Association also comply with the new regulations relating to Smoke, Heat & Carbon Monoxide detectors. All our dwellings have interlinked smoke and heat detectors, as well as carbon monoxide detectors.

The Association spent £1.28m on cyclical maintenance works in the first 10 years following the stock transfer to 2014/15. In more recent years the annual spend is as follows:

Year	Total	Amount per unit (830)
• 15/16	£178,268	£215
• 16/17	£175,554	£212
• 17/18	£185,670	£223
• 18/19	£208,845	£252
• 19/20	£206,603	£249
• 20/21	£219,666	£265
• 201/22	£196,405	£237

As demonstrated above, the Association regularly spends money on the maintenance of the stock to ensure we maximize the lifespans of the components whilst spending the money wisely.

Stock condition surveys are carried out no less than every 5 years and based on the results of the survey a programme is established to enable further works, such as cyclical painter work to be implemented. The Life Cycle Costings are updated annually, which in turn inform the Business Plan. The Business Plan currently assumes an average of £286 per unit p.a. being spent over the next 5 years.

Following a procurement exercise in 2021, the Association appointed a gas services contractor in relation to servicing and repairs. The gas contractor is monitored regularly with bi-monthly progress meetings taking place that are chaired and minuted by the Association. At the inception of the contract, KPIs were agreed with the contractor and these are monitored on an ongoing basis and reported to the Management Committee quarterly. The contractor has been performing well based on the agreed KPIs throughout the contract to date, however restrictions relating to the Covid 19 pandemic have had a detrimental effect, particularly in relation to access for Gas Servicing. The contract was advertised via Public Contracts Scotland and the advert and contract notice highlighted that the initial contract was for a 36-month period with the option to extend this up to a further 4 years.

6.2 Estate Management

In a bid to safeguard investment and enhance the estate as much as possible, estate management is high on the Association's list of priorities. The Association carries out regular grass cutting during the growing season. This includes all common areas and private garden spaces within the new build developments (excluding Braes O Yetts). These works are monitored constantly and again, bi-monthly progress meetings are held with the contractor. Since the decision was taken in 2013 to reinstate the Estate Caretaker role, the Estates Team (part of the Property Services Team) has evolved considerably. The Estate Caretaker role was renamed following the 2019 staffing/structure review to Senior Estate Officer and the Assistant Estate Caretaker, a post created in 2015 was renamed Estate Officer. Both post holders carry out works including valeting void properties, carrying out small/medium repairs, ensuring the estate is in a presentable condition by removing litter and dumped items etc. The Estate staff also installed all new smoke and heat detector systems, which proved very efficient for the Association, both in terms of services provided to the tenant and economies of scale.

A procurement exercise is currently underway in relation to this contract and the new contract will include a service being provided by the Contractor during the growing season i.e. April to October inclusive.

Over and above this, a new post of Estate Co-ordinator has recently been created, with the post holder taking up their duties soon (March 2022). This post will include regular inspections of common areas, common closes, private gardens, play parks, public footpaths etc. The post holder will be responsible for identifying and actioning concerns, liaising with tenants to help ensure the upkeep of the Estate is maintained to a high standard.

Our approach to estate management underpins our commitment to maintaining Tenant Safety and compliance with relevant regulatory and health and safety standards in this area.

6.3 Play Areas

As part of Phases 3 and 4 new build projects, the Association included new play parks for the use of the residents. The location of these play areas within the estate was following discussions with the Planning Authority. Regular litter picks take place and are carried out by the Estate Officer. ROSPA checks are also carried out fortnightly by members of the Estates Team, this helps ensure the parks are maintained to a high standard.

6.4 Reactive Works

With regard to reactive maintenance, the Association most recent procurement exercise to appoint a contract for this service was completed in March 2020. The contract is for an initial 2 year period with the option of extending this contract for a further 3 years assuming a high quality service from the Contractor. The Contractor is a multi-trades contractor offering an out-of-office emergency service. The service has been of a very high standard in terms of workmanship, response times and value for money. The Association monitors this on an ongoing basis to ensure that the service to tenants remains high and to the desired standard.

The Association adheres to its pre and post inspection procedures in this respect, which ensure that no less than 15% of all works are post inspected.

Since the inception of the Association through to 2014/15 £3.8m, have been spent on reactive maintenance. In more recent years the following sums have been spent:

Year	Total	Amount per unit (830)
• 15/16	£316,436	£381
• 16/17	£329,726	£397
• 17/18	£303,449	£366
• 18/19	£346,452	£417
• 19/20	£346,839	£418

- 20/21 £308,863 £372
- 21/22 £391,333 £471

Costs per the business plan assume £515 per unit in future years and a 0.5% increase above inflation annually.

Due to the scale of the planned maintenance works and investment to date, the reactive spend has remained fairly consistent over recent years.

6.5 Stage 2 and 3 Adaptations

As part of the new build programme, the Association incorporates stage 2 works as far as possible and as long as the need for the adaptations are received at the appropriate time in the development process. To date, this has included the development of 4 wheelchair bungalows with all necessary adaptations, including both to the inside and outside of the properties. As part of the first phase of development, a Homezone was created including 9 bungalows. Whilst the bungalows are not designed for wheelchair users, the whole concept of the Homezone was to create a safe area for older and amenity users where pedestrians take precedence over cars.

All new build properties are designed to comply fully with Housing for Varying Needs.

With regard to existing stock, the Association coordinates as many social work referrals (Stage 3 Adaptations) as possible, taking account of funding availability. From 2004 -2015 £337,000 has been spent on Stage 3 adaptation referrals.

The table below confirms the number of referrals carried out in more recent years and how much has been spent. It should be noted that in some instances, more than one adaptation has been carried out to particular properties.

Year	Total	No. of Referrals
• 15/16	£41,000	25
• 16/17	£40,492	38
• 17/18	£45,985	23
• 18/19	£43,188	26
• 19/20	£31,229	16
• 20/21	£47,727	19
• 21/22	£ 46,629	

The Association responded to The Scottish Government's consultation document regarding the future funding of aids and adaptations back in 2010. The Association does not set aside funds for adaptations within its 30 year financial projections and instead carries out the works via Scottish Government grant funding.

6.6 New Build and Planned Renewals Expenditure

As highlighted within section 4, the Association has already invested £26.77m in terms of new build development to date and invested a total of £17m relating to retained stock following completion of the Phase 11 project.

6.7 Environmental Improvement Works

As noted at 4.3, the Association have recently completed our Environmental Improvement contract. Works predominantly consisted of replacing/upgrading fencing in the retained stock, as well as carrying out repairs to paths and drying areas.

Following consultation with tenants, improvements to the fencing within the Estate was identified as a high priority item.

Overall investment in these works was £1.5m.

7.0 FINANCIAL STANDING

7.1 Audited Accounts

The last set of audited accounts dated 31 March 2022 highlight net assets of £2,197,942. All 11 major repair investment contracts have now been completed at a total cost of around £17m. With a further £1.5m pounds recently invested in the Environmental Improvement Contract.

The 30-year projections take full account of all known areas of expenditure (excluding potential new build development at Fauldhead Road North & South). The results of the most recent stock condition survey and capital investment programme have been considered and highlights that the Association is viable, under reasonable assumptions, over the short, medium and longer term. RBS have provided a £17M facility to support the business plan (drawn down circa £13.8m).

During the year the unprecedented levels of inflation and general cost of living crisis has prompted the Association to carry out further financial sensitivities given the current economic environment. The Scottish Government's intervention in rent setting and prospect of further rent controls being in place after April 2023 has resulted in less than inflation rent increase having to be considered.

With CPI running at 10.1% (October 2022) a rent increase in 2023 of 5% would mean the Association having to reduce its planned maintenance investment by 50% for the next 4 years. A rent increase of 7% could be managed by some careful deferment of renewal of certain components. A decision on rents for 2023 will be taken in February 2023.

The 30-year projections will be reviewed again once further information is known regarding the potential new build.

The Association regularly reviews its stock valuation information, the most recent valuation being produced in May 2022. At the time the asset cover held by RBS was calculated at £25.892m compared to the loan balance of £13.8m. This suggests RBS has significantly more security than required, or there could be scope for more borrowing. The next valuation is due to be completed in May 2025.

8.0 PROCUREMENT STRATEGY

8.1 New Build and Planned Renewals

In terms of major projects, including new build projects and improvement projects, the Association complies fully with its Procurement Policy which is updated at least every 2 years to comply with Scottish Procurement Regulations. The Association also adheres to its Financial Procedures Policy.

Where appropriate we engage services of procurement consultants and advisors to assist in the procurement of new build and high value planned renewal projects.

8.2 Reactive and Cyclical Contracts

All contracts, including the reactive repairs contract and cyclical contracts comply at all times with the above policies in a bid to ensure “best value” is achieved and that innovative procurement strategies are adopted to achieve efficiencies and economies of scale.

8.3 EU Regulations

Since the UK exit from the European Union, EU procurement legislation no longer applies. A number of changes to Scottish procurement legislation have been made to amend any deficiencies as a result of leaving the EU.

Should it be necessary, then the Association will seek specialist advice in relation to procurement.

8.4 Audit

The Association has an internal audit programme that includes periodic audits of procurement. The last procurement audit was carried out in November 2022 with a “Full Assurance” being granted.

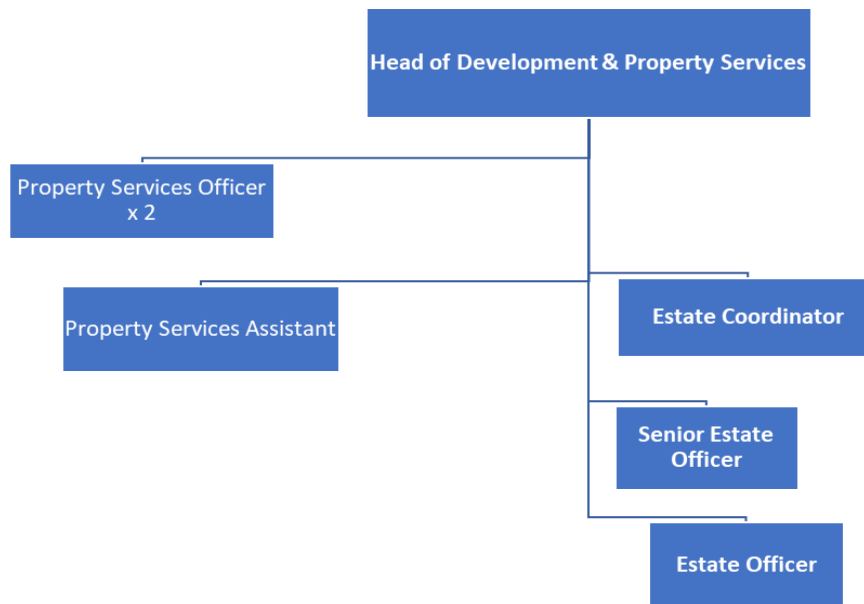
9.0 MANAGING INVESTMENT

9.1 Resourcing

The Association recognizes that its assets can only be properly managed and maintained, and safe-guarded in the future, with staff committed to the need for an asset management strategy, including understanding the philosophy and process that they need to work within. It is vital therefore; that the Association ensures that it has in place, an efficient team who can deliver the aims and objectives of the Association. This includes ensuring that resourcing is adequate and that staff are appropriately qualified.

The staff directly responsible for ensuring that the stock is maintained to the highest standards in the long term, need to be able to deliver a programme of works that produces high standards of housing, whilst meeting contract deadlines and budgets that are reflective of the 30-year projections.

The Property Services team includes a team of 7 people. The staffing structure is as follows:



Should specialist services/support be required in relation to development, procurement, design or cost control we will engage with suitably qualified professionals who are capable of delivering a high quality value for money service

10.0 RISK MANAGEMENT

10.1 Risk Management Strategy

The Association's Risk Management Strategy is updated regularly to ensure that any potential risks are identified and managed effectively, with the Risk Register being reviewed on a quarterly basis.

The current Risk Register was updated in February 2022 and identifies a number of potential risks taking account of the Association's activities. An extract of the Risk Matrix is attached (appendix 3). In summary, the main associated risks relating to Asset Management are as follows:

- Building New Homes (Tender Prices/Grant Subsidy, Inflation)
- Maintenance of Stock
- Health and Safety/ Gas Servicing/EICR/Fire Prevention
- Environmental issues/Climate Change/Net Zero Targets

Whilst government funding remains important for the Association to deliver new build developments, the RBS private finance agreement means the Association has access to funding in the short to medium term.

11.0 REVIEW OF ASSET MANAGEMENT STRATEGY

11.1 Review Period

The Association will review this document every 3 years or more frequently if required to take account of any significant factors such as changes in legislation or market forces.