



## ASSET MANAGEMENT STRATEGY

2019-2024

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<b>Record of Updates/Changes</b>			
<b>Current Version</b>	<b>Date Approved</b>	<b>Approved By</b>	<b>Changes</b>

# 1. INTRODUCTION

## 1.1 What is Asset Management?

Asset Management is the process by which we ensure that the assets that we need to operate our business are managed effectively and provide value for money. It covers a range of activities that are undertaken to improve and protect these assets.

Our assets consist of:

- **Housing Stock** we own (or part own) to support our core business i.e. provision of quality, affordable accommodation for people in housing need. This includes assets related to the housing stock such as solar PV panels or aspects of the built environment such as bike stores.
- **Land** in our ownership that is “banked” for future development.
- **Office Accommodation** that we own in addition to our housing stock.
- **Appropriately skilled staff** i.e. the people resource that ensures our physical assets are properly managed and that we offer the services our customers need.
- **Voluntary Management Committee members** who bring a range of skills to enable the strategic approach to meet our aims.
- **Tenants**, through effective participation have an important role in assisting the organisation to look after our property assets and neighbourhoods.
- **Financial Strength** underpins the ability of the organisation to deliver our objectives.
- **Other assets** that include IT systems, fixed and mobile equipment, information resources.

This Asset Management Strategy document focusses exclusively on the management of our property assets, with the other assets listed above being covered elsewhere in relevant policy and strategy documents.

Castlehill Housing Association recognises that our ability to deliver good services depends on making the most of the homes we have, as important contributors to the quality of life of those living in them, and also as the physical assets on which the Association itself is built.

## 1.2 Purpose and strategic links

One of the core strategic objectives of the Association is “To provide high quality affordable housing and an efficient, responsive and personal housing management and maintenance service” and effective asset management is a key part of delivering on this goal.

The asset management strategy cannot be considered in isolation but forms a vital component in delivering our overall objective.

Key linked documents include:

- Strategic Business Plan
- Financial Forecasts and Life Cycle Costing Data
- Development Policy
- Planned and Cyclical Maintenance Policy
- Reactive Maintenance Policy
- Renewables Strategy
- Estate Management Policy
- Voids and Lettings Standards.
- Adaptations (Stage 3)
- Equality and Diversity Policy
- Property Sales Policy
- Rent Policy (and pointing).

The purpose of our asset management strategy is to set out the framework for our approach to managing our property assets in order that we achieve our aims and objectives both in the short and long term. It concentrates on the things that matter most to Castlehill and that allow us to make the best possible use of the assets we have. This document outlines our strategic approach for the period from 2019-24.

### 1.3 Key stakeholders

We recognise that there are a number of key stakeholders with an interest in how we manage our property assets:

- Tenants, sharing and factored owners, communities' local to our housing.
- Management Committee, Association members and staff.
- Funders and lenders
- Scottish Government
- Regulatory bodies such as the Scottish Housing Regulator (SHR) and OSCR
- Local Authority partners and local RSLs
- Households looking to become our future tenants

We will use a range of communication methods to inform stakeholders of our approach and plans:

- Information in the published Annual Return on Charter (ARC)
- Tenants Panel /CaRTO
- Newsletters
- Website updates
- AGM
- Staff and Committee briefings and training
- On-going engagement with our funders and lenders
- Regular liaison meetings with local RSL and Local Authority partners
- Reporting to the SHR in line with any Regulation Plan requirements.

## 1.4 Organisational Commitment

We recognise that good asset management requires understanding and ownership right across the Association. Castlehill has over many years given a high priority to maintaining a high-quality housing stock and to ensuring it meets changing standards and tenant expectations. We recognise that maintaining and ensuring best use of our housing stock and other built assets is increasingly important as our stock gets older. In this context, this formal asset management strategy builds on existing policies and practice.

Through this strategy we are committed to achieving:

- **Quality** – that we strive to meet improving standards making best use of technology
- **Purpose** – that our stock is available to let and meets appropriate needs
- **Sustainability** – that our houses are kept to a quality that sustains long term demand
- **Viability** – that our financial planning and income streams ensure that we can afford to manage and maintain our stock long term
- **Engagement** – that we actively involve our key stakeholders in shaping service delivery
- **Compliance** – that our stock meets required standards relevant to Health & Safety legislation and current quality standards (SHQS/ EESSH)
- **Expectations** – of our customers and regulators by ensuring we meet the relevant requirements of the Scottish Social Housing Charter, particularly, Standard 4: Quality of Housing; Outcome 5: Repairs, maintenance and improvements; and Standard 13: Value for money.

## 2. Our Property Asset Base

### 2.1 Operational Context

Castlehill's area of operation is North East Scotland, covering the Local Authority areas of Aberdeen City, Aberdeenshire and Moray. It is an area of both great economic and geographical diversity. In Housing Association profile terms, Castlehill is equally diverse, with property in the City of Aberdeen, smaller towns and villages in rural areas of Aberdeenshire and Moray and with a mix of general needs, sheltered and very sheltered housing, amenity housing and specialist provision through our subsidiary, Castlehill Housing Trust.

Even with recent downturns, the North-East housing market is significantly distorted by the oil industry, and associated support industries, in terms of a high wage economy within the sector putting upward pressure on house prices, construction and infrastructure costs and on rental values within the private rented sector. The impact of this is particularly acute within the "Aberdeen market area", i.e. within commuting distance of the city or its peripheral industrial hubs and stretching out to the main towns of Ellon, Inverurie, Banchory and Stonehaven. At 1<sup>st</sup> April 2019, we had over 8500 households registered on our housing list, giving a clear indicator of both a high demand for our housing but also the acute shortage of affordable housing across the local social rented sector. In terms of asset management, there is a clear need to ensure that we are maximising the "best use" of our stock at all times as a valuable, yet scarce, resource.

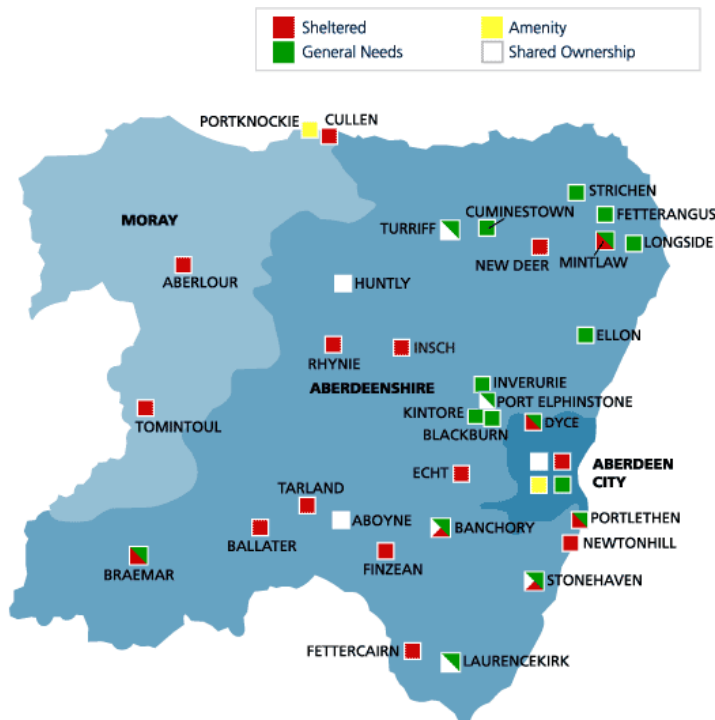
Whilst the highest pressure on unmet demand and need may be within the Aberdeen market area, there are also issues to be addressed in rural areas that the Association's housing stock can have a key role in. Economic factors such as lack of employment opportunities or seasonal work contribute to the fragility of rural communities and a shortage of genuinely affordable, good quality, rented housing can further exacerbate problems, meaning young families have to move away with consequent impacts on the sustainability of local amenities such as schools or shops.

Castlehill also has a significant amount of sheltered housing stock in rural villages such as Braemar, Tomintoul and Fettercairn, for example. While demand for such properties can be fragile at times, the Association has a good track record in ensuring these properties continue to meet local needs and contribute to their wider communities. Good asset management has a key role in ensuring these properties remain well looked after, affordable and desirable places to live.

Another important point of context is that the Association has a significant amount of property in "off gas" areas with potential issues of higher heating costs and fuel poverty for those on limited incomes. For this reason, we have given a high priority to finding innovative solutions utilising various renewable technologies, and available funding streams, to deliver alternatives that ensure these properties provide affordable, attractive places to live.

### 2.2 Our Property Assets

Our asset base is made up of properties in North East Scotland in three local authority areas: Aberdeen City, Aberdeenshire and Moray.



Castlehill Property Locations



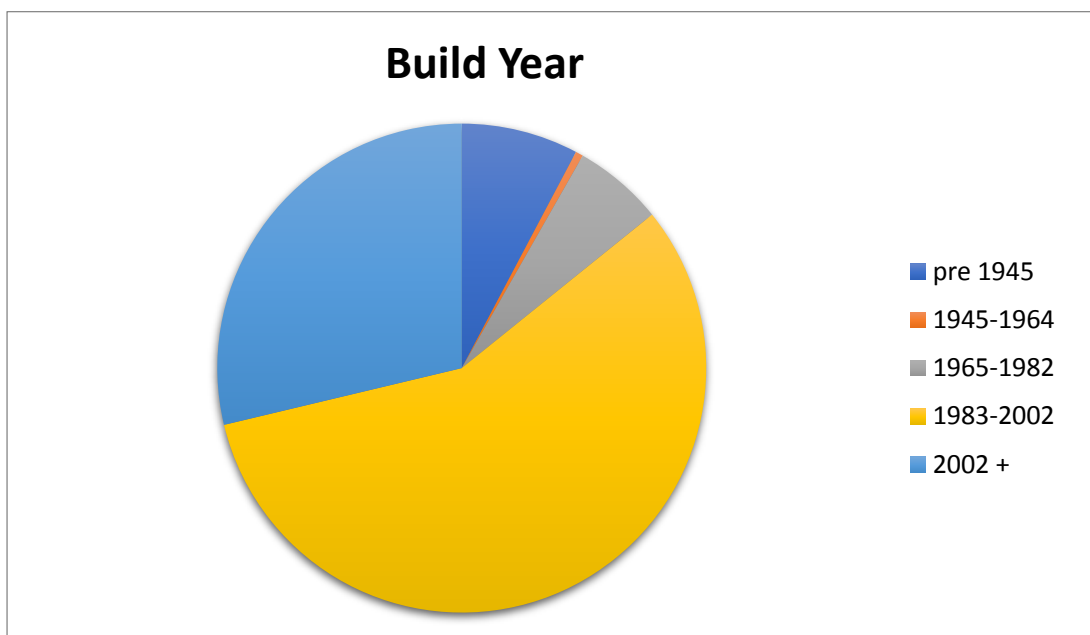
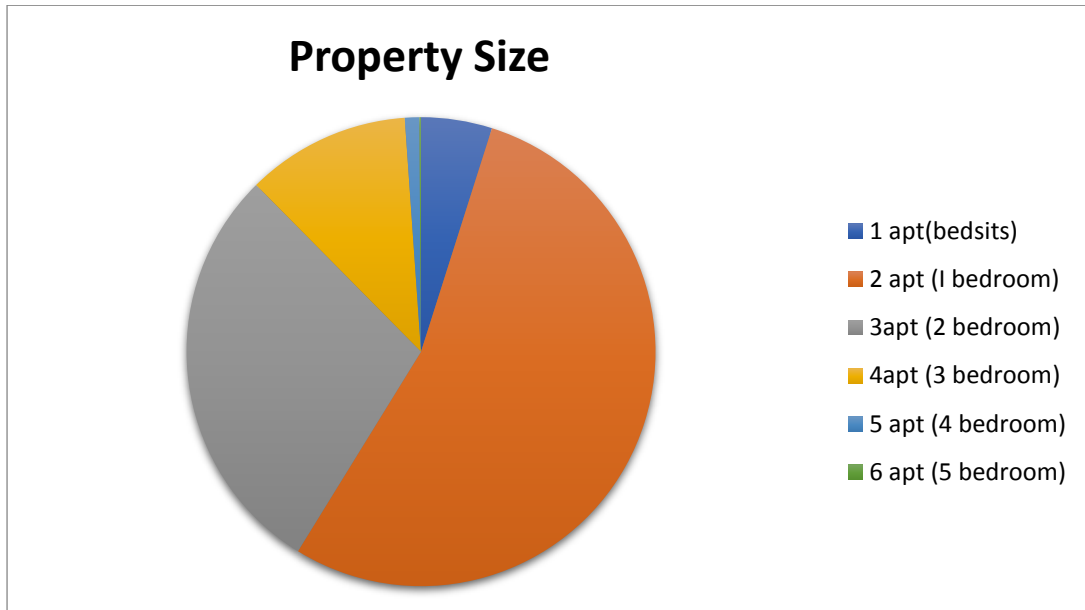
Castlehill Housing Trust Property

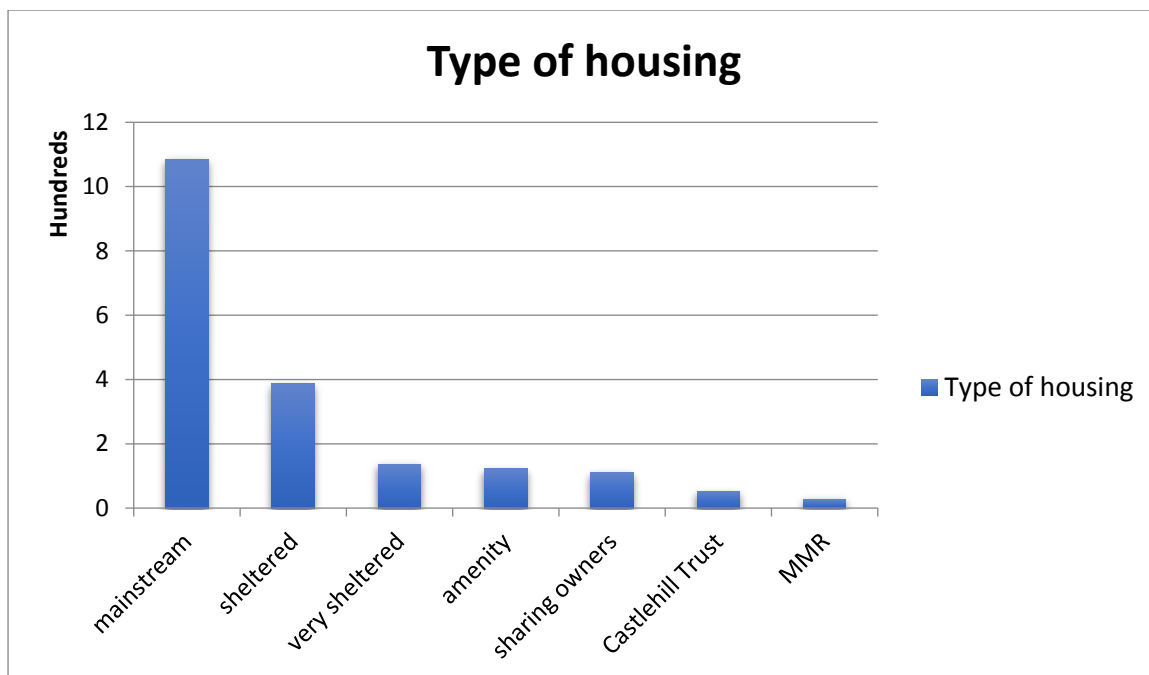
Locations

As at 31<sup>st</sup> March 2019, Castlehill Housing Association total stock was 1730, Castlehill Housing Trust stock was 84 and Sharing owners total 110 whilst Mid-Market Rent properties accounted for 28 units

As at 31<sup>st</sup> March 2019, our assets were valued in the region of £145 million (net)

Area	No of properties (Castlehill HA)
Aberdeen City	1020
Aberdeenshire	645
Moray	65





#### Other Assets

Asset location	type	Year of purchase
4 Carden Place, Aberdeen	Main Office (staff)	1989
7 Waverley Place, Aberdeen	Committee room/meeting space	2007
11 Waverley Place, Aberdeen	Secondary office (staff)	2007

Land-bank	Approx. size	purpose	Land Value
Mintlaw (3 <sup>rd</sup> phase)	2.5 hectares	Affordable housing	£561k (Phase 3 only)
Balmedie	10 hectares	Affordable housing	£2.5M



## 2.3 Future new build developments 2019 - 2024

We have a conservative approach to building new developments. Our strategic aim is to facilitate an ongoing new build programme to deliver around 50 to 70 units a year. However, we acknowledge that in an ever changing and challenging funding environment every new development needs to be individually appraised to ensure we are increasing our asset base whilst not increasing our liabilities and risks. The Association has benefited from The Scottish Governments target of achieving 50'000 new affordable homes by 2021, in that significant Grant funding was allocated to the Local Authorities in who's areas we operate, and consequently, more projects were able to be delivered. However, all projects undertaken, were still subject to rigorous appraisal before commitment to deliver was made. Funding Levels after 2021 are yet to be announced, and as such, Castlehill will continue to monitor the situation, and adapt our development programme, and consequently our wider Business Plan to take account of Government announcements and funding levels.

## 2.4 Future acquisitions

We acknowledge that opportunities may arise in the future to acquire additional properties.

Such acquisitions will be considered where the stock is in keeping with our aims, would be a good fit for the organisation and in areas of operation where we could apply our existing expertise.

As a Charitable Housing Association, we have not been affected by "right to buy" sales removing the risk that unknown future sales can have on an organisation's assets (especially with the legislative end of right to buy and inevitable final higher sales levels). This enables us to continue to own properties in high demand high rental areas where relatively few housing options remain for those on lower incomes.

The plans for our two current land-banks are:

**Mintlaw, Phase 3-** Following an appraisal of the site and proposed development, The Association via Committee Approval has taken the decision to not proceed with any further development of the site, and return the undeveloped land to Aberdeenshire Council (in line with the original terms of the sale agreement with same). It is anticipated that this process will be complete within financial year 2019/20.

**Eigie Farm, Balmedie-** This is a large site to deliver over 200 homes on a mixed tenure development jointly with Aberdeenshire Council and a private partner. Planning Permission in Principle has been secured, and the Section 75 Agreement has been finalised. Detailed planning and building warrant is due to be achieved in year 2019/20, with an anticipated site start in 2022/23. The site will deliver a high proportion of affordable homes, with Castlehill anticipating taking ownership of 55 units.

### 3. Legislative Compliance.

There are areas of work where we have specific statutory and safety obligations. Our approach to this forms a key part of our asset management strategy ensuring we minimise risks to tenants and the organisation as a whole, and that we maintain our buildings as safe and attractive places to live or work. We ensure that the following areas are fully addressed and employ specialist contractors to ensure our compliance.

#### Summary

Area	criteria	CHA aims	CHA performance
Fire Safety	Fire Safety (Scotland) Act 2005	Completion of fire risk assessment and improvement work at each relevant site  Carry out Smoke detection upgrade to all properties as per new legislation by 2021 deadline	Risk assessments continuously being carried out to achieve fire safety compliance  Joint procurement of Detection upgrades with Langstane HA in order to achieve cost effective route to compliance
Asbestos	The control of asbestos recommended practice 2012	Adherence with Asbestos Regulations	Annual assessment of known Asbestos products in line with regulations
Legionella	HSE approved code of conduct L8	Regular programme of temperature recording and showerhead disinfections at relevant sites.	100% compliance. Full programme in place of temp taking, tank disinfections and showerhead disinfections.
Gas safety	Gas safety (installation and use) 1998	Completion of annual gas service on every gas boiler installed	100% compliance
Electrical safety	Ensure ongoing safe service in accordance	PAT testing completed every 2 years. PEI periodic electrical inspection (hard	PAT testing 100% compliance. % year rolling programme of

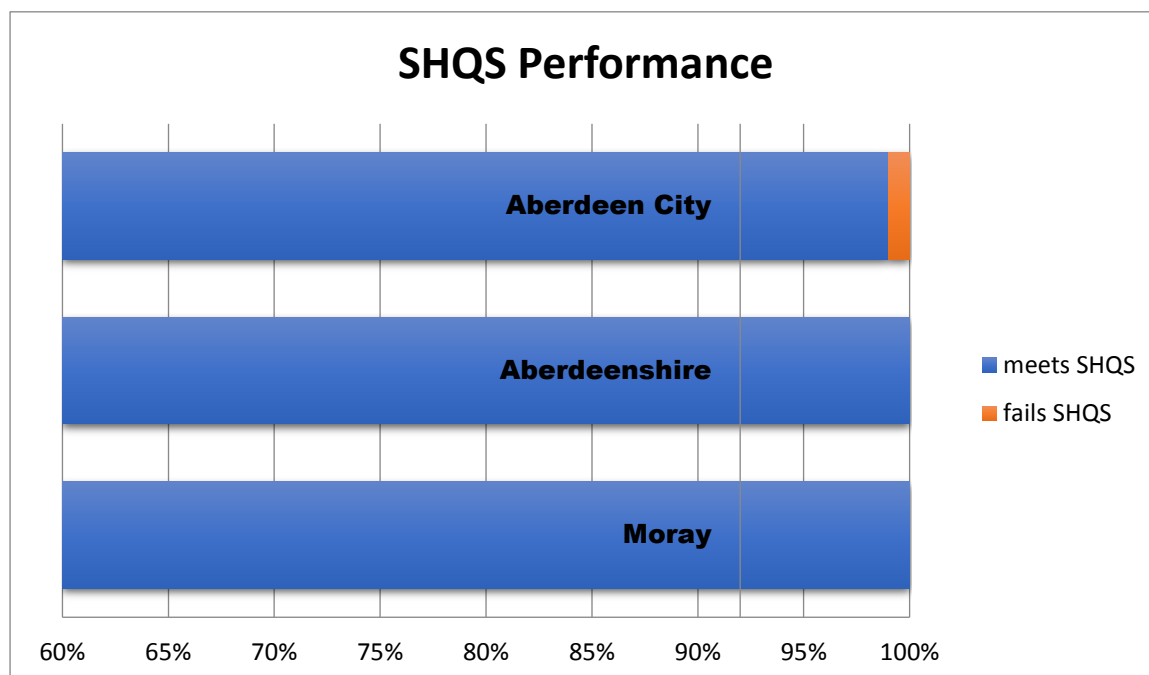
	with relevant electrical regulations	wiring) as recommended by electrical report. Can be 3-5 years	fixed wire testing ongoing
Lifts	Ensure ongoing safe service	Programme of regular servicing & emergency 24/7 repairs service for all sites with lifts.	100% compliance
Emergency lighting	Ensure ongoing safe service	All relevant sites to have emergency lighting in common areas. Programme of regular servicing & emergency 24/7 repair service.	100% compliance
Oil fired heating systems	Ensure ongoing safe service	All relevant sites have regular 6 monthly servicing & an emergency 24/7 repair service.	100% compliance
Biomass heating system	Clean Air Act & Waste incineration directive	Site has regular servicing and remote emergency 24/7 fault alert & repair system	100% compliance

## 4. Housing Standards and Energy Performance.

### 4.1 Housing Standards

The Scottish Housing Quality Standard (SHQS) is the current Scottish housing standard based on a minimum set of quality criteria for all landlords in the social rented sector. All landlords should have achieved compliance with the standard for all its properties by March 2015.

Our SHQS performance at 31<sup>st</sup> March 2019 was 99.78%



We are actively pursuing solutions to the outstanding issues preventing full compliance, however, in some cases, the tenant's reluctance to allow upgrade works mean that full compliance will not be achieved until tenancy change of the identified properties.

### 4.2 The future (2015-2020) Energy Efficiency Standard for Social Housing (ESSH)

Post 2015-2020 arising out of the Climate Change Scotland Act 2009 the new ESSH is the next energy efficiency standard that requires to be achieved. This standard is based on energy performance certificates (EPC) which are already a requirement for every new let. The EPC ratings to be achieved take account of the type of property and require ratings ranging from 60-69.

Castlehill Housing Association Property Compliance as at 31<sup>st</sup> March 2019 was 98.6%.

Activity to identify remedial solutions to the remaining failing properties is on-going, and it is anticipated that bar any exemptions, the Association will achieve full compliance by the 31<sup>st</sup> March 2020.

### 4.3 Energy performance

The EESSH and other future targets will prove challenging for all RSLs including ourselves. With ever developing technologies, costs and changing funding routes energy efficiency is a complex issue to fully address. We need to keep abreast with all new developments and to ensure that expertise exists in-house, or can be sourced from external consultants.

We also aim to identify partners within the private sector who have the depth of skills and knowledge to provide advice and expertise on a full range of energy issues and carry out feasibility appraisals across a full range of technologies.

It is acknowledged that new heating technologies and even our more familiar heating types can cause confusion and, if not efficiently used, result in additional running costs for our tenants. To address these particular issues and the wider issue of fuel poverty we will:

- Provide all our tenants with up to date information about their particular heating type and controls as necessary. Info packs will be rewritten to ensure they are jargon free, easy to understand and include energy efficiency advice.
- Offer tenants, after they have settled into their new home, a visit to explain how their heating (and any other equipment) in their home operates and how to use it most economically.
- Carry out a review of renewable technologies already installed involving existing tenants we to identify; quality, usability, ease of use, value for money, running costs and tenant satisfaction
- Have our properties Sap /EPC ratings validated to ensure we can achieve compliance with the EESSH standard by 2020.

## 5. Asset Investment

### 5.1 Condition Surveys

Stock survey information will be used to inform our future repairs and planned maintenance programmes and quantify our achievements towards the Energy Efficiency Standard for Social housing (EESH). Stock Condition Surveys are being undertaken by Officers in house, and are programmed to deliver a 20% sample per annum, with a rolling 5- year programme outcome of 100% Stock Condition Survey.

### 5.2 Computer held information

Currently stock information is held on our computerised software package (QL). This holds information on each Castlehill property, individual reactive repairs and any planned maintenance replacements carried out. The planned maintenance module can provide information on the component lifespans, programmes of work and costings for 30yrs and a modelling facility to defer or bring works forward depending on actual condition.

Energy efficiency data is held in excel spreadsheets and is regularly updated by an external consultant to ensure our data is up to date and reflects the work we undertake annually.

As well as computerised data, we have a detailed knowledge on the condition of our stock available from our experienced staff members which ensures a high level of historical knowledge exists in each team. Our services are in three strands:

### 5.3 Reactive Repairs Service

Our customer focussed local repairs service is delivered in partnership with our approved list of contractors. The geographical spread of our stock across Moray, Aberdeenshire and Aberdeen City boundaries makes this a challenging environment to operate in. Using small local contractors enables us to provide a responsive repairs service, support local businesses and minimise contractors travel costs.

Our tenant satisfaction survey reports show that 85% of CHA tenants in 2017 were satisfied with the repairs and maintenance service.

<b>Category</b>	<b>Target timescale</b>	<b>Actual length of time taken (average 2018/19)</b>	<b>Description</b>
Emergency	6 hours	6.9 hours	Issues that are life threatening to tenant's or serious damage to a property.

Non-emergency repairs (urgent & routine)	Urgent 3 working days  Routine 15 working days	5.6 days	All non-emergency repairs.
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### No of reactive repairs and average costs

Year	No. of repairs (all categories)	Total repairs spend	Average repair Cost	Average No. repairs per property
2018-19	3341	£1'222'295	£365.85	1.87

### Future improvements for the reactive repairs service:

Providing a high quality responsive repairs service and achieving value for money is a balancing act. Due to the large geographical spread of our properties it is not feasible for our repairs service to be awarded to one contractor. In order to comply with Procurement Legislation, the Association is currently undertaking a tendering exercise which will deliver a Framework arrangement which is intended to allow our continued use of small, local trades people in our more remote locations, whilst providing best value and procurement compliance. This process will introduce the following benefits for the Associations

- Pre-agreed KPI targets for all contractors
- More certainty over repairs costs, with fixed rates and uplifts agreed for the life of the framework
- The ability to choose from a suite of contractors, based upon current workloads and availabilities
- Certainty of contracts personnel for the duration of the Framework

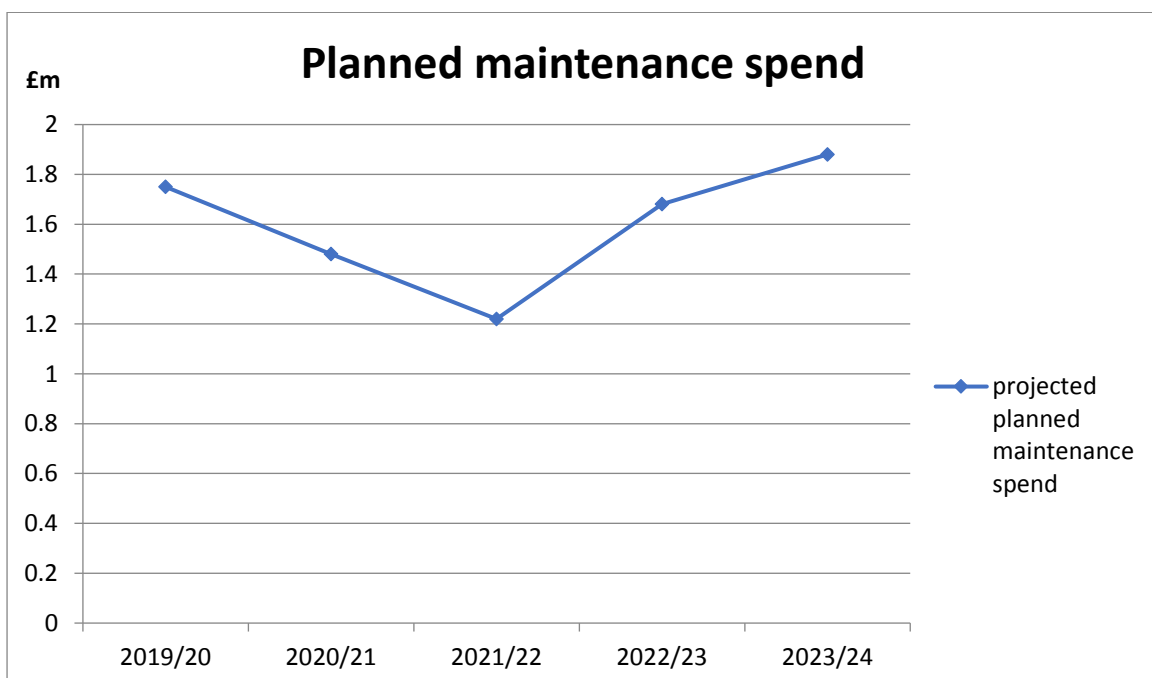
The Association will continue to

- Carry out regular pre and post inspections of works
- identifying the most common repairs reported and look at ways of reducing the frequency of the component failing
- Identifying the areas of stock with the highest repairs spend and look at ways of reducing/ stabilising this spend.

The options may also include changing the specification of parts at the construction stage, investigating new products to provide an improved lifespan when being repaired and replaced. Identifying type of repairs where more information or tenant knowledge may help reduce the reoccurrence of faults.

#### 5.4 Planned maintenance programmes

Our software systems planned maintenance module now enables us to record accurately components being replaced on an ad hoc and planned basis. On current projections, we plan to invest in the region of £8million over the next 5-year period, reflecting the stock age profile and expected upgrade or improvement works.





Programmes of work are forecast based on the lifecycles below:

<b>Item</b>	<b>Likely year of replacement</b>	<b>Description</b>
<b>kitchens</b>	17year cycle for general needs. 20year cycle for sheltered housing	Replacement units, worktop, sink & taps, extractor fans, removal of tiles and replace with splashback to match worktop, electrical/plumbing upgrades as required.
<b>bathrooms</b>	20 years	Plan to fit all sheltered properties with level access wet-room showers as standard. All other properties replacement of over-bath shower, wet-wall panelling and sanitary fittings as required.
<b>Individual gas boilers</b>	15 years	Where feasible completed as part of the kitchen replacement work. Or ad hoc basis as a boiler fails and is beyond economic repair
<b>Heating systems</b>	Dependent on type	Range of renewable technology, electric storage heaters, commercial plant gas and oil boilers
<b>Windows timber</b>	50 years with overhauls as needed	High quality products used with longer lifespans. Ad hoc repairs and servicing minor repairs as identified individually or on a scheme wide basis
<b>Windows upvc</b>	25 years	High quality UPVC used at high level or inaccessible sites where future repair and painting of timber windows would be too costly.

The year before the work is due information is collected about their condition by: site and component specific surveys, feedback from property services teams on repair levels, component failures, any tenant reports or complaints and feedback from letting refusals. Using this information, we aim to achieve “a just in time” approach to replacement programmes. Work and resources can be tailored specifically to failing components and deferred where components are in good condition with relatively low level of repairs needed. This approach also enables us to bring forward replacement programmes when a particular component on a development is in poor condition or has a high level of repairs or tenant dissatisfaction.

Once identified this work is specified and let on a full Bill of Quantities by competitive tender. Tenders are assessed on a price and quality basis with consideration given to the financial robustness of the firms, their past performance on any previous work, onsite supervision and the health & safety information they provide. This approach helps to ensure that we receive a cost effective and high-quality service from our contractors.

Tenant satisfaction with our planned programmes is very high. Following a replacement programme, a survey form (and a pre-paid reply envelope) is issued to every tenant and the results recorded and presented to our Development Sub Committee. In the 13/14 financial year 77 survey forms were issued with a 65% response rate. 96% were satisfied or very satisfied with the work and 4% unsatisfied.

Future improvements for the planned maintenance service include investigating options:

- To let rolling programmes or framework agreements for regular high-volume kitchen and bathroom programmes.
- To look at ways to accurately plan and commit resources for a three-year planned maintenance rolling programme
- To look at ways of working together with other local RSLs to deliver savings through innovative use of new products, joint procurement methods
- To deliver a cost effective and high-quality contract management service
- Investigate options for restricting replacement programmes where components are poorly looked after/deliberately damaged.

## 5.5 Cyclical maintenance

A key component of cyclical maintenance programmes is our painter work programme to carry out external and internal painting to our properties. Following the introduction some years ago of a new process of determining and specifying works and materials, satisfaction levels associated with these works has improved, and the Association is committed to continuous improvement in this area via:

- The appointment of an external painting consultant to carry out detailed stock surveys, cost work involved, invite tenders, and supervise work onsite after work awarded by Castlehill
- The retention of a core group of painting firms whose work is assessed regularly in terms of quality, reliability and customer service skills

This approach has led to detailed data being held about each site, an improvement in the quality of workmanship and higher levels of tenant satisfaction. Following these improvements and a focus on using high quality products, painting cycles have been increased to six or seven years without affecting the appearance or performance of timber components (windows, doors, fascia's, soffits).

## 5.6. Adaptations Works

Castlehill has obtained a consistent level of “Stage 3” Adaptations funding from the Scottish Government for a number of years, however, the level of funding received is now insufficient to meet all the requests for adaptations made to the Association. The funding enables us to carry out works for individual tenants based on assessed requirements specified by an Occupational Therapist. Works have included: level access showers, handrails, ramps, ceiling track hoists, automatic door openers and lighting enhancements, for example. These contribute to ensuring our property assets continue to meet peoples changing needs and enhance the range of amenities we are able to offer within our homes. Castlehill HA continues to directly/indirectly lobby the Scottish Government to increase the monies available for this vital Service.

## 5.7 Neighbourhood services

We want tenants to feel safe, comfortable and proud of the neighbourhood they live in. We provide a gardening service and a caretaker/cleaning service in the communal areas of our larger developments to ensure the local environs of our properties remain well maintained.

Our Housing and Property Services Officers carry out regular estate visits across all our housing, along with any tenants from the development who wish to take part. This provides a very positive way of people taking ownership of the environment they live in and encouraging an inclusive approach to looking after our properties.

## 5.8 Gardening service

With a substantial number of properties and sheltered housing complexes in rural areas, providing and maintaining pleasant green and shrubbed landscaped areas is a high priority. Our landscaped areas are maintained every 2 weeks from April to September. The gardening service is competitively tendered every three years and a mixture of staff scheme inspections and tenant/scheme manager feedback enable us to ensure a high-quality service is maintained.

## 5.9 Caretaker/cleaning services

The Association provides a Caretaker Service at Dee Court Aberdeen, which provides a cleaning service of communal areas and inspection/follow up of the local environment. We also provide a cleaning service of communal areas at all our sheltered housing complexes.

In the majority of our flatted developments with communal areas we also provide cleaning services via directly employed cleaners, contract cleaners and by other agencies in factoring agreements.

These services enable our developments to be maintained to a high standard of cleanliness, keep the developments in an attractive condition and easy to relet. Costs are recouped through monthly service

charges to the relevant tenants and through a range of procurement methods enable us to compare costs and value to provide an effective way to maintain our developments.

## 6. Demand and Delivery

Asset management is not just about “bricks and mortar”. We recognise that tenant and applicants’ perceptions and views of our developments, locations and management will affect demand for our properties in the future.

### 6.1 Empty property – voids management

With 210 relets in 18/19, this equates to approx. 12% turnover of our stock.

Sheltered housing comprises less than one-third of our housing stock, but makes up a disproportionate number of Voids.

	<b>Actual 18/19</b>
No. of voids	210
Void turnaround times (Average)	51.14 days
Void loss (% of income lost)	1.63%

Void turnover times have been identified as a priority area for performance improvement, particularly in relation to sheltered housing where a range of “external” factors also impact on outcomes.

### 6.2 Letting standard

A letting standard has been developed in conjunction with our Tenants Panel. This sets out a CHA standard of repair and decoration that all new tenants can expect in any of our properties. The starting point for this is ensuring compliance with Standard 4 of the Scottish Social Housing Charter: “Quality of Housing” but our standard goes beyond the minimum requirements. We believe that handing over the keys to a property that is in good condition plays an important role in encouraging tenants to look after their home and, as such, contributes significantly to the goals of good asset management.

### 6.3 Letting/void condition

Photos are taken prior to a new tenant moving in and again when the tenant moves out thus disputes about condition or work requiring to be done by the out-going tenant or undertaken and re-charged by the Association is fair, clear and minimises scope for disputes.

Voids in need of a new kitchen or bathrooms we can fast track for express replacement as a vacancy occurs. If a replacement contract is imminent for the development the new tenant will be informed and fully involved in the selection of the kitchen colours and minimal repairs carried out in the interim so that the tenant can move in quickly.

### 6.4 Applicants waiting for housing

We are part of the choice based lettings scheme known as Homehunt North East Scotland. Applicants register on our system by completing a form and we advertise all our vacancies as they arise. Applicants can then apply for whatever property interests them.

As at 1<sup>st</sup> April 2019, over 8500 households were registered with Homehunt as seeking re-housing.

We allocate the tenancy from the list of people who have expressed an interest, giving priority to the household that makes "best use" of the property and has the highest level of housing need. Applicants with a significant housing need, (e.g. are homeless, overcrowded or have a medical need) are assessed and priority passes can be awarded.

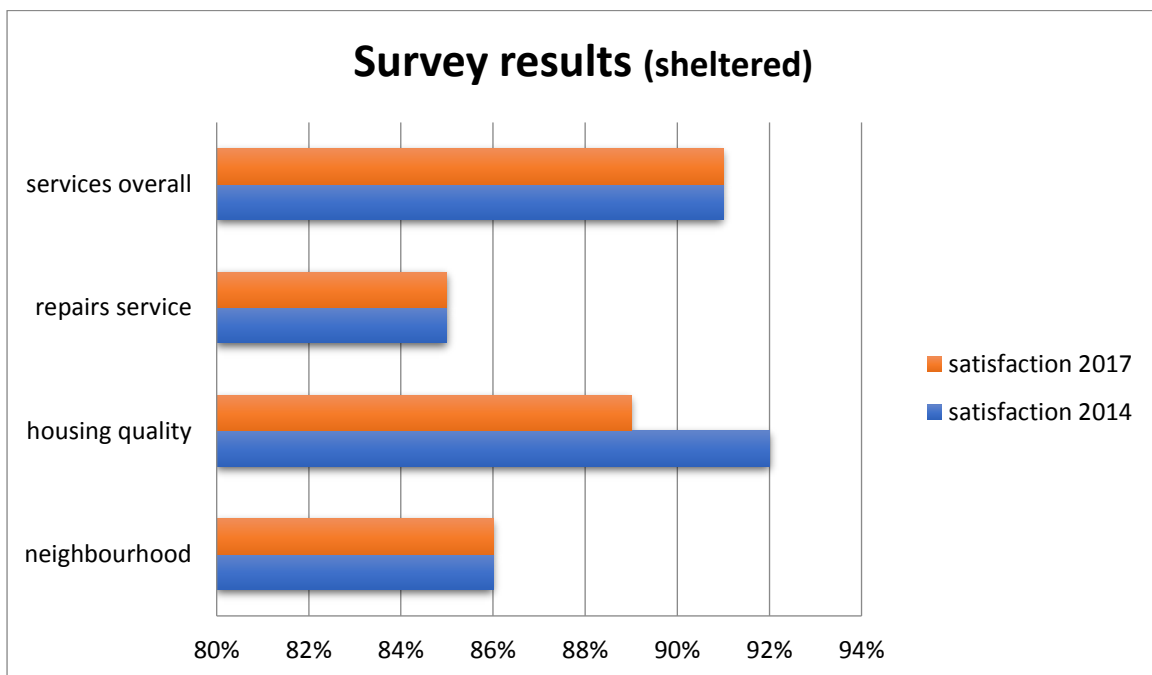
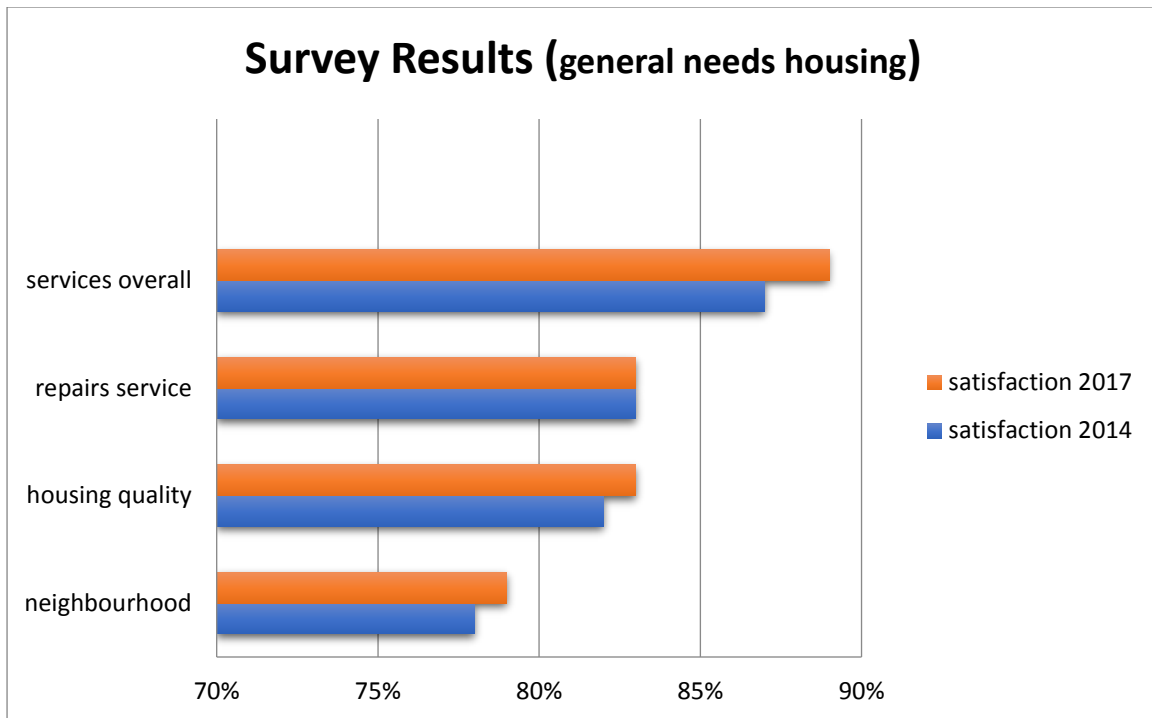
For our sheltered/very sheltered properties applicants must have an appropriate housing support need. While sheltered housing mainly caters for older people, younger applicants may be considered if their housing and support needs can be appropriately met in this type of accommodation. In addition, for very sheltered housing, a panel made up of Castlehill and local authority representatives assess all applications to ensure properties are let to applicants requiring the enhanced level of support available.

### 6.5 Sharing owners factoring service

We have a current shared ownership portfolio of 110 units and a further 20 outright owners for whom we provide a factoring service. Our shared ownership developments are all designed for people over 55 yrs. Applicants must be able to purchase a minimum 25% share of the property and unable to afford to buy a property outright on the open market in their area of choice. Sharing owners receive a factoring service recouped through a factoring charge which includes a range of services depending on the development including external painter-work, wind and watertight maintenance, heating repairs/replacement, gardening service. A factoring pack is issued to all owners explaining the services we provide and the charges.

## 6.6 Service Delivery

We carry out a full tenant satisfaction survey every three years. The key findings from 2014 and 2017 are shown below:



## 6.7 Tenant Satisfaction Action Plan

We take tenant feedback seriously and following the results being published they are made available to tenants and reported to our Management Committee and all staff. An action plan is produced to identify areas of specific improvement and the options available. This action plan will encompass feedback and suggestions from staff, our tenants' panel and is also discussed and approved at Management Committee and senior management level.

## 7. Strategic Asset Management Approach

AS well as building a better understanding of stock condition and tenant needs, the Association will undertake a data led assessment of stock looking at the financial and non-financial performance of properties including;

- Rental and service charge income against expenditure to derive Net Present Values
- Number and length of void periods per property
- Number of refusals per property
- Length of tenancy
- Energy efficiency rating of stock
- Customer satisfaction
- Staff Views

This data is collected and used to define stock as either;

- **Core** stock – stock which has a positive NPV and performs well non-financially. This stock will be maintained to the defined 'Castlehill Standard'
- **Marginal** Stock – stock which has borderline financial and/or non-financial performance. This stock will require improvement plans to be prepared before major investment works proceed.
- **Poor** stock – stock which has a negative NPV and poor non-financial performance. This stock will require full options appraisals before major investment work proceeds.

The thresholds used to define the stock will be set once the initial Data collection has been completed, and the variance between the stock can be calculated and categorised.

The weighting of financial to non-financial will be calculated on 60:40 ratio

Assessments will be carried out at property level and at scheme level. It is unlikely however that the Association will carry out options appraisals for individual properties – these will generally be carried out at scheme level.

The Strategic Asset Management Approach is supported by an Action Plan, (Appendix 1) which will be reviewed annually, with progress reported to the Management Committee.

### 7.1 Impact on future investment

Once completed, this 'traffic lighting' assessment of stock will form a fundamental part of the investment decision-making for future maintenance programmes, ensuring that programmes of work

are concentrated on stock that contributes to the financial strength of the organisation, and that clear plans are in place to deal with under-performing stock.

For poor stock, options appraisals will be carried out to determine the best future for that stock. Options will consider a variety of possible approaches including;

- Rent review / change of tenure
- Target investment or management solutions
- Major refurbishment or reconfiguration of the stock
- Demolition and rebuild
- Disposal

For marginal stock, the performance results will be interrogated and improvement plans put in place which will generally focus on investment needs and management issues. Again, major works will be postponed until improvement plans are agreed.

For both marginal and poor stock, major investment will be delayed for no longer than 24 months to prevent the condition of properties deteriorating whilst the appraisals are being undertaken.

When options appraisals and improvement plans are being undertaken, it is vitally important to the Association that the social value of the properties is not forgotten, particularly in communities where affordable housing is scarce.

Using this more strategic approach to asset management ensures that the Association's finite resources are invested in property which is contributing financially and meeting the needs and expectations of tenant and communities.

The performance assessment of stock will be reviewed annually to monitor the effectiveness of improvement plans and to identify any newly emerging issues.

## 7.2 Strategic Priorities for Asset Management

To drive improvement of the Associations asset management service, strategic priorities have been developed in response to the distinct issues affecting CHA, its stock and sections of this strategy.

The priorities are clearly linked to the corporate objectives, supporting the delivery of the Business Plan.

These Priorities will be reviewed and updates and actions and outcomes reported to Management Committee annually

### Priority 1: Resilient stock portfolio

A stock portfolio that is fit for purpose, attractive to tenants, and makes a positive financial contribution to the Association.

#### Objectives

- Complete the Strategic Asset Management review of stock
- Stock categorised as either 'Core' 'Marginal' or 'Poor'



- Establish reasons for reduced performance of 'Marginal' stock and formalise improvement plans where required
- Options appraisals for 'Poor' stock
- Continue disposal of single flats/one-off properties as they become void, with capital receipts reinvested in stock improvements

## Priority 2: Procurement and Value for Money

Reduced costs for delivering asset management services, without compromising on quality and tenant satisfaction.

### Objectives

- Continued focus on cost effective, compliant procurement of services
- Clear strategy on extracting community benefit from contracts
- Clear strategy for measuring 'quality' aspects of contracts
- Investigation into potential benefits of existing procurement frameworks
- Maximise opportunities for joint procurement with external partners
- Proactive management of contracts to ensure successful delivery within timescales and budgets
- Improves performance and trend reporting to monitor costs, quality, and satisfaction
- Peer benchmarking for voids, repairs, planned maintenance, and development costs to ensure value for money is being achieved.

## Priority 3: Involving and listening to customers

Ensure that customers priorities are understood, that customers are involved in Asset Management decision-making and that customer satisfaction with the service is improved.

### Objectives

- Improve information given to tenants when homes are identified as requiring planned maintenance works
- Consider and improve ways that longer-term programmes of work can be made available to tenants
- Increase pre and post inspections of work and quality inspections during works
- Tenant satisfaction for planned maintenance to be regularly reported on and improvement plans set up to deal with recurring issues.
- Involve tenant groups in defining the Castlehill Standard

## Priority 4: Providing quality homes

To provide safe, warm, modern homes and increase satisfaction with the quality of the homes we offer

### Objectives

- Work with tenants to define a 'Castlehill Standard' setting a clear standard for all CHA properties
- Costed programme of works agreed to bring all core stock up to Castlehill Standard where required
- Improved communication of future work plans to tenant's
- Castlehill Standard will maximise opportunities for tenant choices
- Castlehill Standard will maximise opportunities to incorporate aids and adaptations to meet tenants' needs
- Void standard reviewed to ensure it is delivering homes that tenants want to stay in
- Satisfaction with reactive repairs service to be investigated to identify possible improvements to service
- Action plans drawn up for developments with persistent issues such as dog-fouling, littering, and anti-social behaviour

## Priority 5: Improving Energy Efficiency

All properties to achieve EESSH targets by 31<sup>st</sup> March 2020 and continued improvement to meet EESSH 2 by 2040

### Objectives

- Plans for improving energy efficiency of failing stock to be agreed
- Actively pursue available funding opportunities to maximise energy efficiency measures undertaken
- Tenants receiving energy efficiency works to receive energy advice to ensure maximum benefit
- Consider alternative solutions for properties which cannot be upgraded satisfactorily – disposal, complete refurbishment, demolition, and replacement with new build

## Priority 6: Providing more accessible homes

To increase the provision of properties suitable for occupants with particular needs.

### Objectives

- Accurate database of adapted properties
- Maximise opportunities for incorporating aids and adaptations into planned maintenance works
- Improved information to tenants about the in-house aids and adaptations service and external services
- Design specification for new build properties to ensure all new homes are accessible and easily adaptable
- Increase percentage of new build stock built to wheelchair accessible standards (in line with Local Authority and central Government targets)

## Priority 7: Increasing the provision of affordable homes

To deliver new homes over the period of this strategy, in line with Association's Strategic Business plan, and taking account of Government subsidy levels and wider objectives.

### Objectives

- Development programme to be regularly reviewed with regard to relationship to CHA Business Plan and the Association's Financial Capacity
- Financial and non-financial assumptions for new developments to be reviewed to ensure they are delivering viable projects
- Improved liaison with local authorities to deliver increased particular needs accommodation where required
- Strengthen relationships with developers to deliver Section 75 affordable housing
- Continue to deliver mid-market where appropriate, leasing through CHA's subsidiary Castlehill Solutions
- Research potential of new tenures to meet different types of housing need.
- Research New Building Techniques and Technologies which may provide more cost efficient delivery methods

## 8. Conclusions

Our Asset Management Strategy is based on a sound understanding of the attributes of our property stock and sets out the things that matter to us in ensuring our homes and other properties remain fit for purpose. It works alongside our business plans and policies on how we maintain and improve our housing stock. We recognise that delivery of good services to our customers depends on our ability to make the most of our property assets, not just as good places to live, but as the assets on which the whole organisation is built.

We will continue to report to appropriate Committees on delivery of aspects of the strategy and the formal strategy document will be reviewed by our Management Committee on a 5-yearly basis.