



Rural Stirling

HOUSING ASSOCIATION

Asset Management Strategy

Rural Stirling Housing Association, Stirling Road, Doune, FK16 6AA Registered as a Scottish Charity No. SC037849	
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Asset Management Strategy

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1.0 Introduction and Background

1.1 Rural Stirling Housing Association's (RSHA) vision and reason for being is '*Communities are at the heart of everything we do*'

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 homes 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), our office, office vehicle, 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 2017-18 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 RSHA, 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 Business Plan, which has also gone through a process of fundamental review.

1.4 As at 31/03/2018, our stock consists of 588 properties, including 18 shared ownership. 4 of these properties are leased to the Association's subsidiary company Venachar Limited for letting on a mid-market rent basis. The stock has nearly all been built by the Association during the last twenty years, with only 13 homes being of older origin – acquired from Forest Enterprise and Scottish Water or through the mortgage to rent scheme.

The Association benefits from a relatively young but ageing stock base which means we should not be complacent about future investment needs. A central aim of the strategy is to have reliable and robust information to support decisions around future investment to direct this to where it is most needed and that we make the right investment decisions at the right time and in the right place.

Our area of operation is defined as the north and west rural Stirling Council area, stretching from Tyndrum in the north to Strathblane and Doune in the south. The two Multi Member Wards, Trossachs & Teith and Forth & Endrick

cover much of the area, with a large part falling within the boundary of Loch Lomond & Trossachs National Park (LL&TNP).

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). 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 Business Plan 2018 – 2021 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 tenant's homes and surrounding environment. We want to create a sense of community and help

people to thrive. 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 strong, vibrant communities.

- 3.2 Our Business 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. We have also completed initial energy modelling of the stock to evaluate the potential for improving energy efficiency which would maximise the properties that would meet the anticipated targets for EESH 2 by 2032.
- 3.3 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.
- 3.4 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;
 - develop our energy modelling to maximise energy efficiency of stock for EESH 2 by 2032;
 - 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 newly reviewed and updated set of data first gathered in 2014-15 by The John Martin Partnership (JMP). A revised internal approach to updating

stock data involving efficient, 'by-exception' stock condition surveys that maintains standard life cycles and associated programmes of work unless condition, strategy, legislation or national standards demand change. This will be tested and verified through our next, externally sourced, 5-yearly stock condition survey in 2020;

- A spreadsheet based Life Cycle Costing model with cost projections for 30 years. There is also a plan to migrate this data to SDM during 2018-19;
- A detailed annual review of all life cycles, costs and programming. A detailed annual review of energy efficiency data and update of potential improvements and projections in relation to ESSH and ESSH 2;
- An accurate assessment of local housing need and demand by area and property type;
- Our annual review of the LCC includes 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 compliant procurement framework - Sustainable Procurement Policy for the Procurement of Goods Services and Works approved by the Board in October 2018.

4.2 During 2018 we have been carrying out a complete review and update of our Life Cycle Costing information. The objective is to give us confidence that our assumptions and methodology relating to our long-term future investment needs is as accurate and effective as possible. By benchmarking this data we also have a better understanding of how our costs compare with our peer group landlords and other housing providers.

Long term investment needs drive future rent increases and we need to ensure that our assumptions are fair and reasonable and that our decisions can be easily understood by our customers. This year we want to be able to allow our tenants to influence decisions around rent increases by giving options to tenants on the level of service that can be delivered for a range of rent increases. This, in turn, gives us the assurance that our rents are affordable to our customers, represent good value for money and are comparable to our peers.

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 these varying contributions and to inform future investment we believe we need to develop more sophisticated assessment methods that ranks stock in terms of amenities, affordability to tenants, income potential and anticipated expenditure. 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 developing an appropriate assessment model 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.

5.0 Review Framework

- 5.1 The Association has adopted the SHR Strategic Asset Management Recommended Practice guidance as a basis for developing its own Strategy. The guidance identifies ten strands of good practice in developing an approach to strategic asset management. The SHR notes that, given the variety of the types of organisations within its remit and the highly variable operating contexts they face, not all of the ten strands will be directly relevant to every organisation. The approach has therefore been tailored to our own context. 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 the Strategy is based. The Association has then measured how well current practices compare with each of these ten strands and set out in separate Action Plans what is required to meet the guidance and best practice and what else we need to do to move our Strategy forward. See Appendices 4, 5 & 6. Having these action plans also allows progress against objectives to be monitored and reviewed/reported on annually. A formal review is proposed every 3 years.
- 5.2 In addition to tenant satisfaction surveys regarding overall satisfaction with their homes and post-improvement works, we will seek to develop our approach to Customer Communication and Engagement and develop our approach to Scrutiny. Our Tenants Forum will also be developed to ensure that we fully engage with our tenants regarding this strategy and future plans for the stock together with establishing tenant expectations and demands.

6.0 We have a whole organisation approach

- 6.1 RSHA aims to ensure a whole organisation approach to Asset Management based upon increasingly accurate, 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.
- 6.2 We recognise the importance of engaging with customers and other stakeholders in relation to our investment plans and priorities. We will continue to develop our approach to the communication and involvement of our customers in the planning and delivery of programmes focussing on the clarity of information and reasoning behind strategic matters and endeavouring to increase the involvement of the Tenant Forum in consideration of priorities and future programmes. We will investigate the interest in local meetings and focus groups to discuss plans for tenant's homes.
- 6.3 This year we have appointed a consultant to carry out a review of our Factoring Service and this review will inform changes that we require to make to communicate more appropriately with owners on the delivery of factoring services.
- 6.4 Our employees are one of our main assets with investment and employee development key priorities. Appropriate staff resources are integral to our

Asset Management Strategy and vital to ensure its successful delivery, consequently, this will be reviewed for 2019-20 to ensure objectives and delivery targets are achievable.

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 Section 4.4 of our Business Plan sets out an analysis of our 'Area Profile' and section 4.5 a range of information about 'Our Customers'. This information critically informs section 4.8 'Asset Strategy', which includes sections on Asset Management and Development Strategy.
- 7.3 We will continue to work closely with Stirling Council, Loch Lomond and Trossachs National Park and other local providers as part of the Stirling Strategic Housing Forum and the Stirling Strategic Housing Investment Plan (SHIP) Working Group. There is continuing evidence of strong need and demand for affordable housing in many parts of our area – particularly in the South and as far north as Callander. The area has been categorised as “pressured” and a key investment priority within the Stirling Strategic Housing Investment Plan (SHIP). The recently adopted Stirling Council and National Park Local Development Plans have both identified new housing development sites with a significant affordable housing requirement.
- 7.4 We can use and understand this information at district wide level to further enhance our knowledge and understanding of our customers and stock at a local level. We will work with Stirling Council, the Loch Lomond and Trossachs National Park, the StrathFor alliance and other partners to understand our local housing market, current shifts and trends and issues with respect to housing need and demand. Through the Excellence Change Programme, our Housing Services Team now carry out 'About You' visits to tenants, assessing their needs, assisting where possible and/or noting information that helps the Association to improve it's understanding of its customer's priorities.
- 7.5 The provision of a high quality factoring service is important for RSHA. It is not a major area of operation, however it requires to be improved in the delivery of reliable services based on sound systems and data.

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 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.

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 will continue to review our approach and methodology with respect to the identification and management of risk at a strategic level. We have identified the need to review our Risk Framework and this will be carried out in 2019/20. The current Risk Register will be developed to reflect more strategic issues and there is a formal and ongoing process of review. The Strategic Risk Register will identify the top risks for the organisation and this will be monitored by the Audit and Personnel Committee.

Operational level risks are monitored by the Senior Management Team. Performance and progress with delivery is monitored by the Audit and Personnel Committee.

8.2 Our Business Plan is clear that future investment is about making the right investment based on a full understanding of our stock. 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 changing Fire Safety Regulations, EESSH and EESSH 2, where these costs are not yet completely understood.

8.3 Having a sustainable approach to asset management and an approved asset management strategy in place is key to mitigating the impact of 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 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. As detailed above we are currently reviewing our LCC and discussing the outcomes and variations with the Life Cycle Costings & Financial Projections Working Group (LCC & FPWG) which is due to report outputs to the Board in November 2018, all as part of the rent setting process for 2019-20.

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, Data Analysis (including performance information on

Void Trends, Rent Levels, Demand, Planned, Cyclical and Reactive Maintenance, Adaptations, Anti-social Behaviour and Customer Satisfaction). Current SHQS and EEESH compliance figures are provided at **Appendices 2 and 3**.

It is anticipated that the SDM Property Management database will be used to store information relevant to the Asset Management Strategy. This will involve a data import from the current LCC spreadsheet once conclusions have been arrived at by the LCC & FP WG and Board in November 2018.

- 9.2 15% of the housing stock was stock condition surveyed in 2015 by JMP and this informed subsequent LCCs and Business Plans until the current review in 2018-19. The next full survey is due in 2020 but in the interim, the accuracy of the data will be reviewed annually through processes that require to be developed following the staff structure changes in 2017 under the Excellence Change Programme.
- 9.3 A key objective during 2019-20 will be to establish the most appropriate means of analysing our asset management information to arrive at assessments of the stock for business planning purposes, using both financial and non-financial measures to give a rounded assessment of performance and value.
- 9.4 The following data would form the basis of the 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.

The reports generated from the assessments 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 the findings and projections of the LCC Review 2018-19. The Review was completed with the assistance of JMP through the provision of typical component renewal rates and life cycles together with standard property type strata based energy surveys and associated energy modelling for ESSH 2 projections. As noted under 9 above, it is anticipated that the data will be migrated from the existing spreadsheet model to the SDM Planned Maintenance Module during the course of 2018-19. 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. This exercise will be completed by staff from Asset Management and Finance & Corporate Services teams together with external assistance from IT Consultant, Visual Stat Solutions Ltd.
- 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. Our day to day reactive maintenance cost per unit compares reasonably with the national average but we still believe that there may be room for savings in this area of expenditure and the Business Plan contains an objective for reviewing how we deliver the 'Repairs Service' before we reach the end of the current Repairs Framework in 2020.
- 10.5 In May 2017 the Excellence Change Programme brought about changes to the staff structure and associated responsibilities. This has resulted in the Housing Services Team taking on the responsibility for receiving tenant reports and instructing the majority of day-to-day repairs. The new Asset Management Team monitors all aspects of the Repairs Service and still provides day to day technical enquiry and inspection support.
- Improvements have been made in the quality of information going to tenants prior to component renewal works commencing in their homes but there are still many more improvements to be made in terms of communications internally and with tenants regarding proposed programmes of work through to learning lessons from tenant's satisfaction feedback. This will be progressed during 2018-19 and reviewed for 2019-20.
- 10.6 The annual programme of investment for 2018 – 19 is included as **Appendix 4**. This programme was largely contained in a draft 5-year planned maintenance programme arising out of the 2015 JMP stock condition survey/LCC exercise subsequently updated in the following years.

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 agreed standards, key performance indicators and be responsive to improvements suggested through customer feedback on the quality of service delivered.
- 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 servicing of medical adaptations. 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 the Scottish Government 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 is an ageing population and demands for adaptations are therefore likely to increase. With government funding being reduced in recent years to satisfy budget cuts, the Association must remain aware that it may have to risk funding adaptations once our approved annual government allocation has been fully expended. This was the case in 2017-18 when the Board approved funding outstanding adaptations in the hope that this could be recovered via our 2018-19 bid for adaptations funding. The Association needs to make sure that adapting or remodelling existing property is the best solution for our customers 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. This is currently held on separate spreadsheets but will be migrated to the SDM Planned Maintenance Module as noted under items 9 and 10 above. Our Adaptations Policy will be reviewed and updated during 2019-20 to ensure that it is fit for purpose.
- 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. Through the Excellence Change Programme, our Housing Services Team are now responsible for carrying out regular Estate Management visits noting condition of landscaping, common stairs etc and feed back this information to allow repairs to be issued, letters issued to tenants on individual developments and/or to inform the various cyclical maintenance or component renewal programmes.
- 11.5 We have a Tenants Forum, however, this does not deliver 'tenant scrutiny' type feedback. Membership of the Forum is around 12-15 and doesn't always represent all the communities in which we have a presence. The LCC &FP

WG is keen that we extend the membership and influence of the Forum, investigating the interest and scope for appropriate scrutiny type activities.

12.0 We comply with relevant standards

12.1 A recent ARC audit found that 3 properties were in fact 'exemptions' and not 'passes' under the Scottish Housing Quality Standard (SHQS). This will be reported to the SHR and an adjustment made to our SHQS pass rate, down from 100% to 99.5%. The 3 exempt properties were considered unable to meet SHQS due to insufficient space to meet kitchen safe working arrangement standards, however, this will be re-investigated to establish if there are any practicable, affordable works that could be carried out to allow these properties to comply. Updated SHQS failures, exemptions and abeyances information is included in **Appendix 2**.

12.2 We will also try to ensure that all of the stock meets the Energy Efficient Standard for Social Housing (EESSH) by 2020 as a minimum standard and we have systems in place for delivery and monitoring of compliance with the standard. For EESSH we only anticipate 2 exceptions - these 2 properties are currently considered unable to meet the standards, one due to mixed ownership issues and another due to limitations of the structure and the lessening effect this has on all appropriate measures. We require to complete a more detailed exercise to establish if there may yet be scope to make these properties comply.

A programme will be put in place to carry out the required work under EESSH to the remaining 7 properties by 2020. By achieving 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 an updated Energy Efficiency Review proposed for 2019-20. We will investigate alternative funding streams to progress this work from organisations such as Utilities Companies, Local Authority and the Scottish Government.

We have commenced our assessment of the impact of anticipated standards under EESSH 2. The conclusions to the consultations on proposals for EESSH 2 is expected in early 2019 and the delivery date of standards that are agreed is anticipated to be 2032.

12.3 Statutory compliance with Health & Safety related legislation is essential. We have 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. Environmental sustainability will be a key driver when the planned extension and updating of energy data and review of the Design Guide are carried out during 2019-20. The outcomes will then inform the development of this Strategy.

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

- 13.1 'Cause for Concern' stock is not a significant issue for the Association and none of our stock requires demolition or remodelling. There are no parts of the stock suffering from low demand, long term voids or unlettable homes. However, there is a small number of properties that should be assessed such as the Forest Enterprise stock and a few pepper-potted mortgage to rent properties.
- 13.2 We will utilise the model of analysis noted under section 9.3 above to help inform our approach to assessing how this stock performs and our options. We will assess whether we should continue to invest, need to remodel or ultimately dispose of stock which we consider to be having a negative effect on the business plan.
- 13.3 Should we identify any stock that gives cause for concern, then we will adopt best practice principles of option appraisal approved by our Board to assess and report back findings.
- 13.4 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.
- 13.5 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. See 'Strategic Acquisitions and Disposals' below.

14.0 Strategic Acquisitions and Disposals

- 14.1 We will acquire land and buildings for the purposes of new build development and will make disposals where this supports financial and strategic objectives.
- 14.2 We have developed separate Acquisition and Land Banking Policy and Procedure to guide how these decisions are made.
- 14.3 There are other occasions when acquisition can make strategic sense for the association. We have in the past for example been involved with Shared Ownership buy backs where a sharing owner indicates that they wish to sell their share in the property. These could be let on a Mid Market Rent (MMR) basis through our subsidiary company, Venachar Ltd, provided they are supported by a clear business case and viable financial appraisal.
- 14.4 Our key driver for this is to try, in some small way, to increase availability of social housing for potential tenants in the rural area that we serve.
- 14.5 In these situations we will obtain a valuation and carry out a property inspection to determine likely repair costs.
- 14.6 We will then assess options including:
- Exercising our right under Shared Ownership Occupancy Agreements to join with the sharing owner in selling the whole property;
 - Purchasing the share from the sharing owner (i.e. become sole owner);
 - Allowing the sharing owner to sell their share on the open market (i.e retaining the property as shared ownership and creating a new occupancy agreement).
- 14.7 All of the above options will be appraised financially to determine viability in the longer term.
- 14.8 It is also a key objective to ensure that all of our properties are of a standard and quality which meet the expectations of current and future tenants while minimising the financial and resource commitments to the organisation in maintaining them.
- 14.9 However, in particular circumstances we may wish to dispose of land, individual properties or groups of properties which are either vacant or occupied.
- 14.10 Such disposals may be made by way of a sale or a lease, for example, to a community group or development trust as part of a mixed tenure new build development; to our subsidiary organisation to rent on a mid-market rent basis, or to a third-party individual.
- 14.11 Our stock base is relatively young with most property being acquired or developed in the 1990's. At present our stock does not present any risk of financial drain with no real problem areas of difficult to let stock. However, we will take a proactive approach as part of our Asset Management Strategy and identify stock as early as possible that could potentially become a cause for concern. Part of this approach will include an effective disposal strategy.

Cause for Concern

- 14.12 The criteria that we will use for identifying stock which may represent a cause for concern in the longer term will be based on the following;
- uneconomic and wasteful to improve;
 - problematic/difficult to let;
 - history of expensive or uneconomic repairs;
 - poses a risk, if not dealt with, to our reputation.

Options Appraisal

- 14.13 An options appraisal exercise will be carried out when stock is identified as cause for concern. The options appraisal will assess the feasibility and viability of retention through alternative tenure or redesign or remodelling.
- 14.14 The disposal of properties giving cause for concern will occur in circumstances where either there is no other viable or economic basis for retaining the property, or where after due consideration the property is not considered an asset which will benefit either RSHA or its tenants in the longer term.

Disposals

- 14.15 Properties which are assessed as giving cause for concern in line with the Asset Management Strategy will be considered for possible disposal.
- 14.16 All disposals of land or assets that are cause for concern will be approved by the Board.
- 14.17 The Board will also approve all other categories of disposals i.e. sale or lease of land or property to individuals or groups.
- 14.18 All disposals will be supported by a sound Business Case and financial appraisal. The financial appraisal will assess the future long term investment requirement relative to the rent and income being received by RSHA. The appraisal will also take into account whether there is any security over the property by private lenders, the outstanding debt on the individual property and any outstanding Housing Association Grant (HAG) on the property which may have to be repaid.
- 14.19 Where properties are occupied and assessed as causing particular concern we will carry out resident and stakeholder consultation. We will assess tenants interest in being rehoused to enable us to dispose of the properties. Consultation will take place with tenants and other key stakeholders on the reasons for the disposal and alternative housing options.
- 14.20 The consent of the SHR, the Grant Provider or Lender may be required for disposal prior to the disposal of taking place.
- 14.21 All disposals will be made on the basis of an independent valuation and usually disposed of at full market value. Resources released from the sale of such

properties will be utilised by RSHA to meet our charitable objectives with recommendations for use of funds approved by the Board.

Disposals of land or buildings at less than market value

- 14.22 Any proposal to dispose of property at less than market value will be a matter reserved for decision by the Board.
- 14.23 Such a transfer will only proceed if it is supported by a robust Business Case.

15.0 New development with a purpose

- 15.1 Our Board, customers and other partners are supportive of the idea that we should continue to build new homes and grow through new build or land and property acquisitions.
- 15.2 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.
- 15.3 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. We recognise that new build housing development is both an opportunity and by its very nature inherently risky. We have strengthened our approach to the governance of new build investment and decision making and will be developing our Risk Framework in the coming months.
- 15.4 We will explore where there is land that we can buy for future development and how such development activity can be resourced.
- 15.5 Noted below is the current Development programme identified in the SHIP.

RSHA New Build Grant Funded Development Programme Identified in the SHIP

Scheme	Units
Station Road, Callander	23 for social rent
Balmaha	10 for social rent plus: 6 LCHO; 4 key worker flats (community-owned) and 2 self-build plots for market sale).
Blaireissan, Killearn	12 for social rent
Claish Farm, Callander	50 for social rent

Springbank Road, Doune (ph. 5)	6 for social rent
Menzies Terrace, Fintry (ph. 1)	15 for social rent
Brig O' Turk	6 for social rent
Croftamie	10 for social rent
Kippen	10 for social rent
Drymen	10 for social rent
Total for Social Rent	152 additional units (per business plan model)
Additional schemes:	
Strathblane	6 for social rent
Kinlochard	6 units *
TOTAL	164 additional units

- 15.6 We will develop new build social housing and housing for other tenures where this is in line with our strategic objectives and in line with objectives and priorities of the Scottish Government and our Local Authority and housing need and demands assessments. We will, where and when required, work with local communities and our partners to address more particular local housing needs and solutions and help to support our local communities to access funding for research and feasibility.
- 15.7 We will strive to ensure that our new homes are as energy efficient and sustainable as possible and will review and update our Design and Technical Specification in 2019/20 to design out fuel poverty. We will look to future proof our homes as much as possible to deal with the needs of an ageing population and to support independent living for as long as possible.
- 15.8 We will endeavour to ensure that our Design Guide reflects the challenges we face to overcome climate change, address fuel poverty and an ageing population. We will work with our partners and other agencies to achieve the ambitious carbon emissions targets set by the Scottish Government.
- 15.9 The Association's Design Guide for newbuild housing will be reviewed and updated during 2019-2020 and will focus on sustainability and reducing our impact on the environment when building and maintaining our homes.
- 15.10 We will engage with our communities and partners in developing new homes to ensure that they are designed with end users in mind and that local communities can inform and influence any proposed new development.

16.0 We provide for Value for Money

- 16.1 Providing value for money for our customers is at the heart of everything that we do. During 2019/20 we will be developing our Value for Money (VfM) strategy which will firmly embed a VfM culture across our business.
- 16.2 We have recently developed a Group Procurement Policy and this will drive a comprehensive review of our procurement activities to ensure that the Association achieves good quality and can demonstrate value for money together with ensuring we are 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.
- 16.3 We will be re-procuring our reactive maintenance and void services during 2020-2021 when the current Repairs Framework comes to an end. As part of this process we will require to complete an options appraisal to determine the most appropriate delivery model for the Association and its tenants. We will also carry out an appraisal of the procurement of consultancy services for the new build and planned programme and conclude on the most appropriate forms of procurement going forward.
- 16.4 In 2018 we joined the Scottish Procurement Alliance (SPA) to allow us to take advantage of existing contractual frameworks that may deliver efficiencies and VfM. This option has yet to be tested and discussions are underway to determine what may be the most suitable project to act as a pilot.
- 16.5 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. In this respect, we have regular contact at CEO level with our alliance partners in StrathFor.

17.0 Office Accommodation

- 17.1 For a number of years the Association has been considering options for improving and enlarging office accommodation. At its meeting in October 2017 the Board approved progressing Option 2A to 'tenders obtained' stage and then to reconsider matters. A separate report was submitted to the Board in October 2018 and a decision taken to extend the existing accommodation to ensure it is fit for purpose for our staff team. These works will be complete by Autumn 2019.

18.0 Action Plans, Monitoring and Review

- 18.1 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**.
- 18.2 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.
- 18.3 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.

19.0 Conclusion

- 19.1 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.
- 19.2 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.