



COPPERWORKS
Housing Association

Asset Management Strategy
2019 to 2022

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Next Review Date:

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- 1 Action Plan 2019 - 2022**
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1. Introduction

It is important that the Association sets out how it will manage and maintain our assets to ensure that we can achieve and sustain our Strategic and operational objectives.

This strategy seeks to set out how we intend to manage, maintain and invest in our assets and how we will monitor and review our progress, whilst involving tenants in the process.

We strive to achieve the highest possible standards and secure value for money in all that we do. The approach set out in both our Business Plan and this Asset Management Strategy will allow us to continue to do so.

The Association's Investment Plan for the period 2019 to 2022 as well as our ongoing wider role activities and potential development opportunities, demonstrate the Association's commitment to investing in our current properties and also the growth and sustainability of our community as a whole.

2. Context

2.1 The Association recognises the financial hardship faced by many residents of the community which we serve and aims to provide good quality services which are affordable in this context.

2.2 Within an ever changing environment, including welfare reform, rent setting, additional legislative and regulatory compliance requirements, changing housing need and demand and overall demographics, it is key that our asset management strategy recognises the key challenges associated with all of these, such as:

- Customer affordability issues as a result of welfare reform, demographic changes, rising energy prices;
- Cuts to local government budget resulting in cuts to services
- Financial impact of additional legislative and regulatory requirements

As such, we must have a clear view of the performance of our property assets, including an understanding of how they meet our strategic objectives. It is extremely important therefore, that we make good decisions to ensure that the investment we make in our assets is sustainable and reconciles with the challenges outlined above.

3. Strategic Aims and Objectives

3.1 This document is set within the context of the link with our Business Plan and our Strategic Objectives which are:

Objective 1: We will maintain and enhance strong strategic governance.

Objective 2: We will ensure that customers receive the highest possible standard of service at all times.

Objective 3: Provide Quality Homes in an Attractive Environment

Objective 4: Seek to Improve our Financial Strength and Deliver Value for Money

Objective 5: Develop our Leadership and Staff

Objective 6: Continue our Role as a Community Anchor by providing services and improving our communities to grow and thrive.

3.2 Asset management is a key part of our strategic approach towards delivering these objectives, and includes a number of aspects:

- Recognising that asset life should be maximised to obtain best value
- Linking between the strategies for management and maintenance of existing assets and any future procurement of new stock
- Ensuring that other policies and procedures complement the asset management strategy
- Ensuring that we can adequately fund the actions identified
- Recognising that although our main aim is to retain stock, understanding that in the long-term in some exceptional circumstances it may be good business sense to sell assets to achieve on-going financial viability, or where those assets are no longer fit for purpose
- Integrating the asset management strategy into the risk management framework
- Link demand to our investment program and consider a holistic approach to major investment

4. Stakeholders

4.1 There are a number of key stakeholders who have a vested interest in our asset management strategy and plan.

They are:

- Our tenants
- Factored owners
- The wider community
- Our Management Committee and staff
- Funders
- Lenders
- The Scottish Housing Regulator
- OSCR
- Other partners e.g. Glasgow City Council, Contractors, community groups and agencies and other RSLs

4.2 We will use the following mechanisms to ensure that our stakeholders are kept informed of our strategy and plan:

- Annual Return on Charter (ARC)
- Newsletter articles
- Website updates
- Annual General Meetings
- Rent Consultations
- Management Committee reports/Strategic Planning Events
- Staff Meetings/Team Building Days
- Monitoring of loan covenants and on-going engagement with lenders
- The SHR Regulatory Framework

5. Our Stock Base

5.1 Stock by type and apartment size

C17 Stock by type and apartment size	House	Tenement	4 in a block	Other flats/ maisonettes	Total
2 apartment	0	63	0	0	63
3 apartment	8	110	21	0	139
4 apartment	0	60	0	5	65
5 apartment +	0	0	0	3	3
Total	8	233	21	8	270

5.2 Stock by age band

Pre-1919	1919-1944	1945-1964	1983-2002	Total
37	28	169	36	270

6. Approach to Asset Management

- 6.1 The Association must understand our asset portfolio and the investment requirements in order to meet our strategic objectives, legal and regulatory standards, ensure continued demand for the stock and protect the income stream from rents.
- 6.2 The Association recognises that to ensure we protect our property assets, we must also deliver a range of wider services and activities which contribute to community cohesion and sustainability
- 6.5 The Association must ensure that we can clearly demonstrate the affordability and viability of our strategy and investment plans.
- 6.6 The Association will consider demand in relation to investment and are open to conducting mini option appraisals to influence investment priorities
- 6.7 The method and plan on how we will achieve all of the above is detailed in our Asset Management Planning section 12 and our action plan at Appendix 1.

7. Risk Management

- 7.1 If we do not manage our assets effectively, they can become liabilities that could threaten the viability and sustainability of the Association and could have a significant impact on our customers and our community.
- 7.2 The key risks associated with our approach to asset management and investment will be identified and recorded within the Risk section of Business Plan.
- 7.3 We have an established mechanism in place for identifying and mitigating against risk and all actions pursued as part of our asset management strategy and investment plans will be fully considered, the risks identified and appropriate mitigation measures put in place.
- 7.4 Risk items will continue to be reported to Committee as part of the current Committee reporting procedures.

8. Benefits of Asset Management

- 8.1 The benefits of asset management can include:
 - Improved financial performance
 - Managed Risk
 - Improved services and outputs
 - Demonstrated social responsibility
 - Demonstrated compliance
 - Enhanced reputation
 - Improved organisational sustainability
 - Improved efficiency and effectiveness

9. Ownership

- 9.1 The Depute Director will have responsibility for this strategy and delivery of the investment programme and other related activity. The action plan (Appendix 1) provides detail on individual areas of responsibility.

10 Governance and Reporting

- 10.1 An Investment Plan, covering an initial period of 3 years will be developed and presented to Committee. This plan will be reviewed annually and will be presented with a covering report consisting of the following information:

- The robustness and quality of stock condition data that is used for development and review of the plan, which will include a summary of data derived from the most recent stock condition survey and information on improvements carried out within the stock which has updated this data
- A summary of progress made on the investment plan
- A summary of compliance with legal and regulatory requirements that were required in order to deliver the investment
- Linkage to the strategic objectives as identified in our Business Plan
- Update on any additional risk items identified or any change in risk that has occurred

- 10.2 This annual review will be in addition to the ongoing monitoring that will be undertaken by the maintenance team and all other programmed updates provided to Committee as part of the agreed reporting procedures in place.

11 Resourcing

- 11.1 The Director/Depute Director will be responsible for considering the resource requirements for the organisation to ensure that it can deliver on all areas of operation.

- 11.2 This may require consideration of the current staff structure and whether there are adequate resources in place to deliver this strategy and our action plan. It may also require identification of particular training that will assist to ensure that staff have the appropriate knowledge and tools to complete tasks assigned.

- 11.3 Any such requirement that had significant cost or other implications for the organisation would be subject to the normal reporting and Committee approval procedures that are in place.

12 Asset Management Planning

12.1 The Association must plan for appropriate investment to:

- Manage and maintain its stock

The Association will do this by considering budgetary requirements on an annual basis to ensure that there is adequate provision to provide a good quality repairs service (Reactive and Cyclical).

- Ensure that demand is sustained long term

The Association will do this by:

- ❖ Conducting a stock condition survey every 3 years and using this information to inform the future investment programme for the stock
 - ❖ Developing a 3 year investment plan to be progressed and reviewed on an ongoing basis
 - ❖ Carrying out regular valuations of the stock to determine the value of our asset base and to ensure that retention and investment in the current form is sensible
 - ❖ Considering the needs and demands of current tenants and applicants to ensure that the stock continues to meet these needs in its current form.
 - ❖ Consider development opportunities if appropriate and viable.
 - ❖ Ensuring that adequate resources (financial and other) are considered/provided to continue to work with key partners and agencies to deliver wider services that will ensure community cohesion and sustainability
- Ensure compliance with all legislative and regulatory requirements such as:
 - ❖ Gas Safety
 - ❖ Asbestos
 - ❖ Legionella
 - ❖ Electrical Safety
 - ❖ Fire Safety
 - ❖ Scottish Housing Quality Standard
 - ❖ Energy Efficiency Standard for Social Housing
 - ❖ Procurement

The Association will do this by ensuring that all of the above and any future requirements are considered and implemented as required.

The investment required to meet these requirements will be determined and factored into current budgets/financial plans to ensure that any financial or other risks are identified and that appropriate action is taken to mitigate or remove this risk.

12.2 The Association must also ensure that its Investment plan is sensible, affordable and achievable.

We will do this by:

- ❖ Considering the resources required to deliver the investment programme (financial and other)
 - We will consider the impact of our investment plan on our 30 year financial projections and ensure that the plan is realistic and affordable and does not compromise the future viability of the organisation
 - We will consider the staff resources, skills and knowledge required to deliver the investment plan and ensure that we are able to deliver.
 - We will consider the impact of our investment plan on rents and affordability for our tenants
- ❖ Considering any material change in circumstances and the potential impact
 - We will redo our financial projections where any material change occurs that could impact upon our asset management strategy and investment plan. In any case, the projections will be done annually.

12.3 The Association will ensure that we obtain best value for any investment work that we progress.

We will do this by:

- ❖ Considering the most appropriate procurement process (in compliance with our procurement policy) for the works to be undertaken
- ❖ Ensuring that investment is linked to demand
- ❖ Ensuring that we give due consideration to the quality of service that will be received as well as consideration of price

12.4 An action plan is attached at Appendix 1 which sets out the actions required to meet the objectives set out above with appropriate timescales and delegated responsibility detailed therein.

13. Investment Plan

13.1 The current investment plan for 2019 to 2022 is attached at Appendix 2.

13.2 The investment included has been written into our 30 year financial projections as well as all future anticipated expenditure derived from the most recent stock condition survey. The 30 year financial projections are presented to Committee separately and are subject to the agreed monitoring procedures in place.

13.3 Any changes to the investment plan and subsequent implications on the 30 year financial projections will be considered and reported to Committee as appropriate.

14. Review

- 14.1 This Asset Management Strategy will be reviewed every 3 years or at appropriate intervals where it is deemed appropriate (i.e. where it has become necessary to amend our investment plan due to a material change in the information relating to the condition of our stock).