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|  |                               | <h1>ASSET MANAGEMENT STRATEGY</h1> |                     |
| <b>Written by:</b>  | <b>Director of Operations</b> | <b>Version:</b>                    | <b>1</b>            |
| <b>Approved by:</b>   | <b>Management Committee</b>   | <b>Date:</b>                       | <b>29 July 2015</b> |
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## **1. Managing our Strategic Assets – An Introduction**

- 1.1 At Orkney Housing Association Limited (OHAL), we continually focus our activities to provide good quality affordable homes and services for the benefit of the people and communities of Orkney.
- 1.2 We have a robust strategic business planning process, which operates on a 3-year cycle. In this process we develop and clearly state our key objectives.
- 1.3 A significant part of how we achieve these objectives is by using our strategic assets in the best ways we can. Our strategic assets include our existing and planned housing stock, land for future development and other properties, such as our offices.
- 1.4 We are very aware that the majority of our strategic assets are our resident's and future residents' homes – and there are benefits to be had for everyone by us all maintaining and using these assets in the best ways possible. These properties represent our main income source and a major area of annual expenditure.
- 1.5 This strategy has been developed using guidance within, and with regard to:-
- SFHA Asset Management Manual
  - Scottish Housing Regulator (SHR) - Recommended Practice on Strategic Asset Management
  - SHR Regulatory Standards
  - Scottish Social Housing Charter Outcomes
- 1.6 This Strategy sets out 10 strands for how we will continue to ensure that the homes we provide will be good quality and affordable.
1. A Whole Organisation Approach
  2. Understanding Customers
  3. Risk-based and proportionate
  4. Good Information
  5. Joined-up Planning
  6. Looking after Tenants Homes
  7. Compliance with Standards
  8. Shared Assets and Factoring
  9. New Development with a purpose
  10. Value for Money

## **2. A Whole Organisation Approach**

- 2.1 At Orkney Housing Association, we believe that every person in our organisation has a role to play in ensuring that we maximise the contribution that our properties make in achieving our aims.
- 2.2 OHAL is governed by an elected Management Committee, and they understand the importance of our effectively managing our strategic assets. They have approved this Strategy and approve annual Business Plans which they then monitor closely to ensure staff deliver the Association's objectives.
- 2.3 The Association will ensure that it develops and updates policy and procedure documents which support and guide staff in achieving the aims of this strategy and underpin delivery of our objectives.

## **3. Understanding Customers**

- 3.1 Ensuring that we have regularly updated customer information and demographics is very important to the Association. Annually, we refresh our data and present up-to-date analysis and information in the "Operating Environment" section of our Business Plan.
- 3.2 Our Rented Allocations policy collects and analyses housing needs information and feeds this into the development programme to determine the housing mix and demand for specific areas.
- 3.3 We annually survey our residents, and update our household records. This helps us judge how best to ensure ongoing and useful dialogue with our customers, and enable us to communicate effectively.
- 3.4 The Association publishes a Tenant Participation Strategy, and we regularly consult our tenants on anything of significance relating to their tenancy or their home. We undertake New Homes surveys with all tenants of newly completed properties, which inform our new-build design brief. We carry out a full satisfaction survey every 3years.
- 3.5 The feedback from our customers helps inform both the type of housing and location of new builds. We use this information to agree the Strategic Housing Investment Programme (SHIP) with Orkney Islands Council and the Scottish Government.

## **4. Risk-Based and Proportionate**

- 4.1 Annually, as part of the business planning and our Risk Management processes, OHAL undertakes a thorough evaluation of all the factors in our internal and external environment. We consider two key things – what are the risks to us achieving what we are seeking to, and what are the opportunities we may miss by not doing something.

4.2 Our Risk Register is developed so that it:-

- Is created and debated at a senior level – so that that key people are aware of the risks
- Focuses on the highest risks to the organisation
- Contains an assessment of both the impact and likelihood of the identified risks
- Outlines how OHAL will respond to the risk – either tracking or treating it
- Details any actions we will implement to mitigate, or reduce, the risks
- Can be easily accessed, viewed, and periodically reviewed and updated
- Embeds an awareness of asset-related risks, and considers the role of assets in managing our risks

4.3 Our residents' homes and other strategic assets are carefully considered when we analyse both risks to the organisation and where potential mitigation may lie.

4.4 In addition to our approved Risk Management Policy, the Association will ensure that it explicitly considers Risks within our Development Strategy.

## **5. Good Information**

5.1 As all our properties are relatively modern, with the oldest dating back to 1987, we have detailed information of each scheme from when it was built. Staff undertake regular estate inspections and detailed inspections at re-let stage to ensure building components do not deteriorate unreported.

5.2 Our handyman operatives provide feedback to Technical staff and meet regularly to discuss the performance and condition of building elements within our schemes and this feeds into our planned maintenance and improvement programmes. Common or frequent repairs to certain elements are also highlighted and investigated to ensure these can be included in any replacement programmes if required. Programmed works are inspected prior to setting budgets to ensure the works are required and if not they will be deferred to future years.

## **6. Joined Up Planning**

6.1 We have in place a robust cycle of strategic and business planning, which takes full consideration of our Strategic Assets. The process is led by our Management Committee and Management Team and commences in November each year. The process considers a full environmental analysis (PEST and SWOT) and includes a comprehensive risk analysis of internal and external factors.

6.2 OHAL has a detailed and thorough 30-year approach to considering management of Strategic Assets and the financial implications of our decisions. We develop 30-year financial projections considering all known factors, and stress-test these for unknown factors and assumptions. Year 1 of the 30-year financial projection forms a core part of the business plan for the coming year.

- 6.3 The individual components of our properties are calculated on an expected-life basis and their planned replacement is scheduled into a 30-year Asset Management Plan. This 30-year plan is supplemented by a detailed 3/5 year programme and both the 3/5 year and 30 year plans inform our financial projections and business plan.
- 6.4 Component lifecycles are kept under review to ensure planned replacements take place at the appropriate times. Our tenants are consulted on component replacement plans.
- 6.5 The Association has in place a process which is inclusive of all parts of our organisation, and ensures that sufficient cashflow is maintained to enable us to look after our assets.

## **7. Looking After our Tenants Homes**

- 7.1 The maintenance of our housing stock can be broadly split into two categories. These are:-
- **Responsive Repairs** – these are day to day repairs reported to us by our tenants or staff. Our responsibilities and target timescales for dealing with these repairs are detailed in our Responsive Repairs Policy
  - **Planned Maintenance** – these are proactive repairs or renewals to prolong the life of our stock. A programme of replacement costs and component life cycles is used to ensure funds are available when works are required. This programme is reviewed and updated annually following inspections and tender costs

We will liaise with our tenants in planning the works. Initially, we will follow the principle of improving energy efficiency of properties.

- 7.2 The majority of works on our homes are carried out on our behalf by a list of approved contractors. We also employ a small Direct Labour Force (DLF) which enables us to provide direct services to tenants where this is appropriate.
- 7.3 The balance of contractor to DLF is kept under review with the aim of delivering the best and most cost effective services to our tenants.
- 7.4 In addition to maintaining our housing stock we aim to enhance the quality and performance of our stock by undertaking Property Improvement works. Tenants are consulted to see what improvements they would like to see to their home and a costed programme of works is drawn up.
- 7.5 We will prepare a five-yearly cycle for property improvements, which we will review annually. As part of this process, we will seek to monitor how effective our interventions and improvements have been via tenant satisfaction surveys.
- 7.6 To support and inform this, we will work to deliver our Estate Management Policy, and monitor its success via satisfaction surveys.
- 7.7 We will support and deliver an energy advice service to our residents to help them

reduce their energy requirements and make the most efficient use of their homes.

- 7.8 In 2014/15, OHAL undertook a wide-ranging review of our void-management and re-let process. Tenants were consulted fully and supported proposals to implement a dynamic, well planned process aimed at reducing voids whilst maintaining standards and increasing satisfaction.

## **8. Compliance with Standards**

- 8.1 When undertaking new build developments we aim to improve on the minimum current building standards requirements where possible. In doing this, we seek to future-proof our stock and reduce the likelihood of having cause for concern stock in the foreseeable future.
- 8.2 Statutory & Regulatory  
There are certain legislative and best practice duties placed on the Association in relation to certain items within our properties. These include inspections and servicing of systems. These include:
- Annual smoke and carbon monoxide alarm testing
  - Testing of communal fire alarm systems
  - Thermostatic Valves testing
  - Annual inspection of solid fuel stoves and fires
  - Legionella
  - Electrical system testing
  - Servicing of heating systems
- 8.3 We will develop, maintain and deliver a regular programme which ensures full compliance with these and other requirements. This will be monitored by our Technical Services Team.

## **9. Shared Assets, Non-Residential Property, Land and Factoring**

- 9.1 In addition to rented homes, OHAL have significant ownership of other strategic property assets.
- 9.2 When we no longer have any ownership interest in a factored property or building, we will carry out an options-appraisal and may cease to offer factoring services, enabling us to concentrate on our core business.
- 9.3 A sizeable proportion of our asset holding is made up of Low Cost Home Ownership (LCHO) housing stock in the form of Shared Ownership (SO). In most cases these SO properties are part of schemes which include our rented properties.
- 9.4 We will work with our sharing owners to ensure satisfactory upkeep and maintenance of the properties. In some cases this may involve the provision of factoring services to owners and sharing owners.

- 9.5 Our land for future development is a very important strategic asset for the Association, as it empowers and enables us to develop homes for aspiring and future tenants. Owning land for development assists us in meeting tenants' needs with reduced reliance on private landowners.
- 9.6 We review our landholdings and land requirements regularly and consider additions and disposals on a case-by-case basis as to how well any changes support our ability to meet tenants' needs.
- 9.7 Whenever opportunities arise, we will consider utilising landbank to generate short-term income, eg through agricultural leases.

## **10. New Development**

- 10.1 As long as there is an unmet housing need, we will aim to continue to deliver new housing to our communities.
- 10.2 Our regularly updated New Build Design Brief (NBDB) sets out the standards we require for our new build stock. We will survey all residents of new build housing to obtain feedback on our designs and standards. The feedback will inform revisions of the NBDB.
- 10.3 OHAL have a strong strategic partnership with Orkney Islands Council (OIC), with whom we share a joint application process and joint waiting list.
- 10.4 OIC prepare a 5-year Strategic Housing Investment Plan (SHIP) for Orkney, in consultation with OHAL and Scottish Government. Our Development Strategy is largely driven by the SHIP and defines what we aim to build over the next 5 years and in which locations we will prioritise certain types of development.
- 10.5 Our build programme will normally be funded by Scottish Government grant, sales and loans as detailed within our Business Plan.

## **11. Value for money**

- 11.1 OHAL has a modern and strategic approach to procurement, founded in sound governance, fairness and transparency. We will ensure that we continue to have Procurement processes which are regularly reviewed in line with best practice and guidance.
- 11.2 When approaching procurement of works and services, staff are focused to ensure that the quality and integrity of our strategic assets are maintained and enhanced in accordance with our Procurement Policy.
- 11.3 The effectiveness and impact of our investment and maintenance programmes will be monitored by staff and regular satisfaction feedback from tenants. These will demonstrate to the Association the positive impact on tenants of thorough Asset

Management programmes.

- 11.4 Our experienced Technical Services team provide clerk-of-works resource for our new developments. This ensures that works are delivered on time, within budget , to expected quality and that opportunities can always be taken to deliver maximum value.
- 11.5 We will consider how best to ensure community benefit and value for money in our procurement processes.

## **12. Review of Asset management Strategy**

- 12.1 This Strategy will be revisited annually, and reviewed every 5 years – or sooner if circumstances require. In reviewing the strategy, a wide range of people throughout the organisation will be involved.

### **Glossary**

- Tenants – people who hold a tenancy in one of our social-rented properties.
- Residents – the above, plus people living in the same household as our tenants, plus owners, sharing-owners, and their households.
- Customers – all the above plus applicants and anyone else to whom we provide a service.