



# THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

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# THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

## CONTENTS:

1. EXECUTIVE SUMMARY
2. INTRODUCTION
3. PURPOSE OF THE ASSET MANAGEMENT STRATEGY
4. OTHER KEY STRATEGIC DOCUMENTS
5. CUSTOMER ENGAGEMENT
6. VALUE FOR MONEY, INCL ASSET VIABILITY
7. INVESTMENT IN NEW HOUSING
8. MONITORING AND REVIEW
9. APPENDIX A – CUSTOMER & STOCK PROFILE
10. APPENDIX B – REPLACEMENT CYCLE ASSUMPTIONS
11. APPENDIX C – CALEDONIA GROUP PLANNED INVESTMENT SUMMARY 2019-2023

## 1. EXECUTIVE SUMMARY

- 1.1 INTRODUCTION - The Caledonia Group comprises three separate organisations – Caledonia, Cordale and Bellsmyre Housing Associations. In the introduction we set out how the Asset Management Strategy will contribute to meeting the aims of the Group Business Plan, which are:
- Our Mission - Sustainable homes, flexible services, vibrant communities;
  - Our Vision - Homes and services that make life better, and:
  - Our Strategic Objectives – (1) Achieving Excellence, (2) Building Success, and (3) Creating Innovation
- This section also sets out some of the key things that we will do to deliver these objectives.
- 1.2 PURPOSE OF THE ASSET MANAGEMENT STRATEGY – In this section we set out why we have an Asset Management Strategy which is to ensure that all properties owned or managed by the Caledonia Group are sustainable and contribute positively to the Group. We also set out how we will implement the strategy, including how we will meet key legal and regulatory standards.
- 1.3 OTHER KEY STRATEGIC DOCUMENTS – the Asset Management Strategy (AMS) needs to link with other strategic documents such as our Risk Management Strategy, Financial Regulations and Procurement Strategy. In this section we set out how the AMS sits alongside and interacts with these other key documents.
- 1.4 CUSTOMER ENGAGEMENT – It is essential that we involve customers in setting the aims of the asset management strategy, and in this section we set out how we intend to do this. Implementation of the strategy also relies heavily on feedback from customers on a variety of issues from our repairs service to the quality of new homes built, and we have detailed how we intend to capture this information on an ongoing basis to keep the strategy live and up to date.
- 1.5 VALUE FOR MONEY, INCL ASSET VIABILITY – It is imperative that we can demonstrate that we provide value for money for our customers. We survey customers on a regular basis to ascertain how we are doing on this, and this section sets out how we will combine this feedback with key financial indicators to provide a matrix of value for money indicators across our properties.
- 1.6 INVESTMENT IN NEW HOUSING – Building new homes is a key strategic objective of the Caledonia Group as we continue to see a shortage of high quality affordable housing across all of our areas of operation and beyond. This section sets out how we will establish the amount of new affordable homes the Group will build and where these will be – linking these with local and national housing strategies. We also set out a bit more detail on the type of housing we aim to build, recognising that each development in each area will be different to reflect local needs in that area.
- 1.7 MONITORING AND REVIEW – Finally in this section we set out how we will monitor and review the AMS to ensure that we can demonstrate that the strategy delivers its stated outcomes.

## 2. INTRODUCTION

The Caledonia Group comprises three separate organisations – Caledonia, Cordale and Bellsmyre Housing Associations. In the last year we have grown through the provision of new build homes and a transfer of engagements from the former Antonine Housing Co-operative, and we now own and manage 5,194 social rented properties, and provide management and factoring services for a further 2,337 properties. Our combined annual turnover is expected to be around £32.3m in 2019/20.

The Caledonia Group Business Plan sets out our Mission, Vision and key strategic objectives as show below:

<b>MISSION</b>	Sustainable homes, flexible services, vibrant communities			
	↑↓			
<b>GUIDING PRINCIPLES</b>	Excellence	Respect	Integrity	Customer Service
	↑↓			
<b>VISION</b>	<b>Homes and services that make life better</b>			
	↑↓			
<b>STRATEGIC OBJECTIVES</b>	<b>Achieving Excellence</b>	<b>Building Success</b>	<b>Creating Innovation</b>	
	↓	↓	↓	
	We will achieve excellence through our people to deliver quality homes and services that are affordable, sustainable and valued by our customers.	We will make our organisation stronger for the future by ensuring resilience in all areas of our business, creating a strong base for our continued growth.	We will innovate to create efficiencies and deliver value for money through the effective use of our resources.	

Over the period of the Business Plan we will progress the key long term strategic projects for Group outlined below, with a specific focus on the major transformation of our organisation through our Customer 1<sup>st</sup> programme.

### 1. Achieving Excellence

#### ***Our Customer 1<sup>st</sup> Programme***

Over the course of the Business Plan by focussing on customer needs, we will introduce wide ranging changes to the way in which we operate. We will deliver flexible, efficient and customer focussed services from a skilled, highly engaged and continuously developing workforce, utilising increased use of digital technology and strong customer insight systems.

### 2. Building Success

#### ***Providing 1000 New Homes in 5 Years***

Our strategic priority is to build 1,000 new affordable homes, this being our commitment to assisting the Scottish Government to build 50,000 new affordable homes in the term of the current parliament. We also continue with our considerations on how best to improve the energy efficiency of our new

homes and will use this to inform our design guide for our future homes. Likewise our design guide will also reflect our recent work on options to introduce new technology into our new homes.

### ***The Bellsmyre Regeneration Programme***

We will deliver a comprehensive regeneration of the Bellsmyre area which we believe is vital to strengthen demand, improve tenancy sustainment, increase tenant satisfaction and revitalise the wider neighbourhood. This will involve the demolition of approximately 250 low demand tenement properties, to be replaced with new build two storey homes with individual garden space, and we will consult extensively with Bellsmyre residents and key stakeholders on our proposals. In order to deliver this a transfer of engagements, involving Bellsmyre staff and assets transferring to Caledonia, is necessary and we anticipate commencing formal consultation on a transfer of engagements in early 2019.

### ***Implementing the Group Asset Management Strategy***

We will pro-actively monitor the performance of our housing stock to ensure that, as far as possible, all housing stock contributes positively to the financial sustainability of and delivers value for money for the Caledonia Group and all of our customers. Our investment plans will also be developed to reflect this and also a wide range of improvement and compliance works required. Investment priorities will be set out in our Business Plan 5 Year Budget.

### ***Rent Policy and Structure Review***

We will engage consultants to undertake a fundamental review of our rent structure and present options to develop a new structure that is fair, open, transparent and easy to understand.

## **3. Creating Innovation**

### ***Delivering Sustainable Services***

We will develop and deliver new partnerships and models of service delivery for our housing support related and other ancillary services that will benefit the Associations in the Group. These are focussed on ensuring we use our housing and other business assets to achieve savings, generate capacity and improve services while considering the impact these services have on the quality of life for our customers.

### ***Antonine Housing Association Partnership***

On 1 October 2018 Antonine became part of Caledonia Housing Association. This transfer included specific commitments made to Antonine's tenants in relation to rent setting, planned investment in their homes, service delivery and governance arrangements. Ensuring that these are successfully delivered will be a key strategic priority over the period of this Business Plan.

### ***Review of the Group Governance Arrangements***

Streamlining and simplifying the governance arrangements currently in place within the Group has been identified as an important aspect of our Customer 1<sup>st</sup> programme. A comprehensive review of the governance arrangements across the Group will be carried out to determine how these could be improved whilst also ensuring ongoing compliance with the Scottish Housing Regulator's Regulatory Framework.

### 3. PURPOSE OF THE ASSET MANAGEMENT STRATEGY

Strategic Asset Management is essential for the Group to deliver good services for customers, provide a solid platform for improvement, and make the most of our property assets. It is therefore the aim of the Asset Management Strategy to ensure that all assets owned or managed by the Caledonia Group are sustainable and contribute positively to the Group. This document sets out a proportional approach that will be taken to identify where time should be spent analysing Group assets in more detail and actions to be taken once the results of this analysis are known.

We will take the following approach:

1. Ensure that the key objectives of the Asset Management Strategy align with and contribute to delivery of the Business Plan and other Group strategies
2. Ensure appropriate Customer Engagement and Stakeholder consultation at relevant stages, leading to improved stakeholder satisfaction levels
3. Assess the long term viability of all Group stock to ensure that value for money is delivered by meeting expected standards with investment requirements based on a sound understanding of our customers, our assets and the issues affecting both
4. Set out quality standards to be met by all Group stock where practicable
5. Set out Group strategy for the investment in new housing
6. Ensure regular monitoring and review of the asset management strategy, and how this will be communicated internally and externally.

#### **EXPECTED OUTCOMES OF ASSET MANAGEMENT STRATEGY, LINKED TO BUSINESS PLAN**

Achieving Excellence:

1. Established standards for existing and new housing stock
2. Improved Customer Satisfaction levels in relation to their homes and estates

Building Success:

3. An effective investment strategy for new and existing housing which supports our Business Plan and reflects key stakeholders' strategies
4. Sustained demand for the Association's properties

Creating Innovation:

5. Improved Value For Money through strategic procurement.
6. Use of new technology & systems to deliver improvements to homes and services

#### **UNDERSTANDING OUR ASSETS**

Group assets incorporate all heritable property, including rented housing stock, shared ownership and shared equity interests in properties, land, commercial premises and company offices. We also have responsibilities in relation to Common Areas where we provide Factoring services, although we do not own these assets.

The nature and type of assets owned and managed by the Group will be detailed on the property database held by each Group company. This database will be kept up to date at all times, and we will periodically publish a summary of some of the key information on our assets.

# THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

The type and size of assets owned by the Group needs to be balanced against the demand for those assets, and this will form a key consideration when addressing 'Cause for Concern' and 'At Risk' stock as defined later in this document.

## LOOKING AFTER OUR ASSETS

The Group will operate efficient and effective reactive and planned maintenance services, which will be procured in such a way as to maximise Value for Money for the Group. In order to ascertain planned investment requirements for our assets we will maintain an accurate record of stock condition, based on a detailed stock condition survey of 10% of Group stock each year. Short (1–5 years), medium, and long-term (25–30 years) investment plans will be prepared for repairs, planned maintenance and improvements, and these will be incorporated into Group budgets and financial plans.

This will ensure that:

- The condition of our assets is maintained through regular reactive and cyclical maintenance and component replacement
- Our assets meet or exceed quality standards, such as the Scottish Housing Quality Standard and the Energy Efficiency Standard for Social Housing
- We begin to plan for future standards such as EESSH2
- The Group meets or exceeds all legislative and statutory requirements
- Internal and external funding is in place and aligned to meet business needs

## WHOLE ORGANISATION APPROACH

Good asset management requires understanding and ownership right across the organisation – everyone in the organisation has some part to play in getting the most out of our homes as assets.

We will:

- seek the views of all staff on the Strategy
- examine key internal processes to ascertain how these can be changed to improve the letability of stock and thereby maximising rental income generated
- involve a range of staff in options appraisals for problematic stock to spread knowledge of the problem and seek innovative solutions
- investigate all aspects of procurement to maximise value for money

This will ensure that all staff can contribute to the Asset Management Strategy, and influence the ongoing contribution it makes to ensuring the viability Group assets.

In particular we will work closely with front line staff to ascertain their views on the housing stock, and what improvements could be made to make it more sustainable. This will be achieved working as part of the new HUB structures being formed as part of our Customer First programme. It is envisaged that all staff involved in the HUBs will contribute to prioritising investment in new and existing stock planned for their areas, using their local knowledge of customers' priorities and property uses in their area and thereby directly influencing investment and budget setting.

## REGULATION AND LEGISLATION

As a Registered Social Landlord, providing housing and care services, we are regulated by the Scottish Housing Regulator, the Scottish Government, the Scottish Charities Regulator (OSCR), the Financial Conduct Authority (FCA), and Local Authorities where the Association provides support services or “Housing in Multiple Occupation”.

In addition to this we must comply with a substantial amount of statutory legislation including Health & Safety, Employment, Equal Opportunities, Procurement, and many other areas.

As a responsible landlord, employer and service provider we will meet or exceed all statutory legislative requirements in relation to all aspects of our business. A summary of regulations and legislation that must be met in relation to our property assets is contained in Appendix 4.

## SCOTTISH HOUSING QUALITY STANDARD (SHQS) AND ENERGY EFFICIENCY STANDARDS FOR SOCIAL HOUSING (EESH)

Two of the key regulatory indicators in terms of the quality of RSLs’ property assets are levels SHQS and EESH compliance. The following tables show compliance against these indicators as at the 31<sup>st</sup> March 2019:

CURRENT SHQS COMPLIANCE:
96.4% - Caledonia
100% - Cordale
94.6% - Bellsmyre

CURRENT EESH COMPLIANCE:
94.0% - Caledonia
100% - Cordale
84.4% - Bellsmyre

### SHQS

The above data shows that compliance with SHQS is generally very good across all Group companies. There has been a slight dip in performance for Caledonia as a result of taking over the ex-Antonine housing stock, where compliance levels were below Caledonia’s. Investment plans are in place to address non-compliant stock during the 2019/20 financial year. It is therefore envisaged that all properties that can be brought up to standard will be by the end of 2019/20, leaving only ‘Exemptions’ and ‘Abeyances’ as non-compliant.

All Group companies will continue to monitor Exemptions and Abeyances, and take action to bring them up to standard should circumstances change to allow this.

### EESH

All RSLs must improve their housing stock to ensure that, wherever practicable, stock is EESH compliant by December 2020. As can be seen from the above compliance across the group is very good to date, but work remains to be done over the coming year to ensure compliance, for which investment is in place in 2019/20 and 2020/21. It is therefore envisaged that all properties that can be brought up to standard will be by December 2020, again leaving only ‘Exemptions’ and ‘Abeyances’ as non-compliant.

### EESSH2

The Scottish Government is currently consulting on proposals for the next level of energy efficiency improvements, and we have actively taken part in these consultations. Current thinking is that EESSH2 will require all social rented properties to achieve an EPC 'B' rating by 2030. If this confirmed, this will be a very challenging target to meet for the Group, with only 18% of our combined stock currently achieving this standard.

We will therefore continue to monitor the proposals for this, with view to assessing compliance against the new standard when it is announced, and preparing initial investment plans.

### FIRE SAFETY

Following the tragic events at Grenfell House in London, the spotlight has been on registered social landlords and how we provide for the safety of our residents in terms of (1) prevention of fire, (2) protection of residents by stopping the spread of fire should one occur, and (3) notification of residents allowing them to take necessary action should they be in any danger.

In 2017 Caledonia carried out a strategic risk assessment which identified which properties represent the greatest risk to residents in the event of a fire based on specific criteria including:

- Storey Height
- Client Group
- Detection Systems
- Means of Escape
- Central Heating Plant
- Other Common Areas
- Construction Type
- External Wall Materials

Those properties deemed to be most at risk were subject to a detailed Fire Risk Assessment (FRA), carried out by independent specialist consultants. These fire risk assessments confirmed that, of the 41 developments assessed, 32 represented 'Tolerable' risk levels and 9 were deemed to be of 'Moderate' risk as based on Fire Risk Assessment Standard PAS 79."

The FRA, whilst confirming that our properties meet all current legislative requirements, did highlight aspects of the properties where further clarification was required. This required us to commission detailed technical assessments of the properties which were carried out throughout 2018/19 and also confirmed that our properties meet current legislative requirements. These technical assessments identified areas where we could further improve fire safety for residents and a programme of improvement works is being prepared for which we have made allowance in our 5 year budget for investment.

It is also likely that legislation will be reviewed over the coming months and years following current government investigations being carried out into fire safety and we will continue to monitor developments in this area to ensure that we are proactive in our approach to meeting legislation and improving fire safety across our assets.

## CLIMATE CHANGE

The Scottish Government is in the process of consulting on their 'Climate Change Plan' which sets out their vision and path to a low carbon economy while helping to deliver sustainable economic growth and secure the wider benefits to a greener, fairer and healthier Scotland in 2032. Although still at consultation stage, it looks likely that they will set very challenging targets for carbon emissions reductions that go beyond existing Scottish and UK requirements.

Housing is identified as a key contributor to CO2 emissions, roughly 13% of the nation's total emissions. The introduction of a new Energy Efficiency Standard for Social Housing (EESH2) will become the key driver to reduce CO2 emissions in the social housing sector, however there are many other objectives that will impact on the Association, including:

- Energy efficiency targets for commercial premises
- Stringent energy efficiency targets for new housing
- The electrification of energy supplies, leading to the phasing out of heating systems using fossil fuels
- An aim to phase out petrol and diesel electric vehicles by 2032, with the resultant impact this will have on residents and staff requirements in terms of being able to charge their vehicles

Our new housing design guide will be continually updated to reflect the necessary changes as a result of the above as we continue to deliver new housing in the future. However we will also have to consider a longer term strategy for our existing housing stock which addresses improvements that will need to be made, and begins to identify how we might fund the investment required.

## INVESTMENT LEVELS

Overall investment in Caledonia group properties amounts to over **£36m** over the period of the 5 year Business Plan and Budget. A summary of this total is included in Appendix C, but does not include any allowance for upgrading costs in relation to EESH2.

Each year when the business plan and budget are being considered, the investment required in our housing stock will be re-evaluated, based on information and analysis of the various aspects of investment as set out in this document. The investment required will then be incorporated into the draft budget to ascertain that the Group companies have sufficient resources to deliver the planned investment programme. The programme may have to be adjusted or smoothed where there are peaks or troughs in expenditure that cannot be sustained by anticipated income, however the companies will always assess the implications of such smoothing to ensure that both Customer and Group requirements are still met within acceptable parameters.

Once the planned investment programme has been approved by the Governing Bodies, delivery of the programme will be the responsibility of the Asset Management Team, with financial management being carried out as set out in Section 3.

# 4. OTHER KEY STRATEGIC DOCUMENTS AND THEIR LINKS WITH THE ASSET MANAGEMENT STRATEGY

Flowing from our Business Plan, we have rigorous risk management and financial and performance monitoring systems in place to drive continuous improvement and maximise the efficiency and quality of our services for customers. We are continually undertaking detailed work to establish the most efficient ways of delivering services, all focussed on achieving value for money.

### RISK MANAGEMENT STRATEGY

The Group's appetite for, and assessment of risk are set out in detail in the Group Risk Management Strategy. Through this process a number of key 'High Level' risks are identified and regularly reviewed by the Group Audit Committee and senior management team. Decisions made on investment are therefore crucial to ensuring that the Associations invest adequate resources in stock that has a long term future, thereby ensuring that rental income is maximised.

The key risks in our Group Risk Map in relation to our property assets are:

- (1) Failure to Apply the Asset Management Strategy, leading to (1) Inappropriate investment in unsustainable stock, (2) Failure to identify viability issues in existing stock, and (3) New housing investment in inappropriate locations, and
- (2) Failure to comply with changes to Fire Safety Regulations, leading to death or serious injury of tenants, owners, staff or visitors to Caledonia Group premises, and the potential for penalties to be imposed by statutory bodies.

The Risk Map sets out Key Risk Controls to prevent or mitigate risks in this regard, all of which are incorporated in the Asset Management Strategy. The Risk Map, along with updates on progress, is presented to the Audit Committee and Governing Bodies on a quarterly basis.

### FINANCIAL MANAGEMENT

The Group has in place robust financial systems to ensure that all expenditure in relation to our assets is:

- budgeted for as part of our comprehensive Business Plan and 5 Year Budget - using the most accurate information available at the time of preparation, this will incorporate detailed projections for year 1, and outline projections for Years 2 to 5, including timescales so that estimated cash flows can be prepared
- Monitored on a monthly basis through Management Accounts
- procured in a proportionate manner – to achieve value for money through an open and transparent procurement process
- authorised by appropriate staff – to ensure that expenditure authorisation is commensurate with staff responsibilities

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

- identified as 'committed' at an appropriate stage – to ensure that at any time the Group is able to determine the finance require to meet our contractual obligations
- monitored and reported on a regular basis – to ensure that all expenditure on projects and programmes is regularly checked and reported to the Management Board, along with any explanations and corrective actions if required
- completed and reconciled on completion – to ensure projects and programmes were delivered on time and on budget and delivered the expected outcomes

Expenditure linked to the management of our assets is a substantial element of Group expenditure – accounting for approximately £6.6m per annum expenditure, or 20% of our Group turnover. It is therefore extremely important that our approach to financial management is robust, and this is set out in more detail in our Financial Regulations, Schedule of Delegated Authority, Procurement Strategy, and Procurement Policy.

### PROCUREMENT STRATEGY

The Group's aim for procurement is to provide a high quality, fit-for-purpose Procurement Service which will provide best value for the group partners and to support in the delivery of its corporate aims and objectives.

We will also aim to establish strategic thinking in all procurement efforts resulting in: value for money, responsible stewardship of group resources, protecting the health and safety of stakeholders and members of the public, customer-focused services, innovative suppliers, streamlining of business processes while maintaining organisational and regulatory compliance, with sustainability and diversity woven into everything we do.

Our Procurement Strategy demonstrates a clear and well-structured approach to the Caledonia Housing Association Group's ("the Group") procurement activities outlining what will be done, how and when it will be achieved.

In developing our Procurement Strategy, the following principle objectives have been set for procurement exercises:

- To ensure that in the first instance, the procurement process is clear and structured in such a way as to achieve the best value for money for each pound spent by the group partners;
- To ensure that each procurement exercise is properly researched to consider alternatives and market forces which may impact on the exercise;
- To ensure that existing specifications are challenged and to seek out emerging sources of supply and methods of delivery;
- To ensure that contracts are appropriately managed during the life-cycle of the procurement;
- To ensure that group partners recognise and deliver on their responsibility to fulfil contractual obligations to pay creditors on time;
- To ensure that procurement across the Group is performed in a fair, transparent and cost effective manner;
- To ensure that procurement is carried out by appropriately trained officers.

Adherence to our Procurement Strategy will ensure that Value for Money is delivered across the organisation

### OTHER POLICIES

Other key Group policies that must be read in conjunction with the Asset Management Strategy include:

- Rent Policy – sets out how rents will be set and rent increases will be considered taking account of affordability and customers views. This policy will be the subject of a comprehensive review in 2019
- Procurement Policy – sets out how we will procure Asset Management contracts to ensure that group requirements are met and value for money achieved through an open and accountable process
- Repairs & Maintenance Policy – sets out our commitments to customers in terms of our delivery of repairs and maintenance to their homes

### 5. CUSTOMER ENGAGEMENT

The Group sets out in our Tenant Participation and Community Engagement Strategies how we will consult and engage with Tenants and other customers and stakeholders to deliver excellent services that meet our customers' needs and provide value for money.

It sets out how we will:

- Involve customers in setting organisational strategy and policy
- Encourage customer participation through activities and events
- Ensure equality, promote diversity, and address social exclusion
- Ensure staff are knowledgeable and adequately trained to assist customers to participate

This Asset Management Strategy sets out how we intend to maintain this ethos in relation to decisions made on the day to day running and longer term future of our assets.

#### UNDERSTANDING OUR CUSTOMERS

It is essential that we understand existing and prospective customers, and their needs and aspirations, so that we can match these with our assets to ensure that people will continue to want to live in our properties long into the future. Customers' needs and aspirations will change, and we will seek their views on all aspects of the services we deliver:

- STRATEGIC – we will consult with the Tenant Scrutiny Panel and Registered Tenants Organisations on Asset Management strategy and policy
- OPERATIONAL – we will seek feedback from customers through regular satisfaction surveys on the delivery of services on a day to day basis. We will learn from this and adjust operational procedures taking account of this feedback
- SPECIFIC – where a specific issue requires to be addressed, and where this will benefit from customer input, we will set up a short life focus group to consider the issue, and potential solutions.

The knowledge gained from each of these sources will be used to add or improve services for customers, including regular review of strategy, policy and procedural documents. This approach will assist us to deliver the objectives of the Asset Management Strategy by improving both the quality of homes and the environment in which our customers live and the services we provide to them.

#### FEEDBACK ON STRATEGIC ISSUES – TO BE COMPLETED AFTER CUSTOMER CONSULTATION

In developing this strategy we have consulted with Customers through a number of different routes, including:

- Caledonia's Tenant Scrutiny Panel
- Antonine Area Committee
- Bellsmyre Owners Forum
- Cordale 'CHAT' group
- Group customer newsletters
- Supported housing through staff
- Electronic communication through e-mail and social media
- Survey Monkey

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

The results of this are as follows:

### TO BE COMPLETED

#### OPERATIONAL FEEDBACK

Every three years the Group appoints external consultants to carry out an extensive customer satisfaction survey. The most recent results were received in 2018, following the previous survey in 2015.

Customers answered a comprehensive range of questions relating to their interactions with the Group, quality of service and the properties they live in. The questions below are those most closely linked with the properties, and we have provided details of satisfaction levels from the most recent survey in bold, with the results from the previous satisfaction survey shown in brackets for comparison.

*Question - Overall, how satisfied or dissatisfied are you with the quality of your home?*

Tenants either very or fairly satisfied with the quality of their home: **89%** Caledonia (87); **92%** Cordale (93); 69% Bellsmyre (70)

*Question - Taking into account the accommodation and the services Caledonia Housing Association provides, do you think that the rent for this property represents good or poor value for money*

Tenants who feel that the rent for their property represents good value for money: **89%** Caledonia (87); **92%** Cordale (77); 62% Bellsmyre (52)

*Question- To what extent do agree or disagree with the following three statements about your rent, service charges and energy bill?*

Tenants who feel that their energy bills are affordable: **95%** Caledonia (88); **91%** Cordale (86); 53% Bellsmyre (no previous data)

*Question- Overall, how satisfied or dissatisfied are you with the Caledonia Housing's management of the neighbourhood you live in?*

Tenants satisfied with the management of the neighbourhood they live in: **82%** Caledonia (85); **92%** Cordale (88); 73% Bellsmyre (71)

Behind these statistics lies a considerable amount of data which, following the surveys in 2015 was analysed to establish trends and reasons for dissatisfaction. Actions were taken with the aim of improving satisfaction across these indicators and, with the occasional exception results have been positive.

In particular, following analysis of the 'Quality of Home' indicator, our planned maintenance programme was adjusted to take account of customers' comments made when the survey was undertaken. This resulted in us increasing investment in replacement of bathrooms and heating systems, which we believe has resulted in the improvements seen at Caledonia. This investment

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

programme also demonstrated increased satisfaction with energy bills, with substantial improvements in satisfaction at both Caledonia and Cordale.

Repairs satisfaction is also an area where we generate substantial amounts of feedback from customers on our delivery of day to day repairs. Whilst most analysis of repairs satisfaction levels relates to the service delivery aspect, as part of our asset management reporting we will also analyse this feedback to identify trends and issues that would indicate property issues which should be addressed through revisions to planned investment priorities.

In addition to this we survey all customers who have planned or cyclical maintenance work carried out to their properties. The results of this are as follows:

- Customers satisfied with Planned Maintenance in 2018/19 – 82.98%
- Customers satisfied with Cyclical Maintenance in 2018/19 – 86.49%

Taking account of the above, we have analysed the feedback received and taken action to address dissatisfaction in each instance. The analysis shows that the following is important in terms of delivering satisfaction to customers through Planned and Cyclical Maintenance and this will influence how projects are delivered in the future.

- Adequate information and notice provided prior to works progressing
- Contractors proceeding regularly and diligently with work
- Works being carried out correctly the first time with any issues being addressed quickly
- Contractors being respectful of customers and their homes

### FEEDBACK ON SPECIFIC ISSUES

Since the preparation of the last asset management strategy we have seen a number of issues arise where, following expressions of dissatisfaction from customers, we consulted with them and implemented improvements through our planned maintenance programme. These included: communal heating system improvements at Padanaram, Forfar; Replacement windows at Grampian Court; revised contract arrangements for grounds maintenance across our area of operation.

These are just some specific initiatives we have carried out over recent years, and they demonstrate a willingness to listen to customers and re-prioritise investment to meet local requirements.

### CUSTOMER FIRST

As described earlier our Customer First initiative aims to improve services to customers by “offering flexible, efficient and customer focussed services from a skilled, highly engaged and continuously developing workforce; and increased use of digital technology and strong customer insight systems to improve our customer service offering and our capacity to serve.

An important element of customer engagement will therefore involve liaising with front line staff to ascertain their views on the housing stock in their area. Through the setting up of Area and HUB structures, the Asset Management team will liaise closely with front line staff to ensure that the analysis and findings of our asset management reporting tie in with their understanding of the area, and that any proposed actions will improve any issues identified.

Even where significant issues have not been identified, front line staff will be encouraged to proactively input to investment strategies, discuss potential improvements and, where resources allow, incorporated their ideas into estate improvement plans.

### OWNER OCCUPIERS

Whilst the majority of Caledonia Group customers are tenants of the three organisations, we also have 2,284 owner occupier customers to whom we provide factoring services. Of these, 1,766 are Caledonia customers, 485 Bellsmyre and 33 Cordale customers.

The service we provide for owner occupiers is very different to that provided for tenants, as our sole involvement is in the management and maintenance of Common Parts, which varies across developments depending on the title deeds for each development. It is however important that we continue to work closely with owners, particularly where larger repairs are required to common parts within mixed tenure blocks. To date, with occasional exceptions, we have generally managed to proceed with such repairs however, as properties get older and need more investment, this will become an increasingly important aspect of our investment programme, particularly in the Bellsmyre and ex-Antonine housing stock.

In 2018/19 customer satisfaction with our factoring service was as follows:

- 71% - Caledonia
- 51% - Bellsmyre
- 60% - Cordale

Whilst these figures seem low in comparison to satisfaction levels for tenants, it should be noted that the national average is 66, therefore performance at Cordale is close to this, and at Caledonia higher than national average.

In addition to this, in late 2018 we commissioned an Internal Audit of our factoring service across the Group. This audit returned a 'SUBSTANTIAL' rating, with the auditors stating "We can provide substantial assurance that the Associations are complying with key legislative requirements relating to their factoring activities. We can also provide a substantial level of assurance over the effectiveness of the key operations controls in place. However, we have raised several recommendations for improvement."

An implementation plan has been prepared highlighting the key actions which will be taken to address the recommendations of the Internal Auditors' report, and timescales within which these will be implemented which we anticipate will improve satisfaction levels in the future.

## 6. VALUE FOR MONEY AND ASSET VIABILITY

### OVERALL APPROACH/OBJECTIVES

We will regularly collect and analyse financial and non-financial data on all Group assets which will enable us to accurately assess if there are any sustainability issues in relation to any of these assets, such as:

- low demand or over-supply in particular areas, leading to loss of income
- increased repair requirements leading to higher reactive maintenance costs
- stock condition problems leading to increased planned investment requirements
- significant demand issues leading to unplanned investment requirements
- Investment issues to meet regulatory standards such as SHQS and EESSH leading to increased costs

On completion of this data analysis assets will be divided into three distinct categories; GREEN, AMBER or RED as set out later in this document.

### EXPENDITURE

We will collect and analyse the following information on expenditure to ensure that investment is adequately planned and resourced:

- Management costs
- Reactive repairs
- Void repairs
- Planned/Cyclical maintenance
- SHQS/EESSH compliance
- Other improvements

### MAINTENANCE EXPENDITURE RATIOS AVERAGE 2019/20-2023/24

#### CALEDONIA HA:

REACTIVE 27% : 73% PLANNED PLUS PLUS RELET (21) : (79) CYCLICAL MAINTENANCE

#### CORDALE HA:

REACTIVE 28% : 72% PLANNED PLUS PLUS RELET (20) : (80) CYCLICAL MAINTENANCE

#### BELLSMYRE HA:

REACTIVE 27% : 73% PLANNED PLUS PLUS RELET (19) : (81) CYCLICAL MAINTENANCE

### AVERAGE RENTAL INCOME PER PROPERTY PER ANNUM IS:

**£4,438** – CALEDONIA (£4,266 IN 2015)

**£3,921** – CORDALE (£3,774 IN 2015)

**£4,206** – BELLSMYRE (£4,035 IN 2015)

N.B As per ARC, which includes service charge

### INCOME

We will collect and analyse the following information with the aim of maximising the income generated by the Group, whilst ensuring rent levels are affordable and at the same time sufficient to meet investment requirements:

- Rental income levels
- Rental income lost through voids
- Rental income lost through arrears and bad debts
- Stock turnover
- Relet times
- Tenancy Sustainment data

### ADDING VALUE

This approach will establish which assets add value to the Group by contributing positively over the long term to the financial strength of the Group, and which do not.

The income and expenditure information collected will be projected over the next 30 years and used to calculate the 'Net Present Value' of all Group assets.

### REACTIVE REPAIRS (AVERAGE PER UNIT PER ANNUM):

**£295** CALEDONIA (£295 IN 2015); **£290** CORDALE

(£242 IN 2015); **£324** BELLSMYRE (£312 IN 2015)

### RELET REPAIRS (AVERAGE PER RELET):

**£1,054** CALEDONIA FOR 377 RELETS (£730 IN 2015);

**£946** CORDALE FOR 41 RELETS (£1,136 IN 2015);

**£2,951** BELLSMYRE FOR 42 RELETS (£888 IN 2015)

# THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

## WHAT WE WILL DO WITH RESULTS

On completion of the data analysis, group assets will be split into three distinct categories:

- GREEN – ‘Core’ long term assets
- AMBER – ‘At Risk’ assets
- RED – ‘Cause for Concern’ assets

In the case of AMBER assets, corrective action may be in the form of simple alterations to existing policy or procedures, and these will be delivered through normal operational activities and plans.

In the case of RED assets, however, corrective action may involve substantial resources, or it may be that the issues are being caused by events outwith the control of the Group. In such cases, an options appraisal will be carried out to assess the nature and extent of the issues, potential options to improve matters, and to determine the best course of action. Such options could include disposal of stock in specific circumstances.

One of the key aims of the Asset Management Strategy will be to ensure that, in the future, all assets will contribute positively to the finances of the Group. The implementation plan will set out key milestones to achieving this aim.

### ‘CORE’ ASSETS

Assets that contribute most value to the Group will be deemed to be ‘Core Stock’, and as such, the following will be assumed:

- Stock will be retained and investment planned in accordance with normal business and operational planning processes
- Procurement will be optimised to ensure that value for money is maximised

### ‘AT RISK’ ASSETS

Assets that fall into the middle band in terms of contributing value to the Group, will initially be deemed to be ‘Core Stock’ however an Improvement Plan will be prepared setting out the actions to be taken to improve performance of the assets.,

If the Improvement Plan is deemed to be acceptable by the Executive Management Team, the assets will be re-categorised as Core Stock, and investment planned as normal.

If however the Improvement Plan is not acceptable, and cannot deliver the necessary improvements with appropriate resources the stock may be classified as ‘Cause for Concern’ stock, and subject to the processes set out for that category.

### CALEDONIA HA ONLY

81.3% STOCK IS ‘CORE STOCK’ (was 86.0%)

12.7% STOCK CURRENTLY ‘AT RISK’ (was 9.2%)

6.0% STOCK ‘CAUSE FOR CONCERN’ (was 4.8%)

### ‘CAUSE FOR CONCERN’ ASSETS

Assets that contribute the least value to the Group will be deemed to be ‘Cause for Concern’ and will be subject to:

- Full options appraisal of the stock to ascertain its future,
- Options to include potential for and impact of demolition, disposal or re-modelling

A summary report was submitted to the Management Board in 2018 detailing the Cause for Concern stock and setting out actions to be taken in order to address the issues identified. This summary report will be updated on an annual basis.

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

### DEMAND

We will collect and analyse the following information with the aim of identifying and addressing properties where demand is seen to be low:

- Number of properties becoming void
- Time taken to relet void properties
- Relet refusal rates
- Tenancy Sustainment data
- Specific issues in relation to specialist accommodation such as wheelchair and supported housing

### QUALITY

We will collect and analyse the following information with the aim of applying quality indicators to our housing stock which, balanced against the key financial indicators will form the basis of an assessment of Value for Money in relation to the management of our assets:

- Quality of Home
- Rent value for money
- Energy cost affordability
- Quality of neighbourhood management
- Repairs satisfaction

### REPORTING ON VALUE FOR MONEY AND STOCK VIABILITY

At least once a year a report will be submitted to the relevant governing bodies summarising the key indicators for the housing stock for each organisation. This report will set out the following:

- Overall viability of stock per development, split into categories as set out above
- Brief summary of 'Cause for Concern' properties, reasons for this classification and proposed actions to address these
- Brief summary of Repairs Indicators, highlighting properties over and above 'Cause for Concern' stock where repairs performance is poor
- Brief summary of Demand Indicators, again highlighting properties over and above the 'Cause for Concern' stock where demand issues have been identified
- Brief summary of Planned Maintenance Indicators, highlighting properties over and above 'Cause for Concern' stock where future planned maintenance investment is excessively high
- Brief summary of any Quality Indicators, highlighting properties over and above the 'Cause for Concern' stock where customers feel the quality of our housing stock is poor

All of these elements contribute to the financial summary for each development, which highlights where a combination of such issues have a significant impact on specific developments.

Our overall analysis will ascertain which properties perform better than others and, as described above, each indicator will be further analysed to ascertain specific issues that are occurring at certain developments which, whilst not impacting on the overall ranking of that development, is evidence of an issue or issues which should be at least investigated and monitored.

### **BELLSMYRE REGENERATION**

In 2017, taking the approach set out above in terms of analysing key performance information in relation to the Bellsmyre Housing Association stock, we identified serious concerns with the long term sustainability of much of the existing stock.

Building on this asset management analysis, we prepared a number of detailed scenarios for consideration by the Caledonia and Bellsmyre governing bodies in order to deliver this large scale regeneration exercise.

The results of this exercise are our proposals to carry out a comprehensive regeneration exercise for the Bellsmyre area which will see the demolition of over 200 low demand tenement style flats, to be replaced by around 150 new homes. These new homes will be built to high quality standards to make them fit for the future, to meet tenants' aspirations, and to also transform the built environment of a large portion of Bellsmyre.

In order to deliver this regeneration, and largely dictated by the limited financial capacity of Bellsmyre Housing Association, it is proposed that a Transfer of Engagements takes place, whereby Bellsmyre HA transfers in to Caledonia HA. We have commenced Tenant and community consultation on our proposals with view to the Transfer of Engagements commencing in mid-2019 and completing by mid-2020, to enable the regeneration to progress along currently proposed timescales.

This regeneration corresponds with our development strategy, whereby Caledonia has identified a proportion of our development capacity which is specifically allocated to the delivery of the Bellsmyre regeneration.

## 7. INVESTMENT IN NEW HOUSING

### KEY OBJECTIVES

The Caledonia Group will continue to deliver homes for the people who need them most, in the location they need them, and in a form that will ensure that the homes will be sustainable in the long term. To achieve this we will:

- Assess the capacity of the Group to fund new social rented housing development and set out housebuilding levels as part of our 5 year business plan
- Set out our Development Strategy, and prepare a schedule of proposed developments that will meet Group and key stakeholders' priorities and contribute to a balanced and sustainable Group stock profile
- Ensure that our development strategy aligns with national and local priorities as set out in Scottish Government housing policy/strategy and Local Authorities' Strategic Housing Investment Plans
- Complete a detailed Project Risk Appraisal to obtain Governing Body approval all proposed new housing developments, incorporating a Net Present Value calculation to ensure that they contribute positively to the finances of the Group in the long term
- Consider the potential for providing alternative tenure housing where market analysis can demonstrate that it will meet identified local needs and where it will contribute positively to the financial strength of the Group
- Ensure the successful delivery of the Bellsmyre Regeneration through the provision of new high quality rented housing to replace low demand tenement stock

### NEW HOUSING DEVELOPMENT CAPACITY:

As part of the Business Plan and Budget Setting process, and using the Brixx financial modelling software, each year the Association prepares different scenarios in relation to the volume of new housing development activity. This exercise was carried out for both Caledonia and Cordale, as both have proposed development programmes during the course of the 5 year plan.

The Governing Bodies, as a result of this exercise, have approved the following development programmes for the coming 5 years:

Caledonia HA:

2019/2020 – 150	2020/21 – 200	2021/22 - 200
2022/23 ONWARDS – 80 Units Per Annum		

Cordale HA:

2019/20 – 25	2020/21 – 13	2021/22 – 12
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The capacity of the organisations will be reviewed each year as part of the budget setting process, and forward development programme revised as required.

## DEVELOPMENT STRATEGY

### National Priorities

The Scottish Government (SG) have set out their key housing strategy as being the completion of 50,000 new affordable homes across the country during the current term of the Scottish Parliament, i.e. by April 2021. Regular updates are provided by the SG on their progress towards this aim, and we are advised that they are currently on target to deliver this.

Following detailed discussions with the Caledonia Group Governing Bodies, in 2017 the group undertook to contribute to this through the provision of 1,000 new affordable homes over 5 years. This will involve the provision of around 600 social rented, 150 shared equity and 250 alternative tenure homes. The timing does not quite coincide with the Scottish parliament term, as our 5 year plan runs until March 2022, however the units completed over this time will provide a significant contribution to meeting the SG targets for new affordable homes.

Discussions are however already commencing both externally and within the Caledonia Group on how this strategy might evolve beyond 2021. The Group is alert to the fact that, following a period of substantial investment in new homes, SG priorities may change post 2021 with resources being focussed elsewhere should other funding requirements be deemed a higher priority.

The Group will continue to monitor this consultation closely and will review the scale of our forward development programme both when considering our 5 year plan. In the meantime progress against our 1,000 new homes target will be monitored and reported to the relevant Governing Bodies on a quarterly basis.

### Local Authorities – Key Priorities

The Caledonia Group currently operates across 8 local authority areas, although we are currently only active in terms of new housing development in 5 of these namely Angus, Dundee City, Highland, Perth & Kinross and West Dunbartonshire. Our new housing development programme focusses on these areas, but we will consider opportunities should they arise in the other three areas, namely East Dunbartonshire, Fife and North Lanarkshire.

In addition to this we will consider new development opportunities in other local authority areas where such developments: (1) contribute to meeting the key strategic objectives set out in our business plan, (2) meet national and local housing strategy, and (3) are demonstrated to be sustainable housing developments in the long term. In particular it is very likely that alternative tenure housing proposals may be outwith our current area of operation, as initial indications are that demand is very limited in our existing area of operations.

All proposed new housing developments will therefore require prior approval by the relevant Governing Body, through our Development Project Appraisal process which considers the capital and revenue income and expenditure, adherence to national and local housing strategy and long term sustainability implications. Governing body approval will be sought prior to the acquisition of any land for housing development to ensure that the Association does not commit to new developments that do not meet the above criteria.

Whilst our 5 year Business Plan and Budget will set out our proposed development programme in more detail, the following is a general summary of the current anticipated programme.

### Summary of Development Programme

**WHERE** - The Caledonia Group will continue to provide new affordable housing across our area of operation in Tayside, the Highlands and West Dunbartonshire. Our highest priority is to deliver this housing in our three regeneration projects: Muirton Park, Perth which is almost complete; Dalquhurn Works, Renton; and Bellsmyre, Dumbarton.

**HOW MANY** - Our regeneration projects will involve the provision of around 300 units over the coming 5 years, amounting to 40% of our new build housing capacity. The remainder of our development programme will be balanced across Tayside and the Highlands, where housing demand continues to be most acute.

**TENURE** - We will concentrate our efforts on providing new social rented housing and, where housing demand and market conditions dictate, we will consider introducing shared equity homes for sale to provide mixed tenure developments and ensure a more balanced wider community. This is particularly the case in the 3 regeneration areas, provided that market analysis can clearly demonstrate that there is demand for the further provision of shared equity housing. The provision of housing for sale and mid-market rented housing through our non-charitable subsidiaries will also be considered to meet these objectives but only where market conditions deem this to be viable.

**TYPE** – Around 60% of Caledonia Group housing stock is in the form of flatted accommodation, especially in Bellsmyre and the city areas of Perth, Dundee and Inverness. Feedback from customers through satisfaction surveys, and relet performance information would suggest that customers are increasingly looking for their own house with a front and back door. It is therefore our aim to partially address this across through our development programme by building the majority of new housing as houses or cottages. In order to ensure developments are viable, and to meet local demand, flats will still be required, but these will be located only where strong demand is established for flats, and only where the total number of flats amounts to less than 40% of our programme.

**QUALITY** - The Group have invested significant time developing our Design Guide for new housing. All new housing will be built in accordance with this Guide to ensure that our high quality standards are maintained, including accessibility, space standards, security, energy efficiency and digital connectivity. This document also sets high specification standards in order to minimise maintenance costs and ensure the long term viability of the housing. In particular two key strategic objectives, as set out earlier relate to our ambition to deliver zero energy and digitally connected homes both designed to make Tenants' lives better through lower energy bills and easier access to digital services provided by the Association.

## 8. MONITORING & REVIEW

### REPORTING

Details of the Net Present Value of Group assets will be reported to the respective Management Board or Committee at least annually.

This report will also highlight:

- key issues identified together with reasons, if known
- actions to be taken to address issues identified
- general trends comparing figures with previous years

This report will also be made available to the Caledonia HA Tenant Scrutiny Panel. Arrangements for making this available to Cordale and Bellsmyre Tenant representatives will require to be considered.

### MONITORING & REVIEWING

SHR Recommended Practice states that Associations should plan and execute a periodic review “to think carefully about what it needs to do to ensure it has a good strategic approach to asset management. If a review is required, then it should reflect individual context, be led by governing bodies and senior management, involve a range of people from across the landlord and provide a challenge to current thinking”.

The Caledonia Group Asset Management Strategy will be reviewed every three years, or more often if required.

An annual review will be carried out and reported to the respective Management Board or Committee.

The ‘Asset Management Report’ which calculates the NPV of assets will be updated annually.

### PERFORMANCE INDICATORS

A significant amount of performance information is used to inform the Asset Management Strategy and actions that are required to improve poorly performing assets.

Key indicators that would provide evidence of the successful implementation of the Asset Management Strategy are as follows, with current performance shown, along with our target for performance by the time the Asset Management Strategy is next reviewed in 2022:

INDICATOR	CURRENT	TARGET BY 2022
1. The average Net Present Value of Caledonia assets	£711 per unit	£750 per unit
2. The percentage of units categorised as RED ‘Cause for Concern’	6%	4%
3. Long Term Planned vs Reactive expenditure ratios	27:73	25:75
4. Customer Satisfaction - Quality of Home	89% Caledonia 92% Cordale 69% Bellsmyre	91% Caledonia 94% Cordale 80% Bellsmyre
5. Customer Satisfaction - Quality of Estate	82% Caledonia 92% Cordale 73% Bellsmyre	85% Caledonia 94% Cordale 80% Bellsmyre

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

6. Factoring Customer Satisfaction	71% Caledonia 60% Cordale 51% Bellsmyre	75% Caledonia 70% Cordale 60% Bellsmyre
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Performance against targets for these indicators will be monitored annually and reported to the Management Board.

### SUMMARY & CONCLUSION - LOOKING AHEAD

The application of this Asset Management Strategy will give the Group a detailed oversight of our housing and other property assets. It will highlight which assets are sustainable and add value to the Group and which do not.

The Strategy will ensure that investment is focussed on assets that have a long term future, that measures are taken to improve the sustainability of lower value assets, and that strategic decisions are made on the future of unsustainable assets.

Through regular monitoring and review of the Strategy and actions taken influenced by it, we aim to be able to demonstrate year on year improvements and progress towards or aim of ensuring that all assets contribute positively to the Group.

<b>IMPLEMENTATION PLAN</b>	
Discussion of Strategy with Tenants Scrutiny Panels and other key stakeholders	June 2019
Publication of Strategy to wider customer base	June 2019
Approval of Strategy by Caledonia Board	June 2019
Approval of Strategy by Cordale Committee	August 2019
Approval of Strategy by Bellsmyre Committee	August 2019
Revision of final strategy taking account of all of the above	September 2019
Preparation of Initial report for Caledonia Board & Cordale and Bellsmyre Committees	October 2019
Preparation of Investment Plan for Core stock	January 2020
Preparation of Improvement Plans for At Risk stock	January 2020

## APPENDIX A – CUSTOMER & STOCK PROFILES

### CUSTOMER PROFILE

<b>CUSTOMERS BY AGE</b>								
Age	Caledonia	%	Cordale	%	Bellsmyre	%	Totals	%
18 AND UNDER	1,747	16%	475	28%	454	19%	2,676	18%
19 - 30	1,472	14%	242	14%	348	14%	2,062	14%
31 - 55	2,749	26%	554	33%	547	22%	3,851	26%
56 - 65	1,042	10%	150	9%	162	7%	1,354	9%
66 - 79	1,321	12%	149	9%	94	4%	1,564	11%
80 AND OVER	844	8%	88	5%	46	2%	978	7%
NOT KNOWN	1,456	14%	24	1%	799	33%	2,279	15%
<b>TOTAL</b>	<b>10,631</b>		<b>1,682</b>		<b>2,450</b>		<b>14,763</b>	

	Caledonia	Cordale	Bellsmyre	TOTAL
Number of households for which Caledonia received housing benefit directly (full or partial) in 2018/19	2,568 (63.4%)	322 (63.6%)	374 (63.6%)	3,264 (63.8%)

# THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

## STOCK PROFILES

<b>CALEDONIA GROUP - PROPERTY PROFILE</b>				
<b>PROPERTY TENURE</b>	Caledonia	Cordale	Bellsmyre	Totals
Social Rented	4,094	506	588	5,188
Shared Equity/Ownership	561	33	0	594
Registered Accommodation	11	0	0	11
Commercial	17	1	2	20
Factored Owners	1,101	0	485	1,586
Lock Ups	104	0	0	104
Managed	22	0	0	22
<b>TOTAL</b>	<b>5,910</b>	<b>540</b>	<b>1,075</b>	<b>7,525</b>
<b>PROPERTY TYPE</b>				
Sheltered	102	40	0	142
Retirement	525	0	0	525
Amenity	690	0	0	690
General Needs	2,716	466	588	3,770
Very Sheltered	52	0	0	52
Housing With Care	9	0	0	9
Shared Equity/ Ownership	561	33	0	594
Registered Accommodation	11	1	2	14
Commercial	17	0	0	17
Factored Owners	1,101	0	485	1,586
Lock Ups	104	0	0	104
Managed	22	0	0	22
<b>TOTAL</b>	<b>5,910</b>	<b>540</b>	<b>1,075</b>	<b>7,525</b>
<b>PROPERTY STYLE (social rented self-contained only)</b>				
4 in a Block	158	0	35	193
House/Cottage	1614	277	106	1,997
Other Flat	13	168	20	201
Tenement	2236	61	427	2,724
<b>TOTAL</b>	<b>4,021</b>	<b>506</b>	<b>588</b>	<b>5,115</b>
<b>PROPERTY AGE (social rented self-contained only)</b>				
Pre 1919	172	0	0	172
1919 – 1944	3	0	0	3
1945 – 1964	404	0	566	970
1965 – 1982	204	0	0	204
1983 – 2002	1,796	271	0	2,067
Post 2002	1,442	235	22	1,699
<b>TOTAL</b>	<b>4,021</b>	<b>506</b>	<b>588</b>	<b>5,115</b>

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

<b>PROPERTY SIZE (social rented self-contained only)</b>				
1 APT	29	0	0	29
2 APT	1,566	154	60	1,780
3 APT	1,676	208	340	2,224
4 APT	618	115	184	917
5 APT+	132	29	4	165
<b>TOTAL</b>	<b>4,021</b>	<b>506</b>	<b>588</b>	<b>5,115</b>
<b>ENERGY Rating (Social Rented self-contained Only)</b>				
band A 92-100	0	0	0	0
band B 81-91	462	38	15	515
band C 69-80	1,357	145	250	1,752
band D 55-68	442	27	134	603
band E 39-54	26	0	9	35
band F 21-38	1	0	0	1
band G 1-20	0	0	0	0
<b>TOTAL EPCs</b>	<b>2,288</b>	<b>210</b>	<b>408</b>	<b>2,906</b>

## **APPENDIX B – TYPICAL COMPONENT REPLACEMENT CYCLES**

(Please note these replacement cycles are indicative only – components will be inspected through stock condition surveys and only replaced if their condition merits replacement)

Element No.	Description	Replacement Cycle (Years)
<b>1</b>	<b>Substructure</b>	N/A
<b>2A</b>	<b>Frame</b>	N/A
<b>2B</b>	<b>Upper Floors</b>	N/A
<b>2C</b>	<b>Roof - Pitched Roofs – Tiles</b>	30
<b>2C</b>	<b>Roof - Pitched Roofs – Slates</b>	30
<b>2C</b>	<b>Roof - Flat Roofs</b>	20
<b>2D</b>	<b>Stairs</b>	N/A
<b>2E</b>	<b>External Walls - Roughcast/Render</b>	30
<b>2E</b>	<b>External Walls - Timber Cladding</b>	30
<b>2F</b>	<b>Windows and External Screens</b>	30
<b>2F</b>	<b>External Doors</b>	30
<b>2G</b>	<b>Internal Walls and Partitions</b>	N/A
<b>2H</b>	<b>Internal Doors</b>	40
<b>2I</b>	<b>External Decoration</b>	5
<b>3A</b>	<b>Wall Finishes (Properties)</b>	20
<b>3B</b>	<b>Floor Finishes (Properties - Vinyl)</b>	20
<b>3B</b>	<b>Floor Finishes (Properties - Quarry Tiles)</b>	20
<b>3C</b>	<b>Ceiling Finishes (Properties)</b>	N/A
<b>3A</b>	<b>Wall Finishes (Communal Areas)</b>	20
<b>3B</b>	<b>Floor Finishes (Communal Areas - Vinyl)</b>	20
<b>3B</b>	<b>Floor Finishes (Communal Areas - Carpet)</b>	20
<b>3C</b>	<b>Ceiling Finishes (Communal Areas)</b>	20
<b>3D</b>	<b>Internal Decoration</b>	10
<b>4</b>	<b>Kitchen Fitments (Properties)</b>	20
<b>5A</b>	<b>Sanitary Appliances</b>	30
<b>5A</b>	<b>Level Access Showers</b>	20
<b>5A</b>	<b>Shower Pumps</b>	10
<b>5B</b>	<b>Services Equipment</b>	20
<b>5C</b>	<b>Disposal Installations</b>	N/A
<b>5D</b>	<b>Water Installations</b>	40
<b>5E</b>	<b>Heat Source - Central Boilers – Partial</b>	10
<b>5E</b>	<b>Heat Source - Central Boilers – Total</b>	50
<b>5E</b>	<b>Heat Source – Central Boiler Pumps/Controls</b>	5
<b>5E</b>	<b>Heat Source - Individual Boilers</b>	20
<b>5E</b>	<b>Heat Source - Combination Cylinders</b>	20
<b>5E</b>	<b>Heat Source - Solar Water Heating Panels</b>	20
<b>5E</b>	<b>Heat Source - Air/Ground Source Heat Pumps</b>	20
<b>5F</b>	<b>Heating - Radiators/Warm Air Ductwork</b>	40
<b>5Fx</b>	<b>Heating – Pipework</b>	40
<b>5F</b>	<b>Heating - Electric – Wiring</b>	35

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

5F	Heating - Electric – Heaters	20
5G	Ventilating Systems	20
5H	Electrical Installations - Mains/Wiring etc	35
5H	Electrical Installations - Light Fittings	20
5I	Gas Installation	40
5J	Lift and Conveyor Installations	15
5K	Protective Installations	10
5K	Fire Alarm Systems	20
5K	Warden Call Installations	15
5L	Communication Installations	25
6A	Site Works - asphalt (not adopted)	30
6A	Site Works - paved areas (not adopted)	30
6A	Site Works - slabbed areas (not adopted)	30
6A	Site Works - planted areas	N/A
6A	Site Works - metal fencing/gates	N/A
6A	Site Works - timber fencing/gates	30
6B	Drainage	N/A
6C	External Services - lighting (not adopted)	20
6D	Minor Building Work	N/A
6E	External Decoration	5

## APPENDIX C – CALEDONIA GROUP PLANNED INVESTMENT SUMMARY 2019-2023

<b>CALEDONIA GROUP - PLANNED INVESTMENT 2019-2023 ('£000s)</b>						
<b>CALEDONIA HA</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Totals</b>
Component replacement/Major repairs	2,093	3,444	3,831	3,782	3,938	<b>17,088</b>
EESSH Upgrades	300	192	-	-	-	<b>492</b>
Major Re-modelling	400	200	200	200	200	<b>1,200</b>
Specialist Installation replacements	250	250	250	250	250	<b>1,250</b>
Fire Safety works	600	600	600	600	600	<b>3,000</b>
Smoke detector programme	375	375	-	-	-	<b>750</b>
Cyclical maintenance	909	834	869	1,104	1,119	<b>4,835</b>
<b>Total Investment</b>	<b>4,927</b>	<b>5,895</b>	<b>5,750</b>	<b>5,936</b>	<b>6,107</b>	<b>28,615</b>
<b>CORDALE HA</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Totals</b>
Component replacement/Major repairs	276	416	69	320	458	<b>1,539</b>
Smoke detector programme	128	-	-	-	-	<b>128</b>
Cyclical maintenance	196	200	204	208	212	<b>1,020</b>
<b>Total Investment</b>	<b>600</b>	<b>616</b>	<b>273</b>	<b>528</b>	<b>670</b>	<b>2,687</b>
<b>BELLSMYRE HA</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Totals</b>
Component replacement/Major repairs	863	995	990	803	783	<b>4,434</b>
Smoke detector programme	140	-	-	-	-	<b>140</b>
Cyclical maintenance	150	153	156	159	163	<b>781</b>
<b>Total Investment</b>	<b>1,153</b>	<b>1,148</b>	<b>1,146</b>	<b>962</b>	<b>946</b>	<b>5,355</b>

## THE CALEDONIA GROUP ASSET MANAGEMENT STRATEGY

<b>GROUP TOTALS</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Totals</b>
Component replacement/Major repairs	3,232	4,855	4,890	4,905	5,179	<b>23,061</b>
EESSH Upgrades	300	192	-	-	-	<b>492</b>
Major Re-modelling	400	200	200	200	200	<b>1,200</b>
Specialist Installation replacements	250	250	250	250	250	<b>1,250</b>
Fire Safety works	600	600	600	600	600	<b>3,000</b>
Smoke detector programme	643	375	-	-	-	<b>1,018</b>
Cyclical maintenance	1,255	1,187	1,229	1,471	1,494	<b>6,636</b>
<b>Total Investment</b>	<b>6,680</b>	<b>7,659</b>	<b>7,169</b>	<b>7,426</b>	<b>7,723</b>	<b>36,657</b>