

# **ASSET MANAGEMENT STRATEGY**

## **2023 – 2028**



**Asset Management is about ensuring that “a landlord’s homes are affordable and attractive to tenants and are financially viable in the medium to long term. Managing assets is therefore partly about investing in, maintaining and upgrading properties and partly about understanding the needs and aspirations of tenants” (Scottish Federation of Housing Associations)**

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## 1. Introduction

Our property assets are the reason that Ore Valley Housing Association exists.

Far more important than bricks and mortar, they provide local people with safe, warm and affordable homes from which they can build a future for themselves and their families and help shape the wellbeing of the communities where we operate.

Efficient and effective asset management will ensure that our homes continue to provide this environment and enable the continuing success and growth of Ore Valley. We have developed this strategy to provide a framework within which we will manage, maintain and invest in our homes and estates in both an economic and environmentally sustainable way whilst meeting the needs of our current and future tenants.

This strategy covers Ore Valley Housing Association and its subsidiaries (where applicable) and will contribute to the delivery of our vision of making it possible for **“everyone to have the opportunity to lead healthy fulfilling lives”**.

The terms asset, property and home are used interchangeably within this document.

## 2. Stock Profile

Registered in 1991, Ore Valley Housing Association achieved successful stock transfers in Cardenden from Scottish Homes in 1995 and 1997.

Since then, we have developed and managed additional new housing in the Cardenden, Lochgelly, Lochore and Ballingry areas of Central Fife. We have participated in the Scottish Government's Mortgage to Rent scheme and the Empty Homes Initiative bringing these homes into our rented stock. We also manage properties leased from Fife Council and provide a factoring service covering our housing estates and mixed tenure developments.

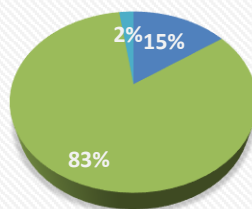
Our stock is generally in good condition and of high demand. Our area of operation is Fife and a summary of our housing stock portfolio as at 31 March 2023 is below:

| Property Type & Heating | Gas        | Electric | No. Units  |
|-------------------------|------------|----------|------------|
| Flats                   | 125        | 0        | 125        |
| 4-in-a-block            | 143        | 2        | 145        |
| Houses                  | 517        | 1        | 518        |
| Detached houses         | 12         | 0        | 12         |
| <b>Total Units</b>      | <b>797</b> | <b>3</b> | <b>800</b> |

| Property Size      | Unit Numbers |                 |
|--------------------|--------------|-----------------|
|                    | Social Rent  | Mid Market Rent |
| 2 Apt              | 76           | 6               |
| 3 Apt              | 437          | 16              |
| 4 Apt              | 192          | 29              |
| 5+ Apt             | 19           | 25              |
| <b>Total Units</b> | <b>724</b>   | <b>76*</b>      |

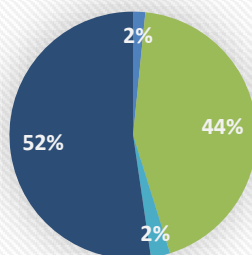
\*This figure includes 45 homes owned by Fife Council and leased to Ore Valley's subsidiary company

## EPC Rating (Ore Valley Owned Stock)



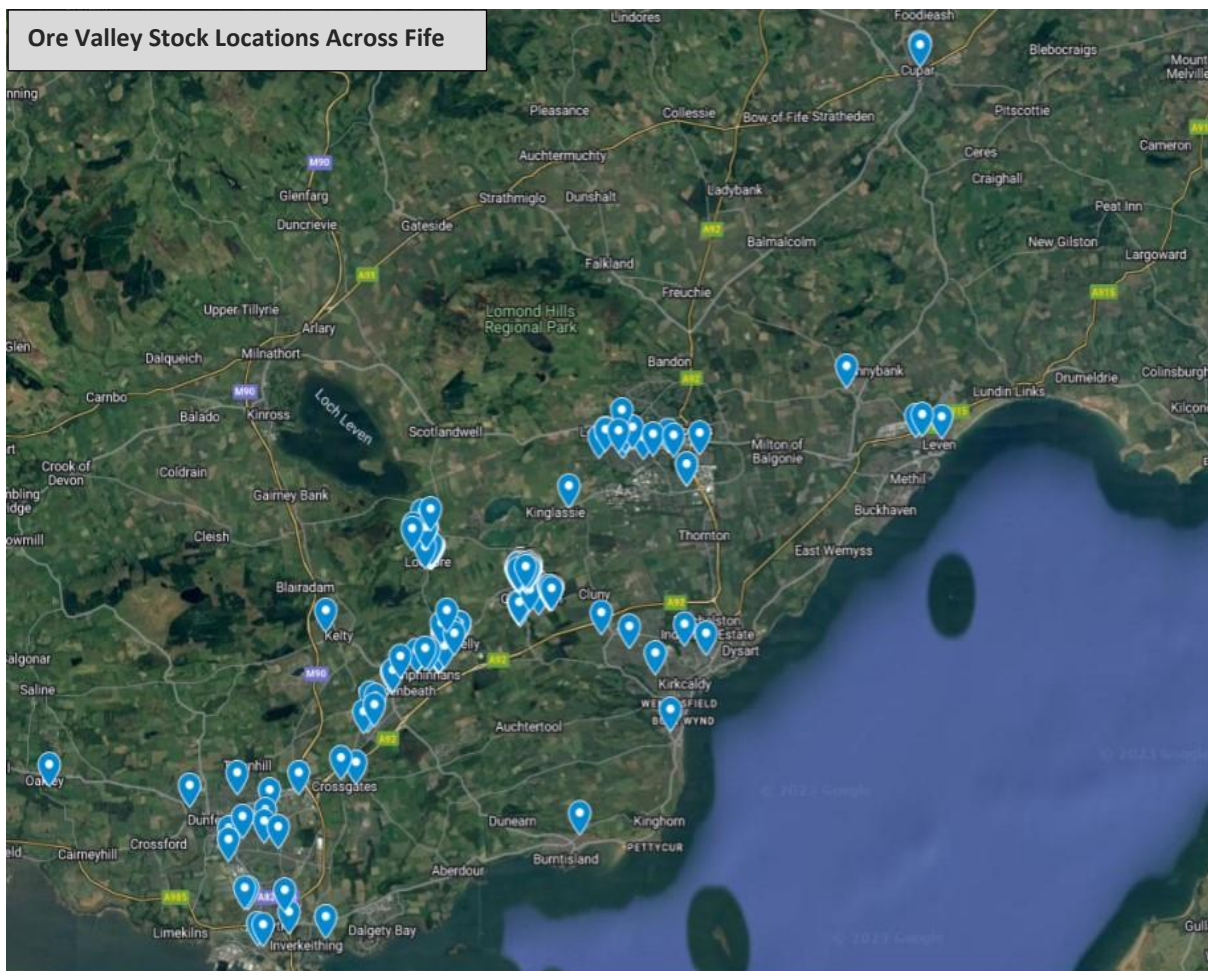
■ Band B ■ Band C ■ Band D

## Stock Age (Ore Valley Owned Stock)



■ Pre 1945 ■ 1945-1964 ■ 1965-1982 ■ Post 1982

## Ore Valley Stock Locations Across Fife



Our loan facility requires us to carry out a stock valuation every 3 years. The most recent valuation exercise carried out in December 2023 provides positive feedback on the condition of our secured and unsecured housing stock and confirms a positive value for both.

Our non-housing stock is summarised below:

- Ore Valley Head Office: Station Road, Cardenden
- Miners Institute: Main Street, Lochgelly
- Ore Valley Business Centre: Main Street, Lochgelly (21 separate office units)
- Retail Units: Cowdenbeath and Lochgelly
- Wind Turbine (500 Kw): Dundonald, Cardenden

### **3. Tenant Profile**

The age of our tenants range between 20 and 95 with approximately 25% aged 65 years or over. We will consider the changing needs of our tenants when designing and maintaining our homes to help support their daily activities and independent living.

Our longest tenancies go back to the time of the Scottish Homes stock transfers in 1995 and 1997. Approximately 66% of our tenants have lived in their homes for more than 5 years, demonstrating satisfaction and demand for our homes.

### **4. Resources**

Our approach to asset management is a continuous cycle that will be responsive to the changing performance of our assets and external drivers. We will collect data from a range of sources to guide our future investment decisions ensuring that current and future stock fully support our strategic objectives and generate appropriate value to our Business Plan.

We will utilise a range of tools and resources to deliver our strategy including:

- HomeMaster which is a housing and finance data management solution for housing providers
- Comprehensive stock condition and EPC databases
- Both 5 & 30 year planned investment programmes
- Key Performance Indicator (KPI) setting and reporting
- Collaborative engagement with tenants and other internal and external stakeholders
- In-house accredited Energy Performance Certificate (EPC) assessors
- Internal sustainability working group

We will use our internal staffing resources and external professional consultants and contractors to deliver our repairs and planned investment programmes. Ore Valley employ a Minor Works Officer to help support the delivery of the reactive and void repairs service.

Our activities will be funded from our rental income stream, own resources, subsidiary donations, borrowing against our housing stock and external grant funding.

### **5. Customer Profiling and Stakeholders**

To deliver our strategy we will collaborate with a wide range of stakeholders to ensure regulatory compliance, find sustainable solutions and support good quality customer service, communication and engagement.

Our stakeholders include:

- Staff, our Board members, tenants, local residents and the wider community
- Local Authorities and Scottish Government
- Other affordable housing providers
- Contractors and consultants
- Supervisory and regulatory bodies including the Scottish Housing Regulator (SHR)
- Funders and lenders

## 6. Compliance with Standards

As a Registered Social Landlord (RSL), Ore Valley will comply with the regulatory requirements of the Housing Regulator and performance standards including:

- Scottish Housing Quality Standard (SHQS)

The Scottish Government introduced the SHQS to establish a national minimum standard for all landlords in Scotland.

We continue to monitor and report our stock's compliance with the SHQS as part of our Annual Return on the Charter (ARC) to the Housing Regulator. This ongoing assessment is achieved by our rolling programme of stock condition surveys with failures addressed through our planned investment programmes.

- Energy Efficiency Standard for Social Housing (EESH)

The Scottish Government introduced EESH in March 2014 to improve energy efficiency and drive forward carbon reduction in social housing in Scotland.

EESH targets are based on the Standard Assessment Procedure (SAP) rating system used to measure the energy efficiency of a property through Energy Performance Certificates (EPCs). A first milestone was set for social rented landlords to meet by December 2020 and plans are underway to introduce a new Social Housing Net Zero Standard which will replace EESH2 and provide clarity on future targets for social landlords.

- Social Housing Net Zero Standard (SHNZ)

The SHNZ Standard will align with both net zero and fuel poverty targets. Similar to EESH the new Standard's targets will be based on the SAP rating system and will include a fabric energy rating measured in kWh/m<sup>2</sup>/per annum and the replacement of carbon emitting heating systems with zero emission systems such as heat pumps, district heating etc by 2045.

Ore Valley is part of the Scottish Government's SHNZ/EESH review group providing a strong understanding of the issues at hand and options for attaining future milestones.

Stock falling below regulatory energy efficiency targets will require work through retrofit and improvement measures. Regardless of investment some of our properties may never meet the required standards largely due to their construction; we will consider options and longer term strategies to deal with these properties.

- Heat Standard

A key element of meeting future energy efficiency and net zero requirements will be the replacement of existing gas boiler (fossil fuelled) heating systems. As part of the new Heat in Buildings Strategy no gas boilers will be permitted in new housing consented from 2024.

We will continue to investigate and understand the alternative heating provisions available including the installation of air source heat pumps in one of our new housing developments due to complete during 2025. We will work with the new tenants to understand the benefits, challenges and costs associated with this form of heating.

Guided by the SHR Integrated Asset Management recommended practice (February 2023) our approach is one which encourages buy in from all staff, aligns to our strategic objectives and is informed and welcomed by our tenants and other key stakeholders.

## **7. Repairs and Maintenance**

To deliver this strategy we will undertake a range of repairs and maintenance activities to ensure that our homes are well managed and maintained and meet the needs and standards of the future.



- Reactive Repairs

Reactive repairs are the repair or renewal of individual components as and when they fail. The majority of these are identified by tenants and dealt with in the short term on a one-off basis.

Ore Valley aim to provide an effective and responsive repairs service for tenants that provides a 24 hour cover, every day of the year. In 2023 our new reactive repairs contract was procured through a competitive tender process allowing us to enter into a long term agreement with the successful contractor to help drive forward efficiencies and continuous improvement.

Tenants can report or request repairs using a full range of options such as telephone, face to face and on-line.

- Void Repairs

We aim to keep the time a property is empty to a minimum to help address housing demand, maximise our rental income and limit any security issues. We work closely with our gas and reactive repairs contractor(s) to identify and complete necessary repairs and safety checks as quickly and as efficiently as possible.

We have a target of 20 calendar days for reletting empty homes. Our average re-let times compare well against the performance of other landlords and the Scottish average.

- Cyclical Maintenance

It is important that our properties are maintained and serviced on a regular basis to ensure their continued efficiency and effectiveness. Some maintenance requirements and servicing periods are defined under regulations and others under manufacturer instructions.

Cyclical maintenance comprises:

- Gas safety inspections including the servicing of gas heating and appliances - annual testing
- Electrical safety inspections - 5 yearly
- Painterwork including windows, doors, communal areas and rainwater goods - 5 yearly
- Rhone cleaning – 5 yearly or as identified by Ore Valley

- Planned Maintenance

Planned maintenance is the replacement of component items in a building which have come to the end of their useful life, where replacement can be predicted and planned for and where the new component items are either of a similar or higher standard.

The renewal of major internal components such as kitchens, bathrooms and heating systems not only improve our properties but help meet tenant expectations and maintain demand.

Structural work to improve the building envelope including replacement roofs, windows and doors not only maintain the integrity of our properties but will help increase energy efficiency levels benefitting both our tenants and the environment.

- Medical Adaptations

We are committed to meeting the needs of our tenants through providing adaptations to their homes where possible and where funding is available. Providing adaptations at the right time can be life changing for tenants, carers and families.

Funding is limited therefore all adaptations will be dealt with on a priority basis with the highest priority being carried out first. Adaptations will only be considered eligible for Scottish Government funding if they are structural and a recommendation from an Occupational Therapist or other suitably qualified professional confirming the need for the adaptation is received. In addition, Ore Valley has a small budget to fund the cost of more minor adaptations e.g. handrails.

We will only consider adaptation requests for our social rented homes.

## **8. Investment Programme 2023 – 2028**

During the period 1 April 2018 to 31 March 2023 we invested over £4.6 million in our assets.

The next few years will be challenging not just for Ore Valley but for many social landlords however we will continue to invest more in our properties particularly in relation to energy efficiency and net zero works.



## 9. Stock Condition Survey

We completed a comprehensive stock condition and energy survey in 2017. Since then we have taken the decision to carry out an annual rolling programme of smaller samples rather than one large sample survey every 5 years. This approach will result in all of our properties being fully assessed at least once every 10 years.

Annual sampling will cover all property types. Any issues identified will be used to establish future planned maintenance or improvement work and help us identify any requirement for broader surveys to be undertaken. Our life cycle assumptions are below however replacement times may vary depending on a number of factors including performance and stock condition findings.

| Component Item and Estimated Life Years |    |                          |       |                          |         |
|-----------------------------------------|----|--------------------------|-------|--------------------------|---------|
| Smoke Detectors                         | 10 | External Wall Insulation | 30    | Timber / Composite Doors | 20 / 30 |
| Electric Shower                         | 15 | Rainwater Goods          | 25    | Electrical Rewire        | 30      |
| Heating Boiler                          | 15 | Solar Panels / Inverter  | 25/10 | Pipe Work and Radiators  | 30      |
| Kitchen                                 | 20 | Bathroom                 | 30    | Timber / UpVC Windows    | 25/30   |
| Roof                                    | 50 | Structure                | 75    | Timber/Metal Fencing     | 20/35   |

The stock condition surveys, costings and life cycle assumptions feed into our 5 & 30 year planned investment programmes and budgets.

## 10. Development, Acquisitions and Disposals

- Development

Ore Valley is a member of the Fife Housing Association Alliance (FHAA) which is a collaborative working arrangement between the four housing associations based in Fife: Fife Housing Group, Glen Housing Association, Kingdom Group and Ore Valley Housing Association. This form of collaboration enables new affordable housing to be delivered in a more efficient, cost effective, non-competitive environment.

A formal agreement between Fife Council and the FHAA is in place until 2029 allowing the partnership to continue to deliver much needed affordable housing in Fife. Over the next 5 year period Ore Valley plan to deliver around 120 new homes for social rent which include projects in Bowhill, Lochgelly, Lochore and Cowdenbeath. Alternative tenures may also be considered in line with identified housing needs and demand.

New development will be strategic in focus and targeted to meet unmet need or to replace stock that is no longer viable. The impact of new development on our business plan and financial capacity will be assessed with any new project commitment being subject to grant funding availability and financial viability.

- Acquisitions

In addition to stock transfer and new housing supply, Ore Valley has added to its stock by acquiring a number of existing properties namely through the Scottish Government's Mortgage to Rent scheme and more recently open market transactions funded by the Scottish Government's More Homes Division.

Ore Valley will consider any acquisition opportunities to add to its stock subject to financial viability, strategic fit and risk assessment.

- Disposals

There are no parts of our stock suffering from low demand however in the event that a property becomes difficult to let or cost prohibitive to maintain we will seek Board approval to dispose of it by sale or demolition. Disposal will only be considered when all other options have been exhausted.

## **11. Objectives and Key Priorities**

This strategy forms an integral part of Ore Valley's business planning and decision making processes and underpins the delivery of our strategic vision.

The key objectives of this strategy are to:

- Ensure that our tenants remain satisfied with their homes
- Ensure our properties and estates are well managed and maintained to a good standard ensuring compliance with all relevant statutory and regulatory requirements
- Ensure the health, safety and security of our tenants and the communities in which we operate
- Deliver our annual planned and cyclical maintenance programmes and develop our medium and longer term programmes to both maximise the useful life of each property and reduce the amount of ad-hoc major repairs
- Drive a collaborative approach to our reactive maintenance service to prevent unplanned deterioration
- Provide an adaptations service to support independent living for our tenants
- Deliver an efficient and effective void repairs service supported by our Minor Works Officer to minimise the time that homes remain empty
- Minimise the short, medium and long term maintenance costs, providing value for money through effective and efficient procurement and contract management
- Meet housing need and provide housing options for our communities

Our priorities over the next 5 years to help deliver these objectives are below. Further details and target timescales are included in our Asset Management Strategy Delivery Plan.

- Continue to monitor, maintain and improve Scottish Housing Quality Standard (SHQS) and EESSH 1 compliance
- Develop an action plan to meet the new Social Housing Net Zero Standard targets once confirmed and align to the Scottish Government's vision of being net zero by 2045
- Maintain a focus on meeting and exceeding service related Key Performance Indicators (KPIs)
- Develop the new Asset Management module within HomeMaster and implement a comprehensive scoring matrix to assess the performance of our properties
- Continue to review processes and procedures to drive forward continuous improvement, efficiencies and satisfaction across our services
- Expand stakeholder engagement activities in the delivery of our services
- Continue to develop the use of renewable technologies and energy related improvements whilst ensuring a positive and affordable outcome for our tenants
- Develop an Ore Valley Design and Specification standard using sustainable products/materials and a fabric first approach for both our newbuild projects and in the maintenance of our existing homes
- Continue to deliver our newbuild development programme
- Procure a new landscaping contract to deliver the objectives of our factoring service

## **12. Health and Safety**

Ore Valley has adopted the Employers in Voluntary Housing's Health & Safety Control Manual: Landlord Facilities Health, Safety and Welfare Management System which covers the policies and procedures relating to specific hazards, risks and topic specific legislation including:

- Electrical Safety
- Gas Safety
- Fire Safety in Housing Stock and Common Areas
- Play Parks Safety
- Water Systems and Legionella
- Asbestos/RAAC (Reinforced Autoclaved Aerated Concrete)
- Infestations
- Lighting
- Dampness and Mould

## **13. Operational Constraints and Risks**

Risks associated with asset management are assessed as part of our business planning process. We will maintain a risk register to ensure we have a good understanding of our actual and potential risks which could impact on our strategy and the services we provide.

The following key risks have been identified:

- Government policy change and enhanced regulatory requirements
- Balancing and prioritising the limited resources available to Ore Valley to deliver all its activities across the business that enable us to meet our strategic objectives and tenant aspirations
- Social Housing Net Zero Standard review and the capital cost of compliance with this and net zero targets
- Retaining and acquiring the right staff skills and experience to support the efficient delivery of this strategy
- Developing effective partnerships with contractors, consultants and supply chain to deliver value for money
- Inaccurate data leading to inaccurate programme projections and poor financial investment
- Insufficient external funding
- Insufficient low carbon infrastructure and technologies with many net zero carbon heating systems more expensive to run compared to fossil fuel alternatives
- Rising inflation, energy prices and the impact on affordability for our customers
- Insufficient supply chains, increasing material costs and skills shortages

## **14. Procurement**

We will adopt a flexible approach to our procurement reflecting all procurement routes available in accordance with our procurement and tendering policies and procedures to secure best value for Ore Valley and our tenants.

## **15. Performance and Value for Money**

Delivering a quality service and value for money for our tenants is at the heart of everything we do. Some of our activities to support this include:

- Procurement of our reactive maintenance service during 2023-24 based on a competitive quality/price assessment. The performance of the contractor is subject to continual review

- To continually improve how we deliver our services we benchmark our outcomes against others within the sector and Scottish averages
- We are members of Scotland Housing Network (SHN) which is a consortium of local authority and housing association landlords working together to drive performance, meet the demands of best value and deliver quality services by means of benchmarking, peer review, good practice exchange and knowledge sharing
- Completion of the Annual Return on the Charter (ARC) to the Scottish Housing Regulator
- Optimise the recovery of other owner's costs which are attributable to any works we undertake
- Carry out post Inspections to a minimum 10% of reactive repairs to monitor tenant satisfaction, service levels and quality of work. Other works including Planned, Cyclical and Medical Adaptations costing more than £500 are also post inspected.

As at 31 March 2023, 90.38% of our tenants were satisfied with the quality of their home and 94.16% with our repairs services showing an increase from the previous year.

## **16. Legislation, Policy, Regulation and Good Practice**

This strategy is aligned to current legislative, regulatory and good practice guidance. To meet legislative requirements Ore Valley has developed a suite of supporting policies and procedures.

## **17. Monitoring and Review**

A Delivery Action Plan will be produced to set out how we intend to deliver on this strategy and how we will measure progress; this will be updated annually and reported to our Board.

This strategy will be reviewed at least every 5 years. More regular reviews will be considered when there is a need to respond to new legislation, policy guidance, performance standards and good practice.

## **18. References**

- Ore Valley Housing Association - 3 Year Business Plan 2022 – 2025
- Ore Valley Policies & Procedures including Sustainability; Tendering; Procurement; Voids; Gas & Reactive Maintenance
- Scottish Housing Regulator - Integrated Asset Management February 2023
- Scottish Government Housing to 2040 Strategy
- Scottish Housing Quality Standard
- Energy Efficiency Standard for Social Housing (EESH)
- Social Housing Net Zero Standard (SHNZS)
- EVH Landlord Facilities Health, Safety and Welfare Management System Control Manual
- Scottish Government Heat in Buildings Strategy 2024
- Scottish Housing Regulator – Development of Affordable Housing in Scotland (March 2017)

### **The Scottish Social Housing Charter Outcomes and Standards:**

- Equalities (1)
- Communication (2)
- Quality of Housing (4)
- Repairs, Maintenance & Improvements (5)
- Tenancy Sustainment (11)
- Value for Money (13)

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**Next Review: December 2024**