

Policy Name	Asset Management Strategy
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ASSET MANAGEMENT STRATEGY 2025-2028



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1. Asset Management Strategy

Background

Lochaber Housing Stock Association was established in 1988 as a response to chronic housing need in Lochaber's rural communities. The Association has 726 properties across Lochaber.

As part of Lochaber Housing Association's business planning process, developing an Asset Management Strategy is essential to determine the most effective approach for maintaining the housing assets within its stock. This strategy will complement and enhance the current Business Plan.

What is an Asset Management Strategy?

Asset management encompasses the actions taken to ensure that the housing stock meets both current and future needs and standards. This strategy outlines how LHA is effectively managing its assets to achieve these objectives.

Aims and Objectives

LHA is dedicated to providing a high-quality housing service to communities across Lochaber. The Association is committed to supporting the long-term viability of these communities by fostering a culture of partnership, sustainability, and continuous improvement.

Business Plan

The Asset Management Strategy is a key component of the Association's Business Plan, providing detailed guidance for business planning, particularly in setting objectives and action plans. The following sections of the Business Plan are aligned with this strategy and are reviewed and updated annually based on tenant feedback.

Strategic Objectives

- Objective 1 – Providing High Quality Housing Solutions
- Objective 2 – Excellent Affordable Solutions

Financial Planning

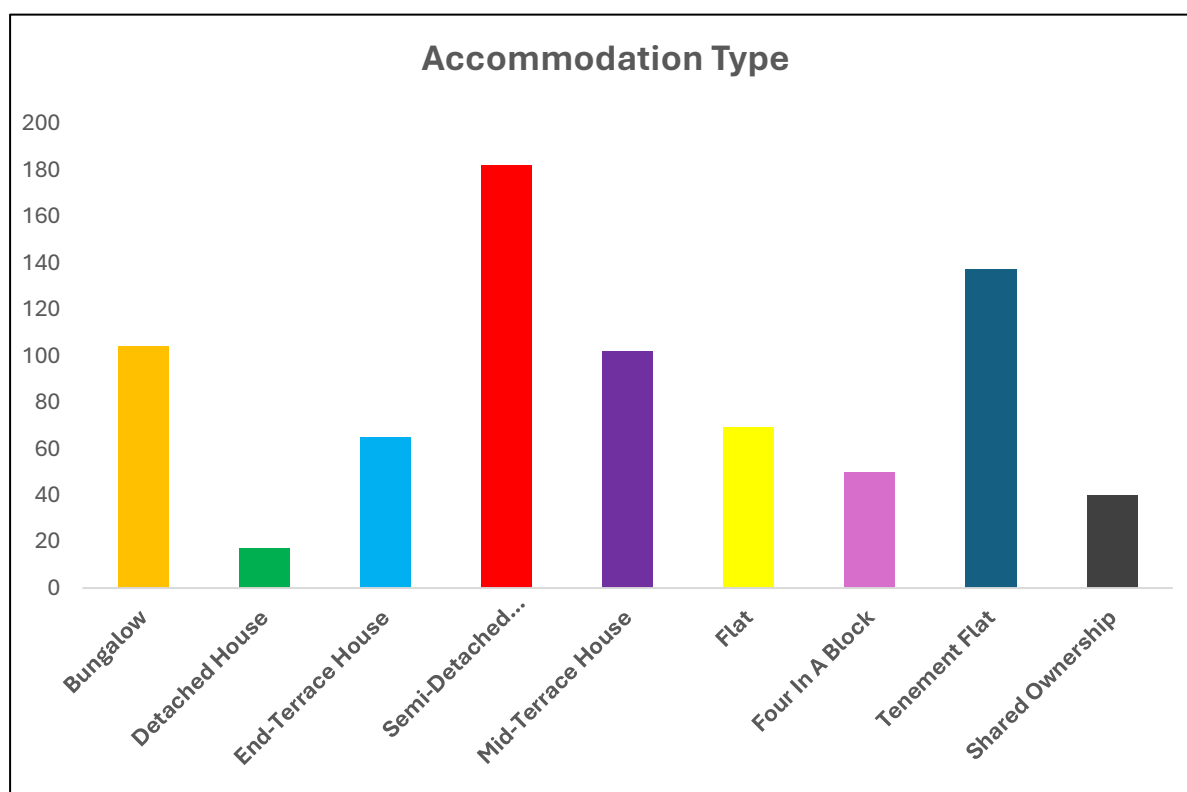
- 30 year financial projections

2. Asset Profile

Stock Information

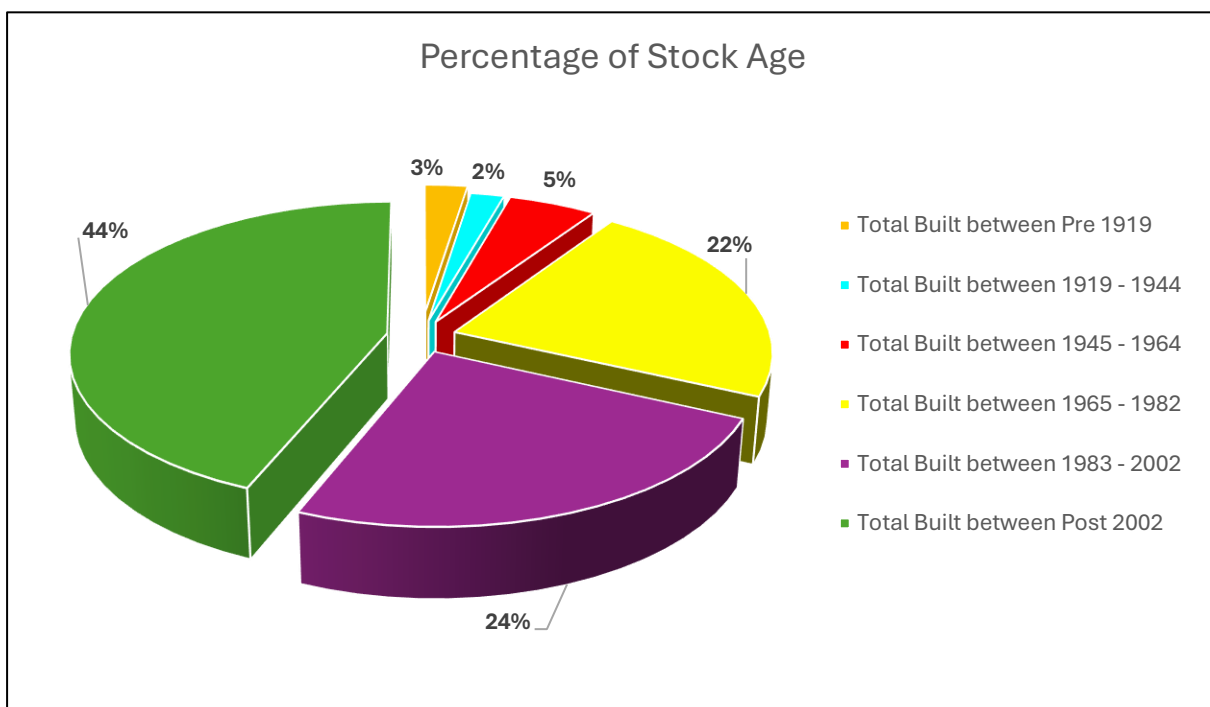
As of 31st March 2024, Lochaber Housing Association had a total housing stock of 726 properties, together with 40 shared ownership homes.

Accommodation Type	No. Accommodation Type
Bungalow	104
Detached House	17
End-Terrace House	65
Semi-Detached House	182
Mid-Terrace House	102
Flat	69
Four In A Block	50
Tenement Flat	137
Shared Ownership	40
Grand Total	766



The majority of the Association's properties were constructed after 2002. However, 22% of the stock consists of properties built between 1965 and 1982, which were acquired through a stock transfer in 2002.

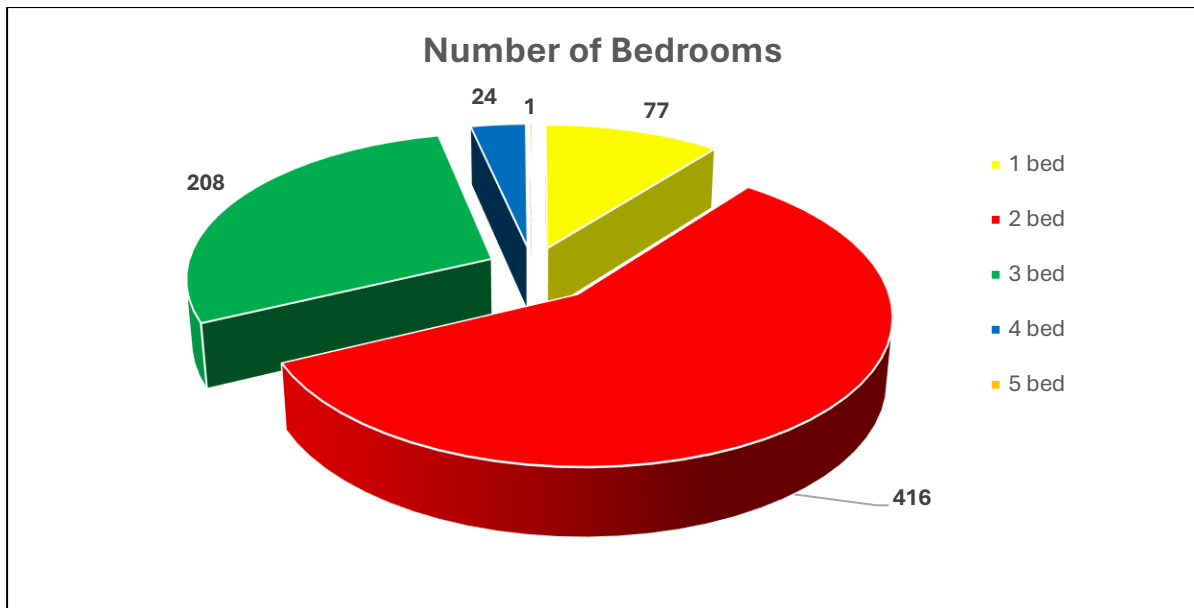
Age Band Built	Number	% of Stock Age Band
Total Built between Pre 1919	18	2%
Total Built between 1919 - 1944	14	2%
Total Built between 1945 - 1964	37	5%
Total Built between 1965 - 1982	162	22%
Total Built between 1983 - 2002	177	24%
Total Built between Post 2002	318	44%
Grand Total	726	100%



House Types and Bedroom Size

The breakdown of stock by the number of bedrooms is provided below:

Property Size	No.Bedrooms	%
1 bed	77	11%
2 bed	416	57%
3 bed	208	29%
4 bed	24	3%
5 bed	1	0%
Grand Total	726	100%



The Association provides housing throughout Lochaber, from Invergarry in the north to Kinlochleven in the south, including properties on the Ardnamurchan Peninsula, as well as Knoydart and the Isle of Eigg.

Garages

The Association owns six garages, five of which are located within the grounds of housing stock, and one that is standalone

All garages are covered by the routine and planned maintenance schedule.

Other Assets

The Association owns 4 commercial properties comprising offices, maintenance services yard and a centre currently leased by NHS Highland.

The Association also maintains several unadopted communal areas within its developments, both internal and external. These include car parks, pathways, stairwells, Sustainable Urban Drainage Systems (SUDS), treatment plants, as well as grassed and landscaped areas.

New Build Development Programme

The Association is committed to increasing access to housing in Lochaber through its development initiatives aiming to expand its asset base in response to demand. In its procurement processes, the Association carefully evaluates the impact of any new properties on its Asset Management Strategy, particularly concerning ongoing management and maintenance responsibilities. The Association also maintains a Design Brief that outlines the design standards for new developments. This document is periodically updated to reflect factors such as whole life costing, tenant feedback, component failures, and stock surveys, ensuring that new properties align with the objectives of the Asset Management Strategy.

Area	No. of Units	Development Status
Lochyside, Fort William	22	On site
King's Way, Mallaig	8	On site
Glenkingie Street, Caol	18	On hold awaiting funding
Glenshiel, North Ballachulish		Development Feasibility Study carried out

3. Stock Condition Assessment

The Association continually assesses its stock profile through various mechanisms and cycles to assess how the stock compares to the 30 year maintenance programme, how properties meet tenants expectations and monitoring of repairs and cyclical maintenance. Assessment of the Association's housing stock is achieved in the following ways.

- Assessment of new build elements during construction with information lifespans and cyclical recommendations added to the 30 year projections
- Settling in visits completed by Housing Officers to assess the process and experience of the tenant's new home
- New development questionnaires to assess what the tenant likes and dislikes about their new property
- Energy certificates (EPC) to give individual house performance against benchmark targets
- Stock condition surveys
- Tri Annual tenant satisfaction surveys
- Net Present Value financial projections
- Cyclical testing and servicing
- Reactive repairs

New Build Elements

Close monitoring of new build components against lifespan expectation, completed reactive maintenance and aftersales service is crucial to provide ongoing performance and confidence that a product will give the required projected lifespan within the 30 year projections.

Settling in Visits

Settling in visits take place six weeks after tenants move into any of the Association's properties. This follow up visit is to assess the tenant experience of their new property, what they have found positive and negative about the process, about the property condition and to identify if a follow up visit is required by the Technical Officer to have further discussion regarding the heating controls etc.

New Development Questionnaire

New build questionnaires are given to new tenants after moving into their property. This questionnaire is to gain information on the quality of the build, the layout and design, storage and the estate that is around the property. This also allows informed discussion with future development projects as to what works well within a design and what can be improved.

Energy Performance Certificates (EPC)

We as landlords are required to have an EPC within every property, this certificate gives tenants information on the energy performance of the property that they stay in. The Association uses them to access funding for energy upgrades, to show impact improvements would make if installed and for reporting to the Housing Regulator.

Stock Condition Surveys

Stock Condition Surveys are completed on a five year cycle on 20% of the Association's stock. The survey is both internal and external and looks at all elements of the property. The survey cross references the previous survey and adjustments are made to lifespans if required. The general condition of the property is recorded with any concerns reported to the appropriate department. Legionella risk assessments are reviewed and adjusted if there has been substantial changes made to the plumbing network on this survey. On completion of the surveys changes made to element lifespans are adjusted in line with the recommendations from the Technical Officers to the SDM housing data base.

Reactive Repairs

Monitoring reactive repairs can give an early indication of element failures or lower life span projections. Reactive repairs are monitored in various ways:

- Inspections by Supervisors
- Monitor completion of works Right First Time as required by ARC return
- Tenant satisfaction contact made by the Asset Department
- Repair checks by Technical Officers when required

Tri Annual Satisfaction Surveys

Tenant satisfaction surveys are completed every three years and cover various aspects of how the Association manage their homes, maintain their homes and estates and general satisfaction. This survey can give indication where it shows general dissatisfaction within a group or type of property. This information can then be further investigated scheduling adjusted if required.

Stock Condition Review

The findings of the above surveys and inspections provide the information to populate and adjust the Planned Maintenance programme which is part of the Association's

Business Plan. Continual assessment of this information allows proactive adjustment to insure that the Association’s assets are maintained to a high level and fit for purpose.

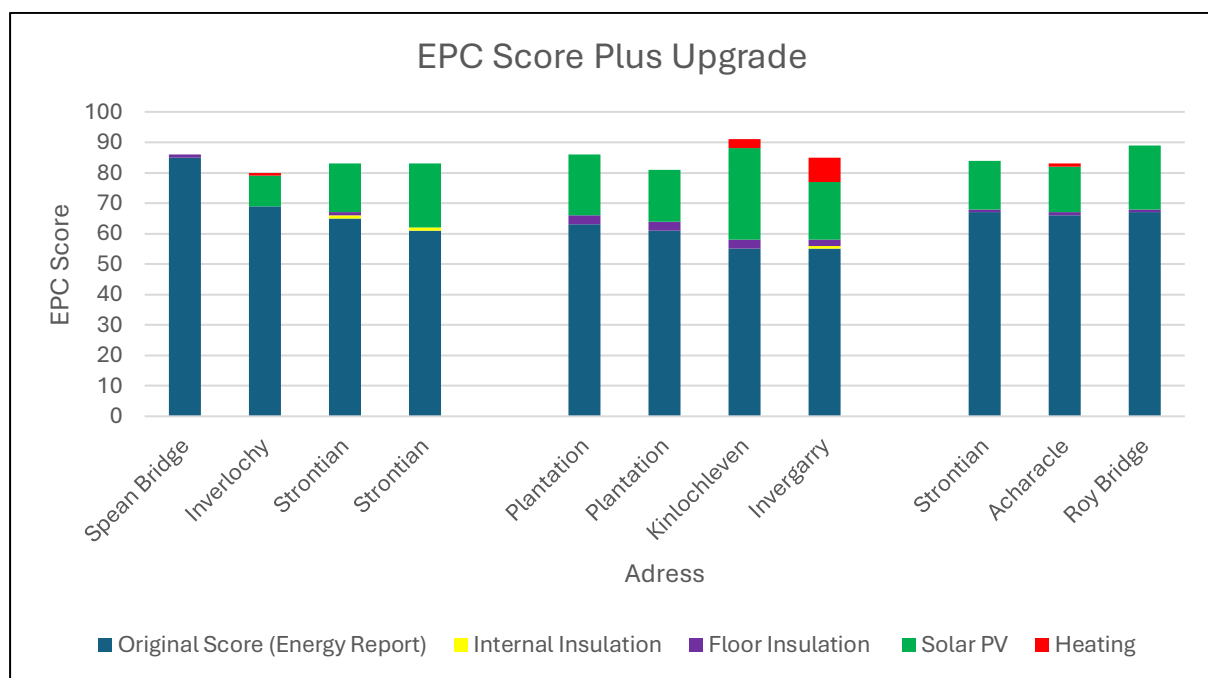
Energy Assessments

Lochaber Housing Association currently uses the SAP score and the Kilowatt hours, per meter squared, per year (kWh/m2/year) as our main tools to track the energy efficiency and running costs of properties.

This information is provided by both external Energy Assessors (new builds) and the Association’s own staff via EPC’s. There are currently two members of staff trained as Domestic Energy Assessors (DEA's) who produce EPCs for existing properties.

Prior to energy saving upgrades being implemented on our properties our DEA’s complete a draft EPC, with the upgrades included, this helps us gauge if the upgrades will meet the requirements of The Scottish Housing Quality Standards (SHQS) and Energy Efficiency Standard for Social Housing (ESSH & ESSH2).

Below is a graph that shows a sample of the draft EPC scores and what impact different energy saving upgrades have on the SAP score.



The results from the surveys and inspections outlined above supply the necessary data to populate the Lifecycle Maintenance Plan, which is a key component of the Association’s overall Business Plan.

The Association will continue monitoring, documenting and evaluating the condition of its assets. Whenever issues are identified, it will take proactive steps to carry out remedial work, ensuring its properties remain well maintained and fit for their intended purpose.

4. Investment

Lochaber Housing Association meets its housing management, maintenance and investment costs through the rental income generated from its housing stock.

Business Plan

Each year the Association prepares a 30 year projection of its anticipated income and costs. The main purpose of this projection is to provide evidence of the Association's long term financial viability. A copy of the cashflow projection is included in **Appendix 1**.

A key element of the 30 year projection is the inclusion of the anticipated costs related to major repairs, based on our life cycle costings. In the most recent projection, the total major repair costs amounted to £68.7 million of which £57.7 million is expected to be capitalised.

The nature of the life cycle costings is such that there are years where large costs coincide to the extent that the total cost would be impractical and this is apparent in the period 2031 to 2034. The projection incorporates a "smoothing" element whereby some £3 million of the spend is delayed until later years and is caught up by 2038. It may be that when we get to 2031 we may decide that the Association takes on some additional short-term borrowing rather than delay the major repairs expenditure.

Some of the information in the business plan is also used to help us prepare a financial appraisal of our housing stock. This involves projecting the expected rental income and costs for each individual property to enable us to derive a net present value of each property. We can identify properties where the expected costs are outstripping the expected income over the 30 years and assess what the most appropriate action is required by the Association. A copy of the latest financial appraisal report is included in **Appendix 1**.

The results of the Asset Management Strategy help identify the overall costs necessary to maintain and improve the housing assets over a 30 year business planning period. This information will allow LHA to make informed investment decisions based on projected rental income in the coming years. It is also integrated into the financial modelling of the Business Plan.

5. Energy Efficiency and Net Zero Targets

The Association aims to provide affordable energy efficient homes that reduce fuel poverty while meeting efficiency targets set by the Scottish Government.

The Scottish Housing Quality Standard (SHQS)

SHQS was introduced in 2004 with a completion by March 2015 this standard covered across board elements of a property to circulation space, water quality, property security, toilet provision and condition of property works were completed by 2015. Although works were completed there is still a requirement to maintain the standard set under SHQS Element thirty-five.

Energy Efficiency Standard for Social Housing

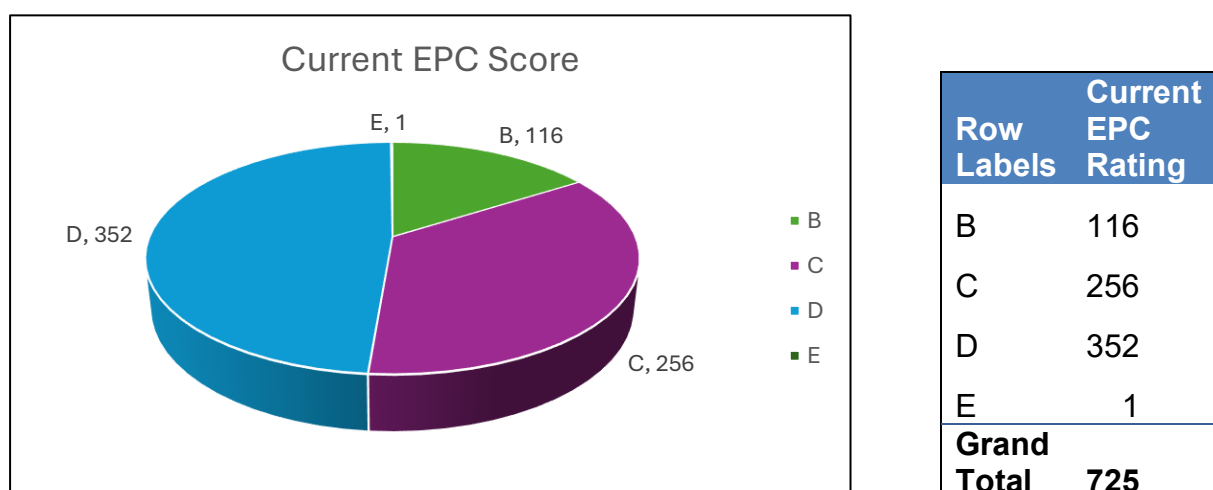
The Energy Efficiency Standard for Social Housing (ESSH) was introduced in 2015, with full compliance required by December 2020. The Association is currently 98.49% compliant, with 11 properties either failing to meet the standard or exempt. ESSH 2 was confirmed in 2019, prompting the Association to engage the Energy Savings Trust (EST) to input all property data into the EST Peat database. This process helped identify the measures needed to bring the Association's stock up to the new standard and estimate associated costs.

The Asset Department continually look for funding to bring energy efficiency improvements to the Association's housing stock and have been successful in securing ECO 3 funding for:-

- external wall insulation fully funded by British Gas - 120 properties
- various insulation upgrades floor, attic and cavity wall
- heating upgrades, Air Source Heat Pumps to 50 properties with 50% Warm Home funding,
- heating upgrades, Air Source Heat Pumps, to 87 properties with 50% ECO 4 funding
- 81 fully funded Solar PV installs through ECO 4

Access to funding is becoming increasingly challenging due to the current efficiency levels of the Association's stock.

Once the Scottish Government's review is complete, a further assessment will be carried out to determine the necessary measures and evaluate the financial impact on the Association



In response to concerns and with the goal of aligning with Scotland's Net Zero Carbon targets, the Scottish Government is now consulting on a replacement for the previously proposed ESSH2. This will lead to the introduction of a new "Social Housing Net Zero Standard" (SHNZS), expected to take effect by 2025 at the earliest.

6. Health and Safety

The Association engages a Health & Safety Consultant to oversee all health and safety matters, ensuring the establishment of safe and effective processes and procedures that comply with statutory obligations.

Fire Safety

Fire safety across the entire organisation is divided into two key areas: the regulatory requirements for the Association's central office at 101 High Street, as well as the premises at 10a Blar Mhor Industrial Estate where the Association's two subsidiaries, LHA Property Services and Lochaber Care & Repair are located. Additionally, fire safety must also meet the legislative requirements for the Association's domestic housing stock

Fire safety for the office at 101 High Street, is managed by Director of Corporate Services and at 10a Blar Mhor Industrial Estate, the Manager at LHAPS and Manager at Lochaber C&R.

To ensure the Association is fully compliant staff are trained to an adequate level in fire awareness training and designated staff are trained as Fire Marshalls. All records of staff training, cyclical testing, fire risk assessments and servicing are held as hard copies at each premises or on the Association's central database.

Domestic

The Association's domestic properties are managed by the Director of Asset Management. All properties are fully compliant to LD2 regulations, with 150 properties currently connected to a monitoring dashboard. Future smoke alarm replacements will also be linked to the dashboard for ongoing access and monitoring.

Legionella

Legionella has been risk assessed as low throughout the Association's stock. This is based on guidance provided by HSE within Section 3(2) of the Health and Safety at Work Act (HSWA). Continual inspections are included within the stock condition surveys completed on a five year cycle to give assurance that internal plumbing has not altered and risk level remains the same. Procedures are in place to reduce risk in void properties that are more likely to remain unoccupied for extended periods.

Dampness & Mould

The Asset Department holds and monitors a robust register for dampness and mould. The process starts from initial notification and risk assessment, property visit recommendations and actions, then minimum three follow up inspections.

Asbestos

The Association has identified twenty one properties with asbestos, primarily located externally and classified as low risk. Asbestos in these properties is inspected annually, with the condition documented in the Association's Asbestos Register. The Asset Team plans to remove asbestos during renovation works, and an additional 10 properties are scheduled for asbestos removal in 2025.

Electrical Testing

The Association completes an electrical inspection and test on a 5 year cycle and at a change of tenancy. Information is recorded and scheduled on the Association's data base. Instruction is given in advance with a robust procedure in place giving adequate time allowance to gain access to the property. All tests are completed within Select or NICEIC guidelines with completed certificates recorded on the Association's management system.

Gas

The Association has gas cookers in six properties on Eigg. The installation to the cooker is the responsibility of the Association and requires an annual inspection and certification by a Gas Safe or CORGI engineer. Completed inspections are held on the Association's management system.

Stock Condition Surveys

The Association's Technical Officer's complete a survey on 20% of the Association's properties annually. This is further followed up with a 10% sample surveyed by an outside consultant as a verification. On completion of surveys the 30 year projections are reviewed and adjusted in line with recommendations taken from the surveys which then feeds into the Association's Business Plan projections and required investment over 30 years.

RAAC Surveys

RAAC, Reinforced Autoclaved Aerated Concrete, is a lightweight form of concrete used in roof, floor, cladding and wall construction in the UK from the mid1950s to the mid 1980s. There is a risk it can fail, particularly if it has been damaged by water ingress.

The Association has conducted an inspection of our older properties and found that none of them contain RAAC.

7. Disposal of Properties

There may be occasions where properties fail to meet the required level set by the Association within our mission of providing good quality, truly affordable housing opportunities. This could include:

- High 30 year financial projections
- Not reaching required Government efficiency levels (ESSH/SHNZS)
- Low area demand
- Low demand for certain property type/size

Most properties that are considered for disposal will fail to reach the required level on more than one of the above points.

Options to be explored:

- Renovation to create additional accommodation
- Demolition to re-build additional units
- Sell on the open market
- Options available to remain within social housing with another provider
- Options available to change type of tenure

Disposal Policy to be reviewed and approved by Board. (See attached proposal)

Regulation

The Housing Regulator requires to give approval for disposal above a set property value of £120k. Below this value permission is not required and the Association with Board of Directors agreement can proceed with disposal

Financial Appraisal of Housing Stock 2024-25

This is included in **Appendix 1**.

Recommended Asset Review

Review of the Asset Management Strategy is an important process that helps to ensure the strategy is aligned with the Association's financial goals and changing legislation in respect of energy efficiency. The Association will:

- Carry out an annual Financial Appraisal of Housing Stock (**Appendix 1**)
- Review any changes to legislation and energy efficiency targets
- Review performance of housing stock and any financial implications due to change in legislation.