



ASSET MANAGEMENT STRATEGY

2017 - 2020

Policy Valid From	November 2014
Last Review date	November 2017
Next Review Date	November 2020



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

BHA GROUP

ASSET MANAGEMENT STRATEGY

2017-2020

Vision

BHA's purpose is to create new and manage existing communities in a responsible and sustainable manner aligned with our vision statement "Creating Thriving Rural Communities".

Introduction

Property assets are the essential foundation for the continued existence of the Association. Far more than simply "bricks and mortar" they play a key role in shaping the social, environmental and economic wellbeing of the local community, influencing the quality of life for our customers. We recognise that there will be an ongoing need for an Asset Management Strategy as effective asset management will ensure that our homes continue to provide a high quality, suitable and sustainable contribution to the local area. New challenges are facing housing providers including customer affordability issues arising from welfare reforms, potential demographic changes, increasing customer expectations and the need to create a more sustainable asset base in the widest possible sense. In recent years the focus has changed from meeting SHQS to asset investment and viability with a value for money return on investment. We have built 78 new homes for people in housing need and have further developments planned over the next 5 years at least in areas of ongoing need and high demand. Building new homes is only part of our overall vision and we must ensure that all of our existing homes continue to meet customer needs and expectations. BHA puts customers at the heart of everything we do so we must balance our social, environmental and economic responsibilities to deliver a sustainable business at the core.

BHA's Asset Management Strategy is a critical business tool for us to align our property assets with business need; directly linked to the Business Plan and supported by policies and procedures. We are a Registered Social Landlord and therefore are a property business therefore it is critical for us to understand the performance of our assets. Much has changed in recent years and this Asset Management Strategy reflects these challenges including customer affordability issues arising from welfare reforms, possible demographic changes, increasing customer expectations and the need to create a more sustainable asset base against a background of rising energy prices and costs.



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

BHA's Strategy has changed regularly since 1995 and this revised document focuses on the current Business Plan objectives. It is no longer simply about looking at building components and bringing all homes up to a specific standard but about making viability decisions on which homes will be sensible to retain and continue to invest in. It is also about ensuring we are committed to the delivery of new homes within Berwickshire. In line with the Strategic Housing Investment Plan we aim to build a further 82 houses in Duns, Chirnside and Eyemouth by 2020. BHA will also consider land acquisition to ensure we have the ability to build more homes in the future.

From 2020 as this strategy ends BHA will start getting income from the windfarm. That income will give BHA the opportunity to remodel existing stock or consider smaller and potentially more expensive developments on existing plots of land in our smaller communities.

BHA's current Business Plan was developed in collaboration with customers, colleagues and partners and it sets out clear commitments in terms of maintenance and improvement to the housing stock. It places customers at the heart of the business and provides further high level direction for the Asset Management Strategy, including key objectives and targets:

- **Provide excellent housing and support services**
- **Invest in our homes and neighbourhoods**
- **Grow the organisation sensibly**
- **Continuously improve our financial strength**

Purpose of the Strategy

Effective asset management means that our homes will meet the needs and standards for the future so sustainability is a key theme throughout this strategy. This is not just about environmental sustainability but also ensuring that we have the right mix of homes which will be more affordable to customers. Increasingly improving data will drive intelligence-based asset management giving a greater understanding of the needs of our customers and their homes. This will ensure that BHA is better informed to target effective partnerships and investment in new homes as well as our existing housing assets.

This new Asset Management Strategy spans a three year period but will be reviewed internally every year to ensure the document reflects any changing legislation or direction from the Scottish Government regarding ESSH.

Strategic Overview

Asset management is a key business process that helps realise the objectives of providing decent, affordable dwellings for those with limited choices in the housing market. It covers the development of new build homes in our communities where there is a clear identified need. It can also be defined as the full life cycle management of the physical assets to meet the social, service and financial objectives of the organisation.

Our Asset Management Strategy aims to ensure that BHA's property assets meet current standards and are fit for purpose for the future. In common with most other Registered Social Landlords, the Association has finite resources to expend on asset management, therefore these must be managed and directed to derive maximum benefit by adding value to our capital assets.

Annually we invest approximately £1.37 million in our stock. This represents approximately 18.8% of our annual rental income.

Our Asset Management Strategy is developed around ensuring that all our properties meet the Energy Efficiency Standards for Social Housing (EESHS) by 31 December 2020 as well as meet the challenges of delivering cost effective and excellent property maintenance services in order to provide well maintained, warm and safe homes which contribute to sustainable communities.

The Asset Management Strategy has been prepared to inform BHA's Business Plan Objectives.

Asset Management Framework

The aim of asset management is to guide the future shape and direction of the property assets to ensure that they meet corporate objectives and customer expectations. The National Housing Federation definition of property asset management is: - *"Asset Management is the range of activities undertaken to ensure that the Housing Stock meets the needs and standards for the future."*

As we are aware asset management goes beyond investing in good repair and maintenance improvements of the stock. Asset management is about reviewing and changing the asset base with the expected outcome of having the right accommodation in the right location supported by excellent, flexible services for our customers. It must consider quality and value for money, particularly the whole life of a home and how future running costs will

affect customers. By applying an effective asset management strategy to our homes, the benefits will include:

- Assets aligned with corporate aspirations and customer needs;
- Refurbishment of dwellings to ensure they remain attractive to rent, meet modern requirements and are in line with current and projected customer expectations and demand,
- Provision of new homes which will be affordable to customers and improvements to our existing stock to provide homes that are more affordable to tenants;
- A more environmentally sustainable asset base;
- The right mix of homes to meet local and demographic needs;
- Identified long term capital investment needs;
- Better financial value through grants and other external funding sources as available;
- Value for money through collaborative procurement and partnerships;
- Clear understanding of maintenance needs and
- Appropriate disposal of assets, enabling investment in new homes and reinvestment in existing homes.

The Asset Management Strategy sets out the strategic framework to provide excellent housing and support services; invest in our homes and neighbourhoods; grow the organisation sensibly and continuously improve our financial strength.

BHA first implemented an Asset Management Strategy in 1995 and has maintained one ever since. Building upon previous successes this new 2017-2020 Asset Management Strategy remains an essential business tool for BHA to align property assets with business need. Following successful achievement of previous targets, this new strategy focusses on the 2017-2021 Business Plan objectives against a backdrop of the changing social, financial and legislative needs of the company.

General Principles for Developing and Delivering the Strategy

The delivery of this Strategy is informed through the asset information within our housing management system and is supported by the Business Plan identifying expenditure to meet the demands of the property portfolio. Long term projections for maintenance and investment costs have been made based on component life forecasts in the system from stock condition survey information to ensure that they are affordable and can be fully funded from agreed budgets.

Ongoing investment in existing stock is required to ensure existing stock condition is maintained and where required improved. Up to 2020 the focus will be on achieving compliance with Energy Efficiency Standards for social Housing (ESSH) with continuing investment in the age & condition of certain attributes.



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

The Operations Director is responsible for the implementation and delivery of the Asset Management Strategy with the support of the Development Manager (DM) Technical Manager (TM) and Technical Services Team. Housing Services also support the aims of the strategy as both sections work closely with tenants, future customers and the wider community. An annual review will ensure that the strategy remains fit for purpose. It is expected that the Strategy could evolve slightly over the three year period depending on external and internal pressures but any Action Plan which deals with delivery will be redrafted accordingly to incorporate change. The Operations Director will brief the Trustees and BHA Leadership Team regularly on the standard of our portfolio and any ongoing improvements within a financial year looking particularly at customer satisfaction; performance and value for money.

Notwithstanding the challenges that BHA faces in developing and delivering the Asset Management Strategy, tenants rightly expect a high level of service that is affordable and this will remain a key aim of the Association. As a starting point BHA's Asset Management Strategy priorities will be:

- To maintain the stock in a good, lettable standard at all times and to manage and maintain the stock to ensure long term sustainability
- To bring any exemptions and abeyances relating to SHQS up to the required standard where possible.
- To ensure compliance with all relevant legislation and regulations
- To continue to carry out a planned maintenance programme to ensure building components are replaced at the end of their lifespan and to ensure that a planned maintenance approach reduces the amount of ad-hoc major repairs and routine maintenance.
- To continue to carry out a cyclical maintenance programme to ensure properties comply with legislative requirements; components are regularly serviced and also maintained to prolong the life of the building component.
- To manage risks associated with our property asset management and undertake risk management appraisals, VFM and cost benefit analysis in respect of identified and planned works and ensure a joined up approach to planning across the organisation
- To provide a reactive maintenance service to tenants to ensure that repairs are carried out within pre-determined timescales
- To deliver high quality services and ensure that works are undertaken appropriately and in line with good practice and to maintain our quality standard to ensure it meets both customer and regulatory expectations.
- To provide a cost effective adaptations service where funding permits.

- To develop and implement an energy strategy to assist alleviating fuel poverty and incorporate improvements which reduce running costs and improve the quality of life for residents.
- To ensure new housing supply compliments existing provision and meets identified needs
- To ensure the provision of new housing supply continues to meet the Berwickshire quality standard, but consider every year capacity to build into the medium term beyond current commitments.
- To dispose of miscellaneous older stock or sites where reinvestment is not viable and re-circulates receipt into the business.
- To ensure that stock databases are updated on a regular basis and maintain updated life cycle costing programmes for all our properties.
- To update, over an agreed period of time, our stock databases to ensure we hold data on external areas, roads adopted/unadopted, street lighting, communal areas, paths, grounds maintenance etc.
- To update stock data and condition via recently commissioned stock condition surveys.
- To engage with tenants on an ongoing basis in relation to the property asset management strategy and keep them updated on forthcoming programmes of works and to incorporate tenant choice wherever possible as part of the replacement programmes.
- To develop an annual Asset Management Plan
- To report regularly to the Executive Team/Board, on the progress with planned programmes and other relevant issues and to have procedures in place to ensure the aims of the Property Asset Management Strategy are implemented.

Previous Strategy Achievements

The previous Asset Management Strategy achieved a number of notable successes with many improvements either fully or partially funded by ECO and other related sources:

- SHQS was met (including exemptions and abeyances) demonstrating that BHA has high quality homes
- Development of 62 new houses in Duns & Eyemouth
- Increase in the number of homes meeting improved energy standards
- Successful trial of energy efficient heating systems
- PV's to over 700 homes
- External Wall Insulation to over 80 homes
- Cavity Wall improvements to over 300 homes



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
 Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

- Value for money in the investment in our stock through improved procurement practices
 - Investment in staff and systems
 - Restructuring to meet changing demands
 - More consistent data on attributes and property details
- Improved response and void maintenance performance by internal and external staff

STRATEGIC CONTEXT AND ASSET PROFILE

Strategic Context

The Asset Management Strategy sets the framework on which the Association will, through an ongoing process, develop and respond to the ever-changing environment and priorities of the organisation and its tenants and customers.

This is designed to be the means to develop BHA's long-term Asset Management processes to ensure that the performance of housing and other stock can be monitored and action taken timeously so that both existing and new stock meets the needs and the standards required now and in the future, and also is in good condition, the right location and is of a design and standard that is fit for purpose.

This Asset Management Strategy is written in a time of unprecedented change in the external environment arising from the current world economic crisis.

Significantly, grant for new-build development has fluctuated greatly over the recent period having been reduced from approximately 65% to 35% and increased back to approximately 60% of the total development costs, making the planning of new development projects more complex and with the potential requirement for cross subsidy by the business on projects which reduced grant rates would make non-viable.

Alternative financial models for providing additional stock will depend on a robust Asset Management Strategy being in place for BHA to assess their impact on its capacity and appetite to develop new homes post 2020

In addition, there have been legislative requirements such as the Scottish Housing Quality Standard and the Climate Change Act with clear EESSH targets by 2020 and 2050 carbon reduction targets that had not been planned for in RSLs original business plans that need to be funded by RSLs. In BHA's case the financial impact of the SHQS was significant and as yet



Creating thriving rural communities
www.berwickshirehousing.org.uk

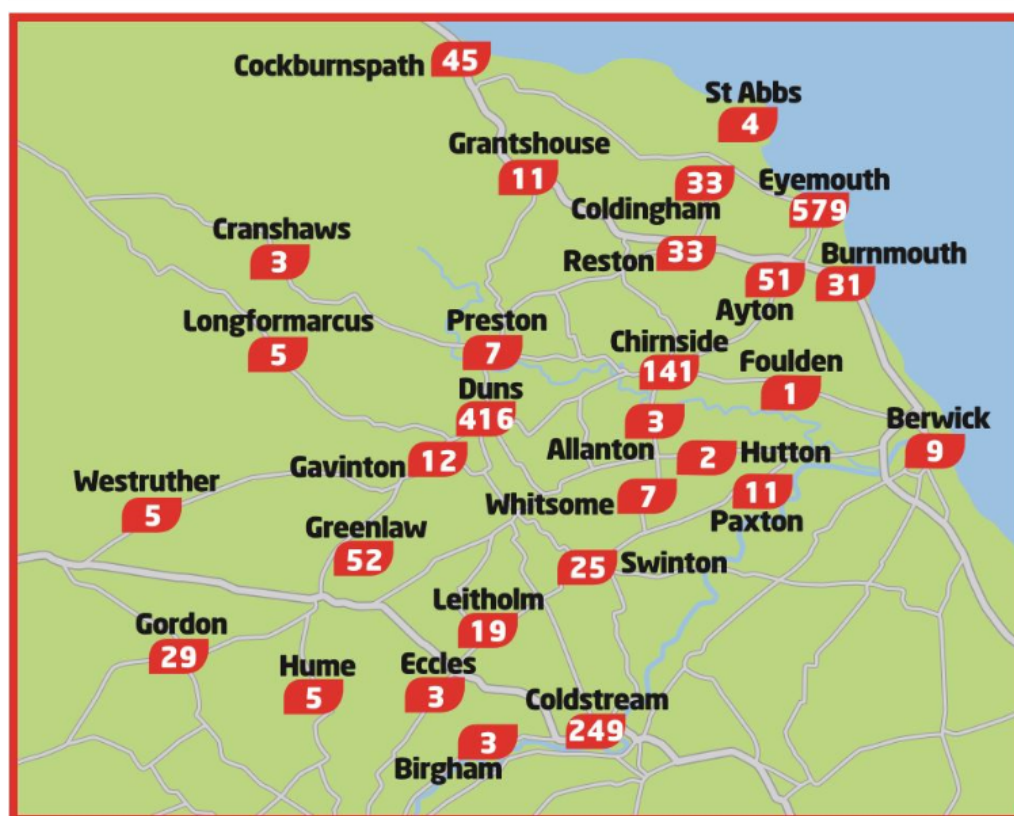
Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
 Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

we do not fully know what the requirements will be to meet the 2020 carbon reduction targets.

Welfare reform is likely to impact on many tenants who qualify for benefits. This could impact on the percentage of rental income that the Association is able to collect in the future. It will impact on the way that banks look at RSLs and will lead to higher margins as the perceived risk to our income base increases.

For some, energy costs seem set to continue to rise and will impact on tenants' ability to pay their fuel bills and may leave them with a stark choice as to whether or not to heat their property which often leads to increased instances of condensation and mould growth inside properties. In line with our EESSH requirements BHA will also look at fuel poverty in households and not only focus on the asset.

Stock Profile



BHA has 1796 units in ownership (including shared ownership). The vast majority of the Association's stock is social rented housing and less than 10% of the stock occupied by sharing owners.



Creating thriving rural communities

www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

A small number of properties provide older persons accommodation/sheltered accommodation and have elements of shared facilities, where the service is registered with the Care Inspectorate.

A small number of properties are leased to voluntary organisations, other housing association, or the local authority.

The Association also owns a number of garages some of which are leased independent of a tenancy.

The majority of BHA stock was taking over at stock transfer in 1995. Since 2003 it has built 177 new properties in areas of high demand. The following tables provide more detail on our stock profile and will be updated on an annual basis.

Stock by Age	No Properties
2003-Present	178
1983-2002	191
1965-1982	664
1945-1964	408
1919-1944	336
Pre 1919	19
Total	1796

Tenure	No Properties
Social Rented – Self Contained	1695
Social Rented – Non Self Contained	2
Sheltered Housing	83
Shared Ownership	2
Other	14
Total	1796

Of the units in ownership, the majority of the Association’s stock is social rented housing

House Type	No Properties
Bungalow	336
Flat	448
House	913
Shared Ownership	2
Sheltered	83
Supported	14
Total	1796



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
 Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

House Size	No Properties
Bedsit	46
1 bed	441
2 bed	806
3 bed	478
4 bed	24
Other - non standard	1
Total	1796

Fuel Type	No Properties
Gas	1027
Electric	612
Solid Fuel	142
Other	15
Total	1796

Renewable Technologies	No Properties
Solar Photo Voltaic Panels	650
Air Source Heat Pump	88
Ground Source Heat Pump	12
SUNAMP	5
Logicor	3
Total	758

Adaptations

BHA is committed to ensuring that residents are able to live independently in their homes for as long as possible and will carry out any required adaptations to identified houses to achieve this. BHA works with Eildon Housing Association's Care and Repair team which includes trained Occupational Therapists to ensure any work requested is carried out within financial parameters but more importantly to improve the property for the benefit of BHA's tenant(s).



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
 Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

Commercial Stock

The Association owns a number of offices, shops and sundry commercial premises.

Address	Location	Status	Number
53 Newtown Street	Duns	BHA Office	1
55 Newtown Street	Duns	BHA Little Reivers Nursery	1
38 Church Street	Eyemouth	BHA Office	1
1 Golden Square	Duns	NFU	1
46 Market Square	Duns	NFU	1
1 St Ella's Court	Eyemouth	SIRM (UK)	1
10a Station Court	Duns	Respite House (SBC)	1
10b Station Court	Duns	Respite House (SBC)	1

The Association is not responsible for the maintenance of shared ownership properties. In addition, the above does not include common facilities related to housing developments, which are also treated as housing assets, for the purpose of this strategy.

We regularly assess the performance of our stock, to ensure they continue to meet our current business needs and assess how the needs may change in the future.

Demand

An increase in demand for social housing means a range of different factors is placing pressure on affordable housing. There has been a significant rise in demand for housing, a sharp fall in mortgage lending and house prices that remain out of reach for many people on an average salary. At the same time the supply of affordable housing has reduced considerably. However, we are aware of the need to ensure that long term investment is not based on short term demand and as such will continue to monitor and project the level and nature of demand for our property. Whilst there is a high demand for affordable housing across the Scottish Borders, there are some low demand areas which tend to arise from the oversupply of a certain type of housing or changes in demand.

Overall, there are very few properties owned by BHA that show signs of potential low demand. There are some areas that are becoming more difficult to let and we will continue to monitor allocation data to identify the factors contributing to these issues. There may be many reasons why indicators of low demand/hard to let arise, not all of which indicate unpopular housing.



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

Stock Condition Survey

Accurate stock information and good data systems are key components to the delivery of sound asset management with reliability of information absolutely critical to the operational delivery of improvements. The MIS Active H Housing Management system is the primary asset database used by BHA for relevant data and reporting functions. A 100% stock condition survey was undertaken in 2012 which has been updated as a result of Technical Inspections throughout the years and this forms the baseline data used to develop programmes and reinvestment plans for the stock based on standard elemental lifecycles.

The most recent stock condition surveys, completed during 2012 by external surveyors has been used to update asset management systems, forecast future asset management budgets and produce a five year Improvement Plan. Although the stock was surveyed in 1996, it has become clear in the subsequent years that on a per-property basis this information is no longer adequate as data errors, lack of detail and cloning of data at intervening Stock Condition Surveys have created potential information gaps.

To support this new Strategy updated Stock Condition Surveys will cover more homes, targeting both a representative sample of stock and areas of data weakness and uncertainty. A percentage of stock will be physically surveyed annually and this will be followed in future years by a focused programme to replace all cloned data with surveyed information. The Business Plan incorporates the Stock Condition Survey data to ensure that the maintenance requirements can be fully met.

Scottish Housing Quality Standard

In 2004 the Minister for Communities announced the introduction of the Scottish Housing Quality Standard (SHQS). A standard for decent homes in Scotland to be achieved by 2015.

To achieve the standard a property must meet 6 essential criteria:

- Above the tolerable standard
- Free from serious disrepair(primary element)
- Free from serious disrepair(secondary element)
- Energy Efficient
- Have modern facilities and services
- Healthy safe and secure

BHA has achieved SHQS however there is currently 286 exemptions and 27 abeyances. As properties become void we are dealing with the abeyances and a large majority of the exemptions will be dealt with as part of EESSH.



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

Energy Efficiency Standard for Social Housing (EESH)

National Home Energy Rating (NHER)

The NHER is a score of a home's energy efficiency on a scale from 0 (inefficient) to 10 (very efficient). The rating is based on total running costs per square metre of floor area under standard occupancy conditions.

Most homes in the UK score approximately 5, while a house built to current regulations would score between 7 and 9. Properties constructed after that date are subject to a Design Standard of NHER 9

Standard Assessment Procedure (SAP)

SAP works by assessing how much energy a dwelling will consume, when delivering a defined level of comfort and service provision. The assessment is based on standardised assumptions for occupancy and behaviour. This enables a like-for-like comparison of dwelling performance. Related factors, such as fuel costs and emissions of carbon dioxide (CO₂), can be determined from the assessment.

SAP quantifies a dwelling's performance in terms of: energy use per unit floor area, a fuel-cost-based energy efficiency rating (the SAP Rating) and emissions of CO₂ (the Environmental Impact Rating). These indicators of performance are based on estimates of annual energy consumption for the provision of space heating, domestic hot water, lighting and ventilation. Other SAP outputs include estimate of appliance energy use, the potential for overheating in summer and the resultant cooling load. The average SAP rating for our properties is 65

Reducing Fuel Poverty

Energy Performance

We have carried out substantial energy efficiency improvements to our stock and we will continue to do so over the coming years. All cavity walls where possible have had insulation installed and lofts have been insulated to the required level of 270mm during the SHQS Improvement Works.

All of our properties have double glazing installed and further plans have been created to install energy efficient UPVC windows to over 300 properties. Over the past 2 years we have also been installing A Rated energy efficient condensing boilers to our gas heated properties and to date circa 45% of our gas stock has now been upgraded.



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

We will continue to determine the best options for upgrading electrical storage heating systems to deliver cost savings to our customers. We have piloted a new form of electric wet filled panel heaters that have to date delivered encouraging results. We have now installed these systems to over 115 homes. The performance of the heaters and their fuel efficiency is being monitored. We will decide at a later date if we will replace further electric storage heaters with the same or similar system. Future replacement of storage heaters is currently being assessed by our appointed energy efficiency consultants with the results to be discussed at the Operations Committee.

Health and Safety (compliance)

Statutory compliance with Health and Safety related legislation is essential and BHA has developed appropriate contracts and programmes to meet the organisation's statutory obligations. Headline areas include heating servicing and safety checks, energy performance of homes, electrical safety, asbestos, sewerage treatment, legionella and fire safety.

Property Data and Performance Analysis

It is important that we have good quality data about the performance of our assets to inform our asset based decision making. On an ongoing basis, we maintain a comprehensive set of Key Performance Indicators some of which are nationally benchmarked. By analysing a range of indicators we can understand how our assets perform to support the Asset Management Strategy. The analysis and evaluation enables us to position each asset relative to others and identify options for improving or maintaining viability. Over time, we can then review the outcomes of any investment decisions. Understanding asset value and estate performance is a complex process drawing on a range of financial and non-financial data. Stock Condition Surveys have been carried out on a representative proportion of the stock to improve quality and robustness of current data.

Most of the data is taken from actual surveys but with many similar property types it is common practice to use "cloned" information from actual surveys across the similar stock. However, with increased use of complex data analysis, it has become clear that whilst "cloning" of data is helpful at a strategic level at a per-property level it is less accurate and leads to repeated and sometimes unnecessary revising of investment plans. Any future surveys should focus on cloned properties alongside a representative proportion of the remainder for re-survey. This will ensure a balanced mix of property types and areas being surveyed, gradually reducing the number of properties with "cloned" data year on year until all cloned properties are fully surveyed. This will be supplemented by any energy



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

performance surveys focusing on heating data in conjunction with asbestos and other survey data.

Social Value

In accordance with procurement legislation BHA is committed to promoting enhanced social, environmental and economic values through its procurement of goods and services by including clauses in major contracts.

Repairs and Maintenance Strategy and Organisation

Scottish Housing Regulator (SHR) sets standards for RSL's to achieve which expects a cost-effective repairs and maintenance service that aims to complete repairs and improvements 'right first time'. It must meet all applicable statutory requirements whilst giving choices, and respond to the needs, of our customers. BHA has an approved range of contractors appointed after competitive tender process via PCS. This range of contractors is in place to deliver the majority of response, void, planned and cyclical property maintenance needs. This Asset Management Strategy will continue to ensure all standards are met and that framework agreements meet the requirements of the services they cover. With particular reference to energy efficiency and fuel poverty, the poorest performing stock will be identified and programmes developed to increase SAP ratings through a combination of improved insulation and more efficient heating systems and other means. A significant proportion of our stock fails EESSH by one or two points and these properties will be targeted during 2016/17.

BHA has a range of protocols, policies, standards and related controls that evolve over time and during the life of this Strategy there will be the opportunity to review and revise these into a single cohesive suite of property standards, subject to available resources.

Procurement

BHA currently uses Public Contracts Scotland (PCS) for new build procurement and for other purchasing but has recently become a member of the Scottish Procurement Alliance (SPA). SPA has a large number of members from RSL's and LA's to work together to achieve better value through the extra power of a larger client. The advantages of membership include lower prices, improved performance management, benchmarking and access to procurement technology and expertise. It is anticipated BHA will make considerable savings and enjoy other benefits from becoming a member of SPA. This does not mean that we will no longer use PCS but this procurement process is both time and cost consuming and is



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

open to differences in interpretation which can result in challenges to contract award and subsequent delay in carrying out crucial works.

Fire Safety

We recognise the importance of fire safety and prevention. Fire Risk Assessments are carried out on eligible properties under the Fire safety (Scotland) Act 2005. The assessments include a number of recommendations to meet and improve the fire safety. We are committed to ensuring our stock has in working order all appropriate hard wired multi sensor smoke detectors which are in good working order and tested as necessary as a routine item on house inspections.

Additionally future electrical upgrading will automatically include tests checks and replacement of fixed wire smoke alarms as necessary as part of any upgrading works. We will check for the presence of a smoke detector and ensure it is in working order when a void inspection or gas safety check is being carried out”.

Risk Register

Evaluation of risk is an important part of effective asset management. Major decisions taken about the future and utilisation of the asset base in the absence of a risk assessment may have long-term detrimental effect on the sustainability of communities and financial viability of the organisation. BHA has a systematic approach to managing asset-related risks. This involves the regular review of impact and probability of specific risks materialising and evaluation of the control arrangements that are in place for managing and minimising current and emerging risks.

Conclusion

Our Asset Management Strategy sets out our approach to ensuring we continue to develop new homes in Berwickshire as well as managing and maintaining our existing property assets now and in the future. Over the remaining years of EESSH our investment in the housing stock will be determined by the results of the ongoing stock condition survey where we will take a more person-centered approach and consider the tenant as well as the asset that they live in. This will not only look at the energy efficiency of the property but ensure that BHA considers the most affordable systems to address fuel poverty.

The strategy prioritises current and future investment to increase our focus on energy efficiency alongside fuel poverty, affordable warmth and our obligations in respect of health and safety.



Creating thriving rural communities

www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

Our plans include an ongoing review of our response and planned maintenance to ensure we continue to improve our performance and increase levels of customer satisfaction with the technical services. Our proposals for investment and improving service delivery are underpinned by continual customer consultation and engagement.

In managing our assets we will develop plans to ensure that we not only invest in properties in sustainable environments but develop partnership working to create thriving communities in line with our vision. We will also continue to assess the future life and investment requirements of our stock and where appropriate consider stock disposal as per Appendix 1. Any stock disposal would be presented for consideration by the Board

This asset management strategy is designed to cover a three-year period, and at the end of that time will be subject to a comprehensive review.

1. Introduction

Berwickshire HA (BHA) is committed to using its property assets in a manner which realises their optimum benefit to the community and represents value for money. This requires proactive good practice management of the existing portfolio, a commercial approach to the development of new assets and the disposal of assets no longer required.

Where property assets are not meeting BHA's objectives then a process of rationalisation and disposal for surplus/under-performing property will be adopted that complies with the Government guidelines on Asset Management, meets BHA requirements and relates to any Sustainable Communities plans for the area.

The adoption of this strategy will demonstrate that BHA is rationalising or disposing of surplus or under-performing assets, subject to market conditions and possible community use that may affect any such decision.

2. Objective

The objectives of the strategy will be to optimise the proceeds from disposal for the benefit of BHA and its community.

3. Definition of Surplus Property

Property should be declared surplus if:

- It makes no contribution to delivery of the Association's services, either directly or indirectly
- It does not generate sufficient income
- It has no potential for future service delivery or regeneration purposes
- It is not fit for purpose and without significant expenditure will not reach Scottish Housing Quality Standard

4. Definition of Under-Performing Property

Property should be deemed to be under-performing if:

- Part of the property is vacant and likely to remain vacant for some time
- The beneficial use, including any joint users and/or partners, or financial return generated from the property is below that which could be achieved from an alternative use, or a disposal and alternative investment opportunity following a full option appraisal.

A risk analysis will be carried out of all potential properties prior to any disposal.

5. Statutory Powers

In most cases BHA's power of disposal is contained in Section 123 of the Local Government Act 1972. This section provides that the consideration (price) should not (except in certain circumstances with the consent of the Secretary of State) be less than that which can reasonably be obtained.

Some property disposals are driven by statute rather than the identification of surplus assets, the most significant being the right to buy provisions in the Housing Acts and the transfer of the whole of the housing stock.

6. External Consents and Formal Notification of a Disposal

External consents are required to declare certain types of properties surplus. Following any Board Approval this process should be commenced at the earliest opportunity as it can take some considerable time to obtain these consents.

7. Surplus Property Identification

Disposals will arise in a number of ways:

Through the process of an annual property review, considering the follow factors:

- Purpose built, special needs properties which are nearing the end of their useful life or where the design is now obsolete and where there is no demand.
- Small pockets of land that are left when we have developed affordable housing and which would be more economically advantageous to be used for housing for sale.
- Small pockets of land not large enough for construction of a dwelling that may reduce burden on the Association ground maintenance budget.
- Commercial property that is not required for the core business such as surplus offices, garages and commercial units.
- Properties in single tenure neighbourhoods which would clearly benefit from tenure diversification
- Approaches from outside parties e.g. developer, adjoining owners
- Request from community, third sector or public body to the transfer of an asset (where disposal will result in more effective management of the land in keeping with BHA's objectives for the land)
- Requirement to fund a new build or development (may accelerate disposal).
- Land within our land-bank that we believe could be better used for private housing as part of a site development plan for new mixed tenure development(s) and where BHA will ultimately benefit from an early disposal.
- Garage areas that are no longer economic to maintain or are falling into disrepair and becoming a liability on the Association



Creating thriving rural communities
www.berwickshirehousing.org.uk

Berwickshire Housing Association is a Registered Society. Registration No.: SP2482RS
Scottish Charity No.: SC042342 Registered Office: 55 Newtown Street, Duns, TD11 3AU

8. Suitability for Other Uses

Before land and buildings are formally declared surplus, use for any other BHA Group purposes should be considered. Services will be informed by Technical Services as soon as possible that a property is to be declared surplus.

9. Site Investigation

Once a property has been identified as surplus BHA will establish whether there are any constraints on the site – legal, planning, statutory authorities, etc.

10. Property Disposals

All disposals will be arranged and managed by the Director of Operations and the Corporate Services Manager.

BHA should obtain the best consideration by the most appropriate method of disposal. (Best consideration does not necessarily need to be financial. e.g. partnership with another Housing Association to provide affordable housing)

There will be regular progress updates with all stakeholders and Board of Directors between a property being declared surplus and the completion of a disposal. In particular the party responsible for the day-to-day management of the property should be kept regularly informed of developments to an agreed timetable. BHA and other party/parties to the disposal need to work in a confidential and commercially sensitive manner until such time as the contract is completed.

Once declared surplus the Operations Director will be responsible for obtaining approvals to any disposal above the delegated authority, subject to Board agreement.

All income generated from any disposals will be considered for new build and/or extensions to existing houses.

11. Timing

This needs to be considered against the background of the Association's budget and planned maintenance requirements, current state of the market, local and regional planning framework and potential for property values to increase or decrease in the future.

In times when the market is not appropriate for a disposal, a temporary use should be found for a property as BHA will have to pay void rates and occupation will help with security.

12. Option Appraisal

Properties must only be considered for disposal after rigorous option appraisal testing.