

KEY

Housing Strategic Plan 2016-19

Appendix 4

ASSET MANAGEMENT STRATEGY (May 2017 Interim Review)

Context

The Strategy seeks to demonstrate that Key

- Has a strong asset base with the right type of properties to continue to meet existing and future demand
- Has a housing stock that will meet and continue to meet the requirements of the Scottish Housing Quality Standard (SHQS) and any successor standards
- Has a 60 year investment plan in place to ensure that the stock replacement and upgrade can be resourced
- Embeds tenant engagement as a fundamental requirement of the strategy.
- Has a robust, but balanced, risk management strategy in place, which takes account of net present value calculations as one component of decision making regarding investment or disposal.
- Will procure contracts and services in a way that demonstrates openness, accountability and value for money
- Complies with all statutory requirements regarding Health and Safety.
- Takes cognisance of all energy management and other 'green measures' potential.
- Has an appropriate staffing structure and resources to meet the requirements of a well rounded asset management strategy.
- Has continuous involvement of key staff in a consultative and enabling way, with outcomes carefully considered and implemented, where appropriate.
- Has a process of reporting changes and performance to the Board and Tenant Consultation Group regularly, both at interim and full period reviews.
- Has a continuous review process which includes reference with all external guidance including SHR recommended practice.

As such the Asset Management Strategy is an integral component of the Housing Strategic Plan and at the heart of this approach is an understanding of our tenants and their current and future wishes and needs.

Key's Housing Stock

Key's stock, spread throughout Scotland, is of a relatively modern construction. All stock, with the exception of two (rehabilitated) tenements and a handful of older individual properties, comprises new build development from 1982.

The stock is also dispersed widely in small developments through large areas of Scotland and this presents issues in terms of providing a responsive repairs service and in delivering an investment programme. The stock is also predominantly small in size, consisting mainly of one and two bedroom flats. Further details are enclosed in appendix 1.

It is vital that this stock meets and continues to meet the needs and wishes of our tenants and potential tenants.

In order to achieve this we will:-

1. Where possible Key will continue with our remodelling programme to convert larger shared pieces of accommodation to individual flats which give independent, or mutually agreeable, living spaces. Over the last 12 years a total of 162 new properties have been created in 30 locations as a result of this comprehensive remodelling.
2. Ensure that the stock is designed to fit modern purpose.
3. Ensure that the stock is as energy efficient and comfortable as possible
4. Ensure that all feedback on quality, standards, activities, policies and strategies is absorbed and implemented, where this is proportionate and viable. Feedback from tenants is gathered at a number of levels and is outlined in a later section of this document.
5. Constantly evaluate our customer base, both existing and potential. This will involve appropriate consultation with external agencies and acknowledgment of general trends and shifts in demographic information for our client group. Of particular relevance here is the increasing diversity of support needs of Key's (supported) tenants who reflect the diversification of Key's support activity in response to changing social work commissioning practices. In essence, Key now provides support and housing to a much wider group of individuals than was previously the case when its focus was working with people with learning disabilities. This is recognised in the evolving risk map for our landlord activity and is an ongoing feature of our personalisation of our housing to meet each individual allocation of property (the assessment and meeting of these needs is now a significant part of our internal processes for the allocation of property)
6. Continue to improve our stock information via the development of a bespoke maintenance database to replace the existing. Over the coming year we expect that the maintenance function will be added as a second phase to the recently developed new

rent accounting system (which at its core holds common property and tenant data). This work will be taken forward by our in-house developers.

7. To maintain and update our drawing records and property maintenance manuals.
8. To incorporate all stock condition information, obtained via our scheduled property inspections (with a maximum interval of two years between inspections) into our decision making regarding life cycle assumptions, major repair programming, servicing schedules, cyclical works and response repair processes.

Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESH)

Key has a requirement to meet the SHQS for 2015 and beyond. There are 55 elements to be compliant with and we continue to work and re-assess towards full compliance, taking into consideration all continuing changes to legislation and guidance.

Scottish Housing Regulator guidance suggests that at least 22% of stock should be inspected for compliance, with the outcomes for the remainder able to be interpolated. Key has assessed in excess of 99% of its stock to date, with a minimal requirement to clone information. This is enabled by a consistent approach to regular service visits/ inspection visits to all properties.

All properties are compliant in all elements with the exception of a small number of properties which do not comply in the element of energy efficiency. Strategies and programming are being devised to ensure compliance by 2020. Currently there are no properties being considered as unviable to upgrade, therefore no exemptions are being sought at this time.

Key is able to provide each new tenant with an Energy Performance Certificate which gives information on current energy rating (SAP), suggested energy efficiency improvements to the property (both low cost and higher cost options) and typical annual energy running costs. Key has undertaken to obtain EPCs for all its housing stock. This allows Key to confirm compliance with the minimum SAP rating, both for SHQS and for the new requirement of EESH.

EESH has been introduced for 2016 onwards and the minimum SAP ratings have changed compared with SHQS with the revised ratings taking consideration of not only the heating type, but also the property type and location within the building.

Key has an interest in renewable energy sources and piloted the installation of an air source heat recovery pump to ascertain whether this is a worthwhile investment in areas which are

'off gas' and likely to remain so. In other areas where gas is available, Key has undertaken 'fuel switching' to remove electric heating as far as possible, as gas is currently less expensive and more controllable. Fuel poverty for tenants on low income continues to be a key issue to address. Work is ongoing in these areas and consideration will be given to any green measures that are viable.

Asset Investment

Key has a continuously revised investment programme, which guides the annual Major Repairs Programme. This is based on a 60 year life cycle projection, which sets out the recognised replacement intervals and places properties in the programme based on age criteria only.

Revisions to this programme come via a year on year investment programme which looks critically at the condition and age equally. This is guided by regular stock condition visits by in house staff with each property subject to an annual service visit within a 2 year period. We aim to operate a 'just in time' replacement programme, which is the most cost effective process, but does so in a measured approach to ensure full customer satisfaction. This process is embedded in Key's annual rent setting process, which is co-ordinated by a team of employees from various disciplines.

This replacement programme is based on the following life cycle assumptions for the 5 main elements.

Heating Systems – 15 Years

Kitchen Replacements – 18 Years

Bathroom Replacements – 20 Years

Window Replacement – 25 Years

Roof Coverings – 60 Years.

In addition to the Major Repairs Programme other asset investments are:-

- Response repairs – these are reactive and maintain properties in good working order and safe.
- Void Works – properties are brought up to a standard for re-let. This can include decoration, repairs, improvement, opportune Major Repairs, and adaptations to suit the new tenant(s).
- Cyclical Maintenance – servicing of health and safety items (Gas Heating, Smoke Detection, Blender Valves etc).

- Environmental Maintenance – hard and soft landscaping (gardening).
- Medical Adaptations – Historically funded through stage 3 grant funding from the Scottish Government. These adaptations are critical in allowing tenants with changing needs to remain safe and comfortable within their home.
- External and Common Area decoration and Maintenance

A major component of ensuring and future proofing of our stock to meet current and future demand profiles has been a comprehensive exercise to remodel existing housing stock originally built as hostel type accommodation. This has resulted in the creation of 162 individualised properties with the maximum 'whole life' and 'varying needs design' as possible incorporated. This has been achieved with considerable grant assistance and support from Scottish Government and Glasgow City Council.

Procurement

Due to the diverse geographical locations of Key's properties, procurement of services continues to be a challenge. The number and quality of contractors used is continually re-assessed and all works are regularly re-tendered to ensure value for money.

This is balanced against the familiarity of a known contractor, their working relationship with tenants and their availability for emergency or urgent situations.

The introduction of the Procurement Reform (Scotland) Act will have a large impact on our procurement of repairs and maintenance contractors. During 2017 an organisation wide audit of our compliance against the requirements of these regulations will be undertaken, with input from an external consultant, and any changes required will be incorporated within policies and procedures.

Innovation

Key continually seeks out innovative measures in many fields – energy efficiency, material technology, and renewable energy sources etc. Where applicable these are incorporated in design briefs, tender documentation and contractor instructions, with the intention of providing safer, more comfortable, more durable properties.

Health and Safety

We take Health and Safety as a critical responsibility, recognising that tenants are often very vulnerable to risks in their home.

Key provides comprehensive servicing of appliances and fittings within its properties to ensure safety is maintained as far as possible and this includes:-

- Gas Servicing – mandatory requirement to service within 365 days of previous visit.
- Portable Appliance testing – yearly
- Fixed Wiring test – 10 yearly
- Smoke detector testing – quarterly for integrated alarms, two-yearly for independent detection systems.
- Blender valves to hot water outlets – yearly
- Fire Suppression (sprinklers) – yearly
- Reactive repairs for these items are dealt with on a priority basis.

Recently all of the above activities, which include some form of construction, have come under the jurisdiction of The Construction Design and Management 2015 Regulations. Key has implemented a regime for full compliance in this area

Key and its contractors work in compliance with the Control of Asbestos in the Workplace Regulations, The Control of Legionella Infection and all Lifting Equipment Regulations (the latter including independent inspection and LOLER testing by Key's insurers).

Energy Management and 'Green Measures'

Due to the small scale nature of the clusters of our properties, each location is considered in isolation for energy management. The factors of geography, local technology, fuel availability and availability of specialist contractors in that specific location are all considered. Measures are only applicable to individual properties as larger scale district heating, communal heating and shared larger scale green measures are not an option. Key will continue to research and review all new innovations when they become available.

Tenant Engagement

Tenant engagement and participation is an integral aspect of our function as a Registered Social Landlord.

Engagement comes from a number of measures:-

- Securing tenant feedback on individual reactive repairs through a formalised reporting mechanism.
- An annual tenant satisfaction survey explicitly on the quality of the repairs service (every second year this is part of a wider survey of satisfaction on our overall landlord performance). This is significantly more frequent than the three yearly cycle required by the SHR.
- Remodelling scheme surveys – asking tenants their views on remodelled property to influence future design briefs
- Adaptation satisfaction surveys.
- Major repairs satisfaction surveys.
- The inclusion of asset management focussed items tabled at the My Home tenant engagement group.
- Regular face to face contact with maintenance officers.

APPENDIX 1
STOCK PROFILE

Table 1 – Geographic Spread of Stock

Local Authority Area	Number of Key owned properties
Argyll and Bute	29
Clackmannanshire	10
Dumfries and Galloway	40
East Ayrshire	17
East Dunbartonshire	24
Falkirk	71
Glasgow City	113
Highland	113
Inverclyde	28
North Ayrshire	14
North Lanarkshire	49
Renfrewshire	63
South Lanarkshire	106
Stirling	33
West Dunbartonshire	2
Total	712

Table 2 – Age and Property Type

Property Type	Age Banding						Totals
	Pre 1919	1919-1944	1945-1964	1965-1982	1983-2002	Post 2002	
Bungalow			1	1	13	1	16
Flat (Off a Close)	8			9	354	8	379
Flat (Main door)		1	1	3	59	17	81
4 in a block	1		1		8		10
House	5	1	5	5	69	1	86
Maisonette					1		1
Tenement flat	23				116		139
Totals	37	2	8	18	620	27	712