

ASSET MANAGEMENT STRATEGY

2024 - 2027

cairn ancho

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INTRODUCTION

The Cairn Housing Group (the Group) works together to deliver great homes and services to our customers and communities across Scotland. This strategy applies to:

- Cairn Housing Association (Cairn)
- Ancho
- Pentland Community Enterprise

This document updates the Cairn Housing Group Asset Management Strategy adopted in 2018 and incorporates our approach to Energy Efficiency. It covers the three-year period from 2024-25 to 2026-27, aligning with the Group Business Plan of the same period.

PURPOSE OF THE STRATEGY

The purpose of this Asset Management & Energy Strategy is to enable the Group to maintain good quality, affordable homes through setting clear objectives and providing a framework for decision-making.

The Strategy also takes account of Regulatory Standard and Guidance, in particular Regulatory Standard 1: The governing body sets Cairn’s strategic direction. It agrees and oversees the strategic and financial plans to achieve its purpose and intended outcomes for its tenants and service users.

SCOPE

The scope of this strategy addresses stock owned and managed by Cairn Housing Association and Ancho, incorporating former Pentland Housing Association stock. This Strategy also incorporates Pentland Community Enterprise (PCE), and it is the intention that a standalone PCE Strategy will emerge over the life of this strategy.

The following aspects are covered by separate strategies, aligning with the principles set out in this document:

- Development
- Procurement
- Health and safety
- Corporate social responsibility
- Growth and partnerships
- Factoring
- Shared ownership / shared equity

Particular work has been undertaken to ensure that the Asset Management Strategy and Health and Safety Strategies are closely aligned and working in concert to ensure effective service delivery and prioritisation.

This strategy has been developed in line with the regulatory requirements by which our asset management is governed, including but not limited to relevant Housing, Health & Safety legislation, and regulation of the built environment.

The strategy is intended to support the organisation to deliver Integrated Asset Management, as defined by the Scottish Housing Regulator, in their Recommended Practice in Asset Management, published February 2023. This guidance sets out 5 key principles, which have informed the development of this Strategy:

Principle of Integrated Asset Management	
Principle 1	Governing bodies and committees lead the strategic response to asset management and should be assured that assets are management effectively
Principle 2	Social landlords should have a comprehensive understanding of their assets.
Principle 3	Social landlords should develop an approach to understanding the value of their assets
Principle 4	Integrated asset management outcomes should be understood and used as evidence to inform future investment decisions
Principle 5	Social landlords should use the integrated asset management outcomes to inform their asset management strategies

BACKGROUND

The Cairn Housing Group was formed in 2018, following a partnership agreement between Cairn and Ancho. Prior to this, Cairn has for over 30 years served a wide variety of communities throughout Scotland offering a range of affordable housing and related services. Ancho has served communities in North Ayrshire for over 20 years.

With over 4,400 homes under management and offices in Edinburgh, Inverness, Bellshill, Irvine and Thurso, we address housing needs of people in both urban and rural areas, including dedicated housing for older people, mid-market, and market rent as well as larger properties used as hostel and supported accommodation.

Our aim, in partnership with the Scottish Government, Local Authorities and others, is to create strong, sustainable communities by improving access to and choice in affordable housing and services.

Cairn Housing Group is a non-profit distributing organisation, controlled by a voluntary Board. We are a recognised Scottish charity and registered with the Scottish Housing Regulator as a Registered Social Landlord (RSL).

PROGRESS UNDER THE PREVIOUS STRATEGY

The previous Group Asset Management Strategy ran from 2018 to 2022 and set out the key focus for investment in our stock. A significant amount of work has been carried out over the plan period; however, the original plan was seriously impacted by the emergence of the Covid-19 Pandemic and compounded by the later impact of Brexit, particularly causing delays, shortages and excessive inflation across the construction industry. It was then agreed to extend the strategy through 2023/24 to allow the new document to be aligned with the business planning period.

Despite these challenges, over the course of the plan period, the Group has delivered significant investment in our properties, with some of the highlights summarised below:

- Delivery of Ancho promises
- Court modernisation projects
- Kitchen replacements
- Bathroom replacements
- Decoration contracts
- Energy-focused projects
- Window replacements
- Roof replacements
- Compliance focus on electrical safety, water hygiene and fire safety

ASSET MANAGEMENT AND ENERGY OBJECTIVES

OUR MISSION

Our mission is to provide quality, safe, affordable homes and services, in our communities and with our partners, throughout Scotland. This underpins the Business Plan and provides the foundation for this Strategy, which sets out how we will ensure our existing homes contribute to this mission and uphold of our values of delivering great homes and a great service.



LINKS TO THE BUSINESS PLAN

This document provides a framework to deliver against the strategic objectives identified in the Group Business Plan, covering the period 2024-2027. These are aligned with the following strategic outcomes.

Great Homes

Outcome 1
We have high quality homes.

We will continue to prioritise investment in our properties to ensure we provide warm, safe and secure homes for our tenants. We will use the data from our Asset Performance Review to understand the needs of our stock and to target the investment program and consider disposal or demolition and regeneration where appropriate. We will continue to work with our local authority partners to develop new build properties where appropriate to meet housing need across Scotland. We will continue to work towards our green homes and net zero targets and access grant funding where appropriate.

Outcome 2
We have thriving neighbourhoods.

It is not only important that we focus on bricks and mortar, but the neighbourhoods our tenants live in too. We will consider consolidation of where we have stock located to allow us to deliver services to customers in an effective manner. We will support tenants to stay in their homes, by providing access to welfare advice and other support services for those struggling financially. We will continue to reduce the time properties are empty and that we allocate to those in housing need. Working with partners, particularly local authorities, we will improve the estates and communities our tenants live in.



Great Services

Outcome 3
We have customer focused services.

Our customers are at the heart of the services we provide, and we will continue to involve them in our decision-making processes. We will update and modernise the services delivered within our independent living properties to ensure they meet our customer’s needs. We will continue to use modern technology to allow customers to contact us in a way that is suitable to them and to deliver services in a timely manner. We will also use modern technology to ensure our customers’ homes are safe.

Outcome 4
We are efficient and value for money.

Achieving value for money for our tenants is one of our highest priorities. We will review our charging framework for the services tenants receive to ensure that these are the best value. The service level agreements and our working arrangements with our partners will be updated to ensure we are getting value for money. We will continue to focus on how we procure goods and manage services to ensure we are getting the best value out of tenant’s rent.



Great People

Outcome 5
We have skilled and engaged people.

Having the right people equipped with the right skills to deliver our services is important to us, as is our organisational culture expressed through our values. We will continue to invest in our team, whether that be staff or board members. We will continue to ensure that we recruit high quality individuals to work with us.

Outcome 6
We have sound governance.

Sound governance underpins every high performing organisation. We will build on our strong reputation, good relationship with the Regulator and continue to ensure that Cairn is run as effectively as possible. Compliance with regulatory standards and wider legislation, particularly that relating to Tenant and Resident Health and Safety will continue to be our priority. We will ensure we meet national standards and requirements for the safety of our customers.



ASSET MANAGEMENT OBJECTIVES

In support of the Strategic Outcomes identified in the Business Plan, the objectives of this Strategy are set out below.

OBJECTIVE 1: INVESTMENT AND COMPONENT REPLACEMENT

- We will deliver £25.5m investment in our housing stock during 2024-2027 (£22.5m at Cairn and £2.6m at Ancho) and manage the investment programme to support a sustainable business plan and balanced stock portfolio.
- We will deliver investment promises to former Pentland tenants.
- We will deliver investment promises to Ancho under the Transfer of Engagement (ToE).

OBJECTIVE 2: GOVERNANCE

- We will ensure that there is effective governance of the delivery of the Asset Management activities in line with the Group’s priorities.
- We will make use of the Asset Performance Review process to provide a comparative performance analysis for our properties and support decision-making.

OBJECTIVE 3: ENERGY IMPROVEMENTS

- We will deliver investments that support our energy efficiency targets, national ambitions and help to reduce fuel poverty for our tenants.

OBJECTIVE 4: MODERNISING OUR INDEPENDENT LIVING PROPERTIES

- We will deliver investments that support the modernisation of our Independent Living housing stock to keep it relevant for future housing provision.

OBJECTIVE 5: TENANT HEALTH AND SAFETY

- We will ensure effective compliance with statutory requirements across all our stock, focusing on tenant safety and improved processes.

OBJECTIVE 6: REPAIRS AND MAINTENANCE

- We will ensure effective reactive repairs are carried out in a timely manner so that properties remain in good working order, wind and watertight.

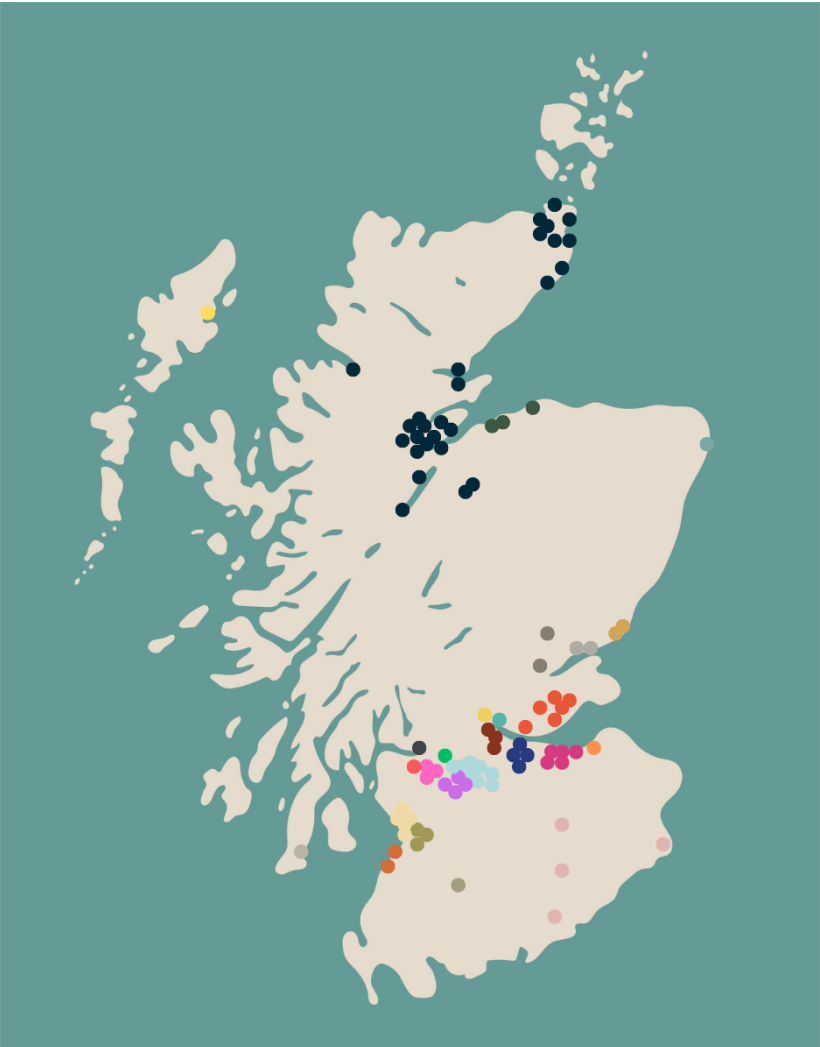
STOCK PROFILE

The stock list reflects the position at the 15th March 2024.

CAIRN AND ANCHO STOCK BY TYPE		
LANDLORD	SERVICE TYPE	TOTAL
Cairn	General needs	3,191
	Independent living	951
	Leased	23
Ancho	General needs	672
PCE	Mid market rent	20
	Full market rent	1
Total		4,868

A full table broken down by local authority, service type, age and number of units is provided in Appendix 1.

- Aberdeenshire
- Angus
- Argyll & Bute
- City of Dundee
- City of Edinburgh
- Clackmannanshire
- Dumfries & Galloway
- East Ayrshire
- East Dunbartonshire
- East Lothian
- Falkirk
- Fife
- Glasgow City
- Highland
- Moray
- North Ayrshire
- North Lanarkshire
- Perth and Kinross
- Renfrewshire
- Scottish Borders
- South Ayrshire
- South Lanarkshire
- Stirling
- West Dunbartonshire
- West Lothian
- Western Isles



EVALUATING OUR ASSETS

A key element of Integrated Asset Management, as defined by the Regulator, is understanding the performance of assets and how they support the mission of the business. This section sets our approach to this evaluation.

MAINTAINING STOCK CONDITION DATA

The last full Stock Condition Survey was carried out in 2015 and since that time Cairn has been collecting programme-focused condition information such as surveys on windows, kitchens, bathrooms, roofs, commercial boiler houses and individual schemes to inform the shape and scope of investment programmes and option appraisals. We also collect data during voids and repair work to update property condition records as we become aware of any changes. The Stock Condition Survey for all ex-Pentland stock was completed just prior to transfer, and a survey completed of all of our leased properties in 2021/22. In addition, we completed a focused energy review in 2022 which is informing further detailed investigation.

We have sought to keep our condition information up to date over the past several years through the combination of small-scale property surveys (individual independent living sites, blocks and terraces when looking at planned works), wider component focused surveys, and reflecting completed works via planned and reactive repairs.

We are reviewing the approach to collecting stock condition information across the Group and will aim to put in place the first year of a rolling assessment programme within 2024/25. We are seeking to survey 20% per year on a rolling basis, with targeted sampling across the stock over this period to ensure coverage.

Our review will also look at delivery options, including the potential to build our capacity for data collection in house. This will link directly to the wider systems review and approach to Digital Asset Management.

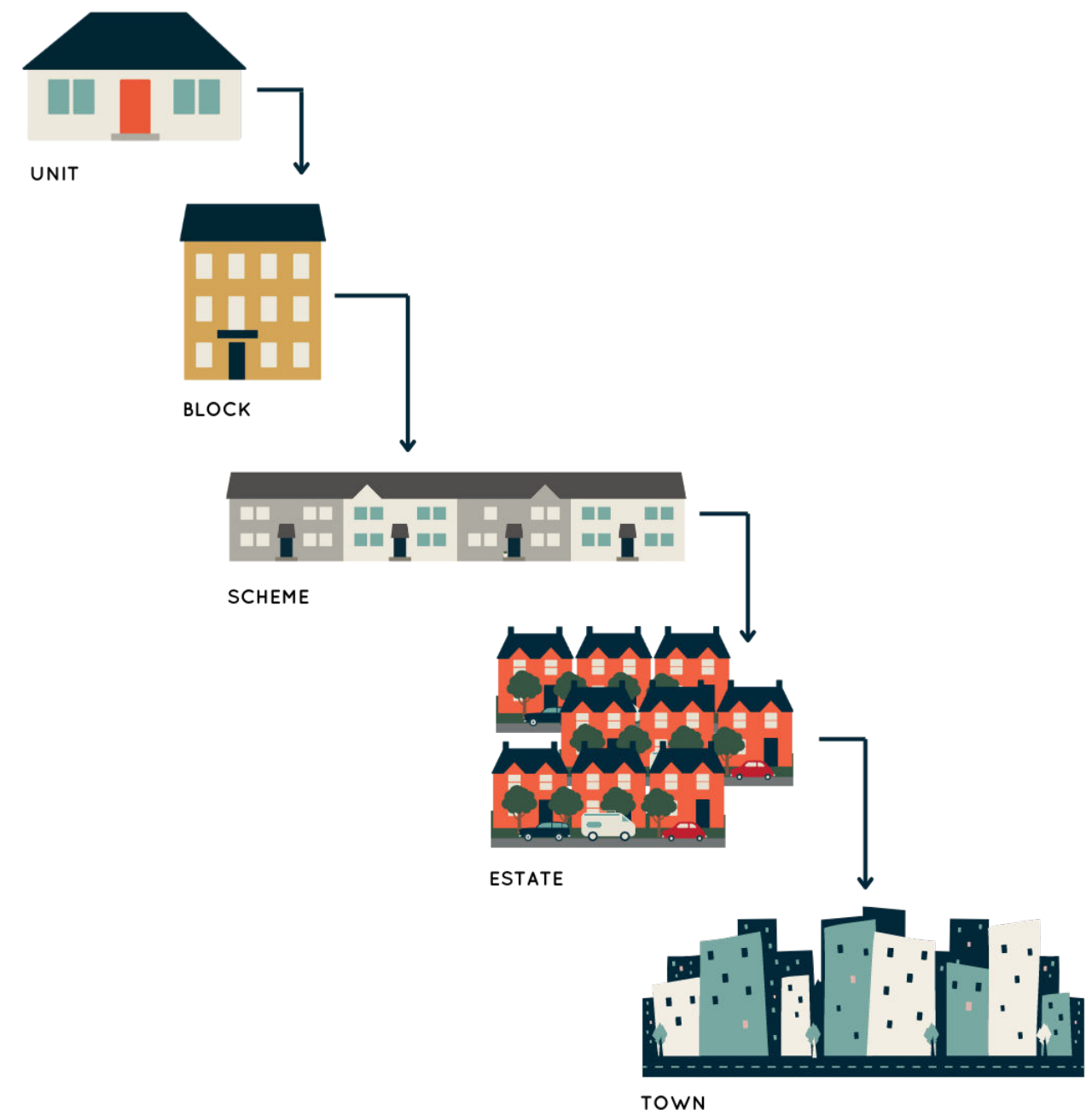
Over the life of this Strategy, we aim to implement and deliver the first three years of the five-year rolling survey, collecting 60% stock data via formal survey, and will continue to collect and update condition data via our own activities alongside the data collected via formal survey.

ASSET PERFORMANCE EVALUATION

Asset Performance Evaluation is a process that makes use of financial and non-financial data to analyse the performance of properties and help to inform strategic decision-making. Over 2023-24, we took on the major task of restructuring our data across the Group to facilitate IT system changes and align three disparate data structures across Cairn, Ancho and ex-Pentland stock. This has resulted in a cohesive 'data landscape' running throughout the business that supports business intelligence across our systems to improve our understanding of performance. In the case of the Asset Performance Evaluation, this facilitates comparative performance of our assets across all of our stock groups.

This exercise has not yet been extended to leased properties or those managed by PCE, and it is intended to do so over the course of this plan.

The structure of this analysis is based on asset groups by service type – general needs housing, independent living and leased properties. These are then grouped into natural 'asset groups' using a sensible operational assumption – the basis on which you would be likely to make investment or management decisions. In this way, we are able to evaluate logical groupings of properties and compare those groups against each other, as well as aggregating based on geography, service type or other key criteria. The diagram below highlights the relationship between single units, blocks, asset groups, estate, town, etc.



Based on this data structure, our stock breaks down as follows. This is now superseded by the table on the previous page.

	NO. OF ASSET GROUPS	NO. OF UNITS
Ancho	99	672
General needs	99	672
Cairn North	148	1,610
General needs	143	1,433
Independent living	5	177
Cairn South	85	1,720
General needs	67	983
Independent living	18	737
Caithness	93	615
General needs	92	591
Independent living	1	24
Total	425	4,617

EVALUATION CRITERIA

The current criteria are:

Financial Performance (Net Present Value assesement based on 30-year income and expenditure)

- Rent and service charge income
- Management (including overheads) costs
- Repair costs
- Service charge costs
- Investment costs

Non-Financial Performance

- Stock turnover
- Resource intensity (number of repairs, ASB, relets)
- Home satisfaction
- Neighbourhood satisfaction
- Staff assessment
- Energy performance



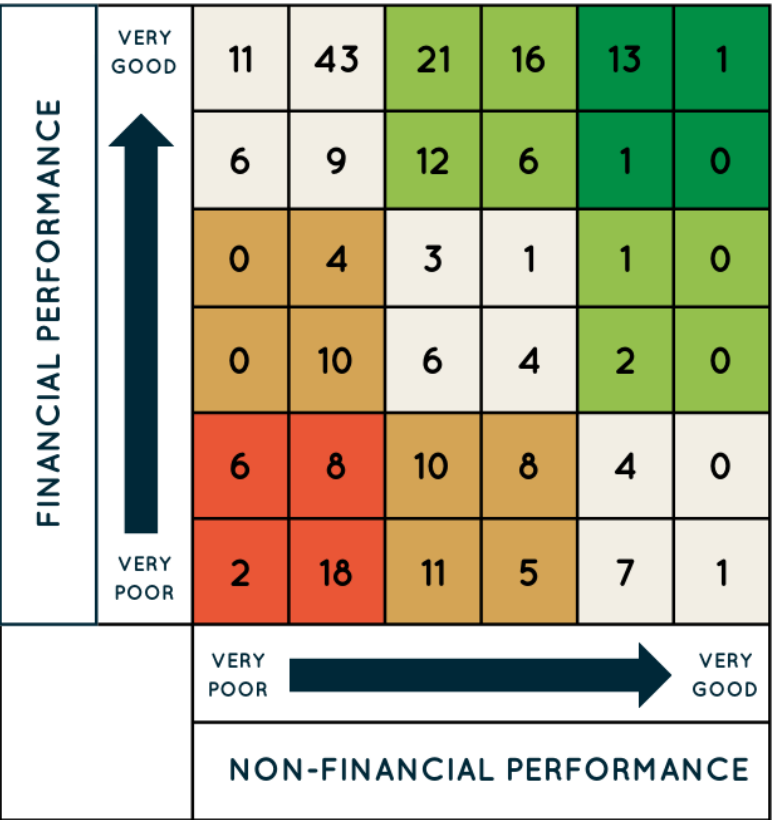
REVIEW CYCLE

The previous Group Asset Management Strategy ran from 2018 to 2022 and set out the key focus The first iteration of this exercise was completed in November 2023 and formed part of the Board Strategy Day. It was identified that there were some areas of data weakness and that exercise allowed those to be identified and to be the focus of business support activities to ensure we can improve the quality and accuracy of data moving forward. This will continue to be refined and improve future data collection and as the new IT systems are integrated.

It is intended that this exercise is updated annually following completion of the ARC reporting cycle.

USING DATA TO INFORM DECISIONS

The findings of this exercise are then used to help us understand performance, plan services and direct resources. The matrices below show the findings of the November 2023 exercise and distribution of asset groups. We continue to work to review the data and ensure that our systems are aligned to support further detailed analysis.



GENERAL NEEDS HOUSING PERFORMANCE

FINANCIAL PERFORMANCE	<div>VERY GOOD</div> <div>↑</div> <div>VERY POOR</div>	0	1	0	0	1	0
		0	0	0	0	2	0
		0	0	0	0	1	0
		0	1	0	0	0	0
		0	1	1	0	0	1
		0	5	2	4	4	0
		VERY POOR	<div>→</div>				VERY GOOD
		NON-FINANCIAL PERFORMANCE					

INDEPENDENT LIVING HOUSING PERFORMANCE

APPLYING THE FINDINGS

Data from the evaluation process will provide a baseline from which to compare across the Group's full asset portfolio, but also between the same asset group over time. The framework facilitates analysis within individual areas of performance as well as overall, with several examples illustrated below. The outputs can be used in several ways (linking to Regulator guidance):

- Using the findings to identify:
 - the top performers to see what we can learn
 - the bottom performers to see what we can improve
 - asset-based hotspots
 - tenancy-based hotspots
- To test our assumptions and considerations
- To explore the outliers and opportunities – a consistent basis for option appraisal
- To support data-driven decisions
- To support financial planning by allowing us to identify potential areas of high cost and inform options appraisals
- Ensure that resources are used effectively and reduce the risk of longer-term inefficiencies occurring
- To inform the development of the ESG framework
- To inform our SWOT analysis and help identify areas for business activity

OPTION APPRAISAL, STRATEGIC ACQUISITIONS AND DISPOSALS

Strategic acquisitions through development and growth in partnership are addressed in separate strategies, the focus of this document is on the strategic acquisition or disposal of individual properties or groups of properties.

The Group's stock portfolio has expanded in numerous ways over its history – ranging in scale from large scale voluntary transfers (whole estates) and small developments to single properties acquired through Mortgage to Rent or other off-the-shelf purchase schemes. This has led to a variety of construction types, locations and layouts that brings challenges in terms of delivering effective and efficient asset management services.

In some cases, construction methods and/or outdated layouts mean properties are not able to be effectively modernised or may require so much investment to bring up to a reasonable standard that its long-term future needs to be considered before further investment is made. Our goal is to continue to deliver good quality homes and services to our tenants, and so there may instances in which we need to carefully consider whether our stock allows us to continue to meet those goals. Equally, opportunities for further acquisitions may arise that make it easier for these to be delivered.

With this in mind, the Strategy will ensure that any considerations of major investment, strategic acquisition or disposal is made with the central question of whether the asset supports us in delivering a good quality, sustainable service to our tenants now and in the future.

Option Appraisals will be evaluated based on several criteria:

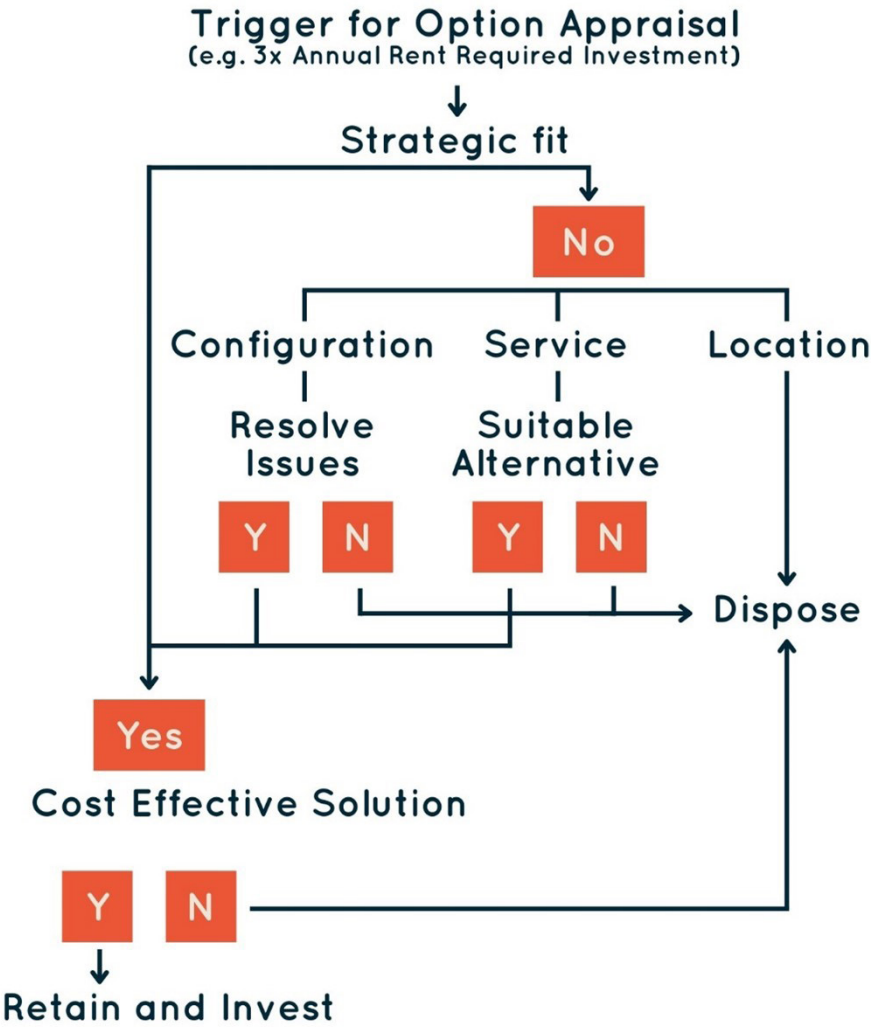
- Is there a strategic fit with existing stock – based on geography, property type, demand and service delivery?
- Does the project return a positive Net Present Value over the 30-year business planning period?
- Is there current and predicted future demand for the type and location of property?
- Are we in a position to provide good quality homes and services at the property?



OPTION APPRAISAL

Findings of the Asset Performance Evaluation process will be used to provide an overall understanding of comparative asset performance based on geographic groups and archetypes and help to inform decision-making.

In the meantime, we have a process for options appraisals used for assessing viability of projects, ranging from acquisition of a single unit, yes/no decision on major void repairs, to redevelopment of an existing independent living site. The options appraisal will continue to be used to support decision-making, using a simple evaluation framework supported by background information and narrative:



STRATEGIC ACQUISITIONS

The Group will assess opportunities that arise to increase our stock holdings in a way that supports our business aims and return a positive Net Present Value (NPV) over the 30-year life of the Business Plan. In exceptional circumstances where an acquisition otherwise delivers an ability to meet our strategic goals by facilitating more significant control or impact on wider investment, a negative NPV could be considered in context and with a full option appraisal provided to inform a decision.

In some cases, acquisitions may attract grant funding from The Scottish Government, but this will depend on the nature of the proposal, the local authority and how it fits with the local authority and Scottish Government priorities. The eligibility and level of grant is assessed for each project and plays a key part in determining financial viability.

Any acquisition will first be assessed to ascertain what would be required to meet the governing standards for either social rent or mid-market rent, the demand for the property type, its fit with our stock portfolio and likely rent levels to inform the NPV assessment.

Examples of acquisitions can include:

- Buy back of a Shared Ownership or former Shared Ownership property
- ‘Buy back’ of a former Right to Buy (RTB) property where demand is high and we retain
- Increasing our level of ownership in mixed tenure to gain a majority to make investment decisions
- Mortgage-to-Rent requests from the Scottish Government (to purchase a home using grant, enabling an owner at risk of losing their home to remain and become a tenant).

There will be a presumption against acquisitions of single properties that do not fit within our existing portfolio, for example, single stand-alone properties within an area where we do not own any others or any others of that type.

STRATEGIC DISPOSALS

We will consider the potential for disposal when a property or group of properties is creating a cause for concern either through performance, investment needs or operational challenges. Triggers for review include but are not limited to:

- High sustained void levels and difficulty letting
- Extensive repairs and/or investment costs to bring a property to lettable standard
- Operating challenges due to location, property type, etc
- Energy performance / fuel costs to tenants

Once identified for review, evaluation of the assets will be carried out, with options assessed to be determined on a case-by-case basis, including:

- Status quo
- Offer to a local RSL (as a going concern, stock swap or otherwise)
- Alternative use / user group
- Sell on the open market
- Demolish and rebuild / retain as a site

Although disposal is not a primary focus, it has been identified as an important consideration when assessing options for the future of stock.

MIXED TENURE STOCK

There may be cases in which acquiring an additional property moves us into majority ownership, and we may choose to target these properties where they otherwise meet our strategic aims and increased ownership would allow us to carry our improvement works. In other cases, we may need to consider disposal where owning a small number of properties or single property in a stair means that we cannot deliver the improvements we feel are necessary to maintain the quality we require for our tenants.

STOCK RATIONALISATION - ‘ONE-OFF’ PROPERTIES AND MORTGAGE TO RENT

Specific consideration should be given to properties acquired by the Group over time through single acquisitions and ‘one off’ properties. The most prominent method has been via the Mortgage to Rent (MTR) scheme designed to allow private owners to remain in their properties when faced with foreclosure. The original ownership is converted to a tenant with an SST, and at such a time that the tenant chooses to move on, the property remains in the Group portfolio available to let. As a result of the scheme, the Group has acquired a number of ‘one-off’ properties, frequently outwith the typical area of operation and physical stock types. This often resulted in ownership of single properties in areas where we don’t own or operate any other stock, and of a different physical building type. In some cases, the Group acquired properties in areas where there were other dominant landlords already operating.

Other schemes that resulted in similar acquisitions included former police houses and other single acquisitions.

CAIRN AND ANCHO MORTGAGE TO RENT PROPERTIES BY LA			
LOCAL AUTHORITY	MORTGAGE TO RENT	POLICE HOUSES	TOTALS
East Ayrshire	4		4
Glasgow City	5		5
Highland	2	4	6
Renfrewshire	1		1
South Lanarkshire	1		1
North Ayrshire	50		50
South Ayrshire	5		5
Total	68	4	72

These properties will be reviewed to assess their strategic fit with the portfolio and, if they do not align with the evaluation criteria, consider a programme of disposal or alternative tenure when they become void.

INVESTING IN OUR PROPERTIES

Investment in our homes is necessary to ensure that they continue to meet the needs of our tenants, provide safe warm and secure homes, as well as meeting changing regulatory requirements.

We use knowledge of stock condition collected via formal survey, repairs, and inspections to build a picture of investment needs and shape investment programmes. With a finite budget, our investment decisions are prioritised around key aspects of meeting our statutory requirements, maintaining tenant health and safety, replacing components at the end of their lives, delivering energy improvements, and improving accessibility, whilst meeting the needs and aspirations of our tenants.

Our programmes will aim to set out proposed works over a rolling three-year period, focusing on:

- Component replacement
- Addressing tenant health and safety
- Maintaining SHQS
- Improving energy efficiency
- Delivering Pentland tenant promises
- Delivering Ancho tenant promises

The high-level expenditure for planned investment is projected as follows within the Business Plan, and we expect to work to refine that over the life of this Strategy to reflect the updated Stock Condition Survey and evolving energy targets:

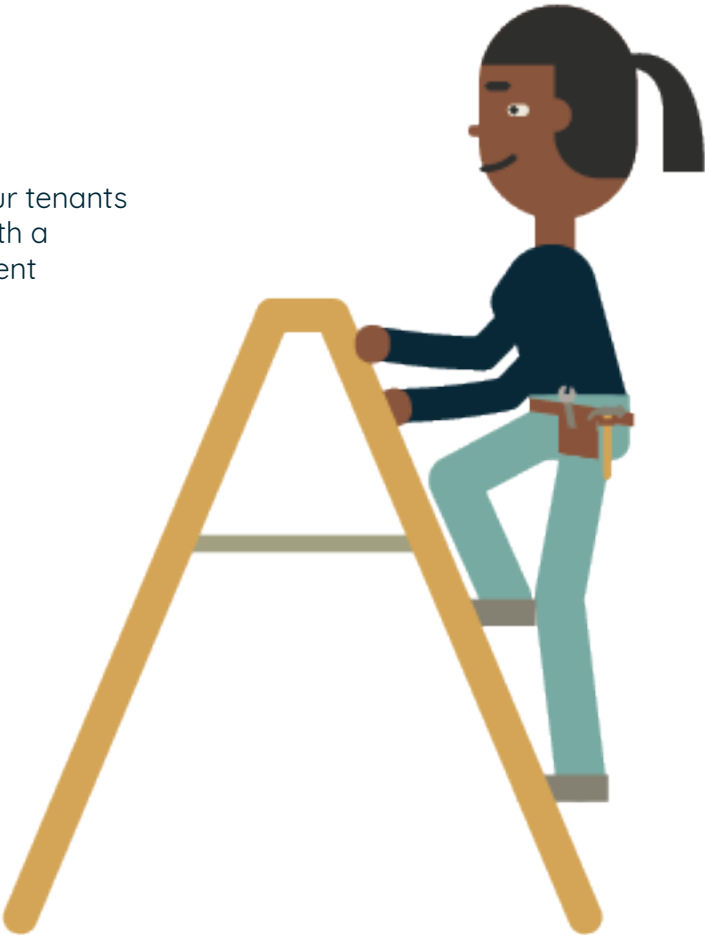
- Cairn: £22.9m budget
- Ancho: £2.6m budget

REACTIVE REPAIRS

We carry out a reactive repair service for our tenants to ensure that properties are maintained, with a programme for addressing emergency, urgent and routine repairs.

This includes:

- Reactive repairs
- Voids
- Dampness, mould and condensation
- Rechargeable repairs



COMPLIANCE AND SERVICING

Tenant health and safety is a key focus for the Group, and our compliance and servicing programme is at the forefront of ensuring our homes are healthy, safe and secure. Our approach to compliance and servicing has been set out below:

- Setting out a calendar of compliance and servicing activities for each property to ensure that all properties are compliant and managed in line with good practice.
- Compliance elements as a thread through all repairs and project works – identifying opportunities to update certification and records when undertaking works in properties.
- Supporting staff across the business to have an awareness and understanding of key issues so they can be flagged or addressed if required.
- Where a tenant does not allow us access and our procedure has been exhausted, we will take a proactive approach to force access and carry out the necessary safety checks and servicing in line with the terms of the tenancy agreement.
- Ensure new build stock is built to current regulations as a minimum, with a view to anticipating likely changes.

Our compliance and servicing activities follow several key work streams:

- Gas safety (domestic, commercial plant and BMI control systems)
- Electrical safety
- Fire safety
- Water hygiene and legionella
- Asbestos
- Lifts

Dampness, mould, and condensation is dealt with under its own policy as part of our reactive maintenance programme.

CYCLICAL MAINTENANCE

We carry out cyclical maintenance programmes in line with site requirements. Where possible, we try to minimise ongoing maintenance through choice of materials and specification. These programmes typically cover:

- Decoration of external timber, and internal communal areas
- Gutter cleaning (where required)
- Grounds maintenance
- Stair cleaning
- Court cleaning
- Laundry equipment servicing
- Door entry systems
- CCTV systems
- Tree survey programmes
- Roof surveys
- Access control systems
- Playparks and play equipment

These programmes can tie in with wider factoring activities in mixed tenure and communal areas.

MODERNISING INDEPENDENT LIVING PROPERTIES

There is a commitment to review the future of the independent living sites to ensure we have the right type of properties in the right location and this needs to be aligned with future need and demand in addition to wider strategies on the delivery of housing for older people such as the use of technology to allow people to live independently.

Both the customer service and property teams continue to meet to review the existing plan for each of the courts to identify opportunities and plan the programme of works.

The delivery of services at these properties will be an early priority for discussion with the incoming Chief Executive and Director of Customer Services with support from the wider Executive Team. In support of this, the Executive Team will be reviewing the resources to support the court service review and modernisation programme.

APPROACH

Whilst we are working to develop the strategy for the full court modernisation programme as detailed above, we continue to deliver improvements and projects that fit with the strategic ambitions. We are working across the property team to align improvement projects with component replacement and other compliance-related work to minimise disruption to tenants, gain project efficiencies and maximise impact in each site. There are several key modernisation strands that are being progressed in the interim period:

- Accessibility improvements – internal stairs and circulation space, gardens and building access
- Reconfiguration of obsolete ‘warden houses’ into two level-access flats where possible
- Introduction of storage for sustainable travel such as mobility scooters and bicycles



PROPOSED PROGRAMME

COURT MODERNISATION PROJECTS		2023/24	2024/25	2025/26	2026/27
Abbotsford Court	Accessibility and modernisation works				
Adam Grossert Court	Major reconfiguration				
Aitkin Court	Warden house, windows accessibility/modernisation				
All courts	Fire door upgrade				
Frank Jack Court	Option appraisal				
Glentanar Court	Accessibility works				
Lochbrae Court	Option appraisal				
Nigel Henderson Court	Option appraisal				
Royal Scot Court	Warden house, common lounge				
Stafford Court	Option appraisal to general needs				
Tom Matheson Court	Office conversion, options appraisal to general needs				
Wimberley Court	Phase 3 modernisation works				

Project planning or options appraisal

Work carried out

MIXED TENURE AND REGENERATION

Delivery of repairs and improvements to mixed tenure properties can present a significant challenge and introduces additional considerations to shaping projects and their deliverability. Across the Group, we own properties in areas that are a combination of ours, owner-occupied, privately rented, and local authority ownership. This tenure mix leads to complexity around ownership and variation in title deeds that can impact the ability to determine investment decisions and requires a menu of solutions that can be applied to each unique situation. However, as a housing association, we are well-placed to help facilitate improvement in a way that individual owners or groups of owners may struggle to do without support.

Our ability to act is governed by the title deeds, or where these are silent, by the Tenements Act. In each case, we must ensure that we are acting within our legal rights. Ultimately, this can lead to situations where we are not in a position to make a decision without the support of other property owners, we do not hold a casting vote, or we do not receive support to take forward work we would like to carry out. We may not legally be entitled to do work without consent or support, or we may be able to do work but not recharge for it. For this reason, the approach is to ensure that we establish the legal position for each case and know the framework in which we can act.

This challenge applies to the delivery of repairs and improvements to communal areas and communal parts of buildings. It is a factor in programmes such as: roof replacement, door entry systems, entry doors, but also larger scale energy improvements and regeneration opportunities. The Group will consider each instance on a case-by-case basis; however, it will include consideration of the benefit of the work versus the owners’ share as part of a cost-benefit analysis for delivery options. We will assess arrangements in mixed tenure properties on a case-by-case basis and consider opportunities for strategic acquisitions and disposals as part of the process set out earlier in this document.



EVALUATING OUR ASSETS

A key element of Integrated Asset Management, as defined by the Regulator, is understanding the performance of assets and how they support the mission of the business. This section sets our approach to this evaluation.

MAINTAINING STOCK CONDITION DATA

The last full Stock Condition Survey was carried out in 2015 and since that time Cairn has been collecting programme-focused condition information such as surveys on windows, kitchens, bathrooms, roofs, commercial boiler houses and individual schemes to inform the shape and scope of investment programmes and option appraisals. We also collect data during voids and repair work to update property condition records as we become aware of any changes. The Stock Condition Survey for all ex-Pentland stock was completed just prior to transfer, and a survey completed of all of our leased properties in 2021/22. In addition, we completed a focused energy review in 2022 which is informing further detailed investigation.

We have sought to keep our condition information up to date over the past several years through the combination of small-scale property surveys (individual independent living sites, blocks and terraces when looking at planned works), wider component focused surveys, and reflecting completed works via planned and reactive repairs.

We are reviewing the approach to collecting stock condition information across the Group and will aim to put in place the first year of a rolling assessment programme within 2024/25. We are seeking to survey 20% per year on a rolling basis, with targeted sampling across the stock over this period to ensure coverage.

Our review will also look at delivery options, including the potential to build our capacity for data collection in house. This will link directly to the wider systems review and approach to Digital Asset Management.

Over the life of this Strategy, we aim to implement and deliver the first three years of the five-year rolling survey, collecting 60% stock data via formal survey, and will continue to collect and update condition data via our own activities alongside the data collected via formal survey.

ASSET PERFORMANCE EVALUATION

Asset Performance Evaluation is a process that makes use of financial and non-financial data to analyse the performance of properties and help to inform strategic decision-making. Over 2023-24, we took on the major task of restructuring our data across the Group to facilitate IT system changes and align three disparate data structures across Cairn, Ancho and ex-Pentland stock. This has resulted in a cohesive ‘data landscape’ running throughout the business that supports business intelligence across our systems to improve our understanding of performance. In the case of the Asset Performance Evaluation, this facilitates comparative performance of our assets across all of our stock groups.

ENERGY

STATUTORY OBLIGATIONS

REGULATION	INTERIM TARGET	REGULATORY REQUIREMENT
EESHS 2 – review in 2023 with a view to align it with net zero targets	Meeting EESHS1 by 2020.	2025 no social housing is to be re-let below EPC Band D from December 2025
Consultation - Proposal to replace EESHS2 with Social Housing Net Zero Standard (SHNZS)	No interim EESHS2 target.	2032 achieving EPC B (or as close as possible) Both targets are temporarily on hold pending the review of EESHS2
Fuel Poverty (FP = more than 10% of net income used on heating, extreme FP more than 20% of net income used)	Expected in 2030 & 2035, national interim targets	2040 (no more than 5% households will be in FP, no more than 1% will be in extreme FP)
Net Zero Carbon (beware of Embodied Carbon – Net Zero is only based on operational performance, rather than including	Interim targets for reductions of at least 56% by 2020, 75% by 2030, and 90% by 2040 All off-gas areas should be Net Zero. 1million on-gas homes Net Zero	2045 - 100% net zero. (possibly 2040 for Social Housing)
Local Heat and Energy Efficiency Strategies (LHEES)	(LA requirement)	LA's to produce strategies and work with local providers - to incorporate network heating

OUR APPROACH

We are committed to providing energy efficient homes Net Zero and have been working with Changeworks to develop high quality energy information and modelling tools to help us plan towards EESHS2 and now reviewing the draft guidance to understand the impact of the slightly different focus with a shift from EPC banding to heat demand (the amount of energy taken to heat a property to a reasonable temperature). We are focusing on energy efficiency and low-carbon heating options to suit each property archetype to achieve this. We will progress our options and prioritisation in the context of our wider Asset Performance Review and emerging guidance so that we can make well-informed decisions, particularly around our hard to treat, hard to heat properties.

Our current plan is primarily a fabric-first approach, ensuring that any investment in the property considers energy performance and how it can contribute to, facilitate or at least not exclude future improvements whilst delivering a smaller number of ‘energy’ projects.

We are:

- building a picture of the options and priorities across the whole stock portfolio whilst we deliver targeted improvements in properties that require attention and/or present opportunities for decarbonisation.
- feeding any learning and improvements in specification and detailing through our full component specifications. For example, both our kitchen and window specifications have been updated following our EnerPhit work in Wick to ensure that each component investment can be used to help improve energy performance incrementally. We have been able to incorporate wall insulation and seal air gaps behind kitchen units and around pipes when new work is carried out and to address thermal bridging in windows during replacement programmes. Equally, roof replacement works that also extend eaves to incorporate future planned EWI work where works can’t be done together.
- looking in detail at our poorest energy performers as a priority.
- continuing to seek grant funding to support key projects to enable our investment funds to go further.
- monitoring the impact of works and seeking feedback from tenants to understand the effectiveness of various measures.

With regards to budget planning, we are representing anticipated costs through a mix of energy-specific budgeted projects (such as those being delivered with grant support and future projects that will likely require full funding from Cairn) and applying uplifts to component cost assumptions to deliver increased specifications. This will be reflected in our cost modelling assumptions with the new SCS.

This continues to be a work in progress, and we are actively engaged in sector-wide discussions to share our experience, learn from others, and find opportunities to work together.

OUR STOCK

CAIRN AND ANCHO STOCK PROFILE BY DWELLING AND FUEL TYPE						
DWELLING TYPE	BIOMASS	ELECTRIC	GAS	LPG	OTHER	TOTAL
Detached house		14	23		5	42
Flats	32	350	1,702	19		2,103
Four in a block		182	311	14		507
House/bungalow	1	450	1,728	32	5	2,216
Total	33	996	3,764	65	10	4,868

CAIRN AND ANCHO EPC PROFILE BY LOCAL AUTHORITY									
LOCAL AUTHORITY	A	B	C	D	E	F	G	REVISED EPC PENDING	TOTAL
Aberdeenshire			37						37
Angus		36	61						97
Argyll & Bute			27						27
City of Dundee			42	2					
City of Edinburgh		95	120	15	3	1			234
Clackmannanshire		2	3						5
Dumfries & Galloway			30						30
East Ayrshire			2	1	1			15	19
East Dunbartonshire			26					2	28
East Lothian								6	6
Falkirk		42	48	2				3	95
Fife		6	146	24					176
Glasgow City		30	49					8	87
Highland	2	205	1,334	495	51	27	3	66	2,183
Moray		74	11						85
North Ayrshire		10	636	10	1				657
North Lanarkshire			196	135				1	332
Perth & Kinross		4	119	2					125
Renfrewshire			37	1				1	39
Scottish Borders		8	102	1					111
South Ayrshire			5						5
South Lanarkshire		1	272	8				7	288
Stirling		6	33	2				4	45
West Dunbartonshire			17						17
West Lothian		27	58	2					87
Western Isles				1					1
Total	2	546	3,411	701	64	28	3	113	4,868

Our investment will prioritise the poorest performing properties where possible and continue to optimise specifications across all investment to ensure works make a positive contribution to energy performance and building fabric.

DIGITAL ASSET MANAGEMENT

Across business, the third sector, and society as a whole, digital data is becoming more prevalent as the tools to gather, catalogue, and analyse data are developed and implemented. Cairn needs to transform the way they manage their housing stock and optimise the way that we use the vast amount of data in our organisation. Smart approaches are required to manage housing and make overall working more efficient and effective. Over the past several years we have laid the groundwork through incorporating digital data into our team and carried out several research projects and case studies around data mapping, fuel poverty, and the use of sensors in building which has shown how data can help understand their business operations and provide insight to inform the services they provide.

OUR APPROACH - WHERE ARE WE NOW?

Between 2018 – 2023, we worked in collaboration with the SFHA and University of Edinburgh to help develop our understanding and support change. Our work to date has allowed us to inform the wider data landscape within the Group, ensuring that the systems architecture review supports our digital asset management goals.

We have strengthened our asset data team to support the increasing demand for digital asset data and have played a key role in updating the data structure to support integration across the new finance and management systems. We continue to look for opportunities to improve our asset data management, and this approach is underpinning how we commission and capture new investment in our properties.



WHAT NEXT?

The next step will be to develop a Digital Asset Strategy by the end of this Strategy period that dovetails with the wider organisational system architecture and supports the delivery of future asset management activities. External funding support would enable us to deliver the strategy sooner, but if that is not successful, we will look at alternative means of moving this forward, including continued sector collaboration.

LEGAL RIGHTS

The Group will manage the legal rights associated with our properties, including granting of wayleaves, servitudes and rights of access, and retained interests relating to shared ownership and shared equity properties.

Each request will be assessed on a case-by-case basis, evaluating any cost implications, risk to property now or in the future, and any other potential maintenance or management impact of the proposed rights.

OFFICE ACCOMMODATION

Cairn currently occupy five offices across the country with the headquarters in Edinburgh and other office locations in Bellshill, Irvine, Inverness, and Thurso. The Inverness location is owned by Cairn with flats above, whilst the other locations are leased. In addition, Cairn owns the workshop and ‘yard’ used by HomeWorks DLO in central Inverness, near to the local office.

CURRENT OFFICE ARRANGEMENTS		
LOCATION	TENURE	DESCRIPTION
Bellevue House, Edinburgh	Leased	Accommodation over one floor., accessible by lift. Five car parking spaces provided.
Murdostoun House, Bellshill	Leased	Accommodation over one floor. Located within Strathclyde Business Park with parking spaces provided.
Sovereign House, Irvine	Leased	Accommodation over one floor. Ground floor access. Parking spaces provided.
Caroline MacAskill House, Inverness	Owned. Flats above.	Accommodation over two floors, accessible by lift. Flats above.
Traill Street, Thurso	Leased	Accommodation over two floors. No parking.
Deveron Street, Inverness	Owned	HomeWorks maintenance yard. Parking provided. Materials storage and welfare facilities.

Following the return to work after Covid lockdowns and fully implemented hybrid working across the organisation, there is now a need to review the office accommodation to ensure it supports the business in a cost effective and sustainable way. This is part of a global shift in balance of home / office working and is subject to a review to be carried out in the life of the Business Plan.

The Business Plan identifies a project to consult and carry out options appraisal on the location and set up of our office structure, including reassessment of working arrangements.

ENGAGEMENT, MONITORING AND REVIEW

TENANT ENGAGEMENT AND INVOLVEMENT

We will continue to develop our approach to tenant engagement and involvement in our Asset and Energy Strategy over the life of the document, with a view to increasing input into the shaping of priorities and informing our programmes of work. Engagement methods will follow those outlined in the Customer Engagement Strategy, and we will seek to strengthen our engagement activities, particularly when we are working in new communities. This could include other interested parties such as resident associations, local businesses, and landowners.

ROLE OF THE BOARD AND ASSET MANAGEMENT & DEVELOPMENT COMMITTEE

The Group Board has delegated responsibility to the Asset Management and Development Committee, with those relevant to the Asset Management & Energy Strategy extracted below:

- To oversee, and to support the Board in the delivery of the Group’s Asset Management Strategy and the Group’s Development Strategy, (covering Cairn, Ancho and Pentland Community Enterprise), as a delegated committee of Cairn Board as Group parent.

- To receive detailed advice and recommendations from officers and provide scrutiny and guidance on asset management and development work of the Group.
- To support the association’s strategic objective of Growth and the vision of Great Homes consistent with the Group’s Business Plan.

The Group Board retains responsibility for signing off individual projects, site acquisitions and contracts in line with the agreed Schedule of Delegated Authority. These approval requests will continue to be submitted as a formal Request setting out the proposal in the context of appraisal against the Asset Management Strategy.

RISK AND RESILIENCE

Cairn and Ancho operate a strategic risk register of the following 14 risks that are monitored monthly by the Executive Team and quarterly by the Audit and Performance Committee. They are also annually assessed by the Board to ensure that they remain fit for purpose. The following Strategic Risks apply particularly to this Strategy:

STRATEGIC RISKS	
4	There is a risk that we fail to achieve value for money
5	There is a risk that the organisation fails to deliver its asset management strategy and maintain the quality of its stock
6	There is a risk that the organisation fails to deliver its new build and growth programme within financial limits
7	There is a risk that we fail to comply with legislation and regulatory standards

We use a heatmap scoring system and track mitigation through our strategic risk register reporting to the Audit and Performance Committee.

As part of the wider Group risk management approach, we continually monitor and assess the risk associated with delivery of the Strategy, maintaining a ‘horizon scanning’ approach through a series of activities and engagement:

- Engaging with the Sector through formal communications from the Scottish Government, SHR, SFHA and SHN
- Active involvement in information-sharing events such as conferences, seminars, forums and good practice exchanges
- Engagement and monitoring of the construction sector, procurement and product providers
- Academic partners to understand longer term developments and innovation opportunities.



ACTION PLAN

OBJECTIVE	COMMITMENT	ACTION	TARGET DATE	LEAD OFFICER
Objective 1: Investment and Component Replacement	We will deliver investment (£22.9m for Cairn and £2.6m for Ancho) in our housing stock during 2024 - 2027 and manage the investment programme to support a sustainable business plan and balanced stock portfolio.	Oversee delivery of £22.9m Investment in Cairn properties	2024 - 2027	Property Investment Coordinator
		Oversee delivery of £2.6m Investment in Ancho properties	2024 - 2027	Ancho Asset Manager
	We will deliver promises to former Pentland tenants.	Further develop detailed Caithness Investment Plan	2024	Property Investment Coordinator
	We will deliver promises to Ancho under the transfer of engagements	Develop Ancho Investment Plan	2024	Ancho Asset Manager
Objective 2: Governance	We will ensure that there is effective governance of the delivery of the Asset Management activities in line with the Group’s priorities.	Provide regular updates on the AMS to the Executive Team. Hold quarterly meetings of the AMDC and report progress to Board.	Ongoing	Director of Property Services
		Develop options appraisal framework for stock acquisition or disposal	May 2024	Development and Regeneration Manager
	We will make use of the Asset Performance Review process to provide a comparative performance analysis for our properties and support decision-making.	Define our strategically important areas to concentrate our stock profile	2024	Director of Property Services
		Complete annual asset performance review	July 2024	Investment Programme Manager
		Carry out options appraisals on strategically identified stock	2024 - 2025	Director of Property Services
Objective 3: Energy Improvements	We will deliver investments that support our energy efficiency targets, national ambitions and help to reduce fuel poverty for our tenants.	Delivery of Cluny Court – shared solar	2024 - 2025	Property Investment Coordinator
		Delivery of Thurso – shared solar		
		Development and delivery of EnerPHit ‘lite’ in Wick	2024 - 2026	Property Investment Coordinator
		Consultation with Ancho tenants on energy priorities	2024 - 2025	Ancho Asset Manager
Objective 4: Modernising our Independent Living Properties	We will deliver investments that support the modernisation of our independent living housing stock to keep it relevant for future housing provision.	Complete Option Appraisals at Frank Jack Court & Lochbrae Court	2024 - 2025	Development and Regeneration Manager
		Deliver Court Improvement Programme at Adam Grossert Court in three phases: Consultation & Rehousing; Physical Remodelling; Reallocation	2024 - 2027	
		Deliver Court Improvement Programme at Aitkin Court & Royal Scot Court	2024 - 2025	
Objective 5: Tenant Health and Safety	We will ensure effective compliance with statutory requirements across all our stock, focusing on tenant safety and improved processes.	Focus on delivery of Tenant and resident health and safety compliance KPIs and actions as set out in the Health & Safety Strategy	Ongoing	Property Investment Coordinator
Objective 6: Repairs and Maintenance	We will ensure effective reactive repairs are carried out in a timely manner so that properties remain in good working order, wind and watertight.	Carry out demand analysis of current reactive and planned maintenance delivery.	2024 - 2025	Director of Property Services
		Carry out options appraisal on future reactive and planned maintenance delivery	2025 - 2027	

APPENDIX 1 - STOCK SUMMARY

LOCAL AUTHORITY	UNIT TYPE	AGE BAND	TOTAL
Aberdeenshire	General needs	1976 - 1983	1
	Independent living	1976 - 1983	36
Aberdeenshire Total			37
Angus	General needs	1992 - 1998	26
	General needs	2012 onwards	36
	Independent living	1984 - 1991	35
Angus Total			97
Argyll & Bute	General needs	1984 - 1991	1
	Independent living	1984 - 1991	34
Argyll & Bute Total			35
City of Dundee	General needs	1984 - 1991	8
	Independent living	1984 - 1991	34
	Independent living	2012 onwards	2
City of Dundee Total			44
City of Edinburgh	General needs	2003 - 2007	25
	General needs	1984 - 1991	11
	General needs	2008 - 2011	11
	General needs	1976 - 1983	8
	General needs	1965 - 1975	2
	General needs	1999 - 2002	12
	General needs	1992 - 1998	15
	General needs	2012 onwards	80
	Independent living	1976 - 1983	54
	Leased	2003 - 2007	5
	Leased	2008 - 2011	10
	Leased	Pre 1919	1
City of Edinburgh Total			234
Clackmannanshire	General needs	1984 - 1991	5
Clackmannanshire Total			5
Dumfries & Galloway	General needs	1976 - 1983	1
	Independent living	1976 - 1983	29
Dumfries & Galloway Total			30

LOCAL AUTHORITY	UNIT TYPE	AGE BAND	TOTAL
East Ayrshire	General needs	2003 - 2007	15
	General needs	1984 - 1991	1
	General needs	1930 - 1949	2
	General needs	1950 - 1964	1
East Ayrshire Total			19
East Dunbartonshire	General needs	2003 - 2007	6
	General needs	1992 - 1998	22
East Dunbartonshire Total			28
East Lothian	General needs	2008 - 2011	6
East Lothian Total			6
Falkirk	General needs	1984 - 1991	10
	General needs	1976 - 1983	1
	General needs	2012 onwards	40
	Independent living	1976 - 1873	44
Falkirk Total			95
Fife	General needs	2003 - 2007	32
	General needs	1984 - 1991	8
	General needs	1976 - 1983	1
	General needs	1999 - 2002	12
	General needs	1992 - 1998	1
	General needs	2012 onwards	1
	Independent living	1984 - 1991	86
	Independent living	1976 - 1983	35
Fife Total			176
Glasgow City	Full market rent	2012 onwards	11
	General needs	2003 - 2007	17
	General needs	1984 - 1991	1
	General needs	1930 - 1949	2
	General needs	1950 - 1964	1
	General needs	2008 - 2011	20
	General needs	1992 - 1998	20
	General needs	Pre 1919	1
	General needs	2012 onwards	14
Glasgow City Total			87

LOCAL AUTHORITY	UNIT TYPE	AGE BAND	TOTAL
Highland	General needs	2003 - 2007	258
	General needs	1984 - 1991	54
	General needs	1930 - 1949	11
	General needs	1950 - 1964	672
	General needs	2008 - 2011	359
	General needs	1976 - 1983	121
	General needs	1965 - 1975	131
	General needs	1999 - 2002	118
	General needs	1992 - 1998	36
	General needs	2012 onwards	237
	MMR	2003 - 2007	1
	MMR	1950 - 1964	4
	MMR	2008 - 2011	1
	MMR	1976 - 1983	1
	MMR	1999 - 2002	1
	MMR	1992 - 1998	3
	MMR	2012 onwards	9
	MMR	1919 - 1929	1
	Independent living	1984 - 1991	95
	Independent living	1976 - 1983	64
	Leased	1999 - 2002	6
Highland Total			2,183
Moray	General needs	2008 - 2011	13
	General needs	2012 onwards	72
Moray Total			85
North Ayrshire	General needs	1984 - 1991	1
	General needs	1930 - 1949	37
	General needs	1950 - 1964	312
	General needs	1976 - 1983	13
	General needs	1965 - 1975	291
	General needs	Pre 1919	3
North Ayrshire Total			657
North Lanarkshire	General needs	2003 - 2007	25
	General needs	1930 - 1949	171
	General needs	2008 - 2011	56
	General needs	1999 - 2002	80
North Lanarkshire Total			332

LOCAL AUTHORITY	UNIT TYPE	AGE BAND	TOTAL
Perth & Kinross	General needs	2008 - 2011	26
	Independent living	1976 - 1983	64
	Independent living	1992 - 1998	35
Perth & Kinross Total			125
Renfrewshire	General needs	Pre 1919	1
	Independent living	1976 - 1983	38
Renfrewshire Total			39
Scottish Borders	General needs	1984 - 1991	12
	General needs	2012 onwards	1
	Independent living	1984 - 1991	65
	Independent living	1976 - 1983	33
Scottish Borders Total			111
South Ayrshire	General needs	1930 - 1949	1
	General needs	1950 - 1964	2
	General needs	1965 - 1975	1
	General needs	Pre 1919	1
South Ayrshire Total			5
South Lanarkshire	General needs	2003 - 2007	20
	General needs	1976 - 1983	2
	General needs	1999 - 2002	170
	General needs	2012 onwards	1
	Independent living	2008 - 2011	1
	Independent living	1976 - 1983	94
South Lanarkshire Total			288
Stirling	General needs	1984 - 1991	8
	Independent living	1976 - 1983	37
Stirling Total			45
West Dunbartonshire	General needs	1992 - 1998	17
West Dunbartonshire Total			17
West Lothian	General needs	1992 - 1998	24
	General needs	2012 onwards	27
	Independent living	1976 - 1983	36
West Lothian Total			87
Western Isles	Leased	1965 - 1975	1
Western Isles Total			1
Grant Total			4,868



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