

# ASSET MANAGEMENT STRATEGY 2019 - 2022



cairn  
HOUSING GROUP

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# 1. Introduction

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

- Cairn Housing Association (CHA);
- ANCHO; and
- Properties managed by Cairn Homes and Services (CHS) trading as Cairn Living (except where explicitly excluded in the scope of the Strategy).



We are in the process of creating a Group Business Plan which will underpin the vision and values of the member organisations. This new Group Asset Management Strategy (the Strategy) has been aligned with the current business planning processes for both organisations and will be brought in line with the new Group business planning cycle when this is in place.

This document updates the Cairn HA Strategy running from 2015-2018 and the Asset Strategy element of the ANCHO Corporate Strategy 2015-2020. The Strategy has been created from a developing asset management approach within the Group based on the following:

- Access to good quality data measured against an agreed scale;
- A baseline assessment from which action plans can be developed and progress monitored over time; and
- A better understanding across the Group of what constitutes “good practice” in asset management and the corporate provision of asset management information to review asset performance.

The purpose of this Strategy is to enable us to deliver good quality homes to support the complimentary aims of the member organisations to provide great homes and support communities. This document provides a framework to deliver against the strategic objectives identified in the Cairn Business Plan. These are aligned with the strategic objectives stated by ANCHO and the figures below reflect the aims of the Group:

- Deliver targeted investment of at least **£10.58m** in planned improvements/ cyclical maintenance to our homes across Scotland;
- Deliver a responsive repair budget of at least **£8.06m** to maintain our homes to a high standard;
- Collect and analyse detailed stock condition and energy efficiency information for at least **30%** of our homes;
- Continue to refine and further embed an integrated stock condition and asset management solution that ensures our future investment plans are targeted and represent value for money;
- Develop high quality energy information and modelling tools that will help us plan towards EESSH 2020 and beyond;
- Maintain customer satisfaction with the quality of our existing homes to at least **90%**; and
- Establish a plan for modernising Cairn's retirement courts to ensure that we invest in courts which meet current and future need and meet tenant aspirations.

In addition to the Business Plan objectives, this document supports the Group directly in delivering the following key strategic priorities which were agreed with the Boards of Cairn and ANCHO in November 2018 as part of our strategic planning process of: Protecting Income, Investing in our Homes, Growth and Partnership.

## 1.1 Scope of the Strategy

The scope of this Asset Management Strategy addresses stock owned and managed by Cairn Housing Association and ANCHO.

The following aspects are covered by separate strategies:

- Cairn Living (Cairn Homes and Services)
- Full Market/ Mid-Market
- Shared Ownership/ Shared Equity
- Factoring
- Office Accommodation
- Development



## 1.2 Progress Under the Previous Strategy

The previous Cairn Asset Management Strategy ran from 2015 to 2018 and identified several key actions which have been completed:

- Successfully introduced the PIMSS asset management database and continuing to implement additional functionality to improve our asset management service;
- Appointment of a Strategic Asset Projects Manager to oversee the modernisation of the retirement courts;
- Establishment of an Asset Management Working Group to drive the delivery of agreed actions;
- Delivered targeted investment of at least £16M in planned improvements to our homes across Scotland;
- Delivered a responsive and cyclical maintenance programme of at least £5M to maintain our homes to a high standard;
- Undertaken asbestos surveys to 200 properties and loaded into PIMSS module;
- Renewed procurement of term contract for delivery of Responsive Repairs in the South;
- Improved customer satisfaction with the quality of our existing homes to more than 90%; and
- Addressed issues to cause for concern stock, via property option appraisals.

ANCHO's Corporate Strategy (2015-2020) also identified key asset management actions which have been completed:

- Successfully introduced an asset management database;
- Reviewed our life cycle costings with the assistance of an external consultant to update our 30-year life cycle costings and create a more detailed 5-year programme of component renewals;
- Achieved 93% compliance with SHQS, the remaining 7% of properties failing to achieve this were treated as abeyances and not failures;
- Installed external wall insulation on over 300 properties to help increase compliance with the Energy Efficiency Standard for Social Housing (EESH); and
- Renewed procurement of term contract for delivery of Responsive Repairs.

## 1.3 Objectives of the Asset Management Strategy

The aim of this Asset Management Strategy is to describe the key issues impacting on the delivery of the Business Plan objectives and the measures to be taken in their delivery. These have been translated into a set of core Asset Management Strategy Objectives, listed below and referred to in the Action Plan.

This Strategy builds on its predecessor and incorporates ANCHO to create a Group Asset Management Strategy. It has been updated to reflect the current position regarding our stock, as well as current good practice and legislative requirements.

**Objective 1:** Ensure homes are improved and maintained to a high-quality standard, meet customer aspirations and are compliant with relevant legislation.

**Objective 2:** Ensure future investment decisions are based upon robust reviews or option appraisals of under-performing stock.

**Objective 3:** Ensure effective customer involvement in the development and monitoring of improvement programmes.

**Objective 4:** Continue to develop our digital infrastructure to provide accurate asset management and performance information.

**Objective 5:** Ensure our property portfolio is suitable for its current use and supports efficient and effective service delivery both now and in the future.

**Objective 6:** Demonstrate value for money in the delivery of the capital improvement programme.

Further detail of the core Asset Management Strategy objectives can be found in **Appendix A**.

## 2. Background

The Cairn Housing Group was formed in 2018, following a partnership agreement between Cairn HA and ANCHO. Prior to this Cairn HA 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, mainly in North Ayrshire for over 18 years.

With nearly 4,000 homes under management and offices in Edinburgh, Inverness, Bellshill, and Irvine, we address housing needs of people in both urban and rural areas, including older people and those who need specialised support.

We believe that local access to housing management is essential and intend to retain a local presence in areas where we take on new tenant responsibilities. 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).



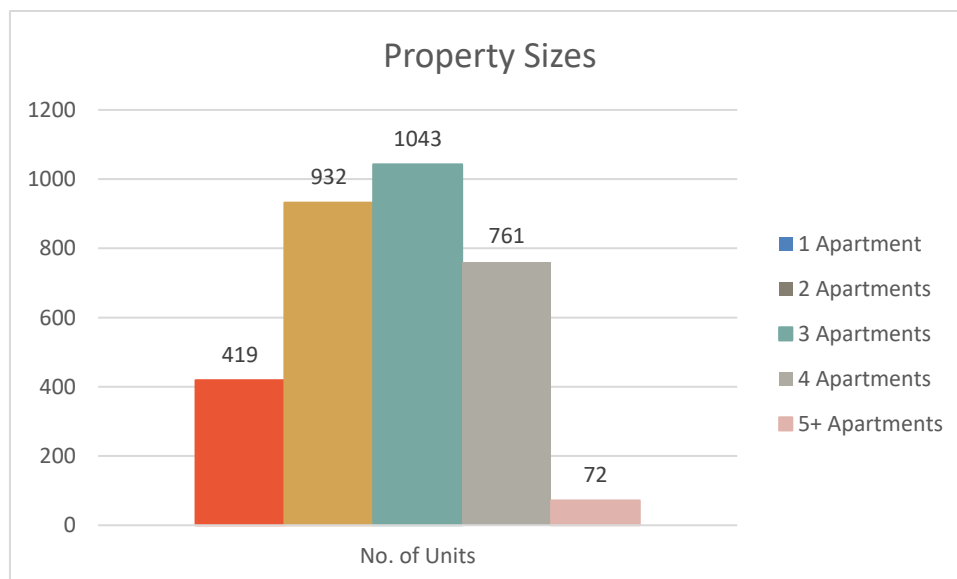
## 3.Asset Profile

### 3.1 Cairn

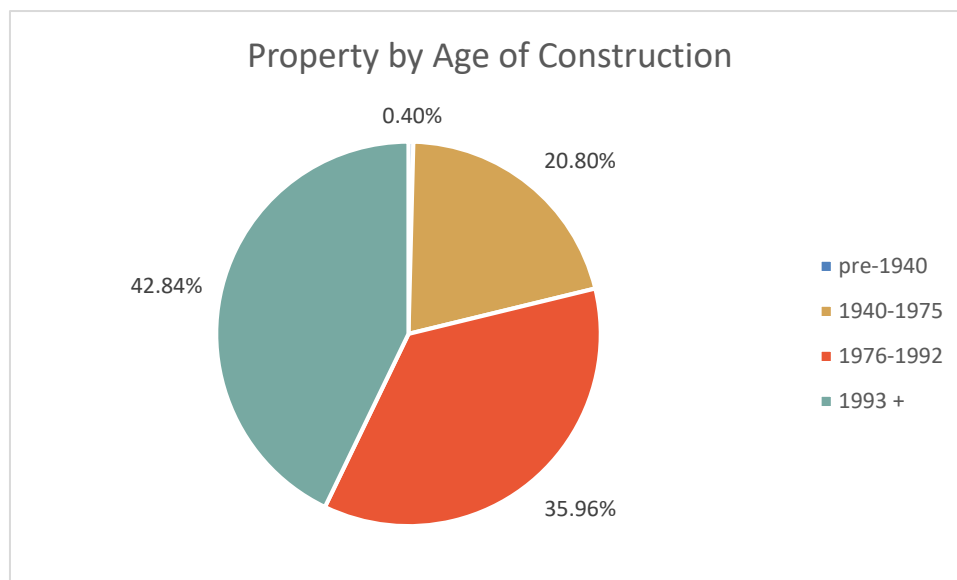
#### 3.1.1 Core Stock

Our asset base is diverse in nature and is geographically spread throughout Scotland. Excluding leased and non-SST properties, our stock as at 31<sup>st</sup> March 2019 is 3,227. The breakdown of stock by apartment size is shown below, where it can be seen that Cairn holds:

- 419 number            1 Apartment
- 932 number            2 Apartments
- 1043 number          3 Apartments
- 761 number            4 Apartments
- 72 number             5+ Apartments



Cairn HA stock comprises a total of 1368 houses and 1859 flats/maisonettes. The age profile of stock indicates that 42.84% of stock falls within the post-1992 bracket, 35.96% falls within the 1976 – 1992 bracket, 20.80% falls within the 1940 – 1975 bracket, with the remaining 0.4% built prior to 1940.



The stock by client group type confirms that 67% is for general needs family housing, 31% is for older people, and 2% is leased accommodation.

Our properties are a mixture of construction types, ranging from traditional stone/brick-built properties, non-traditional (no fines/BISF/Whitson Fairhurst etc.), cavity and timber-framed properties and modern modular construction. Approximately 81% are traditional or timber framed build, with 19% of non-traditional properties having been transferred from the former Scottish Homes.

The turnover of void properties during the year to 31st March 2019 was 288, approximately 9% of the total stock held. Our average time to re-let properties in 2018/19 was 44.9 days.

Properties classified as low-demand are properties where one or more of the following exist:

- Small or non-existent waiting list for the property;
- Tenancy offers on dwelling are frequently refused; and
- High rates of tenancy turnover.

Cairn had 537 properties classified as low-demand at 31st March 2019. The bulk of our low-demand stock relates to smaller sized or studio apartments within properties provided for older people and arguably contains properties which no longer meets some tenants' needs or aspirations.

A full list of Cairn HA's core stock can be found in **Appendix B**.

### 3.1.2 Cairn Non-Core Stock

Cairn HA has 17 leased buildings and an additional 15 individually leased units (subject to occupancy agreements). A full list of these can be found in **Appendix C**.

These leases are with a number of key partners, and typically used to provide a service such as supported accommodation for those with specialist needs or refuge from domestic violence. They cover a range of buildings types from converted houses to purpose-built hostels. Historically, repairs and investment activities have been carried out inconsistently across the properties, and there are some data gaps regarding condition and investment requirements for some of the buildings. This has been identified as a strategic priority and is currently the subject of an internal review to align lease arrangements and identify / confirm investment requirements.

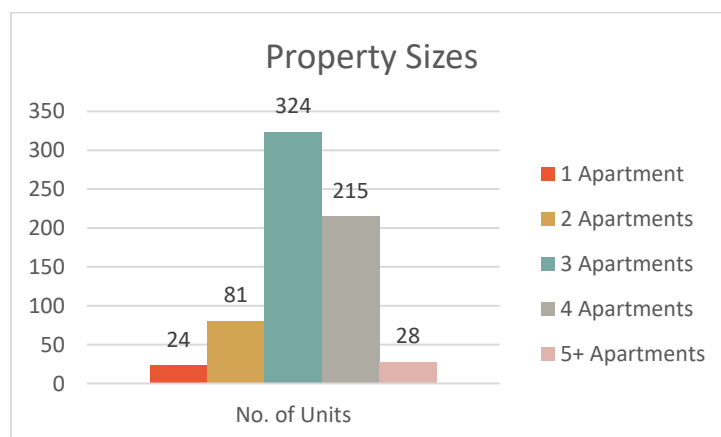
In addition to leased properties, Cairn HA owns 100 garages that are leased individually.

## 3.2 ANCHO

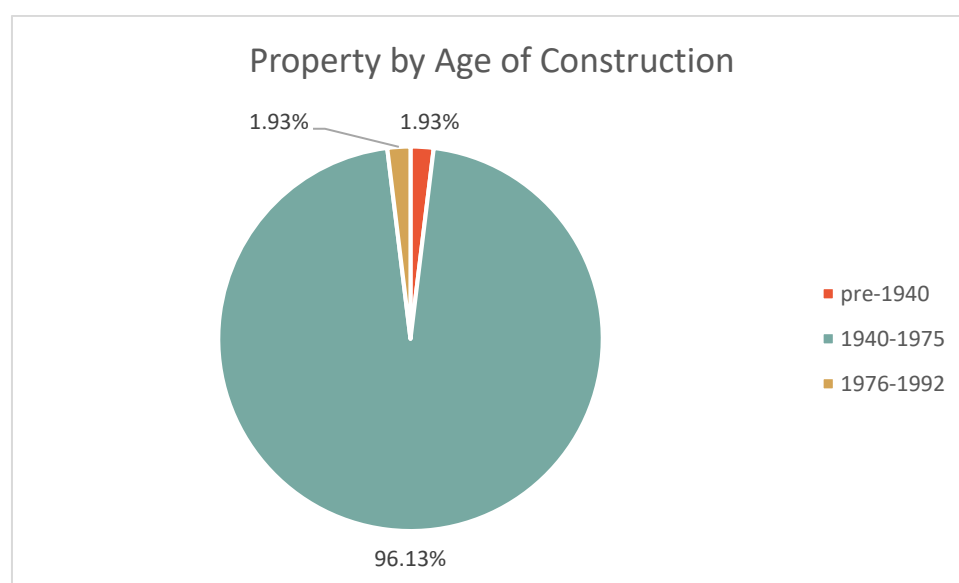
### 3.2.1 Core Stock

ANCHO's asset base is primarily located throughout North Ayrshire. At 31 March 2019, ANCHO had 672 property, including one leased property. The breakdown of stock by apartment size is shown below, where it can be seen that ANCHO holds:

- 24 number                      1 Apartment
- 81 number                      2 Apartments
- 324 number                    3 Apartments
- 215 number                    4 Apartments
- 28 number                      5+ Apartments



ANCHO stock comprises a total of 344 houses and 329 flats/maisonettes. The age profile of stock indicates that 0% of stock falls within the post-1992 bracket, 2% falls within the 1976 – 1992 bracket, 96% falls within the 1940 – 1975 bracket, with the remaining 2% built prior to 1940.



All the stock provides general needs family housing and one unit of leased accommodation.

Our properties are a mixture of construction types, ranging from traditional stone or brick-built properties, and non-traditional (no fines/Swedish Timber, prefabricated tenements etc.). Approximately 193 (29%) are traditional build, with the majority of non-traditional properties having been transferred from the former Scottish Homes.

The turnover of void properties during the year to 31st March 2019 was 49, approximately 7% of the total stock held.

Properties classified as low-demand are properties where one or more of the following exist:

- Small or non-existent waiting list for the property;
- Tenancy offers on dwelling are frequently refused; and
- High rates of tenancy turnover.

ANCHO had 24 properties classified as low-demand at 31st March 2019. All of our low-demand stock relates to properties that had been refused three or more times for reasons relating to the property. For example, the applicant being offered the property felt the garden was too big/small or didn't like the street/area etc. All 24 property are currently let. ANCHO are partners in the North Ayrshire Housing Register (NAHR). Applicants who are offered a house by any of the NAHR partners can refuse the offer

without any penalty (i.e. a suspension after a number of offers. This allows the applicant to accept the offer which is most suitable for them, promoting choice and improving tenancy sustainment. Our refusal rate is reflective of this practice.

We had 1 property vacant at the year ending 31 March 2019 which was re-let in 2019/20. Our average time to re-let properties in 2018/19 was 8 days.

### **3.2.2 ANCHO Non-Core Stock**

ANCHO has one leased property but retains full maintenance obligations; this is therefore treated as core stock and included in the figures above.

ANCHO owns 179 lock-up garages.

## 4.Strategic demand for affordable housing – contextual analysis

According to Scottish Government Housing Statistics (2018), there are 2.59 million dwellings in Scotland. The tenure broken down by sector reveals the following:

Tenure	% of total	No. of Dwellings
Owner-occupier	58%	1,500,000
Rented (private)	15%	392,840
Rented (Social)	23%	593,840
Rented (Other)	4%	103,320

There are 157,806 households on local authority housing waiting lists and 25,900 households on housing transfer lists. 58,000 houses are affected by dampness, 185,000 by condensation and 613,000 households in fuel poverty.

In the last ten years up to 455,000 properties have been lost from the social rented sector through the Right to Buy Scheme. This scheme was ended in July 2016 by the Scottish Government and is no longer available to new tenants.

The average house price in Scotland has increased from £154,927 in 2008 to £179,121 in 2018, an increase of 15.6%. The average weekly local authority rent in Scotland has risen from £62.13 in 2014/15 to £70.73 in 2017/18, an increase of 13.8%. National average private sector rents in 2014/15 were £147.37 per week. National average housing association sector rents in 2017/18 were £76.00 per week.

### 4.1 Horizon scanning

In the period 2016-2041, the population in Scotland is expected to increase from 5.40 million to 5.69 million (290,000) an increase of over 5% most of which will come from the 60 years+ category. By 2041, the number of households is expected to increase by 317,000 to 2.76 million, a 13% increase. Most of the 13% increase in the number of households is due to more people living alone or in smaller households.

The pensionable age group is expected to increase by 25% (270,000). People aged 75+ will increase by 27% over the next 10 years and 79% over the next 25 years.

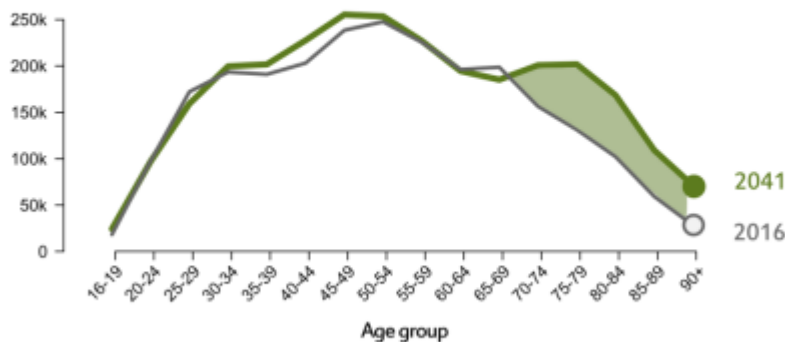
Projections show that Scotland's population is ageing, and the trend is reflected in the household projections, with the largest increases shown in



households headed by people aged 70 and over (an increase of 58% between 2016 and 2041).

Illustrated below is the projected number of households in Scotland by age of head of household and projected percentage change by local authority area, 2016 and 2041.

Number of households  
by age of the head of household



This information is important to Cairn given our client groups, as it suggests the continuing growth of an ageing, active population in small households with increased demand being evident in rural locations. This will impact on housing type, location and accessibility, as well as the potential for increased housing support. Our strategy will be targeted at providing the right properties, in the right locations at affordable levels that contribute to the creation of sustainable mixed communities. Business decisions will need to be made for stock which is financially unsustainable or no longer meet modern needs.

The demand analysis should be considered along with the housing services support contracts in each local authority area, to determine which areas are operating cost-effectively. This will determine whether Cairn continues to provide the current level of support or whether it requires further diversifying or redesigning areas of service delivery, where financial and service viability is not sustainable.

For Cairn, a large proportion of our stock for older customers is in rural locations and accommodates smaller households, yet it is in a number of such schemes that we are finding greatest difficulty in letting. This would suggest a need to look more closely at local demand/need information for certain areas; assess competitors in these local housing markets and to identify whether the product or service provided will meet the ongoing needs and aspirations of current and future tenants.

This important issue will be considered more fully as part of our action plan to address under-performing stock.

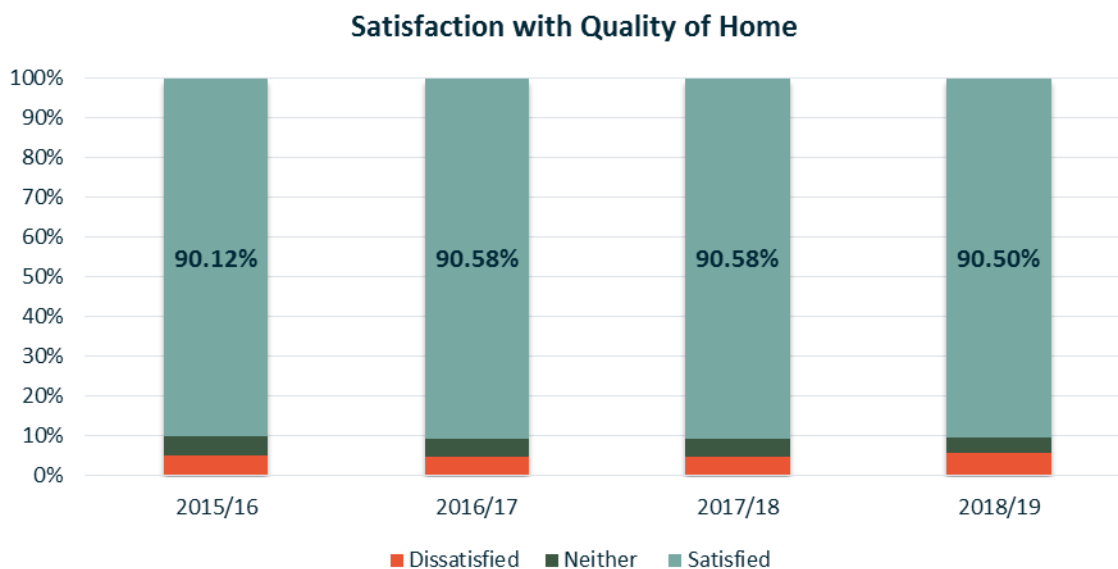
## 5. Local demand – understanding tenant’s needs and aspirations

The Group has stock in 27 Local Authority areas across Scotland. We seek to maintain active relationships with each Local Authority, engaging with key housing, health and social care contacts to discuss both strategic and operational aspects of our service and through Housing Need and Demand Assessments, Local Housing Strategies, and Health and Social Care Partnerships to ensure that our service is able to respond to changing needs.

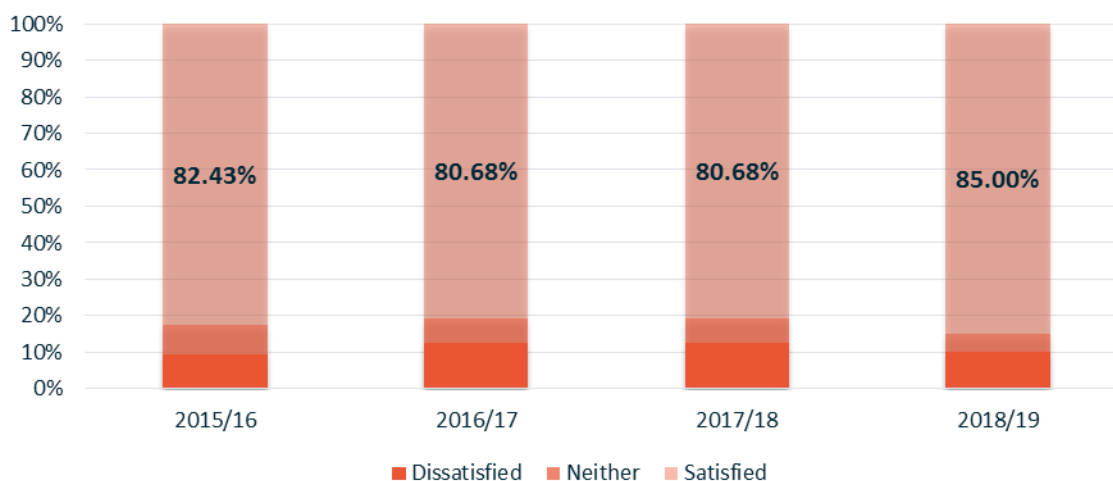
### 5.1 Cairn

Cairn carries out a regular customer satisfaction survey to all tenants as required by us to complete our Annual Return on the Charter. This was most recently completed in 2018, with feedback from over 500 tenants.

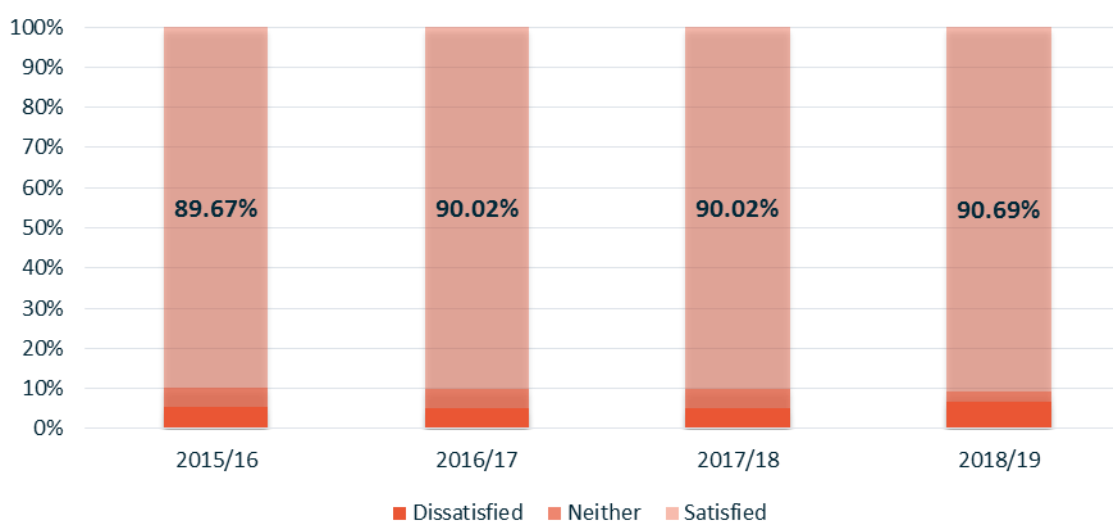
The results of these surveys provide an understanding of tenants’ views on our properties, and in future years may enable us to look more specifically at areas or estates to gain a more nuanced understanding of satisfaction with our assets. The graphs below summarise tenant feedback and how it has changed between 2015 and 2018.



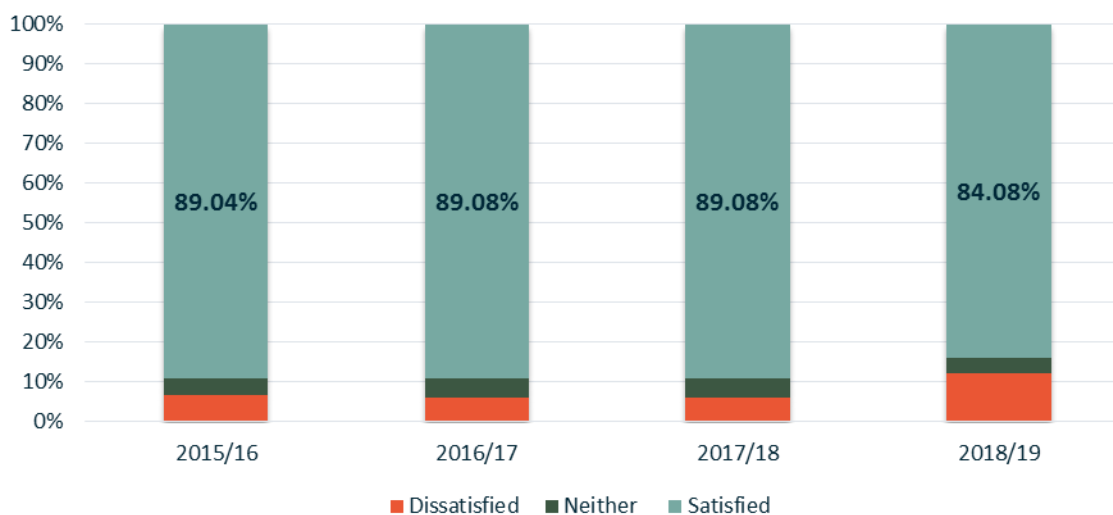
### How satisfied were you with the standard of your home? (moved in the past 12 months)



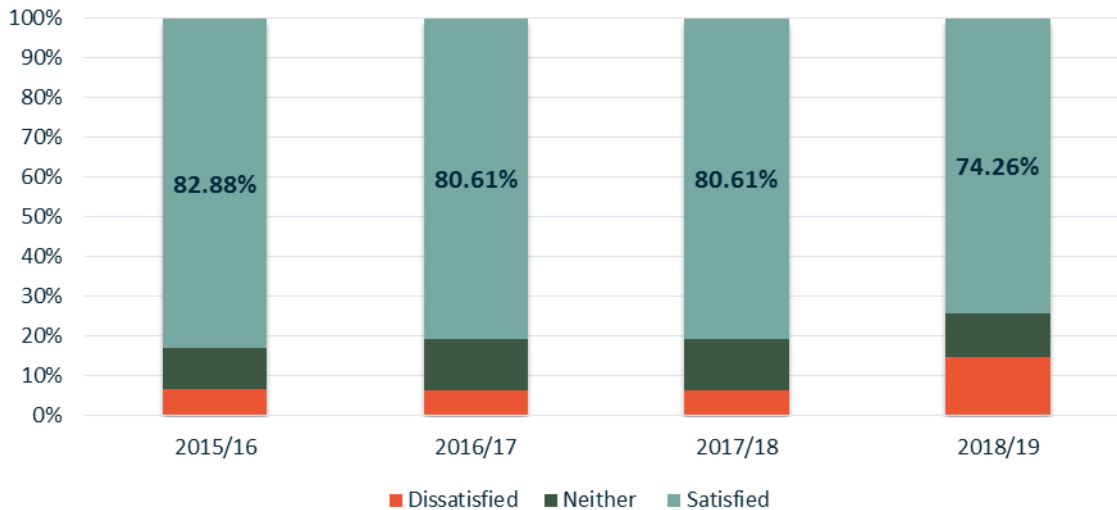
### Overall, how satisfied are you with your neighbourhood as a place to live?



### Satisfaction with Repairs & Maintenance



### Satisfaction with Value for Money



We can see that tenants have remained fairly consistent in their level of satisfaction with the quality of homes provided by Cairn over the past several years and the neighbourhoods in which they live. However, the most recent survey highlights slight decreases in the numbers satisfied with repairs and maintenance services and overall value for money. This may reflect the fact that many of our properties are now of an age and style that may not meet the aspirations of current or future tenants.

We will seek to understand the role that the assets may play in these recent changes in customer feedback to ensure that any issues can be addressed (For example: Does Value for Money suffer when a new council property nearby is let for lower rent? Is there a higher need for repairs on a certain type or age of property?).

Cairn's housing for older people was originally provided as sheltered accommodation to meet the needs of the elderly and is predominantly located in small to medium sized towns throughout Scotland. With the change of service from sheltered to retirement housing with care provided by external agencies on an individual basis, there is a need to understand how well these buildings are able to meet the needs of older people into the future. Whilst high level tenant surveys can provide some useful analysis to help determine performance of our stock or services, we will gather more detailed estate-related information about particular schemes along with a greater awareness of housing and services being provided by others. This will be advanced where we have under-performing stock or identified concerns regarding value for money in the local context.

In order to shape our future services and assets it is important we have a shared understanding across the business about who our current tenants are and how well our services are being delivered to meet their needs and current and future expectations. Without this understanding, we will be at risk of prioritising services and stock which do not best meet our tenants' needs.

Looking further ahead, social and demographic changes may occur that would alter the services we need to provide to our tenants. Recognising and interpreting these changes at a local level and how they impact on local circumstances is especially important to Cairn given the geographically diverse locations of our stock.

We will develop a consistent approach to gathering and assessing current and future needs and aspirations at a local level to allow comparative assessments of schemes to be made.

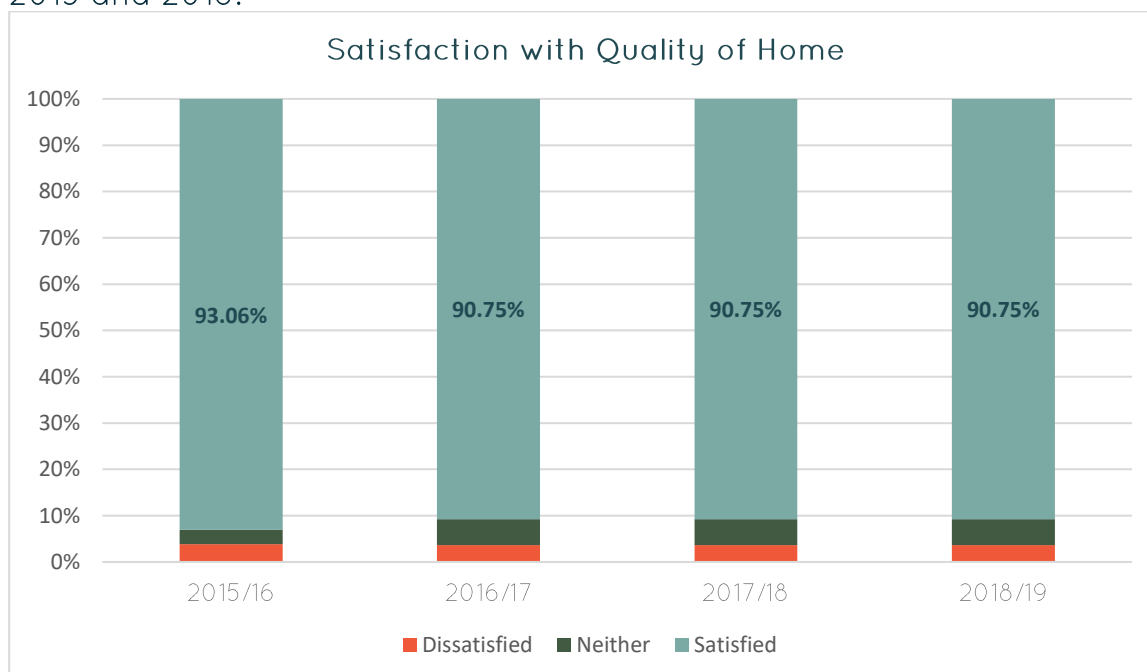
As a consequence of Cairn working within 24 Local Authority (LA) areas, we do not have the same level of engagement with each authority that a locally based association may have and can vary from LA to LA. In the majority of cases, our properties are let through an Authority's Common Housing Register or via nomination arrangements with LAs.

Our continuing awareness of future need and demand, which influences our investment decisions, is maintained by our annual review of LA Housing Need and Demand Analysis (HNDA) documents and our input into Strategic Housing Investment Plans (SHIPs) issued by LAs.

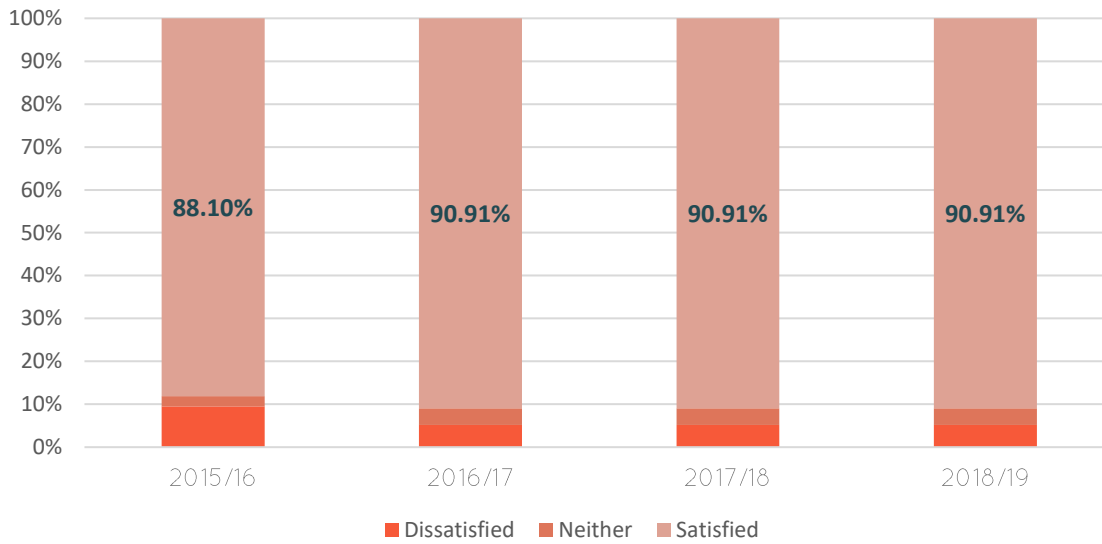
## 5.2 ANCHO

ANCHO also carry out a regular customer satisfaction survey to all tenants as required by us to complete our Annual Return on the Charter. This was most recently completed in 2016, with feedback from over 620 tenants and is due to be undertaken again in 2019.

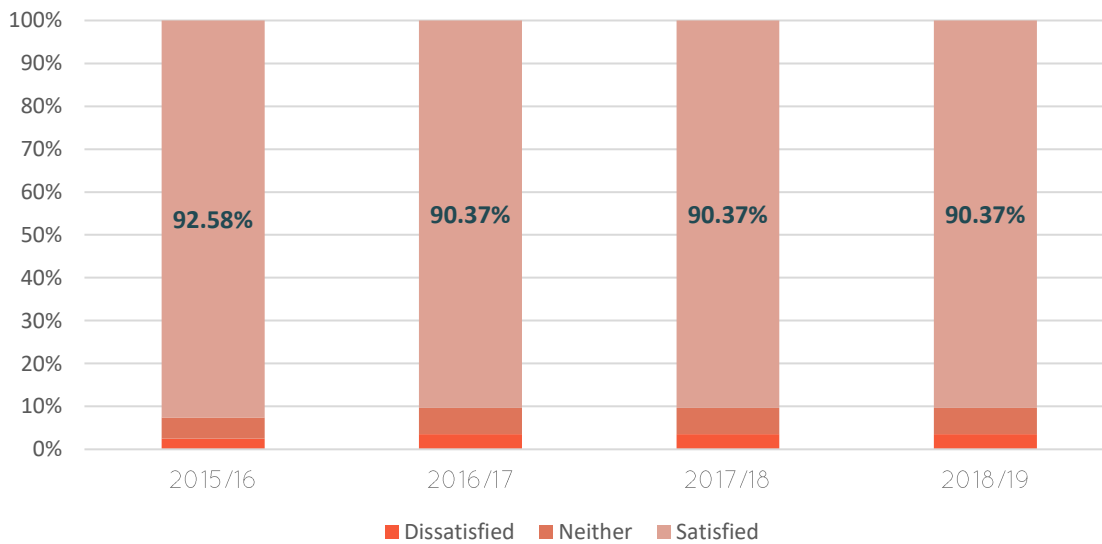
The results of these surveys provide an understanding of tenants' views on our properties, and in future years may enable us to look more specifically at areas or estates to gain a more nuanced understanding of satisfaction with our assets. The graphs below summarise tenant feedback and how it has changed between 2015 and 2018.



How satisfied were you with the standard of your home?  
(moved in the past 12 months)



Overall, how satisfied are you with ANCHO's management  
of the neighbourhood you live in?





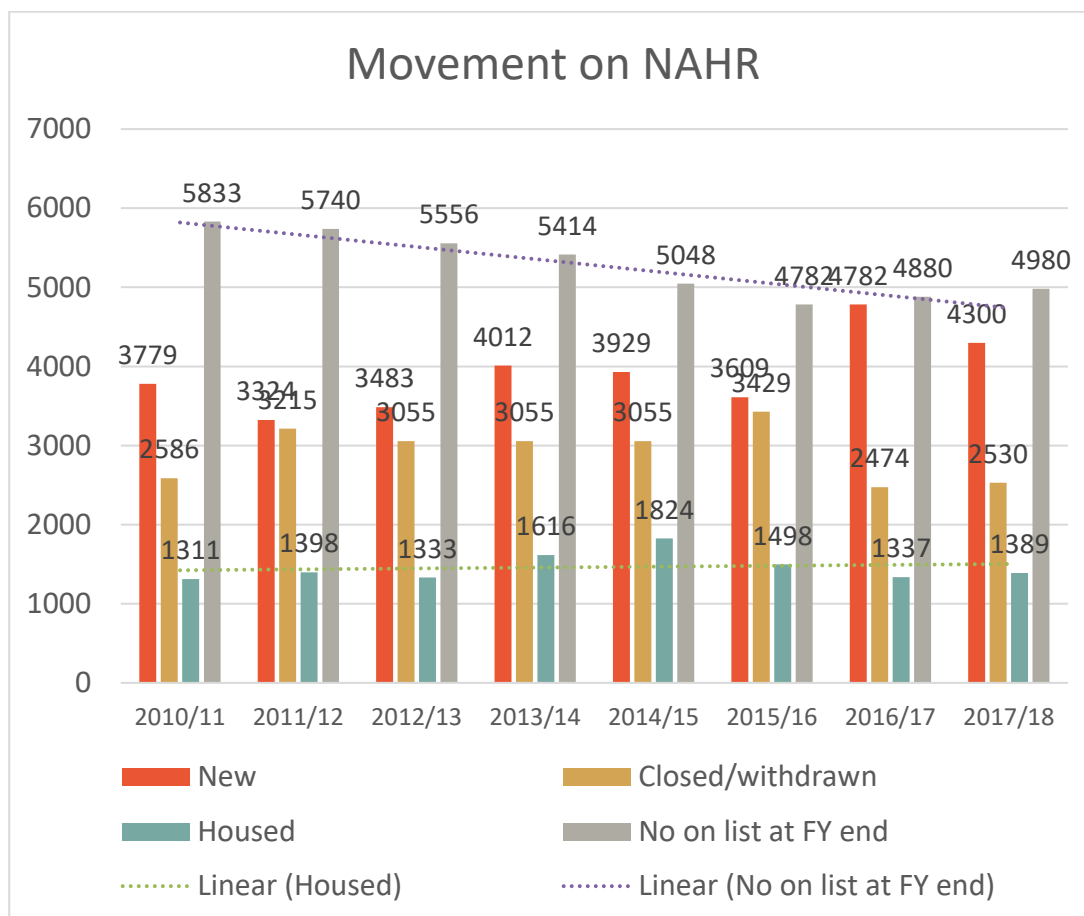


We can see that satisfaction levels remain high, but all have had slight decreases when comparing the 2016/17 results against previous years 2015/16. This may reflect the fact that many of our properties are now of an age where additional investment is required. Since the survey was completed, we appointed a new maintenance contractor which has seen satisfaction with individual repairs improve. A significant amount of investment will be delivered as part of our tenant promises. We plan to conduct another satisfaction survey in 2019/20.

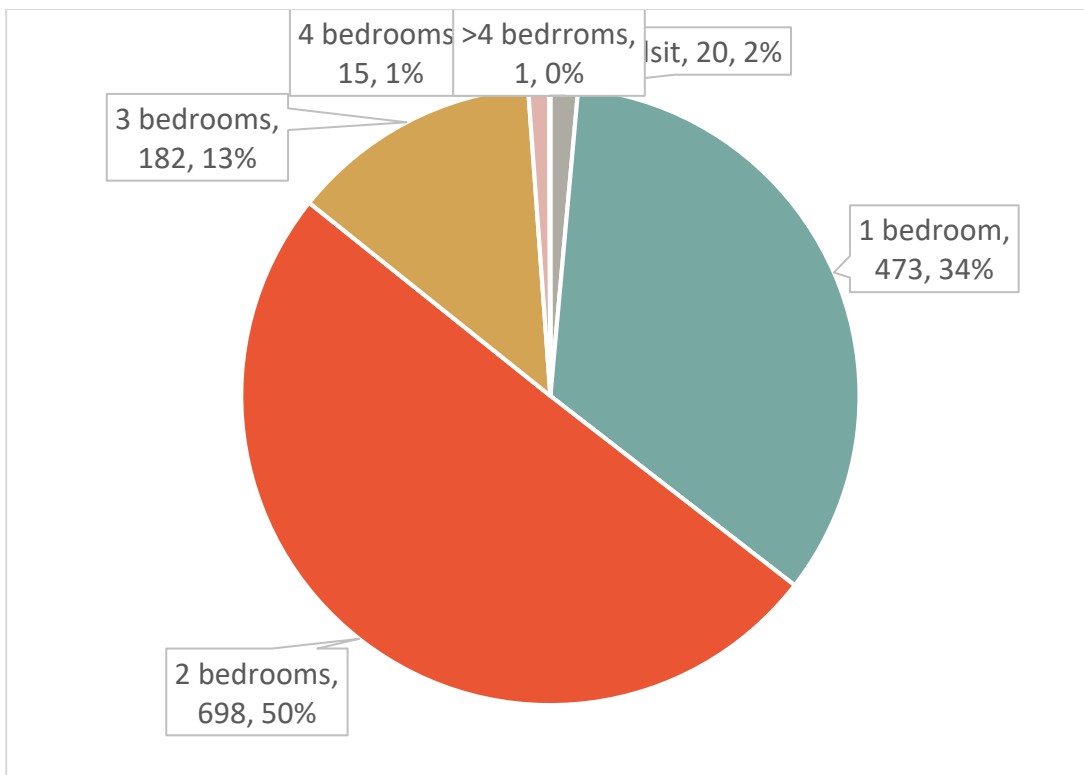
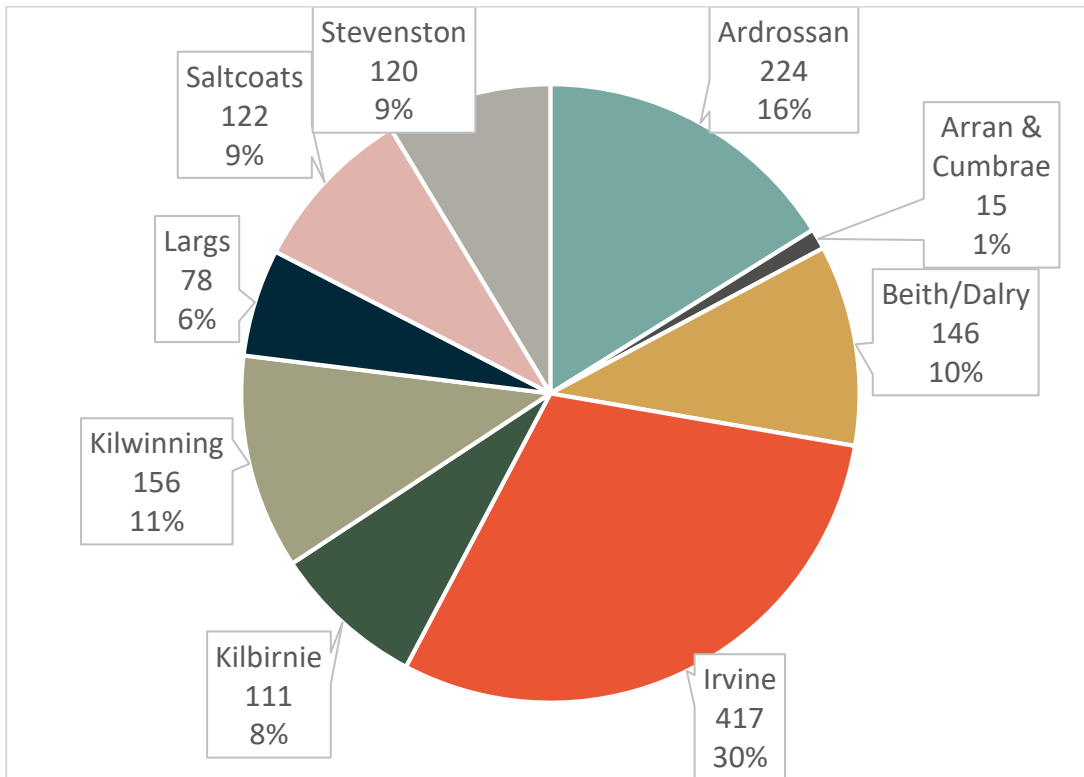
The majority (98%) of ANCHO's stock is in North Ayrshire. ANCHO is a partner landlord in the North Ayrshire Housing Register (NAHR). The NAHR is a common or shared housing register made up of people who are looking for social housing in North Ayrshire. The NAHR partners let their empty houses to these people. By filling in one application form, applicants can be considered for housing by all the

partners. The other NAHR partners are Cunninghame Housing Association, Irvine Housing Association and North Ayrshire Council.

At 31 March 2018, there were approximately 18,000 social rented homes in North Ayrshire (of these the NAHR partners collectively manage 98%). There were 4,980 applicants on the housing register and the NAHR partners let 1,389 in the previous year. Demand consistently outstrips supply as can be seen on the graph below.



The majority of lets from the NAHR partners are in the main towns of North Ayrshire to one-and two-bedroom properties reflecting demand and turnover in the area.



## 6. Asset condition

### 6.1 SHQS and EESSH Requirements

The Scottish Government's Scottish Housing Quality Standard (SHQS) has five criteria that social rented properties must satisfy, plus 55 sub-criteria. It states that our properties must:

- meet the tolerable standard;
- be free from serious disrepair;
- be energy efficient;
- have modern facilities and services; and
- be healthy, safe and secure.

The Scottish Government's Energy Efficiency Standard for Social Housing (EESSH) sets the minimum energy efficiency standard for social housing. It has been developed by the Scottish Government following consultation with social landlords and tenants and is monitored by the Scottish Housing Regulator. Landlords must ensure that all social housing meets this new standard by December 2020.

EESSH replaces Element 35 of SHQS and Social landlords are required to collect robust data on their progress in delivering EESSH; providing the Regulator with annual information on compliance, projected compliance and exemptions applied.

The EESSH standard will increase again after December 2020, with new targets to be met by December 2032 aiming to achieve EPC Band B or as high as '*practically possible within the limits of cost, technology, and necessary consent*' (SG 2019).

### 6.2 How are we Meeting SHQS?

#### 6.2.1 Cairn

From the start of the last Asset Management Strategy in 2015, we have improved our compliance rate from 86.25% to 94.05% as of the 31<sup>st</sup> March 2019. The remaining non-compliant stock are all covered by abeyances or exemptions in line with published guidance.

Exemptions on certain elements related to issues where it was not physically possible to achieve the standard for a particular element or were not economically reasonable to do so.

Abeyances generally cover work that could have been done but where refusals by tenants or involving owner occupiers, prevented this.

We continue to set funds aside in our annual investment budget to enable passes to any current SHQS fails, where opportunity arises. Our reactive repairs teams also take the opportunity to ensure maximum SHQS compliance and our Investment programme helps to maintain levels of compliance.

### 6.2.2 ANCHO

ANCHO's compliance rate as at 31 March 2019 was 93.45%. The remaining non-compliant stock are all covered by abeyances in line with published guidance. Abeyances generally cover work that could have been done but where refusals by tenants or involving owner occupiers, prevented this.

The 44 abeyances for ANCHO relate to door entry installations where owner-occupiers within the affected mixed tenure blocks do not wish to contribute. We have been unable to source any grant funding of financial assistance for owners to date but will continue to seek ways of reducing the number of tenants affected by this.

We continue to set funds aside in our annual investment budget to enable passes to any current SHQS fails, where opportunity arises. Our reactive repairs teams also take the opportunity to ensure maximum SHQS compliance and our Investment programme helps to maintain levels of compliance.

## 6.3 How are we meeting EESSH?

### 6.3.1 Cairn

From the start of the last Asset Management Strategy in 2015, we have improved our compliance rate from 70.90% to 84.44% as of the 31<sup>st</sup> March 2019. We have currently assigned anticipated exemptions to 9.04% of our stock, which we expect will increase by December 2020.

The latest guidance on EESSH allows exemptions to be applied until 2025. We will continue to seek opportunities to increase our compliance rate for December 2020 and then create a detailed plan to eliminate our exemptions by 2025. EESSH2 will follow on January 2021 and our plan to eliminate EESSH exemptions will also take into account the higher standard. EESSH2 will be detailed further in subsequent Asset Management Strategies.

### 6.3.2 ANCHO

ANCHO's compliance rate as at 31 March 2019 was 92.86%. We aim is to be 100% EESSH compliant by end of 2019/20. We have two non-gas properties which will provide a technical challenge, however we will continue to explore methods which may allow us to achieve the required energy performance.

## 6.4 Consideration of a Group Property Standard

Cairn HA initially developed a Cairn Property Standard prior to the formation of the Group, measured in relation to Kitchens, Bathrooms and Heating systems all being within their agreed life cycles. This Key Performance Indicator is monitored quarterly and at 31st March 2019, Cairn's compliance level stood at 59%. Due to projected investment levels, it is estimated that full compliance will not happen until 31st March 2032. Whilst by 31st March 2024, we expect compliance to have dropped to 43.7% compliant as additional existing property components exceed their life cycle, compliance levels will recover following this date as investment levels increase over subsequent years.

Cairn HA and ANCHO currently operate different property standards and life cycles for components. During the course of this Strategy, we will take the opportunity to review these against our strategic objectives, tenants' aspirations and good practice within the sector, along with any legislative changes that may occur, with a view to producing a Group Property Standard.



## 7.Asset performance

The work undertaken in this strategy uses our own data and provides, through measurement and comparative analysis, an evidenced understanding of the performance of our portfolio across designated geographic locations (schemes) and client groups. These have been split into three ‘business streams’ for the purpose of analysis:

- General needs
- Specialty housing, including retirement courts and supported accommodation, and
- Leased properties – typically for multiple occupation.

This current picture of asset performance includes Cairn’s stock only, as we are currently in the process of establishing a baseline asset performance review for ANCHO and anticipate this will be completed by the end of 2019.

We carried out an asset performance review that provides us with an understanding of comparative stock performance based on currently available information, and also serves to identify where data quality requires to be improved.

This approach provides a sound basis from which we can measure its strategic asset performance within and across its portfolio and also over time, so as to:

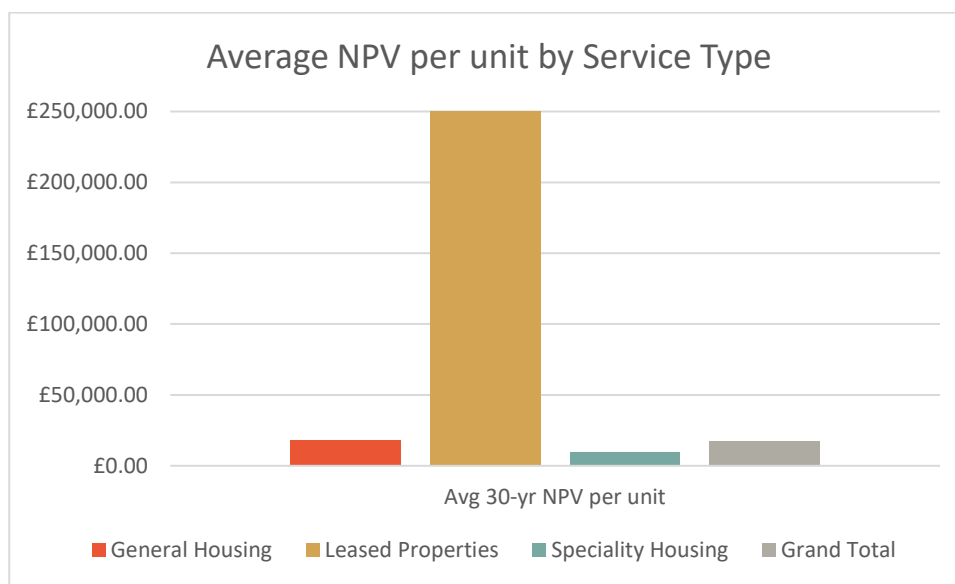
- Inform this Asset Management Strategy;
- Comply with Regulator Strategic Asset Management Guidance; and
- Align with and support Cairn’s overarching 3-year Business Plan.

### 7.1 Cairn

The Asset Performance Review Findings Report (June 2019) provides full details of our methodology and findings, and the approach to under-performing stock is addressed in Section 10 of this Strategy.

#### 7.1.1 Financial Asset Performance

Based on our initial baseline asset performance review, the below table presents a summary of overall financial performance.



Service Type	No. of Schemes	No. of Units	Total 30-yr NPV	Avg 30-yr NPV per unit
General Housing	105	2177	£39,381,501.33	£18,089.80
Leased Properties	17	24	£6,011,188.71	£250,466.20
Speciality Housing	25	982	£9,248,215.40	£9,417.73
<b>Grand Total</b>	<b>147</b>	<b>3183</b>	<b>£54,640,905.45</b>	<b>£17,166.48</b>

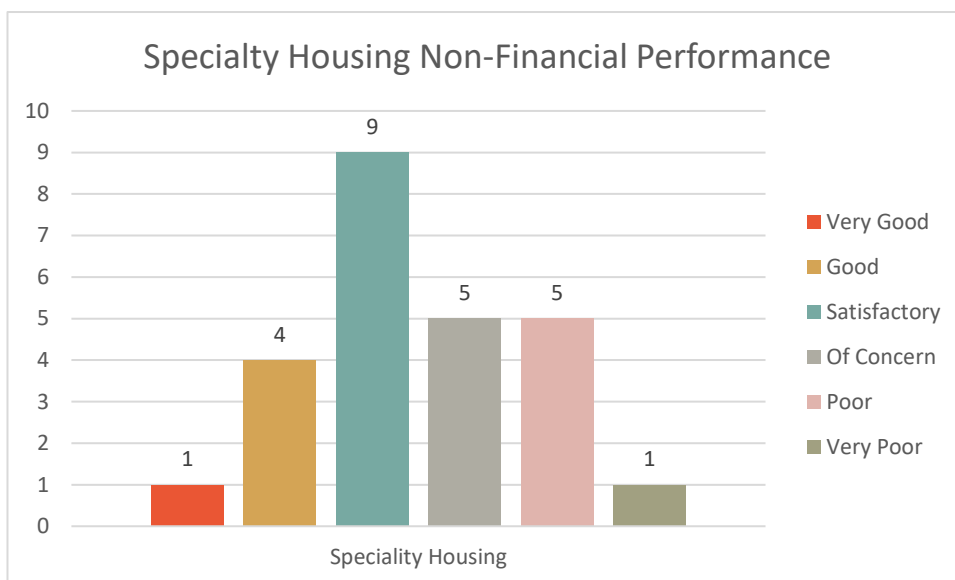
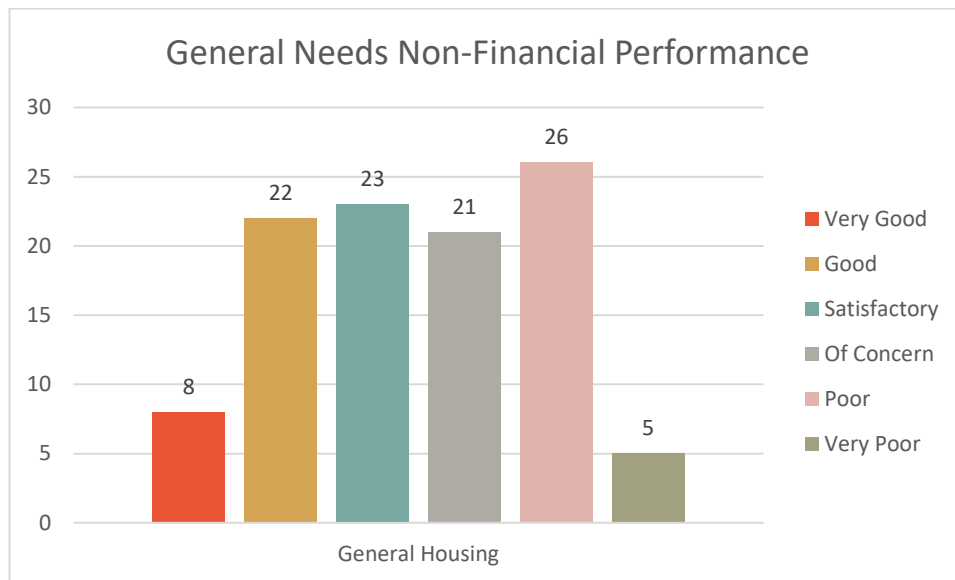
Baseline analysis confirms that our overall financial performance is strong, with a projected notional NPV surplus of £54.6m over 30 years. Speciality housing demonstrates a poorer financial performance compared to both general needs and leased property performance, and this will be the subject of further investigation during the lifetime of this strategy. It should be noted that although most of the leased properties return high NPVs based on the current assumptions, these are likely to under-represent the true investment requirements. At the time of writing, this is the subject of a review of the leased properties and is likely to result in improved (and increased) investment assumptions.

There are significant variations in financial performance between different asset groups and across the main service types. The approach to poorly performing stock is discussed in Section 10 of this Strategy.

### 7.1.2 Non-Financial Asset Performance

The below table presents a summary of overall non-financial performance. Please note that leased buildings are excluded from this analysis.

Business Stream	Very Good	Good	Satisfactory	Of Concern	Poor	Very Poor	Grand Total
General Housing	8	22	23	21	26	5	105
Specialty Housing	1	4	9	5	5	1	25
<b>Grand Total</b>	<b>9</b>	<b>26</b>	<b>32</b>	<b>26</b>	<b>31</b>	<b>6</b>	<b>130</b>



Similar to the financial performance, there are significant variations in non-financial performance between different asset groups and across the two service types (breakdown of schemes and the number of units involved is provided in Section 10).

Some schemes are returning poor performance due to one or two categories and are otherwise performing well, whereas some schemes have more consistently poor performance across several categories. This will be the subject of further investigation during the lifetime of this strategy.

## 7.2 ANCHO

ANCHO is working to establish a baseline Asset Performance Review, currently planned to be carried out in late 2019. This is a key action of the Strategy and will support ANCHO in providing additional understanding of asset performance to support decision-making.

## 8.Digital Asset Management

Effective digital asset management can bring a number of potential benefits to landlords around the way that we work and make decisions. We are actively looking at how we can improve our asset management data and systems to ensure that they are more accessible, joined up, and robust. This includes:

- Making the most of our asset database, PIMSS;
- Making the most of data we already hold, ensuring that it is accurate, reliable and up-to-date, including removal of duplicate / conflicting records;
- Using geographical information systems (GIS) to display, interpret and analyse data; and
- Exploring opportunities for Computer Aided Design (CAD) and Building Information Modelling (BIM) to improve the way we work.

We are currently part of the SFHA working group on Digital Asset Management that is exploring options for a collaborative project with other SFHA members to improve the use of digital information for Scottish RSLs.

## 9. Property Investment

Whilst we have an interest in developing and carrying out factoring and other services to other customers in respect of, for example; shared equity/ shared ownership and mid-market/ full market rentals, this strategy is primarily focused on managing and maintaining value in our affordable rented portfolio.

Following a rationalisation of its ownership portfolio in recent years, there are presently three main types of housing that we have in our ownership and which falls within the ambit of this strategy. These are:

- General needs housing
- Retirement housing (specialist housing)
- ANCHO general needs housing

Our work on our core stock encompasses the most significant part of our day to day operational work and is targeted at ensuring that all stock is well maintained and remains so through its entire life (30-year cost cycle). The day-to-day 'business' of asset management covers a wide range of activities, each of which is discussed below.

A feature of the Strategy will be that each of Cairn's 25 retirement courts will be the subject of evaluation and investment planning, which will include updated needs/demand assessments. Those courts which indicate failing performance will trigger a more detailed review or an options appraisal. Whilst the exact format of these have yet to be finalised, it is envisaged that each review will have its own 'mini' performance plan, enabling coordinated work to be carried out across the whole of Cairn, helping to ensure that the principles of good asset management are realised. It is envisaged that these plans will be reviewed on a 3-yearly basis.

### 9.1 Responsive repairs

Repairs to Group stock are currently undertaken by our multi-trade contractor in the South and for ANCHO stock (Rodgers and Johnston) or our in-house repairs team in the North (HomeWorks). To meet demanding service standards when covering certain parts of the Highlands, we have arrangements with some local contractors, where our stock is remote from our office locations.

Repairs to specialist equipment such as innovative heating systems, communal gas boilers or domestic boilers, are subject to contracts with specialist contractors.

Planned and Responsive maintenance are managed within our Customer Services (Property) teams.

The repairs budgets (including both responsive repairs and void works) are identified for the life of this Strategy as follows:

Cost Category	Organisation	2019/20	2020/21	2021/22
Responsive Repairs & Void Works	Cairn	£2.4m	£2.4m	£2.4m
	ANCHO	£280k	£288k	£297k

## 9.2 Void works

Attendance to voids to ensure improved re-let times has been a major focus in Cairn with a view to achieving recapturing average re-let times of 14 days, which were established in 2016. This has become more challenging, due to market forces, mainly in the North of the country.

Cairn HA's void works in the South are generally undertaken by Rodgers & Johnston and in the North by our HomeWorks team. As a result of reduced availability of suitable contractors in the North, Cairn recently employed additional direct labour to help tackle the growing problem of increasing major works voids. This ongoing problem has still to be resolved as we are seeing an increasing number of voids requiring major works, mainly due to older transferred stock becoming void and where previous tenants have not taken part in improvement programmes.

ANCHO's void works are managed by Rodgers & Johnston, averaging 6 days to turn around.

The budgets for void works are included with responsive repairs above.

## 9.3 Planned maintenance and improvements

Based on 3<sup>rd</sup> party stock surveys and follow up surveys undertaken by in-house teams, we have committed to an agreed level of planned investment over the course of the next 5 years across the Group.

Promises made to ANCHO tenants continue to be monitored to ensure their delivery and Cairn stock improvements continue to focus on ageing components, EESSH compliance and a focus on improving former sheltered housing stock.

Asset Management actions over the last three years have led to the implementation of our asset management database; improvements to our SHQS and EESH compliance; and commitment to a programme of modernisation for the retirement courts.

Whilst work is already underway on the investment programme in year 1 of the current Business Plan, the outcomes of this Asset Management Strategy will continue to highlight any under-performing stock, to allow us the opportunity to determine whether (or not) significant investment levels are appropriate to certain stock over the life of this strategy.

The planned maintenance budgets (encompassing cyclical maintenance as described below) identified for the life of this Strategy are:

Cost Category	Organisation	2019/20	2020/21	2021/22
Planned & Cyclical Maintenance	Cairn	£1.8m	£2.12m	£2.09m
	ANCHO	£2.09m	£1.27m	£1.21m

## 9.4 Cyclical maintenance

A significant part of our maintenance work is of a cyclical nature to help prevent early deterioration of components and to maintain health and safety requirements. The bulk of our cyclical works include cyclical decoration, gas servicing, electrical testing, prevention of legionella and asbestos survey reviews.

A significant number of service contracts are also in place to cover grounds maintenance, lift servicing, stair cleaning, etc. We are actively working to improve the accessibility of this data and how it can be analysed.

The cyclical maintenance budgets are included in the figures above under Planned maintenance and improvements.

## 9.5 Disabled adaptations

Due to the relatively high number of older tenants housed by Cairn, a significant number of our properties have been subject to medical adaptations, to allow people to continue to live independently in their own homes.

Grant funding support from the Scottish Government has been reduced in recent years and this is not expected to improve in the near future. We have previously supplemented this grant funding from our own investment programme, to help provide platform lifts in retirement courts and to replace some previous adaptations that have reached the end of their useful lives; however, it is not possible to continue this approach whilst maintaining our planned investment programme. During Cairn's recent rent consultation exercise, tenants were offered the option of supporting a higher rent increase which would have provided ring-fenced income for additional adaptations. Whilst some support was provided for this approach, the majority of tenants did not support this.



The reductions in grant funding will continue to present a challenge to improving upon delivery timescales, but we will continue to seek ways of bringing adaptations to our tenants.

Funding for disabled adaptations is allocated annually by the Scottish Government and subject to availability. A total of £200,000 has been confirmed for allocation by Cairn HA for general adaptations in 2019/20 in addition to £22,500 for major adaptations. The allocation for ANCHO for 2019/20 is £23,000.

## **9.6 Health and safety**

We have a legal responsibility to ensure that all our tenants live in properties which are healthy, safe and secure. In order to achieve this, we undertake the following as part of our annual cyclical works programme:

- Annual safety checks of all gas appliances, pipe-work and associated fittings at properties we manage;
- A programme of electrical checks on all of our general needs properties, every five years or at change of occupancy and upgrading of installations identified during these checks. Checks are every three years for houses in multiple occupation (HMOs); and
- Conduct regular testing and disinfection of water systems to office premises and high-risk categories of tenure, such as retirement and supported units, to prevent contamination by legionella bacteria, within timescales laid down by Health and Safety Executive and approved codes of practice.

We also undertake regular servicing of the following:

- Testing of portable electrical appliances
- All fire alarms as required by current legislation
- All emergency lighting installations
- All fire-fighting/ detection equipment and signage, replacing any damaged or faulty equipment
- All passenger lift installations
- All existing stair lift installations

## **9.7 Asbestos management**

With approximately 1,100 of Cairn's properties built after 2002, it is expected that the realistic risk of the presence of asbestos containing materials (ACM), being present in our homes, would affect approximately 2,000 properties.

We already have asbestos survey information on the non-domestic areas within our retirement courts (1,000 of the potential properties) and survey

information to a significant number of mainstream properties, which was obtained prior to the start of major investment works.

The Asbestos module within Cairn's PIMSS stock data system holds our current asbestos information, with a view to ensuring that it is updated regularly, held in a consistent format and is accessible to staff and contractors who will be working within our properties.

ANCHO currently record our material sample test results within our in-house asset management database. To date this holds 300 samples from individual properties and common close areas. A further 76 asbestos refurb surveys have also been completed. This register is being continually updated as repairs and planned maintenance works programmes are completed. An updated asbestos register is provided to all contractors on a quarterly basis.

At the time of writing, Cairn and ANCHO have separate Asbestos Management Plans. It is intended to bring these together under a single Asbestos Management Plan once the data recording systems are brought into line.

## **9.8 Fire safety**

We recognise the importance of fire safety and prevention. Fire risk assessments have been 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 in each site. In addition to completing the works identified within the assessments, we are currently preparing to deliver a programme of works to meet the new Fire Detection Standards that come into place in February 2021 from the Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criteria) Order 2019.

## **9.9 Procurement**

Our procurement policy determines the procurement routes to be followed for the provision of supplies, works and services within the Group, as per our financial regulations and European Union rules.

Our current arrangements cover the use of framework agreements being in place for major works and the appointment of consultants. In addition, our repairs services are provided by the employment of a multi-trade contractor, in-house labour along with the traditional route of obtaining quotations or tendering, depending upon values of the work/supplies being procured.

Our approach to procurement and legal compliance continues to be reviewed to ensure that we meet all current and future requirements under the Procurement Reform (Scotland) Act 2014 and respond to any changes introduced following Brexit.

## 9.10 Investment in non-core stock

In addition to the core stock discussed above, we also hold non-core stock, comprised of:

- Cairn's leased properties (buildings and individually leased units)
- Cairn HA garages
- ANCHO garages

Investment in non-core stock would be subject to the options appraisal process on a case-by-case basis to assess the cost-benefit of investment versus other possible options including disposal, redevelopment or alternative locations. Cairn's leased properties are subject to an ongoing review and condition survey programme to better establish future investment requirements and tie these into a review of leasing arrangements.

Cairn HA holds current stock condition information which is used to plan future investment requirements. The Group is currently considering whether the garages should in future be managed by Cairn Living (Cairn Homes and Services), and if this were the case, then they would in future be covered by the respective Asset Management Strategy.

ANCHO has recently completed a programme of refurbishment of their lock-up garages, with cyclical and planned maintenance requirements identified in future years as per the agreed lifecycles.

## 9.11 Delivering Partnership Promises

ANCHO tenants voted overwhelmingly in favour of a new partnership with Cairn, 94.2% of votes were in favour of the partnership on a turnout of 60.8% in June 2018. Following final approvals, the partnership commenced in November 2018.

The partnership promises made to ANCHO tenants included:

- Continued local services from the ANCHO team;
- £4.5m in additional investment in homes and communities;
- An affordable rent guarantee for five years; and
- The potential to develop new affordable homes in North Ayrshire.

The accelerated stock investment programme to ANCHO homes is well underway, with over £1.5 million already invested to improve customers' homes.

In customer satisfaction surveys, 89.5% of tenants have reported that they are fairly satisfied or very satisfied with the service ANCHO provided with planned improvement projects.

Below are the investment commitments made at the time of the partnership:

- 560 homes will receive new kitchens;
- 300 homes will be rewired;
- 200 homes will receive new roofs;
- 160 homes will benefit from external wall insulation;
- 100 homes will receive new windows;
- 90 blocks will receive new secure door entry systems; and
- 70 homes will receive new external doors.

Updates on delivery will be produced annually and provided to tenants and other key stakeholders.

The partnership promises also included £150,000 for environmental improvements and £100,000 for community development projects. We have prioritised integrating services and systems and anticipate that there will be more planning discussions with tenants on these exciting opportunities in the year ahead.

## 10. Addressing under-performing stock

### 10.1 Cairn

The asset performance review identified schemes (which comprise logical geographic asset groupings) in order to compare asset performance. Schemes are considered to be under-performing if:

- An average net present value per unit of less than +£5,000 for General Needs housing and less than +£2,500 for Specialist Housing; and
- An equivalent weak non-financial performance (poor and very poor).

Cairn is the process of refining the APR approach since bringing it in-house for the first time in 2019-20. We will continue to develop the assumptions used and refine the approach to allow the APR process to be carried out for both Cairn and ANCHO. The current findings will be used to inform the starting point for this strategy, and all the results will be subject to internal review during the lifetime of this strategy. Customer consultation may be required at a future date as part of an agreed project plan.

The key findings from this interim APR highlight the following under-performing schemes that will be subject to further investigation:

- A total of 42 general needs schemes, 11 specialty schemes and 2 leased properties were identified as requiring further investigation due to initial findings of poor performance in one or both aspects, broken down as follows;

Poor & Very Poor Performance	General Needs		Specialty Housing		Leased Properties
	No. of Schemes	No. of Units	No. of Schemes	No. of Units	No. of Schemes
Financial	11	213	5	161	2
Non-Financial	23	691	5	165	-
Financial & Non-Financial	8	160	1	33	-
Total	42	1064	11	359	2

The action plan proposes that the under-performing schemes will be a priority for a Member/Officer Asset Management Working Group (AMWG). In addition, the AMWG will also prioritise:

- Properties which cannot be brought up to SHQS or EESSH standard economically; and

- Properties where demand is falling or anticipated to fall, due to demographic changes and/or changing tenant needs or aspirations.

For those schemes which require detailed further investigation, following review by the AMWG, Cairn will initiate an options appraisal, appropriate to the nature and scope of the investigation. For example:

- At a local level, tenants would be consulted about the options for their homes and if appropriate how we would involve and support them through the investigatory process. Customer feedback from any proposals will be duly considered by the CHA Board as part of our Section 54 consultation duties.
- At a strategic level, the CHA Board would lead the process, based on professional advice and recommendations and if appropriate external agencies such as the Regulator and relevant local authority would be consulted.
- Whilst various option appraisal methodologies exist, an example for the AMWG to consider in relation to property is shown at Appendix D.

## 10.2 ANCHO

Any under-performing stock will be identified as part of the APR process with ANCHO that will be completed for the first time in 2019-20.

## 10.3 Assets and liabilities

In addition to improving our knowledge and database of housing stock, there is still a need to gain a better understanding of our other assets and liabilities that may have significant impact upon delivery of this strategy, namely offices, garages, potential developable land, unadopted roads and footpaths, etc.

All of the above might have a significant positive or negative effect on our ability to deliver this strategy and other strategic objectives.

This is an ongoing action to collect relevant data and is supported by the introduction of the GIS system.

## 11. Building new homes

### 11.1 National policy context for new build

The Scottish Government is keen to maximise new build housing across a variety of tenures, to meet housing needs and in particular for those who cannot afford to get on the property ladder.

The increase in development activity by registered social landlords, in recent years, has been partly due to the Scottish Government setting an increased target of 50,000 new affordable homes, to be built between 2016-2021 and partly due to a recovery of financial markets/ accessibility to loan funding. Funding commitments after 2021 are uncertain and we will review our position once more information is available.

### 11.2 New development proposals

Our decision to develop 400 new properties, between 2018-2023 was determined by the CHA Board in October 2016. Our development activity and risks are regularly monitored and reported to the CHA Board, along with updates presented to our Senior Management Team and Asset Management Working Group. Our approach to development is set out in the Group Development Strategy (2018).

## 12. Strategy implementation, monitoring and review

The Asset Management Working Group will implement actions resulting from this strategy. The working group has been established to drive the delivery of these throughout the timescales stated within the strategy action plan.

A minimum of 4 Board members, including representation from both CHA and ANCHO Boards, form the group which is supported and advised by the Head of Customer Services (Property), and Director of Customer Services. The Chief Executive, along with other staff, depending upon the actions or projects being undertaken, will also be involved.

### 12.1 Resourcing the plan

The strategy action plan has highlighted a significant number of actions to be undertaken. The timescales highlighted at this stage are indicative and will be reviewed and agreed with the CHA Board, to take account of a more detailed assessment of what needs to be achieved and staff and other resources available. Where known, indicative costs will be included within the plan for budget consideration.

### 12.2 Strategy action plan

The strategy action plan is in Section 13 with actions cross-referenced against our core asset objectives, which are referred to within the introduction and at Appendix A. However, some of the key actions highlighted are:

- Continue to review stock condition and energy data to refine 3-5 year planned maintenance programme for consultation with tenants;
- Review underperforming assets, indicated as a cause for concern by way of negative or weak NPVs or where demand is low;
- Load and maintain the accuracy of new stock condition and energy information into our new PIMSS property data base; and
- Explore options for integration of ANCHO stock information into PIMSS modules or other suitable format for joint reporting on Group asset information.

### 12.3 Resident consultation and participation

Our Customer Panel has been established since 2013 and has been a key source of advice and information to help us improve services and communication with tenants. It is anticipated that there would be Customer Panel participation, especially when looking to consult with



tenants whose homes may be subject to an options appraisal if highlighted as part of under-performing schemes.

## **12.4 Asset management database**

PIMSS holds Cairn HA stock condition and energy data from the recent surveys carried out across its stock and Cairn will use the database to create future investment programmes, ensure compliance and assist with future strategic decisions concerning asset performance.

We understand the importance of robust, relevant data within the Asset Management Database and will commit to a program of surveys to ensure cloned data will be replaced with real data and to capture any changes to our properties' condition or components. We will carry out an annual rolling survey to at least 10% of our stock and ensure that staff are aware of opportunities to update data whenever they gain access to a property.

The various modules within PIMSS will be reviewed and populated according to our needs and available staff resource. PIMSS has the potential to do more than we need it to, so it is important that we focus on our immediate needs and build upon our wants when time allows.

It is important that certain data within the Asset Management Database can be accessed by the whole organisation. Works are underway to ensure PIMSS access is rolled out across the Group during the lifetime of this strategy.

## **12.5 Asset investment programmes**

Whilst three year's funding had already been identified to deliver the level of investment highlighted within our Business Plan, the introduction of new Fire Detection Standards and ongoing EESSH requirements will take precedence and this may require a reduction in the expected output of certain components. Planned investment budgets are forecast to rise significantly from the end of this strategy period.

## **12.6 Commitment to existing service standards**

We have a commitment to deliver our service standards covering all aspects of the service we provide to tenants. We will review the full service standards and how they align with delivery of asset management activities, identifying any actions arising from this review.

## **12.7 Role of the Board**

The CHA Board, as Group parent, approves and monitors the delivery of this Group Strategy. The ANCHO Board is consulted on the proposed

Strategy. Both Boards will receive annual updates on the delivery of the actions within the Strategy from the Senior Management Team.

Asset Management Strategy updates will be provided at Board meetings and asset management actions will be aided by the involvement of Board members as part of the Asset Management Working Group.

## **12.8 Performance monitoring and value for money**

The monitoring of the strategy will be aided by the continuation of annual surveys of tenants through the provision of service specific surveys in addition to the wider tenant satisfaction survey programme. In addition, this will be supported by an ongoing regime of monthly and quarterly reporting of KPIs relating to planned investment, responsive repairs and customer satisfaction. Our performance is reported via its Clearview system to SMT and the CHA Board.

## **12.8 Benchmarking performance**

In addition to comparisons made using the Regulator's Annual Return on the Charter information, we are members of SHN and HouseMark and regularly review our performance against our peers.

## **12.9 Risk management**

Our strategic risks are monitored and reported upon via our Clearview reporting system. Any risks emerging from the asset management strategy will be incorporated into our risk register.

## **12.10 Future of the Asset Management Strategy**

Whilst there will be a three-year review of this Strategy, tied into the Business Planning cycle, there will be an interim review of asset performance, where updated financial and non-financial information may lead to alterations to the strategy action plan. These timescales could also change to align with any changes to the Group Business Planning cycle. Any such changes will be agreed by the AMWG and reported to the Boards accordingly.

Actions taken as a result of the Strategy will also feedback to the business planning process to inform future strategic objectives, reflecting changing needs and demands from our stock and tenants.

## 13. Action plan

Core Asset Objective 1: Ensure homes are improved and maintained to a high-quality standard, meet customer aspirations and are compliant with relevant legislation				
Action	Resource requirements	Target dates	Lead officer	Outputs
Deliver targeted investment of at least £10.6M in planned improvements to our homes across Scotland	Property staff No additional resource required	£3.9m 2019/20 £3.4m 2020/21 £3.3m 2021/22	Head of Customer Services (Property)	Agreed annual targets of component replacements/ legislative compliance
Act to address under-performing properties in relation to EESSH 2020 non-compliance and provide progress information towards compliance	Property staff Costs to meet EESSH to come from planned maintenance budget	December 2020	Investment Programme Manager	List of current and future failures against EESSH 2020 standard, with details of corrective actions and annual progress updates to SHR. Create a detailed plan by December 2020 to eliminate all EESSH exemptions by 2025
Deliver a responsive maintenance programme of at least £8M to maintain our homes to a high standard	Property staff Costs budgeted for	£2.7m spend each financial year	Head of Customer Services (Property)	High satisfaction rates from tenants. Repairs targets and service standards being met
Review performance on delivery of medical adaptations to improve upon current timescales	Property staff. Small sums to be made available for front funding	December 2019	Development Project Manager	Improvement in delivery timescales from baseline information established at April 2019

**Core Asset Objective 1: Ensure homes are improved and maintained to a high-quality standard, meet customer aspirations and are compliant with relevant legislation**

Action	Resource requirements	Target dates	Lead officer	Outputs
Review Property Standards for Cairn and ANCHO with a view to creating a Group Property Standard and aligning targets	Property staff	March 2020	Head of Customer Services (Property)	Agreed Group Property Standard(s)
Review ANCHO Asbestos Management Plan and consider incorporating into a single Group Asbestos Management Plan	Cairn & ANCHHO Property staff	March 2020	Head of Customer Services (Property)	Agreed Group Asbestos Management Plan

**Core Asset Objective 2: Ensure future investment decisions are based upon robust reviews or option appraisals of under-performing stock**

Action	Resource requirements	Target date	Lead officer	Outputs
Undertake Asset Performance Review for ANCHO – aligned with Cairn APR process	ANCHO staff, Property staff, Finance	December 2019	Strategic Assets Project Manager	Baseline ANCHO Asset Performance Review Identification of under-performing stock
Consider Asset Performance Review information and need for option appraisals on under-performing stock	Ongoing monitoring by property staff and involvement of others as necessary	December 2019	Strategic Assets Project Manager	Presentation of reports to Asset Management Working Group/ SMT/ Boards, recommending appropriate courses of action for projects

**Core Asset Objective 2: Ensure future investment decisions are based upon robust reviews or option appraisals of under-performing stock**

Action	Resource requirements	Target date	Lead officer	Outputs
Continue to review stock data and costs in PIMSS to plot 3-5 & 30-year financial investment plans	Property and finance staff	Annually	Investment Programme Manager	More accurate Cairn costs for component replacement than estimates previously provided by surveyors
Produce investment plans for all retirement schemes	Property, tenancy services, finance and Comms & Eng staff Cost to be confirmed	March 2021	Strategic Assets Project Manager	Outline proposals for each retirement court
As part of the option appraisal process, gather more detailed estate-related information along with a greater awareness of housing and services being provided by others in a local context	Property staff	Ongoing throughout life of Strategy	Strategic Assets Project Manager	Production of local context report on a case-by-case basis

**Core Asset Objective 3: Ensure effective customer involvement in the development and monitoring of improvement programmes**

Action	Resource requirements	Target date	Lead officer	Outputs
Maintain customer satisfaction with the quality of our existing homes to at least 90%	Customer services/ Comms and Eng staff and Customer Panel input	Aligned with Customer Satisfaction Programme	Head of Customer Services (Property)	90% + satisfaction from surveys completed for Annual Return on the Charter (last completed in 2018)

**Core Asset Objective 3: Ensure effective customer involvement in the development and monitoring of improvement programmes**

Action	Resource requirements	Target date	Lead officer	Outputs
Review performance against Service Standards of property services team and recommend alterations as appropriate	Property and Tenancy Services staff/ Customer Panel	March 2020	Head of Customer Services (Property)	Service standards and Customer Satisfaction targets being met. Revisions to processes and procedures
Review the role that the assets may play in issues arising from customer feedback to ensure that any issues can be addressed	Property, Customer services / Comms and Eng staff	Ongoing throughout life of Strategy	Head of Customer Services (Property)	Issue-specific solutions / feedback – this could include direct communication to tenants to share investment plans

**Core Asset Objective 4: Continue to develop our digital infrastructure to provide accurate stock information**

Action	Resource requirements	Target date	Lead officer	Outputs
A Geographic Information System (GIS) to be introduced with stock and grounds maintenance data spatially captured and initial training provided to key users	Property Staff	January 2020	Investment Programme Manager	Property and CXM staff using GIS to answer a broad range of enquiries. Bills of Quantities produced for grounds maintenance, to enable more accurate tendering in the future
Undertake stock condition surveys to 30% of stock, to maintain and improve information held in PIMSS	Property staff	10% Annually	Planned Investment Co-ordinator	Cloned information to be replaced by real survey information

Core Asset Objective 4: Continue to develop our digital infrastructure to provide accurate stock information				
Action	Resource requirements	Target date	Lead officer	Outputs
Continue to populate PIMSS stock modules as appropriate to our needs	Property staff time; IT and Bus Imp staff	Ongoing throughout life of Strategy	Investment Programme Manager	Modules that contains accurate descriptions of property attributes, components and costs for replacement of components, along with information to determine legislative compliance.
Establish requirements for migration of ANCHO asset management database into PIMSS and data collection required to fill any data gaps	Property staff time; IT and Bus Imp staff	March 2020	Investment Programme Manager	Modules that contains accurate descriptions of property attributes, components and costs for replacement of components, along with information to determine legislative compliance.
Implement processes and align IT systems to ensure that works undertaken to components are captured and update stock data held in PIMSS.	Property staff time; IT and Bus Imp staff	March 2020	Investment Programme Manager	Processes established to ensure that work undertaken to replace components, either planned or responsive, is automatically recorded via links to the data held in PIMSS.

Core Asset Objective 4: Continue to develop our digital infrastructure to provide accurate stock information				
Action	Resource requirements	Target date	Lead officer	Outputs
Improve the accessibility and quality of the data held on cyclical maintenance and tie-in with service charging approach	Property staff, Finance staff, Bus Imp staff Possible external support required from PIMSS	March 2020	Investment Programme Manager	Contracts held in PIMSS Compliance module for each regime. Ability to produce a cost report from PIMSS

Core Asset Objective 5: Ensure our property portfolio is suitable for its current use and supports efficient and effective service delivery both now and in the future.				
Action	Resource requirements	Target date	Lead officer	Outputs
Continue to meet quarterly with the Asset Mgt Working Group to drive delivery of AMS actions which are focused on detailed property reviews	Board members and relevant Cairn Group staff	Ongoing throughout life of strategy	Head of Customer Services (Property)	Updates from AMWG to Boards as necessary
Continue to gather/review internal data required to produce asset performance updates for future AMS review	Property/ Tenancy/IT/Bus Imp/ Finance/ Comms and Eng staff time	November 2021	Strategic Assets Project Manager	Asset performance information to determine Net Present Value/ under-performing stock and need for actions
Gather detailed information on offices, garages, potential land for development, unadopted roads and footpaths, to further enhance our assets and liabilities database	Property and tenancy staff, legal, surveying and architectural input	March 2020	Head of Customer Services (Property)	Clearer understanding of potential cost incurring or saving opportunities in relation to non-housing assets



**Core Asset Objective 5: Ensure our property portfolio is suitable for its current use and supports efficient and effective service delivery both now and in the future.**

Action	Resource requirements	Target date	Lead officer	Outputs
Complete review of all external leases, identifying investment requirements and terms of lease	Customer services staff	March 2020	Head of Customer Services (Property)	Updated leases for all properties with clearly defined investment requirements and responsibilities

**Core Asset Objective 6: Demonstrate value for money in the delivery of the capital improvement programme**

Action	Resource requirements	Target date	Lead officer	Outputs
Review management of property related contracts to maximise value for money	Property Services staff and possible QS involvement Costs £3,000	March 2020	Planned Investment Co-ordinator	Evaluation report on management of contracts with appropriate recommendations

# Appendix A

## Core Asset Objectives

The aim of this Asset Management Strategy is to describe the key issues impacting on the delivery of these objectives and the measures to be taken in their delivery, as referred to in the action plan.

**Objective 1:** Ensure homes are improved and maintained to a high-quality standard, meet customer aspirations and compliant with relevant legislation.

- Maintain SHQS;
- Achieve EESSH standard for 2020, excluding confirmed exemptions;
- Identify under-performing assets and take appropriate action;
- Regular review of customer satisfaction against customer satisfaction standard and advice obtained via Customer Panel; and
- Service standards maintained.

**Objective 2:** Ensure future investment decisions are based on robust option appraisals.

- Identify asset groups requiring detailed scrutiny or option appraisals to be used to develop a five-year investment model;
- Carry out an annual review of investment decisions; and
- Seek out input from tenant-facing staff and tenants.

**Objective 3:** Ensure effective customer involvement in the development and monitoring of improvement programmes.

- Regularly publish works to be undertaken;
- Regularly publish works undertaken and invite feedback/assess performance; and
- Utilise Customer Panel in reviewing future investment programme.

**Objective 4:** Continue to develop the computer infrastructure to provide accurate stock information and performance.

- Load and maintain updated stock/ energy data into new PIMSS software;
- Carry out an annual asset performance evaluation via use of an independent assessment tool or via PIMSS Viability Module; and
- Ensure links are made between other in-house systems to make data available throughout Cairn (CRM, OpenHousing, etc).

**Objective 5:** Ensure our property portfolio is suitable for its current use and supports efficient and effective service delivery both now and in the future.

- Carry out in-depth reviews/ option appraisals on under-performing stock;
- Annually review staff and tenant satisfaction information; and
- Carry out annual asset performance evaluation and benchmark results over time against:
  - **A (good):** Performing well and operating efficiently. The buildings support the delivery of service and are considered suitable for use now and in the future.
  - **B (satisfactory):** Performing well but with minor issues. The buildings generally support the delivery of services and would be considered suitable. There is room for improvement in certain areas, but the property is fundamentally satisfactory.
  - **C (unsatisfactory):** Showing major problems and/or not operating satisfactorily. The buildings impede the delivery of services and would not be considered suitable.

**Objective 6:** Demonstrate value for money in the delivery of the capital improvement programme.

- Regularly carry out effective cost and quality benchmarking; and
- Actively use framework agreements to ensure consistency of supply across our geographical spread.

## Appendix B

### Stock by Local Authority

Cairn HA General Needs & Specialist Housing Stock by Local Authority  
(For leased properties, see Appendix C)

	General			Sheltered			Medium Dependency			Ambulant Disabled		
	SC Unit	NSC Unit	NSC Beds	SC Unit	NSC Unit	NSC Beds	SC Unit	NSC Unit	NSC Beds	SC Unit	NSC Unit	NSC Beds
Aberdeenshire	1						36					
Angus	62						35					
Argyll & Bute				24								
City of Dundee	8			34							2	2
City of Edinburgh	48			15	6	6				79		
Clackmannanshire	5											
Dumfries & Galloway				29								
East Dunbartonshire	16											
East Lothian												
Falkirk	11			44								
Fife	22			113						40		
Glasgow City	49											
Highland	1342	2	2							194		
Moray	13											
North Lanarkshire	323									3		
Perth & Kinross	20			104								
Renfrewshire				38								
Scottish Borders	1			65						45		
South Lanarkshire	187	6	6	95						4		
Stirling	8			37								
West Dunbartonshire	15									2		
West Lothian	24			36								

## ANCHO Stock by Local Authority

	General			Sheltered			Medium Dependency			Ambulant Disabled		
	SC Unit	NSC Unit	NSC Beds	SC Unit	NSC Unit	NSC Beds	SC Unit	NSC Unit	NSC Beds	SC Unit	NSC Unit	NSC Beds
East Ayrshire	3											
East Dunbartonshire	1											
East Renfrewshire	1											
Glasgow City	2											
North Ayrshire	657											
North Lanarkshire	1											
Renfrewshire	1											
South Ayrshire	6											

## Appendix C

### Non-Core Stock: Leased Properties

Lease Address - Building	Lease Organisation
Blairoak, 105 Kelttyhill Road, Fife	Fife Council
Prestonpans	East Lothian Women's Aid
4 Shandon Road, Edinburgh, EH11 1QG	Autism Initiative
34 Hartington Place Edinburgh, EH10 4RE	Carr Gomm
4 Smith Place Edinburgh, EH6 8NT	Penumbra Ltd
1 West Pilton View, Edinburgh	City of Edinburgh Council
Units 10 - 13, 14 Kaimes Court, Edinburgh, EH12 6DA	Carr Gomm
Kirkintilloch	Dunbartonshire Women's Aid
Bishopbriggs, Glasgow	East Dunbartonshire Women's Aid
Kilmarnock	East Ayrshire Women's Aid
Drumchapel Glasgow	Drumchapel Women's Aid
64a Leven Road Coatbridge (former Cairn office)	Drumpellier Christian Fellowship
4 Chapel Grove Kirkcaldy Fife	Fife Council
Motherwell	Motherwell Women's Aid
Inverness	Inverness Women's Aid
Dingwall	Ross Shire Women's Aid
Stornoway	Western Isles Women's Aid

Lease Address - Unit	Lease Organisation
2 Stuart Court Edinburgh	Autism Initiative
3 Stuart Court Edinburgh	Autism Initiative
110 Bruce Gardens Inverness	Highland Council
112 Bruce Gardens Inverness	Highland Council
56 Wyvis Place Inverness	Highland Council
14 Jamaica Place, Jamaica St Inverness	Highland Council
13 Jamaica Place, Jamaica St, Inverness	Highland Council
46 Cauldeen Road Inverness	Highland Council
39 Craigellachie Crescent, Aviemore PH22 1PA	Highland Council
6b Market Street Ullapool	Highland Council
44 Craigellachie Crescent Aviemore	Covass
12 Munro Place Aviemore	Covass
16 Morlich Ct, Aviemore	Covass
57D Lochalsh Road Inverness	Salvation Army
39 Cairn Court, Kinmylies Inverness	Salvation Army

## Appendix D

### Property option appraisal process

#### 1. What is an option appraisal?

It is a decision-making tool for use in defining objectives, identifying the different ways in which they can be achieved and examining all the important factors before taking a decision on implementing a project. An effective option appraisal will help answer three questions:

- Have we taken into account all relevant factors in deciding what the project should be?
- Should we go ahead with the project?
- What is the best way to carry out the project?

Option appraisal involves a set of principles that should be used to help decisions to be made. All appraisals will follow the same broad approach, the principles of which are:

- being clear about what we are hoping to achieve – our objectives;
- considering the different ways in which they could be achieved – the options;
- assessing the costs and benefits of the different options;
- identifying all the pros and cons of the options and quantifying them and valuing them wherever possible;
- considering any risks and sensitivities;
- considering the most appropriate and best value use of resources, not just focussing on the lowest initial costs.

The level of detail needs to be adapted for each appraisal to fit the scale and nature of each project to be considered. The level of detail needed to consider a small project will be significantly less than for a larger project.

#### 2. Reasons for implementing option appraisals

The Asset Management Strategy Action Plan has prompted us to consider detailed scheme reviews or option appraisals to a series of properties, which have been deemed as under-performing following our Asset Performance Review. The main cause for concern is that we will continue to invest in properties which are:

- No longer fit for purpose;
- Unlikely to achieve EESSH/SHQS compliance cost effectively;
- Requiring a disproportionate level of financial investment compared to projected income;
- Subject to falling demand and rising voids; and/or

- Requiring a disproportionate input of staff resource and consequent costs compared to projected income.

### 3. Asset Management Strategy

The Asset Management Strategy (2019-2020) action plan indicates that at least ten sets of properties are to be appraised over the life of the plan and whilst the strategy is the contextual background for this process, there is a need to articulate the key information to be compiled to inform the option appraisal in each case.

### 4. Key data considerations for property option appraisals

#### 4.1 Background:

- Age
- Location – proximity to facilities, etc
- Number of units
- Client group
- Rent profile
- Demand (waiting list/referrals) and previous three years void levels
- Current/proposed provision of similar product or services in area by other providers (local authorities, housing associations, private sector)
- Regulatory status – SHR/OSCR etc. as appropriate

#### 4.2 Financial Profile:

- Income and expenditure summary account and projection for next 3 – 5 years
- Last three years responsive and planned maintenance costs
- Projected planned maintenance spend for next five years
- Sensitivity to potential rent increase
- HAG clawback requirements and/or reconfiguration funding
- Revenue funding streams – supporting people/other – threats/opportunities
- Investment requirement for EESSH and ongoing SHQS compliance

#### 4.3 Key questions/conclusions:

- Can the physical fabric be maintained or altered in a financially sustainable fashion?
- Can the property meet EESSH/SHQS compliance cost effectively?
- Does the property adequately meet the needs of residents both now and in future, in a financially sustainable way?



- Are there alternative models of service provision and/or alternative client groups that would validate investigation and/or retention of, the property?
- Is either or both of the above, consistent with the Strategic Housing Investment Plan for the area?
- Is there an alternative use for the property that would attract planning permission and interest from appropriate parties?
- Are there costs/issues associated with decanting or rehousing?

#### 4.4 Recommendations:

- Retain and invest
- Retain and reconfigure for new use or client group
- Disposal for lease to other party
- Disposal for sale to other party
- Demolish and rebuild on site
- Demolish and sale of land

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