



Delivering on our promises

**Asset Management Strategy
2022 - 2025**

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1.0 EXECUTIVE SUMMARY

- 1.1 Croydon Churches Housing Association (ccha) is a Registered Provider (RP), which was formed in 1967 as a response to a chronic housing shortage in the London Borough of Croydon. We currently have in ownership 1528 homes in Croydon, Sutton, Bromley and Merton. A stock breakdown is provided in Table 1 below.

Table 1: CCHA stock breakdown

	Number of Homes	Percentage
General Needs	900	59%
Leasehold	107	7%
Shared Ownership – General Needs	35	2%
Shared Ownership – Older Persons	11	1%
Older Persons	317	21%
Supported	158	10%
Total	1,528	100%

- 1.2 This asset management strategy (AMS) has been drawn up to complement our business plan ccha2025 and development strategy by setting out the stock investment priorities for the physical care and improvement of our housing stock. It is intended to assist us meet our vision and some of our strategic objectives.
- 1.3 Our strategic asset management aims are underpinned by the principles of establishing a golden thread of asset data and excellent customer insight. This ensures we understand the long-term financial value and required investment to meet new building safety, fire safety, energy efficiency regulations, new consumer standards and changing expectations of our residents.
- 1.4 The AMS considers not just the physical condition of the properties but recognises that at times decisions must be made around continuing to invest in, or dispose of, particular properties and reconfigure them to meet new business needs. The AMS is contributing to the delivery of our Business Plan, ccha2025 (see below) and all five main corporate objectives. With this strategy, we're building on a strong record of delivering high quality property and asset management services.

Resident Standards – We will have a service which is shaped by our residents for our residents

Staff and partner engagement – We will be an employer and partner of choice

Safety and security responsibility – We will have an exemplary record for safety

More affordable homes pledge – We will be resourceful and innovative to deliver an increased programme of genuinely affordable quality homes

Value for money offer – We will deliver a high-quality service with no increase in costs

2.0 OPERATING AND RISK ENVIRONMENT

2.1 Like all other Registered Providers we must comply with the Regulator of Social Housing's (RSH) Regulatory Framework. It sets out the standards required by registered Providers (RPs) regarding the maintenance requirements for residents' homes, and these are set out within the Consumer Standards. The key standards taken into account in this strategy are summarised below and match our strategic objectives:

- Continuing to meet the decent homes standard.
- Meeting the required design standards for new build homes.
- Providing a cost-effective repairs and maintenance service.
- Ensuring there is a proper approach to planned maintenance that provides value for money.
- Providing an adaptations service that meets residents' needs.
- Residents have opportunities to be involved in and have influence over the management of the repairs and maintenance service.

2.2 The six strategic risks associated with asset management activities which are a medium or high priority are:

- **#2** Repairs and maintenance (8/10)
- **#9** Customer engagement/satisfaction (7/10)
- **#1** Asset Management (6/10)
- **#101** Contractor Failure (6/10)
- **#76** Statutory compliance (5/10)
- **#11** Neighbourhood management (5/10)

3.0 AIMS OF THE STRATEGY

3.1 This AMS has a number of strategic aims. They are to:

- provide an efficient and effective repairs service which meets the needs of residents and provides good value for money;
- ensure the stock continues to comply as a minimum with relevant regulatory and legal requirements relating to landlord health and safety and statutory compliancy, currently including Electrical, Water, Asbestos, Fire, Lifts, Gas, Decent Home Standards (DHS), The Housing Health and Safety Rating System (HHSRS) and The Net Zero Carbon (NZC) agenda.
- manage assets to ensure they make a positive contribution strategically and financially without compromising commitment to provide genuinely affordable homes;
- maximise the use of existing and new stock including use of options appraisals and recommendations for stock which is not performing – these may include change of use, re-configuration, re-development or disposal;
- provide good quality affordable homes to people in housing need and those requiring care and support;
- involve customers in stock investment decisions, for example capital improvement projects;
- ensure that business and financial planning that underpins asset management is appropriate, realistic and achieves value for money.

4.0 MEETING THE AIMS OF THE STRATEGY

4.1 Ongoing performance monitoring of repairs and maintenance contracts

Under the current 5+5-year Integrated Asset Management contract with Axis we are continuing to drive efficiencies throughout the service and are working to ensure the commitments from the contractor that were agreed through the procurement phase are delivered. These include:

- Monitoring and adapting the PPP model to ensure it is as inclusive as possible, ensuring that costs of responsive repairs are more predictable and the number of reactive repairs reduce.
- Continual re-profiling of the service, with a more proactive approach to reduce expensive repairs by more being dealt with through planned programmes.
- Ensuring the handyman function delivers against the original objectives. The importance of social value (SV) has been emphasised throughout the life of the contract.
- Completing an annual performance and financial review ensuring that any increases are subject to an open-book evaluation.

- Provide multi-channel access for residents reporting repairs including via email, phone and through the ccha residents, working with the contractor to increase this access to incorporate further improvements for residents booking appointments.
- Continue the co-location of ccha staff and Axis back-office team to ensure transparency of service and improved levels of communication.
- Continue to monitor delivery of the Integrated Asset Management contracts via the Key Performance Indicators (KPIs) workbook, escalating any concerns to the Audit and Risk Committee.
- An integrated approach to delivering services to vulnerable residents has been developed and will continue. These include special projects and complex cases. This will result in improvements on the time and process for delivering Aids and Adaptations through developing close working relationships with the relevant local authorities and Occupational Therapists.
- Gather, share and utilise information on assets and residents, highlighting opportunities for efficiencies and longer-term savings. Work closely with the contractors analysing trends on repairs data, to help increase further efficiencies.

4.2 **Health and safety compliance**

We'll continue to ensure a culture of safety throughout the organisation, ensuring that all statutory, regulatory and policy requirements are complied with. As a landlord and employer we have a duty of care to ensure that all employees and residents are safe in the environments provided, whether that is their place of work or their home, and also in meeting the requirements of the RSH Home Standard.

In order to ensure that we have identified all risk areas associated with landlord H&S, and statutory compliancy a health and safety action plan was developed and is currently being reviewed. This will also continue to be discussed at quarterly H&S committee meetings and the documents developed to encompass all areas of H&S risk. We will commit to delivering all recommended improvements to the current plan following on from the review.

Compliance on Asbestos, Fire Safety, Gas Safety, LOLER, Electrical safety and Water safety will continue to be reported to Board quarterly as Special Performance Indicators (SPIs), with any non-compliance issues with Health and Safety raised to Board via the Chief Executive's update outside of the quarters.

Our new compliance dashboard provides real time data around levels of H&S compliance and reduces reliance on individual reports being completed. Within the dashboard, information around all areas of landlords H&S compliance is captured. We will ensure that the reports are fit for purpose and provide the LT

with the most up to date information in all aspects of Landlord Health and Safety compliance at any time.

4.3 **Ensure complete and accurate asset data**

We achieved the Government's Decent Homes target in December 2010. The challenge moving forward is to ensure that all homes remain decent and that future stock investment plans are robust and supported by up-to-date information provided by our asset management software, E-State Pro. To maintain robust projections for future planning we will ensure that Stock Condition Surveys (SCS) are undertaken on an annual rolling programme ensuring that stock is surveyed on a 5 yearly basis, resourced using in house technical staff and consultants. SCS data is captured electronically on site by the surveyors, with the data then updated within E-State Pro. Performance on number of surveys is reported to Board quarterly as a Special Performance Indicator (SPI).

Our stock condition surveys will report against the most up to date standards at all times to ensure that our properties are maintained to a high standard and compliant with the latest standards.

We also have access to the Asprey Power BI web portal which allows for a more detailed and granular analysis of data to help identify patterns and trends. This has allowed for greater visibility of data to both the LT and wider teams.

4.4 **Maintain and improve the existing active asset management model (AAMM)**

- We have in place an AAMM, which follows a methodology agreed by Board, and is used to regularly assess the performance of each unit of stock. The objectives of this model are to:
- Categorise and segment assets based upon their value to us by converting complex asset and financial data into value information.
- Provide a methodology for categorisation and an initial baseline and provide tools for improving underlying forecasting.
- Produce an analysis of the asset register that will allow decisions to be made about how we should work each asset to deliver maximum VFM.

The model uses 30-Year Net Present Value (NPV) calculations to provide a financial assessment of each property's free cash flow, so the higher the number the more the property contributes to the organisation financially.

There is also a Strategic Value (SV) figure, which is a composite score of the following items, and is scored from 0 (least important) to 1 (most important):

- Design Characteristics (archetype)
- Physical Performance (SAP)
- Location (distance, density)

- Housing Management (re-let time)

The strategic value scores have not been formally reviewed by the Board for some years so the aim will be to facilitate these discussions at the next strategy day. These values can then be applied to the current AAMM when it is presented to the Board later in the year.

An updated report will be brought to Board annually which sets out the performance of our stock and provides options appraisals and recommendations for stock which is not performing – these may include change of use, re-configuration, re-development, or disposal. This valuable information drives decisions around the best use of all stock.

In all cases prior to asset sale, Board approval will be obtained. We will assess and dispose of property in a manner that we believe will be most beneficial to ccha financially, whilst also taking into consideration the community need.

The purpose of the NPV model is not simply to identify properties for disposal or change simply based on their NPV performance, but rather to help us understand why NPV is low for those properties and come up with a range of different options (e.g. reducing costs or increasing income) for improving this.

- Actions to further develop and refine the effectiveness of the AAMM, especially around increasing the validity, consistency, timeliness and accuracy of the financial data it uses, are reviewed annually. All teams feed into this, so that we can accurately capture housing management costs, in addition to planned and reactive maintenance cost assumptions.

4.5 **Deliver energy efficiency works**

We continue to work on the governments Net Zero Carbon agenda with the aim to meet the carbon reduction targets required ensuring the ambition to improve the EPC ratings within the ccha stock.

Our focus is to ensure that all energy performance data of our stock is as current and comprehensive as possible, and that this data is used to target areas of works that will increase the energy performance of the housing stock, reduce carbon emissions, and alleviate fuel poverty amongst our residents. In this regard we will ensure that EPC surveys are completed on all empty properties prior to relet. Where a property shows an EPC rating of 'C' (69) or below, we will address this to bring up a 'C' rating as soon as practicable. In the majority of cases this can be achieved initially using a 'fabric first' approach (increased levels of insulation).

During the lifespan of this strategy we will continue to monitor and learn from partners about the most cost effective and efficient way to increase the energy performance of our homes. We analyse the data that comes from the EPC certification process to target areas where the maximum gains can be made in the most effective way, largely using the 'fabric first' approach (non-mechanical improvements). We have targets in place to monitor and improve EPC rating

starting from 2022, with 76% of our homes achieving EPC level C by the end of the 2022/2023 financial year.

We have ensured that the financial budgets reflect the increasing costs to achieve these energy performance requirements:

- We will look to seek the maximum levels of external funding available. This will be done through partnerships with our key contractors and will be targeted for specific projects such as cavity wall insulation.
- By 2025 we will ensure that financial data in terms of reaching Net Zero Carbon will be transferred to our Active Asset Management (BI) model to ensure that we can be confident that the long-term financial impact (NPV) can be fully understood.
- For 2022 we have changed the 'special performance indicators' (SPI's) to include our percentage of homes which have an EPC of band C and above, ensuring that all properties reach 100% by 2030.

5.0 CUSTOMER INVOLVEMENT AND DIVERSITY

5.1 We aim to meet the needs and aspirations of residents by:

- maximising personal choice to customers in the investment decisions relating to their homes within the overall constraints of our standards and costs (for example, through involvement in scoping the requirements within the new Decent Homes standards and energy efficiency measures, specifically heating systems etc);
- obtaining and utilising regular feedback from residents through the Residents' Scrutiny Panel, Consultation Group, resident satisfaction surveys, estate action days and resident audits, and;
- ensuring that principles and good practice regarding equality, diversity and Inclusion are reflected within the investment and asset management decisions for our stock.

5.2 We are committed to consulting with residents to seek their views on how we deliver maintenance services. This will help us further develop and refine our cyclical and planned maintenance standards and improve programme planning. We have, and will continue to, involve residents in contractor selection, performance monitoring arrangements and other new initiatives.

5.3 Our commitment to involving residents in shaping the services they receive and influencing the decision-making process is contained within the Customer Strategy and the 'Resident standards' detailed within the Business Plan 'ccha2025'.

- 5.4 We are committed to addressing the needs of our residents who require aids and adaptations to enable them to stay in their homes. We fund all minor adaptations up to a £1,000 and have a budget of £30,000 per annum to fund major adaptations such as level access shower rooms.

Our Local Authority partners have agreed to match fund certain high-cost adaptations and will fully fund and be responsible for building extensions, installing through floor lifts and ramps through the Disabled Facilities Grant (DFG). We work closely with Occupational Therapists and the local Social Services departments and has an excellent reputation in this area.

- 5.5 We are committed to using our resident profiling information to tailor services to meet individual resident's needs. This will include more proactive work to identify and work with residents who may need an adaptation to their property; and to take account of residents' cultural needs when installing bathrooms or kitchens.
- 5.6 We are committed to embedding all aspects of equality, diversity and Inclusion (EDI) within our work so that we meet the needs of all our residents. There are significant EDI components in the AMS. These include aids and adaptations which will enable people to live independently at home, offering appointments for repairs to take account of differing needs and a framework for reviewing the viability of our stock to ensure we deliver homes that take account of people's quality of life and aspirations. Principles of the Equality, Diversity and Inclusion strategy are embedded across all asset management activity from training through to impact assessments.

6.0 FINANCIAL CONTROL, PROCUREMENT AND VALUE FOR MONEY

- 6.1 In order to achieve the long-term programmes of work, our financial forecasts have been reviewed. The current 30-year financial plan anticipates an increase to maintenance budgets year on year throughout the life of the plan. The financial plan includes the resources required to meet the expenditure on properties over this entire period and allows for work programmes to be generated that are controllable within this budget.
- 6.2 Each year an asset management report is brought to Board which summarises the outcomes of the various work streams during the year (i.e. success of delivery to time, quality and budget), as well as sets out priorities for the year ahead. Levels of spend on responsive repairs and planned maintenance are agreed as part of the annual budget, with variances reported through the monthly management accounts which scrutinised by Leadership Team, Audit and Risk Committee, and Board.
- 6.3 In order to maximise the benefits to our residents and to increase value for money, we will continue to seek out and develop additional income streams from external grant funding to fund key maintenance projects. Particular

emphasis will be on securing grant funding that assists in reducing fuel poverty for our residents and increasing the energy efficiency of our housing stock.

- 6.4 Our Procurement Policy 2020 details the current procurement processes - these are applied whenever the procurement of new maintenance contracts is required. Contracts will be procured in accordance with this policy on a 60:40 Quality to Cost ratio, and value for money and social value initiatives will be robustly tested and detailed throughout the procurement and selection processes. Frameworks are now used for the majority of the smaller contracts which do not have such an impact on our residents services such as lift servicing as this is more cost effective and timely.
- 6.5 Our Standing Orders and Delegated Authorities are reviewed regularly, and these policies set out the procedures and authority levels that all staff need to follow in procuring services from external contractors. Through regular internal audits these policies are tested to ensure compliance.

7.0 MONITORING AND COMMUNICATION

To ensure Board have an effective strategic oversight of asset management, an update paper is brought to Board every year.

This report provides the Board with a summary of maintenance performance, financial spend, programme delivery and progress against operational priorities.

- 7.1 An Active Asset Management Report is also brought to Board every year to provide Members with an update on the performance of the housing stock, and the actions being taken to deal with those properties which are performing poorly.