



Castlehill Housing Association

Asset Management Strategy 2024-29



September 2024

Castlehill Housing Association

Asset Management Strategy

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1. Introduction

The purpose of Castlehill's Asset Management Strategy is to set out the framework for our approach to managing our property assets in order that we achieve our aims and objectives both in the short and long term. It concentrates on the things that matter most to Castlehill and that allow us to make the best possible use of the assets we have and aligns with our Strategic Plan. This document outlines our strategic approach for the 5-period from 2024 to 2029.

Our housing assets are dependent on the rental income generated by our properties and so it is vital that their long-term viability is sustained for Castlehill to remain financially strong. This strategy considers the property-related challenges both internal and external that Castlehill will face over the coming years and sets out how we will respond. This strategy builds on the foundations that have been created over the past five years in the context of a rapidly changing and increasingly complex social housing environment with new and evolving challenges that will require innovative and agile responses.

This iteration of the Asset Management Strategy (AMS) is an update of the previous version dated August 2019 and follows the principles in the 'Recommended Practice for Integrated Asset Management' published by the Scottish Housing Regulator (SHR) in February 2023.

1.1 What is Asset Management?

Asset Management is the process by which we ensure that the assets that we need to operate our business are managed effectively and provide value for money. It covers a range of activities that are undertaken to improve and protect these assets.

Our assets consist of:

- **Housing Stock** we own (or part own) to support our core business for the provision of quality, affordable accommodation for people in housing need.
- **Related Assets** integral to the built environment such as bike stores, etc.
- **Land** in our ownership that is "banked" for future development.
- **Office Accommodation** that we own in addition to our housing stock.
- **Skilled staff** that ensure our physical assets are properly managed and that we offer the services our customers need by appointing the appropriate human resource.
- **Management Committee** members who bring voluntarily a range of skills to enable the strategic approach to meet our aims.
- **Tenants** through effective participation have an important role in assisting the organisation to look after our property assets and neighbourhoods.
- **Financial Strength** underpins the ability of the organisation to deliver our objectives.
- **Other assets** that include IT systems, fixed and mobile equipment and information resources.

Castlehill recognises that our ability to deliver good services depends on making the most of the homes we have, as important contributors to the quality of life of those living in them, and as the

physical assets on which the Association itself is built. Importantly, it supports our approach to keeping tenants and residents safe and compliance with all relevant legislation.

This strategy document focusses exclusively on the management of our property assets, with the other assets listed above being covered elsewhere in relevant policy and strategy documents.

1.2 Our Vision, Purpose and Strategic Plan

Castlehill Housing Association has a vision to be recognised as a leading provider of high-quality affordable homes in North-East Scotland and as an organisation that cares about people. Castlehill has clear core objectives, and our Strategic Plan underpins our approach to achieving these.

Castlehill's Strategic Plan for 2023-25 approved by the Management Committee in March 2023 sets out the corporate direction for the organisation. The Plan recognises the challenging operational environment created by current economic conditions and cost of living pressures on households and our business forecasts.

The Strategic Plan has several specific asset management objectives that we will strive to achieve in implementing this strategy and these aim to give over-arching goals that link into the 'Business Strategy Delivery Plan'. To deliver on the overall objectives of the strategy we will also consult with and report regularly to Management Committee on the key priority issues and proposed actions.

We recognise that external factors such as Government policy and legislation, funding and wider global economic factors have all impacted on our ability to deliver our objectives. We also recognise that the requirements of regulatory bodies such as the Scottish Housing Regulator (SHR) and the Scottish Charity Regulator (OSCR) as well as the strategic planning role of local authorities help to determine the working environment of the Association.

Within that context, this document aims to express the direction the Association wishes to take and to define the activities we wish to be involved in. One of the core strategic objectives of the Association is "To provide high quality affordable housing and an efficient, responsive and personal housing management and maintenance service" and effective asset management is a key part of delivering on this goal.

The strategy cannot be considered in isolation but forms a vital component in delivering our overall objective and being resilient. Key linked documents include:

- Strategic Business Plan
- Financial Forecasts and Life Cycle Costing Data
- Development Policy
- Reactive Maintenance Policy
- Estate Management Policy
- Voids and Lettings Standards.
- Adaptations (Stage 3)
- Equality and Diversity Policy
- Sales Policy
- Rent Policy

1.3 Key Stakeholders

We recognise that there are key stakeholders with an interest in how we manage our property assets:

- Tenants, sharing and factored owners and communities local to our housing.
- Management Committee, Association members and staff.
- Funders and lenders
- The Scottish Government
- Regulatory bodies such as the SHR and OSCR
- Local Authority partners and local RSLs
- Households looking to become our future tenants

We will use a range of communication methods to inform stakeholders of our approach and plans:

- Information in the published Annual Return on Charter (ARC)
- Tenants Panel /CaRTO
- Chain Newsletter and working group
- Website and social media updates
- Mobile survey communication
- AGM
- Staff and Committee briefings, strategy days and training
- On-going engagement with our funders and lenders
- Regular liaison meetings with local RSL and Local Authority partners
- Reporting to the SHR in line with any Regulation Plan requirements

1.4 Organisational Commitment

We recognise that good asset management requires understanding and ownership right across the Association. Castlehill has over many years given a high priority to maintaining a high-quality housing stock and to ensuring it meets changing standards and tenant expectations. We recognise that maintaining and ensuring best use of our housing stock and other built assets is increasingly important as our stock gets older. In this context, this formal strategy builds on existing policies and practice.

Through this strategy we are committed to achieving:

- **Quality** – that we strive to meet improving standards making best use of technology
- **Purpose** – that our stock is available to let and meets appropriate needs
- **Sustainability** – that our houses are kept to a quality that sustains long term demand
- **Viability** – that our financial planning and income streams ensure that we can afford to manage and maintain our stock long term
- **Engagement** – that we actively involve our key stakeholders in shaping service delivery
- **Compliance** – that our stock meets required standards relevant to Health & Safety legislation and aspires to meet current and future energy efficiency standards such as SHQS, EESSH2 and Net Zero

- **Expectations** – of our customers and regulators by ensuring we meet the relevant requirements of the Scottish Social Housing Charter, particularly, Standard 4: Quality of Housing; Outcome 5: Repairs, maintenance and improvements; and Standard 13: Value for money.

We also recognise that good asset management practice requires an understanding of the strategy across all staff within the Association. A culture of ownership and empowerment within staff to make decisions and take actions is important to achieve objectives when tenants contact everyone within Castlehill with asset related queries and issues.

1.5 National Targets and Aspirations

It is important that Castlehill continues to assess and understand the risks and opportunities that arise from the external operating environment. Horizon scanning is required to inform, refine and future proof our asset management approach and decision making.

The Scottish Government issued a consultation in late 2023 on a Social Housing Net Zero Standard (SHNZS) that will replace the second Energy Efficiency Standard for Social Housing (EESH2). The Scottish Government's response to the Zero Emissions Social Housing Taskforce (ZEST) report indicated that they would accelerate the review of EESH2 and establish a new standard to match national Net Zero ambition, and to provide much needed clarity for social landlords on retrofit standards and investment planning. This is now likely to be available and published in 2025.

The consultation on SHNZS sets out the need for energy efficiency upgrades on a fabric first basis and to install 'clean heating' systems. The consultation has been issued at the same time as a related consultation on proposals for a 'Heat in Buildings Bill', which sets out similar requirements for the rest of Scotland's homes and buildings.

The Scottish Government wants all our homes to be warmer, greener and more efficient, and provide good quality housing that tenants can afford to heat. The social housing sector has been leading the way on energy efficiency and Castlehill requires to understand and develop a Delivery Plan for the transition to Net Zero. This is challenging and critical in the fight against fuel poverty in a background of ambitious climate targets, funding and cost concerns.

Castlehill has 1755 homes using individual or communal gas and oil boilers which will need to be changed. It is currently proposed by the Scottish Government that clean heating systems such as heat pumps and heat networks will play a significant contribution in this transition to meet Scotland's climate change targets by 2045. At the same time solutions may change and hydrogen may play a part. Critically solutions need to be affordable for landlords and tenants in terms installation, maintenance and running costs.

Current energy prices, especially electricity prices, make the transition to clean heating difficult. The cost-of-living crisis and unprecedented surges in energy prices created by the volatility in international events, underline the challenge. Castlehill is determined to protect tenants from unacceptable short-term costs to achieve a reduction in emissions at the same time as wider financial pressures persist.

The SFHA and others have called for a commitment to publish proposals designed to rebalance gas and electricity prices, which will make climate friendly clean heating systems cost less to run than fossil fuel heating systems. There have also been calls for the introduction of a social housing tariff for energy consumers as a way of protecting those who are most in need of support during the transition to clean heating.

2. Our Property Asset Base

2.1 Operational Context

Castlehill's area of operation is North-East Scotland, covering the Local Authority areas of Aberdeen City, Aberdeenshire and Moray. It is an area of both great economic and geographical diversity. In Housing Association profile terms, Castlehill is equally diverse, with property in the City of Aberdeen, smaller towns and villages in rural areas of Aberdeenshire and Moray and with a mix of general needs, independent living, very sheltered housing, amenity housing and specialist provision through our subsidiary, Castlehill Housing Trust.

Even with downturns, the North-East housing market continues to be significantly distorted by the oil industry, and associated support industries, in terms of a high wage economy within the sector putting upward pressure on house prices, construction and infrastructure costs and on rental values within the private rented sector. The impact of this is particularly acute within the "Aberdeen market area", within commuting distance of the city and its peripheral industrial hubs, stretching out to the main towns of Ellon, Inverurie, Banchory and Stonehaven. There are over 9000 households registered on our housing list, giving a clear indicator of both a high demand for our housing but also the acute shortage of affordable housing across the local social rented sector. In terms of asset management, there is a clear need to ensure that we are always maximising the "best use" of our stock as a valuable, yet scarce, resource.

Whilst the highest pressure on unmet demand and need may be within the Aberdeen market area, there are also issues to be addressed in rural areas that the Association's housing stock can have a key role in. Economic factors such as lack of employment opportunities, transport costs or seasonal work contribute to the fragility of rural communities and a shortage of genuinely affordable, good quality, rented housing can further exacerbate problems, meaning young families must move away with consequent impacts on the sustainability of local amenities such as schools or shops.

Castlehill also has a significant amount of Independent Living housing stock (formerly sheltered housing) in rural villages such as Braemar, Tomintoul and Fettercairn, for example. While demand for such properties can be fragile at times, the Association has a good track record in ensuring these properties continue to meet local needs and contribute to their wider communities. Good asset management has a key role in ensuring these properties remain well looked after, affordable and desirable places to live.

Another important point of context is that the Association has a significant amount of property in "off gas" areas with potential issues of higher heating costs and fuel poverty for those on limited incomes. Within the independent living, very sheltered schemes and general needs properties there are a variety of communal heating systems and fuel types. The Association also has a proven track record of successfully installing renewable installations in various properties, comprising biomass, air source and ground source heating systems. There remains oil and gas communal heating systems that are not individually metered, and it remains a high priority to find innovative solutions utilising renewable technologies. This challenge needs to involve exploring external funding streams, to deliver alternatives that ensure these properties provide affordable, attractive places to live on the journey to Net Zero.

2.2 Our Housing Assets

Our housing asset base is in North-East Scotland in three local authority areas, Aberdeen City, Aberdeenshire and Moray. On 24th June 2024, Castlehill Housing Association total stock totalled 1898 properties, Castlehill Housing Trust stock was 97, Sharing owners total 110 and Mid-Market Rent properties accounted for 28 units. Many of these properties are relatively modern in terms of affordable housing stock with over 80% built after 1980. These property assets were valued in the region of £155 million (gross) on 31st March 2024.



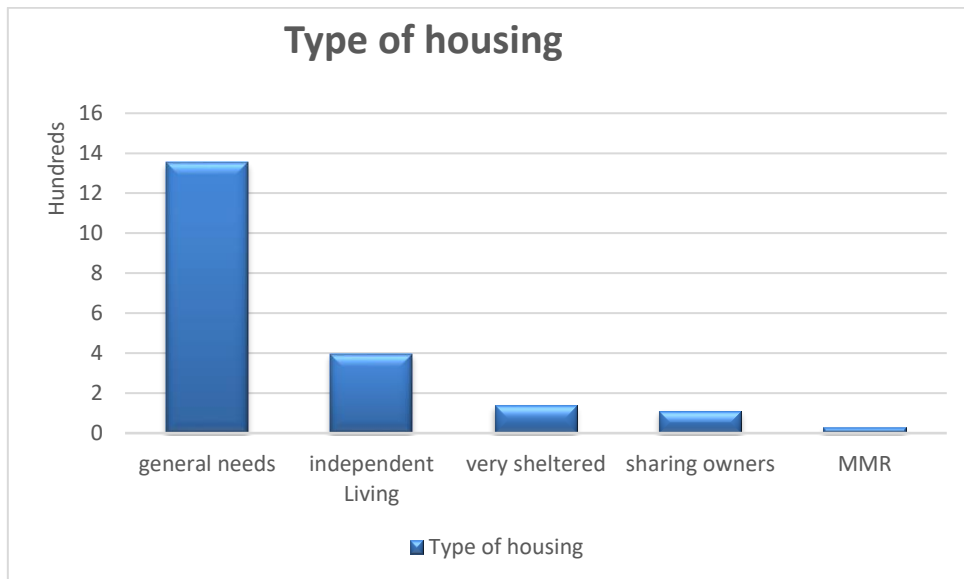
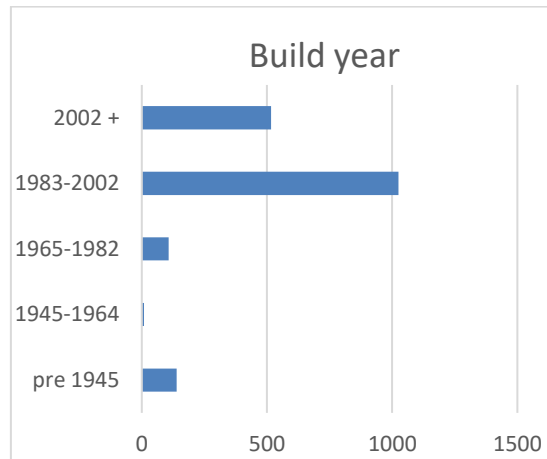
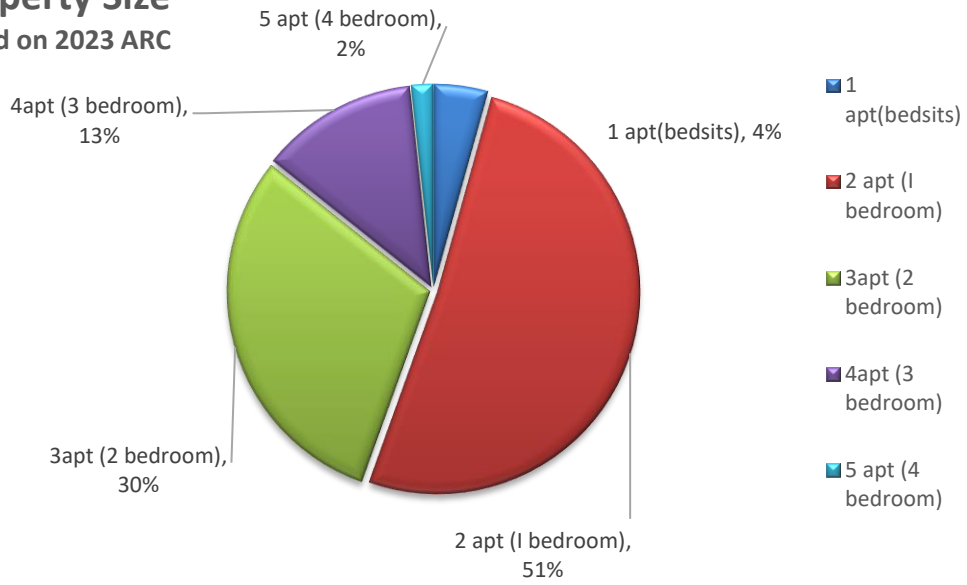
Castlehill Property Locations

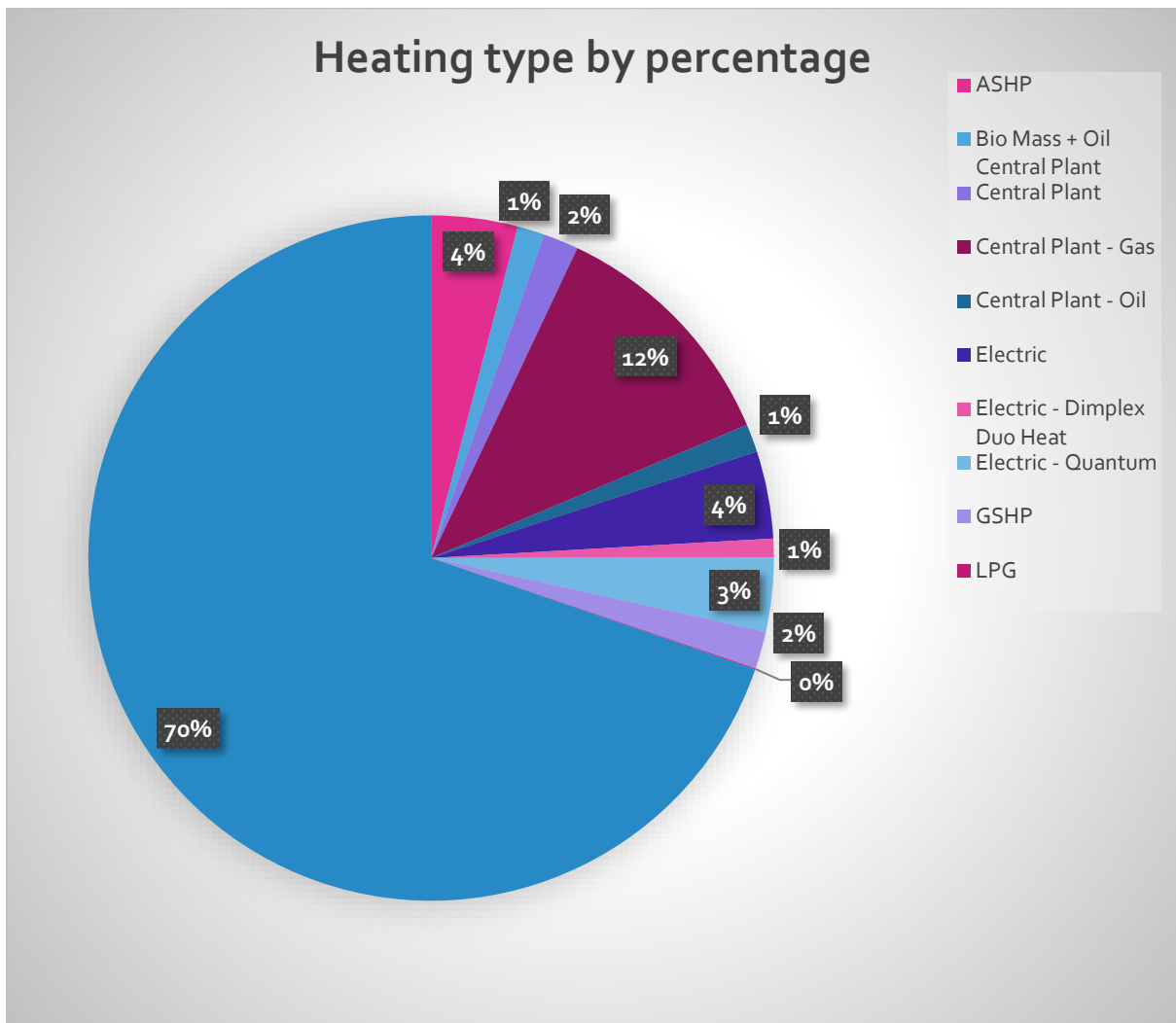


Castlehill Housing Trust Property Locations

Area	No of properties (Castlehill HA)	No of properties (Castlehill Trust)
Aberdeen City	1079	36
Aberdeenshire	759	30
Moray	60	31

Property Size based on 2023 ARC





2.3 Our Office Premises Assets

The Strategic Plan states that we would carry out a review of our office needs taking account of the rollout of more home and hybrid working patterns and whether our existing accommodation can continue to meet our needs in the most efficient way. Castlehill has operated from office premises at 4 Carden Place and 7/11 Waverley Place since 1989 and 2007 respectively. Both our office premises are older converted and extended buildings and are potentially restrictive in providing a modernised office environment that will meet the needs of current and future staff and allow us to deliver services in the most efficient and cost-effective way.

The Strategic Plan also includes for the provision of a new integrated IT management system to drive efficiency across the Castlehill group, introducing a customer portal and a move from reliance from the office servers to the cloud. This review has resulted in the implementation process of a new system, 'Homemaster', to be completed by end March 2025.

The recommendations of the office review have been implemented and all Castlehill staff have now moved to Carden Place with Waverley Place advertised for sale in June 2024. Carden Place comprises a mix of open plan and individual offices, a small meeting room on the ground floor, staff

room and kitchen, and public reception area with interview room. Public areas have compliant ramp access and disabled toilet facilities. Improvement works have been carried out to form three individual offices in open plan areas and toilets fitted with extract fans. Subject to disposal of Waverley Place funds may also be used to create a new modern toilet area, replace office room doors with glazed doors and upgrade decoration to create a more modern office aesthetic.

2.4 Our Land-Bank Assets

Castlehill owns one site at Eigie Farm, Balmedie. This is a large site capable of delivering over 200 homes on a mixed tenure development jointly with Council or other social landlords and a private partner. Indicative land value is in the region of £2.5M and was purchased with Housing Association Grant (HAG) from Scottish Government. Planning Permission in Principle has been secured, and minor preliminary works to purify and extend the planning consent were carried out during 2023. Detailed planning and building warrant will be submitted only when considered to be financially prudent to do so as explained below. Final housing mix will be decided with partners and the site could deliver a high proportion of affordable homes, with Castlehill anticipating taking ownership of around 50 units. Castlehill will also explore innovative funding mechanisms for the site should potentially partners or strategic opportunities become available with the reduction in availability of HAG.

2.5 Future New Build Developments 2024 to 2029

Our approach to building new housing developments remains cautious in the current economic and funding climate. Our strategic aim remains that we play a role and facilitate an ongoing new build programme to deliver around 50 to 70 units a year, subject to testing of demand in each location. However, we acknowledge that in an ever changing and challenging funding environment with the impact of interest rates that every new development needs to be rigorously appraised to ensure we are increasing our asset base whilst not increasing our liabilities and risks.

The Association has previously benefited from The Scottish Governments grant funding that is allocated to the Local Authorities in who's areas we operate, and consequently, more projects were able to be delivered. However, all projects undertaken, were still subject to rigorous appraisal before commitment to deliver was made. National funding levels have been significantly reduced during 2024, and as such, Castlehill will continue to monitor the situation, and adapt our development programme aspiration, and consequently our wider Business Plan to take account of Government announcements and funding levels.

In 2024/25 The Scottish Government set out plans to spend £556 million on the Affordable Housing Strategic Programme, a cut in real terms of £205 million compared to the 2023/24 budget. This has resulted in significant cuts to the Affordable Housing Strategic Programme within the north-east and increasing private finance is not the answer, given the inevitable increased rents it would require. Development has never been more challenging to be financially viable with the cost of fuel and materials, inflation, high tender costs, material supply chain issues, reduced labour market, historically high land costs, as well as increasing regulation and wider economic pressures.

2.6 Future Acquisitions

Castlehill acknowledge that opportunities may arise in the future to acquire additional properties or land. Such acquisitions will be considered where the stock and land are in keeping with our aims in the Strategic Plan and would be a good fit for the organisation and in areas of operation where we could apply our existing expertise.

3. Compliance

3.1 Legislative Compliance

There are areas of work where we have specific statutory and safety obligations. Our approach forms a key part of our strategy ensuring we minimise risks to tenants and the organisation, and that we maintain our buildings as safe and attractive places to live or work. To ensure a robust approach is taken the Property Services department was restructured during 2023, to have teams focussed on Compliance and Repairs. Our approach to compliance is working well in terms of benchmarking with peers and regular audits. Tenant safety will continue to be a priority through the life of this strategy and beyond to ensure all our properties are compliant with various regulations.

We ensure that the areas in the Compliance table to follow are fully addressed and employ specialist contractors and consultants where necessary. This process is resource intensive and requires continual planning and monitoring by the Property Services team. Access is required for essential and routine maintenance, and in particular gas and electrical safety inspections. Specific focus on the statutory areas below is considered of critical importance for the compliance and repairs teams and form a significant part of their role:

Gas Safety checks are conducted prior to the start of new tenancies and annually to comply with legislation. Castlehill reported a 100% gas safety compliance record in the 2023/24 ARC.

Electrical Installation Condition Reports (EICRs) are conducted prior to the start of new tenancies and five yearly thereafter to comply with the Scottish Government's SHQS guidance. We currently have no properties with an overdue EICR and have introduced an entry procedure similar to gas safety to ensure compliance.

Legionella risk assessments and management plans with regular testing and disinfection carried out by an external company at all locations where we are legally required to do so.

Asbestos management surveys are in place for all pre-2000 non-domestic parts of our schemes, and properties on our asbestos register. We employ external accredited companies to conduct annual visual inspections of asbestos and conduct refurbishment and demolition surveys ahead of any disruptive works.

Fire Safety fire risk assessments are in place for all our independent living, very sheltered housing schemes and communal blocks with all recommendations from the assessments complete.

The **Repairs Service** carry out reactive repairs using contractors from our multi-year framework with specific target and response times depending on their categorisation. The procurement cycle for the next framework commenced in July 2024 and is programmed to be in place by end June 2025. Our most recent tenant satisfaction survey reports show that 93% of our tenants in 2023/24 were satisfied with the repairs and maintenance service which is a positive result in comparison with peers. Low value repair orders are raised by our Customer Service Assistant at the first point of contact and more complex repairs or repairs requiring a pre-inspection are managed by the relevant Property Services Officer. Repair costs and trends to identify future planned investment needs will be reviewed on an annual basis and mobile technology reviewed to reduce timescales for issuing works orders.

Compliance Summary Table

Area	Criteria	Aims	Performance
Adaptation Equipment	Manufacturers recommendations	Completion of servicing and maintenance quarterly, 6 monthly & yearly	100% servicing record in 2023/24
Biomass heating system	Clean Air Act & Waste incineration directive	One site has regular servicing and remote emergency 24/7 fault alert & repair system	100% compliance
Fire Safety	Fire Safety (Scotland) Act 2005	Completion of fire risk assessment and improvement work at each relevant site	Risk assessments continuously being carried out to achieve fire safety compliance
Asbestos	The control of asbestos recommended practice 2012	Adherence with Asbestos Regulations	Annual assessment of known Asbestos products in line with regulations
Legionella	HSE approved code of conduct L8	Regular programme of temperature recording and showerhead disinfections at relevant sites.	100% compliance. Full programme in place of temperature recording, tank disinfections and showerhead disinfections.
Lightning Protection	Recommended practice	Annual service	Site to be serviced each year
Gas Safety	Gas safety (installation and use) 1998	Completion of new tenancy and annual gas service on every gas boiler installed	100% compliance in 2023/24

Electrical Safety	Ensure ongoing safe service in accordance with relevant electrical regulations and The Scottish Government SHQS technical guidance	EICR testing every 5 years and PAT testing completed every 2 years.	EICR and PAT testing 100% compliance.
Lifts	Ensure ongoing safe service	Programme of annual servicing & emergency 24/7 repairs service for all sites with lifts.	100% compliance
Emergency lighting	Ensure ongoing safe service	All relevant sites to have emergency lighting in common areas. Programme of regular servicing & emergency 24/7 repair service.	100% compliance
Oil fired heating systems	Ensure ongoing safe service	All relevant sites have regular 6 monthly servicing & an emergency 24/7 repair service.	100% compliance

3.2 Tenant Safety & Other Compliance

Our approach to compliance and tenant safety requires that Castlehill takes a proactive approach to ensure that other elements are considered, and we explore ways to further involve tenants in decision making where possible. We will also look at aspects of tenancy issues that are related to 'safety' such as tenancy hygiene, hoarding and pest infestations to ensure that these are being managed effectively. In addition, other compliance issues require to be considered as they arise:

3.2.1 Structural Safety through our regular property inspections and in-house rolling programme of condition surveys, we visually inspect structural features of buildings such as balustrades, railings, balconies, external stairs, retaining walls and car ports to ensure we identify any deterioration at an early stage. Any identified issues are passed to a structural engineer for more detailed assessment.

3.2.2 The Housing (Cladding Remediation) Scotland Bill is expected to gain royal assent during 2024/25. Castlehill have already reviewed our stock that have areas of external cladding, and we have not identified any ACM, MCM or HPL cladding on our buildings.

3.2.3 Reinforced Autoclaved Aerated Concrete (RAAC) has been identified by several landlords in buildings in the north-east within their stock. Following publicity and questions from the SHR a desktop assessment of all Castlehill stock was conducted of all schemes built or renovated or extended between 1950 to 1995 and physical inspection made in a number of properties to assess whether RAAC had been used in the construction. This exercise confirmed that there was no RAAC present in our properties.

3.2.4 Condensation, Damp & Mould is likely to become reportable within the ARC in future years. The SHR has written to all RSLs requesting that measures are taken to ensure robust procedures are in place. In 2023 we introduced a revised procedure and tenant leaflet for dealing with condensation, damp & mould with recording methods to allow us to analyse and report on these issues more easily. Additional training to Property Services staff on the causes of condensation, damp and mould and how to tackle complex cases has been provided and on the requirements of the procedure to all Castlehill staff that visit our housing stock. Alongside our new procedure we are installing remote sensors in over 100 solid walled properties, to pilot effectiveness in proactively identifying condensation and fuel poverty issues. We will review their effectiveness during 2024/25 to determine whether it is appropriate to roll these out to further properties.

3.2.5 Analogue to Digital Switchover will take place by December 2025. The UK government has set this date for all analogue telephone lines to be switched off and changed to digital services. This will affect a range of Castlehill's current access and communication systems, such as warden call systems, door entry systems, fire alarms and lifts. A review was undertaken during 2023/24, and action plan agreed to ensure compliance. The warden call systems will be replaced in the four Very Sheltered Schemes (Abbey Court, Craigielea Gardens, Dalvenie Gardens and Victoria Grange) and systems in Independent Living Schemes will be removed in favour of dispersed alarms being provided by the Health & Care Social Partnership. Pilot works are being undertaken on fire alarm panels and lifts for rollout of the new digital equipment during 2024/25. New compliant door entry systems are also planned to be installed before December 2025.

3.2.6 Radio Tele Switch Services will be shut down in properties with a radio tele switch meter from April 2025. This will potentially impact on tenants with electric heating who have off-peak metering (such as Total Heat Total Control or Economy tariffs). Electricity suppliers are responsible for upgrading affected customers to smart metering and Castlehill will monitor progress to ensure that suppliers are managing to access homes and that tenants are not left without access to heating at the switchover date.

3.2.7 Digital Connectivity requires an increasing number of services are accessed online including access to Castlehill website, benefits, employment opportunities and access to further education. It is important that tenants are not disadvantaged by a lack of digital connectivity. Castlehill are working with CityFibre to bring fibre connectivity to Aberdeen city centre independent living and very sheltered housing schemes. This will provide tenants with low-cost access to faster Wifi. Castlehill will continue to look at ways of improving digital connectivity for tenants, particularly as we look ahead to rolling out our self-service tenant portal.

3.2.8 Smart Technology or the 'internet of things' technologies progress at pace. Opportunities currently exist with sensors and meters to monitor a variety of aspects and the environment within the home, such as temperature, humidity and movement. The data gathered can be accessed remotely and can provide early identification of damp and mould issues as well as alerting staff to homes that are not being heated or ventilated properly. We will explore a cost-benefit analysis of fixed sensors to determine whether it is appropriate across all our properties further to the results and cost benefit analysis of pilot projects.

3.2.9 Electric Charging Points are becoming an increasing requirement with the electrification of motor vehicles. Currently we have not installed any EV charging points within schemes and we will review over the life of this strategy their requirement with tenants and explore external funding opportunities. This will also involve consideration of installing charging points within the staff carpark and contributing to wider sustainability goals.

4. Housing Standards and Energy Performance

4.1 External Influences

There are various external influences that will impact on our approach to managing our assets through the life of this strategy and beyond. This includes a range of stakeholders that affect the environment that Castlehill operates within including Government, Regulator, funders and tenants.

Climate change will continue if emissions continue to rise. We will see hotter drier summers and warmer wetter winters with increased frequency of weather extremes such as rainfall and storms. This change in the climate will directly impact on the built environment and it is essential that we contribute to reduce emissions and limit the climate change impact through the design of new homes and the maintenance and retrofit of existing homes.

Housing 2040 is the ambitious Scottish Government strategy that sets the vision for what housing in Scotland in 2040 is anticipated to look like. It covers a wide variety of topics and will influence Castlehill's approach to asset management in the future. The strategy has various aims and ambitions including:

- delivery of 110,000 affordable homes by 2032
- to give everyone access to a home that is affordable, regardless of tenure
- for Scotland's homes to be Net Zero by 2045
- a review of energy performance certificates (EPCs)
- a tenure blind Housing Standard to be set in law
- a focus on increasing the supply of accessible and adaptable homes
- a review of Housing for Varying Needs (HfVN) guidance

The Social Housing Net Zero Standard (SHNZS) is proposed to replace the Energy Efficiency Standard for Social Housing Phase 2 (ESSH2) with new targets based around fabric efficiency and decarbonising heating. This new standard was consulted on during 2023 and is expected to be approved by The Scottish Government in 2025. The consultation proposes several interim targets between now and 2045. This includes that all social housing will meet a minimum fabric efficiency standard by 2028, that homes that don't meet the target cannot be relet, a potential target to meet a fabric efficiency rating equivalent of EPC band C by 2033 and potential targets to have decarbonised heating in increasing percentages of properties by 2030, 2040 and 2045. A Castlehill 'Delivery Plan for Net Zero' will require to be developed when these targets and timescales are published and then considered in the context of available internal and external funding.

Energy Costs and Fuel Poverty have risen significantly since the previous strategy was issued in 2019. The Scottish Government published their Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act in 2019 with the ambition of ensuring that, as far as possible, no Scottish households are in fuel poverty by 2040, with interim targets of no more than 15% of households in fuel poverty by 2030 and no more than 10% by 2035. Castlehill is committed to the eradication of fuel poverty and decarbonisation, although at present these two aspirations are often in conflict. The move towards decarbonisation and clean heating will require an increase in the number of electric heating systems, which are currently more expensive to run unless homes are well insulated and are supplemented with technologies such as solar panels and battery storage. As fuel costs rise many

tenants are faced with making choices between heating, eating or paying rent and it is essential that a solution to decarbonisation ensures a 'just transition' for our tenants.

Inflation and Economy continue to have an impact on what we can deliver in terms of investment in the housing stock due to the difficulties balancing rent affordability with increased costs. Rising inflation levels over the period of the previous strategy have resulted in increased cost of loan funding, staff costs and the cost of repairs, compliance and planned maintenance works. The increase in tender prices is predicted to continue by the BCIS over the coming years affected by a labour skills shortage.

Scottish Housing Quality Standard (SHQS) remains the current Scottish housing standard based on a minimum set of quality criteria for all landlords in the social rented sector. All landlords should have achieved compliance with the standard for all its properties by March 2015 subject to exemptions, abeyances and not being technically possible to do so. There remain a small number of properties within the Castlehill stock within these categories that are reported in the Annual Return on the Charter (ARC Indicator C9) each year and we continue to actively investigate solutions to any outstanding issues preventing full compliance. Where considered appropriate some of these properties are proposed to be sold and are listed within the current Sales Policy.

Heat Networks continue to be promoted by The Scottish Government and they are developing more detailed proposals around encouraging heat network connections and are keen to encourage more social housing being included. Castlehill have engaged with Aberdeen Heat & Power to explore whether our properties at Balnagask Walk can be connected to the proposed new heat network in Torry that would replace the existing gas boilers.

The **Passivhaus Energy Standard Review** by the Scottish Government has indicated it intends to introduce new legislation which will require new build housing to meet a Passivhaus equivalent energy standard. The Energy Standard Review working group are considering questions and concerns around high costs of compliance, maintenance considerations, skills and supply chain capacity to meet this new standard. A consultation on these proposals is expected in 2024/25 and the implementation period is still to be decided.

4.2 Energy Performance

The new **SHNZS** target is likely to prove challenging for all landlords in the social housing sector. With developing technologies and increased costs, energy efficiency remains a complex issue to fully address. We need to keep abreast with all new developments and to ensure that expertise exists in-house and can be sourced from external consultants. Several of the Property Services team are trained and certified to provide EPC's, energy performance certificates. The EPC regime is due to change at the same time as the SHNZS is published and will result in all EPCs having to be replaced.

We will continue to identify partners within the private sector who have the depth of skills and knowledge to provide advice and expertise on a full range of energy issues and carry out feasibility appraisals across a full range of technologies. The Stock Condition Report carried out by Rapleys in 2022 for Castlehill, included 20% of the stock being visited and will be further developed by carrying out surveys in 100% of all general needs housing by the Property Services team. The Castlehill

housing stock has a good overall energy efficiency rating in comparison with peers. At end March 2024 our EESSH compliance rate was 98.95% and EESSH 2 compliance (EPC band B or higher) rate was 23.79%, with only 52 units below EPC band C.

The SHR are currently reviewing the ARC, including consideration of ARC indicators, recognising that appropriate indicators will need to be developed for the SHNZS as part of the consultation process.

New heating technologies and even our more familiar heating types can cause confusion and, if not efficiently used, result in additional running costs for our tenants. To address these issues and the wider issue of fuel poverty we will:

- Provide all our tenants with up-to-date information about their heating type and controls as necessary. Information packs will be reviewed and written to ensure they are jargon free, easy to understand and include energy efficiency advice.
- Offer tenants, after they have settled into their new home, a visit to explain how their heating (and any other equipment) in their home operates and how to use it most economically.
- Continue to review with tenants the existing and new renewable technologies to identify quality, usability, ease of use, value for money, running costs and tenant satisfaction.

4.3 Net Zero Strategy Development

How Castlehill develop a strategy and delivery plan to meet Net Zero for our property assets will be determined by the new SHNZS in Scotland when published in 2025. The Scottish Government wants all our homes to be warmer, greener and more efficient, and everyone to have access to good quality housing that they can afford to heat. The social housing sector has been leading the way on energy efficiency and the housing sector has a major role to play in the transition to Net Zero.

The journey to Net Zero will require a delivery plan to be developed with the support and expertise of specialist consultants. The housing stock archetypes will require to be assessed in detail and range of improvement measures proposed to meet the new SHNZS. This delivery plan will require to include options, be fully costed and be prioritised in terms of energy efficiency and consider the impact of available funding both internal and external for the 30-year financial business plan.

Proposals from consultants will be invited for this service during 2025/26, further to publication of the SHNZS and exact outcomes being known in terms of the new standard required for ventilation, fabric efficiency and clean heating. This process will be critical for Castlehill to understand potential options for our stock becoming 'carbon neutral' by 2045. There is no doubt there will be a huge challenge to finance the cost of Net Zero for all organisations in the housing sector that remains affordable to tenants and maximises available external funding opportunities.

5. Asset Investment

Castlehill uses a data led approach to strategic asset investment in its properties and this contributes directly to the budget setting process. A strategic review will be carried out every 3 years to review a range of data to categorise properties as either red, amber or green based on their performance against a range of indicators. In addition to this, annual reviews of priorities will be carried out within the Property Services team that will identify specific projects and those to be delivered within the Strategic Plan. In the context of climate change and severe weather events it is also important that resilience is built into property assets, and we explore solutions wherever possible such as provision of generators and battery storage in rural locations.

5.1 Condition Surveys

Stock survey information will continue to be used to inform our future repairs and planned maintenance programmes and quantify our achievements towards the new SHNZS. In terms of understanding our stock we are in a good position with the Rapleys stock condition report completed in 2022, and work carried out by BACRA each year to analyse the stock in terms of energy performance for the ARC.

This information will be used to inform the Net Zero delivery plan and in addition, the annual review of priority works for the next 3-year period by the Property Services team. On an annual basis the Property Services team visit over 25% of the housing stock and are able to inspect condition, identify repair and investment works and up-date the asset database with real time data. This information combined then provides the data that is then used for the annual update of the 30-year Business Plan. A stock condition survey like that provided by Rapleys, will be considered and instructed every 5 years with a focus on compliance with Net Zero.

5.2 Computer Held Information

Currently stock information is held on our computerised software package (QL) and is being transitioned to the new system (Homemaster) during 2024/25. These systems hold information on each Castlehill property, individual reactive repairs and any planned maintenance replacements carried out. The planned maintenance investment module will provide information on the component lifespans, programmes of work and costings for 30yrs and a modelling facility to defer or bring works forward depending on actual condition.

Energy efficiency data is currently held in excel spreadsheets and is regularly updated by an external consultant (BACRA) to ensure our data is up to date and reflects the work we undertake annually and is used for the ARC. This information will then be held in Homemaster from 2025.

As well as computerised data, we have a detailed human knowledge on the condition of our stock available from our experienced staff members which ensures a high level of historical knowledge exists and can be cascaded within our staff.

5.3 Reactive Repairs Service

Our customer focussed repairs service is delivered in partnership with the approved list of contractors from our framework. The geographical spread of our stock across Moray, Aberdeenshire and Aberdeen City boundaries makes this a challenging environment to operate in. The current framework tender process led to the use of small local contractors, and this enables us to provide a responsive repairs service, support local businesses and minimise contractors travel costs.

Our tenant satisfaction survey reports show that 93% of Castlehill tenants in 2023/24 were satisfied with the repairs and maintenance service. This is an increase from 85% in the previous strategy and shows a significant improvement in comparison with peers benchmarked by Scottish Housing Network. SMS texting also allows tenants to quickly and easily respond to these surveys.

During the 2023/24, there were 3810 work orders issued on QL excluding planned repairs or specialist contractors and the total cost for these work orders were £787,634.40 an average of £206.73 per work order. ARC Indicator 8, 'the average length of time to complete emergency repairs', has shown significant improvement now 2.85 hours compared with 9.9. hours in the previous strategy. We will never be complacent and we will strive to improve on all benchmarking data wherever possible.

5.4 Reactive Repairs Service Improvement

Providing a high-quality responsive repairs service and achieving value for money is a balancing act. Due to the large geographical spread of our properties, it is not feasible for our repairs service to be awarded to one contractor. In order, to comply with procurement legislation, the Association carried out a framework tendering exercise in 2021 that will expire in June 2025. This resulted in our continued use of small, local trades people in our more remote locations, whilst providing best value and procurement compliance.

Procurement of the next iteration is currently being progressed with assistance of consultants for implementation in June 2025. A review has been undertaken of its current operation and the framework will be improved with the addition of a mini schedule of rates for the high-volume repeat works order and will retain the following benefits for the Association

- Pre-agreed KPI targets for all contractors
- More certainty over repairs costs, with fixed rates and uplifts agreed for the life of the framework
- The ability to choose from a suite of contractors, based upon current workloads and availabilities
- Certainty of contracts personnel for the duration of the Framework

The Association will continue to

- Carry out regular pre and post inspections of works

- identifying the most common repairs reported and look at ways of reducing the frequency of the component failing
- Identifying the areas of stock with the highest repairs spend and look at ways of reducing/ stabilising this spend
- Changing the specification of parts and investigating new products to provide an improved lifespan when being repaired and replaced
- Identifying type of repairs where more information or tenant knowledge may help reduce the reoccurrence of faults.

5.5 Planned Maintenance Programmes

Our current planned maintenance module enables us to record accurately components being replaced on an ad hoc and planned basis. The Homemaster module will provide an improved planning facility when planned maintenance programmes are being proposed as part of the annual budget setting process. On current projections, we plan to invest in the region of £8.6million over the next 5-year period, from 1st April 2024, reflecting the stock age profile and expected upgrade or improvement works.

Programmes of work are forecast based on current lifecycles below:

Item	Likely year of replacement	Description
Kitchens	20-year cycle for general needs. 20-year cycle for independent living	Replacement units, worktop, sink & taps, extractor fans, removal of tiles and replace with splashback to match worktop, electrical/plumbing upgrades as required.
Bathrooms	20-years	Fit independent living with level access wet room showers as standard where appropriate. General properties replacement of over-bath shower, wet wall panelling, and sanitary fittings as required.
Individual gas boilers	15-years	Where feasible completed as part of the kitchen replacement work. Or ad hoc basis as a boiler fails and is beyond economic repair
Heating systems	Dependent on type	Range of renewable technology, electric storage heaters, commercial plant gas and oil boilers
Windows timber	50-years with overhauls as needed	High quality products used with longer lifespans. Ad hoc repairs and servicing

		minor repairs as identified individually or on a scheme wide basis
Windows Upvc	30-years	High quality Upvc used at high level or inaccessible sites where future repair and painting of timber windows would be too costly.

The year before the work is due information is collected about their condition by: site and component specific surveys, feedback from Property Services teams on repair levels, component failures, any tenant reports or complaints and feedback from letting refusals. Using this information, we aim to achieve “a just in time” approach to replacement programmes. Work and resources can be tailored specifically to failing components and deferred where components are in good condition with relatively low level of repairs needed. This approach also enables us to bring forward replacement programmes when a particular component on a development is in poor condition or has a high level of repairs or tenant dissatisfaction.

Once identified this work is specified and let on a full bill of quantities or procurement method as deemed appropriate by our framework consultants by competitive tender. Tenders are assessed on a price and quality basis with consideration given to the financial robustness of the firms, their past performance on any previous work, onsite supervision and the health & safety information they provide. This approach helps to ensure that we receive a cost effective and high-quality service from our contractors.

Tenant satisfaction with our planned maintenance programmes remains high. Following a replacement programme, online and mailed surveys, are issued to every tenant and the results recorded and reported within quarterly reports to Management Committee.

Future improvements for the planned maintenance service include investigating options:

- To let rolling programmes or framework agreements for regular high-volume works
- To look at ways to accurately plan and commit resources for a three-year planned maintenance rolling programme
- To continue to look at ways of working together with other local RSLs to deliver savings through innovative use of new products and joint procurement methods
- To deliver a cost effective and high-quality contract management service through use of the Professional Services Consultant Framework
- Investigate options for restricting replacement programmes where components are poorly looked after/deliberately damaged

5.6 Cyclical Maintenance

A key component of cyclical maintenance programmes is our painter work programme to carry out external and internal painting to our properties. Following the introduction some years ago of a new

process of determining and specifying works and materials, satisfaction levels associated with these works has improved, and the Association is committed to continuous improvement in this area via:

- The appointment of an external painting consultant to carry out detailed stock surveys, cost work involved, invite tenders, and supervise work onsite after work awarded by Castlehill
- The retention of a core group of painting firms whose work is assessed regularly in terms of quality, reliability and customer service skills

This approach has led to detailed data being held about each site, an improvement in the quality of workmanship and higher levels of tenant satisfaction. Following these improvements and a focus on using high quality products, painting cycles have been increased to six or seven years without affecting the appearance or performance of timber components (windows, doors, fascia's, soffits).

5.7 Adaptations Works

Castlehill has obtained a consistent level of 'Stage 3' Adaptations funding from the Scottish Government for a number of years, however, the level of funding received is insufficient to meet all the requests for adaptations made to the Association. Castlehill received £80k for 2023/24 and this funding enables us to carry out works for individual tenants based on assessed requirements specified by an Occupational Therapist. Works have included: level access showers, handrails, ramps, ceiling track hoists, automatic door openers and lighting enhancements, for example. These contribute to ensuring our property assets continue to meet peoples changing needs and enhance the range of amenities we can offer within our homes. These adaptation works are carried out with Care & Repair where resource allows and external contractors. Castlehill continues to directly and indirectly lobby the Scottish Government to increase the monies available for this vital service.

5.8 Neighbourhood Services

We want tenants to feel safe, comfortable and proud of the neighbourhood they live in. We provide a gardening service and cleaning service in the communal areas of our larger developments to ensure the local environs of our properties remain well maintained.

Our Housing and Property Services Officers carry out 6 monthly estate visits across all our housing, along with any tenants from the development who wish to take part. This provides a very positive way of people taking ownership of the environment they live in and encouraging an inclusive approach to looking after our properties.

5.9 Grounds Maintenance Service

With a substantial number of properties and independent living schemes in rural areas, providing and maintaining pleasant green and shrubbed landscaped areas is a high priority. Our landscaped areas are maintained every 2 weeks from April to September. The gardening service is competitively tendered every three years, and a mixture of staff scheme inspections and tenant/scheme manager feedback enable us to ensure a high-quality service is maintained which can be challenging due to the subjective nature of this work that can also be affected by inclement weather.

5.10 Cleaning Services

The Association provides a cleaning service of communal areas at all our independent living and very sheltered housing complexes. In many of our flatted developments with communal areas we provide cleaning services via contract cleaners and by other agencies in factoring agreements.

These services enable our developments to be maintained to a high standard of cleanliness, keep the developments in an attractive condition and easier to relet. Costs are recouped through monthly service charges to the relevant tenants and through a range of procurement methods enable us to compare costs and value to provide an effective way to maintain our developments.

5.11 External Funding

It is important for Castlehill to explore external funding opportunities and for energy efficiency related works in particular that are available to assist fund the cost of Net Zero. It has been reported that The Scottish Government's plans to decarbonise the social housing stock could lead to an 80% rent hike, according to a report by the SHR and the cost of implementing the new proposals could be over £9bn for Registered Social Landlords. It remains unclear where adequate funding for the sector's transition will come from.

Castlehill's private borrowing is continually reviewed to maximise available funds for planned maintenance works and we will continue to explore external funding streams to complement and maximise the available investment in our properties.

A submission was made to The **Scottish Government Social Housing Net Zero Heat Fund** in October 2023, that has funding for projects that involve decarbonising heating with the addition of renewables and energy efficiency measures and will fund between 50 to 60% of the cost of the works. The funding bid for Acquorthies Circle, Inverurie and Cromar Court, Tarland, involves replacement of the current oil and gas communal boiler systems, replacing them with air source and quantum heating, PV, battery storage, sensor technology and triple glazed windows at Cromar.

The **Scottish Enterprise 'Green Heat Innovation Support Programme'** is a new fund announced in January 2024 that totals £17.6m. The fund is looking for innovative clean heat opportunities that have the potential to be rolled out in other locations. Castlehill's application was awarded feasibility funding in June 2024 for the former sheltered housing scheme at Thomson Street, Aberdeen. Management Committee had previously considered an options appraisal report during 2023 for the future of the building. The feasibility process will explore replacing the gas communal boiler with clean heating, PV and sensor technology. Subject to approval, funding for works could be available in 2025/26. Castlehill is also involved with a funding bid for a project in Banchory to extend the existing biomass heat network to our properties with the addition of geothermal energy. There were 5 projects awarded funding in Scotland from Scottish Enterprise.

Eco4 funding is a potential source of funding to social landlords for energy efficiency improvement works to their properties. The major utility companies have a funding obligation imposed by the UK government to support projects to decarbonise social housing stock. Castlehill have been successful in obtaining funding for several projects, and we are currently working with contractors that have been appointed by the utility companies to deliver these projects. Importantly this is 100% funded at no cost to Castlehill apart from the staff resource involved to set up, monitor and deliver projects. The first project involves funding for internal wall insulation and sensor technology in solid walled

properties on behalf of British Gas and EDF. Up to 100 properties will be improved in this way to improve energy efficiency and reduce fuel bills for tenants. The second Eco4 funded project involves the installation of photovoltaic panels (PV) at Richmondhill Court and Bayview Court that will significantly benefit tenants with reduced electricity bills and potentially provide SEG payments to Castlehill for a 25-year period. The third project involves the thermographic survey of properties that either have cavity wall insulation already or are suitable for it to be installed. The fourth project involves the installation of top up loft insulation. Other Eco4 funded projects that will benefit tenants will be explored at other properties and within Trust properties.

The **Torry Heat Network** project has been awarded an £8.9 million Scottish Government grant. Funding was awarded to Aberdeen City Council and Aberdeen Heat & Power will operate and manage the heat network system. The heat network for the community of Torry is proposed to supply up to 800 homes, the new Greyhope School and Community Hub with low-cost energy. Castlehill are working with Aberdeen Heat & Power to explore whether our 18 properties at Balnagask Walk can be connected to the network and remove the gas boilers that are coming to the end of their lifespan.

6. Demand and Delivery

Asset Management is not just about “bricks and mortar”. We recognise that tenant and applicants’ perceptions and views of our developments, locations and management will affect demand for our properties in the future.

6.1 Empty Property/ Voids Management

Void turnover times have been identified as an area for performance improvement, where a range of “external” factors also impact on outcomes. Independent living and very sheltered housing comprise almost one-third of our housing stock but make up a disproportionate number of voids.

ARC Indicator 17, ‘the percentage of lettable houses that became vacant in the last year’, for 2023/24, was 1.69%. The number of empty dwellings that arose during the last year in our self-contained lettable stock was 245 out of a total of 1898.

ARC Indicator 30, ‘the average length of time taken to re-let properties in the last year’ was 50.88 days. The total number of properties relet in 23/24 was 226. The total number of calendar days properties were empty was 11,501 with a rental loss of £176k.

6.2 Letting Standard

A Castlehill letting standard has been developed in conjunction with CaRTO our Tenants Panel. This sets out a Castlehill standard of repair and decoration that all new tenants can expect in any of our properties. The starting point for this is ensuring compliance with Standard 4 of the Scottish Social Housing Charter: “Quality of Housing” but our standard goes beyond the minimum requirements. We believe that handing over the keys to a property that is in good condition plays an important role

in encouraging tenants to look after their home and, as such, contributes significantly to the goals of good asset management.

6.3 Letting/Void Condition

Photos are taken prior to a new tenant moving in and again when the tenant moves out thus disputes about condition or work requiring to be done by the out-going tenant or undertaken and re-charged by the Association is fair, clear and minimises scope for disputes.

Voids in need of a new kitchen or bathrooms can be fast tracked for express replacement as a vacancy occurs. If a replacement contract is imminent for the development the new tenant will be informed and fully involved in the selection of the kitchen colours and minimal repairs carried out in the interim so that the tenant can move in quickly.

6.4 Housing Applicants

We are part of the choice-based lettings scheme known as "These Homes". Applicants register on our online system by completing an application and we advertise all our vacancies as they arise. Applicants can then apply for whatever property interests them. As of 1st April 2024, 9176 households were registered with These Homes as seeking re-housing an increase of 8% from the previous strategy.

We allocate the tenancy from the list of people who have expressed an interest, giving priority to the household that makes "best use" of the property and has the highest level of housing need. Applicants with a significant housing need, (e.g. are homeless, overcrowded or have a medical need) are assessed and priority passes can be awarded.

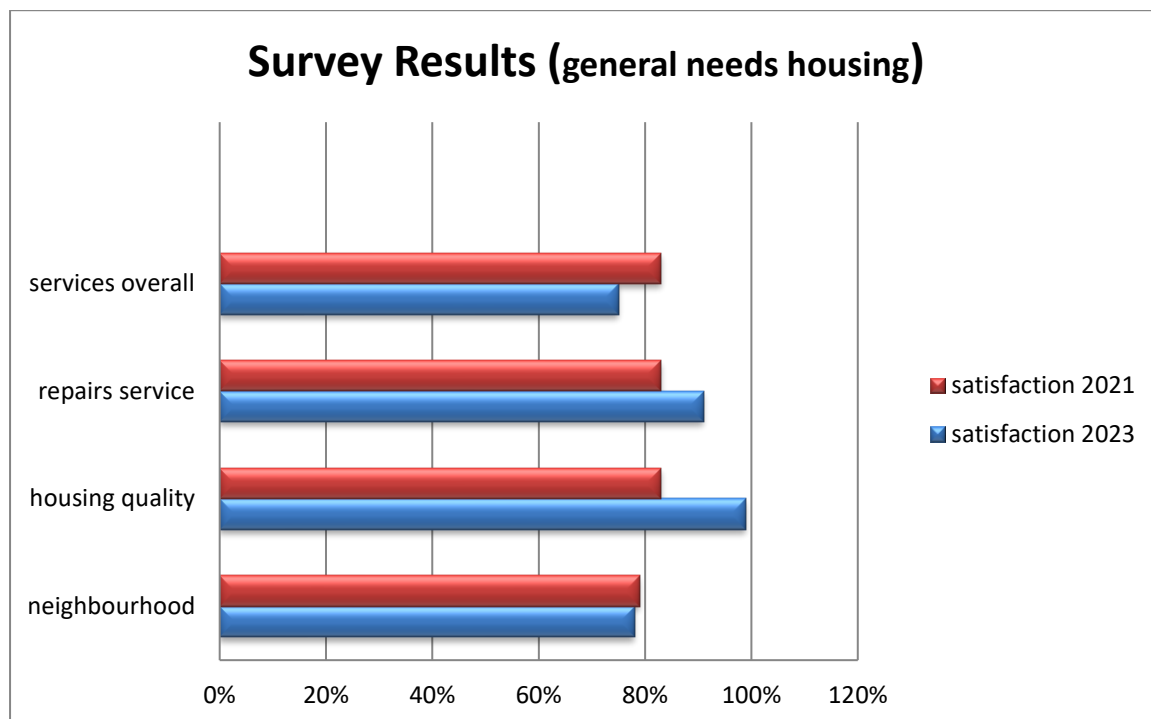
Our independent living tenants benefit from the service provided by our scheme coordinators and tenants within very sheltered properties have an appropriate external housing support need. While independent living mainly caters for older people, younger applicants may be considered if their housing and support needs can be appropriately met in this type of accommodation. For very sheltered housing, a panel made up of Castlehill and local authority representatives assess all applications to ensure properties are let to applicants requiring the high level of support available.

6.5 Factoring Service

We have a current shared ownership portfolio of 110 units and a further 20 outright owners for whom we provide a factoring service. Our shared ownership developments are all designed for people over 55 years of age and applicants must be able to purchase a minimum 25% share of the property. Provision of this service requires that Castlehill be registered as a factor and compliance with the 2011 Scottish Property Factoring Act. To do this a staff member requires to be trained and experienced to oversee the factoring service and has annual tasks to review services to establish the costs incurred and issuing of the factoring charge. Sharing owners receive this service and is paid for through a factoring charge which includes a range of services depending on the development including external painter-work, wind and watertight maintenance, heating repairs/replacement and grounds maintenance. A factoring pack is issued to all owners explaining the services we provide and the charges on an annual basis.

6.6 Service Delivery

We carry out a full tenant satisfaction survey every three years. Full details can be found on the website. Key findings are shown below:



6.7 Tenant Satisfaction Action Plan

We take tenant feedback seriously and following the results being published they are made available to tenants and reported to our Management Committee and all staff. An action plan is produced to identify areas of specific improvement and the options available. This action plan will encompass feedback and suggestions from staff, our tenants' panel and is also discussed and approved at Management Committee and senior management level.

7. Strategic Asset Management Approach & Targets

As well as building a better understanding of stock condition and tenant needs, Castlehill will undertake a data led assessment of stock looking at the financial and non-financial performance of properties every 3 years. Castlehill also requires setting targets and ambitions for this strategy and what we aim to have achieved by 2029. At the core of the review and targets are our tenants and we will listen to and engage with them wherever possible in this process.

7.1 Strategic Review

The strategic review will use a range of data to categorise properties as either red, amber or green based on their performance against a range of indicators. The current indicators used are set out below including:

- Rental and service charge income against expenditure to derive Net Present Values (NPV)
- Number and length of void periods per property
- Number of refusals per property
- Length of tenancy
- Energy efficiency rating of stock based on SHNZS
- Customer satisfaction
- Staff Views

This data is collected and used to define stock will be RAG rated as either.

- **Core stock** – core stock which has a positive NPV and performs well non-financially. This stock will be maintained to the defined ‘Castlehill Standard’
- **Marginal Stock** – marginal stock which has borderline financial and/or non-financial performance. This stock will require improvement plans to be prepared before major investment works proceed.
- **Poor stock** – poor stock which has a negative NPV and poor non-financial performance. This stock will require full options appraisals before major investment work proceeds.

The thresholds used to define the stock will be set once the initial data collection has been completed, and the variance between the stock can be calculated and categorised. The weighting of financial to non-financial will be calculated on 60:40 ratio. Assessments will be carried out at property level and at scheme level. It is unlikely however that the Association will carry out options appraisals for individual properties – these will generally be carried out at scheme level such as Thomson Street.

The **financial performance** or Net Present Value (NPV) of properties is calculated based on **Income** based on rental charges, **Expenditure** based on repairs costs over the most recent three-year period, void costs over the most recent 3-year period, predicted 30-year investment costs and management costs. At present this NPV calculation does not include the cost of meeting the new SHNZS and it is important this cost is included into the next strategic asset management review when the guidance is available, and we appoint a consultant to provide a Net Zero delivery plan. The **non-financial performance** of properties looks at ‘softer’ indicators outlined above, which are more subjective, but important depending upon weightings agreed for the NPV calculation.

7.2 Impact on Future Investment

Once completed, strategic 'traffic lighting' assessment of stock will form a fundamental part of the investment decision-making for future maintenance programmes, ensuring that programmes of work are concentrated on stock that contributes to the financial strength of the organisation, and that clear plans are in place to deal with under-performing stock. One of the strengths of Castlehill is that the staff take ownership and know their stock from both a Property and Housing perspective and can contribute to the decision-making process.

For poor stock, options appraisals will be carried out to determine the best future for that stock. Options will consider a variety of possible approaches including.

- Rent review / change of tenure
- Target investment or management solutions
- Major refurbishment or reconfiguration of the stock
- Demolition and rebuild
- Disposal

For marginal stock, the performance results will be interrogated, and improvement plans put in place which will generally focus on investment needs and management issues. Again, major works will be postponed until improvement plans are agreed.

For both marginal and poor stock, major investment will be delayed for no longer than 24 months to prevent the condition of properties deteriorating whilst the appraisals are being undertaken. When options appraisals and improvement plans are being undertaken, it is vitally important to the Association that the social value of the properties is not forgotten, particularly in communities where affordable housing is scarce.

Using this more strategic approach to asset management ensures that the Association's finite resources are invested in property which is contributing financially and meeting the needs and expectations of tenant and communities. The performance assessment of stock will be reviewed annually to monitor the effectiveness of improvement plans and to identify any newly emerging issues.

7.3 Strategic Priorities for Asset Management

To drive improvement of Castlehill's asset management service, strategic priorities have been developed in response to the distinct issues affecting Castlehill, its stock and sections of this strategy. The priorities are clearly linked to the corporate objectives in the Strategic Plan, supporting the delivery of the Business Plan. The priorities below are considered equally important and will be reviewed and updates on actions and outcomes reported to Management Committee.

Priority 1: Resilient Housing Stock Portfolio

A stock portfolio that is fit for purpose, attractive to tenants, and makes a positive financial contribution to the Association.

Objectives

- Complete the Strategic Asset Management 'traffic light' review of stock every 3 years
- Stock categorised as either 'Core' 'Marginal' or 'Poor'
- Establish reasons for reduced performance of 'Marginal' stock and formalise improvement plans where required
- Undertake options and feasibility appraisals for 'Poor' stock such as Thomson Street
- Continue disposal of single flats/one-off properties in the Sales Policy as they become void, with capital receipts reinvested in stock improvements

Priority 2: Procurement and Value for Money

Controlled costs for delivering asset management services, without compromising on quality and tenant satisfaction.

Objectives

- Continued focus on cost effective, compliant procurement of services
- Clear strategy in contracts to maximise community benefit and measuring 'quality' aspects
- Review potential benefits of existing and new procurement frameworks
- Maximise opportunities for joint procurement with external partners
- Proactive management of contracts to ensure delivery within timescales and budgets
- Regular review of performance and trends to monitor costs, quality, and satisfaction
- Peer benchmarking for repairs, voids and planned maintenance to ensure value for money is being achieved.

Priority 3: Involving and Listening to Tenants

Ensure that tenant priorities are understood and that tenants are involved in Asset Management decision-making and achieve high customer satisfaction.

Objectives

- Improve information given to tenants when homes are identified as requiring planned maintenance works
- Consider and improve ways that longer-term programmes of work can be made available to tenants
- Ensure adequate pre and post inspections of work and quality inspections during works
- Tenant satisfaction for repairs and planned maintenance to be regularly reported on and improvement plans set up to deal with any recurring issues
- Involve CaRTO and other tenant groups in refining the Castlehill Standard and planned maintenance specifications

Priority 4: Improving Energy Efficiency and Reducing Fuel Poverty

Understanding our property assets in terms of energy efficiency and developing a delivery plan for Net Zero

Objectives

- Completion of a Net Zero Delivery Plan further to publication of the SHNZS with consultant support

- Update of EPCs further to issue of new guidance
- Agree plans for improving energy efficiency of any failing stock
- Actively pursue available external funding opportunities to maximise energy efficiency measures that can be undertaken out with the planned maintenance programme
- Tenants to receive appropriate energy efficiency advice to reduce fuel poverty
- Consider alternative solutions for properties which cannot be upgraded satisfactorily – disposal, transfer, refurbishment, demolition and replacement with new build

Priority 5: Compliance & Tenant Safety

To ensure we meet all statutory compliance obligations and put tenant safety at the heart of what we do

Objectives

- A continued focus on compliance and all statutory obligations: gas, EICR, fire safety, lifts, asbestos, legionella, etc
- Robust adherence to the damp and mould policy and ensure that it remains a focus for all staff and contractors visiting tenant homes
- Delivery of the analogue to digital action plan and ensure compliance before December 2025
- Determine a strategy for the use of increased remote monitoring in homes with sensor technology to reduce risk to tenants and fuel poverty
- Review high-profile safety concerns and risks to remain agile and respond quickly: such as external cladding, damp & mould and RAAC

Priority 6: Increasing the Provision of More Accessible and Affordable Homes

To increase the provision of properties suitable for occupants with particular-needs and to deliver new homes subject to funding viability.

- Retain an accurate database of adapted properties
- Maximise funding and opportunities for incorporating aids and adaptations into planned maintenance works and new build properties to ensure homes are accessible and easily adaptable
- Development programme to be regularly reviewed with regard to Castlehill's approved Strategic Plan, Business Plan and financial capacity
- Continue liaison with local authorities on the SHIP and to deliver increased particular needs accommodation where required
- Strengthen relationships with developers and consider available Section 75 affordable housing opportunities
- Continue to deliver mid-market where appropriate, leasing through Castlehill Solutions

8. Conclusion

Our Asset Management Strategy is based on a sound understanding of the attributes of our property assets and sets out the things that matter to Castlehill in ensuring our homes and other properties remain fit for purpose and our tenants safe. It works alongside our business plan, strategic plan and policies on how we maintain and improve our housing stock.

We recognise that delivery of good services to our tenants depends on our ability to make the most of our property assets, not just as good places to live, but as the assets on which the whole organisation is built.

A major objective from this strategy will be to produce a Delivery Plan for Net Zero. A significant impediment to achieving Net Zero targets and decarbonising our homes has been a lack of certainty on the way forward. The new SHNZS when published will provide more certainty although there are concerns across the whole social housing sector about the significant investment levels required.

We will continue to report to Management Committee on delivery of the strategy on a regular basis and the formal strategy document will be reviewed by Management Committee on a 5-year basis.