

ASSET MANAGEMENT STRATEGY 2024-2029

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Scottish Social Housing Charter Relevant Standards and Outcomes

STANDARD
Section: The customer/landlord relationship
2 Communication Social landlords manage their businesses so that:- <ul style="list-style-type: none">• <i>Tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.</i>
Section: The customer/landlord relationship
3. Participation Social Landlords manage their business so that:- <ul style="list-style-type: none">• <i>Tenants and other customers find it easy to participate in and influence their landlord's decisions at a level they feel comfortable with.</i>
Section: Housing quality and maintenance
4 Quality of housing Social landlords manage their businesses so that:- <ul style="list-style-type: none">• <i>Tenants' homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) when they are allocated; are always clean, tidy and in a good state of repair; and also meet the Energy Efficiency Standard for Social Housing (ESSH) by December 2020.</i>
5 Repairs, maintenance and improvements Social landlords manage their businesses so that:- <ul style="list-style-type: none">• <i>Tenants' homes are well maintained, with repairs and improvements carried out when required, and tenants are given reasonable choices about when work is done.</i>
Section: Neighbourhood and Community
6 Estate Management, anti-social behaviour, neighbour nuisance and tenancy disputes Social landlords, working in partnership with other agencies, help to ensure that:- <ul style="list-style-type: none">• <i>Tenants and other customers live in well-maintained neighbourhoods where they feel safe.</i>
Section: Getting good value from rents and service charges
13 Value for money Social landlords manage all aspects of their businesses so that:- <ul style="list-style-type: none">• <i>Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.</i>

Scottish Housing Regulator Regulatory Framework

STANDARD	
1	The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Relevant standard 1.1.
2	The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. Relevant standard 2.3
3	The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. Relevant standard 3.1
4	The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose. Relevant standard 4.1

ASSET MANAGEMENT STRATEGY

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ASSET MANAGEMENT STRATEGY

1. INTRODUCTION

- 1.1 Asset Management is a systematic process of operating, maintaining, upgrading and disposing of assets (tenant's homes) cost effectively. Good asset management ensures that the Association has robust financial and operational plans in place to ensure homes are fit for purpose and sustainable.
- 1.2 The Association's Asset Management Strategy (AMS) follows the [SHR's Recommended Practice for Integrated Asset Management](#). It is strongly linked to **legislation, regulation** and key internal strategies, plans, policies to ensure we comply with statutory requirements and legislative targets.
- 1.3 In addition, it has involved **data review** to understand the stock profile, assess compliance and inform decisions on **investment priorities**. Internal data collected on Scottish Housing Quality Standards (SHQS) compliance, and independent stock survey results from 2024 and 2025 have helped to validate our historical and current datasets and provide assurance on the calculations and modelling for future asset management.
- 1.4 Asset Management is a core part of the business linking to customer experience, fuel poverty, and the overall financial strength of the Association, so understanding, engagement in and ownership of our AMS are organisation-wide, including staff, tenants and Board members.
- 1.5 Stakeholder input has therefore been an important part of reviewing this strategy and should form part of ongoing reviews of its effectiveness. **Staff and tenant feedback** has also been taken into account with input taken from Staff Away Day working groups, informal meetings, rent consultation surveys, tenant satisfaction surveys, energy advice referrals, and complaints handling. Staff representatives involved have included senior managers and team members from Technical Services, Property Services, Energy Advice, Development, Housing and Finance.
- 1.6 This strategy aims to set the overall direction and principles of good asset management but should adapt to change based on feedback from ongoing internal **monitoring** or external influences that impact on operational practicalities or prioritisation. It should be influenced by continuous data collection on stock performance and financial planning and adjusted accordingly to ensure that the most up to date intelligence is used to make targeted and effective investment. Updates to legislation and associated targets may trigger a more in-depth review, for example when the performance targets for Social Housing Net Zero Standards have been confirmed following Scottish Government consultation.

- 1.7 **Periodic reviews** will also be important to ensure the strategy remains fit for purpose and delivers its objectives. Comparing outputs and outcomes against expected results, with measurable key indicators and giving assurance that it remains robust, viable, sustainable and affordable.
- 1.8 The design, delivery and outcomes set out in this strategy aim to move the Association from a place of reactivity, to one of proactive and ultimately preventative asset management.
- 1.9 This is a high-level overview of how the key principles contribute to the strategy and the ongoing review and development to refine and improve it. There are feedback loops for ongoing data review to feed into the development of the AMS, and periodic review to ensure the key principles are delivering the outcomes we want from the strategy:



2. LEGISLATION AND REGULATION

- 2.1 Fundamentally, an AMS must ensure that properties are compliant with building standards (Scotland), health and safety laws and other legislation or regulations. They will underpin the 30 year programme and be used to guide the Association on what is mandatory or discretionary for improvement works to be planned and budgeted.

Regular mapping should take place to ensure any changes or additions to this list are understood and incorporated into the delivery of the strategy: what changes are applicable to LSHA stock, how many properties does it affect and at what cost.

- SHQS Technical Guidance; minimum requirements that social landlords need to adhere to, to ensure homes and estates are healthy, safe and secure; compliant; free from serious disrepair; energy efficient; have modern facilities and services.
- Housing to 2040; provision of safe, high quality (new housing standards), affordable homes. Affordable warmth and zero emissions homes with retrofit, digital connectivity and lifelong accessibility. These standards are still to be confirmed; LSHA is therefore working towards these and may need to reassess stock on actual compliance levels once finalised.
- Heat in Buildings Strategy; reduce heat loss, decarbonisation. Social Housing Net Zero Strategy replaced Energy Efficiency Scottish Social Housing standards (EESH2).
- Building regulations, tolerable standards (The Housing (Scotland) Act 1987 and the Housing (Scotland) Act 2006) and repairing standards (Housing (Scotland) Act 2006): building and designing homes that are wind, watertight, accessible, fit for purpose and new build technical guidance.
- Accessible Homes for Varying Needs; ensuring homes are inclusive by design and sustainable.
- Fire, electrical and water safety: servicing, testing and upgrading of components like emergency lighting, fire doors, alarms, legionella tests, electrical safety inspections. Legislation examples; Electrical safety checks (The Housing (Scotland) Act 2014), Carbon monoxide alarms (Housing (Scotland) Act 2014, Asbestos & Legionella (Healthy and Safety at Work Act 1974, COSHH Regulations 2002), standards for Fire Safety and detection (The Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criteria) Order 2019)
- Fabric first, net zero and climate adaptation targets: the need to insulate, improve EPC ratings (Energy Performance of Buildings (Scotland) Regulations 2008), upgrade heating systems and reduce emissions.
- The Association's regulatory and legislative requirements as a Factor registered under the Property Factors (Scotland) Act 2011.
- Scottish Social Housing Charter Standards: Quality of Housing - Social landlords manage their businesses so that:
 - tenants' homes, as a minimum, when they are allocated are always clean, tidy and in a good state of repair, meet the Scottish Housing Quality Standard (SHQS), and any other building quality standard in place throughout the tenancy; and also meet the relevant Energy Efficiency and Zero Emission Heat Standard.

2.2 Where there are targets related to compliance measures, these will be given clear KPIs within performance reporting and monitoring of the strategy's success (see section 10 'Review and monitoring').

3. STRATEGIES, PLANS, POLICIES AND PROCEDURES

3.1 The AMS should also complement our internal strategies, plans, policies and procedures. Key documents linked to our AMS are:

- **Business Plan** and the Financial Plan: strategic themes and objectives include:
 - Fuel poverty and climate change; helping to deliver affordable warmth for tenants through energy efficient homes.
 - Developing more homes to meet local demand with the right tenure type, composition and volumes. Developing the optimum housing model that is functional and affordable.
 - Influencing and collaborating: understanding of Lochalsh and Skye's needs and support for solutions; where do local place plans incorporate development or investment in properties, how are needs changing based on the demographics of the region and the subsequent impact on the type and location of good quality housing that will meet these needs.
 - It acknowledges the rural challenges we face in our geographical location, which impact on asset management in multiple ways: cost and sourcing of materials/specialist labour; cold and maritime climates leading to quicker deterioration of materials/components and difficulties with humidity management; heat rationing through exclusion from cheaper, mains gas supply as examples.
- **Procurement Strategy**: securing value for money for the business and for tenants and using credible suppliers for quality products and services.
- **Development Strategy and Policies**: building new homes that will be future-proof, affordable and practical for tenants, cost-effective for LSHA to maintain/repair and service. Ensuring good quality and sustainable homes are built, but that standards do not make development financially unviable. Other relevant documents and guidance to take into account include Firm Foundations and Design Brief specifications. A properly funded and implemented AMS will ensure existing stock retains value which is reflected in the valuations required for raising future private finance to fund new build developments.
- **Estate Management Policy**: looking after neighbourhood amenities so that they are safe, secure, practical and affordable to service and repair. Often delivered in conjunction with other agencies to create a safe environment, and provide residents with good and clear advice on looking after their neighbourhood or communal areas.
- **Factoring Policy**: ensuring factored owners receive investments to upkeep and repair external or internal communal parts, to ensure safety and compliance. Adhering to the statutory Code of Conduct for Property Factors.
- **Repairs and Maintenance Policy**: responding in a timely manner to reports to ensure issues are addressed as early as possible to prevent deterioration and prolong properties and components useful life. Understanding when assets require repair or merit full replacement (see section 9 'Value for money' below for further detail).

- **Void Management Policy:** ensuring properties meet lettable standards at changes of tenancy, completing compliance tests or component upgrades. Maximising housing stock to best meet housing need, and minimising rental loss.
 - **Business Continuity and Disaster Recovery Plan**
 - **Risk Management Policy and Strategic Risk Register:** see further information under section 7 'Risk based and proportionate' below.
- 3.2 The Board and Senior Officers will ensure that managers regularly update Plans, Strategies, Policies and Procedures within the set review dates and provide easy to understand Reports with changes highlighted, to the Association's Board for consideration and approval.

4. DATA REVIEW

- 4.1 Data feeding into the AMS has been collated and compared from a multi-year period so it is not a snapshot in time, and to enable a more representative and accurate view of property performance. This data has most recently been validated independently through a desktop exercise in October 2024 and continues to be quality-assured through regular internal reviews and additional stock survey data collected in 2025-26. For example, the rolling programme of new stock condition surveys completed internally should be sample-checked each year to ensure a consistent and accurate assessment is being used to review stock condition. The sample checks can be done by internal Property Service Officers, CSM and/or our internal auditor.
- 4.2 Every three years, we will commit to procuring the services of external consultants who are subject experts to undertake a 10% SCS including a quality assessment of the data that we hold to provide continued assurance on fully inform the 30- year component replacement requirement.
- 4.3 For ongoing review, LSHA should continue to map what data it collates and retains in different places and bring this information together for the most meaningful comparisons and analysis.
- 4.4 We will use peer group networks such as Scottish Federation of Housing Associations and Rural & Islands Housing Association Forum to benchmark and compare quality, outcomes and performance, and also share insights and experience.
- 4.5 Data will help to identify unknown issues, or re-affirm known issues, which can then be incorporated into budget planning for any underfunded investment risks.
- 4.6 Data that will be used for informing AMS decisions:

Data on the performance of homes:

- **Energy efficiency:**
 - Ratings and measures like EPC, coefficients, average temperatures, compliance with EESSH1/SHNZS
 - Damp and mould issues: high humidity levels, underheating/rationing, other causes, interventions
 - Historical data for benchmarking against taken from stock condition surveys completed 2017 – 2020 on affordable warmth measures and EESSH compliance.
 - Investigation results relating to the heat retention (insulation) of a building; uncontrolled ventilation (draughts); efficiency and usability of a heating system. These help the Association plan future improvements and provide essential data to help secure grant funding to subsidise upgrades and stock improvements.
 - Energy Advice data could also be used to support requested exemptions from our current EESSH2 / SHNZS targets based on value for money and affordable warmth principles.
- **Technical:**
 - Retrofit validation and analysis data: what upgrades have been undertaken, and which had the biggest positive impact
 - Stock condition survey results (and validated returns from external sources)
 - completing our component assessment survey and updating our asset management data; helping to identify lifecycle replacement assumptions, which components have the current highest maintenance burden or the best value components to be used for replacement
- **Financial:**
 - Preventable and planned maintenance completed in last three years and their costs
 - Reactive repairs (especially repeated repairs) and costs in last three years;
 - List of property components and their associated costs and timescales for servicing, testing or cyclical replacement. From fire doors, alarms, sprinklers and emergency lighting to windows, kitchens, bathrooms, heating components and extractor fans. Map these over time to see peaks and lows.
 - Assumed asset life cycles vs real-world experience, factoring in unexpected failures to future life-cycle decisions: helping the association to be responsive and agile and inform/update component assumptions.
 - Void loss, void costs.
- **Operational:**
 - Property compliance/non-compliance with new policy and building standards or health and safety, recorded hazards.
 - Repairs backlogs, delayed upgrades or incomplete works orders.
 - Property Services Component Condition Surveys focusing on preparing an updated lifespan assessment of all key components;

- Feedback from regular inspection programmes:
 - Completion of Scottish Housing Quality Standard (SHQS) stock surveys which is the Scottish Government's principal measure of housing quality in Scotland. The SHQS are a set of five broad housing criteria which must all be met if the property is to pass the SHQS standard. These criteria comprise 55 elements and nine sub-elements against which properties need to be measured. LSHA is committed to completing surveys in 20% of its stock each financial year, to achieve 100% of stock surveyed every five years.
 - Estate Management Inspections performed on a quarterly basis by Property Services. Our Property Services and Technical Services teams have responsibility for ensuring estates are regularly inspected and maintained with reporting on any aspects requiring attention.
 - Weekly Playparks Inspections take place to ensure all equipment and surfaces are safe and maintained for toddlers and youths to enjoy.
- **General:**
 - Age, location, construction, type of property and heating system component.
 - Place performance: is the property in a sought-after location with low turnover, low refusals, accessibility and customer satisfaction. Is it in a strategic location for placemaking or further development, with good amenities and facilities.

Data on the properties' impact on tenants and in turn, the impact tenants' impact on the property: Collated by Energy Advice, Tenant Engagement & Support

- **Energy efficiency and affordability:**
 - Cost of living: energy bills – consumption levels and costs
 - Damp and mould concerns and impact on health, wellbeing and satisfaction levels and cost of managing this.
- **Customer perspectives:**
 - Perceptions of housing quality and condition, repairs and maintenance and value for money (three-yearly satisfaction surveys). Our latest satisfaction survey will also give update information on these measures to feed into ongoing monitoring and future planning (completed December 2024)
 - Feedback on modernisation/upgrade projects following component replacement programmes.
 - Tenant priorities: from recent rent consultations (2022-2025) we already know that tenants prioritise affordable warmth and would like investment to be spent on insulation and heating. This may change over time and there is still a proportion of people who feel kitchen/bathroom upgrades are long overdue and these impact on perceptions of rent being value for money.

- Complaints handling lessons learned if dissatisfaction is related to property/estate conditions.
- Tenant feedback on new build developments, and at change of tenancy: design/layout, components, running costs.
- **Support resource:**
 - What proactive support is being offered to help people manage their home and their needs to be safe and well. Maximising repairs reporting to allow for early intervention and reducing the risk of large-cost voids or upgrades due to significant property deterioration.
 - What technology is helping tenants to improve their household conditions. For example, promotion of smart meters, humidity and temperature monitors, use of dehumidifiers.
- **Financial:**
 - Retrofit validation and analysis data: what upgrades had the biggest positive impact from a tenant's perspective: improved temperature/warmth, comfort outcomes, reduced energy bills. However, care must be taken with this outcome to ensure there was adequate engagement and support to enable new technology to be used appropriately and adopted successfully. Results could be skewed if tenants were not confident to use new systems in the most efficient and cost-effective way.
 - Stock valuations are prepared by independent consultant Chartered Surveyors as asset cover required by lenders providing private finance for the Association's new build development programme. Compliance with our AMS will result in positive stock valuations and help to secure future private financial investment in the Association's housing development programme.

4.7 Data management

Stock and performance data will be held on digital databases which allow for filtering by scheme/estate and tenure type (social rent, shared equity, factored, managed, leased, mid-market, communal areas).

Within the individual property details, information is also stored on all cyclical testing and maintenance programmes to ensure that the Association complies with all legal requirements and Codes of Good Practice.

This AMS also commits to sourcing and implementing improved asset management software to assist with future planning as the Association continues to grow in size, and our data management processes need to be sophisticated and efficient for staff to maintain and get maximum intelligence from.

This can be used to report on compliance or safety tests due, certification expiry dates, compliance test results, and type/number of components in each property.

Overlaying these data sources with those described in section 4.6 on top of each other will enable LSHA to better understand the true performance of its assets and

the long-term costs of managing them. It will help to re-affirm known issues and also highlight unknown problems that allow for clear intervention action to be agreed and be incorporated into the plan.

It will allow LSHA to calculate a return on investment score for each property by comparing the expected rental income over 30 years with the expected management cost, maintenance cost of future investment required to bring the property up to standard/compliance or into better condition.

5. CATEGORISATION AND PRIORITISATION

5.1 Using the data and insights to fully understand the asset base, the Association is able to categorise properties from the best and worst performing to easily identify what proportion is in need of intervention. A proposed categorisation will be used with corresponding RAG rating to highlight where houses are fit for purpose or where investment needs to be targeted on a property/scheme by scheme basis.

- 'Good performance': which ones are managed efficiently, generating demand, in good condition with good tenant outcomes and low maintenance cost/burden for repairs. Long life-cycle component servicing and replacement costs that can be budgeted and are affordable. These properties are making a positive contribution to the business plan, void loss, allocations and repairs and maintenance KPIs. They deliver good value for money and the return on investment score is positive. This is the aspiration for all properties to be categorised in this way.
- 'Managing performance': These properties are not high performing, but do not require major works. They may become a risk in the future and require investment to move into the 'good performance' category. This investment should be weighed up against value for money. Options appraisals may be required to compare the status quo with remodel/adaptation work, disposal, change of tenure or small-improvement decisions.
- 'Poor performance': these properties may be in disrepair and analysis/lessons learned should be completed to review how this can be preventable in future. It could be due to a lack of investment, or where improvements to the property are not within the landlord's control.

5.2 The aspiration is that this AMS enables LSHA to have the maximum number of properties defined under the 'good' performance category and an operational Action Plan feeding into a robust financial plan to keep these here.

- 5.3 Properties where we are 'managing' performance are subject to analysis that establishes where small investments will have the most impact, offer best value for money, and are realistic to deliver.
- 5.4 Properties with 'poor' performance should include analysis of which ones require accelerated interventions to move them into the 'managing' or 'good' categories. If the costs are estimated to be excessive, the plan should consider a disposal options appraisal for Board decision.

6. CONSULTATION / STAKEHOLDER ENGAGEMENT

- 6.1 Employees and tenants have already influenced the development of this strategy as described in section 1.4 and section 4 'Data review' and there is a commitment to continuous involvement in the ongoing monitoring/periodic review. Opportunities will be created for staff and tenants to give feedback on the AMS, to enable the Association to assess progress towards delivering its objectives.
- 6.2 For example, staff and tenants could help verify what are best/worst performing homes, help agree reasonable lifecycle replacement periods and component replacement guidelines for when decisions are needed on something needing repair or whole replacement.
- 6.3 For tenants this is also excellent good practice for being involved in landlord's decision-making processes, and receiving good communication and information on its services and decisions as is required in the Scottish Social Housing Charter.

7. RISK BASED AND PROPORTIONATE

- 7.1 Our Risk Management Policy describes how the Association will assess and manage the issues associated with its activities.
- 7.2 The Association needs to balance a prudent approach to the risks associated with its business with the need to ensure an innovative and creative approach to opportunities and challenges. The Association regards effective risk management as an essential component of its AMS and crucial to maintaining its position as a successful and highly regarded Housing Association.
- 7.4 The Association also recognises that its Plans must be flexible enough to allow changes which may largely be outwith the control of the Association. The Strategic Risk Register identifies a range of "actions" to be considered in the event that anticipated risks materialise. In addition, the Association's Financial Plan has a range of scenarios included as appendices which give consideration to the key financial factors or risks that may arise and measures the sensitivity of the Financial Plan in being able to mitigate these risks.

7.5 The key risks relevant to the development and delivery of this AMS include:

- Financial planning: resourcing and financing the strategy will be costly and changes to inflation and interest rates increase the risk of work being financially unviable. Failure to adequately budget will have a detrimental impact on tenants, the condition of stock, LSHA's reputation and the financial stability of the business. LSHA must ensure that investment over the years is as consistent and stable as possible to avoid any risk of negatively affecting operating surplus and over-reliance on private finance.
- Tenant interests: there is reputational risk that some strategic decisions do not fully align with all tenant interests. This may be due to costs and value for money and disagreement over which work to prioritise and scale and speed at which it can realistically happen. This can be best managed with involving tenants in consultation and communicating decisions effectively; being open and honest with our data and financial situation.
- Regulatory compliance: there are risks of non-compliance with standards and conditions of stock placed on RSLs by the SHR and other bodies. Finances must be allocated to ensure that LSHA is compliant with all essential works to avoid regulatory intervention and compromise tenants/staff safety.
- Climate change and fuel poverty: a failure to develop an efficient strategy to meet new targets and local rural needs and tenant priorities will have reputational damage. There are also cost implications for those exposed to higher energy costs who as a result ration heat which negatively impacts on property condition (becoming a health and safety and wellbeing issue related to damp and mould management).
- Quality of homes: there is a risk that contractors or trades fail to deliver planned upgrades which carries reputational risk, poorer financial outcomes and socio-economic impacts on tenants.

8. A STRATEGY FOCUSED ON AFFORDABLE WARMTH

8.1 The greatest pressure our tenants face currently face are related to cost of living, which has led to rationing of heat purchase in many homes. Energy costs have a variable burden across our stock, with significantly different cost and warmth outcomes depending on where you live, and the type of heating system. Poor ventilation and humidity management outcomes are present in many homes.

8.2 A proportion of our stock is a cause for concern due to poor thermal or heating efficiency; these would fall into the 'poor' or 'managing' performance categories. Skye and Lochalsh are off-gas grid so there are no low-cost options available to heat homes in the area. Within the previous 2022 Energy Crisis and increasing cost of energy, tenants have identified investment in energy demand reduction through

insulation, and more efficient heating systems as their preference when funding is limited.

8.3 The Association wishes to exceed the current SHQS and the Energy Efficiency Standard for Social Housing (ESSH) soon to be replaced by The Social Housing Net Zero Standard (SHNZS) which we believe will introduces new challenges for fabric improvement and additional uncertainty about cost. As the new standards are still under consultation, it has not yet been possible to scope the investment needed to reach this new three-part standard but a review of the strategy will be required to be completed when the SHNZS targets are finalised.

8.4 Until the SHNZS is finalised and using the information available on SHNZS to date, we will continue to assess what percentage of our stock meets:

- The 2028 Minimum Standard
- The 2030 low carbon heating requirement 2030 target
- Compliance close to the 2040 target.

8.5 An investment programme will be prioritised as follows:

- Solutions to bring properties from 'poor' into the 'good performance' and compliant category will firstly be costed. If there is a positive return on investment, the properties will be considered for upgrade and modernisation. If there is a negative return on investment and the cost to upgrade outweighs the outcomes with inconclusive or lack of evidence to justify value for money, the properties will be options appraised for potential disposal. Reasons we may keep a property despite low return could be related to its strategic importance or geographical location that fulfils an essential local housing need where key partners or stakeholder may be interested in accessing housing for their own services.
- Solutions to bring 'managing' properties into 'good' performance' and compliant category will be costed and prioritised based on the return on investment for the maximum number of properties to be uplifted so that costs are spread over the maximum number of properties for maximum benefit.
- Ongoing maintenance will be costed to ensure that 'good' properties continue to function well and stay within this category, avoiding deterioration into 'managing' or 'poor'.
- Resources will continue to be prioritised for upgrades that will deliver affordable warmth and reduce energy demand for example through additional fabric first improvements, ventilation upgrades and shower installations (especially for homes remaining on a storage heating regimes); reactive requests or at change of tenancy. This means suspending short term investment in other areas such as full kitchen and bathroom replacement.

- Kitchens and bathrooms will only be reviewed in years 1 – 5 on a case by case basis, and will focus on individual component replacements where justified because of non-compliance, poor functionality or health and safety. If kitchens and bathrooms are approved, we will take the opportunity to trial new methods and protocols for refurbishing kitchens and bathrooms and integrating such work into a whole home retrofit model;
- Other planned maintenance elements such as doors and windows will be addressed reactively based on dynamic quarterly prioritisation informed by Property Services staff and tenant interaction, within budget ceilings.
- removing from our stock those components with the most expensive maintenance burden;

8.6 The Association has evidence to show that whole-house heating solutions with upgraded technology helps to deliver more affordable heat, better temperature distribution throughout the property and improved humidity management. This should be done in tandem with a thorough assessment of insulation and draught-proofing work to ensure upgraded heating has the maximum positive effect. Based on the design and type of property, we will continue to assess the most fit for purpose technology to improve outcomes for tenants. In the majority of cases, this will either be an Air Source Heat Pump or a Quantum storage heater. Both of these have the potential to improve affordable warmth but have significantly different installation and maintenance/servicing costs over their life cycle and different life expectancies. Each property will be assessed on a case-by-case basis, to balance improved outcomes for tenants, with what is financially viable to the association and managing impact on rent setting and affordability. The Association will continue to learn about any new technologies available on the market as they become commercially available. Continuous assessment of the heating technology and performance data will also help to influence future decisions for each property or estate.

8.7 Currently 100 tenants are connected to a biomass district heating system which was initially funded with Scottish Government grant. The 30-year programme allows for significant investment in the system to upgrade the original infrastructure but an options appraisal will be needed to determine the strategy for either continued maintenance or replacement. Costs will need to be updated accordingly. We will scope and deliver a solution for the Portree District Heating system, the 139 homes attached to it, and transition costs and timetabling planned and managed and integrated into our financial plans.

8.8 In addition, the following commitments are made to deliver an affordable warmth strategy, meet our strategic themes and objectives and continuously improve our services:

- Create effective partnerships with tenants, to work together, with new proactive inspection and support protocols to better ensure a healthy affordable, warm and efficient home.
- New build stock will have fabric first and simplicity as its principal design principle so that the heating systems and components we choose can be simple and longer lasting, and we will revise our shared sector Highland Firm Foundations design brief.
- Seek optimum house retrofit solutions that balance value for money, return on investment and are practical to implement. Use this to enhance the insulation of older stock in parallel with assessing heating and ventilation upgrade needs. We will adopt the principle of fabric first and ensure necessary, pragmatic fabric fixes integrate with heating and ventilation upgrades on a whole-house heating model.
- Use learning from the research completed with consultants 'Power Circle' to explore viable alternatives to heating technologies, supply and generation where this is considered to be low-risk, affordable and can demonstrate clear benefits to tenants. For example, elements of on-site generation, battery storage and micro-grids;
- We will continue to lobby Government for ongoing subsidy for renewable heating systems now and in the future, and we will better integrate subsidy payments and RHI payments into our asset management calculations as the current regime hides the subsidy gains.
- We will look to upskill our Technical Services team to deliver holistic whole house retrofit solutions with enhanced heating and insulation outcomes.
- Extend component life cycles where the component is assessed as not needing replacement (it is functional and performing well). Prioritise proactive component management where there is failure or fast deterioration, review specification to increase efficiency and longevity, and support tenants to take care of them.
- Ensure component warranties are strictly logged and maximised so that any early failures or damages can be easily replaced and little or no cost.

9. VALUE FOR MONEY

9.1 The Association employs its own Technical Services team comprising joiners, plumbers and technicians and an electrician and estate management staff to carry out elements of the Asset Management Programme; including:-

- Planned Maintenance: Windows, external doors and kitchens
- Cyclical Maintenance: Painting, communal cleaning, estate management and electrical inspections
- Repairs: Reactive – repairs and change of tenancies

- 9.2 Having an in-house resource helps to reduce our dependency on external contractors and reallocate savings to allow us to do more and quicker improvements; (Our ultimate aim should be to do all our own electrical inspections, heat pump and quantum installs, servicing, communal cleaning and painting.) Ensuring our technical team is upskilled and recruiting and retaining accredited plumbers and electricians, plus retraining our expert joiners and others in being whole house retrofit coordinators will be key to delivering value for money.
- 9.3 Where courses are available, affordable and accessible, will seek to train our staff to become retrofit assessors, coordinators and delivery agents and we will aim to recruit and retain our own MCS accredited heating engineers and plumbers and fully qualified electricians. The costs of achieving this will have an impact on our Financial Planning and annual staffing budgets which will be regularly reviewed.
- 9.4 We will always assess if a job can be completed in-house first' using our own skills and available labour which saves 20% VAT internally for every work order. When a need is identified to procure external services, we will attempt to calculate and weigh-up the costs against the ability to respond in a timely manner and co-ordinate works to ensure targets are met. We will therefore take a flexible approach to procurement of services and trades. Satisfaction Surveys undertaken on completed works can also be used to provide evidence of where either contractor or in-house resource has led to positive outcomes and value for money.
- 9.5 All Planned and Cyclical Works are inspected by the Property Services Team and a minimum target 10% of Reactive Repairs are pre and post inspected. The Highland Council have engaged our Clerks of Works Services and our Technical Services following successful competitive tendering submissions which provides valuable additional fee income to support our Asset Management activities.
- 9.6 Proactive and preventative**
In addition to the programme of inspections as described in section 4 Data Review, the Association will attempt to be proactive in its approach to understanding stock condition and creating opportunities for timely intervention in the following ways:
- Hot/cold property analysis to inform targeted outreach and home visits to tenants so that they can best manage their homes. Homes will be identified based on early intervention/tenancy sustainment risk highlighted by the TESM, or where there has been potential under-reporting of repairs based on low/no contact with LSHA in the previous two years;
 - Repeated, regular communications on how to report a repair through the different channels: email, phone, tenant portal, in person. Encourage use of photo and video files for better diagnosis of issues. Through newsletters, sign-ups, follow-up settling in visits, ad-hoc home visits by housing, rent, tenant support, energy advice or property/technical services.

- Develop a quality standard guidance document for components to ensure it functions, it is safe, it is compliant but also of a good quality that maximises life expectancy. Good aesthetics will not always be a priority but is also not mutually exclusive.
- Improving work schedule planning is a long-term aspiration of this strategy; aligning our processes with the new Digital Strategy, a Data Management Strategy and changes to the staffing structure to maximise output.
- Encouraging adherence to tenancy agreement and incentivising tenants to look after their homes and neighbourhoods through informal and discretionary means:
 - Tenancy sustainment extra help fund: furnishing and flooring subsidy
 - Energy advice heating grants or vouchers to encourage good temperature and whole-house heating.
 - Energy advice/property services: loan of dehumidifiers to help accelerate resolving issues with poor humidity management
 - DIY packs – providing tenants with safety equipment that could support them to undertake small wear and tear repairs that they are responsible for, potentially delivered through donations and partnerships.
 - Garden competition awards for well-kept communal or private gardens
 - Supporting or subsidising home improvements through ‘standard condition’ requests; for example, if the tenant purchases their own materials, our staff may be able to lend their skills and time to help with safe installation/fitting.

10. REVIEW AND MONITORING

10.1 The AMS aims to be long-term, viable, fit for purpose and deliver on strategic objectives set out in our Business Plan to 2031. Internal and external factors can influence the delivery of the asset management strategy in planned or unexpected ways, and it should therefore be reviewed regularly to updated, refined and improved.

Proposed review schedule:

- **Annual** review: reporting to the Board against KPIs and any staff/tenant feedback on the delivery of the AMS to measure progress or propose changes.
- **Annual** review: The Financial Plan assumptions include the Asset Management assumptions (Appendix 1) and its Improvement Standards (Appendix 2) and these are incorporated within the annual review of the 30 year Asset Management Programme.
 - The Asset Management Programme is subdivided into four main categories: Planned Maintenance, Cyclical Maintenance, Repairs and Service Charges which are all incorporated into the Association’s 30 Year Financial Plan which is approved annually.
 - Year one of the 30-year Programme is the Association’s budget for the following year once approved by the Board.
- **Annual** review: against Business Plan progress.

- **Annual** review: Internal Audit Plan to take into account known and estimated internal and external influences and changes.
- **As required:** to include reference to and impact of any updated legislation or regulatory requirements. New performance targets following SHNZS consultation as an example.
- **Quarterly** review: Financial performance including asset management budget is reported to the Board every three months in the form of the Quarterly Management Accounts, including comparison of the agreed annual budget for the Asset Management Programme against actual spend to date and projected spend for the financial year highlighting any surplus or deficit.
- **Quarterly** review: risk management and mitigating actions as part of the Audit, Finance and Risk sub-committee Strategic Risk Register.
- **Quarterly** Asset Management report to the Board on planned and cyclical maintenance programmes and KPIs.
- **Bi-annual** review of risk management within operational teams to update their own risk assessments.

10.2 KEY PERFORMANCE INDICATORS

These measures will help to drive improvements in stock condition and deliver Business Plan strategic objectives:

KPI	Reported	Responsible	Supported by
1.Tenant satisfaction with quality of housing/condition of property increased	Annually - ARC	TESM	Property Services
2.Stock that meets Scottish Housing Quality Standards increased	Quarterly performance reports and annually ARC	TM	Property Services
3.Stock that meets EPC Band B / equivalent performance standards as expected from the new SHNZS increased	Annually	TM	Property Services/Energy Advice
4.Number of damp, mould, temperature or humidity management issues reported reduced and percentage of tenants worried about damp/mould or rationing heat reduced	Annually (new ARC indicators also expected)	TM	Property Services/Energy Advice
5.Tenant safety compliance increased and maintained e.g. EICR completion % and other health and safety KPIs.	Quarterly performance reports	TM	Property Services/Health and Safety & Fleet Officer

6.Number of repeated reactive repairs (numerous jobs raised for the same repair issue) reduced	Annual	TM	Property Services
7.Number of complaints related to property condition reduced	Annual complaints reporting summary	TESM	Property Services
8.Tenant satisfaction with modernisation/upgrades increased	Annual	TESM	Property Services
9. Peer group benchmarking: comparing ARC-related KPIs to peer group and Scottish average.	Annual - ARC	TESM	Property Services

DATE	REVISION No.	DETAILS
27.04.2026	8.1	1.3 – Added survey results 2024 and 2025.
	8.1	4.1 – This data “should be” changed to “continues to be”. Added - “and additional stock survey data collected in 2025-26.”
	8.1	4.6 – Customer Perspectives “completion expected” amended to “completed”. Rent consultations amended to 2022-2025.
	8.1	8.2 – Energy crisis – added “and increasing cost of energy”.
	8.1	10.1 – Date changed from 2029 to 2031.
	8.1	10.1 – <ul style="list-style-type: none"> • As required: to include reference to and impact of any updated legislation or regulatory requirements. New performance targets following SHNZS consultation as an example. “Expected 2025 – 26” removed.

ASSET MANAGEMENT STRATEGY - Main Assumptions as at February 2024

Component		Life Cycle	Cost	
Electrics		50 years	£3,000	
Electrics Distribution Boards to meet 18 th Edition		15 years	£890	
Electric Storage Heating (existing storage heating systems have 25 year cycle, but changes to 20 years when renewed from 2020/21)		20 years	£6,500	
All other heating types including Heat Pumps & Ventilation (existing heating systems have 15 year cycle)		15 years	£13,000	
Biomass within properties: pipework, HIU & radiators		In year 2035	£0	
Biomass Replacement (Plant, Building, Network etc)		In year 2035	N/A Future loan	
Kitchen	Joinery	£3,625	15 years	£3,675
	Extractors	£0		
	Décor allowance	£50		
	Flooring	£0		
Bathroom	Electric Showers (disabled) 10 years	£750	10 years	£750
Bathroom	Suite	£2,975	25 years	£3,475
	Tiling	£300		
	Extractor	£200		
Windows		25 years	£5,000	
External Doors (£1,000 x 2 per property)		25 years	£3,000	
Main Roof		40 years	House: £10,000 Flat: £5,500 x no of units in block	

Cyclical Maintenance Costs

Inspection Type	Frequency	Cost
Carbon Monoxide Detector	10 years	£ 60
Electrical Inspection of House	5 years	£ 240
Electrical Inspection of Communal Lighting/Fire Alarm	1 year	£ 300
Gas Service	1 year	£ 180
Ground Maintenance	1 year	
Gutter Gleaning	1 year	£ 40
Heat Pump Service	1 year	£ 243
Oil Boiler Service	1 year	N/A
Smoke & Heat Detector Replacement	10 years	£ 240
Solar Panel Service	5 years	£ 150
Painting		
Masonry (includes pre-paint repairs of £60)	9 years	£480
Timber (includes pre-paint repairs of £60)	3 years	£ 240
Cladding (includes pre-paint repairs of £60)	3 years	£ 270
Communal Areas	5 years	£ 650

IMPROVEMENT STANDARDS

Appendix 2

	<u>Cycle</u>
Roof covering	40 years
➤ To be replaced on a like for like basis upgraded to meet current standards	
External doors to individual properties	25 years
➤ Timber doors with exposure rating suitable for proposed location	
➤ Water based factory finish on doors and frames	
➤ Double glazing and toughened glass where applicable	
➤ Multi point locks and thumb turn	
➤ Lever handles	
➤ Number in a prominent position where it is needed for access	
➤ Viewer on front door if the door is not glazed	
➤ Whole door draught proofed including letter box	
Common external doors in blocks of flats	25 years
➤ Door entry systems will be fitted where circumstances or conditions indicate that a door entry system is required and tenants and owner occupiers in the block agree	
➤ At the front door of the block this will be a coded door entry system with a magnetic closing system and a buzzer and intercom to each flat	
➤ If there is a rear door to the block e.g. providing access to a common garden or drying area a manual keypad will be fitted	
Windows	25 years
➤ Fully reversible or tilt-and-turn windows	
➤ Timber frames with aluminium facing	
➤ Double glazing with low emissivity glass	
➤ Toughened glass where there is glazing below 800mm	
➤ Safety catches to restrict opening where appropriate	
➤ Trickle ventilation in all opening windows	
➤ Timber finished ingoes	
Bathrooms	25 years
➤ Vitreous china WC and close coupled cistern	
➤ Dual flush cistern	

- Enamelled steel bath with non slip finish and grip handles
- Level access showers to be provided where required
- Lined framing incorporating screwed access panel
- Tile or Respatex panel finish in bath and shower area
- Vitreous china wash hand basin and pedestal
- Tiles above the basin
- Lever taps of a modern standard
- White bath, wash hand basin, WC and cistern
- White heavy duty plastic WC seat
- Thermostatic mixing valve for baths and other properties where an occupational therapist identifies a risk
- Mechanical ventilation (unless exhaust air recovery heat pump installed)
- Heating by radiator from main heating system if possible or other heating source suitable for a bathroom
- Lighting to current standards
- Walls painted with emulsion paint and woodwork in water based gloss

Kitchens

15 years

- Sink unit with sink and single drainer, double base unit and double wall unit, tall or single unit with a line of drawers above base units as minimum when space allows
- Space for plumbed in washing machine and fridge or fridge/freezer as a minimum as space allows
- 40mm worktop with mitred joints
- 19mm carcasses on units
- Strengthened or solid base cutlery drawer
- Stainless steel inset sink and drainer with taps
- Respatex panel between worktops and wall units and from floor to ceiling (or up to wall unit) behind cooker
- Electrical re-wiring on dedicated ring with partial re-wire if necessary
- A minimum of seven electric sockets
- Plumbing for washing machine
- Extractor fan (unless exhaust air recovery heat pump installed)
- Tenants to be given a choice of cupboard and worktop finishes. There is currently a choice of three finishes.

- Affected walls painted with emulsion paint and woodwork in water based gloss/or decoration allowance

Electrical Systems.....

50 years

- Wiring installed to conform with current edition of IEE Regulations
- Energy efficient bulbs to be provided for all light fittings
- External lighting to be provided at front and rear doors where required - bulkhead type fitted with low energy light bulbs
- Smoke detector to be replaced like for like
- Carbon monoxide detectors installed in properties where required

10 years