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1.0 INTRODUCTION

1.1 Introduction and Context

Fyne Homes Asset Management Strategy has been developed to provide the detail necessary for the management of the assets that Fyne Homes Housing Association owns and manages.

The Asset Management Strategy supports and is informed by the Fyne Homes Corporate Plan and the current 30 year projections.

The Scottish Housing Regulator's Strategic Asset Management Recommended Practice published August 2012 has been referred to as part of the development process of this strategy.

The Strategy has been developed by the Association's Senior Management Team (SMT) in consultation with Staff and Committee members, and the final copy approved by Fyne Homes Management Committee.

1.2 Scope of the Asset Management Strategy

The Asset Management Strategy covers all of the housing and other property owned and managed by Fyne Homes and includes all assets such as play areas, garages and unadopted assets; such as roads, footpaths and septic tanks.

1.3 Definition

Asset Management broadly defined refers to any system that monitors and maintains things of value to an entity or group. It may apply to both tangible assets (such as buildings) and to intangible assets (such as human capital, intellectual property, goodwill and/or financial assets). Asset management in this context relates to the development, operating, maintaining, upgrading, and disposing of Fyne Homes' buildings and land cost-effectively.

It covers a range of activities required to ensure the housing stock meets standards and needs, now and in the future and is our action plan for ensuring the effective management and maintenance of all of Fyne Homes' buildings and land assets.

1.4 Mission Statement, Vision and Strategic Priorities

Fyne Homes' Vision and Values

Fyne Homes aims to be the landlord of choice in Argyll and Bute.

- Fyne Homes aims to tailor their services to provide appropriate, reliable, accessible housing and support.
- Fyne Homes respect their customers, staff and committee and approach their business activities with openness and integrity
- By engaging with their tenants and stakeholders Fyne Homes are able to continuously improve their services to meet local needs

- Through Fyne Homes' best value approach they aim to ensure their housing costs are affordable, managing resources effectively to maintain and improve their homes to the highest standards.

Fyne Homes' Strategic Priorities

Meeting Housing Need

- Invest in Fyne Homes' properties through their programme of capital, cyclical and reactive maintenance
- Provide high quality new build properties in response to strategic housing priorities.
- Invest in energy efficiency measures in new and existing housing to address fuel poverty and reduce carbon emissions
- Provide adaptations to enable tenants to remain in their homes when circumstances change

Meeting the needs and aspirations of the Association's customers

- Identify and respond to aspirations and needs of tenants through effective engagement
- Ensure tenant satisfaction and effective handling
- Provide support to assist tenants to deal with the impact of Welfare Reform
- Ensure staff and committee have the skills, experience and abilities to meet the changing needs, issues and aspirations of customers
- Deliver support for social inclusion, employability and skills development opportunities in the wider community

Ensuring Value for Money

- Maintain affordable pricing structure for rents which provide adequate resources to deliver quality services and housing improvements
- Minimise void properties and mitigate against the negative impact of welfare reforms
- Maximise efficiency to provide value for money for our tenants and stakeholders
- Ensure high quality and affordability through effective procurement

1.5 Purpose

This Asset Management Strategy provides a framework to enable Fyne Homes to manage the stock and other assets proactively and support the Corporate Plan objectives. It helps to ensure that assets are well maintained, meeting all legislative standards, and that any investment made supports the strategic direction of the Association.

The purpose of Asset Management is to assist with:

- Meeting housing needs
- Meeting the needs and aspirations of our customers
- Ensuring value for money
- Ensuring compliance with the relevant legislation and standards

1.6 Strategic Goals and Objectives

The Asset Management Strategy supports the strategic priorities as set out in the Corporate Plan for 2015-2020. The objectives relevant to the Asset Management Strategy are contained within Table 1.

Table 1 Our Strategic Priorities 2015-2020

| Fyne Homes' Vision - 'Building Sustainable Communities' | | |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Meeting Housing Need | Meeting Needs and Aspirations of Customers | Ensuring Value for Money |
| Invest in Fyne Homes' properties, through a programme of capital, cyclical and reactive maintenance. | Identify and respond to aspirations and needs of tenants through effective engagement | Maintain affordable pricing structure for rents which provide adequate resources to deliver quality services and housing improvements |
| Provide high quality new build properties in response to strategic housing priorities | Ensure tenant satisfaction and effective handling | Minimise void properties and mitigate against the negative impact of welfare reforms |
| Invest in energy efficiency measures in new and existing housing to address fuel poverty and reduce carbon emissions | Provide support to assist tenants to deal with the impact of Welfare Reform | Maximise efficiency to provide value for money for tenants and stakeholders |
| Provide adaptations to enable tenants to remain in their homes when circumstances change | Ensure staff and committee have the skills, experience and abilities to meet the changing needs, issues and aspirations of customers | Ensure high quality and affordability through effective procurement |
| | Deliver support for social inclusion, employability and skills development opportunities in the wider community | |

1.7 Equality

This strategy will comply with Fyne Homes' Equality & Diversity Policy, ensuring compliance with the provisions of the Equalities Act 2010.

2.0 ASSET PROFILE

This section describes the current assets owned or used by the Association. Please note that unless stated otherwise all the data in this section was current at the end of March 2019.

2.1 Housing Stock Profile

At 31st March 2019, Fyne Homes Housing Association owned a total of 1607 properties in Argyll & Bute.

This number is made up of 1561 wholly owned residential properties and 46 part owned residential properties under the Shared Ownership scheme.

In addition to this a further 14 non-residential properties are owned by Fyne Homes, these are: 12 garages in Kintyre, 1 store at A'Chrannag on Bute and 1 commercial property in Deanhood Place on Bute.

The housing stock is located throughout Argyll and Bute in four main geographic areas as set out in Table 2:

Table 2: Housing Stock by apartment size and geographic area:

| Area | 1apt | 2apt | 3apt | 4apt | 5apt+ | Total | % of stock |
|-------------------|------|------|------|------|-------|-------------|------------|
| Bute | 28 | 232 | 211 | 31 | 16 | 518 | 33% |
| Cowal | 0 | 199 | 154 | 34 | 8 | 395 | 25% |
| Mid Argyll | 0 | 75 | 241 | 75 | 10 | 401 | 26% |
| Kintyre | 0 | 57 | 92 | 96 | 2 | 247 | 16% |
| TOTAL | 28 | 563 | 698 | 286 | 36 | 1561 | 100% |

The stock varies in size from zero to 5 bedrooms but the stock is predominantly one bed (36%), two bed (45%) and three bed (16%).

66% of the properties are flats and 34% are houses.

34% of the stock is on the Isle of Bute and 1.16% (18 properties) are located on the Isle of Gigha, with the remaining 65% of properties being located on the Argyll mainland.

The housing stock on the mainland of Argyll is concentrated around the main towns of Campbeltown, Lochgilphead and Dunoon. However Fyne Homes has a number of houses in smaller towns or outlying villages as depicted below:

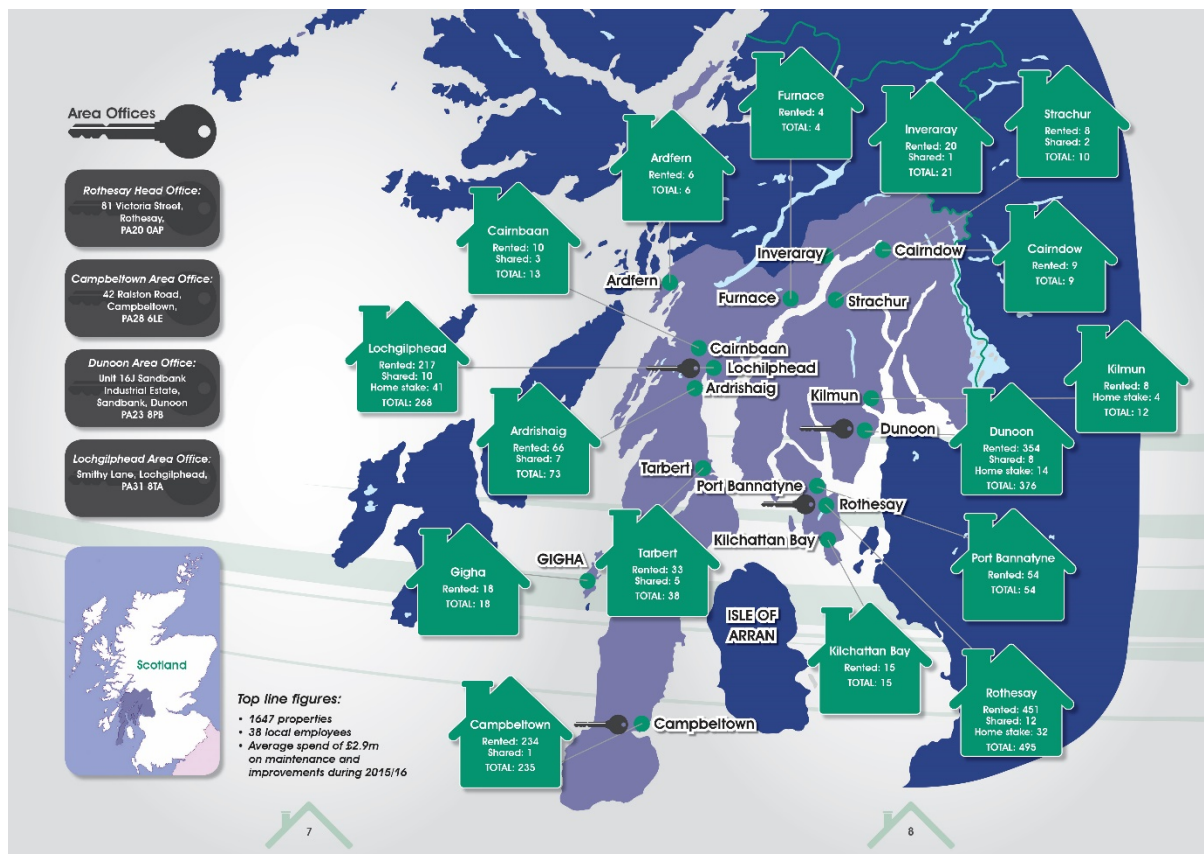


Table 3: Housing Stock by property classification:

| Area | General | Ambulant disabled | Medium dependency | Amenity | Wheelchair Housing | Other Specially Adapted | LCHO | Total |
|------------|---------|-------------------|-------------------|---------|--------------------|-------------------------|------|-------|
| Bute | 381 | 8 | 13 | 74 | 6 | 36 | 10 | 528 |
| Cowal | 311 | 15 | 0 | 29 | 5 | 35 | 10 | 405 |
| Mid-Argyll | 304 | 9 | 8 | 47 | 13 | 20 | 25 | 426 |
| Kintyre | 145 | 2 | 0 | 63 | 7 | 30 | 1 | 248 |
| Totals | 1141 | 34 | 21 | 213 | 31 | 121 | 46 | 1607 |

Fyne Homes has 46 Shared Ownership (Low cost Home Ownership or LCHO) properties which make up 3% of the housing stock. 26% of stock is classified as amenity or is adapted in some way, and 71% of the housing stock is for general needs.

Fyne Homes has a current active development programme, and in the last 5 years has built new properties in Lochgiliphead, Ardfarn, Minard, Dunoon and Kilmun.

2.2 Stock Valuations

Fyne Homes' total stock valuation at 31.3.19 was £55,836,436.

Based on the 1607 units at 31.3.19, 1012 units have been used as security with various lenders.

Summary of Valuations:-

| Lender | No. of Units | Security |
|------------------------|--------------|------------------|
| Royal Bank of Scotland | 480 | £16,865,400 |
| Santander | 301 | £12,041,974 |
| Clydesdale | 98 | £ 3,005,000 |
| Bank of Scotland | 54 | £ 2,427,997 |
| Nationwide | 32 | £ 911,000 |
| Whistletree (TSB) | 30 | £ 1,122,000 |
| Scotwest Credit Union | 11 | £ 538,000 |
| Argyll & Bute Council | <u>6</u> | <u>£ 232,000</u> |
| | 1012 | £37,143,371 |

Revaluations were carried out in 2019 for Santander, RBS and Clydesdale and Bank of Scotland revaluations due February 2020.

At 31.3.19 we had 595 units unsecured

2.3 Non Housing Stock

Fyne Homes owns 2 non-housing properties:

1 store at A'Chrannag on Bute – leased to a resident of the building; 1 commercial property in Deanhood Place on Bute – leased and operating as a barber shop.

2.4 Related Assets

The Fyne Homes related assets include:

- Garages
- Play Areas
- Septic Tanks

2.5 Land

The current landbank includes the Former Rothesay Upper Academy Site which was acquired in 2008.

2.6 Temporary Accommodation

Fyne Homes leases 3 properties on the Isle of Bute to Argyll and Bute Council for use as temporary homeless accommodation.

2.7 HMO (House of Multiple Occupancy)

Fyne Homes have 2 properties in Mid-Argyll which are licensed HMOs (House of Multiple Occupancy) and are leased to the Health & Social Care Partnership.

2.8 Owners

Fyne Homes act as factors for 332 properties.

The current Factoring Policy is V5, approved November 2014 and is in line with the Property Factors (Scotland) Act 2011 and Code of Conduct which came into force on 1st October 2012.

2.9 Adaptations

Some of the homes have been adapted to assist tenants with mobility or other health problems. Fyne Homes apply to the Scottish Government for funding to carry out adaptations to tenants' homes on an annual basis.

3.0 INVESTMENT IN ASSETS

In terms of Fyne Homes' investment the priorities will be matters of safety, followed by compliance with the Energy Efficiency Standard for Social Housing, continued compliance with the Scottish Housing Quality Standard and addressing the relative condition of stock.

The stock is maintained by an efficient response repairs service, a planned programme of cyclical maintenance and a programme of capital works based on compliance with standards and condition of elements. These programmed works are detailed within our life cycle costings.

3.1 Response Repairs and Void Repairs

3.1.1 Response Repairs

a. Response Targets

Response repairs cover all routine 'breakdown' repairs causing inconvenience or a safety risk that are reported by a tenant, factored owner or a member of staff. Response repairs are prioritised according to their urgency, with set response times for each category.

Reactive repairs are prioritised on the basis of urgency:

- *Emergency repairs* – complete or made safe within 6 hours. These are repairs necessary to prevent serious damage to the building, danger to health, risk safety or present a risk of serious loss or damage to the occupiers of the property
- *Urgent Repairs* – complete within 3 working days from the date immediately following the date of notification. These are repairs, which seriously affect the comfort or convenience of the occupier
- *Routine repairs (standard)* – complete within 10 working days from the date immediately following the date of notification. These are repairs, which will not seriously interfere with the comfort or convenience of the occupier

b. Right to Repair

Under the Housing (Scotland) Act 2001, Scottish secure tenants and short Scottish secure tenants have the right to have small urgent repairs carried out within a given timescale. This is called the Right to Repair scheme.

Repairs which cost less than £350 will be covered by the right to repair scheme.

The repairs covered by this legislation are known as 'qualifying repairs' and they include repairs to:

- unsafe power or lighting sockets or electrical fittings
- the electricity or gas supply
- blocked flues to fires or boilers
- external windows, doors or locks which are not secure
- the space or water heating systems, if no other sources of heating are available
- toilets which won't flush (unless there is another toilet in the home)
- blocked or leaking drains
- blocked sinks, baths or basins
- the water supply
- leaking or flooding from pipes, tanks or cisterns
- unsafe floorboards or stairs
- unsafe access to the property (for example, an unsafe path)
- loose banisters or handrails
- a broken extractor fan for a kitchen or bathroom with no external window or door.

Depending on the urgency of the repair, it has to be carried out within one, three or seven working days. For example:

- a blocked flue, drain, toilet, sink or bath should be repaired within one working day
- a leak from a pipe, tank or cistern should be repaired within one working day
- a problem with the heating should be repaired within one working day
- a loose banister or handrail should be repaired within three working days
- a broken extractor fan should be repaired within seven working days.

c. Pre & Post Inspections

In specific cases, the Association will pre-inspect repair work in line with the Repairs and Maintenance Policy. Such cases will include circumstances where:

- The estimated cost of the repair is over £1000.
- The repair cannot be diagnosed from the information provided by the tenant
- The repair is recurring regularly and may have been misdiagnosed
- The tenant may have caused the repair as a result of damage and for which the tenant may be recharged.
- There may be structural problems with the property

- Multi-trades are required to complete works

Where a repair is to be pre-inspected, the tenant will be advised in advance and an access time arranged.

The Association carry out post inspections on a random sample of 10% of all completed repairs as part of performance monitoring of its contractors. The sample will be randomly selected from our IT database based on the undernoted criteria:

- Where work completed has exceeded the estimated cost and/or level of work instructed
- Where a tenant has made a complaint about the quality of the repair work undertaken
- Checking that the repair was completed to the standard and relevant specification
- Represented good value for money and provided tenant satisfaction

Post inspections will be carried out on 100% of works meeting the undernoted criteria:

- Where the cost of the work is above £1,000.00
- Where the work is an aid or adaptation

3.1.2 Void Repairs

a. Void Standard

Works will be carried out to bring vacant properties up to Fyne Homes' minimum lettable standard. Work will be processed in accordance with the Void Management Policy.

The overall aim of this policy is to ensure empty properties are let in an efficient, cost effective and equitable way

b. Minimum Lettable Standard

This is the minimum standard to which all houses should be brought before being re-let. It is the standard which makes a house safe and secure for occupation.

Before a property is re-let, all repairs which are considered essential to make the property habitable for health and safety and security will be done.

The repairs checklist attached to the back of the Void Inspection Report is a useful prompt to ensure the necessary checks have been carried out and repairs instructed accordingly.

c. Rechargeable Repairs

Where a repair is required as a result of accidental or deliberate damage by the tenant or owner, a member of their household or visitor to their home, the tenant/owner will be held responsible and will be recharged for the cost of the repair.

The recovery of the cost of these repairs is detailed in the Rechargeable Repairs policy

The tenant has a responsibility to report repairs promptly to avoid deterioration in the property. They should ensure the property is occupied, heated and appropriately used by members of their household and visitors in line with the tenancy agreement.

d. Pre-Allocate Property

In line with the Home Argyll Common Housing Register Policy the Association will pre-select an applicant for a vacant property as soon as possible after the notice has been received. This is to minimise any void rental loss.

3.2 Cyclical Maintenance

‘Cyclical maintenance’ refers to work that is carried out at regular intervals and in some cases to comply with statutory requirements.

Works covered include external painting, grounds maintenance, servicing of heating systems for gas and woodburning stoves.

3.2.1 Cyclical Painterwork

Fyne Homes has an annual painting programme which aims to paint all housing stock on a five year cycle. Pre-painting repairs are arranged at the same time and are administered by the technical services department.

3.2.2 Gas Servicing

The Association has 894 properties with gas installations which require to be serviced annually to the regulatory standard.

At 31st March 2019, Fyne Homes had 100% of its houses with a valid certificate.

10% of gas services are subject to a check by a suitably qualified independent service provider and these demonstrate that a high quality service is being delivered.

Landlord Gas Safety Records are submitted by the contractor electronically and held in the dedicated house files. The Association checks and maintains records of the gas certification of the contractor and the qualifications of the engineers employed to ensure compliance with the relevant gas regulations.

Fyne Homes has a robust administrative system to arrange for the servicing of gas installations and are working to a 10 month cycle based on best practise and to ensure compliance. All the necessary steps are documented in the gas servicing procedures and they will be followed to gain access. These include follow up letters and an explanation of proposed actions.

3.2.3 Wood Burning Stove Maintenance

Solid Fuel is the supplementary fuel type in 14 houses within Fyne Homes’ stock. The solid fuel appliances are serviced annually with a second sweep of flues

approximately six months after the date of the annual service, and the repair, replacement of minor components, equipment etc., forming part of the solid fuel installations.

3.2.4 Smoke Detectors and Carbon Monoxide Detectors

All houses require smoke detectors and heat alarms (as per legislation coming into effect in February 2021) and all properties with gas, oil or solid fuel heating require a carbon monoxide detector. All installations need to be serviced every year and planned for replacement every 10 years.

3.2.5 Pressurised Water Cylinders

Fyne Homes owns and services 497 unvented pressurised water cylinders annually.

3.2.6 Disabled Adaptations – Maintenance/Service

The Association services the disabled adaption equipment installed in 47 tenants homes annually. The adaptation equipment includes 18 stairlifts, 7 hoists, 14 automatic doors, 8 clos-o-mat WCs.

3.2.7 Non mains (private) sewerage systems

Fyne Homes have 4 septic tanks which are cleaned annually and in line with manufacturer's recommendations. A formal servicing agreement has been developed for the maintenance of these systems.

3.2.8 Electrical Installations – domestic

Electrical fixed wire safety inspections of housing stock are carried out every ten years in line with current legislation.

3.2.9 Play Area Inspections

Fyne Homes has 16 play areas throughout our area of operation.

The play areas in Fyne Homes' control are inspected on a monthly basis by technical services officers and annually the Association's insurers undertake a full inspection and risk assessment of all play areas.

3.3 Adaptations

Fyne Homes undertake adaptations for our tenants based on their needs as defined by the Occupational Therapy Service and within the grant allocation available from Scottish Government.

The Scottish Government calls for annual bids for a grant allocation for disabled adaptations and the allocation will determine the number and value of adaptations Fyne Homes can undertake.

The cost of adaptations is reclaimed as grant from the Scottish Government up to the amount of grant allocation available each year. When the grant funds are fully

committed, adaptation work will cease. All referrals received after that time will be held on a waiting list pending the new financial year and the next grant allocation.

3.4 Stock Condition and Compliance with Standards

3.4.1 Scottish Housing Quality Standard

The Scottish Housing Quality Standard required to be delivered by meeting the 5 broad criteria, 55 elements and 9 sub-elements of the standard. For each element, the property is designated as pass, fail, not applicable, exemption or abeyance.

As at 31st March 2019, 93.7% of Fyne Homes' stock meets SHQS.

3.4.2 Energy Efficiency Standard for Social Housing

The Scottish Government published the Energy Efficiency Standards for Social Housing (EESH) in March 2014. The EESH sets target energy efficiency standards to be met by all social housing by 31st December 2020. The purpose of the EESH is to cut carbon emissions and to alleviate the impacts of fuel poverty.

The standards are based on the Standard Assessment Procedure energy rating system (SAP) used to measure the energy efficiency of a property.

As at 31st March 2019, 86.2% of Fyne Homes stock meets EESH.

3.5 Capital Investment Programme

The capital investment programme is developed in line with the life cycle costings and 30 year business plan.

3.5.1 Previous & Current Investment Programme

The previous and current investment programme from April 2017 to end March 2022 is shown in Table 4.

Table 4 Capital Investment Programme from 2017/18 to 2021/22

| Workstream | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | TOTALS |
|---------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| R&M | £850,000.00 | £1,075,000.00 | £1,126,000.00 | £1,164,000.00 | £1,198,000.00 | £5,413,000.00 |
| Cyclical | £684,000.00 | £673,000.00 | £697,000.00 | £774,000.00 | £789,000.00 | £3,617,000.00 |
| Capital | £ 824,000.00 | £1,000,000.00 | £1,000,000.00 | £850,000.00 | £1,000,000.00 | £4,674,000.00 |
| Med Adapt | £64,000.00 | £85,000.00 | £60,000.00 | £95,000.00 | £95,000.00 | £399,000.00 |
| TOTALS | £2,422,000.00 | £2,833,000.00 | £2,883,000.00 | £3,082,000.00 | £3,082,000.00 | £14,103,000.00 |

3.6 Current Capital Investment Programme Framework

A major procurement exercise was undertaken in compliance with the Public Procurement Directive to establish a series of measured terms maintenance contracts for a range of works in the period April 2018 to March 2022.

Table 5 lists the work packages, the relevant geographic area and framework contractors.

Table 5 Maintenance Packages and Contractors

| Lot | Name | Area | Contractor |
|--------|-----------------------------------------------|------------|------------------------------------------|
| Lot 1 | R&M Voids / Major Works / Medical Adaptations | Bute | George Hanson (Building Contractors) Ltd |
| Lot 2 | R&M Voids / Major Works / Medical Adaptations | Cowal | John Brown (Strone) Ltd |
| Lot 3 | R&M Voids / Major Works / Medical Adaptations | Mid Argyll | MacLeod Construction |
| Lot 4 | R&M Voids / Major Works / Medical Adaptations | Kintyre | McKinven & Colville |
| Lot 5 | Cyclical Gas Service & Reactive Repairs | Bute | Bute Gas Services |
| Lot 6 | Cyclical Gas Service & Reactive Repairs | Cowal | Alba Gas |
| Lot 7 | Cyclical Gas Service & Reactive Repairs | Kintyre | Argyll Homes for All |
| Lot 8 | Cyclical Painterwork | Bute | Bell Group |
| Lot 9 | Cyclical Painterwork | Cowal | Bell Group |
| Lot 10 | Cyclical Painterwork | Mid Argyll | Bell Group |
| Lot 11 | Cyclical Painterwork | Kintyre | Bell Group |
| Lot 12 | Landscape Maintenance | Cowal | Argyle Groundcare |
| Lot 13 | Landscape Maintenance | Mid Argyll | Andrew Duncan |
| Lot 14 | Landscape Maintenance | Kintyre | Andrew Duncan |

3.7 Related Assets

In addition to houses, the Association owns a variety of related assets (or liabilities) and we implemented strategies for their improvement and repair.

3.7.1 Play Areas

Fyne Homes are responsible for the maintenance of 16 plays areas and will prepare and implement maintenance plans and review their long term contribution to communities when they require major renewal.

3.7.2 Garages

After a programme of demolition, sale and refurbishment, the Association owns 12 garages. Fyne Homes will prepare and implement maintenance plans and review their long term economic benefit when they require major renewal in the future.

3.7.3 Private Sewage Systems

The Association has or shares the responsibility for the maintenance of 4 septic tanks.

3.8 Non Housing Stock

3.8.1 Store at A'Chrannag and Deanhood Place

3.9 Land

Fyne Homes owns land at the Former Rothesay Upper Academy Site which was acquired in 2008.

4.0 MEETING HOUSING NEED

4.1 HOME Argyll

Fyne Homes are part of the successful HOME Argyll Partnership which operates a Common Housing Register in Argyll & Bute. This means that as well as the many other benefits of partnership working, housing applicants in Argyll & Bute need only submit one housing application for all social housing providers in the area. Fyne Homes works closely with Argyll & Bute Council, Argyll Community Housing Association, Dunbritton Housing Association and West Highland Housing Association, sharing common policies and procedures relating to the housing register and allocations.

4.2 Low Demand Stock

Fyne Homes' low demand areas and stock have been a challenge over recent years, and although the average time to re-let properties has been improving over the last 2-3 years it is still a cause for concern and an area of highest priority.

Having an empty property incurs revenue loss for the Association, and despite a waiting list of circa 2500- 3000 applicants at any one time Fyne Homes continues to have difficulty in some areas with low demand. Matching available housing stock to an applicant's needs and preferences is not always possible, so the Association continues to try to find different ways to promote our less popular areas, developments and properties.

5.0 DEVELOPMENT PLAN

5.1 Introduction

The Association's new build strategy and development plans are presented annually to the Management Committee and included within the Strategic Housing Investment Plan (SHIP) which is submitted each year to the Scottish Government by the Council. Since July 2008, Argyll and Bute Council formed a Strategic Housing Investment Plan Development Group, Fyne Homes has been an active member and the SHIP was developed by this group. The SHIP includes all the local RSLs' development proposals. This ensures that Fyne Homes is able to develop in line with local priorities. Fyne Homes also meets the Council's lead officer on a regular basis to discuss the development plans and agree housing mix and design issues on proposed sites considering housing demand and Argyll and Bute Council's Local Housing Strategy.

Priorities and targets require to be regularly reviewed as the new build and investment programme develops to take account of changes in local demand, the effect of housing association development and available funding. Additional development opportunities continue to be made available to Fyne Homes on a regular basis. Factors other than housing demand also require to be considered in prioritising projects as there is a need to strengthen communities, to meet strategic objectives and work in partnership with Argyll and Bute Council and other key agencies. Fyne Homes are fully aware of the need to ensure that resources are targeted in areas of high housing demand but are also aware of the need to balance these competing pressures.

5.2 Development Projects in the SHIP Programme

The development projects listed below are included in the Strategic Local Programme for 2018-23.

4.2.1 Existing Projects On-site

Fyne Homes are currently developing a site of 20 affordable homes for rent at Tighnabruaich and have recently taken handover of 52 units in developments at Lochgilphead Phases 4 & 5, Minard Phase 1 and Spence Court in Dunoon.

4.2.2 New Projects

Fyne Homes intend to develop a site for 6 units at Cairndow in 2019/20 and have funding highlighted in the SHIP tables for future developments at Lochgilphead Phase 6, Inveraray, Ardfern, Strachur and Tighnabruaich Phase 2.

All future SHIP projects will be progressed in line with Fyne Homes' assessment of local housing need both in terms of units numbers and house mix and type. This assessment of need may also affect programming in terms of target site starts being brought forward for high pressure areas.

5.3 New Build Development Funding

The development funding package comprises three key elements, Housing Association Grant, Council Strategic Housing Fund and Fyne Homes private finance. Fyne Homes is supported by the Scottish Government's Affordable Housing Supply Programme grant to build new housing for affordable rent and other tenures. Ultimately the Scottish Government decide on the level of support available for this each year within their budgetary process and the benchmarks applied to individual developments. The Council Strategic Housing Fund also provides support of up to £12,000 per unit to assist projects meet the current Government benchmarks and is critical to the ability of projects to meet Government benchmarks.

The Housing Association Grant calculation identifies the amount of private finance borrowing required to support new housing developments. The developments are profiled in the 30 year projections to assess their impact on the long term viability of the Association. Fyne Homes has a facility agreed with Santander to support the current development programme and has recently put in place an additional facility of £5m covering the period 2018-2022.

6.0 PROCUREMENT

6.1 Procurement Policy

Fyne Homes Procurement Strategy & Policy clarifies the procurement route to be followed for the provision of supplies, works and services within the organisation as per Fyne Homes' financial regulations and EU rules.

Fyne Homes' current arrangements cover the use of 4 year Framework Agreements being in place for reactive maintenance, capital investment, cyclical painterwork, garden maintenance and gas servicing.

In addition the Association's new build programme is procured and delivered in line with Public Contracts Scotland Regulations 2015 and is compliant with all other relevant legislation.

Fyne Homes' Strategy & Policy are aimed at promoting efficient , effective and sustainable procurement practices throughout the organisation which will reflect the Association's vision, values and priorities.

7.0 FUNDING

7.1 Funding Availability and Sources

The main sources of funds to support the asset management plan is the rent received, the business plan support grant from Scottish Government and private lending from various lenders. The cost of the investment profile has been modelled in the 30 year Business Plan against the available budget.

7.1.1 Rent

The table below details the rent increases since 2015.

Table 6 Rent increases per annum

| Year | Percentage Rent Rise |
|---------|----------------------|
| 2015/16 | 2.8% RPI plus 0.5% |
| 2016/17 | 1.8% RPI plus 1.0% |
| 2017/18 | 2.0% RPI Only |
| 2018/19 | 3.9% RPI Only |
| 2019/20 | 3.3% RPI Only |

Fyne Homes is committed to the principles of open and transparent consultation with tenants where rental increases are proposed, as required under the Housing (Scotland) Act 2001.

The annual rental income is estimated at £6,817,166 in 2018/19.

7.1.2 Private Finance

Fyne Homes has the following loan facilities in place:

- Private finance from various lenders – Total loan facility of £20,792,499.

7.1.3 New Build Development

a. Housing Association Grant (Scottish Government)

Fyne Homes is supported by Scottish Government Affordable Housing Supply Programme grant to build new houses for affordable rent and shared equity.

b. Strategic Housing Fund (Argyll & Bute Council)

Fyne Homes can apply for funding from ABC Strategic Housing Fund to support new build development.

c. Private Finance

The Scottish Government grant calculation identifies the amount of private borrowing required to support new housing developments. The developments are profiled in the 30 year projections to assess their impact on the long term viability of the Association.

Over the last few years Fyne Homes' development programme has benefited from private funding of £5m from Santander.

7.1.4 External Grants

There are a range of external grants that are available to Fyne Homes for asset management purposes such as:

Scottish Government 'Stage Three' grants to support the adaptation of properties to meet tenant mobility or health problems.

Energy Efficiency grants can be attracted from the utility companies, the Scottish Government and a range of other agencies for energy efficiency improvements or the installation of renewable energy products.

8.0 POLICIES

8.1 Relevant Policies

Asset Management is supported and delivered through a range of policies and procedures as follows:

- Allocations Policy – HOMEArgyll
- Repairs and Maintenance Policy
- Estate Management Policy
- Void Management Policy
- Factoring Policy
- Equality & Diversity Policy
- Complaints Handling Procedure
- Procurement Policy
- Design Guide
- Asbestos Management Policy
- Gas Safety Policy
- Legionella Policy

9.0 RISK MANAGEMENT

9.1 Risk Register

A Risk Register has been developed focused on the key risks that arise from the Asset Management Strategy and is in Appendix 12.

Action – The Risk Register will be reviewed annually

9.2 Health and Safety

In carrying out its maintenance responsibilities, Fyne Homes will ensure that it complies with the Health & Safety at Work etc. Act 1974 and with all supporting legislation and statutory regulations etc.

In particular it will ensure that it complies with the following:

- the Management of Health and Safety at Work Regulations 1999
- the Control of Substances Hazardous to Health Regulations 2002
- the Approved Code of Practice, Control of Legionella Bacteria in Water Systems
- Electricity at Work Regulations 1989
- Gas Safety (Installation and Use) Regulations 1998

- Open Finance – Finance Management System records all financial details of goods and services purchased
- Investment programme monitoring database.
- Stock condition database has the results of the 100% stock condition survey and is updated annually with the elemental completions. The base data was collected in 2009 and 2011 and although updated, it requires to be refreshed by another independent survey which will be carried out in November 2019.
- 30 Year Life Cycle Costing

Appendix 1 SHIP Tables

TABLE 3: SHIP Core Programme - Potential Completions 2018/19-2020/21

| Project address | Developer | Tenure | Units | Anticipated Completion ¹ |
|-------------------------------------|-----------|-------------------|-------|-------------------------------------|
| Bowmore (Phase 3) | ACHA | SR | 20 | 2018/19 |
| Jutland Court, Helensburgh | ACHA | SR | 32 | 2018/19 |
| North Connel (Specialist Provision) | ACHA | SR | 1 | 2018/19 |
| Connel (Phase 4 – specialist unit) | ACHA | SR | 1 | 2018/19 |
| Inveraray (Phase 2) | ACHA | SR | 10 | 2018/19 |
| Barran, Kilmore | ACHA | SR | 6 | 2018/19 |
| Keills, Islay | ACHA | SR | 4 | 2018/19 |
| Garelochhead | ACHA | SR | 10 | 2018/19 |
| Tarbert | ACHA | SR | 4 | 2019/20 |
| Glenshellach (Phase 11 & 12) | ACHA | SR | 42 | 2020/21 |
| St. Joseph's, Helensburgh | ACHA | SR | 20 | 2020/21 |
| Succoth (Phase 1) | DHA | SR | 26 | 2018/19 |
| Golf Club site, Helensburgh | DHA | SR | 75 | 2020/21 |
| Spence Court, Dunoon | FH | SR | 16 | 2018/19 |
| Lochgilphead (Phase 4) | FH | SR | 16 | 2018/19 |
| Tighnabruaich (Portavadie project) | FH | SR | 20 | 2019/20 |
| Strachur | FH | SR | 4 | 2019/20 |
| Cairndow | FH | SR | 6 | 2019/20 |
| Albany Street, Oban | LINK | SR | 8 | 2018/19 |
| Helensburgh (Sawmill Site) | LINK | Mixed | 25 | 2019/20 |
| Lonan Drive, Oban | LINK | Mixed | 46 | 2019/20 |
| Dunbeg (Phase 3) | LINK | Mixed | 300 | 2020/21 |
| Ganavan, Oban | LINK | NSSE ² | 8 | 2020/21 |
| Lochdon, Mull | WHHA | Mixed | 14 | 2018/19 |
| Jura | WHHA | SR | 10 | 2018/19 |
| Tobermory | WHHA | Mixed | 12 | 2019/20 |
| Colonsay | WHHA | SR | 5 | 2019/20 |
| Barcaldine | WHHA | SR | 10 | 2019/20 |
| Aros, Mull | WHHA | Mixed | 8 | 2019/20 |
| Imereval, Port Ellen (Phase 2) | WHHA | Mixed | 6 | 2020/21 |
| Argyll & Bute Total | | | 765 | |

TABLE 4: Additional Potential Projects for consideration in later years

| Project address | Developer | Units |
|-----------------------------------------------|------------|-------|
| Cardross | ACHA | 20 |
| Luss | ACHA | 4 |
| Rhu | ACHA | 6 |
| Glencruitten, Oban | ACHA | 30 |
| Tiree | ACHA | 10 |
| Dunclutha, Dunoon | Bield | tbc |
| Helensburgh | Bield | tbc |
| Succoth (Phase 2-subject to need) | DHA | 12 |
| Lochgailhead (subject to need) | DHA | 6 |
| Tighnabruaich (Portavadie, Phase 2 – if need) | Fyne homes | 10 |
| Inveraray (subject to need) | Fyne Homes | tbc |
| Ardfern/Craignish (subject to need) | Fyne Homes | tbc |
| Lochgilphead (subject to need) | Fyne Homes | 12 |
| Rosneath (subject to need) | LINK | 40 |
| Port Charlotte | WHHA | 8 |
| Port Appin | WHHA | 6 |
| Tobermory (additional site/capacity) | WHHA | tbc |
| Dervaig, Mull (subject to need) | TBC | 5 |
| Bunessan, Mull | WHHA | 8 |
| North Connel | WHHA | 12 |

Alternative sites are also being considered either to replace or enhance some of the sites listed in above tables, such as the council-owned site at Blairvadach. The Council has also been supporting community developments outwith the core AHSP funding programme, such as the recent development of 2 units at Ulva on Mull. A review of assets and the available landbank will also

Appendix 2 Risk Register

| Original Ref. | Risk | Managed by (key systems / processes): | Lead Individual | Net L'hd (1-5) | Net Imp (1-5) | Net Risk Total |
|---------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|---------------|----------------|
| 1 | Change in welfare benefits affects tenants' ability and willingness to pay | <ul style="list-style-type: none"> -Good arrears prevention and management -Have identified all those affected by bedroom tax. -Ongoing provision of welfare advice to affected tenants -Transferring tenants to smaller properties according to stock availability - Restructured arrears team - Ongoing training and communication within the team - Revised allocations policy wef 1 October 2014. | Tracy Robertson | 4 | 4 | 16 |
| 3 | Loss of IT systems | <ul style="list-style-type: none"> - Business Continuity Plan for IT - Rev & capital budget for IT | Sharon Cole | 4 | 4 | 16 |
| 6 | Financial impact of interest rates rise & pension costs (incl. auto-enrolment) which impacts on financial sustainability | <ul style="list-style-type: none"> - Balanced portfolio of loans - Monitor the market - Moved from final salary to career average | Colin Renfrew | 4 | 4 | 16 |

| Original Ref. | Risk | Managed by (key systems / processes): | Lead Individual | Net L'hd (1-5) | Net Imp (1-5) | Net Risk Total |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------|---------------|----------------|
| 10 | Lack of succession planning at Committee level | <ul style="list-style-type: none"> - Programme of persuasion - Review of timetable of meetings - Advertising through newsletters - Committee training program in place (eLearning) - Committee skills assessments to identify gaps so that recruitment could be more targeted - Skills assessment carried out - Local authority representation on CoM | Colin Renfrew | 4 | 4 | 16 |
| 4 | Unable to pay back shared equity bridging loan in an acceptable timescale | <ul style="list-style-type: none"> - Lobbying of minister, MP & MSP; - Communication to tenants and waiting lists; - Change of estate agent to energise the market; - Loan reduced to approx. £1n with LA extended to March 2018; - Additional expenditure identified and additional HAG obtained to cover; - Revaluation exercise; | Senior Management Team | 3 | 4 | 12 |
| 9 | Not able to dispose of land bank in Bute | <ul style="list-style-type: none"> - Discussion with Scottish Government taken place. | Colin Renfrew/ Janet McAlister | 4 | 3 | 12 |
| 2 | Kintyre wind farm development costs have increased and possible delays to grid connection till 2021 leads to delays in generating the expecting ROI. | <ul style="list-style-type: none"> - Project almost fully funded to date. - Bird surveys carried out | Colin Renfrew | 3 | 3 | 9 |

| Original Ref. | Risk | Managed by (key systems / processes): | Lead Individual | Net L'hd (1-5) | Net Imp (1-5) | Net Risk Total |
|---------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------|---------------|----------------|
| 5 | Lack of succession planning for key posts which affects the sustainability of services to tenants | <ul style="list-style-type: none"> - Recent appointments; - Staff appraisal system reintroduced; - Known sources of contract and specialist staff; - Ongoing identification of succession planning needs. - High age profile of some key staff, e.g. Maintenance | Colin Renfrew / Janet McAlister (Maintenance) | 3 | 3 | 9 |
| 14 | Sustainability of subsidiaries impacts on the financial resources/sustainability of Fyne Homes | <ul style="list-style-type: none"> - Overlap of Board membership and copying of Board papers - SLA between Fyne Homes and subsidiaries for budget management, accounting and HR services; | | 3 | 3 | 9 |
| 13 | Unsustainable overheads | <ul style="list-style-type: none"> - Ongoing business review - Downsizing of area offices - Budget monitoring process - Ongoing monitoring via ARC | SMT | 2 | 2 | 4 |
| 16 (new) | New Major health and safety incident occurs | <p>Health & Safety Committee in place</p> <p>First Aiders</p> <p>Risk Assessments carried out</p> <p>All H & S policies and procedures in place to try to reduce risk</p> <p>Vulnerable person register</p> | John MacCallum | 3 | 3 | 9 |

| Original Ref. | Risk | Managed by (key systems / processes): | Lead Individual | Net L'hd (1-5) | Net Imp (1-5) | Net Risk Total |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------|---------------|----------------|
| 17 (New) | New Fyne Homes fails to transition through times of change (e.g. Brexit, Revised Regulatory Changes) and faces a financial impact | Health & Safety Committee in place First Aiders Risk Assessments carried out All H & S policies and procedures in place to try to reduce risk Vulnerable person register | John MacCallum | 3 | 3 | 9 |
| 18 (New) | New Fyne Homes fails to meet the requirements of the new GDPR by May 2018 and continue to comply thereafter. | External DPO consultant engaged Policies, Procedures and reporting mechanisms in place Staff training Keeping up to date with current legislation | SMT/Margaret Thomson | 3 | 4 | 12 |