

PROPERTY ASSET MANAGEMENT STRATEGY

Policy Classification: Key Document

Policy Lead:	Director of Property Assets
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EXECUTIVE SUMMARY

The previous Property Asset Management Strategy (PAMS) set the overarching strategic objectives from 2017-2019.

Since the publication of the last PAMS in 2017 Eildon has:

- Invested **£30m** in **building new homes**,
- Spent £1.5m completing **16,000 repairs**
- Invested **£2m** in keeping homes **safe, warm and comfortable**.

Eildon's assets are managed to support our mission statement, corporate values and our strategic objectives. In order to organise the work we undertake, we have arranged our activities under six high level strategic objectives. These are:

- The Eildon Group will ensure the highest standards of governance and partnership working are adhered to, including compliance with our regulatory frameworks.
- The Eildon Group will ensure it operates within a sound financial framework, protecting our long-term viability whilst prudently utilising the inherent financial strength of the organisation to meet existing commitments and potential new opportunities.
- The Eildon Group will ensure the delivery of high quality, responsive and affordable housing and support services.
- The Eildon Group will ensure the delivery of high quality, responsive and affordable care services.
- The Eildon Group will ensure the delivery of high quality new homes and property asset management services.
- The Eildon Group will further develop its organisational capacity by reviewing practices and investing in its people and the and technical infrastructure of the organisation.

This revised strategy builds on the successes and learning of the previous period and intends to present an ambitious strategy for the next three years. The six strategic objectives have been distilled into four key Strategic Property Workstreams:

1. **Sustainability:** Reducing fuel poverty, improving energy optimization and reducing the carbon output of the stock and supporting activities.
2. **Meeting Demand:** Maintaining an ambitious development programme that is framed around clear objectives that enhances communities and provides for sustainable living.
3. **Effective use of skills and resources:** Controlled advancements towards self-reliance, growing our internal resources to efficiently repair and invest in our homes. Continuing our engagement with strategic partners to harness local innovations.

4. **Maximizing asset performance:** Ensuring all our homes are safe, comfortable and compliant through the use of good data and proportionate use of emerging & existing technologies.

These pillars are expanded upon in the *Action Plan* section of this document. The PAMS describes the inputs, resources and underlying conditions required to deliver these objectives.

This strategy also recognises that the current operating environment could be best described as “uncertain”. The combined effects of the ongoing restrictions caused by the COVID-19 pandemic and the commercial impact of the UK’s withdrawal from the European Union have already impacted the cost of construction materials and services. This pressure is in addition to costs associated with sustainable construction that remain above standard benchmark costs. At present, the levels of subsidies and grants available have not kept pace with emerging market pressures.

Ultimately this strategy is intended to make sure that every Eildon tenant can be proud of their home. Further, it lays out the groundwork to make the Scottish Borders become a truly sustainable community.

PROPERTY ASSET MANAGEMENT STRATEGY

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INTRODUCTION

Our single most important source of income is derived from, and our biggest area of expenditure is concentrated on, our property assets. It is therefore incumbent upon us to manage these assets in the most effective and efficient manner possible, ensuring that our limited resources are not wasted and that our product remains attractive to existing and potential new customers.

In addition, as a Registered Social Landlord, the Scottish Housing Regulator views it as good practice to have a Property Asset Management Strategy in place and has issued guidance to support this.

A Property Asset Management Strategy is required to cover four key areas, all of which support and enable the Key Activities described above. These areas are as follows:

- Knowledge of customer base and of customer expectations.
- Performance of existing asset base.
- Investment in the asset base.
- Identifying and dealing with underperforming assets

By having a Property Asset Management Strategy which is supported by information derived from customer expectations and stock performance we can demonstrate that our decision-making processes with respect to investment programmes and future stock categorisation are evidence based.

- **Customer Base and Expectations**

In order that we continue to have a sustainable business we rely on our products being attractive and accessible for our customers. It is therefore of great importance for us to know who our customers (both current and potential) are. To do this we need to use our existing business knowledge bases and to continue to work with strategic partners. Smart use of data is a business objective, heavily bolstered by the roll-out of the QL business management software.

Whilst it is important to analyse and utilise data on existing customers and their current needs, it is of equal importance to try and assess future demand for our product both in terms of new customers and in terms of the changing needs of our existing customers. To do this we require to review a range of source data including census information, the Local Housing Strategy & the SHIP and the information we gather on these potential customers who bid for our properties as they become available. We also need to be mindful of legislative changes which may impact upon our customers' ability to source our product and the impact this has on the product which we supply.

As well as identifying who our customers are, we also require to be clear about their experience as a customer and their expectation particularly in relation to our housing stock and other physical assets. To achieve this, we will seek customer input in terms of their satisfaction with the type of housing we offer, the nature of the components

within the housing and attempt to identify where we have underachieved in the eyes of our customer. We shall do this through a series of post completion surveys (new build, component replacement, void works) which will then shape our standards. These standards will be tested through consultation with our Customer Panel and incorporated into design guides and specification documents. This will form part of an ongoing review cycle for our key asset development and maintenance programmes.

This is particularly pertinent in a time when “lockdown” restrictions continue to modify peoples behaviours and expectations.

The purpose of this information gathering is to help us get to know our customers and to use this information to make informed decisions regarding the standards and nature of the housing we would be expected to deliver in terms of maintaining and upgrading existing properties and the location and nature of our new build provision.

- **Existing Asset Performance**

As a Registered Social Landlord, the majority of our assets will be contained within our housing stock. However, we do have a number of commercial properties (shops, offices) from which we seek to generate income. The performance of these assets requires to be assessed against other similar properties within the local market.

In relation to our housing assets any assessment of performance requires to be measured on two fronts. Firstly, stock performance should be measured against its attractiveness to our customer base. We will therefore monitor our housing performance in terms of turnover, void periods, tenancy sustainability and demand, which will provide an indication of stock which is less attractive and highlight potential future trends. A Net Present Value (NPV) indicator will be attributed to each unit in our portfolio, with additional social value indices used to inform our decision making.

The second area of performance measurement relates to the physical attributes of the property. Our stock condition surveys will identify the future investment needs and costs of maintaining our properties. The stock condition surveys will also highlight where we have properties which have potentially excessive investment requirements in order for them to be maintained as viable assets. In addition, we will monitor repair and void costs in order to highlight any areas where these are excessive or recurring expensive faults appear. Both elements of performance will be brought together in order to ensure that we have the appropriate data to populate an asset management system. This will assist us in determining whether housing stock performance meets the criteria for ensuring continued investment. Where stock fails to meet the performance criteria a review of the stock and its future value as an asset requires to be undertaken and relevant measures put in place.

- **Investing in the Asset Base**

Our stock condition surveys and resulting analytical appraisals identify the investment requirements of our housing stock and provides programmes and costs for implementation. This information will be used as a template for future investment provision but this template will require to be checked against actual investment needs and stock performance on a regular basis or as regulatory conditions change.

This will assist us in ensuring that our investment meets or exceeds customer expectations whilst remaining within our financial planning assumptions by delivering the investment programme efficiently and in housing stock which does not fail on performance.

When proposing to increase the asset base through the development of new housing, assessments require to be made in relation to the viability of developing new stock. These assessments will include ensuring that there is a long-term demand for the type and location of new stock and that any increase in our housing will require to be measured against the impact on any adjacent stock which we own.

As part of this process we will produce in February 2021 an Asset Management Plan which will set our investment priorities for the forthcoming financial year for approval by the Board and provide indicative investment priorities for an additional two years. This plan will be underpinned by an assessment of the information gathering exercises which are set out elsewhere in this paper.

Information from the Asset Management Plan will be made available publicly providing customers with indicative programmes of works as they impact upon their homes.

- **Underperforming Assets**

For organisations such as ourselves the majority of our assets are within our housing stock. However, we have other commercial assets such as shops and offices which require to function on a commercial basis, therefore we will require to monitor the performance of our non-housing assets and where these do not perform we may have to look at incentives to let or disposals of any underperforming commercial assets.

In terms of our housing assets the key area of underperformance is usually categorised as low demand. There is no universally accepted definition of low demand stock; by its very nature low demand is a relative concept whereby our view of low demand may be seen as acceptable in other housing markets. We will therefore produce criteria which defines our key characteristics of low demand stock. The criteria will be based around stock performance as indicated above. There will be a defined threshold which should stock fail to achieve this this will then categorise stock as low demand.

Once housing stock is categorised as low demand we will require to develop appropriate measures for dealing with this stock in order that the properties can remain within the social housing sector. If it is determined that this cannot be achieved on a viable basis we may require to categorise the stock as subject to disposal or demolition.

Refining our NPV attribution and social indices scores will aid in more effectively identifying the cause of underperforming assets and allow us to apply the appropriate strategies.

AIMS & OBJECTIVES OF THE PROPERTY ASSET MANAGEMENT STRATEGY

The objective of our Property Asset Management Strategy is to set out a framework within which our asset base will be continually assessed in terms of performance and investment requirements.

This will allow us to make informed decisions about where and when investment should or shouldn't be made. The key objective of this strategy is to ensure that we utilise our finite resources in the most efficient manner possible maintaining long term viability of our stock and our business.

The Property Asset Management Strategy is a key part of Eildon's Business Planning Framework and is particular to the property and land associated assets used by the Group.

The overall aim of the Property Asset Management Strategy is to provide a robust framework within which informed decisions can be made that ensure the long-term future of Eildon's stock. It is an active decision-making tool as the information upon which it is based will continually change. Therefore, regular reviews will require to be undertaken to inform the business planning process but fundamentally the strategy will allow Eildon to consider where its priorities lie with its existing stock and emerging opportunities for future growth and change.

Eildon's approach to Property Asset Management is underpinned by its corporate values:

- **Caring** - *We care about what we do, the people we work with and the customers we serve*
- **Committed** - *We work together to provide affordable, high quality homes, care and support services*
- **Connected** - *We are part of the communities we serve and believe we can make a real difference*
- **Creative** - *We are ready to meet the challenges of the future with enthusiasm and new ideas*

Property asset management is about the effective and efficient direction and utilisation of assets to sustain the business. Therefore, developing this strategy ensures our various assets are managed in the best corporate interests of Eildon and its customers and seeks to align our asset base with our corporate goals and objectives.

The Property Asset Management Strategy is a key part of delivering Eildon's overall business strategy and links back to and informs the strategic objectives in Eildon's 5-Year Strategic Plan, 5-year Viability Plan and 60-year Business Plan. It provides a platform for forward planning and a point of reference for future decision making enabling Eildon to clearly set the direction we wish to take with our property asset base.

It aims to ensure that Eildon's investment priorities are properly identified and made for the benefit of the business, our customers and other clients. It also aims to ensure that new housing supply can be procured and that existing stock performs well and, where appropriate, is disposed of or reconfigured.

Demographics, quality standards, customer expectations, home-working arrangements and other factors are likely to influence the supply of and demand for our stock. These factors are likely to change over the lifetime of our property assets.

The Property Asset Management Strategy will be used to monitor the performance of Eildon's stock with the aim of being able to respond to emerging trends in a planned and prioritised manner. Our property assets will be well managed and maintained through our planning approach which will make sure we make the most of our properties as assets and build value in our asset base. Information will be brought together from a range of existing sources held by the organisation. We have information available on our stock and our customers and this information will be used to ensure we deliver high quality services. This information includes:

- Current and future customer demand and needs
- Tenant satisfaction
- Housing needs
- Stock condition
- Stock trends including turnover, repairs costs, void periods, refusals, condition and management time
- Key reporting metrics such as EESH and SHQS

We will ensure our maintenance plans are reflected in our annual budgets, our medium-term plans and our long term financial projections. Component accounting recognises planned maintenance replacements and this process is also reflected in our financial plans.

Performance will be monitored and regularly reported to our Executive Team and Board as well as our customers. This will allow us to control costs and identify any trends which require intervention or will impact on the planning process.

- **General Principles for Developing and Delivering the Property Asset Management Strategy**

Notwithstanding the challenges that Eildon faces in developing and delivering the Property Asset Management Strategy, customers rightly expect a high level of service that is affordable and this remains a key aim. Eildon's Property Asset Management Strategy priorities are:

PAM OBJECTIVE 1 – SUSTAINIBILITY		
Ref	Task	Comments
S1	To bring all housing stock up to Energy Efficiency Standard for Social Housing (EESH2) before or by 2032 unless eligible exemptions are identified.	Renewed action plan and cost impact assessment required
S2	To develop and implement an energy strategy to assist alleviating fuel poverty and incorporate improvements which reduce running costs and improve the quality of life for residents.	Publication of the Sustainability Strategy annex of the PAMS will outline feasible and affordable options.
S3	Develop an action plan to decarbonise the stock and the activities used to maintain it	Publication of the Sustainability Strategy annex of the PAMS will outline feasible and affordable options.
S4	A needs-led appraisal and decision making system for identifying the most advantageous deployment of renewable energy production and storage for each type of home	Publication of the Sustainability Strategy annex of the PAMS will outline feasible and affordable options.

PAM OBJECTIVE 2 – MEETING DEMAND		
Ref	Task	Comments
MD1	To ensure new housing supply compliments existing provision and meets identified needs.	Continued analysis of SHIFT data augmented with increased local data. Included in part of the Development Process Review.
MD2	To ensure the provision of new housing supply continues to meet the Eildon quality standard, but consider every year capacity to build into the medium term beyond current commitments.	On going process
MD3	To finesse viability modelling and impact analysis at inception of a new build scheme	Bolstering internal review process and reviews
MD4	Strict risk & performance management of all supply chain partners	Revised performance dashbpard
MD5	New occupant data, feedback and ongoing analytics	Included in part of the Development Process Review.
MD6	To increase understanding of demand mechanics and supply modelling to target areas where demand is at a premium and might not be obvious, especially with regards provision for people with support & care needs	Included in part of the Development Process Review.

PAM OBJECTIVE 3 – EFFECTIVE USE OF SKILLS AND RESOURCES		
Ref	Task	Comments
ESR1	To ensure compliance with all relevant legislation and regulations.	Supported by the Health and Safety Manager
ESR2	Put in place a new QL based Asset Management System to incorporate NPV analysis, stock profiling, investment modelling and data retention.	Market analysis of available products concluded. Planning has started on QL implementation
ESR3	To provide an improved reactive maintenance service to tenants to ensure that repairs are carried out within pre-determined timescales.	Increased focus on key metrics and performance management, supported by a review of current staffing capacity and procurement strategy. Will be included in the draft Care and Repair Review paper.
ESR4	To deliver high quality services and ensure that works are undertaken appropriately and in line with good practice and to maintain our quality standard to ensure it meets both customer and regulatory expectations.	Improved performance dashboard and reporting framework. Will be included in the draft Care and Repair Review paper.
ESR5	To continue to provide a cost-effective adaptations service where funding permits.	Reduced scope due to COVID restrictions. Will be included in the draft Care and Repair Review paper.
ESR6	To continue to update our stock databases to ensure we hold data on external areas, roads adopted/unadopted, street lighting, communal areas, paths, grounds maintenance etc.	Review of data and collection methodology as part of Asset Management System implementation
ESR7	To update stock data and condition via stock condition surveys.	Review of data and collection methodology as part of Asset Management System implementation
ESR8	To engage with customers on an ongoing basis in relation to the property asset management strategy and keep them updated on forthcoming programmes of works and to incorporate tenant choice wherever possible as part of the replacement programmes. Improve the end user experiences across all interactions with property related services	Continue to actively shape QL implementation, specifically point-of-contact diagnostic scripts, chase-up analytics & satisfaction. Continue to explore digital experience offering. Will be included in the draft Care and Repair Review paper.
ESR9	A refresh of the Procurement Strategy to ensure we are maximising use of local supply chains, leverage the best buying power available and stimulating innovation, quality & value in all our procured services	Procurement Strategy is on the corporate plan and due in Q1, although continued and ongoing engagement with strategic partners, especially SOSE will be needed

PAM OBJECTIVE 4 – MAXIMISING ASSET PERFORMANCE		
Ref	Task	Comments
MAP1	To maintain the stock in a good, lettable standard and to manage and maintain the stock to ensure long term sustainability.	To be included in the scope of the Asset Appraisal Review that will occur subsequent to the implementation of the Asset Management System
MAP2	To ensure all housing stock continues to meet Scottish Housing Quality Standard (SHQS) unless eligible exemptions or abeyances are identified.	A well embedded practice
MAP3	To continue to carry out a planned maintenance programme to ensure building components are replaced at the end of their lifespan and to ensure that a planned maintenance approach reduces the amount of ad-hoc major repairs and routine maintenance.	Part of the Asset Management Plan and well embedded practice. To be included in the scope of the Asset Appraisal Review which include increased NPV modelling.
MAP4	To continue to carry out a cyclical maintenance programme to ensure properties comply with legislative requirements; components are regularly serviced and maintained to prolong the life of the building component.	Will be included in the scope of the Health and Safety Managers initial recommendations.
MAP5	To dispose of miscellaneous older stock or sites where reinvestment is not viable and re-circulates receipt into the business.	To be included in the scope of the Asset Appraisal Review which include increased NPV modelling
MAP6	To ensure that stock databases are updated on a regular basis and maintain updated life cycle costing programmes for all our properties.	To be included in the scope of the Asset Appraisal Review that will occur subsequent to the implementation of the Asset Management System
MAP7	To fully deploy Building Information Modelling (BIM)	Software and skills are in place but not used to their full extent. The Development Team have been tasked with phasing BIM into new schemes immediately with a view of full implementation on 100% of projects by 2022.
MAP8	To publish an annual Asset Management Plan	Aligned to budget setting timetable
MAP9	To fully utilise the new Health and Safety Manager to review the matrix of responsibilities and develop clear lines of accountability with accurate near-live reporting	Will be included in the scope of the Health and Safety Managers initial recommendations.

STRATEGIC CONTEXT AND ASSET PROFILE

This Property Asset Management Strategy builds on the framework on which Eildon, through an ongoing process, develops and responds to the ever-changing environment and priorities of the organisation and its customers.

This is designed to be the means to develop the Eildon Group's long-term Property Asset Management processes to ensure that the performance of housing and other stock can be monitored and action taken in good time so that both existing and new stock meets the needs and the standards required now and in the future, and is in good condition, the right location and is of a design and standard that is fit for purpose.

The Scottish Government drive for 50,000 new homes by 2021 has been supported by a rise in the capital grant available for new housing: the benchmark grant for a 3-bed unit now stands at £72,000. This has allowed Eildon to significantly increase its development programme over the next 4 years which introduces new dimensions to our Property Asset Management Strategy, most notably ensuring we continue building the new units in the areas of sustainable demand and maintaining our high quality of design, specification and quality control over the much larger new build programme.

Alternative financial models for providing additional stock will depend on a robust Property Asset Management Strategy being in place for Eildon to assess their impact on its capacity and appetite to develop new homes in the short to medium term.

Legislative requirements and changes to them will continue to have a financial impact on our asset management. Changes have been made to SHQS with the removal of the energy efficiency elements which are now covered by EESSH and the addition of smoke and heat alarms and carbon monoxide alarms elements. This will involve increasing numbers of smoke and heat alarms in properties and more electrical inspections being carried out more frequently.

Eildon was fortunate that the initial financial impact of the SHQS was relatively minor due to the majority of the stock being built post 1980, we do not envisage this being the case in relation to the EESSH 2 regulations, where the aspiration is for properties to fall into Band B of the EPC SAP rating scale. EESSH 2 targets have now been published and will undoubtedly result in increased spend.

Obtaining long term finance for development has become more challenging than it has been in the past. Eildon is in a relatively strong position and still has capacity to develop new homes. The Property Asset Management Strategy has a key role to play in articulating Eildon's future priorities and capacity.

Welfare reform is likely to impact on many tenants who qualify for benefits. This could impact on the percentage of rental income that Eildon is able to collect in the future. It will impact on the way that banks look at RSLs and will lead to higher margins as the perceived risk to our income base increases. Energy costs continue to rise and impact on customers' ability to pay their fuel bills and often leaves them with a stark choice as to whether to heat their property or not which often leads to increased instances of condensation and mould growth inside properties. Fuel poverty is a real concern for

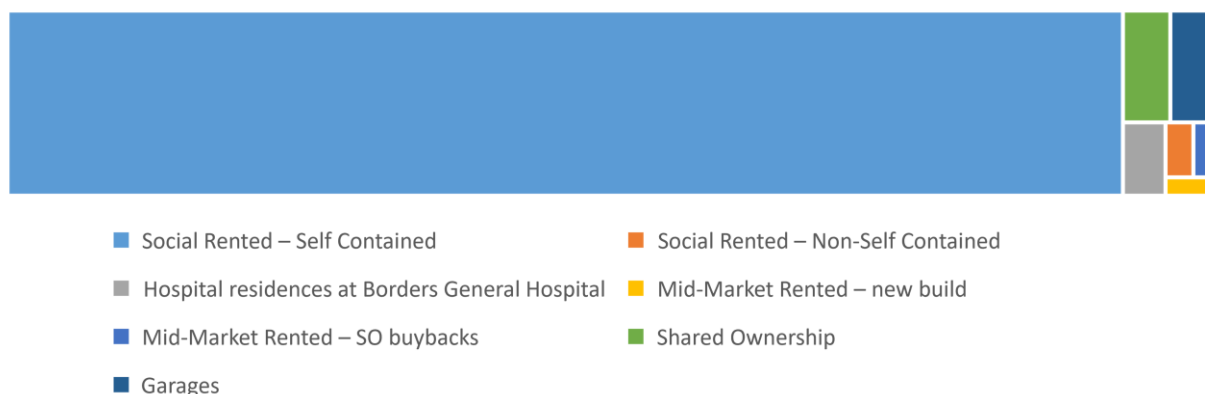
an increasing number of our customers. Eildon recognises this and have entered into a partnership with Changeworks, Scotland's leading environmental charity who have over 30 years of experience in delivering solutions for low carbon living. Changeworks will train Eildon staff to recognise the main drivers of Fuel Poverty and enable members of staff to become Fuel Poverty Ambassadors. It is envisaged that these Ambassadors will be able to help tenants find realistic solutions to alleviate their Fuel Poverty.

• Stock Profile

Eildon has 2,386 units in ownership (including shared ownership). Most of the stock is social rented housing and less than 10% of the stock is occupied by sharing owners. A small number of properties provide shared accommodation or have elements of shared facilities, where the service is registered with the Care Inspectorate. A small number of properties are leased to the local authority and voluntary organisations. Eildon also owns garages that are leased independent of a tenancy.

Eildon has been responsible for building most of its housing stock. This means that as of November 2017 70% of the stock is less than 25 years old. Eildon has acquired a number of older properties either through stock transfer or off the shelf purchase; these tend to fall into three categories: a) former SSHA stock largely built in the 1960s and early 1970s b) former hospital residences built in the 1980s and c) one-off houses or flats generally built pre-1919.

The following tables correct at 30 November 2020 provide more detail on our stock profile and will be updated on an annual basis.



Tenure	No Properties	
Social Rented – Self Contained	2446	92.27%
Social Rented – Non-Self Contained	18	0.68%
Hospital residences at Borders General Hospital	37	1.40%
Mid-Market Rented – new build	11	0.41%
Mid-Market Rented – SO buybacks	15	0.57%
Shared Ownership	63	2.38%
Garages	61	2.30%
Total	2651	100%

Of the 2,386 units in ownership, most of Eildon's stock is self-contained social rented housing and can be broken down as follows.

House Type	No Properties	
House	986	40.31%
Flat / Maisonette	1,317	53.84%
Bungalows	143	5.85%
Total	2,446	100.00%

House Size	No Properties	
1 bed	1,030	42.11%
2 bed	791	32.34%
3 bed	570	23.30%
4 bed	45	1.84%
5 bed	9	0.37%
6 bed	1	0.04%
Total	2,446	100.00%

Acquisition Details	No Properties	
Built/Refurbished by Eildon	2,268	92.72%
Bought Off the Shelf	61	2.49%
Stock Transfer from Scottish Special Housing Association (SSHA) - Tweeddale	95	3.88%
Stock Transfer from Scottish Homes Tweedbank	8	0.33%
Hospital residences at Borders General Hospital	9	0.37%
Empty Homes Initiative	5	0.20%
Total	2,446	100.00%

Stock by Age	No Properties	
Post 2002	964	39.41%
1983-2002	1,299	53.11%
1965-1982	129	5.27%
1945-1964	8	0.33%
1919-1944	0	0.00%
Pre 1919	46	1.88%
Total	2,446	100.00%

Ambulant Disabled or Wheelchair Properties	No Properties	
Ambulant Disabled/Other Specifically Adapted	52	39.69%
Wheelchair Properties	79	60.31%
Total	131	100.00%

Fuel Type	No Properties	
Gas	1,322	64.96%
Electric Storage Heaters	785	31.77%
Oil	2	0.08%
Solid Fuel	0	0.00%
Renewable technologies	79	3.19%
Total	2,188	100.00%

Renewable Technologies	No Properties	
Solar Photo Voltaic Panels	104	46.85%
Combined Heat & Power Systems	37	16.67%
Air Source Heat Pump	79	35.59%
Mechanical Ventilation & Heat Recovery System	2	0.90%
Total	222	100.00%

Eildon is not responsible for the maintenance of either shared ownership or shared equity properties. In addition, the above stock profiles do not include common facilities related to housing developments, which for the purpose of this strategy are also treated as housing assets.

We regularly assess the performance of our stock to ensure it continues to meet our current business needs and assess how the needs may change in the future.

- **Demand**

An increase in demand for social housing means a range of different factors is placing pressure on affordable housing. There has been a significant rise in demand for housing, a sharp fall in mortgage lending (although this is starting to improve) and house prices that remain out of reach for many people on an average salary. At the same time, the supply of affordable housing has reduced considerably. However, we are aware of the need to ensure that long term investment is not based on short term demand and as such we will continue to monitor and project the level and nature of demand for our property. Whilst there is a high demand for affordable housing across the Scottish Borders there are some low demand areas which tend to arise from the oversupply of a certain type of housing or changes in demand.

Overall there are very few properties owned by Eildon that show signs of potential low demand and an analysis of this data, including information from exit interviews, identifies that low demand properties accounted for around 10% of stock. Some of these may be due to factors other than the condition of the properties. There may be many reasons low demand arises not all of which indicate unpopular housing. Eildon monitor the demand for stock and have an identified list of these properties. These are listed below:

Address	Town	No Properties
Hirsel Court	Coldstream	12
Elm House Court	Denholm	11
Woodend Road	Ettrickbridge	4
High Tweed Mill	Galashiels	21
Larchbank Street	Galashiels	20
Ford Court	Gordon	6
Backdamgate	Hawick	5
Drumlanrig Court	Hawick	24
Lovel Court	Hawick	9
McLagan Drive	Hawick	14
Balfour Court	Jedburgh	11
Old School Gardens	Morebattle	8
Moss Place	Newcastleton	16
Old Station Court	Newtown St Boswells	8
Deanfield Place	Town Yetholm	20
Total		225

During the period April 2016 to March 2020 605 affordable homes have been built by all providers across the Scottish Borders; equating to an annual average of 151 homes which comfortably exceeded Scottish Borders Council's (SBC) annual 128-unit target. SBC's Local Housing Strategy for 2021-2026 identifies an affordable housing target of 128 per annum, including identification for the need for new wheelchair accessible homes, as well as identifying housing for the growing ageing population as a priority to be addressed across the Scottish Border with an identified target of 353 new elderly extra care homes by 2035.

Eildon has and will continue to work in partnership with Scottish Borders Council to provide new housing supply and to act as Developer as required on behalf of other RSLs with development activities in the Scottish Borders.

- **Rent Levels**

The largest part of Eildon's income is generated from rent and defines in part the value of our assets. Our rent setting mechanism provides a method to determine rents based closely on the characteristics of each property. Each year the total rental income requirement is determined as part of the budget process and includes a review of affordability and comparability and modelling of spending plans for the following year in relation to possible rental income.

- **Leased Housing Stock**

Eildon leases properties to the Council and other groups. These units are as follows:

Address	Town	No	Leased to
13 Manse Gardens	Duns	1	Scottish Borders Council
15 High Tweed Mill	Galashiels	1	Scottish Borders Council
27 Penman Place	Galashiels	1	Scottish Borders Council
2 Borthwick Court	Hawick	1	Scottish Borders Council
2B Lovel Court	Hawick	1	Scottish Borders Council
18 Farrier Court	Kelso	1	Scottish Borders Council
4 Pipewell Place	Kelso	1	Scottish Borders Council
30 Rennie Court	Kelso	1	Scottish Borders Council
1 & 2 Huntlyburn Terrace	Melrose	2	NHS Borders
4 Crookston Court	Peebles	1	Scottish Borders Council
17 East Port	Selkirk	1	Scottish Borders Council
98 Craw Wood	Tweedbank	1	Scottish Borders Council
42 Jura Drive	Tweedbank	1	Scottish Borders Council
Total		14	

- **Investment Properties**

Eildon also owns offices, shops and sundry investment properties. The offices can be split into three categories a) the office occupied by Eildon b) offices leased by Eildon and c) office managed by Eildon and leased to a range of businesses. The shops are part of housing developments owned by Eildon and sundry investment properties include a day centre, kitchen and recreation block.

Property Type	Location	Status	Number
Care Home	92-96 Craw Wood, Tweedbank	Leased	1
Kitchen	Riverside House, Peebles	Leased	1
Office	Galashiels	Leased	3
Office	32-35 Huntlyburn Terrace, Melrose	Leased	4
Office	Selkirk	Eildon Group Office	1
Recreation Block	Huntlyburn Terrace, Melrose	Leased	1
Shop	Denholm	Leased	1
Shop	Peebles	Leased	1

We consider the performance of our non-housing assets, to ensure they continue to meet our current business needs and assess how the needs may change in the future.

- **Asset Disposal of Obsolete or Surplus Stock/Acquisition of Miscellaneous Stock**

We recognise that decisions related to obsolete or surplus stock are progressed in a manner which involves the whole organisation. Although most of our stock is in good condition and in high demand, there may be times when problematic properties are identified. This may include where a property is surplus to requirements; failure to meet the SHQS or EESSH and/or where the costs are prohibitive; difficult to allocate or where the properties no longer meet the original needs; high turnover and/or high costs associated with void periods and voids costs. In such cases an option appraisal is undertaken and the financial implications and associated risks assessed.

From the disposal of houses, offices and garages, our intention is to reinvest receipts from property sales to create assets of improved quality and higher value. The strategy for reinvestment will be agreed as part of our development strategy and where required, in conjunction with our key partners in the Scottish Government and the local authority.

- **Houses/Sites**

Following works carried out in our most recent modernisation programme, the vast majority of Eildon's housing stock currently meets the requirements of Scottish Housing Quality Standard (SHQS). However, there are still a number of properties which require works to meet the requirements of the SHQS.

The Board has previously approved a strategy for stock disposals as set out in the previous version of the Asset Management Strategy. The disposal relates to the properties, which are mainly pre-1919 single properties in tenement blocks, as set out in the table below. It is the intention of Eildon to continue to dispose of this stock as and when it becomes vacant following due diligence.

Town	Street	No of units
Broughton	Green Farm Steading	1
Galashiels	54 Gala Park	1
Galashiels	93 & 105 Wood Street	2
Galashiels	15 Langlee Drive	1
Galashiels	16 Stanley Street	1
Melrose	1 Teac Failte	1
Reston	1 Station Park	1
Stow	224 Galashiels Road	1
Stow	Mill Court	Site

It is likely that over time some other house types or locations may become obsolete and this will be informed by our annual Stock Condition Surveys. Properties at 2C Market Place, Jedburgh; 2 Teac Failte, Melrose and 43 Currour Street, Selkirk have been disposed of since our Property Asset Management Strategy was first conceived.

- **Garages**

Bridgegate Court, Peebles is a flatted shared ownership development where Eildon own four integral garages in the development and thus has a liability for common repairs which could over time render the garages non-financially viable to Eildon. Consideration should be given to the sale of these garages, three of which are currently tenanted and one kept as storage by Eildon.

- **Offices**

The Board has previously approved the disposal of former Eildon Housing Association offices when the market picks up or when reasonable offers are made. The disposal relates to the properties set out in the table below.

Town	Street	No of units
Galashiels	125 High Street	1
Galashiels	1 Roxburgh Street	1
Galashiels	41 Bridge Street	1

Eildon House in Melrose has been disposed of since our Property Asset Management Strategy was first conceived.

- **Buybacks**

The Board has previously approved an amendment to policy for shared ownership buybacks. The preferred option available to Eildon being to buy back where appropriate and to re-let at Mid-Market Rent. In very specific cases we may choose to re-let at a social rent but this will be done only in exceptional circumstances.

Sharing owners let the rented portion of their property on the basis of an occupancy agreement. This agreement runs for 20 years from the date of first purchase. The majority of our shared ownership properties have or will soon see the original occupancy agreement run out and through the occupancy renewal process we are seeing an increase in sharing owners who wish to sell their share back to us.

- **Mid-Market Rent**

Where properties are let at Mid-Market Rent this will be done through Eildon Enterprise Limited, the Associations wholly owned subsidiary. To ensure compliance with regulation and legislation a leasing arrangement between Eildon Housing Association and Eildon Enterprise is in place whereby Eildon Housing Association will lease properties to be let at Mid- Market Rent to Eildon Enterprise who will provide management and maintenance services.

- **Factoring**

As a provider of services to other owners we fully comply with the Property Factors (Scotland) Act 2011. As property factor, we provide a full property management service to 46 owners and provide a grounds maintenance service to sharing owners.

STOCK CONDITION

- **Stock Condition Survey**

Eildon carried out a 100% stock survey in 2013 which provided a baseline of stock data and assessment of stock condition to provide a check on stock surveys previously carried out. This survey formed the basis of our Modernisation Programme carried out in 2015-2017 where approximately 500 properties had either kitchens, heating systems, kitchens and heating systems or bathrooms replaced.

In 2017 a 20% stock survey was carried out, followed by targeted energy and stock surveys in both 2018 and 2019 to augment the data we already had and to clarify the position of our stock against the EESSH indicators. We planned to return to a 20% stock condition survey in 2020 but were unable to do so due to restrictions on the type of work we can carry out during COVID restrictions.

Eildon, as a business, has entered a new phase; moving from a stock base where maintenance was relatively light to a stock base that requires a more intensive planned maintenance programme. Assessments of the general performance and life expectancy of the stock and its components needs to be continually undertaken to verify that proper provision has been made for the future or any changes in legislation or new standards which will inevitably occur hence our desire to return to annual stock condition surveys.

- **Scottish Housing Quality Standard (SHQS)**

The vast majority of Eildon's housing stock meets the requirements of Scottish Housing Quality Standard (SHQS). There are however units where meeting this standard is either not feasible or it is unviable and either an abeyance or exemption is in place. A Standard Delivery Plan (SDP), has been produced to demonstrate compliance with the SHQS and this is reviewed and updated in response to the ongoing Stock Condition Surveys.

It is recognised that keeping the stock to SHQS is an ongoing process and each year more stock will meet the standard through the annual planned maintenance programme. As previously mentioned the SHQS has recently changed to incorporate Smoke and Heat detector and Carbon Monoxide elements and has had the Energy Efficiency elements superseded by EESSH compliance which has led or will lead to additional stock improvement with electrical inspection frequencies increasing and additional smoke and heat detectors being installed.

- **SHQS Exemptions and Abeyances**

The Scottish Government's Guidance on the Standard recognises that there may be special circumstances in which an element cannot reasonably meet the Standard, and may merit an exemption or an abeyance. We need to know how many exemptions and abeyances we have and this highlights the importance of Eildon having good information on all our houses.

Reasons for exemptions and abeyances are to do with the physical building e.g. disproportionate cost for the work needed, legal reasons or person based reasons where tenants or owner-occupiers do not want the work done.

Being off the gas mains network, in combination with certain construction types, prevents Eildon from reaching the required energy efficiency rating as the costs to improve these houses would be disproportionate. To this end we continue to investigate alternative sources of heating for our properties and have framed this as key strategic objective.

- **The Energy Efficiency Standard for Social Housing (EESH)**

The EESH standard encourages landlords to improve the energy efficiency of social housing in Scotland. It was introduced in March 2014 and set a first milestone for social landlords to meet for social rented homes by 31 December 2020. 94.85% of Eildon's properties which are within the scope of EESH met this milestone. A second milestone was confirmed in June 2019, which has to be met by December 2032 this is known as EESH2.

The EESH milestones are defined by the Standard Assessment Procedure (SAP) 2012 methodology recorded in Energy Performance Certificates (EPCs). Older versions of SAP can be converted to SAP 2012. The first EESH milestone set a single minimum Energy Efficiency rating for each home rented by social landlords. The target varied dependent upon the dwelling type and the fuel type used to heat it. In terms of the SAP 2012 methodology the target varied between a rating of 47 (in EPC band E) for an oil heated house, and 69 (in EPC band C) for a gas heated flat.

The EESH was reviewed between 2017 and 2019, following the review a public consultation on proposals for EESH2 was carried out during 2018. Informed by consultation responses, the EESH Review Group considered proposals and agreed a new EESH2 milestone as follows.

All social housing meets, or can be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent. It was further agreed that no social housing is to be re-let below EPC Band D from December 2025, subject to temporary specified exemptions.

The 2032 milestone will be supported by a formal review in 2025 to assess progress and confirm additional requirements of the 2032 milestone. Air Quality and Environmental Impact will be included as part of the review.

EESH2 will help remove poor energy efficiency as a driver for fuel poverty and contribute to achieving the Scottish Government's ambitious climate change emissions reductions targets.

The improvement and maintenance of Eildon's housing stock will have a positive environmental impact and we will, where possible, incorporate energy efficiency measures into our works programmes as a priority. Eildon will investigate and, where

appropriate and affordable, install renewable energy sources on new and existing stock to help reduce energy bills and assist in reducing fuel poverty. This in turn will be picked up in the rent reflective policy. Priority will be given to stock that is not on the gas network.

The provision of energy efficient homes will continue to be integral to the improvement works that Eildon will undertake. As well as the commitment to provide modern, energy efficient heating, Eildon will be ensuring that, when major works are carried out, dwellings, where applicable and affordable, are insulated up to modern standards.

Our new build homes are being designed and built to include a variety of different energy efficient measures to reduce the carbon output and fuel poverty. Our current Green Pilot project aims to establish the most cost efficient way to build energy efficient homes that will not only reduce carbon emissions significantly but also have the potential to be zero carbon. In addition we are exploring other heating methods such as ground source, communal air source heat pumps and using battery storage to store unused electricity generated during the day.

- **Sustainability and SHIFT Accreditation**

The Sustainability Strategy is a key part of Eildon's Business Planning Framework and has relevance across all the activities of the business. The overall aim of the Sustainability Strategy is to provide a robust framework within which informed decisions can be made that ensure the long-term future of Eildon and that the outcomes of Eildon's activities remain positive for our customers and the wider community in which we operate.

Sustainability in strategies, policies and procedures is vital to ensure our stock continues to meet the needs and standards required. Sustainability encompasses a variety of factors from sustaining tenancies; provision of maintained and managed homes/estates; planned maintenance processes/programmes; property improvements which extend the life of our assets and add value; environmental standards; and energy efficiency improvements which make a positive contribution to climate change objectives and addressing fuel poverty.

Eildon have signed up to SHIFT which is the sustainability standard for the housing sector. It is an independent audit that measures how organisations are adapting to new environmental targets and how its environmental practices measure up against similar organisations.

The assessment uses measurement criteria specifically tailored to evaluate how organisations perform in terms of environmental sustainability. It also looks at how an organisation is responding to climate change risks and how it's adapting to deliver and encourage sustainable practices to its customer base.

Eildon have been assessed twice for SHIFT attaining silver level both times and are currently undergoing their third assessment where we hope to achieve gold level.

- **Fuel Poverty**

Fuel poverty is an issue facing households throughout Scotland, the Scottish Government are committed to tackling this and to this end

The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act was passed by the Scottish Parliament in June 2019 and received Royal Assent on 18 July 2019. It sets statutory targets for reducing fuel poverty, introduces a new definition which aligns fuel poverty more closely with relative income poverty and requires Scottish Ministers to produce a comprehensive strategy to show how they intend to meet the targets.

The targets of the Act are that in 2040

- no more than 5% of households should be in fuel poverty;
- no more than 1% of households should be in extreme fuel poverty; and
- the median fuel poverty gap of households in fuel poverty is no more than £250 in 2015 prices before adding inflation.

Each of these 2040 targets must be achieved not only in Scotland as a whole, but also within each of the 32 local authority areas. This is to ensure that no part of the country is left behind. There are also interim targets set for the same metrics at 2030 and 2035. However, the interim targets only need to be met at a national level.

The 2019 Act establishes a new two-part definition whereby a household is considered fuel poor if:

- after housing costs have been deducted, more than 10% (20% for extreme fuel poverty) of their net income is required to pay for their reasonable fuel needs; and
- after further adjustments are made to deduct childcare costs and any benefits received for a disability or care need, their remaining income is insufficient to maintain an acceptable standard of living, defined as being at least 90% of the UK Minimum Income Standard (MIS).

To take account of the generally higher costs of living in Scotland's remote, rural and island communities, the legislation provides for uplifts to be applied to the MIS for households in these areas.

The Scottish Governments Final Fuel Poverty Strategy was due to be published in September 2020. However, development of the strategy has now been paused due to the COVID-19 outbreak in the Scottish Borders.

The extent of fuel poverty in the Scottish Borders is greater than across the rest of Scotland.

Figures from Scottish Borders Council show

- 31.4% of households lived in 'Fuel Poverty' in the Scottish Borders, compared with 27.3% in Scotland. •

- 7.8% of households are in 'Extreme fuel poverty' in the Scottish Borders, compared with 7.6% in Scotland

Tackling fuel poverty is a key issue for Scottish Borders Council as highlighted in section 6.2 of the Local Housing Strategy 2017-22. SBC have developed an Affordable Warmth & Home Energy Efficiency Strategy 2019-2023 which Eildon will clearly have a key role in helping the Council to deliver this objective and will work in collaboration with the Council to deliver the objectives which will be set in the Council's Strategy. Eildon remain a committed and enthusiastic member of the Borders Home Energy Forum.

- **Adaptations**

We are committed to ensuring the needs of tenants and their households are considered in respect of aids and adaptations. Eildon will work closely with Borders Care & Repair and external agencies and partners to carry out adaptations to new or existing homes to meet the changing needs of its tenants and to ensure that wherever possible they may stay in their own homes. Eildon will seek Stage 3 adaptations funding to carry this out. We work with the Occupational Therapy Services to consider housing options and/or the optimum adaptations, which represent best value for money.

Where it is considered not to be feasible or not cost effective to carry out an adaptation Eildon will work with external agencies and partners to seek alternative solutions. Adaptations will continue to be recorded on the central stock database.

It is important, particularly in view of the ageing profile of the general population, that the best use is made of adapted dwellings. As well as recording new adaptations as they are undertaken Eildon will maintain its records of adaptations already undertaken in order that effective use may be made of adapted properties at the re-let stage. Where adapted units are occupied by tenants who do not require them, we will sensitively assist these tenants, if willing, to secure alternative accommodation so that best use can be made of the adapted stock. We will continue to install level access showers to ground floor flats to ensure customers can remain in their properties for as long as possible. When carrying out our modernisation programme our HIT squad will take into consideration any adaptations required and work with Occupational Health staff to ensure these work for the tenants.

- **Management of Our Property Assets**

Repair and maintenance of our assets is essential to the proper management of our housing stock and is a key determinant of customer satisfaction with our services. We aim to ensure that we provide a repair and maintenance service, which discharges our legal obligations to tenants and which is efficient and responsive to changing demands and achieves value for money.

Most of our housing stock is in very good condition and of good quality and design, with high demand which is likely to remain in the future. To retain this value and

demand for our properties it is important to have a range of financial and management plans and processes in place.

- **Maintenance**

Eildon reduces the expenditure on reactive repairs through the creation of well-planned cyclical and planned works programmes. This ultimately leads to cost efficiencies and increased customer satisfaction by the proactive management of the stock and condition of the individual elements.

In addition, Eildon will always look to achieve value for money in relation to its repairs and maintenance service such as the streamlining of repairs stock and materials used to reduce stock requirements and maximise discounts on the materials that we do use. During the timescale of this strategy, Eildon will strive to continuously improve the service its customers are receiving.

As a significant part of the expenditure in the Eildon business plan arises from the day to day and void cost of the stock, it is essential that Eildon invests in improvement works to stock and benefits in terms of reducing the level of day to day repairs result. Such reductions will provide not only financial gains (day to day repairs are considerably costlier per repair than planned repairs) but also quality gains for our customers.

- **Compliance**

One of the primary functions of Eildon Housing Association is to ensure compliance with statutory obligations, especially those designed to ensure the health, safety and welfare of customers, staff and visitors.

Servicing records are utilised to inform the planned renewal process. Furthermore, an asbestos database is in place to include records for all communal areas. An asbestos register has been created and issued to contractors. This is used to warn staff, prior to works, of where they will encounter asbestos, and to inform the asbestos management strategy and plan. Stock is inspected as per the Control of Asbestos Regulations 2012.

Other property-related statutory obligations, such as risk assessments required under Legionella legislation, fire risk assessment, facilities management etc, where required, are recorded on the property database and flagged when due for renewal.

Fire safety is a high priority for Eildon. In February 2019 the Scottish Government brought in new legislation introducing new standards for fire and smoke alarms in all homes from February 2021, because of Covid-19 this date was initially delayed to May 2021 but has since been delayed further to February 2022.

The new standard requires:

- one smoke alarm installed in the room most frequently used for general daytime living purposes
- one smoke alarm in every circulation space on each storey, such as hallways and landings
- one heat alarm installed in every kitchen

All alarms should be ceiling mounted and interlinked.

Where there is a carbon-fuelled appliance (such as boilers, fires (including open fires) and heaters) or a flue, a carbon monoxide detector is also required which does not need to be linked to the fire alarms.

We are currently upgrading our stock as required and are confident we will meet the February 2022 target.

- **Maintenance Service Standards**

In meeting our legal obligations our maintenance service standards from 1 April 2018 have been:

Category	Operation	Frequency	Comments
Responsive Repairs	Emergency	On demand	Complete within 2 hours of notification
	General Repairs	On demand	Complete within 10 working days of notification
	Qualifying Repairs	On demand	Depending on category it is complete within 1, 3 or 7 working days of notification
Void	Repair and/or decoration of empty properties	On demand	Return empty houses to our lettable standard
Cyclical Maintenance	Various Cyclical Maintenance issues	Cyclical programme	Programme derived from stock condition input as well as input from local housing staff and tenants

- **Delivery**

In April 2013, we changed our maintenance contracts which allowed us to reduce maintenance costs and improve performance and customer satisfaction. For our maintenance contracts, we aim to:

- complete most repairs at first visit
- provide tenants with confidence and certainty that work will be carried out

- treat repairs as a whole including all trades
- be accountable, demonstrate continuous improvement in service and increase levels of customer satisfaction
- provide continuity of service and control on maintenance expenditure.

- **Measuring Performance**

Our repair standards and performance targets will be achieved and monitored through:

- Post Inspections carried out in a minimum of 10% of all completed works
- Customer satisfaction surveys on 50% of repairs activity
- Performance against repairs targets
- Expenditure analysis – actual v budget
- Customer Satisfaction surveys during and after major planned replacement programmes.
- Publication of performance information.

We recognise the importance of tenant participation which requires that we consult with tenants either individually or through registered tenants organisations on policies and standards of service for repairs and maintenance. Our tenant handbook provides further details.

Eildon's Customer Engagement Strategy outlines our commitment to working with customers to shape and improve services. We will aim to consult with customers individually, through our Customer Opinion Group, and/or through our Customer Panel on policies and standards of service for repairs and maintenance. For more information on ways to get involved please see our Customer Engagement Strategy and our Customer Engagement page of our website¹.

¹ [Get Involved - ETO, Eildon Housing Association, Scottish Borders](https://www.eildon.org.uk/my-eildon/your-home/get-involved/) (https://www.eildon.org.uk/my-eildon/your-home/get-involved/)

CREATING THE ASSET PROFILE AND THE ASSET PLAN

- **Creating the Asset Profile**

A key element of the Property Asset Management Strategy is the process of clearly understanding the nature and extent of the overall Property Asset Profile.

The Property Asset Management Strategy sets out the approach rather than the actual asset plan. To improve asset investment decision-making, we must understand asset condition, asset performance, remaining life time and risks. Therefore, information on the condition of our properties is fundamental to the investment decisions we make going forward.

Eildon has an electronic framework upon which the Property Asset Management Strategy is based. This Management Information System is structured through our QL Management Information System. QL has been populated with data collected by way of a 100% stock condition survey in 2013 and updated following completion of our modernisation programme carried out 2015-2017. Current stock condition data is vital to understanding maintenance requirements to ensure robust projections in both financial and operational planning. It will be essential that as planned maintenance schemes are completed that we automatically update stock condition data held in QL. We will continue to refresh the Stock Condition Survey in future by using a combination of independent commissioned surveyors and trained Eildon staff to undertake 20% update surveys on an annual basis. This will ensure that future maintenance needs are always considered when installing new components.

The QL Management Information System produces the data which underpins our asset plan and so the need for accurate, informed data cannot be underestimated in determining the future investment requirements for Eildon. QL forms part of the Property Asset Management toolkit and is used to manage our assets. Within this system we have the broad spectrum of information required to deliver the aspects of our property asset management strategy.

This system details information such as the property reference; address; property size/bed spaces/type; year of construction and construction type; rent level; household composition; medical adaptations etc. Stock information is also held such as heating systems; external doors; windows; roofs; kitchens; WCs/bathrooms; electrical installations; renewables etc. and is linked to our Fixed Assets System requirements. Miscellaneous property related information is also used which includes building and site location plans; historic maintenance contracts etc.

Maintenance plans, procedures and processes, to ensure our properties remain affordable and sustainable, are constructed using the QL Management Information System e.g. Planned Maintenance programmes; Cyclical Repairs programmes; Reactive Repairs Policy and Procedures; Voids Procedures; Response Targets and Quality Standards; Health and Safety Procedures; SHQS status; Energy Performance Certification; Valuations; HAG outstanding; Common facilities etc. Data is also

identified from housing management and repairs system reports, financial ledgers and general planning.

As an example, our planned maintenance programmes are reviewed and updated regularly using the QL Management Information System and reflect stock information held, surveys of stock condition; anticipated life cycles; updated information in relation to likely replacements costs period and whether we require to bring forward if subject to early failure.

We also use the QL Management Information System to help analyse our reactive repairs. To do this we try to anticipate reactive and void repairs and see if replacements can be reflected in our planned maintenance programmes. We use customer and staff feedback to help assess trends and try to extend life cycles beyond the notional replacement period.

Our reactive maintenance policy also covers our void process and we try through this process to protect rental income by reducing void periods and ensuring a high quality re-let standard. The QL Management Information System allows us to monitor void factors such as rechargeable repairs, void repairs time and change of tenancy maintenance costs.

- **Creating the Asset Plan**

The data that we hold allows us to compare the relative performance of the property assets as a basis for actions and investment decision making. Therefore, we must be able to distinguish between the different performing parts of our property assets. Through the data we collect we can use this to help us determine the required actions. These indicators examine the key aspects of stock performance and provide Eildon with the ability to identify groupings of low or high-risk stock. The indicators are:

- **Current Costs** – analysis based on arrears, void rent loss, average response repairs spend, management cost per unit and the overall impact on housing revenue income.
- **Future Cost/Forward Investment** - Future cost/investment requirements can be measured based on the projected cost of bringing properties up to the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (ESSH).
- **Demand** - The number of properties refused three times or more during the period can be calculated as a percentage of the total stock.
- **Long-Term Void** - This group can be assessed using indicators based on the percentage of properties in each area /type

In addition to our houses, Eildon also own offices, garages, shops and other miscellaneous assets e.g. recreation centre and a day centre. The assessment criteria are managed manually given the many differing attributes to that of the housing stock and is determined via specific asset appraisals. This analysis would identify a number of things including the impact of investment versus the income achieved.

INVESTMENT & PROCUREMENT

- **Strategic Approach to Investment**

Through our property asset management processes, we assess value for money to achieve a balance between cost and quality and we do this through programme management, benchmarking, procurement practices and cost control.

The data held in QL is used to strategically inform investment by highlighting maintenance requirements. This enables Eildon to benefit from asset condition and remaining life as well as also allowing for proactive budgeting for renewal/replacement. This allows us to invest where we can and clearly identify and quantify an investment need.

We continue to search for and maximise efficiencies through maintenance by not only ensuring our investment plan is aligned with our strategic goals but also integrated with our approach to cyclical and responsive maintenance e.g. by trying to match specifications used in planned maintenance with those in responsive.

- **Annual Asset Plan and Programme - Repairs & Maintenance**

The planned and cyclical maintenance programmes are funded through the rental income and from provisions set aside for these purposes. Likewise, improvement works are funded through budgeted expenditure. Our investment priorities revolve around the need to continue with our programme to ensure properties are maintained to a high standard and to extend the life of stock. We also have a programme to replace kitchen and shower/bathrooms including revision of layouts where necessary.

Our investment planning framework includes:

- Preparing a detailed annual planned programme of works within our 5-year rolling business planning framework, although we do this as part of a 60-year investment planning horizon.
- Developing an annual detailed programme of works for each year.
- A recognition that we have finite resources to invest in our housing stock.

Our ongoing investment programme will not only continue to prioritise investment to achieve the SHQS and EESSH standards but will also ensure that issues over and above SHQS and EESSH are included in our long-term planning. Spending on our housing stock is delivered through several inter-related but distinct activities. Routine repairs and maintenance, including responsive repairs, works to voids and cyclical work such as external painting will involve the expenditure of around £1,200,000 a year. Planned maintenance where components have reached the end of their useful life and are beyond economical repair involves spending a further £1,100,000 a year.

We are in the process of implementing the iContractor module of QL which will allow our contractors direct access to our MIS system where they can record appointment details and update works progress and variations.

- **Annual Asset Plan and Programme - Health and Safety**

We have a legal responsibility to ensure all our customers live in properties which are healthy, safe and secure. To achieve this, we undertake the following as part of our annual planned programme:

- Annual safety checks of all gas appliances, pipework and associated fittings.
- A programme of electrical checks on all our properties every 5 years or at change of occupancy and upgrading of installations identified during these checks.
- Conduct regular testing and disinfection of water systems at high risk categories of tenure to prevent contamination by legionella bacteria.
- Regular servicing including an annual programme of testing of portable electrical appliances; fire alarms and extinguishers etc; emergency lighting; lift installations and specialist equipment i.e. hoists, clos-o-mats etc.
- Fire Risk Assessments are carried out on eligible properties and we have a rolling programme and budget to implement any recommendations raised in the assessments.
- Information on asbestos in common areas is held on a register managed by the Property Maintenance staff. Relevant properties are inspected as required by the Control of Asbestos Regulations 2012.

- **Annual Asset Plan and Programme - Energy Performance**

Following the introduction of EESSH and Eildon's requirement to comply we have carried out substantial energy efficiency improvements to our stock and will continue to do so over the coming years. Nearly all cavity walls and lofts have been insulated and we continue to work with energy surveyors to confirm the outstanding units to be tackled. The majority of our properties have double glazing. We have been installing energy efficient boilers to our gas heated properties and determining the best options for upgrading electrical heating systems to deliver cost savings to our customers. It is important that our investment priorities revolve around improving the energy efficiency of our stock more generally.

- **Annual Asset Plan and Programme - New Build Housing Development**

The future provision of new housing is vital to meet growing housing needs. Our development strategy identifies the capital programme for new provision and sets out our approach to longer term planning through site purchases. New Supply Housing will be grant funded from the Affordable Housing Supply Programme (AHSP) in line with our Development Policy and adaptations will be funded through grants from the Stage 3 Adaptations budget.

The current programme is part of the Scottish Government's initiative to deliver 50,000 new homes by 2021. The current benchmark grant for a 3-bed home in the current programme stands at £72,000. The majority of new projects get the HAG funding in stages at acquisition and in the first months of the contract. The few projects funded through Allia receive 100% of their grant at the first grant claim. In this environment, scenario planning and sensitivity analysis on the longer-term horizon are crucial and Eildon has concentrated on its capacity to continue to grow through the

development of houses with a social rent funding benchmark at £72k per unit payable tranches matching actual spend.

The budgetary pressures of a growing programme across Scotland, tied to the 50,000 new home targets has seen contract prices rising, significantly accelerated over the last 12-months with contractors returning tender costs well above budgets resulting in value engineering exercises. The impact of COVID lockdowns is the primary cause of this, with both risk and supply-chain pressures being factored into contractors' prices. To reflect this trend The Scottish Government now support up to 105% of Benchmark grant projects

Any new housing provided will be of a type and in a location which will meet current and future housing needs and demands, and all new developments will help build value in the asset base and provide both current and future benefit to the business.

Any new developments will recognise the particular housing markets for the project and a market assessment will be carried out for all projects, which will include a needs and demand assessment for social rented provision, intermediate rent and affordable housing for sale.

We will consider all potential funding sources, as part of our consideration of new developments, such as Government grants; LA contributions; other grants & contributions; land deals; cross subsidy from disposals or other income generation activities and low-cost borrowing options.

STAKEHOLDERS & CUSTOMERS VIEWS

There are many stakeholders or customers with an interest in the Property Asset Management Strategy. These include tenants, sharing owners, owner occupiers, service users, the local community, the Board and staff, lenders, regulators, the local authority, contractors, other RSLs etc.

It is important for us be aware of our stakeholder and customer requirements and this information is used to implement the Property Asset Management Strategy. We collect information on our customers and communicate with them using a variety of methods to encourage participation and feedback.

We recognise the importance of gathering information and analysing trends, which is used to inform the property asset management process and changing requirements. This information is collected in a variety of ways such as current and new tenant surveys, tenant interviews. Research into topics such as welfare reform, housing need and demand reports is also carried out.

The Property Asset Management Strategy is also influenced by other factors, such as local demand, demographic changes, employment factors, economic environment and other external influences which impact on the housing markets we operate in. It is vital that we react to these to ensure our properties are sustainable into the future.

If a customer is unhappy with any aspect of the property asset management service, a complaint can be made in accordance with Eildon's Complaints Procedure. Details of this policy are contained in the tenant handbook on the Eildon website.

DELIVERING THE ASSET MANAGEMENT STRATEGY

Delivering the Property Asset Management Strategy including Monitoring and Review is the most important element of the Strategy. To monitor progress and measure success, the strategy outcomes will be monitored within the Strategic Plan.

To support the monitoring of strategy outcomes, QL, Eildon's property management database, provides the means to update and plan information on the existing stock providing reporting and analysis to enable property asset management decisions to be made.

The Property Asset Management Strategy and its intended outcomes are subject to the risk management process. The risk management process and risk registers currently in operation cover these outcomes.

The responsibility for driving forward and monitoring the Property Asset Management Strategy lies with the Director of Property Assets as part of the Executive Team, but ultimately its delivery relies on a corporate approach and undertaking by the Executive Team who will:

- advise and guide the Board in relation to Property Asset Management matters.
- ensure stock is managed effectively and investment is made in accordance with the Property Asset Management Strategy.
- ensure data and performance management systems are developed and maintained
- review and appraise Property Assets regularly including acquisition and disposal, reporting and making recommendations to the Board

- **Monitoring and Review**

Monitoring – the monitoring of outcomes is essential for Eildon to track the impact of the Property Asset Management Strategy. Monitoring of the implementation of the strategy and the associated procedures will consider the performance against targets set out in the document and the costs of delivering against the strategy.

Monitoring information will be reported to the Board of Management and publicised to customers on a regular basis.

Review – The strategy will be reviewed regularly or in line with legislative or regulatory changes. Monitoring results will be used by Eildon Housing Association to inform future strategy reviews in this area. All reviews will consider whether:

- The current strategy adheres to legislative and regulatory requirements, and reflects current good practice;
- The aims and objectives of Eildon are being met through the strategy;
- The current action plan meets the needs and aspirations of Eildon's customer base;
- Service users are aware of the strategy;
- Partnership arrangements are working effectively.

Overall monitoring and review of the policy will be undertaken in consultation with Board Members and the Executive Team.

- **Eildon's Risk Management Process**

Our corporate planning is undertaken using a risk based approach. The Eildon Board considers the corporate risk bi-annually, which is subsequently reviewed and managed by the Executive Team. As per the Risk Management Guidelines the task of assessing the risks against the Strategic Objectives lies with the Executive Team and the responsibility of signing off the strategic risks lies with the Audit & Risk Committee. A risk list is prepared and once completed the risk lists need to be signed off by a member of the Executive Team. Twice a year an operational risk review is undertaken to ensure:

- The action plan has been carried out
- The scoring is still valid
- The risk is still valid
- The controls are still effective
- The controls are still efficient
- There are no new risks to consider

Potential risks in relation to the Property Asset Management Strategy include:

- Failure to comply with statutory requirements relating to Health & Safety including regulations for Gas & Fire Safety, Electrical Installation, Legionella, Control of Asbestos 2012
- Failure to comply with requirements of SHQS, EESSH or stock falling below standard requiring additional investment.
- Significant property failure including flooding, structural failure and fire/explosion.
- Major repair/modernisation costs significantly exceeding fund provision.
- Reactive repair costs increasing significantly more than rental income over long period.
- Failure to achieve performance standards or a satisfactory property service.
- Reduction in performance due to loss or unavailability of contractors or failure of a partnership approach with contractors
- Failure to deliver New Build projects/programme within costs; on time; to required quality.
- Funding issues - availability, timing, cost of new build development becomes unaffordable.
- Failure to procure and manage agency contracts effectively.
- Failure/inability to procure land or failure to build right housing in right place.
- Failure to manage customers' expectations.
- Mismatch of stock to people results in housing management problems.
- Shortage of properties results in an inability to meet tenants' needs/be a viable business.

The formulation of our strategy, using information from our current outputs, alongside analysis of our current customer base and current assets should provide an evidence

based approach to further develop our assets to ensure that the above risks are mitigated.

- **Compliance with Standards**

The Property Asset Management Strategy has been guided by the Scottish Housing Regulator (SHR) recommended practice for Strategic Asset Management (August 2012).

Eildon will comply with the regulatory requirements of the Scottish Housing Regulator (SHR) and Property Asset Management is also a key requirement of the Scottish Social Housing Charter (SSHC) and the formulation of this strategy will help to ensure compliance with a number of those standards.

Compliance with health & safety and other statutory requirements is reflected in our planned maintenance and cyclical programmes, including obligations in relation to gas, electrical systems maintenance, fire safety, legionella and asbestos.

ACTION PLAN

PAM OBJECTIVE 1 – SUSTAINABILITY				
Ref	Task	Comments	Target Start Date	Status
S1	To bring all housing stock up to Energy Efficiency Standard for Social Housing (ESSH2) before or by 2032 unless eligible exemptions are identified.	Renewed action plan and cost impact assessment required	On Going	On Going
S2	To develop and implement an energy strategy to assist alleviating fuel poverty and incorporate improvements which reduce running costs and improve the quality of life for residents.	Publication of the Sustainability Strategy annex of the PAMS will outline feasible and affordable options.	Q2 2021/22	Planned
S3	Develop an action plan to decarbonise the stock and the activities used to maintain it	Publication of the Sustainability Strategy annex of the PAMS will outline feasible and affordable options.	Q2 2021/22	Planned
S4	A needs-led appraisal and decision making system for identifying the most advantageous deployment of renewable energy production and storage for each type of home	Publication of the Sustainability Strategy annex of the PAMS will outline feasible and affordable options.	Q2 2021/22	Planned

PAM OBJECTIVE 2 – MEETING DEMAND				
Ref	Task	Comments	Target Start Date	Status
MD1	To ensure new housing supply compliments existing provision and meets identified needs.	Continued analysis of SHIFT data augmented with increased local data. Included in part of the Development Process Review.	On Going	On Going
MD2	To ensure the provision of new housing supply continues to meet the Eildon quality standard, but consider every year capacity to build into the medium term beyond current commitments.	On going process	On Going	On Going
MD3	To finesse viability modelling and impact analysis at inception of a new build scheme	Bolstering internal review process and reviews	Q2 2021/22	On Going
MD4	Strict risk & performance management of all supply chain partners	Revised performance dashbpard	Q2 2021/22	On Going
MD5	New occupant data, feedback and ongoing analytics	Included in part of the Development Process Review.	Q3 2021/22	On Going
MD6	To increase understanding of demand mechanics and supply modelling to target areas where demand is at a premium and might not be obvious, especially with regards provision for people with support & care needs	Included in part of the Development Process Review.	On Going	On Going

PAM OBJECTIVE 3 – EFFECTIVE USE OF SKILLS AND RESOURCES				
Ref	Task	Comments	Target Start Date	Status
ESR1	To ensure compliance with all relevant legislation and regulations.	Supported by the Health and Safety Manager	On Going	On Going
ESR2	Put in place a new QL based Asset Management System to incorporate NPV analysis, stock profiling, investment modelling and data retention.	Market analysis of available products concluded. Planning has started on QL implementation	Q1 2021/22	Planned
ESR3	To provide an improved reactive maintenance service to tenants to ensure that repairs are carried out within pre-determined timescales.	Increased focus on key metrics and performance management, supported by a review of current staffing capacity and procurement strategy. Will be included in the draft Care and Repair Review paper.	Q2 2021/22	Planned
ESR4	To deliver high quality services and ensure that works are undertaken appropriately and in line with good practice and to maintain our quality standard to ensure it meets both customer and regulatory expectations.	Improved performance dashboard and reporting framework. Will be included in the draft Care and Repair Review paper.	Q2 2021/22	Planned
ESR5	To continue to provide a cost-effective adaptations service where funding permits.	Reduced scope due to COVID restrictions. Will be included in the draft Care and Repair Review paper.	On Going	On Going
ESR6	To continue to update our stock databases to ensure we hold data on external areas, roads adopted/unadopted, street lighting, communal areas, paths, grounds maintenance etc.	Review of data and collection methodology as part of Asset Management System implementation	Q1 2021/22	Planned
ESR7	To update stock data and condition via stock condition surveys.	Review of data and collection methodology as part of Asset Management System implementation	Q1 2021/22	Planned
ESR8	To engage with customers on an ongoing basis in relation to the property asset management strategy and keep them updated on forthcoming programmes of works and to incorporate tenant	Continue to actively shape QL implementation, specifically point-of-contact diagnostic scripts, chase-up analytics & satisfaction. Continue to explore digital	Q2 2021/22	Planned

	choice wherever possible as part of the replacement programmes. Improve the end user experiences across all interactions with property related services	experience offering. Will be included in the draft Care and Repair Review paper.		
ESR9	A refresh of the Procurement Strategy to ensure we are maximising use of local supply chains, leverage the best buying power available and stimulating innovation, quality & value in all our procured services	Procurement Strategy is on the corporate plan and due in Q1, although continued and ongoing engagement with strategic partners, especially SOSE will be needed	Q1 2021/22	Planned

PAM OBJECTIVE 4 – MAXIMISING ASSET PERFORMANCE				
Ref	Task	Comments	Target Start Date	Status
MAP1	To maintain the stock in a good, lettable standard and to manage and maintain the stock to ensure long term sustainability.	To be included in the scope of the Asset Appraisal Review that will occur subsequent to the implementation of the Asset Management System	Q3 2021/22	Planned
MAP2	To ensure all housing stock continues to meet Scottish Housing Quality Standard (SHQS) unless eligible exemptions or abeyances are identified.	A well embedded practice	On Going	On Going
MAP3	To continue to carry out a planned maintenance programme to ensure building components are replaced at the end of their lifespan and to ensure that a planned maintenance approach reduces the amount of ad-hoc major repairs and routine maintenance.	Part of the Asset Management Plan and well embedded practice. To be included in the scope of the Asset Appraisal Review which include increased NPV modelling.	Q3 2021/22	On Going
MAP4	To continue to carry out a cyclical maintenance programme to ensure properties comply with legislative requirements; components are regularly serviced and maintained to prolong the life of the building component.	Will be included in the scope of the Health and Safety Managers initial recommendations.	Q1 2021/22	On Going
MAP5	To dispose of miscellaneous older stock or sites where reinvestment is not viable and re-circulates receipt into the business.	To be included in the scope of the Asset Appraisal Review which include increased NPV modelling	Q3 2021/22	On Going
MAP6	To ensure that stock databases are updated on a regular basis and maintain updated life cycle costing programmes for all our properties.	To be included in the scope of the Asset Appraisal Review that will occur subsequent to the implementation of the Asset Management System	Q3 2021/22	Planned

MAP7	To fully deploy Building Information Modelling (BIM)	Software and skills are in place but not used to their full extent. The Development Team have been tasked with phasing BIM into new schemes immediately with a view of full implementation on 100% of projects by 2022.	Q1 2021/22	Planned/ Phased task
MAP8	To publish an annual Asset Management Plan	Aligned to budget setting timetable	March 2021	In progress
MAP9	To fully utilise the new Health and Safety Manager to review the matrix of responsibilities and develop clear lines of accountability with accurate near-live reporting	Will be included in the scope of the Health and Safety Managers initial recommendations.	Q1 2021/22	On Going

CONCLUSION

Our Property Asset Management Strategy will ensure we manage, maintain and invest in our assets, to get the most out of them. It will ensure that the assets we need to operate our business are managed effectively, provide value for money, support growth and diversity and are sustainable into the future. It will also ensure our homes and other assets are in the right location and are fit for purpose.

The strategy sets out our approach to managing and maintaining our property assets now and in the future.

The strategy prioritises current and future investment to maintain or exceed the Scottish Housing Quality Standard, to meet the Energy Efficiency Standard for Scottish Housing, to increase our focus on energy efficiency and our obligations in respect of health and safety. We will assess the future life and investment requirements of stock and develop stock disposals strategies to comply with the requirements of the Scottish Housing Regulator.

We expect the next changes in our maintenance contractors to continue to improve repairs performance, value for money and increase levels of customer satisfaction with the repairs service.

Our proposals for investment and measuring service delivery will be underpinned by consultation and engagement.