

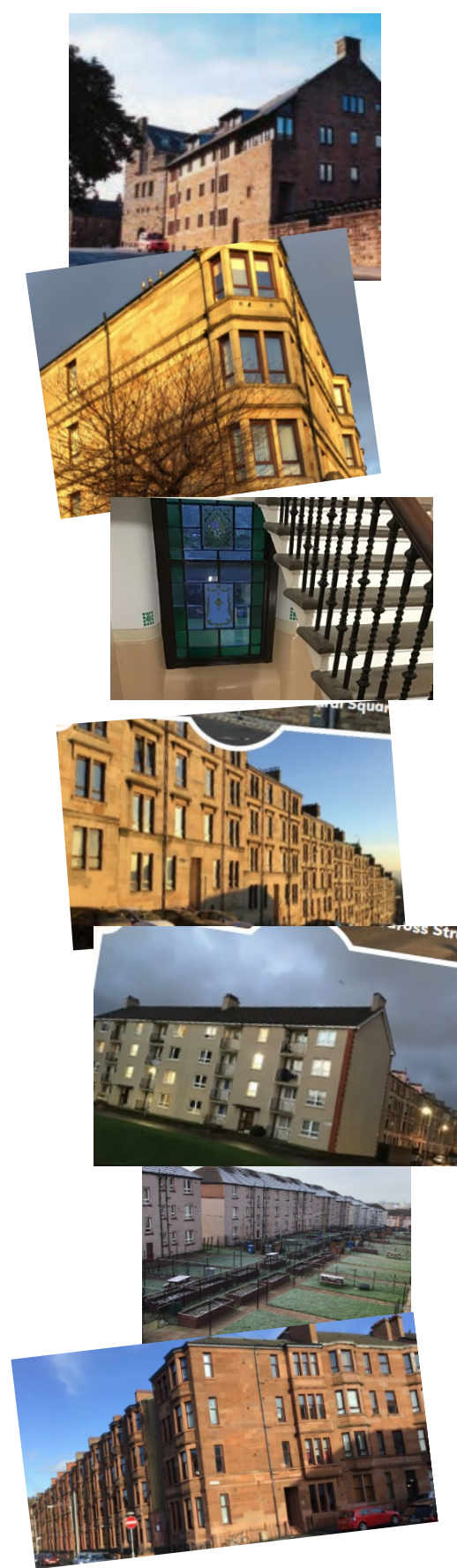


**Milnbank**

**Housing Association**

53 Ballindalloch Drive, Glasgow G31 3DQ

**ASSET**  
**MANAGEMENT**  
**STRATEGY**  
**2022-2026**



**GS/October2022/S16**

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## **INTRODUCTION**

Milnbank Housing Association (MHA) was founded in 1975 and is a Community Based Housing Association operating in the East End of Glasgow.

The Association is a non-profit making organisation registered as a Community Benefit Society and with the Scottish Housing Regulator as a Registered Social Landlord (RSL). In June 2008, the Association obtained Charitable Status.

MHA's main function is the provision and management of affordable rented housing for people in need. The Association manages a tenanted stock of 1,675 units and provides factoring services to over 1,300 owners.

MHA is now in Year 3 of its 3-year Business Plan covering the period 2020-2023. The Asset Management Strategy (AMS) compliments and builds on the foundations set out within the Business Plan which is reviewed annually at the Committee/ Management Team Away Day in April each year.

MHA's stock portfolio is primarily tenement flats and, following the previous major refurbishment works in the 1970S, 1980s and 1990s, a significant investment programme is anticipated over the next decade. The AMS sets out the initial phases of that plan, including the estimated costs and potential impacts on the organisation.

Between October 2021 and April 2022, a large-scale stock condition survey (SCS) was commissioned and carried out by external consultants. The survey included surveying 100% of the stock externally, and 80% internally. The aim is to bring the internal surveys up to 85% of stock surveyed during the remainder of 22/23 by the Asset Management Team, and then to achieve 100% by the end of the following two financial years. This detailed data is vital to the Association in terms of forward programming and production of 5 and 30-year financial projections that are as robust as possible.

While the covid-19 pandemic resulted in several works' programmes being put on hold, particularly in relation to component replacement works, all works of a legislative and health and safety nature continued, taking account of Government guidance at the time. The Asset Team has now more or less caught up with delayed works and continues to work through a boiler replacement programme and kitchens and bathroom renewal programme during 22/23.

There are currently several external factors that the Association is mindful of and how these external factors can affect the cashflow and what can be achieved from an Asset Management point of view taking account of the current tendering market. At the same time, the Association fully recognises the cost-of-living crisis and the increasing fuel costs, both of which impact severely on our tenants and the need therefore to prioritise works and spend to make tenants' homes as warm and comfortable as possible. In this regard, we will continue to monitor Scottish Government guidance and grants/funding streams in relation to ESSH2 (review currently underway and due to complete in 2023 by Scottish Government) and Net Zero targets.

We will also continue to monitor new guidance, as and when issued by the Scottish Housing Regulator relating to all matters associated with Asset Management.

This Strategy is the first update to the Strategy first adopted in May 2021 and will evolve accordingly in response to internal and external factors.

## **STRATEGIC OBJECTIVES FOR THE ASSET MANAGEMENT STRATEGY**

The purpose of the Asset Management Strategy is to review the Association's current asset portfolio and the information we currently hold on it. The AMS also assesses MHA's service performance and identifies how we will aim to meet the needs of our residents both now and in the future ensuring the properties are protected and sustained.

The Asset Management Team will deliver the necessary services and stock improvements and, in doing so, will embody the principles of the Association's Purpose, Mission and Values, which are outlined below and are consistent with the Business Plan.

Asset Management impacts all aspects of the Association's operations, and a comprehensive approach has been taken when developing and updating the strategy to highlight the potential consequences that a significant investment spend will have on other areas of the business.

The covid-19 pandemic has re-shaped our communities, tenant aspirations and operating environment, including how we communicate with many of our tenants. Taking account of this, and new external factors now being faced by the Association, this Strategy has been updated taking account of these key challenges. The current cost of living and energy crisis, along with high inflation and rising tender costs are key external factors to be considered by the Association. Attracting the necessary grant support to make our tenants' homes fit for the 21<sup>st</sup> century whilst tackling the Climate Emergency is a major consideration in terms of upgrading the stock now and in the foreseeable future.

The AMS has baselined the data that has been obtained via the recent, large-scale stock condition survey in terms of the next steps. However, given the current operating environment, reviews will be ongoing throughout the year and reported to the Services Committee. Due to the current, external factors facing the Association, it has never been more important to ensure investment is channelled in the most beneficial and efficient manner possible.

Taking account of the above, the strategic objectives the Strategy will continue to meet are as follows:

- Maintain and invest in the housing stock to ensure tenants continue to live in homes that are fit for purpose.
- Identify adverse implications for Asset Management arising out of the current energy crisis and, in the longer-term, the Climate Emergency and respond effectively to new challenges that arise.

- Ensure compliance with statutory and regulatory requirements pertaining to Asset Management, including requirements relating to stock, tenant safety and climate change obligations.

Reflecting the importance of the AMS to our tenants and overall operations, it was determined during 2021, that an Asset Management Scrutiny Group would be formed and made up of Management Committee members and Asset Staff. The group met on 20 September 2022 to review the achievements during the first year of the Strategy being in place, and to agree the necessary updates.

## **STRATEGIC CONTEXT**

### MHA's Purpose

**MHA's purpose is to serve our community with a strong ethos of community control and accountability.** This purpose is central to the AMS as it shapes all of MHA's work:

- We have a strong focus on what will benefit our tenants and the community.
- We strive to deliver best value solutions, by using our resources in ways that will achieve the best outcomes for tenants and the community.
- We follow good financial and risk management disciplines in how we work.

### MHA's Mission Statement

MHA's Mission is to meet housing and related needs within our community and provide our tenants and other service users with an excellence service. People living in the Dennistoun and Haghill community should:

- Enjoy warm, safe, and affordable homes, and receive excellent services from MHA.
- Live in neighborhoods that are clean and well cared for, where there is real community pride.
- Have access to opportunities and community services, to help everyone achieve a good quality of life.

An effective Asset Management Strategy is a key feature in delivering MHA's organisational objectives.

### MHA's Values

MHA's values guide how we work with residents and the community, with partner organisations, and with each other as committee members and colleagues. MHA's values are outlined in Chart 1.

Chart 1: MHA Values – Our Communities at the heart of all we do.



Equality is central to MHA’s values, and we will always promote fair treatment and equal access to services and opportunities for all.

Further information regarding the demographics and SIMD profiles of our communities are outlined within the MHA Business Plan. The AMS will focus on more detailed operational Asset Management information and incorporate the following Strategic Objectives from the Business Plan:

- To do what matters most for our tenants, other service users and the community
- To provide housing and property management services that are of a high standard, affordable, and good value for money for tenants and other service users
- To manage our assets and resources well and invest in tenants' homes

The following sections will focus on specific aspects of MHA’s Service Delivery and outline the investment and maintenance required to our different stock types over the next 5 years.

**[Links to key Scottish Government Legislation, Scottish Housing Regulator Statutory Duties and Best Practice Guidance:](#)**

The documents highlighted below are key links to the development of this AMS.

- Scottish Government: The Housing (Scotland) Act 2014
- Scottish Government: The Climate Change (Scotland) Act 2019
- Scottish Government: Scottish Housing Quality Standard (SHQS) (2014)
- Scottish Government: Tolerable Standard (2006)
- Scottish Government: Modification to the Repairing Standard (2019)
- The Scottish Housing Regulator: Scottish Housing Charter (2017)
- The Scottish Housing Regulator: Regulatory Framework (2019)
- The Scottish Housing Regulator: Asset Management Guidance (2012)
- The Scottish Housing Regulator: Asset Management Consultation (2020)
- Lifting Operations and Lifting Equipment Regulations (LOLER) (1998)
- Health and Safety at Work Act (1974)
- Construction Design and Management (CDM) Regulations (2015)

## Links to MHA Plans, Policies and Strategies

The list below provides an overview of key MHA Plans, Policies and Strategies that the Asset Management Strategy adheres to. New Asset Management policies and policies reviewed since the original AMS was adopted in May 2021 is indicated below:

- Business Plan
- Financial Regulations Policy
- Procurement Policy
- Procurement Strategy
- CDM Policy
- Fixed Asset Policy
- Risk Management Policy
- Tenant Participation Policy
- Right to Repair Policy
- Void Management Policy
- Alterations and Improvements Policy
- Emergency Policy
- Aids and Adaptions Policy
- Gas Safety Policy
- Asbestos Management Policy
- Legionella Management Policy Health and Safety Policy
- Electrical Safety Policy
- Fire Safety Policy
- Passenger Lift Policy



## **MHA TENANTS AND RESIDENTS**

MHA has over 1,675 tenants and over 1,300 factored owners where we provide services. The scale of our community base is significant, including as an employer in the area.

MHA not only provide homes and estate services for our communities, over the last decade we have diversified into providing other community assets and services, as GCC have reduced their services across the city. This has included the provision of bulk uplift and special uplift services to our communities where MHA have 2 employees 2 covering our full asset list removing bulk items, previously uplifted by the Council. Removal of such services by the Council has a negative financial impact on the Association, which will continue to be monitored. Other community assets and services include establishing a community café, leasing community facilities and a sports hub at Alexandra Park, building and managing a local nursery, operating a furniture recycling service, providing extra funding for increased police services within our communities in the interests of public safety and reassurance, and developing a green waste management system with grants received from the Climate Challenge Fund.

The services outlined above have helped the local community, especially during the pandemic and will continue to do so during the current economic crisis. During 21/22, the community engagement team secured £1,359,923 to assist tenants with their rent and fuel costs. MHA also oversees food pantries, which now provides for 450 members. These pantries are in high demand, and we anticipate demand will grow due to the ever-increasing issues arising from the cost-of-living crisis, all of which are discussed and addressed by the Management Team regularly.

These activities are consistent with MHA's values as a Community Benefit Society and complement core housing related activities. It also provides a strategic context in the development and focus of the Asset Management Strategy.

## **ANNUAL ASSURANCE STATEMENT – TENANT SAFETY ITEMS**

MHA's Annual Assurance Statement takes cognisance of the entire organisation and its subsidiaries; however, for the purposes of the AMS, the main Tenant Safety elements have been outlined given their importance and are summarised below:

### **Gas Safety**

MHA's performance on gas safety continues to be good; however, the Association will strive for excellence in the future. During the last financial year, 2021/22, 99.4% of properties received their annual gas service within the legislative timescale.

The 0.6% (10 properties) not receiving their gas service within the 1-year period were in relation to the following: 1) 5 No. were Covid related 2) keys to one property were in the possession of the police following the death of a tenant and 3) the

remaining 4 late services were a result of human error on the part of either the gas servicing contractor or Association.

Currently, the gas servicing and repairs contract is managed between both Housing Services and Asset Management, with Housing being responsible for the servicing element of the contract, and Asset following up on any identified remedial repair works following the servicing. Following a recent decision, this whole area will be under the Asset Team to oversee from early November 2022 to increase monitoring.

A new gas servicing contract (in conjunction with Reidvale and Molendinar Park HA) was procured during 2021. The contract was awarded to James Frew Ltd following a quality/price exercise. The contract has been awarded for an initial 2-year period with the option to extend up to a further 2 years, dependent on the contractor's performance.

## Fire & Electrical Safety

Following the fire at Grenfell Tower in 2017, the SG introduced new requirements that social landlords must install linked smoke and heat detection systems (LD2s) within all their properties. The deadline for compliance with the new standards was extended to 1 February 2022, opposed to 1 February 2021 due to the pandemic.

By 31 March 2022, MHA had achieved 100% compliance for these works. A new Fire Safety Policy was introduced following a meeting with the Asset Management Scrutiny Group, comprising of Management Committee Members, as well as staff.

Whilst it has always been recognised that 5-yearly electrical inspections (EICRs) are best practice in terms of tenant safety, as these inspections are not subject to any legislation, gaining access to carry out the inspections is not always granted by the tenants. During 2022, the Scottish Housing Regulator introduced the reporting of electrical testing as part of SHQS within the ARC 2022 return. At the point of updating this edition of the AMS, 72% of properties have current electrical testing certificates in place. The Asset Team is working on a programme to increase this number as far as possible and aiming for 100% by the end of the calendar year. The Asset Team is also preparing a 5-year programme, commencing 2023/24 regarding future testing to the properties. The 5-year EICR timescale is anticipated to become statutory through the revision of the Electrical Safety Element of the Tolerable Standard and the Association would welcome this testing to form part of new legislation in the future, to help ensure access is gained to the properties.

The Modification of the Repairing Standard Regulations 2019 have made Residual Current Devices (RCDs) mandatory in social rented properties and comes into force on 1 March 2024. As part of the current, and future 5-yearly EICR programme, properties requiring any works in this regard are being and will be identified. At the

time of updating this review, it has already been identified that approximately 40 properties will be due the necessary upgrade in 2023/24.

The Electrical Safety Policy developed by the Asset Team was considered by the Asset Management Scrutiny Group and ultimately approved by the Management Committee in April 2021.

## Asbestos Management

Based on the Asset Team's knowledge of the stock, and previous asbestos testing, asbestos is not considered a significant issue for the Association. There are 2 areas where it is known asbestos is present: 1) artex at ceilings within a limited number of properties and 2) floor coverings within some common close areas. These areas are monitored in line with legislation and the Asbestos Management Plan.

All results, positive and negative are logged within the Asbestos Register.

MHA's Asset Team have recently reviewed the Asbestos Management Plan. As part of this process, the following has been achieved:

- Developed and implemented an Asbestos Management Policy
- Carried out asbestos surveys within all common areas, including attic spaces
- Managed any asbestos issues that were found in accordance with the recommendations per the legislation.

As part of the proposed internal investment programme over the next 5 years, this will provide the perfect platform to identify and manage any suspect asbestos containing materials (ACMs) within the internal areas of the properties via 'Refurbishment and Demolition (R&D) Asbestos Surveys' with individual sampling. All ACMs will be recorded within MHA's Asbestos Register. The Asbestos Register is considered a working document. It is proposed to incorporate the Register on to the housing software system (Home Master) to ensure the Asset Team members and in-house, direct labour force have easy access to relevant survey information prior to starting any planned works. Work is currently underway in this regard, aiming to upload all current, known data to Home Master during 2022/23. The Asset Team will instruct random asbestos testing during 2023/24 to improve the Team's knowledge of any areas containing ACMs.

## Legionella Management

MHA have recently reviewed their Legionella Management Plan. As part of this process, the following has been achieved:

- Legionella awareness training for key staff members has been carried out to allow them to undertake the weekly, monthly & quarterly tasks within the legionella control programme at the six core sites. Further training may be necessary to ensure all relevant staff members receive adequate updates.

- The more involved 6-monthly and annual legionella control tasks have been outsourced to H2o Legionella Control Services at the six core sites. H2o LCS are full members of the Legionella Control Association (LCA).
- Works to the common water tanks continue. Priority was given to 100% MHA owned addresses for common water tanks to be drained, disconnected, and by-passed onto direct mains supply which is now complete.
- Water system remedial works at mixed ownership addresses are ongoing. The approach taken at mixed ownership/factored addresses is for the cold-water storage tanks to be cleaned, disinfected, and upgraded to meet Water Regulations.
- Developed and implemented a new Legionella Management Policy.
- Carried out formal Legionella Risk Assessments for all common water tanks and managed any issues that were found.

## Lift Safety

The Lift Safety Policy ensures lift safety complies with LOLER legislation, including annual inspections undertaken and any remedial works identified are made good by a specialist contractor. During 2021/22, the lift servicing maintenance contract was retendered.

The Association is responsible for 6 lifts, all of which are located within the Duke Wynd development. This comprises of 2 lifts within MHA tenanted blocks, 3 blocks of privately owned flats which are factored by the Association and the nursery, owned, and managed by MHA.

## **ANNUAL RETURN ON THE CHARTER (ARC) PERFORMANCE**

### The Scottish Housing Quality Standard (SHQS)

The SHQS provides the minimum quality baseline for MHA's homes. The current compliance levels with SHQS are 66% made up as follows:

<b>Table 1: SHQS Performance 2021/22 (ARC Indicator C9)</b>			
		<b>End of the reporting year</b>	<b>End of the next reporting year</b>
C9.1	Total self-contained stock	1669	1669
C9.2	Self-contained stock exempt from SHQS	121	121

C9.3	Self-contained stock in abeyance from SHQS	37	37
C9.4.1	Self-contained stock failing SHQS for one criterion	402	212
C9.4.2	Self-contained stock failing SHQS for two or more criteria	7	7
C9.4.3	Total self-contained stock failing SHQS	406	216
C9.5	Stock meeting the SHQS	1,103	1,293

There are certain aspects of the SHQS requirements that our properties cannot meet and the SHQS abeyances and exemptions are typical of the pattern shown by housing associations whose stock includes significant numbers of pre-1919 tenements that were renovated in the 1970s, 1980s and 1990s. Most are mixed tenure blocks. The most common reasons for exemptions and abeyances in MHA's stock include:

- Exemptions: Works cannot physically be carried out because of the size or layout of a property; works are needed to common areas in a building where MHA is not the factor. It is known this accounts for 7.2% of the stock.
- Abeyances: Works are prevented because tenants or owner's object. Currently, this accounts for 2.2% of the stock.

Stock meeting the standard, current known exemptions, and abeyances accounts for 75.4% of the stock. The remaining stock (24.6%) which does not meet the standard is due to changes within SHQS where EESSH1 indicators were included. Following on from the boiler replacement programme, the figures reported next year will reduce the number of SHQS and EESSH1 failures.

Whilst the results of the SCS have been analysed to determine the 22/23 component replacement programme, work is ongoing regarding the next 5-year programme.

Maintaining and improving tenants' homes to meet SHQS is a priority, and MHA will continue to carry out improvements and upgrades where necessary.

## Energy Efficiency Standard for Social Housing (EESH)

### EESH 1

MHA's compliance with EESH 1 as at 31 March 2022 is shown in Table 2 below. This is the equivalent to a pass rate of 76%. As outlined in SG's EESH guidance (February 2019), MHA has introduced reasonable measures to ensure compliance with EESH 1 in the early part of this AMS.

**Table 2: EESSH Performance**

<b>C10.7 Number of properties in scope of EESSH that meet the standard</b>							
<b>Count of EESSH Unit Type</b>							
	FAIL	FAIL	PASS	PASS	Unknown	Unknown	Total
<b>Row Labels</b>	Electric	Gas	Electric	Gas	Electric	Other Fuel	
<b>Flat</b>	22	357	8	1153	1	1	1542
<b>House</b>		23		66			89
<b>4 in a Block</b>				36			36
<b>Detached House</b>				2			2
<b>Grand Total</b>	<b>22</b>	<b>380</b>	<b>8</b>	<b>1257</b>	<b>1</b>	<b>1</b>	<b>1669</b>

The boiler replacement programme previously identified was delayed due to the pandemic; however, the Asset Team have now nearly caught up with these works, as Phase 5 of the programme is progressed and due for completion by the end of 22/23, following which, new EPCs will sought to identify the energy efficiency of the properties in relation to EESSH 1.

### The Climate Emergency – working towards EESSH 2 and Net Zero

It is recognised that the initial guidance relating to EESSH 2 outlined the requirement to meet this standard by 2032 for registered social landlords. During June 2022, SG announced its intention to bring forward the EESSH 2 Review, now underway, and due to conclude in 2023, with the findings published thereafter. Raising the energy efficiency rating of our properties from an EESSH 1 rating of an average of 69, up to an EESSH 2 rating of 81 will involve a significant amount of work and financial expenditure. It is very much hoped that the review will recognise this point and lead to considerably more funding being made available, as well as the recognition that it will be impossible to achieve such standards for some of the property types, especially the pre-1919 tenements.

As part of the SCS, MHA has identified that it owns 7 main house types, as described in more detail at the “Stock” section. It is understood that due to the construction type, age of the properties and other, individual factors, options, and proposals for bringing the stock up to EESSH2 standards and Net Zero will vary considerably. In May 2022, the Association submitted a bid for Net Zero Heat Funding from SG. Unfortunately, this bid was not successful, and it is understood that many HA’s bids were also unsuccessful. MHA’s bid was in relation to 3 separate projects, including a ground floor property with a gable within one of the pre-1919 Victorian tenements, a further ground floor property, but not on a gable of a of pre-1919 Victorian tenement and a ground floor property within an interwar tenement. Whilst the bid was not successful, the Head of Property worked with one of MHA’s Architects to consider options for improving the energy efficiency of these properties, and ultimately, options in terms of a future, sustainable heat source for each. The initial bid for funding was to enable the “development stage” to be progressed, to consider in more detail, the likely options and further develop the proposals, working towards

a Stage 2 bid in relation to the actual works themselves. Whilst the bid was not successful, this exercise has enabled the Asset Team to start thinking about the possible options and solutions for each of the main house types. Below is a broad summary of the bid, outlining the potential energy efficiency measures and future, sustainable heat sources:

- New EWI system in accordance with current Building Regulations and specification (interwar stock)
- Replacement of all windows with high-performance double-glazed windows
- Insulation below the floor fitted with 150 mm rigid high performance insulation battens throughout
- New insulated flat entrance doors
- Internal wall insulation to be fitted to all front and close walls with 50mm rigid high performance insulation battens, all in accordance with the latest guidelines (pre-1919 tenements)
- Repair all defective stone prior to applying an external wall insulation system (pre-1919 tenements)
- Individual mechanical air re-cycled ventilation system throughout the flat and new electric boiler utilising a sustainable heat source
- Explore options relating to district heating systems per development most likely via deep borehole heat exchangers or ground source heat pumps or biomass boilers
- Development of a detailed specification, including the effect on energy/SAP ratings, reduction in greenhouse gas emissions and energy consumption and ultimately a reduction in fuel costs

Due to the scale of the work, there will be a requirement for considerable tenant engagement, including close meetings, as well as meetings with individual residents. This would include identifying any current fuel poverty issues and ensuring everyone fully understands the objectives and process of the proposed works.

It is hoped that these pilots will be funded via another grant funding scheme. The pilot projects will help inform the way forward for all the stock and give an indication of the scale of the works, particularly in terms of timescales and costs.

## **PROCUREMENT**

MHA have an in-house trades team that provides most of the joinery, plumbing and estates/landscaping services. The remaining works are carried out by local, external contractors appointed through the existing contractor framework.

The existing framework was due to expire in 2021; however, due to the pandemic, the decision was taken to extend the framework for a further 12 months to allow the re-procurement of various contracts.

The new framework is currently being procured via PCS (Public Contracts Scotland). This is a joint procurement with Reidvale HA and being led by procurement consultants, Gold Consultancy. The timeframe for all stages is noted within the table below. It is anticipated that the new framework will commence 30 January 2023.

<b>Open (Single Stage)</b>		
<b>Activity</b>	<b>Start Date</b>	<b>Complete Date</b>
Preparation of Documents & Suppliers days	Mon 02/05/2022	Fri 10/06/2022
Creation of all Documents	Fri 10/06/2022	Fri 24/06/2022
Approval of all Documents	Fri 24/06/2022	Fri 26/08/2022
Issue of all Documents	Mon 29/08/2022	
Closing date & time for submission of questions	Fri 30/09/2022	
Closing date & time for return of completed SPD	Fri 07/10/2022	
Receive, sort & evaluate submitted Contract Docs & QMS (QS Tender report)	Fri 07/10/2022	Fri 18/11/2022
Board Approval	Fri 18/11/2022	Fri 25/11/2022
Standstill Period	Fri 25/11/2022	Mon 05/12/2022
Contract Award	Tue 06/12/2022	
Pre-Start Meeting	Tue 06/12/2022	Tue 27/12/2022
Mobilisation Period	Tue 27/12/2022	Mon 30/01/2023
Contract Start Date	Mon 30/01/2023	

The approach to the re-procurement of construction works and services will be to ensure Value for Money is achieved with community benefits built into the contracts. This will help enhance and improve the communities we serve. MHA's Procurement Policy has recently been approved by the Services Committee and is reflective of all relevant legislation as well as incorporating the principles of best practice, transparency, VFM and the delivery of community benefits.

## **MHA TENANTED STOCK**

### MHA Housing Stock

Table 3 below shows the breakdown of our housing stock portfolio by construction type and approximate build date.

<b>Table 3: Housing Stock Numbers by Construction Type</b>	
<b>Construction Type</b>	<b>Stock Numbers</b>
<b>Post War Tenement Flat</b>	<b>840</b>
<b>Pre 1919 Tenement Flat</b>	<b>573</b>
Post 1980 Flatted Block	60
Post 2005 Flat	57
Post 2005 House	38
Post 2000 Flat	28
Post 2000 House	24
Post 1990 House	22



Post 1990 Flatted Block	18
Post 1990 Flat	15
<b>Grand Total</b>	<b>1,675</b>

The information in Table 3 provides a useful snapshot of the most common house types that MHA currently have.

There are 7 key house types, albeit they differ in layout depending on size. The construction types can be narrowed down for the purposes of developing the standard specifications for MHA's stock types, particularly in relation to future energy efficiency solutions.

### **Key Stock Types**

- Pre 1919 tenements
- Interwar stock (stock transfer from GHA in 2011)
- Post-war stock (Armadales)
- 1980 terraces and flats (previously SSHA housing)
- 1990 houses and flats (Appin Crescent and Cathedral Square)
- Post 2000 houses and flats (Todd Street and Corsock Street)
- Multi storey flats (Duke Wynd)

### **MHA Communities**

MHA works within a relatively compact operating environment across the inner East End of Glasgow. For the purposes of the AMS, these areas have been consolidated in to the following groups. Table 4 shows a breakdown of the key tenanted community areas MHA operate within and the number of properties we have within these areas by construction type.

<b>Table 4: Area and Tenanted Housing Stock Breakdown</b>	
<b>MHA Area Breakdown</b>	<b>Stock Numbers</b>
<b>Armadale Area</b>	<b>156</b>
Post War Tenement Flat	151
Pre 1919 Tenement Flat	5
<b>Roebank Street Area</b>	<b>238</b>
Post War Tenement Flat	78
Pre 1919 Tenement Flat	160
<b>Bluevale Area</b>	<b>203</b>
<b>Post War Tenement Flat</b>	<b>203</b>
<b>Cardross Street Area</b>	<b>84</b>
Pre 1919 Tenement Flat	84
<b>Cathedral Square Area</b>	<b>15</b>
Post 1990 Flat	15
<b>Great Eastern Area</b>	<b>48</b>
Post 2005 Flat	48

<b>Haghill Area</b>	<b>871</b>
Post 1990 Flatted Block	18
Post 1990 House	22
Post War Tenement Flat	408
Pre 1919 Tenement Flat	324
Post 2000 Flat	28
Post 2000 House	24
Post 2005 Flat	9
Post 2005 House	38
<b>Culloden Street Area</b>	<b>60</b>
Post 1980 Flatted Block	60
<b>Grand Total</b>	<b>1,675</b>

It should be noted that the stock numbers within ARC reporting figures differ from Tables 3 and 4 above due to 6 properties being leased to the Richmond Fellowship and, as such are not included within the ARC figures. However, for investment purposes these properties have been included.

## Other MHA Assets

MHA also owns and leases several other non-domestic assets, which are outlined below for information.

## MHA Lock ups

The Association owns 35 No. garage lock-ups all located within the Armadale area (Armadale Place). These lock-ups are rented to tenants and owners for a nominal sum (£25 per month). The lock-ups could potentially be repurposed for other uses and given the small income streams currently generated by them, an options appraisal for the long-term sustainability of the lock-ups will be undertaken by the Asset Team. For now, 6 lock-ups are void. It has already been identified that their condition is poor and in need of investment to bring up to standard if the void lock-ups were to be relet.

## Land Ownership

MHA own several gap sites which were acquired during the stock transfer, most of which are not suitable for any future development. A larger area of land located at Appin Road in the Haghill area is of a sufficient size for future development; however, due to the excessive slope of the site, the costs of developing would likely be prohibitive unless this site was developed as part of a much larger area. There is considerable vacant ground to the south and east of the Association's site in this regard. A private developer is currently interested in developing the site. Discussions with the developer will take place once the new Director is in post, along with the Head of Property to consider options and the way forward bearing in mind the Association has new build stock in the vicinity.

During March 2022, the Association took ownership of the Haghill Primary School site. Currently, a Cost Plan has been developed and is being reviewed by GCC's

NRS (Neighbourhood and Regeneration Services). Subject to satisfactory grant funding, MHA hopes to redevelop this site and provide 48 new homes.

## Commercial Properties

MHA own and lease several commercial properties in various locations within our communities, as highlighted below:

- Carbon footprints Nursery (MHA Owned)
- MHA Furniture Recycling Shop (MHA Owned)
- MHA Furniture Store 17 Roebank (MHA Owned)
- MHA Community Café (MHA Owned)
- Ballindalloch Drive Office (MHA Owned)
- Culloden Street Office (MHA Owned)
- MHA Furniture Store Unit 7 (Leased)
- Harcourt Drive Shop (MHA Owned)
- Bluevale Community Centre (Leased from GCC)
- Sannox Gardens Maintenance Depot (Leased from GCC)
- Alexandra Park Sports Hub (Leased from GCC)
- Green Waste Recycling Site (Leased from GCC)

## Block Ownership Levels

MHA have a considerable number of blocks with various factoring arrangements. These range from MHA (via MPS) fully factoring the blocks to external agents factoring them. MHA also have properties in a small number of blocks with no factor. MPS have approached properties where MHA have a minority ownership that have a factor to encourage MHA to become the factor.

Table 5 provides a breakdown of MHA’s current block numbers and their factoring arrangements.

<b>Table 5: MHA Tenanted Properties within Flatted Blocks</b>	
Total Number of blocks	338
No factor	6
Non-MHA tenanted factored blocks	27
MHA tenanted factored blocks	305

The table below outlines the details of the non-MHA factored blocks where MHA tenants reside in MHA owned flats. This includes stock factored by a private factor, or where no factor exists.

<b>Properties Not Factored By MPS</b>	<b>Number of MHA Flats in Block</b>	<b>Current Property Factor</b>
25 Aberfoyle Street	1	91BC Property Services Limited
34 Aberdour Street	1	91BC Property Services Limited

41 Aberfoyle Street	2	91BC Property Services Limited
438 Cumbernauld Road	2	91BC Property Services Limited
8 Aberfeldy Street	1	91BC Property Services Limited
16 Birkenshaw Street	2	Hacking & Patterson
21 Aberfoyle Street	1	Hacking & Patterson
39 Milnbank Street	1	Hacking & Patterson
49 Milnbank Street	3	Hacking & Patterson
23 Marwick Street	2	James Gibb Residential Factors
290 Cumbernauld Road	2	James Gibb Residential Factors
4 Birkenshaw Street	1	James Gibb Residential Factors
49 Aberfoyle Street	1	Park Property Management
14 Aberfoyle Street	2	Redpath Bruce
22 Birkenshaw Street	2	Redpath Bruce
30 Aberdour Street	1	Redpath Bruce
32 Aberfoyle Street	1	Redpath Bruce
35 Marwick Street	1	Redpath Bruce
37 Aberfoyle Street	1	Redpath Bruce
420 Cumbernauld Road	1	Redpath Bruce
53 Aberfoyle Street	2	Redpath Bruce
41 Aitken Street	3	Ross & Liddell
136 Ledaig Street	2	Your Place - GHA
2 Armadale Path	2	Your Place - GHA
3 Armadale Court	2	Your Place - GHA
440 Townmill Road	2	Your Place - GHA
11 Alexandra Park Street	1	<b>NO FACTOR</b>
3 Marwick Street	1	<b>NO FACTOR</b>
306 Cumbernauld Road	1	<b>NO FACTOR</b>
312 Cumbernauld Road	1	<b>NO FACTOR</b>
354 Cumbernauld Road	1	<b>NO FACTOR</b>
57 Milnbank Street	1	<b>NO FACTOR</b>
7 Aberfoyle Street	1	<b>NO FACTOR</b>

Within the 305 blocks that are factored by MHA, there are varying levels of MHA ownership. Due to the mixed tenure nature of the stock portfolio, a summary of the percentage ownership levels is shown in Table 6:

<b>Table 6: MHA Ownership % by Block</b>	
<b>MHA % Ownership</b>	<b>MHA % summary (by block)</b>
1%-24%	13
25%-49%	39
50%-74%	91
75%-99%	75
100%	87
<b>Grand Total</b>	<b>305</b>

MPS provide a fixed factoring service to owners within our communities and currently factor 76 additional blocks.

## Acquisitions and Disposals

An options appraisal exercise to assess ownership levels within our blocks is ongoing. During May 2022, the decision was taken to sell the property at 3 Marwick Street (highlighted above). In this instance, MHA owns only one property within this tenement, and the block is not factored. Following a recent marketing exercise, MHA received 3 bids for the property. The conveyancing is now underway in terms of selling the property. Situations such as this will continue to be closely monitored and referred to the MC or MPS Board for discussion and a decision on whether to dispose of stock. Where stock is disposed, any funds received will be used to help pay for future, necessary works to the existing stock.

At the same time, and to continue working in partnership with GCC, there may be options that prove financially viable to MHA, whilst addressing housing need to acquire more properties. Only after discussions with MC and all due diligence checks taking place, will MHA proceed with such acquisitions.

## MHA ASSET MANAGEMENT SERVICES

### Reactive Repair Service

MHA uses a mix of in-house trades and external contractors for MHA's reactive repairs service. MHA's in-house trades team comprises of joiners, plumbers, ground workers, landscapers, decorators, handymen and cleaners. External contractors provide electrical, gas and roofing works and services, as well as other trades when needed. MHA carries out reactive repairs using the following target timescales.

<b>Table 7: Repairs Timescales</b>	
<b>Emergency</b>	Out of hours service, MHA responds within 4 hours
<b>Emergency 9am – 5pm</b>	Emergencies that are received during the working day, MHA responds within 4 hours
<b>Urgent</b>	Carried out on a need's basis, MHA will complete works within 2 working days of being reported
<b>Routine</b>	Less priority than emergency & urgent repairs, MHA will complete works within 5 working days of being reported
<b>Planned</b>	Routine repairs, MHA will complete works within 15 working days of being reported

MHA has an above average performance for the Charter Indicators that relate to repairs, in comparison with other housing providers. The following results are from the ARC returns in 2021/22.

**Table 8: MHA Repairs Performance 21/22**

	Milnbank HA	Scottish Avg
% reactive repairs completed right first time	89.5	88.3
% tenants satisfied with repairs service*	92.6	88.0
Average working hours to complete emergency repairs	3.10	4.20
Average working days to complete non-emergency repairs	3.60	8.90

The 2020 comprehensive Tenant Satisfaction Survey result recorded 92.6% of tenants being satisfied and 68.7% being “very satisfied.”

As shown, MHA’s performance results have consistently been of a high standard.

Performance results for a wider range of indicators is reported to the Services Committee at every meeting, and in the Annual Return on the Charter (ARC). We also report ARC results to tenants.

## Cyclical Maintenance Service

Cyclical maintenance works are essential to ensure all preventative maintenance is carried out in areas most at risk of deterioration and to preserve the aesthetics of our common areas and blocks. Not only is this important from MHA’s point of view, but good maintenance of the stock helps enhance the physical look of the area and helps maintain a sustainable community.

During the last financial year, 2021/22, £1,335,020 was spent on cyclical maintenance demonstrating the Association’s commitment to maintaining the stock.

The primary areas our cyclical maintenance programme will cover over the course of the next 5 years will be:

- Annual gutter cleaning (only where necessary to ensure money is well spent) and roof inspections
- Gas servicing
- Electrical 5-year period inspections (EICRs)
- Common ventilation system upgrades, including servicing and maintenance
- Common close painter work, including externals
- Timber window painting and inspections
- Inspection and repair of non-adopted footpaths and roadways, including drainage below

- Annual dry riser, fire detection, lighting conductors, expansion vessels, pumps and related M & E servicing
- Asbestos testing to improve knowledge of stock and monitor
- Lift servicing and maintenance
- Water safety and legionella Hygiene

Following the results of the stock condition survey, and analysis, there is an ongoing exercise regarding the proposed 5-yearly spend in relation to both components and cyclical maintenance. The results of this exercise have not yet concluded. Once this is complete, the projected spend for cyclical maintenance will be confirmed and this document updated accordingly.

## Aids and Adaptation Service

MHA will continue to carry out aids and adaptations as per our Policy. The annual allocation of funding received from GCC will continue to be put to effective use within our communities as quickly and efficiently as possible. Subject to the availability of external funding, we anticipate cumulative expenditure of £300k over the next five years. During 21/22, approximately £42,000 was spent on adaptations.

## Voids

MHA appreciates the importance of an effective void management process, including the need to relet voids as quickly and as efficiently as possible. Over the last few months, there has been a concentrated effort to manage this process more effectively by ensuring Asset and Housing Services work closely with one another, including, weekly cross-team meetings to discuss current and upcoming voids. Reports are provided for the Services Committee to monitor the voids, including numbers, turnaround periods, costs etc.

## Factoring and Estates Service

In addition to our role in managing mainstream rented tenancies:

- MHA is factor for over 1,300 privately owned properties
- Management of the service is carried out by a wholly owned subsidiary MPS
- 28 properties are leased to support providers

MPS also manage 8 shared ownership properties. A decision was taken during 2021 not to increase the number of closes that MPS factor, subject to a more detailed options appraisal being carried out. This interim appraisal was carried out and presented to the MPS Board in May 2022 with the decision being maintained not to increase the service at this time, and for now, to continue to maintain the service to the existing factored owners. A summary of the interim report highlighted the following:

- Update the existing Written Statement of Service SS to adhere fully to the new Code of Conduct, introduced in August 2021
- Instruct a SCS of the 53 blocks that have been factored for more than 5 years

- Consider when to have the stock revalued (and update the owners first in this regard), considering the proposed SCS
- Continue to meet with GCC Private Sector regarding grants for owners in relation to any major repair works identified and energy efficiency measures

The SCS is now complete and has highlighted that generally the properties are in good condition and that the main reason for setting up MPS has been achieved in terms of private sector buildings being in a reasonable to good condition due to grant funded improvement works offered by GCC prior to MPS factoring the blocks, and MPS overseeing annual, cyclical maintenance since becoming the factor. One block was noted as an area of concern and requiring a complete roof renewal. Following a meeting with GCC, Private Sector, 50% grant can be made available for the 6 owners involved, albeit, this still leaves a considerable sum for each owners' share.

In order that MPS continue to provide an excellent service to owners and provide the service that MPS was set up to do, it is vital that discussions take place with all owners in relation to the setting up of building reserve funds, not just in relation to large-scale works, such as the roof renewal mentioned above, but also, in relation to likely future energy efficiency works that will become mandatory for all housing sectors. Indeed, the 2019 RICS *Working Group on Maintenance of Tenement Scheme Property Recommendations* suggests the implementation of building reserve funds for owners within tenement blocks.

### Asset Management Approach Outlined in the Business Plan

The main factors influencing MHA's asset management approach, outlined in the Business Plan are:

- The age, condition and performance of the housing stock
- Demand for our housing
- Future investment needs, to ensure our housing continues to meet the Scottish Housing Quality Standard, mandatory energy efficiency standards, and the aspirations of tenants
- MHA's financial capacity – what we can afford to spend on our homes and at what pace.
- Whether we should consider alternative uses or disposal for any of our property assets.

Since the initial AMS was written, the Association is now in receipt of considerably more information relating to the condition of its stock both internally and externally due to the recent large-scale SCS. Whilst the results of the survey have been analysed in relation to the current year, there is still further work to be done regarding the programme during the next 5 years and how this affects financial projections, and ultimately the Business Plan. This is a key challenge for the Asset Team who will continue to work closely with the Finance Team and HomeMaster, the IT providers. The SCS also highlighted the requirement for some major works as discussed in more detail at the challenges listed below.



The decision to become a “developing” association again, as agreed at the April 2022 Management Committee/Management Team Away Day will also require forming part of the Business Plan to ensure that the level of grant on offer does not negatively impact on the Business Plan assumptions. For now, this is in relation to redevelopment of the Haghill Primary School site.

## **STRATEGIC RESPONSE**

The Asset Management Strategy attempts to reconcile activities associated with maintaining stock in a good condition, meet the aspirations of tenants and achieve compliance with legislative and regulatory requirements whilst ensuring MHA’s assets remain fit for purpose.

### **Investment Plan for component replacement, cyclical maintenance, and reactive repairs**

As noted elsewhere, the 5-year component replacement programme, as well as the cyclical programme is being considered at this time, following conclusion of the SCS. Information has been passed to HomeMaster in this regard, as has information from the Finance Team, including the Fixed Asset Register. Meetings with HomeMaster have been ongoing and we are awaiting them merging all the data passed on by Asset and Finance. Once this exercise is complete, revised financial projections will be produced and the Management Committee updated, as well as this document. The updated financial projections will also be issued to the Scottish Housing Regulator, following which, it is hoped that the Association’s regulatory status will change to compliant opposed to compliant (under review).

Table 9 below is the table that formed part of the original AMS and this will require updating taking account of the above comments following on from analysis of the SCS.

<b>Table 9: Estimated 5 Yeas Asset Expenditure (based on existing data)</b>					
<b>Expenditure:</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Capital:</b> Planned Investment	£2,492,826	£1,873,128	£1,388,102	£1,351,873	£1,331.825
<b>Revenue:</b> Cyclical Reactive/Voids	£ 987,297 £1,013,123	£1,007,043 £ 854,885	£1,027,184 £ 845,973	£1,047,728 £ 836,362	£1,068,682 £ 853,090

The SCS also highlighted some individual projects requiring attention as follows:

- Stonework repairs to pre-1919 tenements at Cardross Street. This contains 13 blocks, all of which are mixed tenure, including 44 tenants and 87 owners
- New windows at the same address at Cardross Street as above
- New electric central heating systems at 32 properties and especially where properties are hard to heat and currently have particularly low EPC ratings

- Requirement for renewed EWI at both the interwar and post-war stock which will help offer more energy efficient homes, but also tackle poor workmanship and specifications used in the past by GHA prior to the stock transfer

## Future Funding Streams

The Scottish Government's *Housing to 2040* document outlines the Government's intentions for the affordable housing sector over the next 20 years. The document sets out the intention to fund existing homes over the course of the next 20 years, especially in relation to decarbonising heat within homes, through low and zero carbon technologies. What is not clear yet is where the necessary grant funding will come from in order to carry out these energy efficiency measures. As highlighted in last year's AMS, these works and associated costs cannot be met from the rental income stream. It is hoped that this point will be recognised as part of the ongoing ESSH 2 review, due to complete in 2023. The Association is now in a much better position than May 2021 in relation to knowledge and condition of the stock. Certainly, in terms of stonework at the pre-1919 tenements and windows generally, the stock is in good condition, especially compared to many other inner-city associations.

## Risk Management

The Asset Management Strategy has an interface with some of the key organisational risks highlighted in MHA's Risk Management Strategy. These relate to statutory and regulatory obligations, performance management of voids and tenant safety.

The importance of having the correct staffing structure in place in the Asset Team to deliver the strategy is understood. In this regard, the Head of Property is due to carry out a review during 2022.

## ICT Systems and Data Collection

The importance of accurate and up to date stock condition survey information is vital in continuing to accurately plan investment within MHA's assets.

As highlighted in various areas throughout this document, key information is now with HomeMaster for loading to the "live system." This includes asset and financial information, results of the stock condition survey, component information, cyclical information, compliance related issues such as gas servicing, asbestos etc. The information contained within the HomeMaster system, which in turn will produce new financial projections will be highly sophisticated and fit for the challenging times ahead.

## **THE KEY ASSET MANAGEMENT CHALLENGES FOR FINANCIAL YEAR 2022/23**

The challenges below were identified in last year's AMS. The updated position is as follows:

## Key Challenge 1

### Availability of up-to-date stock condition information

#### ***Do we currently have the information we need to accurately plan our next 5 and 30-year investment plans?***

Achieved, following completion of the large-scale SCS. Propose to survey a further 5% of the stock by end March 2023.

Main house types highlighted to help inform options and proposals relating to EESSH2 and Net Zero.

Component replacement programme identified for 2022/23 and procurement now underway.

5-year component programme and cyclical programme now being developed.

Individual, major contracts identified as part of SCS.

## Key Challenge 2

### Cost of addressing the component replacement and ensuring future demand

#### ***How do we develop the most appropriate specifications and investment levels when refurbishing our properties?***

Progressing and hoped that the revised financial projections will be available by end October 2022. All information has been passed over to HomeMaster to conclude this exercise.

Specifications that are affordable are progressing as part of the 2022/23 component replacement programme.

Specifications in relation to voids are being considered as part of the void management process and updated policy.

## Key Challenge 3

### Meeting housing regulations

#### ***How does MHA achieve SHQS and EESSH2 compliance over the next 5-10 years?***

Progressing, following identification of options for 2 of the main property types as part of the Net Zero Heat Funding application.

To achieve SHQS and EESSH2 compliance, MHA, like other associations require securing the necessary grant. As a result of the findings contained within the SCS, MHA is now better placed to be in a position to apply for such grants.

## Key Challenge 4

### Refurbishing MHA's stock and continuing to maintain affordable rents and other community services

***Can we upgrade our stock, meet the regulatory requirements, and keep rents affordable and maintain current service levels?***

Even more than last year, costs versus rent levels/income and the effect the cost-of-living crisis and fuel crisis require constant monitoring. From an Asset point of view, the revised 5-yearly projections require being concluded, Scottish Government's position on rents after 31 March 2023 and any potential rent increase caps need to be monitored to determine the effect this may have on planned investment programmes.

Again, more than ever, the wider role services offered by the Association should be maintained to help support the tenants and sustain the community.

Whilst detailed budget discussions take place every year, it is likely that this year's process will be even more detailed than usual.

The review regarding MPS will be ongoing in terms of the income generated running the service and the role of the factor, in the future, regarding energy efficiency measures for owner occupied stock.