

TO:	Services Committee
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SUBJECT:	REVIEW OF ASSET MANAGEMENT STRATEGY
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APPROVED BY:	Paul Martin (CEO)

ASSET MANAGEMENT STRATEGY 2023-2026

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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, a Scottish charity, and a registered social landlord with the SHR as a Registered Social Landlord (RSL).

MHA's main function is the provision and management of affordable rented housing for people in need. MHA manages a tenanted stock of 1,668 units and provides factoring services to over 1,300 owners.

MHA is Year 1 of its 3-year Business Plan covering the period 2023-2026. 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.

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. To date, the internal surveys are at 85% with the remaining 15% being completed by March 2024. This detailed data is vital to MHA in terms of forward programming and production of 5 and 30-year financial projections that are as robust as possible.

MHA's component replacement works programmes were put on hold due to the covid-19 pandemic, then followed closely by the current economic climate. All works of a legislative and health and safety nature continue to ensure tenants safety compliance.

There are currently several external factors that MHA is mindful of and how these 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, MHA 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 EESSH2 (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 SHR relating to all matters associated with Asset Management.

STRATEGIC OBJECTIVES ASSET MANAGEMENT STRATEGY

The purpose of the AMS is to review MHA'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 Maintenance Function will deliver the necessary services and stock improvements and, in doing so, will embody the principles of MHA's Purpose, Mission and Values, which are outlined in the Business Plan.

Asset Management impacts all aspects of MHA'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 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 MHA, 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, an Asset Management Scrutiny Group was formed and made up of MC members and Maintenance Staff. The group meet regularly 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 will be evident in everything we do, including the

standard of tenants' homes and neighbourhoods, the quality of the customer services we provide, and the ways in which we support our community.

MHA's Mission Statement

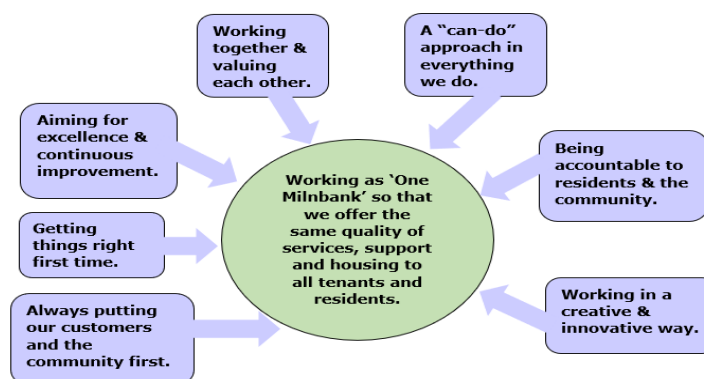
MHA's Mission is Providing excellent homes and services in a thriving community. We will always make sure the people living in the Dennistoun and Haghill community should:

- 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 AMS 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.



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:

- 1) To do what matters most for tenants, other customers, and the community.
- 2) To provide housing and property services that our customers regard as being of a high standard, affordable and good value for money.
- 3) To manage our assets and resources well, maximising investment in our housing and providing new housing while managing rising costs and other delivery challenges.

- 4) To be a strong community anchor organisation for Dennistoun and Haghill, supporting the community through MHA's own efforts and through partnerships with community organisations and other service providers.
- 5) To ensure that MHA is financially viable, well-governed, and has the capacity to achieve its objectives for the benefit of customers and the community.
- 6) To enhance the growth and development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing value-for-money and the highest standard of customer service.

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, SHR 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)
- The Scottish Housing Regulator: Integrated Asset Management (2023)
- Lifting Operations and Lifting Equipment Regulations (LOLER) (1998)
- Health and Safety at Work Act (1974)
- Construction Design and Management (CDM) Regulations (2015)

The Scottish Housing Regulator: Integrated Asset Management (2023)

The above guidance (February 2023) covers 5 principles, was discussed by the MC in June 2023. Subsequently, the MC's response to each of the 5 principles were as follows:

Principle 1: GBs and committees lead the strategic response to AM and should be assured that assets are managed.

This principle clearly states that the MC are the decision makers with the senior officers supporting the scrutiny & assurance they need.

Principle 2: Social landlords should have a comprehensive understanding of their assets.

This principle relates to collating intelligence surrounding the assets to develop a comprehensive asset database. This includes collating data for each property from a technical, operational, financial and customer perspective.

Principle 3: Social landlords should develop an approach to understanding the value of their assets.

The requirement to assemble a comprehensive asset database is acknowledged and this is something that MHA has been developing via Home Master. Principle 2 highlights key information that may be obtained from the database, subject to discussion and direction from the MC based on guidance from the senior officers. The guidance recommends the identification of key performance indicators (KPIs) and measures which help to focus on asset performance, and at the same time, the need for general indicators relating to wider social and economic factors. The KPIs score ranges from 1 to 5.

Principle 4: Integrated AM outcomes should be understood and used as evidence to inform future investment decisions.

Following on from Principle 3 and the suggested traffic light system, this would then enable MHA to split its assets between Green (performing well), Amber (no major cause for concern) or Red (not score positively and possibly not fit for purpose).

Principle 5: Social landlords should use the integrated AM outcomes to inform their asset management strategies.

The purpose of the AMS is to improve the overall sustainability of the asset portfolio, creating a framework to monitor and evaluate the impact of asset improvement and investment options. The strategy supports the delivery of annual AM plans reflecting funding, procurement, and contract management systems.

Links to MHA Plans, Policies and Strategies

The following provides an overview of key MHA Plans, Policies and Strategies that the AMS adheres to.

Business Plan	Financial Regulations	Procurement Policy
CDM Policy	Fixed Asset Policy	Risk Management Strategy
Tenant Participation Strategy	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 H&S Policy
Electrical Safety Policy	Fire Safety Policy	Passenger Lift Policy

MHA TENANTS AND RESIDENTS

MHA has over 1,688 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 employees covering our full asset list removing bulk items, previously uplifted by the Council. Removal of such services by GCC has a negative financial impact on MHA, which will continue to be monitored. Other community assets and services include establishing a community café, leasing community facilities and a sports hub etc.

The services outlined above have helped the local community, especially during the pandemic and will continue to do so during the current economic crisis. 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 AMS.

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

James Frew Ltd provide a gas service to MHA. The management of gas safety is the responsibility of the Maintenance Function. MHA's performance on gas safety continues to be good as during 2022/23, 100% of properties received their annual gas service within the legislative timescale.

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 no later than 01.02.22. MHA achieved 100% by the end of March 2022 with a 5-year cycle which now included common close EICR programme. This information is reported to the SHR in the Annual Assurance Statement. The Electrical Safety Policy will be scheduled for review in the 2024 committee schedule.

Asbestos Management

Based on staff knowledge of the stock, and previous asbestos testing, asbestos is not considered a significant issue for MHA. 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.

The Asbestos Management Policy is in place, MHA has carried out asbestos surveys within all common areas, including attic spaces and we manage any asbestos issues that are 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 and is incorporated into Home Master to ensure the Maintenance Team have easy access to relevant survey information prior to starting any planned works.

Legionella Management

MHA has reviewed their Legionella Management Plan. As part of this process, involved the following:

- Legionella awareness training for key staff completed to allow them to undertake the weekly, monthly & quarterly tasks within the legionella control programme at core sites.
- 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 continues with the aim of 100% completion by March 2024.
- 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. MHA 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 MHA. MHA service the lifts in CFN

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:

Table 1: SHQS Performance 2022/23 (ARC Indicator C9)			
		End of the reporting year	End of the next reporting year
C9.1	Total self-contained stock	1668	1668
C9.2	Self-contained stock exempt from SHQS	99	99
C9.3	Self-contained stock in abeyance from SHQS	132	59
C9.4.1	Self-contained stock failing SHQS for one criterion	7	7
C9.4.2	Self-contained stock failing SHQS for two or more criteria	319	119
C9.4.3	Total self-contained stock failing SHQS	326	216
C9.5	Stock meeting the SHQS	1,111	1,584

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 during the 1970s to 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 24/25 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 2023 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: EESH Performance							
C10.7 Number of properties in scope of EESH that meet the standard							
Count of EESH Unit Type							
	FAIL	FAIL	PASS	PASS	Unknown	Unknown	Total
Row Labels	Electric	Gas	Electric	Gas	Electric	Other Fuel	
Flat	22	357	8	1153	1	1	1542
House		23		66			89
4 in a Block				36			36
Detached House				2			2
Grand Total	22	380	8	1257	1	1	1669

The boiler replacement programme was delayed, firstly, due to the pandemic then due to the impact of the current economic climate. It is planned to revisit this early 2024.

The Climate Emergency – working towards EESH 2 and Net Zero

It is recognised that the initial guidance relating to EESH 2 outlined the requirement to meet this standard by 2032 for RSLs. The SG announced its intention to bring forward the EESH 2 Review to conclude in 2023. Raising the energy efficiency rating of our properties from an EESH 1 rating of an average of 69, up to an EESH 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. Unfortunately, MHA was unsuccessful in its submission bid for Net Zero Heat Funding from SG. Whilst the bid was not successful, the Head of Assets 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. This exercise enabled the Maintenance 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. 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 jobbing works in respect of joinery, plumbing and estates/landscaping services. The remaining works are carried out by external contractors appointed through the contractor framework which was reviewed in May 2023.

MHA's approach to procurement of construction works and services will be to ensure VFM is achieved with community benefits built into the contracts to help enhance and improve the communities we serve. MHA's Procurement Policy 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.

Table 3: Housing Stock Numbers by Construction Type	
Construction Type	Stock Numbers
Post War Tenement Flat	840
Pre 1919 Tenement Flat	566
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
Grand Total	1,668

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 into 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.

Table 4: Area and Tenanted Housing Stock Breakdown	
MHA Area Breakdown	Stock Numbers
Armadale Area	156
Post War Tenement Flat	151
Pre 1919 Tenement Flat	5
Roebank Street Area	238
Post War Tenement Flat	78
Pre 1919 Tenement Flat	160
Bluevale Area	203
Post War Tenement Flat	203
Cardross Street Area	84
Pre 1919 Tenement Flat	84
Cathedral Square Area	15
Post 1990 Flat	15
Great Eastern Area	48
Post 2005 Flat	48
Haghill Area	871
Post 1990 Flatted Block	18
Post 1990 House	22
Post War Tenement Flat	408
Pre 1919 Tenement Flat	317
Post 2000 Flat	28
Post 2000 House	24
Post 2005 Flat	9
Post 2005 House	38
Culloden Street Area	60
Post 1980 Flatted Block	60
Grand Total	1,668

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

MHA owns 35 garage lockups all located within the Armadale area (Armadale Place). These lockups are rented to tenants and owners for a nominal monthly sum. The lockups 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 lockups will be undertaken.

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 (Haghill) is of a sufficient size for future development which, together with other potential developments, is currently being reviewed. This also includes a potential development on the site of the previous primary school in Haghill.

Commercial Properties

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

- 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.

Table 5: MHA Tenanted Properties within Flatted Blocks

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.

Properties Not Factored By MPS	Number of MHA Flats in Block	Current Property Factor
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
49 Milnbank Street	3	91BC Property Services Limited
16 Birkenshaw Street	2	Hacking & Patterson
21 Aberfoyle Street	1	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
11 Alexandra Park Street	1	Ross & Liddell
136 Ledaig Street	2	Lowther Homes - GHA
2 Armadale Path	2	Lowther Homes - GHA
3 Armadale Court	2	Lowther Homes - GHA
440 Townmill Road	2	Lowther Homes - GHA
306 Cumbernauld Road	1	NO FACTOR
312 Cumbernauld Road	1	NO FACTOR
354 Cumbernauld Road	1	NO FACTOR
57 Milnbank Street	1	NO FACTOR
7 Aberfoyle Street	1	NO FACTOR

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:

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

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

Acquisitions and Disposals

Acquisitions – We will continue working in partnership with GCC, where 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.

Disposals - MHA owns 46 properties that MPS do not factor. These properties were acquired over the years through 'Acquisitions Programmes,' a large-scale acquisition programme in the 1990s containing properties used for decant flats at the start of the 2000s and stock acquired through the SST. Most of these flats are contained within the pre-1919 tenements and in most instances, MHA only owns 1 or 2 properties per close.

During 2023 a few such flats were sold on the open market following the MC's decision to sell them due to MHA being unable to offer its tenants properties that are deemed 'fit for use'. In terms of sound asset management, including taking account of the SHR's guidance on 'Integrated Asset Management,' the in-principal proposal to dispose of more, such stock requires being discussed and agreed with the MC then GCC who provided considerable grant to enable the acquisitions to take place. In this way, a planned, strategic approach can be progressed, once approved with the GCC. Following GCC approval, where MHA stock is disposed, any funds received will be used to help pay for future investment in the stock or any other identified use (e.g., support our green agenda).

MHA ASSET MANAGEMENT SERVICES

Reactive Repair Service

MHA uses a mix of in-house trades and external contractors for MHA’s reactive repairs service. MHAs in house trades team comprises of joiner, plumber, landscapers, and decorators. External contractors provide all trades, electrical, gas and roofing works and services. MHA carries out reactive repairs using the following target timescales.

Table 7: Repairs Timescales	
Emergency	Out of hours service, MHA responds within 4 hours
Emergency 9am – 5pm	Emergencies that are received during the working day, MHA responds within 4 hours
Urgent	Carried out on a need's basis, MHA will complete works within 2 working days of being reported
Routine	Less priority than emergency & urgent repairs, MHA will complete works within 5 working days of being reported
Planned	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 2022/23 ARC returns.

Table 8: MHA Repairs Performance 22/23		
	Milnbank HA	Scottish Avg
% reactive repairs completed right first time	89.62	87.8
% tenants satisfied with repairs service	91.85	88.02
Average working hours to complete emergency repairs	4.34	4.17
Average working days to complete non-emergency repairs	3.39	8.68

The 2023 comprehensive Tenant Satisfaction Survey result recorded 91.85% of tenants being satisfied with MHA repairs service.

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.

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

- Annual gutter cleaning (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, roadways, including drainage.
- 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

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.

Voids

MHA appreciates the importance of an effective void management process, including the need to relet voids as quickly and as efficiently as possible. During 2022/3, the introduction of weekly void meetings, which are headed by the CEO, has seen a marked improvement in the performance in voids management.

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.

Future Changes to MPS Factoring Services

Due to the recent organisational restructure, and in line with our new Business Plan, the following work is currently being carried out, or is planned, to be undertaken for our factoring service.

1. Stock Revaluation Update to comply with current legislation and the updated Property Factors Code of Conduct.
2. Frequency of Billing will change from annually to quarterly from April 2024.
3. Charging for the Fixed Factoring Stock. Owners will only be charged for work that's completed at their property, not charged for work that's planned in the future.
4. Charging the Estates Services Fee so that owners are only charged for the work carried out on their property rather than across the stock.
5. MPS's Authority to Act though moving away from custom and practice to the Written Statement of Services.
6. Factoring Agreements/Title Deeds. From April 2024, MPS will dispense with the use of Factoring Agreements as these are not legally binding documents.

The MPS Board will receive updated reports on the above on a regular basis.

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 SHQS, mandatory energy efficiency standards, and the aspirations of tenants.
- MHA's financial capacity – what we can afford to spend in 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. 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 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.

STRATEGIC RESPONSE

The AMS 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 Home Master and the finance team for the Fixed Asset Register. The updated financial projections will also be issued to the SHR.

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.

Table 9: Estimated 5 Years Asset Expenditure (based on existing data)						
Expenditure:	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Major Repairs (capital & non-capital)	1,732,569	2,028,349	1,059,068	1,072,308	1,064,835	2,043,893
Cyclical Maintenance	1,027,239	830,594	851,441	896,976	894,720	917,178
Reactive & Void Maintenance	1,024,655	1,070,970	1,097,851	1,125,407	1,153,655	1,182,611

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.
- New windows at the same address on Cardross Street as above.
- New electric central heating systems at 32 properties, especially those properties that 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 SG'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 to carry out these energy efficiency measures. As discussed by the MC, 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 EESSH 2 review. MHA is now in a good position 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 newly appointed Director of Asset Management will undertake this review early in 2024.

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 on Home Master. This includes asset and financial information, results of the SCS, component information, cyclical information, compliance related issues such as gas servicing, asbestos etc. The information contained within the home Master system, will be essential the challenging times ahead.

THE KEY ASSET MANAGEMENT CHALLENGES FOR FINANCIAL YEAR 2023/24

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 the remaining 15% of the outstanding inspections by the end March 2023.
- Main house types highlighted to help inform options and proposals relating to EESSH2 and Net Zero.
- Component replacement programme identified for 2023/24 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?

- The revised financial projections will be available for budget setting exercises to ensure the programmes are achievable.
- Specifications that are affordable will be revisited for the 2023/24 component replacement programme.

Key Challenge 3 -Meeting housing regulations

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

- 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 able to apply for such grants.
- MHA Net Zero Statement- MHA is committed to the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 and wishes every tenant to have access to a warm, safe, affordable and energy efficient home. MHA is also committed to reducing waste, energy consumption and harmful emissions and will take all practicable and affordable measures to reduce its carbon footprint as a social landlord and employer. MHA will take cognisance of new targets and objectives set once the revised EESSH 2 guidance is issued.

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 ever, costs versus rent levels/income and the effect the cost-of-living crisis and fuel crisis require constant monitoring. From an Asset view, the revised 5-yearly projections require being concluded, SG's position on future rent caps for housing associations continue to be monitored.
- The wider role services offered by MHA should be maintained to help support the tenants and sustain the community where possible.
- As with the last financial year, robust budget discussions and setting is crucial to ensure MHA can meet its strategic objectives.
- The scheduled of MPS, in terms of the income generated running the service and the role of the factor, will continue. This also includes energy efficiency measures for owner occupied stock.