



# Asset Management Strategy 2022-2027

June 2022

<b>MONITORING, APPROVAL AND REVIEW</b>	
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<b>Version Notes</b>	This is an updated 5-year strategy.
<b>Publication</b>	This is a public document that will be published on the FCHO website
<b>Consultation</b>	The Strategy has been updated and reviewed by staff from across FCHO. It has been shared with the Strategic Asset Management Group, Investment and Development Committee and Executive Team. Customer consultation was undertaken on 6 June 2022.
<b>Approved by</b>	FCHO Board
<b>Approval date</b>	27 July 2022
<b>Review Frequency</b>	The strategy will be reviewed every three years or in line with legislative or regulatory changes. Next review due April 2025

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## Executive Summary

Over the next five years First Choice Homes Oldham (FCHO) will invest circa £120m in improvements to our 11,400 homes and surrounding neighbourhoods. The scale of investment means that we can make an unprecedented impact in creating and maintaining quality homes and sustainable communities. This investment is made in line with customers' priorities, the 30-year Business Plan and the Corporate Plan.

The first iteration of the Asset Management Strategy was agreed in November 2020 and this updated Strategy reflects the significant progress that has been made in developing the 'active asset management' approach. Key actions include:

- Making a step change in our overall investment model, moving away from a reliance on elemental-based investment to a proactive neighbourhood and area focussed strategy.
- Development of the FCHO Standard for new and existing homes that provides clarity and consistency for colleagues, customers and contractors. This standard goes further than the Decent Homes Standard and takes into account wider aspects that will support tenancy and neighbourhood sustainability, for example, energy efficiency.
- Alignment of the Asset Management Strategy, Development Strategy and Sustainability Strategy which collectively ensure that we deliver sustainable, quality homes and neighbourhoods
- Implementation of an annual Asset Performance Evaluation model which assesses the performance of all of our homes and neighbourhoods alongside development of interventions (e.g. Intensive Improvement Plans and Option Appraisals) for underperforming homes and neighbourhoods.
- Delivery of the Fire and Building Safety Investment programme that ensures that our homes are safe and that the requirements of the Building Safety Act are met.
- Delivery of an integrated regeneration model which will ensure that the new development at West Vale is successfully integrated into the wider neighbourhood.
- Procurement and mobilisation of our major works contractors which provides a long-term partnership-based approach which will drive value for money and delivery of increased social value.
- Delivery of the Development Strategy and integration of new build properties.

The focus for this iteration of the Asset Management Strategy includes the implementation of an Acquisition and Disposal Strategy, the development of an integrated investment approach in order to achieve a minimum EPC Level C in all homes by 2030 and developing a plan for achieving Net Zero across the business.

A 'Home and Place Standard' will be developed against which all homes and neighbourhoods will be assessed. This will take a long-term view and will build upon the FCHO Standard taking into account all of the aspects that contribute to a successful and sustainable home and neighbourhood. The new Standard will ensure that larger scale interventions are undertaken in a planned and timely manner and will incorporate the requirements for larger scale area-based regeneration that is linked to the Neighbourhood Strategy.

## **Purpose of the Strategy**

The performance of the organisation's assets underpins the financial viability of the business and impacts on customer's safety, wellbeing and quality of life.

The Strategy will be delivered in line with FCHO's 'Purpose' which is to deliver 'Homes we are proud of' and 'Vision' to 'Improve lives'. The effective management of homes and the wider asset base will maximise their value, contribute to the successful delivery of business and strategic objectives, and ensure that FCHO provides safe, secure and affordable homes for our customers.

The Strategy will continue to evolve and will be regularly reviewed and updated based on a data driven, intelligent approach to understanding and optimising the performance of our assets and our offer to customers.

## **Governance of the Strategy**

The Strategy will be led and delivered by the Asset team with the support and engagement from all aspects of the wider business. Progress will be monitored by the Strategic Asset Management group and regular updates will be provided to the Leadership Team, Investment and Development Committee (IDC) and Board.

The Strategy will be reviewed in April 2025 and will be underpinned by the on-going analysis of the Stock Condition Survey data and the updates to the Business Plan.

The Strategy will be supported by a detailed Action Plan which details the key interventions that will be implemented in order to deliver the objectives of the Strategy. (See Appendix A) In addition, the impact of the Strategy will be measured via a number of Key Performance Indicators (KPIs) which are detailed in the 'How we measure success' section of the Strategy.

Customers will continue to be engaged in the ongoing development and delivery of the strategy through the establishment of customer panels around Investment, Responsive Repairs and Voids.

Progress on delivery of the Action Plan and the KPIs will be reported to the Strategic Asset Management group on a quarterly basis.

## Strategic Objectives

The Strategic Objectives for the Asset Management Strategy are:

- To invest in and provide homes where people want to live.
- To meet our statutory, regulatory and compliance obligations.
- To create thriving communities where people feel safe and are proud to live.
- To provide homes that are affordable, efficient and maintained to a decent standard, with green spaces that are fit for purpose.
- To evaluate asset performance and implement appropriate interventions that improve the performance of our assets.

These Objectives support the delivery of the 3-year Corporate Plan (2022 – 2025) which is structured around four key pillars:

- Great Services
- Great Homes
- Great Neighbourhoods
- Great Company

In addition, the Strategy will support the delivery of a number of high-level goals within the Corporate Plan. These include:

- Customer satisfaction at 90% or higher
- Eight out of 10 customers telling us they trust us
- 66%\* of existing homes at a minimum of EPC Level C
- Eight out of 10 customers saying they love their neighbourhood.
- Achieved “Platinum” accreditation in the annual SHIFT sustainability assessment.
- Achieved Best Companies “3 Star” accreditation
- Reinvested at least £65M back into the business.

## Understanding our Assets

Being a Registered Provider not only means providing a range of homes, but also providing safe, decent, energy efficient homes within a wider sustainable neighbourhood.

Data is key to enabling us to focus the right investment in the right places at the right time and that the investment meets the needs of both our customers and the business. A range of data sets are continually reviewed in order to support the development and delivery of the Strategy. This includes:

- Typologies of stock.
- Stock Condition Surveys.
- Responsive repairs and void works
- Customer touchpoint survey data, Perception Surveys, complaints and customer panels.

- Performance against the Decent Homes Standard and the FCHO Standard.
- Lifecycles and Schedule of Rates (SORs).
- Energy, carbon efficiency and fuel poverty.
- Bespoke surveys – balcony surveys, non-traditional stock, non-housing assets (e.g. community centres, garages and commercial units).

Underpinning the Asset Management Strategy and delivering effective investment programmes is the quality of the data and the efficiency of our systems. Without accurate data and effective systems to exchange and store data, processes will not deliver the outcomes required.

An independent audit of the Asset Management Strategy carried out by Mazars in January 2022 confirmed that the key data is of a good quality. There is a need to review the current systems with the objective to integrate, and simplify the data and system architecture that will be used across the organisation. This will include the implementation of an enhanced Asset Performance Evaluation model.

The review will include the following:

- A comprehensive review of the current approach to the management and ownership of data
- An end-to-end review of the responsive repairs and void processes in order to develop the specification for simplified systems
- Implementation of a planned maintenance module to support delivery of planned works
- A review and implementation of a system to manage all compliance/Property Safety programmes
- Implementation of an upgraded Asset Management System

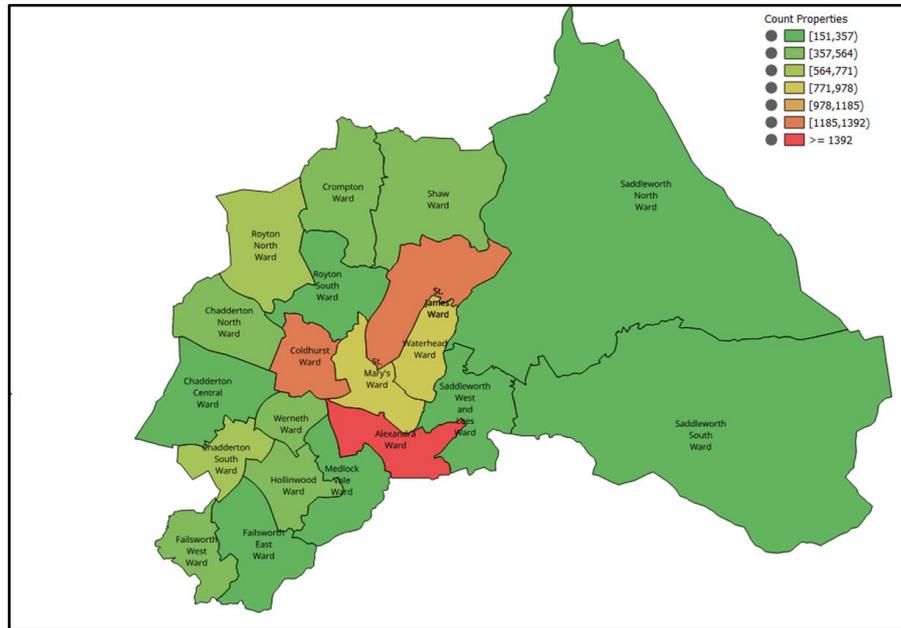
## Local Context

FCHO own and manage 8% of the total housing stock and 58% of the Social Housing stock in Oldham. Delivery of the Development Strategy will see expansion into Rochdale, Tameside, Kirklees and Calderdale. As of April 2022, the residential asset base consisted of 11,386 properties as detailed in Table 1.

Property Type	Number of Bedrooms							Grand Total
	0	1	2	3	4	5	6	
Bedsit Bungalow	22							22
Bedsit Flat	43							43
Bungalow	1	352	64					417
Flat		3190	1612	136				4938
House		10	2366	3007	181	10	4	5578
Maisonette			347	38				385
Shared Accommodation		3						3
<b>Grand Total</b>	<b>66</b>	<b>3555</b>	<b>4389</b>	<b>3181</b>	<b>181</b>	<b>10</b>	<b>4</b>	<b>11386</b>

Table 1: Stock breakdown

The map below highlights the locality of stock in Oldham by ward. The highest concentrations being in the Alexandra and Coldhurst wards.



Map 1: Locality of stock by Ward

Table 2 shows the age profile of stock, highlighting the majority of stock (62%) with a built year between 1960 and 1989.

Build Year Band	Number of Properties
Pre 1930	898
1931 - 1959	2944
1960 - 1989	7046
1990 +	498
<b>Grand Total</b>	<b>11386</b>

Table 2: age profile

## Non-Residential Assets

In addition to the residential assets, FCHO owns or manages:

- 674 Garages.
- 59 commercial units.
- 9 Community Centres.
- 14 Boiler Houses
- 2 Offices, (First Place and Primrose Place)
- 8 Heating Substations
- 1 Depot
- 1 Energy Centre (St Marys)
- 7 Playgrounds

All of the garage sites have been surveyed and demand reviewed with the following outcomes:

- 23 Sites are being reviewed with a view to potential re-development.
- 39 Sites are undergoing 'Catch up repairs' and have long-term investment programmes in place.
- 6 sites are to be demolished with a view to re-development

The 59 commercial units and 9 community centres will be surveyed during 2022 in order to provide a financial analysis on the long-term viability of these assets and to shape the future investment programmes.

## **Green Assets and Open spaces**

Green assets and open spaces play an important role in the health and well-being of our customers and the attractiveness of our neighbourhoods. The focus to date has included:

### **West Vale**

- Improved green spaces in the West Street/Vale Drive neighbourhood as part of the area wide regeneration activity
- 15 new trees planted to enhance the neighbourhood and to replace those that have been removed during work to build new homes at our West Vale development
- Surveyed 101 trees in the area and scheduled work on 45 trees
- Improved the open space at Vale Drive

### **Community garden revival at Barker Street**

- The Neighbourhood Care team has helped restore the garden, tidy up the area and install bug hotels to encourage insects.

### **Wildflower turf installed in Sholver**

- The Neighbourhood Care team has planted resilient wildflower turf on Longfellow Crescent in Sholver, to help introduce a habitat for a multitude of bees, butterflies, bugs and birds; and create an attractive environment for our customers.

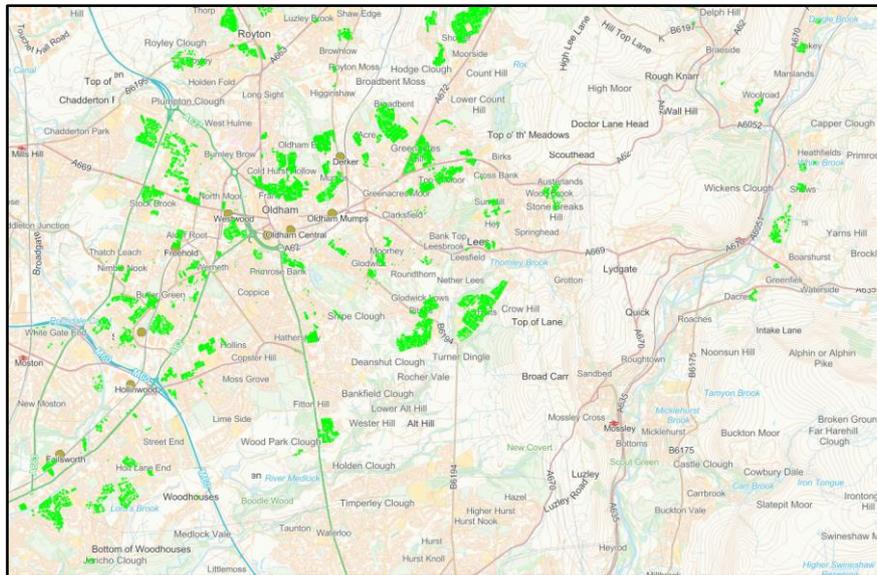
### **Tree planting at Hillside Close, Sholver**

- 18 native trees have been planted including silver birch and cherry blossom that will bring colour to the area in spring, summer and autumn. In addition, 500 hawthorn and quick thorn whips (young plants) have been laid to establish hedges in the area.

Engagement with customers will continue and information from surveys and Neighbourhood Plans will be used to set the priorities which will include:

- Introduction of wildflower turf and seed to open space areas
- Tree planting to replace stock lost to diseases (e.g. Ash Dieback)
- Introduction of Perennial Bulb mix planting to open space areas
- Introduction of natural meadows to locations across our neighbourhoods to encourage native species and natural wildflower
- Community based initiatives such as allotments, community planting programmes to encourage community led biodiversity projects

The map below highlights the areas of FCHO land ownership and ground maintenance areas (including garden areas associated with tenancies). The areas are quite dispersed with a high concentration north of Oldham town centre.



Map 2: Green areas within ownership of FCHO

Existing 'green' assets will be improved in order to provide a sense of pride in the neighbourhood and to improve the health and wellbeing of customers. A detailed delivery plan will be produced which will identify the number of green space sites enhanced for biodiversity or amenity value; the number of trees planted; the number of volunteers supporting management and maintenance of green spaces and the cash value of investment in improving green spaces. The delivery plan will also identify where we have opportunities to work in collaboration with partner organisations including OMBC and other Registered Providers.

This will dovetail with the Sustainability Strategy which will also consider and address waste and recycling, water management, air quality and transport in and around our neighbourhoods.

## Stock Condition

As at March 2022, 7,458 (65%) of homes have had a stock condition survey with a target to reach 100% of homes with an up to date stock condition survey by July 2023. This will be achieved by completing two further phases from April 2022 to July 2022 (20%) and from April 2023 to July 2023 (15%).

The asset data sets continue to be reviewed and updated within the asset and housing management systems via surveys relating to fire safety improvements, component replacements, investment in void properties and the delivery of responsive repairs. In addition, further activity will include:

- Undertaking condition surveys to all commercial units and community centres
- Commissioning a flood risk assessment

## **Energy and Carbon Performance**

The Sustainability Strategy was produced in May 2021 and is delivered in conjunction with the Asset Management Strategy. It includes the following strategic objectives:

1. Support customers to move out of fuel poverty
2. Increase the energy efficiency of our homes
3. Build good quality, energy efficient and low carbon homes
4. Aim to achieve net zero carbon emissions
5. Improve the biodiversity of our green spaces
6. Reduce the amount of waste we produce and increase how much we recycle

The aim is to reduce costs, improve customer health and well-being, target carbon reduction and improve the energy ratings of our stock. The strategy will contribute to national targets in relation to carbon neutrality.

A Sustainability Working Group monitors delivery of the strategic objectives and Action Plan. During 2022 the submission to SHIFT (Sustainable Homes Index for the Future), accreditation led to the achievement of 'Silver' status, with a target to achieve Platinum status by March 2025.

## **Energy Performance**

Energy Performance Certificates (EPC) are a key indicator as to how thermally efficient a building is. EPC's range from A to G where G is poor and A is highly efficient. EPCs use the Standard Assessment Procedure (SAP) which ranges from 1 to 100.

Implementing online data modelling software, has provided a better understanding of the current energy and carbon performance of our homes. This enhanced data set will be used to develop targeted programmes of work to help reduce CO<sub>2</sub>, improve SAP rates and reduce fuel poor households. The data also assists in applications to funding streams such as the Social Housing Decarbonisation Fund.

The results within Portfolio (May 2022) show that the average SAP performance across all homes was 67.29 (SAP Band D).

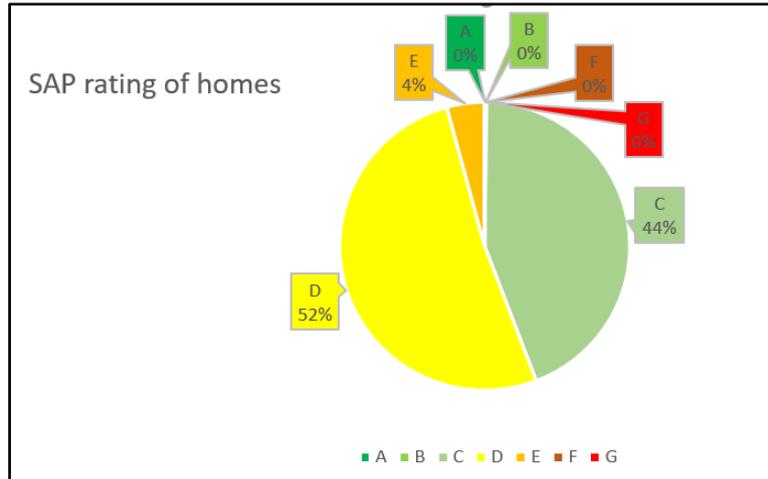


Chart 3: SAP ratings

5,025 homes have already met the target of minimum SAP C, with the remaining 6,361 at D, E and F rating. By 2030, the aim is for all FCHO homes to reach EPC Band C with the table below detailing the proposed trajectory.

A range of modifications and retrofit activity is planned to ensure that each home has the most appropriate work undertaken to improve overall efficiency. Measures may include replacing inefficient heating, the upgrade / installation of cavity wall insulation, loft insulation as well as insulated doors, floors, low energy light bulbs and looking at a whole house energy retrofit solution.

Year	Av. No. homes treated	exp. total homes reached	Percentage
2022	213	5274	46
2023	761	6035	53
2024	761	6796	60
2025	761	7557	66
2026	766	8323	73
2027	766	9089	80
2028	766	9855	87
2029	766	10621	93
2030	765	11386	100

Table 4: Trajectory to reach SAP C (2030)

## Carbon Efficiency

The Government has set a target to be carbon neutral by 2050. In support of this the Manchester Climate Change Agency has set science-based carbon reduction targets with a target to achieve this by 2038, Oldham Metropolitan Borough Council's target is to be net zero by 2030.

Whilst the target to become carbon neutral is challenging, FCHO is working towards reducing carbon emissions in line with investment activity which is linked to the Energy Efficiency targets to reach SAP C.

The development of the FCHO standard - which builds upon the Decent Homes Standard also defines how we can incorporate energy efficiency and carbon reduction measures within investment, new build, void and repair and maintenance specifications.

Data from the online data modelling software will be used to inform where additional investment is required to our homes to make them more carbon efficient through the creation of a toolkit of initiatives that can be incorporated into existing investment delivery programmes, through void works and also as dedicated programmes of work.

Funding streams such as the Social Housing Decarbonisation Fund (SHDF) and the ECO4 scheme, will assist with identifying the most effective pathway to zero carbon within homes and ensure that internal and external resources are maximised.

## **Social Housing Decarbonisation Fund (SHDF)**

FCHO have been successful in securing funding through Wave 1 of the SHDF. The total project cost is £1.6m and the match contribution is £600k, with total grant funding of £1m. 213 properties are being retrofitted by March 2023.

The aim is to reduce the average carbon footprint of our homes from the current average of 2.755 tonnes of CO<sub>2</sub> per annum using current EPC data to as close as possible to zero.

The measures being undertaken in all of the properties are cavity, party wall, loft and underfloor insulation and LED lighting. Solar panels and new doors and windows are also being provided. The majority of the properties will also have a monitoring device installed, in order to monitor the impact of the retrofit work.

All of the properties are going from an EPC E and D to at least a band C. All homes will have an average space heating (to heat the home) of less than 90 watts per square meter.

## **Customer Engagement**

FCHO will continue to develop approaches that are accessible, and customer focused. Work has taken place to improve the processes for managing customer alteration requests, land sales and inspections. In addition, work is underway to improve the management of damp and mould cases. A pro-active approach is being taken, driven by data analysis and incorporating risk profiling of homes.

FCHO will increase consultation with customers on investment programmes to make sure works are focused in line with customers' aspirations and priorities. The end to end reviews of the Responsive Repairs and Void Standards will have significant customer input building upon the existing Customer Voice Panel and Customer Void Inspector approaches.

Customer satisfaction scores will continue to be monitored alongside consultation with customers on key activities, for example the annual assessment of the Consumer Standards (Home, Tenancy, Neighbourhood & Community and Tenant Involvement).

Through customer consultation, FCHO will be able to obtain on-going insight and feedback on the FCHO standard, the Homes and Neighbourhood Standard, the Investment Programme and the Repairs and Void services.

## **FCHO Standard**

As at 31 March 2022, all FCHO homes met the Decent Homes Standard. This indicates that the remaining life of components within homes are in a reasonably good state of repair and reflects the investment that our homes have received over recent years. However, the Decent Homes Standard provides a relatively low standard.

To achieve a consistently higher standard, the FCHO standard has been developed for both new and existing homes ensuring that high quality, safe, affordable homes that meet customer expectations and needs are provided.

The aim of the FCHO Standard is to raise aspirations and to provide a higher, consistent standard that ensures that homes and wider neighbourhoods are sustainable in the long-term. Decisions on which homes to invest in must be made in the context of the long-term demand for the stock and its financial and social performance. The FCHO Standard will operate in conjunction with our long-term financial planning and the Asset Performance Evaluation model.

## **Responsive Repairs and Void Management**

During 2021/22 Property Care carried out 28,158 repairs and completed works to 730 voids. The delivery of the responsive and void repairs services will be reviewed. This will include an 'end to end' review of both services in order to streamline and simplify processes and improve efficiency and customer satisfaction.

Existing ICT systems will be reviewed and streamlined to align with the new processes and to provide customers with the ability to track the progress of their repairs, thus improving transparency and communication.

Void properties will provide the opportunity to meet business needs by balancing the turn-around times for voids efficiently with using the void period to carry out larger scale improvement works. The demand for responsive repairs and void performance will be balanced with delivery of the investment programmes in order to:

- Develop methods to identify and batch non urgent repairs into Capital Improvement / Planned programmes
- Assess the viability of assets when there are high-cost void works or responsive repairs
- Collect and use the repairs data to inform trends and underlying defects that would inform planned programmes of work

The Void Standard will be regularly reviewed by the Customer Voice Inspectors and the Customer Voice Panel in order to drive improvements in customer satisfaction.

## **Property Safety**

Compliance and Health and Safety is integral to the investment planning approach. It is recognised that while compliance work streams are often delivered as dedicated cyclical programmes (e.g. gas servicing), it is imperative that these are integrated within the over-arching Asset Management Strategy. The key areas for compliance related programmes include, but are not limited to:

- Gas Safety - including annual gas servicing
- Electrical Testing
- Fire Safety
- Asbestos Management
- Legionella / Water Hygiene
- Passenger and Stair Lifts / Hoists

In addition to statutory testing requirements, compliance work programmes incorporate Preventative Planned Maintenance (PPM) and capital replacement to ensure that plant and equipment is in optimum condition. This includes fire alarm systems, lifts and water hygiene systems.

The integration of repairs delivery, preventative planned maintenance and capital investment will be maximised in relation to compliance work streams.

## **Building and Fire Safety**

The Building Safety Act aims to ensure that building safety is a top priority for all asset owners and to address issues with a lack of accountability during the life cycle of a building. FCHO's approach to building and fire safety is continually evolving to ensure regulatory compliance. This includes updating policies and management plans, significant investment in assets (e.g. compartmentation, detection, fire doors, ventilation, etc.), and an increase in the Fire Safety Systems upgrade programme.

The installation of sprinkler systems has been completed in three tower blocks and the fire safety investment programme has seen circa £3m invested over the last 18 months with a similar investment level projected for 2022/23 and 2023/24.

## Our Resources

An updated five-year investment programme was produced in January 2022 which resulted in a total Investment Programme budget of £81m (excluding Responsive Repairs, Voids and Compliance) from April 2022 to March 2027. The table below provides detailed of the Investment programme over the next 30 year period.

	Yrs 1 - 5	Yrs 6 - 10	Yrs 11 - 15	Yrs 16 - 20	Yrs 21 - 25	Yrs 26 - 30	Total
	£'000	£'000	£'000	£'000	£'000	£'000	
Future Major Works	£55,629	£64,500	£64,397	£64,110	£57,043	£51,559	<b>£357,238</b>
Transfer Agreement (VAT Shelter)	£4,764	£0	£0	£0	£0	£0	<b>£4,674</b>
Related Assets	£3,261	£660	£377	£138	£488	£1,884	<b>£6,809</b>
Contingent Related Expenditure	£1,113	£1,290	£1,288	£1,282	£1,141	£1,031	<b>£7,145</b>
Items not contained in Stock Condition Report	£11,430	£8,500	£7,475	£7,225	£7,475	£7,225	<b>£49,330</b>
Sustainability	£4,923	£5,012	£3,003	£3,908	£3,908	£3,908	<b>£24,660</b>
<b>2022 Business Plan</b>	<b>£81,030</b>	<b>£79,761</b>	<b>£76,541</b>	<b>£76,662</b>	<b>£70,055</b>	<b>£65,607</b>	<b>£449,856</b>

Table 6: 30 yr Investment Budget

**Future major works** - is defined as the provision which should be adequate to cover the periodic investment / renewal of the building components to keep the property in a lettable condition and maintain compliance with the Decent Homes Standard throughout the term of the plan. The breakdown of the Major Works investment by component over the next five years is as follows:

Element	Yr 1 - 2022-23	Yr 2 - 2023-24	Yr 3 - 2024-25	Yr 4 - 2025-26	Yr 5 - 2026-27	TOTAL
Kitchens & Bathrooms	£2,052,304	£2,052,305	£2,052,305	£2,052,305	£2,052,305	<b>£10,261,524</b>
Boiler & Heating	£550,000	£2,613,235	£2,613,235	£1,925,490	£1,925,490	<b>£9,627,449</b>
Electrical & Rewire	£1,000,000	£2,155,216	£2,452,915	£1,869,377	£1,869,377	<b>£9,346,883</b>
Windows & Doors	£1,678,498	£1,405,572	£1,405,572	£1,269,110	£1,269,110	<b>£7,027,861</b>
Roofing	£1,824,000	£965,207	£678,943	£678,943	£678,943	<b>£4,826,037</b>
Walls	£0	£2,191,152	£1,095,576	£1,095,576	£1,095,576	<b>£5,477,881</b>
SVP External	£42,517	£42,517	£42,517	£42,517	£42,517	<b>£212,583</b>
Fencing & Gates	£277,107	£566,306	£483,937	£280,168	£280,168	<b>£1,887,685</b>
External Stores	£277,107	£231,954	£23,608	£23,608	£23,608	<b>£579,883</b>
Communal Areas	£424,266	£402,336	£1,777,193	£1,888,708	£1,888,707	<b>£6,381,211</b>
<b>Grand Total</b>	<b>£8,125,799</b>	<b>£12,625,799</b>	<b>£12,625,800</b>	<b>£11,125,801</b>	<b>£11,125,800</b>	<b>£55,628,998</b>

Table 7: Future Major Works

**Transfer Agreement (VAT Shelter)** - was set-up at the point of transfer. On eligible investments FCHO can reclaim the VAT spent on those improvements up to a ceiling level. 50% of the VAT recovered is paid back to OMBC.

**Related Assets** - those items that are not included in Future Major Works and therefore not captured through the traditional Stock Condition Survey programme.

**Contingent Related Expenditure** - is defined as repairs or investment which cannot be specifically foreseen and may arise from latent defects in construction, design, uninsured risks and where homes have not previously had investment.

**Items not contained in Stock Condition Report** – are additional costs that would not be covered by the stock condition surveys such as completion of sprinkler systems, ventilation and compartmentation, adaptations and asbestos removal.

**Sustainability** – supports delivery of the Sustainability Strategy through plans to change our energy systems, minimise costs for our customers and transition towards reaching EPC level C and net carbon zero.

## Future Planned Investment Programmes

As a principle, the worst performing properties will be prioritised (i.e. those failing Decent Homes and those falling into in disrepair) in line with component lifecycles.

Alongside the planned programme of works, analysis will be undertaken to identify how the average demand for energy across the stock can be reduced. This will result in improved SAP and carbon performance, an overall reduction in customers' energy costs, as well as providing support to move people out of fuel poverty.

The works to reduce carbon and improve thermal efficiency will be delivered via specific funded projects and, where appropriate, integrated into the delivery of the planned investment works to reduce disruption to customers.

## Asset Performance

An Asset Performance Evaluation model has been implemented which assesses the financial and social performance of the assets (e.g. a range of indicators from sources including the Indices of Multiple Deprivation (IMD), will be included to consider the extent to which properties assist FCHO to deliver its social objectives). The assessment based on 2021/22 data, highlighted that the average Net Present Value (NPV) was £25k per property. The analysis of the NPV highlighted:

- 8% of homes assessed had a negative NPV
- 13% had an NPV £0 to £15k
- 77% had an NPV £15k to £50k
- 2% of homes had an NPV £50k+.

894 properties had a negative NPV, predominantly as a result of having significant void and repairs costs over the last 3 years.

As this was the first assessment, a small number of areas with the greatest concentration of homes with a negative NPV were used to test the implementation of interventions. The approach is based upon a RAG rating as follows:

- **Green** – good performing assets where the focus will be on improving operational and financial performance linked to Neighbourhood Plans.
- **Amber** – underperforming properties based on a low NPV / stock at risk of the NPV further reducing. These assets are the focus of an Intensive Improvement Plan.
- **Red** – properties where there is a low / negative NPV and questions over long-term sustainability. These assets are the focus of an Option Appraisal.

The 'Intensive Improvement Plan' and 'Option Appraisal' models have been developed. These provide the mechanism for tackling poorer performing assets and a structure for appraising stock.

The implementation of a new enhanced performance evaluation model will enable scenario testing of homes and non-residential assets including garages, community centres and commercial units. Energy Performance and Carbon Performance indicators will also be incorporated into the assessment in order to enable the impact of investment to achieve EPC level C and Net Carbon Zero targets on the NPV of homes to be calculated.

## **Acquisition and Disposal of Assets**

An Acquisition and Disposal Strategy has been developed in order to set out the key principles by which changes to the asset base will be managed in order to ensure that they are sustainable in the long-term. The Strategy covers the acquisition and disposal of housing and non-housing assets (e.g. commercial units, garages, and community centres) on a discretionary basis.

The drivers behind the strategy are:

- To continually assess asset performance in order to identify underperforming, high cost or high value assets that are suitable for disposal
- To replace homes lost through the RTB and RTA programmes, which will potentially increase as a result of the proposed extension by the Government of the RTB scheme.
- To seek to dispose of properties ethically in a way that will not undermine the wider neighbourhood
- To consolidate our homes in popular and sustainable neighbourhoods and where appropriate in line with neighbourhood regeneration / Development aspirations
- To be able to take advantage of stock transfer opportunities with other Registered Providers
- To ensure that the asset base meets both the current and future regulatory and statutory obligations (e.g. EPC Level C and Net Carbon Zero)
- To provide an opportunity to re-balance the mix of housing to meet changing demands and housing need

## **Contractor Management and Procurement**

Like all public bodies, FCHO must procure works and services in a compliant manner and in accordance with the Modern Slavery and Equality, Diversity and Inclusion strategy aims. There are a number of alternative routes to procurement to be considered, including but not limited to partnerships arrangements, frameworks and Dynamic Purchasing Systems (DPS).

During 2021/22 partner contractors were procured to deliver the Major Works programme over the next four years. This long-term partnership will drive out best value, deliver greater efficiencies and provide the opportunity to maximise social value.

Supplier contracts will be reviewed and sustainability credentials will be built into Terms and Conditions, Service Level Agreements and contracts ensuring recycling, responsibly sourced materials, etc. are included in contracts in line with the Sustainability Strategy.

Delivery of Social Value through contracts will be a primary focus of the investment programmes with an emphasis on the economic, social and environmental added value that contractors are able to deliver.

### **How We Measure Success**

The success of the Strategy will be measured through the following Key Performance Indicators (KPIs). These will be reviewed on an annual basis as part of the Business Planning process:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Key Performance Indicator	Performance 2020-21	Performance 2021-22	Target 2022-23	Target 2023-24	Target 2024-25	Target 2025-26	Target 2026-27
% Responsive repairs customer satisfaction	86%	84.3%	88%	89%	90%	91%	92%
% Repairs completed in time	90.52%	92.4%	88%	89%	90%	90%	90%
% of properties with a current Electrical Certificate	100%	100%	100%	100%	100%	100%	100%
% of FRA's completed	100%	100%	100%	100%	100%	100%	100%
% of properties with an asbestos survey	100%	100%	100%	100%	100%	100%	100%
% of properties with Legionella risk assessments	100%	100%	100%	100%	100%	100%	100%
% of passenger lift with a current LOLER report	100%	100%	100%	100%	100%	100%	100%
% of home lifts with a current LOLER report	100%	100%	100%	100%	100%	100%	100%
% of properties with a current Gas Certificate	100%	100%	100%	100%	100%	100%	100%
% Major Works customer satisfaction	95%	97%	90%	90%	90%	90%	90%
% properties meeting the Decent Homes Standard	99.97%	100%	100%	100%	100%	100%	100%
No. of live Disrepair cases open	-	126	113	102	92	83	74
% capital v revenue spend	42% / 58%	38% / 62%	43% / 57%	54% / 46%	53% / 47%	53% / 47%	53% / 47%
(VFM) % of expenditure against programme	-	-	100%	100%	100%	100%	100%
(VFM) % of works completed against programme	-	-	100%	100%	100%	100%	100%
(VFM) % of properties with defects raised within warranty period	-	-	5%	5%	5%	5%	5%
(VFM) % of accidents and near misses reported	-	-	100%	100%	100%	100%	100%
(VFM) % of RIDDOR accidents reported	-	-	100%	100%	100%	100%	100%
(VFM) % (volume) of waste diverted from Landfill	-	-	20%	20%	20%	20%	20%
(SV) Delivery of Social Value commitment within tender commitment	-	-	100%	100%	100%	100%	100%

## Appendix A – Asset Management Strategy Action Plan

Area / Task	Activity	Timescales
Green Assets & Open Spaces	Produce a delivery plan for green space sites linked to the Sustainability Strategy	Dec-23
Improve IT Systems	Integrate and simplify the data and system architecture	Mar-23
	Implement upgraded Asset Management system	Dec-23
Quality of data and data confidence	Complete 100% of homes with a recent Stock Condition Surveys (20% by July 22 and a further 15% by July 2023)	July 23
	Commission flood risk assessment and implement required actions	Jan-23
Non-housing Assets	Carry out condition surveys to commercial units and community centres and develop viability assessment and investment plans	Dec-22
	Deliver agreed actions for garage sites (demolition, re-development, planned investment, etc.)	Mar-24
SHIFT assessment	Deliver SHIFT Action Plan and achieve 'Gold' and then 'Platinum' status	Mar-25
Energy Efficiency	Reach minimum of SAP C to 66% of stock	Mar-25
	Develop plan for achieving net zero	Mar 23
	SHDF: Deliver retrofit works to c200 homes to move them to a minimum of EPC Level C	Mar-23
	Incorporate energy efficient measures alongside the 5-year planned investment programme	Apr-23
Customer Journey / Experience	Develop processes and approaches to customer engagement across all Asset activity that are accessible, and customer focused	Oct-22
	Implement a zero tolerance, pro-active approach to addressing damp and mould cases.	Sept-22
FCHO Standard	Implement and continue to evolve the FCHO standard	Apr-23
Responsive Repairs & Void Management	Undertake an end to end review of the responsive repairs and void service and implement improvements including development of a system specification	Mar-23
	Implement upgraded ICT systems for the delivery of responsive repairs and voids	Mar-24

Asset Performance	Implement enhanced asset performance evaluation model and produce analysis based on 21/22 data	Sept 22
	Implement agreed interventions to improve performance of poorly performing assets	August 23
	Undertake an annual review of asset performance	Sept 23
	Develop and deliver the Acquisition and Disposal Strategy	Sept 22
	Develop and implement a 'Home and Neighbourhood Standard'	Sept 23
Contractor Management & Procurement	Incorporate clear sustainability credentials and social value activity into the T&C's of our contracts and SLA's with suppliers	Dec-22