



CLYDE VALLEY
GROUP

**PROPERTY ASSET
MANAGEMENT
DELIVERY PLAN
2021- 2022**

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Executive Summary

This Property Asset Management Delivery Plan 2020-2021 has been produced as an interim document reflecting the impact of Covid 19 on our investment plans through 2020-2021 and the impact the pandemic has had on our production of an updated Property Asset Management Strategy (PAMS). It is our intention to present to the Board for approval in March 2022 a new PAMS which will be underpinned by an updated Stock Condition Survey (SCS) in conjunction with a delivery plan which will cover the period 2022-2025 in line with our Investment and Growth Strategy 2020-2025

Introduction

Our Investment and Growth Strategy is built upon the following key aims:

- > Provide good quality affordable homes
- > Deliver stock investment which is sustainable
- > Maintain accurate and thorough stock information
- > Deliver efficiency savings through procurement and other means
- > Improve energy efficiency in our homes
- > Ensure effective customer involvement
- > Maintain a balanced portfolio through new build, acquisitions, disposals, and tenure diversification
- > Ensure stock meets regulatory requirements and property and associated legislation.

This interim Asset Management Delivery Plan for 2021-2022 details how we will implement and deliver the investment priorities over the next financial and set out the actions which will underpin our strategy for the period covered by this plan.

2020/2021 Review

The current financial year has seen our asset investment plans disrupted significantly. Set out below are the key areas of asset investment which have been undertaken in 2020-2021.

In terms of investment in our existing stock our component replacement programme focused on kitchen replacements, internal wall insulation and a gas boiler replacement programme. Over the year in terms of kitchens we completed 300 from a programme of 445. In terms internal wall insulation to achieve EESSH 2 for properties where external wall insulation is not feasible the programme identified 188 properties which would benefit from such investment and whilst recognising that some customers would refuse to have these works undertaken, we have to date improved 139 homes. As far replacement boilers we have managed to complete the programme in its entirety.

In terms of property maintenance, our priorities will be the delivery of our programme of upgrading our smoke detection systems in existing properties to ensure we comply with recent government requirements. While the deadline for completion has been moved from February 2021 to February 2022, we have to date completed 98.5 % of our properties and are confident that we will achieve full compliance well in advance of the new deadline.

We also completed the procurement of our repairs and maintenance contract with the contract commencing in July 2020. A key component part of the new contract is the integration of IT systems to simplify and automate processes, leading to an enhanced customer experience of our repairs service. Whilst the integration has been slower than previously planned, we have made some progress and are beginning to see benefits for both our customers and colleagues

With our new build in the period originally focussed on delivering our largest number of completions in a year, 266, as part of our contribution to the Scottish Government objective of building 50,000 new affordable properties across Scotland within the lifetime of the current parliament. The ongoing

challenges of Covid 19 have meant that we did not meet our targets however we are looking to complete 426 new homes in 2021-2022.

Table 1 – 2020/2021 review

Investment	2020 Planned	2020 Anticipated	Comment
Stock improvements kitchens	445	300	Contracts on hold due to COVID 19 restrictions. Balance to be carried into 2021 programme.
Stock improvements Internal wall insulation	188	139	49 properties refused.
Stock improvements heating	149	149	2020 programme complete.
New build properties Completed	266	119	Delays due to Covid 19

2021-2022 Programme

Investing

As a Registered Social Landlord, we have an obligation to ensure that our properties meet defined standards. As a business we are seeking to provide homes that meet and exceed our customers' expectations, thereby ensuring that we retain healthy demand for our product.

Stock Condition Survey

In 2020 we were due to commission a stock condition survey to enhance our existing database of information which is based upon our last two stock condition surveys. We will procure the services of a surveyor in the current financial year. However, we intend to expand the scope of the work beyond the standard survey putting a greater emphasis upon the cost of meeting the following

- The needs of our Large-Scale Voluntary Transfer housing beyond traditional component replacement programmes
- The maximisation of energy efficiency measures in our properties beyond the requirements of EESSH 2 with a look towards carbon neutrality for 2045.

Once completed we will produce a cost 30-year investment programme based upon updated costs for component replacement and investment requirements. Table 2 below provides, for indicative purposes only, a summarised indication of cost which we can expect not including prelims or VAT for this programme based recent tender prices:

Table 2

Heating (gas boiler renewal)	£2,700
Heating (gas to ASHP)	£8,900
Heating (electric to ASHP)	£6,960
Kitchen	£3,300
Bathroom	£3,190
Windows	£5,570

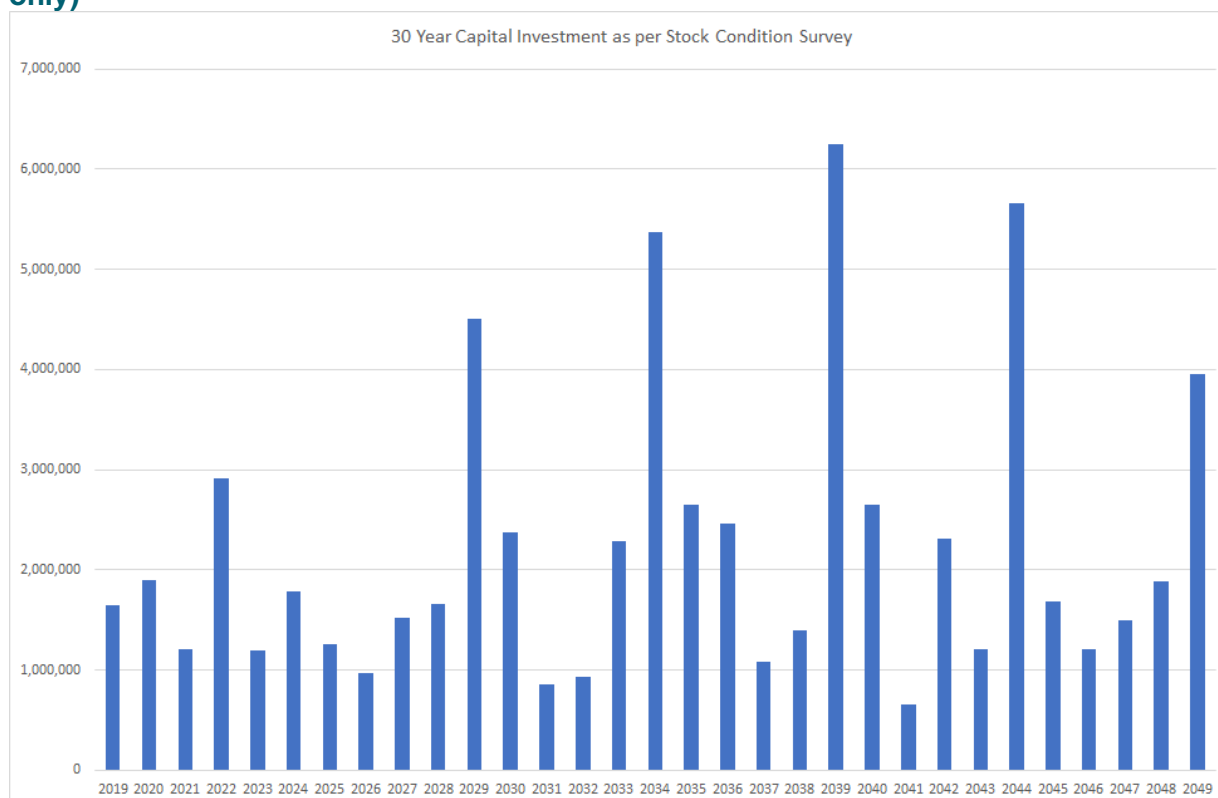
In parallel with the stock condition survey, we currently developing our asset management system and an element of this work will be to ensure that our existing component lifecycle remains fit for purpose. We currently have a component lifecycle as identified below. Any changes which are identified will be contained in the Asset Management Strategy to be produced in March 2022.

Table 3 – Component Lifecycles

Component	Lifecycle
Kitchen	20 years
Heating boiler	15 years
Bathroom	30 years
Heating system	30 years
External doors	30 years
Windows	30 years
Wiring (full)	60 years
Roof, guttering, chimney stack	80 years

On completion of the stock condition survey, we will have an investment demand which is likely to be uneven in profile. Table 4 below shows a programme of unmanaged expenditure.

Table 4 – A typical 30-year capital investment as per a Stock Condition Survey (For Illustration only)



It will be necessary to smooth future levels of capital investment to create a consistency of works and ensure the management of the programme can be adequately resourced. This will be done in five-year blocks, and forthcoming works will be assessed and prioritised on the risk impacts detailed in Table 5, in order of importance, along with the likelihood of each.

Table 5 – Effects of Failure

Risk	Description
Danger to life	Failure of the component would result in a risk to life or lives
Health & Safety	Failure of the component would create a health and safety risk
Consequential cost	Failure of the component could result in further costs or implications being incurred by the subsequent failing of other components
Loss of amenity	Failure of the component would result in it not being available

Stock Investment Programme 2021-2022

As indicated in the Executive Summary this is an interim plan shaped by the impact of Covid 19 but with the aim of providing the foundations from which a more developed Property Assets Management Delivery Plan covering 2022-2025.

We are however committed to delivering an Investment programme for the financial year 2021-2022. This programme is outlined below with a more detailed breakdown of the locations where we will be investing is attached at **Appendix 1**.

Capital Works Programme	Allocated Budget Allowance	Approximate number of units
Bathroom Renewal	£66,960	26
Canopy	£15,732	23
Common Doors	£64,102	94
Common Entry System	£17,318	39
Common Floor Finish	£4,663	7
Door Renewal	£54,847	58
Electrical Rewire	£121,017	41
External Wall Finish	£65,754	14
Fencing	£264,120	167
Flashings	£4,643	11
Gutters & Downpipes	£137,624	307
Heat Boilers	£725,526	402
Heat Carcass	£6,272	4
Kitchen Renewal	£728,572	252
Paths & Paving	£16,070	33
Roof Renewal	£35,144	9
Soffits	£44,307	83
Cyclical Decoration	£150,000	TBC
Grand Total	£2,522,672	

Sustainability

Key aims of our Investment and Growth Strategy are the delivery of sustainable investment and a commitment to reducing energy costs for customers through increasing the efficiency of our buildings. As a social landlord, we will be required to meet various targets and milestones set by the Scottish Government. Energy Efficient Scotland, the Scottish Government's energy efficiency improvement programme will run over the next 20 years and aims to remove poor energy efficiency as a driver of fuel poverty and reduce carbon emissions. Energy Efficient Scotland will ensure homes and buildings are warmer, greener, and more efficient.

The energy efficiency requirements of EESSH 2 will dictate the priorities in this area but it will be important to identify where we can exceed the standards where feasible. As part of our stock condition survey, we will commission energy efficiency surveys to identify not only the ability of our properties to achieve EESSH 2 and the associated costs, but also to identify the maximum levels of energy efficiency our properties can achieve again with associated costs. This will allow us to assess our contribution to the delivery of net zero carbon by either 2045 or 2050 timeframes which are covered by our current business plan.

As part of our new build programme, we are looking at developing a number of highly energy efficient homes including the use of passive house and other energy efficiency technologies. This will also have implications for our future investment programmes, and we need to be mindful that within our future investment programmes the costs of these technologies and their replacements are factored in.

In 2021 we will look to commission a sustainability audit which will cover the organisation. This will form part of our commitment to Environmental Social and Corporate Governance standards (ESG) and assess the impact of our investment on sustainability

Stock Appraisal

Before investing in existing stock, it is necessary to provide business justification that the investment is sound. Net Present Value assessment is a method of financially evaluating the cash flows of different projects; that is an amount of money that has been discounted to reflect its current value.

Options Appraisals

Future stock appraisals, be it for investment, remodeling, or disposal for example, will be subject to an Options Appraisal. The purpose of this is to assess a number of potential options before deciding on the preferred route.

A few options would be considered, with each critically evaluated to assess its impact on the Association and its service provision. The appraisal would consider such areas as financial impact, risk assessment, demand, and available resources to assess which option is preferred. The option of doing nothing or maintaining the status quo is usually assessed to help justify any changes which are recommended. We are developing an Options Appraisal system and a guidance paper will be issued in 2021-2022.

NPV Assessment

The Association is developing a tool to use NPV assessments as part of its Options Appraisal process, to evidence business justification for investing in existing stock in the future.

The assessment is currently based on the assumptions per property shown in Table 5, applied broadly across all properties. As we develop the NPV assessment, we aim to develop scheme specific assumptions to improve the accuracy of the NPV result, for example considering scheme specific void levels and management costs.

Table 6– Standard assumptions applied to all properties in calculating NPV.

Variable	Assumption
Void loss	
Management	
Reactive	
Planned	
Discount rate	
Prelims	
Contingencies	
VAT	
Share of debt repayment per year	

Capital investment is as per the stock condition survey, based on the estimated year of replacement and costs to do so.

The initial modelling will see rent increase's set at inflation plus 1% for years 1 to 10, then at inflation for years 11 to 30.

The average 30-year NPV value per property will then be calculated. Properties which drop below the average may be subject to an additional assessment.

Property Performance Scorecard

Given that the NPV calculation is a purely financial measure for properties and their performance We will also design for a Property Performance Scorecard (PPS), considering property characteristics, financial performance, and social elements for those properties which find themselves out with the parameters of the NPV criteria.

Table 7 shows guidelines for the design of the PPS for each property. It is designed to extract information already held in Capita into a format that presents an “at a glance” assessment of the property in question. Several characteristics are classed as having a ranking – that is the performance is ranked alongside all other stock to indicate their performance. A % above or below the average score in that category should also be shown.

Table 7 – Planned Financial and Social/Political Indicators

Category	Category type	UoM	Ranked score?	Note
UPRN	Property			
Address	Property			
Scheme	Property			
Size	Property			
Need category	Property			
Heating type	Property			
SAP score	Property	Number		
SHQS	Property	Pass/Fail		
EESSH	Property	Pass/Fail		
Build year	Property	Year		
Total reactive repairs visits	Property	Number	Yes	Last 5 years
Average repairs cost per annum	Financial	£	Yes	Last 5 years
No. of void periods	Financial	Number	Yes	Last 5 years
Average void period	Financial	Days	Yes	Last 5 years
Capital investments spend	Financial	£	Yes	Last 5 years
Capital investment required	Financial	£	Yes	Next 5 years
Rent + service charge per annum	Financial	£	Yes	Current
Net Present Value	Financial	£	Yes	
Current Management cost per annum	Financial	£	Yes	Previous year
Current Void loss	Financial	%	Yes	Last 5 years
Rent collected	Financial	%	Yes	Last 5 years
Loan payback	Financial	Years	Yes	Number of years until loan secured against property is fulfilled
Demand score	Social	Number	Yes	Based on number of bids for similar property/location
Anti-social behaviour cases	Social	Number	Yes	Against current tenancy

Maintaining

We provide a reactive and cyclical maintenance service which aims to meet our customers' expectations and our legal obligations in a manner which is efficient and responsive to changing demands whilst achieving value for money.

Reactive Repairs Service

Outlined below in Table 8 is our, we budgeted for expenditure on non-gas reactive repairs for 2020-2021. We are currently forecasting expenditure which is in line with budget. During the year we completed circa 3700 emergency and circa 3600 non-emergency repairs.

The reactive maintenance contract was awarded in 2020 and came into operation in July of that year. Whilst there have been challenges in getting the contract fully operational through the pandemic, we are moving forward with the integration of our respective I.T. systems in order to streamline processes to be implemented once the contact centre is fully functional

Table 8

2020-2021	Reactive Budget	Forecast Spend	Voids Budget	Forecast Spend
	£1.495k	£1.485k	£744k	£740k
2021-2022				
	£1.520k		£750k	

Cyclical Maintenance

Our Gas Service and Maintenance contract runs until to November 2022. This provides us the opportunity as with the main reactive maintenance contract to simplify administration as we move to the contact centre. Given the impact of the pandemic we have missed the anniversary for gas services for 96 properties, although there are currently none outstanding, this is against a revised target of 110 missed services.

Following the fire at Grenfell Tower, a Ministerial Working Group on Building and Fire Safety was established to review Scotland's building and fire safety regulatory frameworks. As part of this work, the Group agreed that consultation on fire and smoke alarm standards should be prioritised. The result of this consultation was that the existing high standard required in private rented housing will be extended to all homes.

This requires:

- at least one smoke alarm installed in the room most frequently used for general daytime living purposes
- at least one smoke alarm in every circulation space on each storey, such as hallways and landings
- at least one heat alarm installed in every kitchen
- all alarms should be ceiling mounted
- all alarms should be interlinked.

In response to the new fire safety requirements, we have identified properties where we did not meet the new standard and are implementing a programme of smoke detection upgrades. These upgrades were programmed to conclude in line with the Scottish Government's deadline of February 2021 and to date we have completed 98.5% of the properties which did not comply expending £220k in 2020-2021. The Scottish Government deadline has now been extended to February 2022 and we are confident that we will complete the upgrade well in advance of that date.

New Build

The future provision of a supply of new build housing is vital to meet growing housing needs. Our development strategy identifies the capital programme for new provision and sets out our approach to longer term planning through working with partners to identify and develop sites. In 2020 we had anticipated completing 266 new build properties and expending £ 44.900m with £ 24.020m of HAG and £ 20.880m of private finance. We did in fact complete 119 new homes expending £ 31.054m in the process.

We have recently concluded a review of our development activity through the work of a short life working group. The key areas of output from the working group are highlighted below.

- The scale of the programme over the next five years.
- The nature of the delivery mechanisms:
- The standards which would be applicable to our new properties.
- The size of development projects.
- The areas in which we will and will not develop.
- The costs we will sanction for the delivery of new projects.

Over the coming year the outputs, subject to Board approval, will be incorporated into our development standards with the intention of implementing the new standards on site starts which commence the financial year 2022-2023.

Expected Completions

In 2021 subject to no further lockdowns of construction activity the projects detailed in Appendix 2 are programmed for completion.

Table 9 Anticipated Site Starts 2021-22

Project	No of Units
Kirkintilloch Phase 3	16
Church St, Blantyre	20
Ellis Street, Coatbridge	36
The Vogue, Hamilton	18
Reema Road, Bellshill	48
Philip Murray Road, Bellshill	51
Glenmavis	20
Main Street, Cleland	24
Lanark Grammar	42
Royal Oak, Lanark	15
TOTAL	290

Procurement

We will procure all works and services associated with the delivery of the Asset Management Delivery Plan to meet legislative, regulatory, and good practice principles. Although the UK has now left the European Union much of the procurement processes remain in place

The requirement to publish notices on Public Contracts Scotland (PCS), which comes from the Procurement Reform (Scotland) Act 2014, remains. Whilst public bodies will no longer be required to publish notices in the Official Journal of the European Union (OJEU), these notices will need to be published on a new UK e-notification system called Find a Tender Service (FTS) instead.

On occasion, we may select to call down from the SPA or other such frameworks to procure goods and services. A judgement will be made on a case-by-case basis to review the most appropriate mechanism for procuring good and services.

We have responded appropriately to changing procurement legislation, including the Procurement Reform (Scotland) Act 2014, and have produced a procurement strategy and will ensure compliance with relevant legislation and guidance. We have recently concluded a procurement review to measure our performance against the Procurement and Commercial Improvement Programme (PCIP) as developed by Scotland Excel, Scottish Governments procurement arm. The recommendations of this review will be incorporated into a revised procurement manual and procurement strategy from March 2022

The procurement strategy which will be presented to Board at the March 2021 meeting will provide details of the contracts, works and services expected to be procured during the period 2021-2022 and this will include projects identified in this Asset Management Delivery Plan.

Conclusion

This document is an interim plan which sets out the key projects to be undertaken and delivered during 2021/2022 which are designed to deliver the Growth and Investment Strategy. It is important that this document is updated on an annual basis to reflect changes to customer demands, and legislative and regulatory requirements.

Progress on the projects will be closely monitored to evidence improvements and to justify business and investment decision

Appendix 1 Capital Investment for existing stock

2021 Proposed Component Replacement by Area																		
AREA	Bathrooms	Bin Stores	Canopy	Common Doors	Common Entry System	Common Floor Coverings	Door Renewals	Electrical Rewire	External Wall Finish	Fencing	Flashings	Gutters & Downpipes	Heat Boilers	Heat Carcass	Kitchen	Paths & Pavings	Roof Renewals	Soffits
Airdrie	3		1					3		11		52	1			1	2	1
Barggeddie										1								
Bellshill								1		1		2					2	
Birkenshaw	1									3			3	1				
Bishopbriggs				1		1				1			1					
Blantyre	1			5			1	3	1	6	6	6			9			
Burnbank										7			9					
Cambuslang													6					
Carfin										1								
Carbrain										1		1						
Carwath										1		1						
Carluke								1		1		1	2					
Chapelhall												1						
Cleland										1		3						
Chryston													6					
Coatbridge	1				18		4			12			3					
Cumbernauld								1		2		7						
Douglas										14						5		33
East Kilbride		1		2		1				1		19					1	
Glasgow								1	1			1						
Hamilton	13		22	55	21	1	3	29	12	37	2	112	164	2	74	2	4	30
Harthill												34	54					
Holytown	5									3	3	48	4					11
Kildrum				1														
Kilsyth						1		2				4						
Kirkintilloch												1						
Laighstonehall										4			13		14			
Lanark										1		3						
Larkhall										7		5	1		128			
Lesmahagow										8			104		17			
Motherwell				30			50			20		4	13	1		22		2
New Stevenson										7			2					4
Newarthill										2			1		9			2
Rutherglen	1																	
Shotts										1		1						
Stepps																1		
Uddingston	1											1						
Viewpark										13			5					
Total	26	1	23	94	39	4	58	41	14	167	11	307	392	4	251	33	9	83

Appendix 2 New Supply Completions 2021-22

SCHEME/CONTRACT	April	May	June	July	August	September	October	November	December	January	February	March	TOTAL
NLC													
Hamilton Road, Bellshill;	24												24
449 Main St								18					18
Ladywell Road			46										46
Broomknoll Church								30					30
Overtown						17							17
Newarthill Road Ph 1 & 2						77							77
Kirkwood Street								16					16
Old Edinburgh Road					44								44
Uppermill Street								14					14
Holytown Road						36			4				40
Newarthill Road Ph 3									13			30	43
Leslie Street, Motherwell						13							13
SLC													
Gallowhill, Lanark				32									32
Bothwellbank Farm						25							25
Hoover Site					17								17
Campbell Street								25					25
Low Waters Road	12												12
Total	36		46	32	61	168	-	103	17	-	-	30	493