

Progress Housing Group		Property Services			
Title:	Asset Management Strategy				
Ref No:	GRSTRPS16	Reviewed:	04/03/2024	Version:	6



STRATEGY DOCUMENT

Service Area: Property Services

Document Ref No: GRSTRPS16

Subject Title: Asset Management Strategy

Version: 6

Date of Issue: 01/11/2021

Last Review Date: 04/03/2024

Next Review Date: 01/03/2027

Author: Head of Strategic Asset Management

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Introduction

Progress Housing Group's vision is to ensure everyone has a place to call home and the opportunity to live their best life. This strategy forms a key aspect of our commitment to this, outlining our plan to invest in our existing homes and neighbourhoods, to offer homes and places of a high standard to meet tenant expectations.

The Asset Management Strategy provides a framework for the Group to maintain, invest in and manage stock proactively, in line with our tenant's expectations, the Group's values and strategic aims and delivering our business plan objectives. It ensures we meet regulatory and legislative requirements, achieve value for money and strive for best practice. It is closely linked to our Environmental Sustainability and Development Strategies, ensuring we can continue to grow and achieve our vision.

Scope

The principles apply to all residential stock that is wholly owned and/or maintained within our Progress Homes and RWP business streams, both existing and future.

The strategy does not apply:

- To business streams that are not involved with maintaining group property assets (Progress Lifeline, Key Unlocking Futures and Concert Living)
- To our offices
- Where decisions are made on a different Business Plan model, i.e. Progress Living and LiLAC

The group provides services to over 10,000 customers within more than 7,000 properties that fall within the scope of this strategy. These properties range from single occupancy flats, traditional family homes, to purpose built or adapted shared accommodation for supported living residents.

The general needs and independent living assets are predominantly in Lancashire, with supported living units located across the country from Dumfries and Galloway in Scotland to Devon and the Isle of Wight. A breakdown of the stock by area can be found in Appendix 1.

Aims of the strategy

The group carefully manages the relationship between business streams and support service teams and remain focused on delivering and developing good quality social housing for people who most need it and cannot compete in the open market. This remains our central goal, and we will continue prioritising investment in our existing homes, including tackling damp and mould and developing new homes to meet ongoing demand. We will continue to do this

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work and campaign for housing funding whilst there remains a need for more good quality housing in the UK. Underpinning all of our priorities is our continued management of all health and safety requirements.

This strategy is designed to help deliver the key strategic aims for the Group as follows:

- Providing more and better homes
 - invest in our existing homes and neighbourhoods, to offer homes and places of a high standard to meet customer expectations.
 - continue to deliver our health and safety and property compliance programmes
 - deliver an effective and efficient repairs service to all tenants, in line with their expectations
 - to support the Development and Environmental Sustainability Strategies in delivering their aims
- Supporting individuals and communities to achieve independence.
 - gain high-quality customer and business insight to inform decisions for current and future customers.
 - be innovative in achieving better services for customers; invest in technology, maximise efficiency and effectiveness while investing in our infrastructure and colleagues.
- Creating opportunities
 - deliver our asset management approach to remodel, divest, or improve our lower performing stock to ensure our homes continue to be in demand and fit for purpose.
 - develop and use Asset Data to improve services and drive efficiencies/value for money/business decisions.
 - remain prepared to adapt to changes in legislation and regulation and other external factors.

Where are we now?

Investment Plan

Information on the condition of the Group's stock is collected and stored in a specialist database (CX Assets). The database is updated with works delivered through the planned maintenance programme and through regular surveys completed by in-house stock condition surveyors. We currently aim to survey 20% of homes per year, refreshing all surveys every 5 years. The quality of this data is externally validated every 5 years, with the most recent validation being completed for March 2024.

The planned maintenance programme is informed by the stock condition information and feeds into our 30-year long term financial plan (LTFP) using standard unit rates and lifecycles, which are benchmarked with peers and shown in Appendix 2. The Unit rates are based on actual out turn costs and are

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reviewed annually. Whilst we have consulted on different lifecycles for the different business streams, we will continue to replace components based on condition rather than solely age. The lifecycles will be used primarily to inform the LTFP. We do not propose to change lifecycles unless specific future legislation requires the Group to do so.

Along with the key components, our LTFP includes provision for all forecast reactive maintenance, compliance, energy efficiency and cyclical decoration costs. This Asset Management activity accounts for around £35m of spend per year currently, and a total of £1.03billion over the 30 year period of the plan.

The annual planned investment programme is based on the stock condition information held in the Group's database, with other factors overlaid, including:

- Condition of the components (ascertained through annual validation surveys of older components)
- Potential energy efficiency improvements
- Budgetary constraints
- Social and economic sustainability of properties
- Tenant priorities
- Stakeholder priorities
- Supporting in-house maintenance team to deliver smooth and geographically based programmes (i.e. not dispersed)
- Work packaging for external contractors to deliver smooth and geographically based programmes (i.e. not dispersed)

Taking a balanced approach to programme planning allows the Group to focus on the areas where we can make most impact, driving value for money whilst ensuring compliance with standards and improvements to our overall stock performance.

Asset Performance

The Group uses the Savills Housing Asset Performance Evaluation (SHAPE) tool to assess asset performance against both financial (using a Net Present Value calculation) and social objectives of neighbourhood sustainability, linked to the Group's social housing objectives. The model is updated annually to take account of stock movement, new stock condition information and updated financial and social measures. Properties are scored on both elements and those that show poor financial performance, and a low social score will be referred for a more detailed review of the data.

Properties identified as poorly performing because of this review, or due to high operational or void costs, are subject to a detailed Options Appraisal.

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The appraisal considers financial, legal and social factors, it is reviewed by key stakeholders from across the Group, with a recommendation made to the Strategic Asset Management Group (SAMG) and the Financial Appraisal Team (FAT) for approval. The potential outcomes of an Options Appraisal include:

- Take no action.
- Convert to/from Supported Living / General Needs
- Invest to retain.
- Invest to improve.
- Disposal

Our Asset Management Strategy looks to improve on the average NPV by investing in long term sustainable properties and divesting of properties before they become liabilities.

Repairs and Investment Delivery

Reactive repairs is the most requested service from tenants and a key driver for customer satisfaction, Progress delivers an average of 3500 reactive repairs per month and planned maintenance to over 1500 properties each year. It is our aim to continue to deliver excellent services.

Repairs and maintenance is delivered by two different strategies, depending on geography. Properties within the core Northwest area are serviced by our directly employed in-house maintenance team, those outside of this area are serviced by external contractors. Historically, the standards of service between the two areas has been inconsistent, driven in large part by the poor performance of the national (outside of Northwest) contract. Future changes within the Property Services team structure will ensure repairs and maintenance for all Group properties is managed within one internal team, embedding a standardised approach and commitment to service delivery.

We have a contractual arrangement with a key supplier to provide materials to our in-house team, this is undergoing a current reprocurement process and will be appointed on a 4 year contract (with an option to extend by a further 4 years). Progress is committed to supporting local employment and developing our colleagues so we are expanding the workstreams they deliver and will continue to consider the geographic coverage of our in-house team, where the property numbers and distance mean it represents value for money to do so.

We are currently reviewing our contractual arrangements for delivery outside of the Northwest. We will use our previous experience with regional and national contractors and up to date market intelligence to inform our final procurement route and contract terms. It is likely that we will take a regional approach for a general repairs contractor, although we will also consider national contractors for

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particular trades. Whichever future approach is adopted, quality and consistency of service which meets tenants' expectations will be a central theme of the decision making process.

Maintaining an effective repairs service is critical to our tenants and our approach will seek to ensure effective business continuity plans are in place to react to changes in the economic environment. Repairs and maintenance is also one of the highest areas of spend for the Group, we will continue to explore different pricing models to drive value for money, considering traditional SOR models, cost plus and average order values as appropriate to the geography and market.

We have a Healthy Homes Team (HHT) of Technical Officers (inspectors) who are trained in the Housing Health and Safety Rating System (HHSRS) and repairs diagnosis, including damp and mould. This team was formed in 2023 and their role is to inspect properties on a more regular basis to identify and rectify any risks associated with property condition.

Legislative requirements

The group remains compliant with all legislation and actively prepares and engages in consultation for changes to regulation and legislation, including changes to Decent Homes Standard (DHS), HHSRS, Energy Performance Certificate (EPC) assessment and Awaab's Law which are under consultation at the time of writing.

Our compliance activity ensures we meet our statutory and regulatory obligations and maintain compliance in the key areas of property compliance including:

- Gas safety
- Fire safety
- Asbestos safety
- Water hygiene
- Electrical safety
- Mechanical lifting
- CO detectors

Our programme of surveys and investment ensures that we maintain our compliance with the DHS (or other relevant standards where properties are outside of England). Properties identified as becoming non-decent within the financial year are prioritised for survey and, where works are required to maintain the standard, these are programmed for completion within the year the properties would fail.

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HHSRS information is recorded during stock condition and healthy homes property inspections, a record of risks is made, and any remedial works required are recorded and tracked to completion to ensure the risk is reduced or removed. When a property has a risk classified as severe, these properties are recorded and reported as DHS fails.

We maintain a register of EPCs completed on our properties. This register allows us to report on average SAP (a measure of energy efficiency), comply with legislation requiring an EPC before marketing a property for rent and allows us to identify and improve underperforming properties. Currently 79% of our properties have an EPC, with an average SAP rating of 72.36, compared to the national average for social housing in England and Wales at 72.

Best practice currently stipulates an approach of undertaking stock condition surveys every 5 years. Within the Consumer Standards (Home Standard), the approach will now move towards a risk-based approach, and whilst there remains a commitment to undertaking inspections every 5 years, properties will be grouped into a RAG rated model with some being inspected more frequently based on risk profile. The risk rating will consider the occupancy details and property types across all our business streams.

Development Strategy themes

Acknowledging the Group's priorities within the Development Strategy, a key consideration will focus on being able to deliver a high quality and cost-effective repairs and maintenance service in the future. Recent activity has highlighted the challenges of delivering such a service in more remote areas, and particularly those where the Group has a more dispersed existing stock profile. A focus on areas with a critical mass of homes, stretching from the Northwest across to Yorkshire, the Midlands and Lincolnshire will be the priority. Whilst opportunities in other areas will be considered, these will need to be made on a case by case basis and give due consideration of the ability to deliver an effective repairs and maintenance service.

Environmental Sustainability

Well-insulated and energy efficient homes can lead to multiple benefits including lower fuel bills, reduced fuel poverty, improved comfort, improved health and wellbeing and reduced repair and maintenance costs. This also ultimately contributes to delivery of a reduction in carbon emissions thus helping to mitigate the more extreme effects of climate change.

Planned works will play a significant part in meeting our wider corporate responsibilities towards the wider environmental agenda and carbon reduction. When considering programmes of work, we look to maximise the opportunities to

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improve energy efficiency through the installation of more efficient and economical components such as improved insulation, heating systems, doors/windows and renewable technologies. We also look to maximise opportunities to utilise external funding towards the cost of these works to provide greater value and benefit the tenants at the earliest opportunity.

The government has set a target to reach net zero by 2050 with interim targets to achieve a minimum Energy Performance Certificate (EPC) Rating of Band C by 2030 in England. Regulations in other parts of the United Kingdom differ, the relevant legislation will be applied where Progress is responsible for properties in these areas. Where it is reasonably practical, Progress Housing Group will work towards meeting these ambitious targets.

This represents a major commitment from the Group to investing in its stock to match the energy efficiency targets set by government and to improve affordable warmth for residents.

Full details of the Group's approach to energy efficiency and carbon reduction can be found in the Environmental and Sustainability Strategy.

What do we need to do to achieve our aims?

This is a 5 year strategy, during which time the group will be subject to changes in operating environment, regulation and legislation that are beyond our control. Some of the strategic actions to be delivered through the life of this strategy in order to achieve our aims are outlined below:

Investment Plan

- Deliver an investment programme that meets the needs of tenants and the business informed by high quality data
- Review the delivery of HHT and stock condition surveys to maximise opportunities to collect data and minimise risk

Asset Performance

- Review and refresh our NPV modelling to respond to the needs of the business
- Develop a Void Appraisal Model

Repairs and Investment Delivery

- Reprocure the National contract, ensuring improved service and value for money whilst managing the impact on the LTFP
- Pilot an expansion of the in-area repairs service to include evening and weekend appointments

Legislative requirements

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- Prioritise our investment programmes to ensure compliance with legislation including Decent Homes, reduce ongoing maintenance costs, reduce carbon emissions and improve the desirability of our stock
- Develop our HHT of inspectors to prepare for expected Awaab's law implementation

Development Strategy themes

- Work with Development colleagues to review new opportunities, identifying risks and mitigations for future repair liabilities
- Regularly review the operating geography in line with future procurement of National repairs service and future disposal decisions.

Environmental Sustainability

- Plan for introduction and replacement of new technologies within the delivery programmes and long term financial plans
- Routinely engage with best practice groups to ensure our strategy and plans are in line with the house sector developments

Related Strategies

The following are some of the key strategies and policies that are related to and / or influence this strategy:

Environmental sustainability strategy

Social value strategy

Development strategy

Procurement strategy

Value for money strategy

Place management strategy

Health and safety policy

Repairs and maintenance policy

Monitoring

The Strategic Asset Management (SAM) group take the lead role on developing and monitoring progress with this strategy, the annual outputs from SHAPE are reviewed and reported within this group and they review and approve all Option Appraisals.

This group ensures that the Asset Management Strategy and associated operational plans and actions are developed and delivered with a 'one team' approach, considering what is best for the business at both strategic and operational levels in the short, medium and long term.

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Appendix 1 – Stock Summary

Table of properties within the scope of this strategy as at February 2024.

Region	County	RWP	Progress Homes (Gen)	Progress Homes (IL)	Progress Homes (Sup)	Total
North West		355	5527	1332	73	7287
	Lancashire	240	5452	1332	73	7097
	Cumbria	3	75			78
	Merseyside	50				50
	Greater Manchester	50				50
	Cheshire	12				12
East Midlands		208				208
	Nottinghamshire	129				129
	Lincolnshire	41				41
	Leicestershire	21				21
	Derbyshire	16				16
	Rutland	1				1
Yorkshire and The Humber		145	49			194
	North Yorkshire	18	49			67
	South Yorkshire	51				51
	West Yorkshire	43				43
	Lincolnshire	33				33
East of England		64				64
	Norfolk	39				39
	Essex	14				14
	Suffolk	6				6
	Cambridgeshire	4				4
	Hertfordshire	1				1
South East		43				43
	Hampshire	21				21
	Isle of Wight	12				12
	Buckinghamshire	6				6
	Oxfordshire	2				2
	Kent	2				2
North East		41				41
	County Durham	32				32
	Tyne and Wear	8				8
	North Yorkshire	1				1
Scotland		35				35
		35				35
London		32				32
	Greater London	32				32
South West		26				26
	Devon	25				25
	Dorset	1				1
West Midlands		7				7
	West Midlands	4				4
	Shropshire	2				2
	Worcestershire	1				1
Grand Total		956	5576	1332	73	7937

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Appendix 2 – Component lifecycles and unit rates

Component	GN		IL		RWP	
	Lifecycle	Unit Rate	Lifecycle	Unit Rate	Lifecycle	Unit Rate
Kitchens	20	4260	20	4279	20	6815
Bathrooms	30	3800	30	4000	30	4764
Boilers	15	3013	15	3013	15	2628
Windows	30	3870	30	3156	30	3638
Doors	30	1120	30	1064	30	1120
Roofs	80	9850	80	9856	80	9862