



**Asset Management Plan
April 2022 – March 2025
Updated September 2022**

**Approved by Committee 15 September 2022
Updated August 2018, July 2019 & September 2022**

1. Introduction

The purpose of the Asset Management Plan is to describe how we will manage our assets over the next three years to deliver good services for our tenants and to ensure that we achieve value for money. This plan was fully reviewed in 2017, updated in 2018 and in 2019, and has now been fully reviewed. The next planned full revision is due to be carried out in 2025, but this may be brought forward given the challenging economic climate.

This report is based on the Strategic Asset Management Recommended Practice published in 2012 by the Scottish Housing Regulator. This guidance has been due for review for several years by the Regulator. In recent years ago SHR instructed Arneil Johnston to carry out a review. In early 2020, Registered Social Landlords were asked to comment on Arneil Johnston's initial report which identified some proposed changes. However, Covid-19 brought about a delay, and there has little progress since. The new guidance is due to be released in the coming months. Given the time since the last review it is prudent to proceed with the current review. Once the guidance is issued we will incorporate this into the next review of the plan.

We take a strategic approach to asset management by focusing on the most important issues, so that we make best use of our resources over the long term. In doing so we take account of the views of our tenants, to ensure that we deliver the actions that are most important to them.

The current operating environment is being impacted by several factors, including high inflation/cost of living increases, as well as the impacts from Brexit, the Covid-19 recovery and Ukrainian war. It is a time of great uncertainty and these factors are impacting market stability in terms of increasing cost of materials and availability of labour, which could impact Cernach's overall operating costs. Given that inflation levels are currently at 10%, with indications showing further increases are imminent, it would be prudent to consider this background. When we carry our 2023/24 rent consultation with tenants that we take all the factors into account.

Whilst we strive to keep our rents affordable for our current and prospective tenants, we must balance this alongside being able to deliver services to our residents. As part of this process, we will carry out sensitivity testing to see the impact of high inflationary costs on the business. We may need to broaden this year's rent consultation to include potential reductions in expenditure, such as delaying some planned works, especially if rental increases required to achieve planned spend are considered too restrictive or, indeed, if a rent cap is imposed by the Scottish Government which limits our ability to set our rents, as has been mentioned in recent times.

The way in which we manage our assets will be supported through nine strategic objectives which are based on three key themes:

- Improving lives
- Investing in assets
- Engaging the community

The Association's Mission Statement sums up our purpose which is:

Supporting a vibrant community by offering affordable, good quality homes and services with people at the heart of everything we do.

We take a whole organisation approach to asset management. In formulating this plan, we have involved staff and the Management Committee. We have also ensured that the plan is consistent with the Association other key strategic documents, including:

- Strategic plan
- Resourcing plan
- Operational plans
- Key Performance Indicators
- Risk Management Matrix
- Value for Money Scorecard

The Asset Management Plan 2014-2017 was updated in November 2015. We built on that work in the 2017-2020 Asset Management Plan. We then rolled the 2018-2021 plan forward for one year. In the 2017-2020 plan we streamlined the text to sharpen our focus on what matters most in asset management. Rather than repeat information that is available in other corporate documents, we decided to cross-reference to other documents where information is already available. The last update was carried out in July 2019 and our 2022 update reflects our current position.

2. Context

The Association

Cernach is a community-based housing association operating in the Drumchapel area of Glasgow. Since the Association's inception in 1991, we have undertaken four stock transfers from Glasgow City Council and Glasgow Housing Association and completed fifteen phases of improvement and new build. This has enabled us to provide 877 homes for social rent, 17 for shared ownership and to deliver a factoring service for 140 owners. Our housing stock is varied and includes new build homes built between 1994 and 2020 and refurbished post war housing stock purchased from Glasgow Housing Association. The stock includes a mix of tenement flats and cottage flats, together with terraced and semi-detached houses.

Our recent new builds in 2019 and 2020 provided an additional 84 units to include a number of wheelchair adapted properties as well as larger family homes to meet the needs of our community. We currently have 877 properties within our stock and do not anticipate building any new build housing or acquiring additional stock in the short to medium term.

In 2019 the Association started work to expand the office into the adjacent ground floor accommodation at 242 Kinfauns Drive and partially refurbish the existing office premises. This work accommodated the growing staff team given the recent increases to housing stock. The timing of the work coincided with the Covid-19 pandemic which, in hindsight, meant not only could we provide additional workstations and office interview facilities, but this allowed a return to the office much quicker during Covid isolation periods, as could provide a safe and healthy working environment for both staff and residents at the office. These works were completed in 2020.

Drumchapel

Drumchapel is located in the north west of Glasgow, neighbouring Clydebank and Bearsden. It was originally developed by the former Glasgow Corporation in the 1950s as one of a number of peripheral housing estates intended to accommodate households displaced by the clearance of inner-city slums. At its height, some 34,000 people lived on the estate. Drumchapel went into a steep decline in the 1970s when a combination of industrial change and poor quality housing resulted in a concentration of unemployment and social problems in the area.

Since then, large areas of poor quality and low demand housing have been demolished. In the social rented sector, the four local housing associations, (Cernach, Drumchapel Co-op, Kingsridge Cleddans, Pineview) and GHA have

refurbished or redeveloped the remaining social rented housing. These associations work cooperatively together as the Drumcog housing group. There has also been some development of housing for ownership on the periphery of the estate by private developers. However, a large programme of private development failed in the 2008 financial crisis, leaving significant areas of undeveloped land across the estate.

According to the latest estimates, Drumchapel now has a population of just under 13,000 people and around 5,700 households. Some 17% of Drumchapel's households live in a Cernach owned or factored house. Three quarters of households in Drumchapel live in social housing compared to around one third in the city as a whole. In addition, some specialist housing associations, such as Hanover Housing Association, own stock in the area.

The Demand for Social Housing in Drumchapel

Drumcog Housing List Demand

In August 2016 the housing lists of the five community-controlled landlords were compared with the total social rented housing stock. The stock data includes GHA's houses, but there is no corresponding demand data for GHA because they operate a choice-based lettings system. The housing list data was "cleaned" to remove applicants who had made more than one application to different landlords. A summary of the outcome is shown below:

Property Type	Number of Units	Housing List Demand	% Comparison to Stock
1 Apt	143	31	22%
2 Apt	532	377	71%
3 Apt	2240	503	22%
4 Apt	934	225	24%
5+Apt	276	70	25%
Total	4125	1206	29%

This analysis suggested there was a significant unmet demand for social rented housing in the area. The shortfall is significantly lower for 2-apartment houses than other house types.

We currently have 877 units for social housing and 604 applicants on the housing list. The table overleaf details this information along with stock turnover during 2021/22.

Property Type	Number of Units	Housing List Demand	% Comparison to Stock	Actual lets 2021/22
1 Apt *	56	167	298%	6
2 Apt *	67	167	249%	7
3 Apt	456	205	45%	33
4 Apt	206	171	83%	6
5+Apt	92	61	66%	1
Total	877	604	69%	53

*1 apt and 2 apt housing lists applicants are the same list with the distinction between a studio apartment and a one-bedroom flat. They should not be counted twice in the total number on the housing list.

As indicated above, the demand for 1apt and 2apt properties strongly exceeds the supply of homes. This is against the background of only 6% of our stock being re-let during 2021/22.

The Association has actively been pursuing joint initiatives with key partners to improve housing allocations to tenants:

Drumcog Common Allocations Policy

In Spring 2017 we launched our Common Drumcog Allocations policy in conjunction with three of the other local housing associations in Drumchapel. This allowed any applicant seeking to be rehoused in Drumchapel to have their application pointed on the same basis. GHA and Drumchapel Co-operative operate a choice-based letting system, so are not involved in this policy. In April 2020, Cernach Housing Association along with Kingsridge Cleddans and Pineview Housing Associations reviewed the policy in line with legislative changes and good practice guidance.

Drumcog Common Application Form

Cernach Housing Association, Pineview Housing Association and Kingsridge Cleddan Housing Association already have a Common Allocations policy. Over the last 18 months we have been developing a Common Application Form. This means any applicants seeking housing in any of the three landlords' areas can complete a single form which is electronically sent to each of the relevant landlords they would like to be rehoused with. This online common application form is due to be launched in Autumn 2022.

GCC Drumchapel Neighbourhood Population Profile

GCC has analysed the 2011 census and the 2014 population estimates to draw conclusions about the area, including housing policy. The profile includes the following comments:

- Requirement for increased housing supply to boost population base and support school rolls.
- Housing providers should consider supplying new properties with sufficient bedspaces to meet the needs of larger families.
- There is an urgent need for newly formed households in the area.
- The higher proportion of larger families compared to city averages suggests continuing demand for larger dwellings.
- Local providers need to address any mismatch between supply and demand.
- Providers should consider tenure diversification in newbuild schemes with the aim of increasing the population.
- New development should be at lower density to improve variety and flexibility of house type.
- Less than half of all social rented provision appears to meet actual household requirements. Providers could organise surveys to test for mismatch, review letting arrangements and consider new provision.
- Local providers should work with health and social care providers to make homes more accessible in terms of mobility.
- Providers should consider marketing properties for a wider diversity of ethnic groups.

This research suggested that new social housing supply was required for larger households and households with mobility problems. The problem of older households under-occupying is a well-known phenomenon in social housing. The provision of housing that meets mobility needs or attractive new housing provision of an appropriate size might tempt older households to move house. There is a significant demand for tenure diversification.

These factors influenced the design of the joint development by Cernach and GHA at Linkwood Drive and Cernach's Invercanny Drive new build. Both developments include a high proportion of larger house types and houses. Cernach have also included wheelchair houses in these projects.

Given the continuing dominance of social rent in the area, it is GCC's policy to diversify tenure by encouraging new housing development for owner occupation. It is anticipated that in the coming years they will make new attempts to attract private developers to develop on vacant land in the area. In response to GCC's Strategic Housing Investment Plan consultation, the Drumcog Housing Associations indicated

that they would support private housing investment to help complete the regeneration of the area.

The most recent census was carried out in 2022. We don't have the results of the census to update in this plan but it will be included at the next AMP review.

Cernach Housing Association Performance in Allocation and Rent Collection

There are no difficult to let houses in Cernach's stock and consequently there are no proposals in this Asset Management Plan to target investment on areas, house types or properties to address allocation difficulties.

Cernach's overall performance in these areas has been consistently above average. In 2020/21 we were impacted by Covid-19 as we seen an increase in void loss and the average days to re-let. Our 2021/22 results show a recovery in these areas.

Performance in 2021/22:

- Collection of current and past rents was equal to 100.54% of total rent due in the year.
- We did not collect 0.61% of rent because homes were empty.
- It took us an average of 41.57 days to re-let homes.

Details of Cernach HA's performance in letting houses and collecting rents can be found on the Scottish Housing Regulator's website.

Helping Our Tenants Maximise their Income and develop their Community

Drumchapel is a neighbourhood with a lower-than-average proportion of economically active households and a higher proportion of households with a long-term sickness or disability or in low income employment. Consequently, many households are dependent on benefits for their housing and other living costs. Despite the efforts of the Scottish Government to mitigate the impact of the Bedroom Tax, many households continue to experience reduced incomes through the impact of welfare reform, whilst local authority cuts have had an adverse effect on local services. The rollout of Universal Credit (UC) in Drumchapel in December 2018 exacerbated many of these problems for our tenants.

To assist tenants and other residents maximise their income we bought in services from Citizen's Advice Bureau, in conjunction with Drumcog landlords for a one day a week Welfare Advice services. Also Cernach HA funded a one day a week debt advice service through a Development Trust Scotland grant. Following the introduction of UC, we decided to terminate these two services, opted to recruit our

own full time fixed term Welfare Rights and Tenancy Sustainment Officer. The postholder joined us in November 2019. Initially the post was a fixed term post to gauge whether it was the right post for Cernach and to consider its impact for tenants. This service had been a huge success in terms of securing significant new benefits for tenants, as well as backdated applications. Furthermore, the service helped tenants deal with benefit appeals. Whilst the money is paid direct to tenants, it does have significant indirect benefits to Cernach as tenants are better able to cover their rental charge, and factored owners their invoices. In May 2021 the Committee made the decision to make this a permanent post within the staff structure.

To support wider community development activity within the context of the Community Planning Partnership, the Association was successful in a competitive process to select a Community Anchor organisation for Drumchapel. As part of this role, the Association has hosted a Community Connector since October 2016. The post continues to be fully funded through Glasgow City Council and NHS Scotland as part of the Community Empowerment Fund for the Thriving Places initiative. In June 2021, the service received additional three-year funding via the National Lottery fund as part of a Community Connecting plan. This funding covers the salaries of two local part-time Community Workers to support community development and engagement activities in Drumchapel. They work alongside the Community Connector to engage the wider community.

3. Regulatory Framework

Cernach Housing Association is registered as a social landlord with the Scottish Housing Regulator (HAC230), as a charity with the Office of the Scottish Charity Regulator (SC 036607) and a Registered Society under the Co-operative and Community Benefit Societies Act 2014 (number 2374R(S)). Within this robust regulatory framework, we provide good quality housing on a not-for-profit basis. Furthermore, our tenants have the assurance that the governance of the organisation, the standard of service we provide and our financial practice meet high standards and are subject to external scrutiny.

Along with all other registered social landlords, Cernach must prepare an annual return for the SHR on its performance against the Scottish Social Housing Charter. At this link below there is public access to the Association's Annual Return, together with a summary report. The report is sent to tenants each year as part of our regular newsletter. The SHR's web site also includes a [tool](#) that allows users to compare our performance with that of other registered housing associations.

Since 2019 we have a regulatory obligation as a Registered Social landlord to publish and issue an Annual Assurance Statement. This statement confirms that the Association continues to meet its requirements and can provide its tenants and stakeholders with assurance it is operating the business in line with statutory and governance requirements.

4. Our Priorities

Over the next three years our priorities will be:

Improving Lives

- To provide quality housing management and advice services, rent account management, estate management and maintenance services for the local community
- To help alleviate homelessness and provide high quality rented housing at affordable rent through appropriate long-term investment and future proofing.
- To invest in and develop our people to ensure that the Association is an employer of choice.

Investing in Assets

- To undertake a comprehensive planned maintenance programme to achieve secure, safe and sustainable homes which work towards carbon neutrality
 - Invest £2,125,000 in planned replacements over the next 3 years
 - The conclusion of the four-year paint programme
 - Developing a strategy to implement EESSH2
 - Considering the green agenda for decarbonisation
 - Inputting details of previous and new investment to the Fixed Asset Module of SDM
 - To ensure good policies and procedures including Repairs and Maintenance, the Rechargeable Repairs and the Management of Asbestos.

Engaging the Community

- listening to what our customers want:-
 - Instructed an external consultant in 2022 to conduct a customer satisfaction survey to listen to and respond to resident feedback
 - Analysing customer satisfaction when a repair is carried out
 - Consulting tenants directly affected by planned maintenance projects
 - Consulting with all tenants about the annual rent increase.
 - Consulting with the Residents Engagement Panel about changes to Association policies and community events hosted by Cernach.

5. Cernach's Asset Base

The Association's housing stock of 877 rented and 17 shared ownership properties can be broken down into two distinct blocks of housing comprising new build homes built between 1994 and 2020 and post war housing stock purchased from Glasgow Housing Association (GHA) on 29 March 2010.

The stock is a mix of refurbished ex-local authority tenement flats, post-1989 new build flats, four in a block style cottage flats, town houses, terraced housing, semi detached.

Recent new builds in 2019 and 2020 included larger family homes and wheelchair adapted homes. The Linkwood Drive development involved us entering into a development agreement with Glasgow Housing Association, who were the project's lead developers. This development included an additional 36 new build units for Cernach's housing stock and GHA added 98 units to their stock. Our 36 new build units were completed in 2019 which included semi-detached properties, terraced houses and cottage flats ranging from and included wheelchair properties.

In 2020, our second new build site the Invercanny Drive development saw our stock numbers grow by a further 48 units. This development is located next to the Linkwood Drive development. The handovers commenced from October 2020 and by February 2021 all homes were handed back and allocated to tenants. This development includes semi-detached properties, terraced houses and cottage flats. They range from two to five apartments and include four cottages flats which are wheelchair properties or can be adapted to meet changing needs in the future.

At 31 March 2022 our stock profile of social rented and shared ownership dwellings was as follows:

Form	No	%	Description
Rehabilitated	450	51.3%	Mainly tenement property built in the 1950s and refurbished between 2003 and 2011.
New Build	427	48.7%	New properties built between 1994 and 2020. Comprising a mixture of tenement flats, cottage flats, terrace houses, semi detached, and detached properties. A varied mix of traditional and timber frame construction.

Stock breakdown by street – the social rented housing stock is detailed below

Phase	Type	Date refurbished/ built	Description	Total No
1	Kells Place Refurb/new build extensions	1992	Terraced houses	19
2	Inchrory Place Refurb/NEW Build extensions	1993	Terraced houses	19
3	Achamore Road New Build	1994	Tenement flats and town houses	42
4	Kerfield Place new build	1996	Tenement flats and Terrace houses	26
5	Kingsmore Gardens New Build	1997	Cottage flats, terrace houses, semi detached and detached houses	82
6	Cairnwell Grove new build	1998	Tenement flats, Cottage flats, and semi detached houses	38
7	Kingsmore Court New Build	1999	2 upper Cottage flats and 2 multi occupancy care homes	4
8	Lochgoin Avenue new build	2001	Tenement flats and terrace houses	22
9	Achamore Road New Build	2003	Cottage flats, semi detached and detached houses.	45
10	Kinfauns Drive new build	2006	Tenement flats, and maisonettes	7

Phase	Type	Date refurbished/ built	Description	Total No
11	Airgold /Ledmore Drive new build	2009	Cottage flats, and semi detached houses	22
12	Airgold /Ledmore Drive new build	2010	Terrace houses	26
13	Howgate Avenue refurb	2003-2011	Tenement flats	13
14	Dunkenny Road refurb	2003-2011	3 storey Tenement flats	18
15	Dunkenny Road refurb	2003-2011	2 storey tenement flats	17
16	Dunkenny Place refurb	2003-2011	2 storey tenement flats	2
17	Halbeath Avenue refurb	2003-2011	Aged person flats	56
18	Halbeath Avenue refurb	2003-2011	Halbeath Avenue houses	2
19	Halbeath Avenue refurb	2003-2011	Halbeath Avenue 2 storey flats	7
20	Kinfauns Drive refurb	2003-2011	2 storey flats odds	18
21	Kinfauns Drive refurb	2003-2011	3 storey flats odds	81
22	Kinfauns Drive refurb	2003-2011	3 storey flats evens	70
23	Dunkenny Road refurb	2003-2011	5 apt Terraced houses	5
24	Linkwood/Ledmore Drive refurb	2003-2011	5 apt Terraced houses	17
25	Ledmore Drive refurb	2003-2011	51-69 5 apt terraced houses	10
26	Harrow/Ledmore Drive refurb	2003-2011	3 storey flats	31
27	Ledmore Drive refurb	2003-2011	Cul de sac flats 3 storey	50
28	Ledmore Drive refurb	2003-2011	4 storey flats	15
29	Mortgage to rent acquisitions (4 new build)	2006	6 x Terraced and semi detached houses and 1 cottage flat	7
30	Dunkenny Road	2012	14x cottage flats and 8	22

Phase	Type	Date refurbished/ built	Description	Total No
	new build		semi detached houses	
31	Linkwood Drive new build	2019	20 houses including semis and terraced and 16 cottage flats	36
32	Invercanny Drive new build	2020	34 houses including semis and terraced, 10 cottage flats and 4 wheelchair accessible homes.	48
Total				877

Type	Number	%
Tenement flats refurbished	383	45
New Build flats	107	12
Terraced and Semi-detached refurb	68	7.5
Terraced and Semi-detached new build	222	25
Detached new build	2	0.2
Bungalows single storey	4	0.5
Cottage flats	91	10
Total	877	100

Breakdown of Stock by Apartment size

Type	1apt	2apt	3apt	4apt	5apt	total	%
Tenement flat – refurbished	56		262	65		383	45%
Flats – new build		55	50	2		107	12%
Terraced and semi detached houses refurbished				2	66	68	7.5%
Cottage flat – new build		12	79			91	10%
Terraced and semi detached houses – new build			61	137	24	222	25%
Bungalow – new build			4			4	0.3%
Detached – new build					2	2	0.2%

Total	56	67	456	206	92	877	100%
Percentage	6%	8%	52%	24%	10%	100%	

Other assets

Asset	Description	Year of construction
79 Airgold Drive and additional office space added in 2020	Office	2006
Shared ownership	Housing stock	1997-2003

6. Stock Condition

Scottish Housing Quality Standard (SHQS)

The Scottish Government introduced the Scottish Housing Quality Standard in 2004 with all social landlords required to achieve the standard by April 2015. The stock condition survey carried out in 2017, together with analysis of energy performance data have determined that 98.8% of the Association's houses meet the standard. A stock condition survey was carried out in October 2021 and compliance was 93.3%.

In November 2019 we joined to Procurement for Housing (PfH) Scotland Framework. Under the framework we had a call-off agreement with City Electrical Factors Ltd for the purchase of materials to upgrade smoke, heat and carbon detectors. This was a new requirement in line with revised Tolerable Standards which was initially due by February 2021, but the government extended this requirement to February 2022 due to Covid-19.

Magnus Electrical Services were awarded the contract to carry out these fire upgrade works, as well Electrical Installation Conditioning Reports (EICRs) which exceeded five years. The later requirement brought about by updated recommended good practice for electrical safety seeking compliance by March 2022.

The key findings for SHQS include:

- Four flats are defined as being "in abeyance". These relate to properties within common closes, where no controlled entry system has been fitted. This has not been possible as other owners were unwilling to meet their share of the costs. We will continue to engage with the owners concerned to encourage participation
- Fifty-three properties are below the standard failing on one criterion, mainly related to non-compliance under element 45 – Safe Electrical Systems i.e. doesn't have a valid EICR in place within the last five years. Others fail as have electric heating and require upgrade to gas or were recently upgraded to gas heating and awaiting the new EPC certificate to be lodged. There are three fails under two or more criterion, which are properties requiring fire alarms upgrades and a EICR. At the time of writing this report there is one fire alarm upgrade outstanding due to social issues and we have a plan in place to address this sole case.

We have plan to address the EICRs to ensure our properties all in a five-year rolling programme. Also during 2022/23 we will target those properties which require a heating upgrade.

Energy Efficiency Standard for Social Housing (ESSH)

The Energy Efficiency Standard for Social Housing (ESSH) sets a single minimum Energy Efficiency (EE) rating for landlords to achieve and varies dependent upon the dwelling type and fuel used to heat properties . The Standard is based on minimum Energy Performance ratings and recognises that some dwelling types are more challenging to improve than others.

ESSH1 reached its first milestone in December 2020. The Association worked towards this target and by December 2020 we had achieved compliance with 97.8% of our stock having met the standard. By March 2022 our compliance had moved to 98.1% with 17 properties failing at this time.

The next stage of ESSH (ESSH2) is under consultation with the review of ESSH2 being brought forward to commence this year, for completion in 2023. The review will consider both energy efficiency upgrades and the deployment of zero emissions heating systems together to better understand the impacts for tenants. The Association awaits further guidance from the Scottish Government in relation to ESSH2 and decarbonisation of the housing stock.

As a result of the pending review, the current milestones under ESSH2 of 2025 and 2032 have been temporarily put on hold to ensure that any investment is targeted towards long-term solutions that deliver net zero and support the eradication of fuel poverty.

The proposed standards are detailed in the table below:

ESSH2: Proposed Trajectory

2025	2032	2040
Review progress towards ESSH2 2032 milestone (now brought forward to 2022/23).	Maximise attainment of EPC Band B for social housing or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent.	Poor energy efficiency removed as a driver for fuel poverty
Consider introduction of additional requirements around air quality and environmental		All social housing is carbon neutral, as far as reasonably practical

impact.		
No social housing to be below EPC Band D (subject to temporary exemptions)		
As far as possible, all hard-to-treat properties in rural and off-gas areas meet the 2020 milestone		

When the final EESSH2 standard has been approved by the Scottish Government, the Association will need to develop a strategy to work towards compliance and this will be incorporated within the action plan.

EPCs

By 2032 all Registered Social landlords will need an EPC 'B' rating. Our most recent EPC register details our stock as:

EPC rating	The number of properties with a valid EPC
A	0
B	246
C	606
D	17
E	4
F	0
G	2

We have undertaken some EPC certification which requires to be updated to reflect the current position.

Net Zero and Decarbonisation Agenda

One of the Scottish Government's aims is for all new homes delivered by local authorities or Registered Social Landlords to be zero emissions by 2026. For existing properties there is a priority to improve energy efficiency, cut emissions and help keep the costs of heating down. Achieving these targets will involve retrofitting

existing homes for the future. At the business away days in December 2021, staff and Committee discussed our approach in this area. We decided to focus upon building our awareness of available technologies. This will be achieved through training sessions and using energy efficiency consultants to inform staff and Committee keeping us up to date with potential for new energy efficiency technologies. Given our size in the social housing sector, we will not be at the forefront of adopting these new technologies, but we can prepare ourselves so that we are ready for the changing times ahead.

Stock Condition Surveys

The Association has been working with the external consultant David Adamson Group to compile a robust record of its stock condition. We usually carry out this process every two years, but with the arrival of Covid-19, we were unable to keep to this schedule. To date a total of five stock condition surveys have been completed. In 2017 we had 143 properties fully assessed in stock condition survey. Our most recent survey in 2021 assessed a further 155 properties. As well as our 84 recent new builds, we now have fully surveyed 43.6% of our stock over the last five years. The data collated from the survey is used to develop stock condition information and validate data from previous surveys. Data is retained in Excel spreadsheets and is used to measure compliance against the SHQS and EESSH, as well as informing the planned and cyclical maintenance programme.

The surveys by property type over the last five years is illustrated below:

House Types	Full Survey	Not fully surveyed	Total by House Type
Tenement Flat	141	328	469
Main Door Flat	14	7	21
Lower Cottage Flat	24	21	45
Upper Cottage Flat	37	9	46
Semi	96	61	157
Bungalow	2	2	4
End Terrace	21	14	35
Mid Terrace	47	50	97
Detached	0	2	2
Maisonette	0	1	1
Grand Total	382	495	877

At the next survey due in 2023/24 we will look to assess a further 20% of our stock, focusing on properties with no survey coverage to help reduce our reliance on cloned data.

Planned Property Inspections

To ensure that all our houses meet the standards expected of our tenants, every house will have a detailed property inspection at least once every five years. This is a check to assess the property’s condition and identify repairs which haven’t been reported by the tenant. During Covid times we were unable to visit people’s homes so it was halted but in recent times staff have reinstated these visits and we are working to get back on track.

Other Legislative Requirements

The other key legislative and good practice requirements in relation to asset management that RSLs such as CHA need to comply with are as follows:

Topic	Legislation/ Good Practice	How it impacts at CHA
Fire Safety	Fire Safety (Scotland) Act 2005 Fire Safety (Scotland) Regulations 2006 The Housing (Scotland) Act 1987 (Tolerable Standard) (Extension of Criteria) Order 2019	CHA is required to carry out Fire Risk Assessments for common areas (where required) to properties that it has responsibility for maintaining. Provision of smoke alarms in every property. Provision for every home must now have <ul style="list-style-type: none"> • 1 smoke alarm in the room where most of the day is spent, usually the living room • 1 smoke alarm in every circulation space on each storey, such as hallways and landings • 1 heat alarm in the kitchen All smoke and heat alarms to be mounted on the ceiling and be interlinked. If there is a carbon-fuelled appliance, like a boiler, fire, non-electric heater or flue also must have a carbon monoxide detector. This does not need to be

Topic	Legislation/ Good Practice	How it impacts at CHA
		linked to the fire alarms.
Asbestos	Health and Safety at Work Act 1974 & The Control of Asbestos Regulations 2012	The Association has commissioned ACS to review its Asbestos policies and procedures in 2017 to ensure they are compliant with current legislation and good practice.
Gas Safety	Gas Safety (Installation and Use) 1998	Annual gas safety check must be carried out on each appliance with a flue
Electrical Safety	Periodic Inspection of Electrical Installations	Inspection every five years this is now moved from good practice to an expectation from March 2022.
Legionella	HSE's Approved Code of Practice L8	The Association commissioned Meadowhead Consultancy to review its Legionella Risk Assessment and carry out staff training in April 2017 to ensure compliance with legislation and good practice. Updated staff training was carried out in June 2022 by Safe Sol.
General Health and Safety	CDM Regulations 2015	In the 2015 review the CDM Coordinator role was replaced by that of the Principal Designer. The Association's role is principally as a client for repairs, maintenance and newbuild projects. As a client we need to: <ul style="list-style-type: none"> • Appoint the right people at the right time • Ensure that there are arrangements in place for managing and organising the project • Allow adequate time for design, planning and construction to take place • Provide information to the designer and contractor – the brief • Ensure adequate welfare facilities on site

Topic	Legislation/ Good Practice	How it impacts at CHA
		<ul style="list-style-type: none"> • Ensure the principal contractor has a construction phase plan in place • Keep the Health & Safety File • Protect members of the public, including employees • Ensure workplaces are designed correctly • Ensure that HSE are notified before work starts on projects lasting more than 20 days with more than 20 workers or involving 500 person days of work. • If a Principal Designer or a Principal Contractor is not employed, then the client is responsible for the things that should have been done. •
Procurement	Procurement Reform (Scotland) Act 2014 Directive 2014/24/EU	The aim of the Act and Directive is to contribute to the Europe 2020 Strategy and to ensure that public purchases are made in a transparent and fair manner.

Asset Value

In October 2019 Jones, Lang and Lasalle (JLL) valued the Association’s assets at £23.1M for the existing use value for Social Housing (EUV-SH). Since this valuation our has assets have grown by an additional 84 units, we’ve expanded office premises and in Summer 2022 we paid off the Clydesdale bank loans. The latter means we have an additional 214 housing units released from security. These changes will be reflected in the updated figures when we carry out the next stock valuation. This is likely to be during 2023/24, however may change if there is a backlog of evaluations in the sector, because of Covid-19 catch up process.

Stock Database

The association operates SDM housing management suite and a Fixed Asset Module was recently added. To assist implementation the following action is required to:

- Provide training for staff
- Progress set up and data migration

- Update component replacement data
- Once established a data cleansing exercise will be required to remove redundant data and files

7. Asset Investment

Planned Investment

Current plans are for a £5.39 million spend in maintenance over the next three (2022-2025) and of this we plan to invest £2.54 million in new components during this period. However, there are current economic and political pressures that may impact our ability to achieve this. As noted in the introduction, there is a *perfect storm* brewing of high inflation, labour and supplies shortages, massive increases in the cost-of-living and the potential of a government-imposed rent increase cap. We are in the process of evaluating what this may mean for the planned maintenance programme and, subject to tenant consultation and Committee deliberation, it may be the case that there will be some unavoidable delays.

Our anticipated expenditure on assets over the next 3 years is detailed in the table below:

Budget	2022/23	2023/24	2024/25
Major Repairs	£79,000	£11,000	£45,000
Reactive Maintenance	£348,000	£354,000	£369,000
Cyclical/Estate Maintenance	£445,000	£382,000	£396,000
Component Replacements (revised in accordance with 5 yr investment plan)	£563,000	£1,177,000	£800,000
Voids	£110,000	£93,000	£95,000
Medical Adaptations	£40,000	£41,000	£42,000
Total	£1,585,000	£2,058,000	£1,747,000

Major repairs incorporate elements such as fencing, door entry and common bin stores upgrades.

Securing Value for Money

In March 2020 the Association published its most recent Value for Money (VfM) Statement. The purpose of the statement is to sharpen our focus on value for money so that we will optimise our performance for the benefit of our tenants. This work will help us to comply with the Scottish Social Housing Charter Standard #13, which states that social landlords should “*manage all aspects of their businesses so that*

tenants, owners and other customers receive continually improving value for the rent and other charges they pay”.

The statement builds upon previous developments in VfM and identifies eight actions to improve our performance in this area. Our progress in implementing those actions is set out [here](#).

Securing Value for Money in Reactive Maintenance

To realise improved value for money via economies of scale and shared procurement costs, the Association has embraced opportunities for collaborative procurement with other Drumcog partners. Existing collaborative contracts include:

- Close Cleaning
- Gas Maintenance and Servicing
- Reactive Maintenance Framework
- Open Space Maintenance
- Paint Programme

The Association will continue to seek opportunities for collaborative procurement and will also consider options available through dynamic purchasing systems and public frameworks.

The Association is a member of the Quality and Efficiency Forum (QEF) which is a benchmarking group, comprised of members from the RSL sector in Scotland. The following table compares Cernach’s asset based performance for 2020/21 with the Scottish median for 2019/20 and quartile performance with members of the forum.

Indicator	Cernach’s Performance 2021/22	Scottish Median 2020/2021	Cernach’s Performance Quartile
Void Loss Indicator 18	0.61%	0.92%	Middle
Average Re-let Time Indicator 30	41.57 days	21.92 days	Bottom
Rent – Value for money Indicator 25	78.43%	83.50%	Bottom

Repairs – Right First Time Indicator 10	94.08%	93.21%	Top
Satisfaction – repairs Indicator 12	82.35%	91.51%	Bottom

Reactive Maintenance Activity

We categorise reactive repairs and set ourselves target timescales for completions.

Category of reactive repair	Target timescale	Brief description
Emergency	Response within 2 Hours, Completion within 24 hours	These are problems which put at risk the health, safety or security of the tenant, or when delay would likely result in significant damage to the property. An out-of-hours telephone service is in operation.
Non emergency	Within 3 Working Days	These are problems that can be deferred without serious inconvenience to the tenant and without any further adverse effects on the property.
Right to repair	Per legislation	In line with the Housing (Scotland) Act 2001, the Association operates a 'Right to Repair' scheme within the existing repair and response times. This gives tenants the right to have certain small repairs carried out within a given timescale.

We report on our maintenance performance annually to the [Scottish Housing Regulator](#) and in the annual report to our tenants. In 2021/22 the following performance was achieved:

- The average time taken to complete emergency repairs was 1.36 hours.
- The average time taken to complete non-emergency repairs was 2.81 days.
- 94.08% of reactive repairs were completed 'right first time'.
- 82.35% of tenants who had repairs or maintenance carried out were satisfied with the service they received.

Cyclical Maintenance

An annual cyclical maintenance programme takes place as follows to ensure the safety of our residents and the appearance of the local environment. Cyclical Maintenance for 2022/23 is detailed below and costs generally increase annually by inflation:

Gas Servicing	£104,000
Landlord Supplies	£ 38,000
Close Cleaning	£ 58,000
Ground Maintenance	£105,000
Ground Maintenance pilot	£ 5,000
Trees, Fencing - Maintenance	£ 15,000
Gutter Cleaning	£ 13,000
Painting	£ 82,000
Electric Testing	£ 7,000
Asbestos Surveys	£ 8,600
Water Tank Replacement	£ 5,000
Water Tank Testing	£ 4,000
Total	£444,600

In recent years the Association has renewed several partnership agreements for maintenance contracts. The environmental cleaning services contract with Caledonian Maintenance Services was awarded in October 2020, with the option of annual extensions until March 2025. The gas servicing contract was awarded to City Building to run for four years from June 2021. The ground maintenance contract with Idverde Ltd was awarded in May 2022 for two years, with the option to extend by a further two single years. Furthermore, in May 2021 we re-procured the Reactive Maintenance Framework with Drumcog partners which runs from May 2022, with the option for the RSLs to extend annually until March 2025.

Planned Investment Programme

As previously noted, the planned investment programme may have to be altered in response to the significant pressures we are experiencing on costs and, perhaps, income. This section should therefore be read with this in mind.

Stock condition surveys carried out by David Adamsons Group have informed the Association's planned maintenance programme, providing 30-year life cycle costs for component replacement. Life cycle costs were updated in March 2017 and again in May 2019 to identify planned investments requirement. The most recent update for the thirty-year investment costs was completed in October 2021. We uplifted the 2019 sum of £21.4 million expenditure due over the next 30 years, to £23.495 million. This

figure doesn't include ESSSH expenditure as we don't have guidance to identify budgetary impacts. The 2019 costs were uplifted by 2.3%, in line with recent movement in the Scottish Social Housing Tender Price Index at the time.

NB. the table below doesn't take account of the increased costs for the 2022/23 to 2023/24 windows programme. This contract costs exceeded the budget by £390,000 across the two years. This 40% increase from expected costs to tenders received is an indicator of the impacts seen by Brexit, Covid-19 recovery and Ukraine War is having on market conditions. These factors have seen a greater demand for a qualified workforce, issues on availability of labour, volatility of the availability of materials and price increases. As previously referred to it is important to be mindful of the current background in which we operate. This contract could be only one of several increases which we see over the coming months, given inflation levels are at 10% (July 2022). Inflation has been on an upward trajectory with an increase from 2% in July 2021 to a year later 10%, and it is predicted to continue to rise. There could be cost increases around other cyclical work, major repairs (including adaptations) and reactive/voids works. All of which could have an adverse effect on the Association's cashflow.

Draft Five-Year Investment Plan

Year	Address	Work	Budget	Year Total Inc Fees & VAT
2022/23	Achamore Road NB	Windows (42 no)	£94,332	
	Achamore Road NB	Common Windows	£3,081	
	Cairnwell Grove	Windows (38 no)	£96,427	
	Cairnwell Grove	Common Windows	£4,110	
	Achamore Gardens	Secondary Fencing	£10,895	
	Linkwood Dr/Ledmore Dr Lower end 5 Apt Houses	Primary Fencing	£35,835	
	Mortgage to Rent	Heating	£11,744	
	Ledmore Drive Upper end -3 story flats	Door Entry system	£6,342	
			£262,766	£378,034
2023/24	Halbeath Ave APF	Heating (56 no)	£93,952	
	Halbeath Ave Flats	Heating (7 no)	£11,744	
	Inchrory Place	Windows (19 no)	£106,287	
	Kells Place	Windows (19 no)	£107,347	
	Kingsmore Gardens	Windows (82 no)	£248,645	
	Kingsmore Gardens	Common Windows	£4,110	
	Kingsmore Court	Bathrooms (4 no)	£10,169	
	Kinfauns Drive	Heating (7 no)	£11,744	
	Howgate Avenue flats	Heating (13 no)	£21,810	
	Dunkenny PI (2 storey flats)	Bathrooms (2 no)	£5,084	
	Dunkenny Rd (2 storey flats)	Bathrooms (17 no)	£43,217	

	Halbeath Avenue flats	Public Lighting	£529	
	Kinfauns Drive Odd no 2 storey flat	Public Lighting	£3,159	
	Harrow Place/Led Drive lower end	Roof flashings	£618	
			£668,415	£957,608
2024/25	Dunkenny Road (5apt houses)	Kitchens (5 no)	£14,834	£19,403
	Linkwood Drive/Led Drive lower (5apt)	Kitchens (17 no)	£50,434	£65,968
	Ledmore Drive upper (5apt)	Kitchens (10 no)	£29,667	£38,804
	Dunkenny Road (3 storey)	Bathrooms (18 no)	£45,759	£59,853
	Achamore Gardens	Heating (45 no)	£75,497	£98,750
	Halbeath Avenue (houses)	Heating (2 no)	£3,355	£4,388
	Linkwood Drive/Led Drive lower (5apt)	Heating (17 no)	£28,521	£37,305
	Harrow Place/Ledmore Drive	Heating (31 no)	£52,009	£68,028
	Ledmore Drive upper (5apt)	Heating (10 no)	£16,777	£21,944
	Linkwood Drive/Led Drive lower (5apt)	Windows	£102,121	£151,956
	Ledmore Drive upper (5apt)	Windows	£53,436	£79,513
	Harrow Place/Ledmore Drive (3 storey)	Windows	£65,719	£97,790
	Harrow Place/Ledmore Drive (3 storey)	Common Windows	£143	£187
	Cairnwell Grove	Door Entry System	£7,397	£9,675
	Ledmore Drive upper end (3 storey)	Common Rear Door Entry	£1,638	£2,143
	Ledmore Drive upper end (3 storey)	Public Lighting	£2,642	£3,456
	Achamore Road NB	Secondary Fencing	£23,060	£30,162
			£573,009	£789,325
	OVERALL TOTAL		£1,504,190	£2,124,967

8. Risk Management

In September 2019 Cernach adopted a revised Risk Management Policy which uses a *likelihood x impact* approach to identify, evaluate and effectively control risks. The policy aims to mitigate risks by reducing them to an acceptable level or eliminating them altogether. A Risk Management Matrix has been established which details key risks, ranks them by likelihood of occurring, seeks to reduce the impact of the risk and address how these will be managed.

The 2020 risk review focussed upon existing high risks and the introduction of new risks from Covid-19. At that time pre-existing low and medium risks were not formally updated, but kept under monitor by the senior managers, with any concerns raised with the Assurance sub-Committee or Management Committee. It was agreed that medium and low risks would be formally reviewed once the 2022 internal audit was conducted, as there are strong links between internal audit and risk management. Also at that time we expected to have the new business plan agreed and have identified the Association's key objectives over the next five years. In turn this would enable us to better able to rank risks and identify the risks which are most likely to prevent us from delivering on our plans. The high level and Covid related risks related to uncertainties over the impact of Brexit from a supply and a cost perspective and early indications suggested increases in maintenance programmes could be high. However, expected increases in costs in the region of 10% to 15% were mooted.

The 2021/22 review and mid-year review in June 2022 indicates two sections on asset-related risks which score above 15 and are therefore considered high risk: -

- increases in costs for goods, services and work
- Supply aspects of Brexit, particularly since there is no trading agreement with the EU/EEA

The above two risks are linked with evidence suggesting some components are in reduced supply and there is a shortage in the labour market. Also, there are indications of maintenance costs rising between 10% - 15% in the medium term. These risks have stayed the same since the review in Summer 2022. We will keep these under close monitoring and provide a further update in December 2022.

In addition, staff and Committee are aware that there are a range of risks relating to housing management and finance that can be mitigated via asset-based solutions.

The Risk Register is reviewed and updated by the Management Committee on a six monthly basis and quarterly by the Assurance sub-Committee.

9. Conclusions

There continues to be healthy demand for social housing in Drumchapel. There are no difficult to let houses within Cernach's stock, turnover is low and houses are re-let quickly. Re-let figures in 2020/21 and 2021/22 were impacted by an inability to let homes at the height of the pandemic, but we are quickly getting relet times reduced and getting back on track. There was evidence of unmet need previously and since the last 2019 AMP review, we have partially addressed this by increasing our stock by 84 units, providing a wider range of house types and meeting the needs of people with mobility problems. Over this period, we have seen an increase in Occupational Therapist referrals requesting tenants' homes to be adapted to enable current tenants to remain living independently in their home. This is a factor of having ageing population as peoples' health changes over the course of their life which can impact how they can make best use their home.

In Section 4 we have set out our priorities over the next three years to improve lives; invest in our assets and to engage with our community by listening to and responding to their needs. In doing so, we will meet our regulatory responsibilities and manage our risks. Once the final AMP has been approved by Committee, we will produce an implementation plan to cover the three-year period of this strategy. These documents can be used in conjunction with other corporate documents.

We have made provision in our financial and business planning to ensure that this activity is properly resourced through the Resourcing plan and Delivery plan which sits alongside our Strategic plan. We will use best practices to achieve value for money for our tenants.

Like most businesses and households, however, we are facing massive and unprecedented pressures and these are going to impact our cash position. We will seek to implement the work outlined in this plan in the best way we can, but we need to be mindful of the need to safeguard ongoing viability and, as a result, we may need to make some short-term adjustments to our plans.

Our investment and activities are aligned with our strategic objectives:

- Improving lives
- Investing in assets
- Engaging the community