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**ASSET MANAGEMENT STRATEGY**

2024 - 2028

**Asset Management Strategy 2024-2028**

**Introduction**

This is the third Asset Management Strategy (AMS), and it brings our approach to asset management up to date and into alignment with the 2023-2028 Corporate Strategy.

We are entering a period where asset management is more important than ever. This strategy will be critical to ensuring an effective response to the changing legislative and regulatory landscape, and to meeting the needs and expectations of our customers.

This strategy builds on the approach to asset management taken within the 2020-2023 strategy. It connects, at a strategic level, decisions about the deployment of our built assets and their future investment needs with ensuring that our homes are places our customers enjoy, and which keep them safe, warm and make them feel good about where they live.

To achieve this requires an understanding of the factors that affect the performance and the experience of living in a home. This not only depends upon the construction and components of a home but also the economic, environmental, and demographic aspects which can all impact on a customer’s relationship with their home. This approach reflects the current regulatory approach and Broadacres commitment to the Better Social Housing Review to provide excellent repairs and maintenance processes for our customers.

To understand the above relationship, relevant, timely and manageable data is required. Over the life of the previous asset management strategy Broadacres has continued to strengthen its data base and develop the organisational ability and capacity to analyse and challenge our data. This is providing us with the knowledge and insight to develop and deliver the programmes and services which will enhance our customers experience of their homes.

Feedback from customers within the UK Customer Satisfaction Index and the Regulatory Tenant Satisfaction surveys demonstrate that our customers are highly satisfied with the quality of their homes and of repairs and maintenance services. It also highlights the need to strengthen our dialog with our customers regarding Broadacres approach to asset management, specifically the rational for the specification and delivery of investment and maintenance. This strategy will include plans for developing a personalised home plan for all our customers.

The successful delivery of this strategy will be critical in the delivery of our corporate objective of providing Great Homes and Great Experiences for our customers.

**The Strategic and Operating Context**

This strategy has been developed, within a challenging operating context. From the Grenfell tragedy onwards the reputation of the social housing sector has been under intense scrutiny. The combination of the cost-of-living crisis, repairs scandals, damp and mould concerns and the inability of some landlords to focus on their core purpose, i.e. customers and the provision of high-quality homes and services. This has eroded trust both with customers and the wider community. This is reflecting on all landlords including those who have taken a customer experience approach and invested directly in the quality of their homes. It is therefore a challenging situation to design an AMS, ensuring that the social benefit of Broadacres assets is maximised while ensuring that customers are put at the centre of decision making about their homes.

The changes in the operating environment summarised above have required a significantly different approach in assessing and delivering repairs and maintenance. The enactment of Clause 42 of the Social Housing (Regulation) Act has changed the regulatory environment. This effectively inserts into social housing tenancy agreements a term that will require landlords to comply with new requirements, to be set in detail through secondary legislation. This means all registered providers of social housing will have to meet these requirements and, if they fail to do so, customers will be able to hold their landlords to account by taking legal action through the courts for a breach of contract.

Removing hazards and ensuring that homes are fit for human habitation are an existing requirement for compliance with the Decent Homes Standard, applicable law, regulation, the management of other environmental hazards and/or best practice. This approach is an important focus of this strategy and represents a step change in the design and operation of repairs and maintenance policies. In that the response is not only prioritised by the hazard posed by the repair issue itself, but also acknowledges the vulnerability of the individual customer to the potential hazard.

In January 2023 the Board adopted the recommendations of the Better Social Housing Review which included that “Housing Associations should partner with tenants, contractors and frontline staff to develop and apply new standards defining what an excellent maintenance and repairs process looks like”. This strategy has been designed around this principle and anticipates the proposals outlined in Awaab’s Law and in the reviewed Consumer Standards which operate from April 2024. For our customers energy efficiency remains a priority. The pressure of the costs of running their homes is as great a concern to them as affording their rent.

Working with the Sustainability Strategy there continues to be an imperative to meet Fuel Poverty Regulations requirement for all rental homes to achieve minimum SAP 69 by 2030 (or 2028 if the household is in fuel poverty). The delivery of this requirement is within the backdrop of the Environment Act which sets a legally binding target for the UK to be net zero carbon by 2050.

We are seeing the impact of climate change, with abnormal weather events increasing demand for responsive repairs and the flooding risk requiring prevention works to the most vulnerable homes.

Since the end of the Pandemic the sector has experienced significant inflationary and supply chain pressures including intense competition for key skills. Although inflationary and recruitment pressures have reduced in 2023-2024 there has been a significant increase in the cost base since the adoption of the 2020-2023 Strategy. We have also experienced a 21% increase in the demand for responsive repairs since 2018. This may impact on the scale and pace of our plans, but within our set priorities of ensuring that we provide a great repairs service and keep our customers safe. We will always strive to ensure that the specifications we set for responsive, planned, investment, reletting and new build will be the highest we can afford. Broadacres re-invests any moneys it makes from building new homes for sale into building new homes and investing into existing customers homes, and the success of this activity does impact on the scale and pace of investment. We must ensure that we balance the books and meet our debt obligations.

**The Role of the Asset Management Strategy**

The AMS is a key supporting strategy for the Broadacres Corporate Strategy 2024-2028. It has a significant role to play in meeting two of the Corporate Strategies objectives:

* Great Customer Experiences - delivering services so customers feel safe and secure, and
* Great Homes – Investing in our existing homes and building new homes.

The AMS will provide the parameters for the development of the action plans that will deliver our priorities for our homes and other built assets in 2024-2028. The action plans will enable delivery of the following:

**Table 1. Corporate Strategy Objectives: Dependency on the AMS 2024-2028**

|  |  |  |  |
| --- | --- | --- | --- |
| **Measures of Success** | **2024** | **2026** | **2028** |
| Quality of home standards | 100% compliance with Broadacres Homes Standard for new build and relet homes | Broadacres standard updated for changes in expectations and sustainability measures | Decarbonisation retrofit plan is developed |
| EPC rating C. 2028 | <1,300 homes at below SAP C | <1,000 homes below SAP C | 99% homes achieved EPC rating C |
| Personalised Home Plan | Stock condition data supports understanding of the energy efficiency of homes | Stock condition data includes energy and insulation assessment and supports plan | Personalised home plan reflects the needs of the current and future residents |

Other critical success factors dependent upon an effective AMS include:

* 17 of the 39 KPI’s held by Board and Committees
* 3 of the 9 Strategic Risks and 5 of the 19 Operational Risks
* Compliance with applicable law and consumer regulation
* Maintaining financial covenants
* Customer and stakeholder reputation

The standards to which, and behaviours exhibited in the formation and delivery of these plans being set by the Sustainability and Customer Strategies. Figure 1 set outs the relationship between the Strategies.

**Fig 1. Strategic Relationship**

Corporate Strategy

Customer and Sustainability Strategy

Asset Management Strategy

**Developing the Asset Management Strategy 2024-2028**

The approach which has been taken in developing this strategy is to fundamentally challenge the foundation stones of the 2020-2023 strategy i.e. do the core purpose and strategic aims set in 2020-2023 AMS still apply?

In addressing this challenge, the changing operating context has been considered along with the capacity of the reviewed AMS to deliver the outcomes required within the current Corporate Strategy and in delivering the critical success factors listed above.

In addition, the objectives within the AMS will need to successfully deliver the following outcomes.

* All homes and communal areas continue to meet evolving health and safety standards.
* Development of a long-term de-carbonisation programme for all our homes (in conjunction with the Sustainability Strategy).
* Involve customers in the setting of standards and they can expect relating to the quality of their home and planned programmes to maintain them (in conjunction with the Customer Strategy).
* Review how we can gain even greater knowledge about our homes and how to sustain the quality. Involve customers in looking at component failure and under-performance. Use the “internet of things” monitoring devices to enhance insight (in conjunction with the Customer and Digital Strategies).

The review also addressed three significant issues with regards the operation of the existing strategic framework:

1. Significant overlap between the AMS and Sustainability Strategy (SS). This gave rise to potential confusion as to where the actual planning and delivery of, for example the quality of home standards or achieving EPC rating C lay. The current iterations of both the AMS and SS clarify this.
2. Achieving the targets in table 1 will depend upon effective strategic planning and clarity where the responsibility for delivery lays. This will require the skill, capacity and liaison between teams to deliver the quality of “staff work” required and will this need to be factored into the reviewed AMS.
3. Changes in the legislative and regulatory landscape outlined within the strategic and operating context and the enactment of Awaab’s Law later in 2024 will fundamentally change the nature of the delivery of responsive maintenance. Providers will have to be proactive in seeking out hazards in customers’ homes rather than being just being effective in responding to reports of them from their customers.

In conclusion and in response to the challenge the Board has set the following themes for the 2024-2028 AMS.

**Theme1:** **Maximising customer experience and future proofing our homes.**

**Theme 2: To support the business by maintaining its balance sheet capacity.**

**Theme 3: Identifying those assets that are not performing, so that action can be taken to improve/re-develop or dispose of the asset where this would not compromise our corporate vision.**

**Theme 4:** **To identify the appropriate standards for our homes and ensure that those standards are met.**

The four themes are explored in more detail below, including the guiding principles which govern our approach, a summary of our current position, the challenges we face and identifies the key high-level outcomes we wish to achieve by 2028. Underpinning this will be annual action plan which will track the progress of individual actions which will contribute to the final outcomes.

**Theme 1**

**Maximising customer experience and future proofing our homes**

Guiding Principles

We will design repairs and maintenance policies and services expressly to maximise customer experience and satisfaction in their home.

We will invest to meet current and future standards.

Our Current Position

We start from a strong base.

The annual Tenant Satisfaction Measures (TSM’s) survey carried out in October 2023 showed high satisfaction scores over several key metrics, including providing a home that is safe and well maintained, the repairs service overall and time taken to complete repairs. In summary the 2023 TSM’s recorded that.

* 90% of customers are satisfied with the repairs service overall.
* 89% of customers believe that Broadacres provides a home that’s safe.
* 88% of customers are happy with the time taken to complete their last reported repair.
* 85% of customers believe their home is well maintained.
* 77% of customers believe their home is energy efficient.

The position of our homes is:

* Compliance: All five TSM building health and safety requirements report high levels of compliance.
* Energy Efficiency: The average SAP score of our customers’ homes is currently 72.64, compared to 71.89 in March 2023. The number of homes with a SAP score of less than 69 is currently 1,258 compared to 1,497 in March 2023 and 1,764 in March 2022. We continue to be on target to deliver the key Corporate Strategy objective of all homes at SAP69 or better by 31 March 2028.
* Data management: An Internal Audit of Asset and Stock Condition Data provided substantial assurance. Specialist Business Analysts are providing business insight and intelligence with regards asset performance and sustainability.
* Preparing for Decarbonisation. Successful bids to the Social Housing De-Carbonisation Fund and the completion of zero carbon retrofit pilot where we are continuing to incorporate the lessons learnt from the retrofit project into our business-as-usual activities.

Our Challenges

In designing the actions arising from this theme the following challenges have been addressed:

* Retain the high satisfaction scores for service and quality of home through the life of the strategy.
* Effectively respond to the changes in the legal and regulatory framework including Awaab’s Law in proactively managing hazards as they arise in customers’ homes.
* The extent the delivery of investment, retro fit and energy efficiency works incorporate customer choice.
* Establish the pre-conditions necessary to stop the planned replacement of gas boilers.
* Confidently articulate within the strategy how we are supporting customers to get the best performance from their homes.
* Ensure that the quality of the customer experience is maintained where we utilise sub-contractors and agents to deliver services.

Key Outcomes for 2028

* Continue to listen and act upon customer feedback on the quality of repairs and maintenance services and the overall quality of their home. Use this feedback to drive service improvement and corporate planning for asset management.
* Effective and reliably deliver the reviewed 2024 Responsive Repairs Policy, in successfully and proactively manage hazards in customers’ homes.
* Communicate to customers the discretion available to them in refusing investment, retro fit and energy efficiency measures. This discretion will be based on a customer impact assessment.
* Base decisions on the timing of ending installation of gas boilers upon customers being able to afford the alternative.
* Provide every customer with a personal home plan which will interactively show then how their home is performing, help them avoid and manage the risks of hazards and provides them with the plan for periodic maintenance and investment in their home.
* Develop a comprehensive data base mapping out the risk of other environmental risks e.g. radon, flooding, methane and overheating to our homes and deliver appropriate mitigations to these risks.
* That customers are providing equally high feedback for services delivered by agents and sub-contractors as they do for in house delivered services.
* An upskilled workforce to confidently manage/maintain assets with low carbon technologies.

**Theme 2**

**To support the business by maintaining its balance sheet capacity**

Guiding Principles

By a blend of economy, efficiency and effectiveness maintain the capacity to deliver great homes and great customer experience.

Our Current Position

Now more than ever the Regulator (on behalf of customers) is asking questions of providers in the sector about investment in existing stock, and Broadacres has a positive story to tell with regards the approach. The Corporate Strategy enhanced investment in existing stock in 2018. This approach continues in the latest Corporate Strategy to 2028. The benchmarking measures in place, alongside those determined by the RSH, demonstrate where the money is being spent. We have been successful in negotiating Earnings Before Interest, Tax, Depreciation, Amortisation-only covenants, and agreeing waivers on loan covenants in respect of energy efficiency and decarbonisation spend. Funders are moving towards securitising energy efficient homes which reflects our approach to investment. We operate an active asset and liabilities register with periodic reviews of Net Present Value.

Our Challenges

The changing operation context has identified the strategic risk that “if we fail to respond to changing customer expectations and/or volumes of customer service requests increase, then financial capacity and operational capacity will be adversely affected”. This risk could disproportionately impact on the themes within this strategy. In designing the actions arising from this theme the following challenges have been also addressed.

* We have experienced a 21% increase in the average number of repairs raised over the previous five years. The changing legislative/regulatory environment will place additional weight on the delivery of responsive maintenance.
* Define the extent to which we can personalise the delivery of maintenance services and deliver value for money; and.
* Reaching an understanding with customers regarding the quality and cost of serviced charged activities such as grounds maintenance and communal cleaning.

Key Outcomes for 2028

* Maintain a sustainable balance between planned and responsive maintenance.
* Introduce our revised 2024 responsive repairs on the enactment of Awaab’s Law.
* Develop a value for money framework within service review and development which balances investment and cost with the scale of customer impact.
* Consult with customers on a local level in reaching agreement on local offer and costs for grounds maintenance and communal cleaning.
* Ensuring we are obtaining value from our investment in empty homes. maximising the efficiency of the processes, customer satisfaction and tracking the impact of investment upon sustainability.
* Ensuring new funding arrangements support the investment in existing homes.

**Theme 3**

**Identifying those assets that are not performing, so that action can be taken to improve/re-develop or dispose of the asset where this would not compromise our corporate vision.**

Guiding Principles

The Existing Use Value-Social Housing or Open Market value of the home will not be a significant factor in the decision to retain or dispose of homes. Decisions to dispose an asset will not be solely driven by low or negative Net Present Value. Any disposal will take into consideration the strategic requirements of the Local Authority and Broadacres’ commitment to delivering Great Places. Disposals will be delivered in a responsible way with priority given to disposal to an alternative RP or for home ownership. Whilst Broadacres cannot preclude disposal to private investors this will be discouraged where possible.

Our Current Position

The Asset Management Strategy has not been driven by the Net Present Value (NPV) derived from its homes. Decision making has been driven by the capacity for individual homes to be or to have the capacity to be improved to the requisite Broadacres Standard, and to the extent the home supports our vision of being the best rural housing provider and contributes to delivering “Great Places”. To date the whole stock has demonstrated a positive Net Present Value. Going forward the changes in the regulatory/legislative frameworks and climate change may impact on future NPV, and on the makeup of the “golden rules” on which options for the retention or disposal of homes is decided.

Broadacres are not faced by significant challenges in the need to regenerate its assets. There is though the question of the long-term sustainability of Bankhead Flats in Northallerton and in the short to medium term decisions determining the future of Gillings Court in Thirsk.

Our Challenges

* Effectively reconcile the challenges of cost and delivery of our most poorly performing homes particularly in reaching SAP C, while meeting our corporate commitment to providing “Great Places” and investing in our rural communities.

Key Outcomes for 2028

* The utilisation of the Asset and Liability Register, and data arising from repairs and maintenance delivery, periodic/empty homes surveying to dynamically review the performance of all homes.
* Developing a holistic “dashboard” from the above data to highlight the relative performance of neighbourhoods and individual homes.
* The establishment of “golden rules” for costs and delivery for developments or individual homes as the catalyst for review. These rules to be included within the annual financial strategy review.

**Theme 4**

**To identify the appropriate standards for our homes and ensure that those standards are met.**

Guiding Principles

100% compliance with Broadacres Homes Standard for new build and relet homes.

Our Current Position

Compliance with the Decent Homes Standard (DHS) is embedded within our holistic view of performance of property health and safety and compliance. This is supported by a policy which lays out the approach to delivering DHS. We have established standards for new build and relet homes which have been developed from challenging the established standards, customer feedback and from the lessons learned for the decarbonisation pilots we have undertaken and from the delivery of our energy efficiency programmes. We have built strong links between our Development and Property Services teams to develop standards and specifications which promote sustainability both with regards performance and future maintenance. Although we continue to seek to improve and develop both our standards and specifications this is within an increasingly challenging financial context, which will require us to review existing standards annually. We await the drafting of the revised DHS.

Our Challenges

* Reform of Decent Homes Standard/Health and Housing Safety Rating System. Anticipating the changes and considering the Business Planning implications of maintaining a sustainable balance between reactive and planned maintenance.
* Recognising and reconciling with customers the differences between new build (future homes standard), the void property letting standards, planned programmes and the standards delivered for responsive maintenance.

Key Outcomes for 2028

* Deliver new and existing homes to a standard that meets customer needs and expectation but also affordable and sustainable for the customer and Broadacres.
* Develop a suite of indicators to demonstrate how investment in homes is sustaining tenancies and contributing to re-balancing the demand for responsive repairs.
* Review our exiting specifications and standards within the context of revised Decent Homes Standards, seeking to enhance the new standard where this is affordable and deliverable.
* Through alignment with the Sustainability Strategy ensuring that retrofit becomes embedded in our Business-as-Usual activities, and these principles and standards inform all our investment activity.

**Governance and Review**

Overall responsibility for this Strategy sits with the Board and the Executive Team. The Board has delegated oversight with regards to delivery of the objectives to the Group Asset and Development Committee (GADC). The GADC is made up of Board Members, and Independent Members who are appointed to bring their professional experience relevant to the remit of the Committee. The GADC also has oversight of the Sustainability Strategy which sets the standards and behaviours for the delivery of the AMS. The Committee receives a progress report at each meeting and reviews the strategy and action plans annually.

The Board has also tasked the Group Customer Experience Committee (GCEC) with a remit to oversee the quality of the customer experience in the delivery of the AMS overseeing our corporate objective of delivering a “great repairs” service. The GCEC membership also includes Independent Customer Members, as well as Board and Independent Members, and receives performance information and analysis of the delivery of the repairs and maintenance services at each meeting.