



Asset Management Strategy

Residential Asset Portfolio

Approval date – September 2017

Review date – September 2022

This strategy applies to

- Link Group Link Housing Link Living Link Property
 Horizon Larkfield West Highland Lintel Trust

Strategy Summary

This strategy sets out how Link uses a robust framework within which informed decisions can be made that ensure the long-term future of Link's stock while contributing to sustaining communities in which they are located.

Equalities

This strategy fully complies with Link's Equality, Diversity and Inclusion Policy.

Privacy

This strategy fully complies with Link's Data Protection Policy, the Data Protection Act 1998 and good practice.

Strategy Owner

Director of Development and Asset Management

Approved by

Link Group Board

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1.0 INTRODUCTION

In 2008, Link established its first Asset Management Strategy. The strategy set out the methodology for optimising the organisation's housing portfolio, ensuring long term economic viability as well as contributing to strategic decision making on land and property acquisition.

Since its introduction, work has continued to enhance and refine property attributes and management data, as well as merging external datasets to create an informed asset profile. The adoption of Community Insight* in 2015, which has a live data platform, dovetailed with contemporary property management reporting ensures that the investment decisions made, are informed by a range of factors (not just bricks and mortar) to ensure Link's resources are used effectively.

This revised strategy builds on the methodology detailed in the 2008 strategy while accounting for the Scottish Social Housing Charter and for the new technical requirements therein. Link officers and the Board of Management understand the importance of Asset Management and acknowledge that they all have a part to play in supporting its aims and objectives and take collective responsibility for its delivery.

Asset Management Explained

For Link, Asset Management is the process of managing its properties to an optimum level ensuring the long-term economic viability of the existing property portfolio (including investment, disinvestment and disposal) as well as contributing to strategic decisions on land and property acquisition.

The central objective of the Asset Management Strategy is to provide a robust framework within which informed decisions can be made that ensure the long-term future of Link's stock while contributing to sustaining communities in which they are located.

This document aims to revisit and refresh the objectives of the original strategy and to align it with contemporary guidance from the Scottish Housing Regulator and best practice within the sector. That said, Link continues with a strategic approach to ensure proper consideration of its investment priorities with existing properties as well as emerging opportunities for future growth to assist in regenerating neighbourhoods.

It is important to recognise that the Asset Management Strategy is not only a reference point for taking decisions but also is active, in the way that the information which it is based on (i.e. the people, property and neighbourhood dimension) is ever changing. A systematic review of land and property holdings will therefore be undertaken annually to inform the business planning process and budget setting for planned and cyclical maintenance. The strategy sets out a snapshot of Link's assets based on a backdrop of contextual information, from which a review of the assets by local authority area is made.

Delivery of the strategy is reported across the organisation through the departmental, cross-department, senior management and board meeting structure. Staff not directly involved receive updates via the Associations intranet and residents via the website and regular newsletters.

2.0 SCOPE OF STRATEGY

It is important that the content of the strategy is clearly defined and to assist, the table below sets out what is ‘in scope’ and ‘out of scope’.

In Scope	Out of Scope
Social Rent Housing	New Supply Shared Equity Properties
Mid Market Rent Housing	Commercial Properties/leases/factored properties
Shared Ownership Housing	Office Buildings
Common Parts (of owned/shared assets)	Supported Accommodation (West Bridge Mill, Comely Green, Dougal Court)
Commercial leases for residential assets owned by Link, including Student Accommodation	Commercial leases for properties not owned by Link (Private Sector Leasing)
Landbank	Subsidiary stock
Sheltered Social Housing Assets (subject of a separate review)	Other fixed assets – furniture IT etc

3.0 THE ORGANISATION

The Link group of housing, support and regeneration social enterprises offers a wide range of services to more than 15,000 families and individuals, primarily in Scotland's central belt.

Despite facing steadily increasing competition and in a more challenging economic environment Link has grown - both through constitutional arrangements (Larkfield, Horizon and West Highland HA are now part of the group) and through a sizeable organic development programme. By 2021 Link aims to increase its portfolio of residential stock by an additional 3200 homes.

Link has successfully retained its position as a leading voluntary sector provider through diversification and initiatives which although commercially focussed are central to Link’s vision and mission statement:

Vision

Link’s vision is to be a provider of choice and excellence in the delivery of a wide range of socially inclusive regeneration, housing and support services.

Our aim is to improve the lives of more people. We will do this by providing homes that people want to live in and by delivering high quality services that provide value for money and are affordable – especially to people on low incomes.

Mission statement

This vision is underpinned by our mission statement, which provides the guiding principles for all of the activities contained in Link's business plan.

- Providing Homes;
- Building Communities;
- Valuing People;
- Working Together;

Our Values underpin all our activities, working practices and strategies:

- **Responsibility** – we all take responsibility for our actions;
- **Empathy** – we work hard to understand how people feel as individuals and treat them with dignity;
- **Social impact** – we strive to ensure that there is a positive social impact from our activities and work with others who share these aims;
- **Participation** – we are proactive in providing opportunities for people to engage with us and help us to improve our services;
- **Equality** – we are all equal and different, and we aim to provide inclusive environments for work and for living;
- **Challenge** – we challenge ourselves and others towards excellence and innovation in all we do;
- **Transparency** – we wish to be open and honest about what we do and how we do it;

The Asset Management Strategy is not a standalone document. It forms an integral part of Link's business planning process and as a principal area of investment, is considered within the corporate budget planning context. It also forms a reference point for Link's Strategic Development Framework which outlines Link's new housing development programme. Link's approach to Asset Management is underpinned by its mission statement and corresponding business objectives:

Providing Homes

- Build at least 3,100 new rented homes over the next five years that meet people's needs, including expansion into the private rented sector;
- Seek opportunities to build for sale, low cost, good quality homes;
- Ensure Link homes are well maintained, efficient to heat and are adaptable as people's needs change;

Building Communities

- Work with people to improve their communities;
- Support social enterprises through our purchasing choices and provide help to organisations that share our social enterprise principles;

Valuing People

- Find out from customers what they want from us and use these insights to drive service improvement;
- Support and encourage our employees, volunteers and board members to reach their potential;

Working together

- Help more people to fulfil their potential through employment, training or volunteering;
- Make best use of our resources and use them to benefit our customers by benchmarking, reviewing value for money and conducting social impact analyses;
- Use our networks to learn from and influence others, and use our knowledge and experience to help others to maximise our impact – particularly in the area of health and social care integration;

4.0 THE 2008 STRATEGY REVISITED

In 2008 the Asset Management Strategy provided a comprehensive framework and methodology for assessing the future growth and investment priorities for Link and was supported by 5 key objectives. The bullet points below each of the objectives detail the progress made to date:

Objective 1: Develop a strategic approach to assessing demand and costs associated with Link's residential and commercial stock based on qualified research.

- The revised strategy addresses the demand and cost assessment;
- The investment plan has been refreshed to account for the outcomes of the stock condition assessments and contemporary renewal costs;
- Commercial stock will be considered under a separate strategy document;

Objective 2: Determine the criteria weighting for disposal, change of use or acquisition of residential and commercial stock and land for development.

- The range of performance indicators and relative scoring for each of the asset schemes have been determined and form part of the outputs of the revised strategy;

Objective 3: Undertake suitable cost benefit assessment of stock including financial and non-financial evaluation methodologies.

- The development of the 'asset indicators and socioeconomic information delivered using the Community Insight tool form part of the combined 'asset score' which determines whether the assets are 'good or bad';

Objective 4: Increase asset value of stock and property volume including strategic land acquisition and alliances to provide better homes.

- The increase in asset value since the introduction of the strategy is in the region of 15% provided via growth in rental income and investment value;

Objective 5: Undertake suitable and effective engagement with tenants and other community stakeholders.

- Link operates with an effective consultation and participation structure for all significant policy and or service delivery elements of the business;

5.0 ASSET VALUE

Link's property and land assets 'Existing Use Value' equates to around £315 million and are supported by an annual investment programmes of (on average) £6 million each year in existing stock and over £400 million in new build developments in the next 5 years.

The current replacement value in insurance terms is £824 million.

Link's current method of valuation is Market Value Subject to Tenancy (MVST). This is typically valued at 60% of market value because of the restriction in tenancy and relative impact on income generation for investment purposes. The market value for any property will vary based on local geographic markets and trends over time. It should be noted that there are significant geographic variations for the percentage of market value at which the MV-ST for social housing is assessed.

The MV-ST has increased significantly; largely driven by rent increases and an increase in asset value providing an increase in investment and rental growth around 15%. As of March 2017, Link's current stock valuation based on MVST is currently around £425 million.

Of Link's current asset base, 2500 properties are currently available security to support funding for its short to medium term development programme. The importance of managing Link's assets effectively in this regard cannot be underestimated and this strategy sets out the principles for ensuring a robust portfolio to give investor confidence.

6.0 SCOTTISH HOUSING QUALITY STANDARD

Link delivered on its commitment to achieve the Scottish Housing Quality Standard (SHQS) by March 2015. There were however a list of exemptions and abeyances which required notification to the Scottish Housing Regulator (SHR). In our 2015/16 ARC we identified 63 properties for exemption and 20 properties for abeyance, in total giving 83 properties unable to meet the standard (<2% of Link stock).

During the course of 2016/17 progress has been made on abeyances, with 1 property being disposed, 12 properties having works carried out to achieve compliance, the remainder are at a stage where all reasonable and viable measures have been undertaken, consideration should be given to reclassification from abeyance to exemption.

The exemption list contains properties included in the 'Dispersed Stock Disposal Strategy' which has been approved by the SHR. Of the 26 'dispersed properties, 11 have been reassigned to mid market rent, 3 have now been sold.

The remaining 12 social rent properties are all located within the boundaries of the City of Edinburgh and the strategy for disposal has been discussed and agreed with the Council and Scottish Government's Housing Investment Division.

The ability to improve a further 37 properties is largely constrained by local authority planning requirements in terms of the need to upgrade heating and/or to replace existing glazing. Previous attempts to secure planning permission in Edinburgh for the remaining properties failed especially in conservation areas where property listed status was a considerable barrier. This process included undertaking a planning appeal, which unfortunately was unsuccessful. A disposal strategy will be considered for these properties.

Through the Scottish Housing Regulator's Annual Return on the Charter (ARC) we are required to continue with our monitoring and reporting of the stocks compliance with SHQS.

This ongoing assessment is achieved by our ongoing programme of stock condition surveys, it is anticipated that any future failures, which may occur over time, shall be addressed through our business as usual planned investment programme.

7.0 STRATEGIC /LEGISLATIVE/ REGULATORY AND CONSULTATION REQUIREMENTS

7.1 Business Planning/ Internal Management Plan

The outputs from the asset review process and resulting investment/disinvestment requirements are evaluated and incorporated within the annualised Business Plan and Internal Management Plan (IMP). The Business Plan is an organisation wide document which is developed by the Strategy & Business Support team in conjunction with the Senior Management Group and Managers. A specific section in the plan highlights any specific asset management issues or aspects of strategic direction.

The IMP is a working activity and action plan utilised to capture the high level Business Plan objectives and distil them into detailed objectives for the Director and Asset Planning team. The IMP activities for the Asset Planning Team correlate with this document.

7.2 Value for Money

The Public Contracts (Scotland) Regulation 2015 came into force in April 2016. These regulations replace the 2012 regulations and implement EU Directive 2014/24/EU which governs the procurement processes which are above the thresholds for works and services determined by the European Parliament.

In April 2016 the Scottish Government Procurement (Scotland) Regulations 2016 came into effect and these regulations deal with regulated procurements under the Procurement Reform (Scotland) Act 2014. The 2015 Regulations no longer allow for

tenders to be awarded solely on the basis of price, all procurements have to be awarded on the basis of the most economically advantageous tender, this takes account of quality as well as price/cost.

In procurement we seek to ensure best value for money by procuring sustainably thereby ensuring long term best value for the Association. Performance and delivery of projects is kept under review to ensure that best value is obtained and that high levels of tenant satisfaction are achieved. Specification for both refurbishment projects and new builds are continually assessed to ensure longevity and therefore reduce future repairs costs.

By utilising Link Property, Links in-house repairs division cost effective repairs continues to be central to our business and strategic aims while achieving high levels of satisfaction with our customers. Benchmarking via the SHN and ARC process as well as comparisons with works competitively tendered allow us to demonstrate we are achieving value for money while most significantly delivering high quality customer service to our customers.

7.3 Legislation, Policy and Regulation

The Asset Management Strategy is also aligned to current legislative and regulatory requirements and guidance therein. In development of this strategy, consideration is given to a range of legislative requirements including but not limited to:

- Housing Scotland Act 2014;
- The Control of Asbestos Regulations 2012
- The Control of Legionella Bacteria in Water Systems (L8, 4th Edition, 2013)
- The Health and Safety at Work etc Act 1974 (HSWA)
- The Management of Health and Safety at Work Regulations 1999 (MHSWR)
- The Gas Safety(Installation and Use) Regulations 1998
- The Gas Safety (Management) Regulations 1996
- The Construction Design & Management Regulations 2015
- Right to Repair – Housing (Scotland) Act 2010
- Occupiers' Liability (Scotland) Act 1960
- Tenements (Scotland) Act 2004
- Public Contracts (Scotland) Regulations 2015
- Procurement Reform (Scotland) Act 2014

On an operational level a secondary contractor is employed to carry out a 10 % check of the services carried out by our gas contractor to ensure quality of the service being delivered. An insurance surveyor carries out regular inspections of lifts to ensure they are being adequately maintained.

Link appoints an external auditor to carry out regular audits of high risk areas of the business to ensure best practice is being implemented.

To meet legislative requirements, Link has developed its own suite of supporting policies:

- Business Plan and Internal Management Plan;
- Asbestos Policy;
- Legionella Policy;
- Gas Safety Policy;
- Repairs & Maintenance Policy;
- Property Maintenance Policy;
- Equality Diversity and Inclusion Policy;
- Construction (Design & Management 2015) Policy;
- Control of Variations to Costs Policy;
- Disposal of Land or Assets Policy;
- Safe Use of Contractors Policy;
- Strategic Development Framework;
- Procurement Policy;
- Procurement Manual;
- Rent Policy;
- Void Policy;
- Neighbourhood Commitment Strategy;
- Technical Brief;
- Health & Safety Assessment Policy;
- Risk Management Policy

This strategy has taken into account relevant contemporary publications including the Scottish Housing Regulator's Strategic Asset Management, Recommended Practice August 2012 and the Scottish Federation of Housing Associations Asset Management Manual (May 2014).

7.4 Regulatory Compliance

The Ten Strands of Asset Management referred to in the Regulator's guidance is summarised as follows:

- A whole organisation approach;
- Understanding customers;
- Risk based and proportionate;
- Good information;
- Joined up planning;
- Looking after core stock;
- Compliance with standards;
- Dealing with 'cause for concern' stock;
- New development with a purpose;
- Value for money;

This strategy is sense checked against these reference points for audit purposes but its composition does not follow their direct order or precise definitions. One of the key outputs from the strategy is a snapshot of Link's assets and how they rate against each other.

It is however, important to recognise that data capture at a point in time is instantly superseded by the ongoing data and asset profiling using the combined scoring of Community Insight and Aareon Reporting software. A contemporary report on the outputs used to pinpoint 'at risk properties' is included in Appendix 7.

7.5 Tenant Engagement

In developing this strategy, it has been included in the Tenant Participation Strategy for 2017- 2020.

This has seen a number of tenant consultation events held in both the west and east Scotland, which have afforded participating tenants the opportunity to discuss and feedback on the purpose and content of the Asset Management Strategy. These consultation events were held during June and July 2017 and inform its final production.

Specific feedback from the consultation related to timescales, priorities, methods of communication, rent increases to reduce replacement cycles and a number of operational matters. Where applicable changes to reflect these were included in the planned maintenance delivery element of the strategy.

An integral part of this strategy is understanding our current and future customers and their requirements. As well as the structured consultation events, the Community Insight tool has been used to assess aspects such as socio-economic and demographic change affecting each scheme/development and how these impact on the asset ratings.

This strategy accounts for the full range of Link customers, including people with particular needs, supporting the aim of future proofing, both new build and where significant investment occurs in existing stock.

Link continually strives to obtain satisfaction survey information from tenants and owners across our stock following reactive, cyclical and planned maintenance as well as from residents moving into new properties. This information is continually used to improve our procedures and specification and as such forms the basis of the operational delivery of this strategy.

7.6 Development

Link's new build programme is entirely focussed on designing to Housing for Varying Needs standards (HfVN). In addition each project is screened for achieving 10% homes to exemplar/wheelchair standards. Link's Design Guide and Technical Brief has specific standards that Link's Designers and Developers are expected to work to. The strategy for accessible homes is relevant to the Government's 'Integration of Health & Social Care' and the significant part that housing has to play. Link's response considers needs driven Housing Investment which will look at the contribution of existing and future housing to the Health & Social Care agenda.

Link uses consultation and customer feedback methods to ensure a good flow of information from existing customers to underpin its investment decisions – not just the theoretic planned maintenance programme.

Link understands the need to adjust its investment priorities to accommodate and ensure its assets remain desirable for current and prospective tenants.

The housing mix for each scheme is initially developed to meet the relevant councils Housing Needs and Demands Assessment. The final mix is agreed with Housing Management and Commercial Services staff to ensure there is relevant demand.

8.0 STATISTICAL INFORMATION

8.1 Information Requirements and Sourcing

Link uses SQL (Aareon) as its main tenant and maintenance management database and has a dedicated in-house Aareon team to ensure that the information is contemporary and correct. The Aareon database is constituted by a number of packages from which reports are formulated and form the baseline for the information provide in this strategy.

External data is captured using Community Insight which draws contemporary information from local and national statistical government provided data.

A short, medium and long term investment programme accounts for all probable types of investment requirement, including maintaining the Scottish Housing Quality Standard and achieving the Energy Efficiency Standard for Social Housing.

Ongoing assessments of councils' Local Housing Strategies assist in understanding future demand and form part of a sense check when considering significant investment in existing stock as well as new build opportunities.

Stock Condition

Link operates a rolling stock condition assessment programme undertaken by its in-house Asset Planning Surveyors which aims to achieve a 10% (600-700 properties) target of surveys per annum.

The survey assesses the immediate condition and short to medium term remaining life of major internal and external property components on a standard component form template.

The collected data is analysed before updating component information in Aareon by the Asset Planning Officer. The procedure for assessing existing stock and analysing the data which is used to formulate investment plans is attached in **Appendix 2**.

The addition of new stock – traditionally from Link's new build development programme uses a specific set of protocols for uploading the construction data onto Aareon and are outlined in **Appendix 3**.

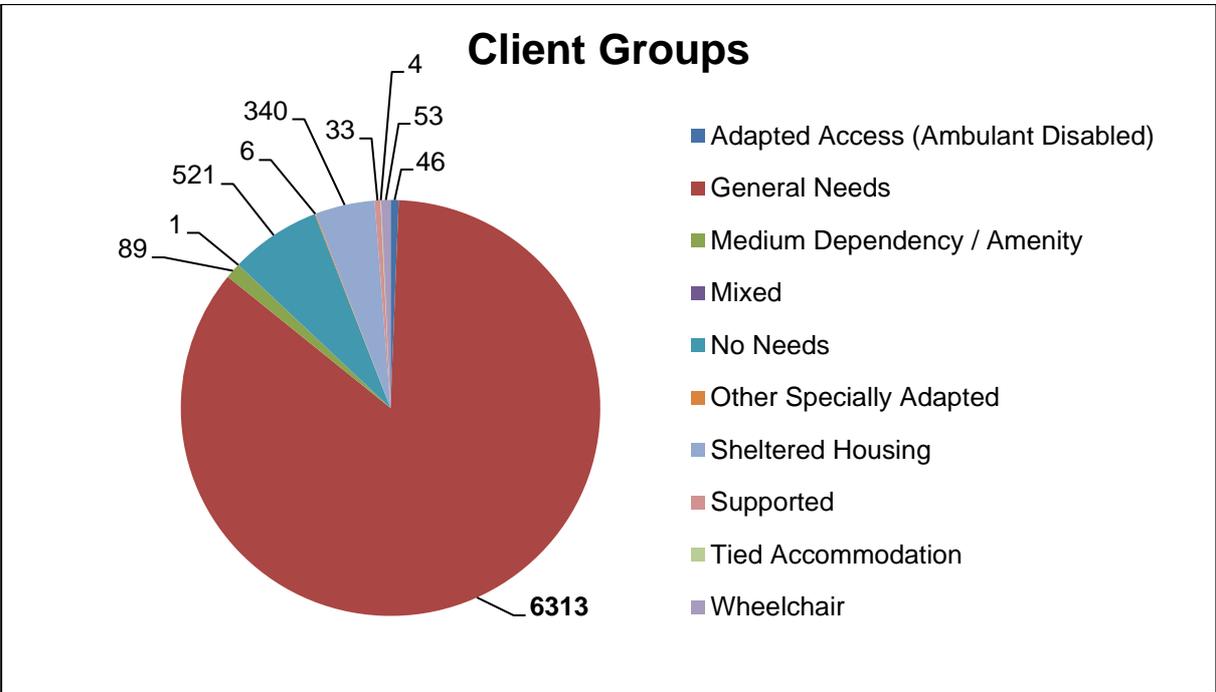
Component Profiling

An integral part of Link’s investment planning is to understand the general component costs. Link uses a schedule of component costs refreshed periodically from contemporary tender documents and reviews the suitability of the component life (duration) based on annual condition surveys.

Appendix 4 provides a full schedule of Link’s Component Library and Renewal Cycle.

Link can articulate its stock based on the client groups as defined within the chart below, from this it can be identified that just over 85% of the assets falls within the general needs category.

Chart 1 - Link Domestic Properties by property/client group classification



Link’s stock profile produces a significant spread of accessible housing but while new developments are configured to meet a more generic standard, existing homes can be modified using Scottish Government Stage III adaptations funding. Link has an annual programme of circa £350,000 (inc. £50,000 of its own resources) to ensure existing homes can be modified to meet the changing needs of the tenant.

The table below summarises the property classification by Local Authority, from the table it can be clearly identified that Link has a wide reaching geographic spread, with high concentrations of properties located within Edinburgh, Falkirk and North Lanarkshire.

Table 1 – Property Classification by Local Authority

	Adapted Access (Ambulant Disabled)	General Needs	Medium Dependency / Amenity	Mixed	No Needs	Other Specially Adapt	Sheltered	Supported	Tied	Wheel chair	Total
Argyll & Bute		94									94
City of Edinburgh	12	1218	10	1	196					12	1449
Clackmannanshire		47									47
East Ayrshire		175									175
East Dunbartonshire		149			7		21			1	178
East Lothian		1			18						19
East Renfrewshire		128								2	130
Falkirk	20	1261	68		79		88		1	13	1530
Fife		83			5			32			120
Glasgow City	6	372	5		37	6	50				476
Highland		39			29						68
Inverclyde		263								1	264
Midlothian		20	6								26
North Lanarkshire	6	1046			34		95	1	1	14	1197
Perth & Kinross		19									19
Renfrewshire		489			103		25		1	5	623
Scottish Borders		106									106
South Ayrshire		34									34
South Lanarkshire		288					61		1	1	351
Stirling		132			10						142
West Dunbartonshire		220								4	224
West Lothian	2	129			3						134
Grand Total	46	6313	89	1	521	6	340	33	4	53	7406

Stock Profile

Link's stock profile is diverse in age, construction and typology. As a baseline, the strategy aims to provide an overview of Link's property asset register in general, although more detailed subsets sit behind the production information based on each local authority area.

The following section of this strategy provides contextual data on the detail of Link's stock profile. These details allow for an overall perspective to be gained on the size and scale of the Group's domestic properties.

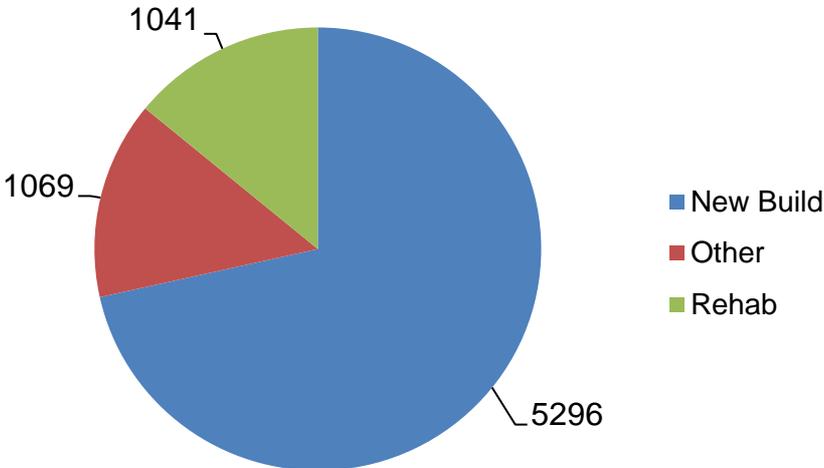
Property by Construction Type:

Link’s property review by construction is typified in 3 main categories.

- New build - (post 1982 properties) accounts for 70% of Link’s stock;
- Rehab types are properties of any given age which have undergone significant capital refurbishment;
- Other is the residual stock mostly stock transfers with a likely build age between 1965 and 1982;

Chart 2 below demonstrates the split between the 3 main property construction types.

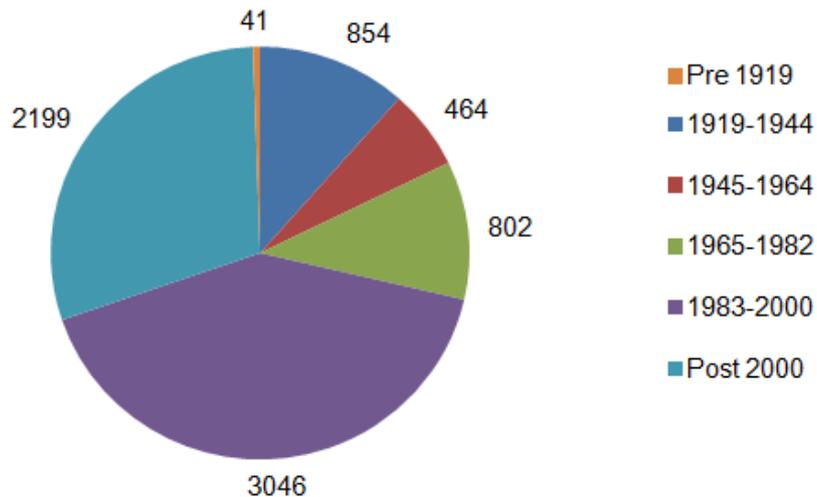
Chart 2 – Construction Types



Property by build year:

This profile of stock is articulated by its original build year. It does not account for any form of rehabilitation but purely identifies the original date of construction to allow a flagging for the probable limitations for certain types of properties i.e. pre war buildings of historic or conservation interests. Chart 3 below provides a further breakdown of the stock based on age bands:

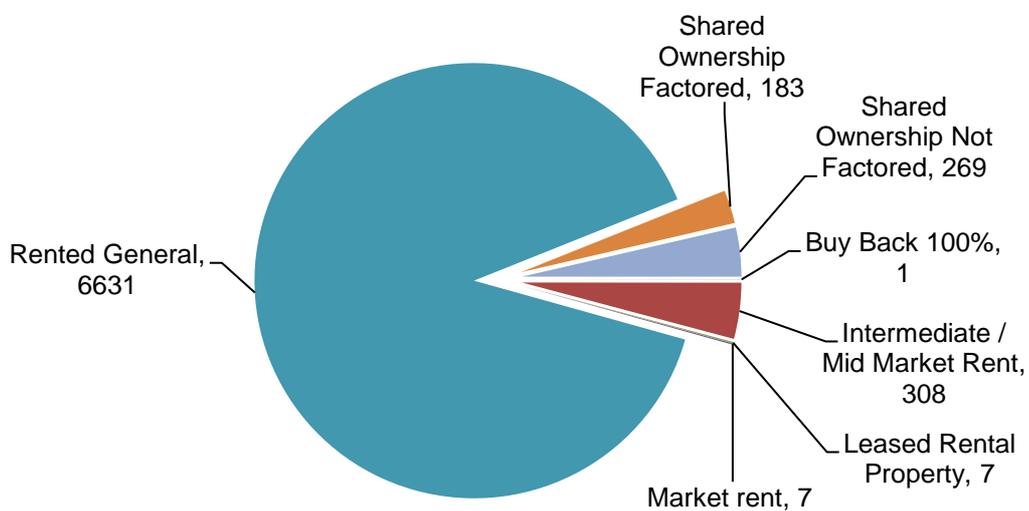
Chart 3 - Stock Profile by Build Year



Property by Tenure Type:

Link’s assets unsurprisingly, are largely social rent. A broadening of Link’s rental profile generated by a change in grant funding (Innovation and Investment Funding - IFF) and new development scheme viability appraisals, generated a new form of tenure – Mid Market Rent (MMR). A readjustment in grant funding (post IIF era) has redressed the balance of developing alternative tenures, although MMR remains an important constituent in Link’s approach to multi tenure development.

Chart 4 – Property Tenure Type



Stock by (block) Tenure Mix:

An important element of Link’s effectiveness in maintaining its stock is a continual awareness of the relationship between its properties and those that are privately owned and where there is a common interest in block structure. This is particularly critical where Link has current and future plans for investment in the common elements, i.e. cyclical maintenance costs and future planned investment.

The table below gives an indication of the number of properties/ ownership per local authority area to highlight where Link's more challenging areas are in respect of agreeing and actioning maintenance works.

In general terms, Link's Commercial Services team provide property management (Factoring) services for defined factored schemes (where Link is the appointed factor). For developments where Link is the minority owner/without factor, a more ad-hoc approach is required, sometimes requiring the local authority to intervene using its statutory powers for repairs.

Table 2 - Link Stock by Local Authority region inclusive of factored/non-factored owners.

Local Authority	Link Owned	Shared Factored	Shared Not Factored	Other Owners Factored	Other Owners Non Factored	Total
Argyll & Bute	94				6	100
City of Edinburgh	1270	58	121	338	387	2174
Clackmannanshire	47					47
East Ayrshire	175			1	2	178
East Dunbartonshire	171		7	44	9	231
East Lothian	1		18		7	26
East Renfrewshire	130			25	2	157
Falkirk	1463	41	26	154	8	1692
Fife	115		5	8	22	150
Glasgow City	440	12	24	62	76	614
Highland	39		29	17	14	99
Inverclyde	264			954		1218
Midlothian	26			2	3	31
North Lanarkshire	1166	24	7	630	169	1996
Perth And Kinross	19					19
Renfrewshire	549	48	26	176	47	846
Scottish Borders	106			3	1	110
South Ayrshire	34					34
South Lanarkshire	351			14	102	467
Stirling	139		3	12	33	187
West Dunbartonshire	224			33	3	257
West Lothian	134					134
Total	6957	183	266	2473	888	10767

Stock by Wheelchair compliance:

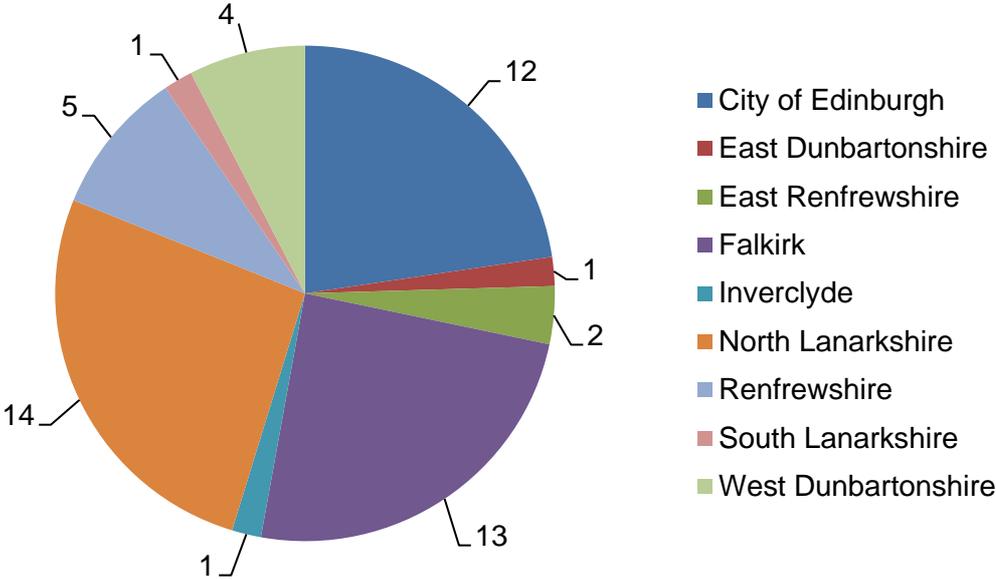
Link’s historic housing development programme was largely delivered without a specific focus of integrating housing for people with particular needs into mainstream development. Since 2013, all new development, where practicable, aims to include 10% of homes to wheelchair accessible standards.

Link has also further developed an exemplar form of accessible housing which does not predetermine the needs of the eventual tenant but makes adequate provision (in space/ layout and future proofing terms) to meet their current or future needs.

In addition, Link now also seeks to compliment its accessible housing portfolio by integrating amenity housing where appropriate into new mainstream developments. To ensure suitability amenity properties are largely identified on ground floors unless the properties are supported by lifts.

Link has also developed a new concept of retirement living combining social rented dwellings with a form of New Supply Share Equity. These are fully accessible amenity units aimed at social tenants and elderly home owners looking for an opportunity to down size or move to more appropriate housing to suit their particular needs.

Chart 5 – Wheelchair Adapted Properties by Local Authority



*53 – Wheelchair adapted properties = 0.7%

Neighbourhood Components and People Indicators

Link’s customer socioeconomic profile is assessed using the following statistical information captured from Community Insight. The system uses a range of national statistical datasets available for reporting and analysis. To inform the neighbourhood dimension we have utilised the datasets overleaf:

- Pensioners in poverty (Pension Credit);
- Overcrowded housing;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Crime rate;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Overall rank;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Income domain rank;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Employment domain rank;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Education, Skills and Training domain rank;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Housing domain rank;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Crime domain rank;
- Scottish Index of Multiple Deprivation (SIMD) 2016: Geographic Access to Services domain rank;
- SIMD 2012 Geographic Access to Services (Public Transport) Rank;
- SIMD 2012 Geographic Access to Services (Drive Times) Rank;

For each of the indicators detailed above, we have provided outline definitions based on detail provided via Community Insight database:

Pensioners in poverty:

Definition: Pensioners in poverty are defined as pensioners in receipt of Pension Credit. Pension Credit provides financial help for people aged 60 or over whose income is below a certain level set by the law. Some figures now add to greater than 100 due to underestimation of the pensioner population in the Office for National Statistics - Mid Year Estimates.

Overcrowded housing:

Definition: Households are classified as overcrowded if there is at least one room fewer than needed for household requirements using standard definitions. Figures are based on responses to Census questions on the number of rooms and numbers of persons in a household.

SIMD Domains and indicators

The seven domains in SIMD 2016, used to measure the multiple aspects of deprivation, are:

- Crime Rate compares the number of recorded crimes of violence, sexual offences, domestic housebreaking, vandalism, drugs offences, and common assault as a rate per 10,000 populations.
- Overall Rank combines seven different domains (aspects) of deprivation: Income; Employment; Health; Education, Skills and Training; Geographic Access to Services; Crime; Housing.
- Current Income domain compares the proportion of people in receipt of low income benefits and tax credits.
- Employment domain compares the proportion of working age people in receipt of out of work benefits (Jobseekers Allowance, Incapacity Benefit, Employment and Support Allowance and New Deal).

- Health Rank The Scottish Index of Multiple Deprivation (SIMD) Health domain compares health outcomes of the local population including mortality rates, hospital admissions, disability benefit receipt and prevalence of mood and anxiety disorders.
- Education, Skills and Training Rank domain compares educational attainment of children and adults and includes qualifications, pupil attainment, absence and entry to higher education.
- Housing Rank domain measures the proportion of people living in poor housing conditions (overcrowded housing and households lacking central heating).
- Crime domain compares recorded crime from a range of notifiable offences reported to the police (violent crime, indecency, domestic housebreaking, vandalism, drugs offences and common assault).
- Geographic Access to Services domain compares average travel times by public transport to key services (post office, retail centre and petrol station) and drive times to key services (post office, retail centre, primary school, secondary school and petrol station).
- Geographic Access to Services (Public Transport) measure compares average travel times to key services by public transport (post office, retail centre and petrol station).
- Geographic Access to Services (Drive Times) measure compares average drive times to key services (post office, retail centre, primary school, secondary school and petrol station).

A full copy of the assessment matrix is contained within **Appendix 7**.

8.2 Repairs

Repairs and Void Trends/Analysis

The trends of reactive and void repairs expenditure is an important consideration and sense check of the immediate and future programme requirements. A repairs expenditure trend analysis is run regularly and allows a review of reactive and void repair costs per scheme to help identify and significant issues or highlight areas of more detailed review.

To ensure the output of this analysis to be meaningful, it will be produced and assessed during the first two quarters each year, in doing so this affords the opportunity for updating the short term investment plans and any planned maintenance interventions to be programmed.

The table below illustrates the profile of expenditure per local authority area from January 2016 – December 2016. Unsurprisingly the profile of expenditure reflects the housing volumes per area, the average cost of repairs throughout Link stock is relatively comparable at around £99 per repair, or an average of £277 per property per year.

It is accepted that the details in table 3 are an indicative measure of property maintenance performance, as such should be used to commence further investigations into the cause of high reactive volumes.

Table 3 – Repairs performance by Local Authority 2016

Local Authority	No. Properties	No. Orders Per Property*	No. Orders	Avg Cost per Order	Avg Cost per Property	Total Repairs Cost
Argyll & Bute	94	0.6	59	£85	£53	£4,991
City of Edinburgh	1449	2.5	3659	£99	£249	£361,324
Clackmannanshire	47	2.4	114	£97	£234	£11,019
East Ayrshire	175	3.0	525	£79	£236	£41,244
East Dunbartonshire	178	3.5	619	£82	£286	£50,940
East Lothian	19	0.1	2	£211	£22	£421
East Renfrewshire	130	1.7	216	£76	£126	£16,348
Falkirk	1530	2.9	4468	£94	£275	£421,237
Fife	120	2.9	348	£289	£837	£100,429
Glasgow City	476	2.6	1247	£89	£233	£110,868
Highland	68	1.1	75	£93	£103	£7,004
Inverclyde	264	3.2	832	£112	£353	£93,074
Midlothian	26	3.1	81	£109	£341	£8,858
North Lanarkshire	1197	3.0	3606	£93	£281	£336,147
Perth And Kinross	19	3.0	57	£111	£334	£6,349
Renfrewshire	623	2.4	1522	£89	£217	£135,124
Scottish Borders	106	2.0	211	£154	£307	£32,502
South Ayrshire	34	3.3	111	£71	£233	£7,918
South Lanarkshire	351	3.1	1077	£90	£275	£96,419
Stirling	142	7.2	1023	£132	£949	£134,695
West Dunbartonshire	224	2.4	545	£85	£206	£46,123
West Lothian	134	2.5	336	£88	£222	£29,725
Grand Total	7406	2.8	20733	£99	£277	£2,052,758

*Excludes: Void Orders and Tenant Recharges (Pursued & Non Pursued);

8.3 Void Properties

The Asset Planning team together with Link Property review the void status of properties on a monthly basis. The review is primarily to ensure repair void targets are achieved but also includes a high level review of long term voids, void costs etc.

Table 4 – Void Statistics per Local Authority

Local Authority	No. voids completed during 2016/17	Void Cost	Void Loss*
Argyll & Bute	2	£6,562.50	£870.76
City of Edinburgh	121	£79,294.16	£30,811.46
Clackmannanshire	5	£4,588.90	£1,079.79

Local Authority	No. voids completed during 2016/17	Void Cost	Void Loss*
East Ayrshire	26	£34,989.61	£20,335.93
East Dunbartonshire	12	£7,842.05	£1,780.07
East Renfrewshire	8	£4,319.61	£2,733.50
Falkirk	209	£149,317.74	£57,834.53
Fife	6	£6,127.79	£1,872.24
Glasgow City	26	£17,039.48	£6,244.07
Inverclyde	15	£18,338.11	£3,752.98
Midlothian	2	£917.73	£238.66
North Lanarkshire	72	£74,738.04	£21,184.73
Renfrewshire	54	£44,524.73	£20,090.99
Scottish Borders	27	£24,730.59	£12,882.83
South Ayrshire	7	£7,657.10	£1,944.33
South Lanarkshire	47	£45,909.01	£15,129.06
Stirling	8	£6,473.12	£1,695.79
West Dunbartonshire	19	£13,994.79	£5,798.27
West Lothian	15	£12,037.58	£2,705.91
Grand Total	681	£559,402.64	£208,985.92

*Void loss figures based on ARC 2016/17, excluded Lochaber and void loss for ongoing voids;

8.4 Reactive and Void Repairs

Link changed course in its delivery of reactive and void repairs in 2013 by establishing Link Property – a subsidiary of Link Group Ltd with a primary aim of delivering a high quality repairs service in-house. Following a 3 year mobilisation, Link Property now undertakes reactive and void repairs to Link assets (with the exception of the Highland area). Specialist repairs are subcontracted by Link Property from a framework of contractors. A significant improvement in repairs performance and customer satisfaction has been achieved and maintained.

Chart 6 – Repair order costs per Local Authority overleaf*

Chart 6 – Repair order costs per Local Authority

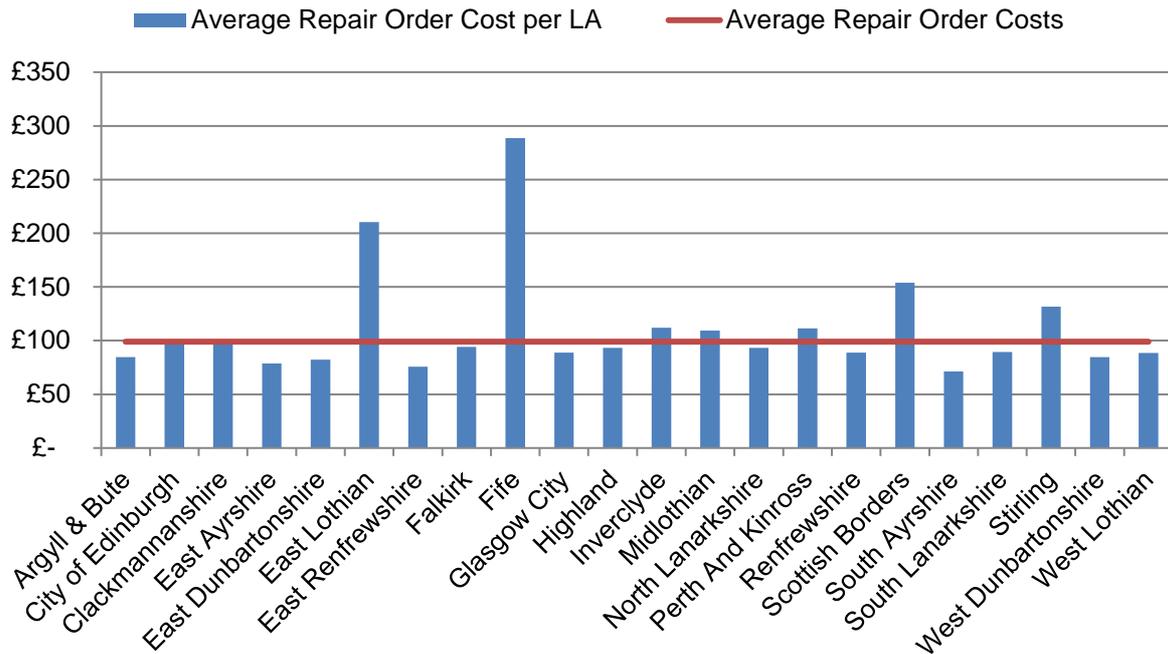
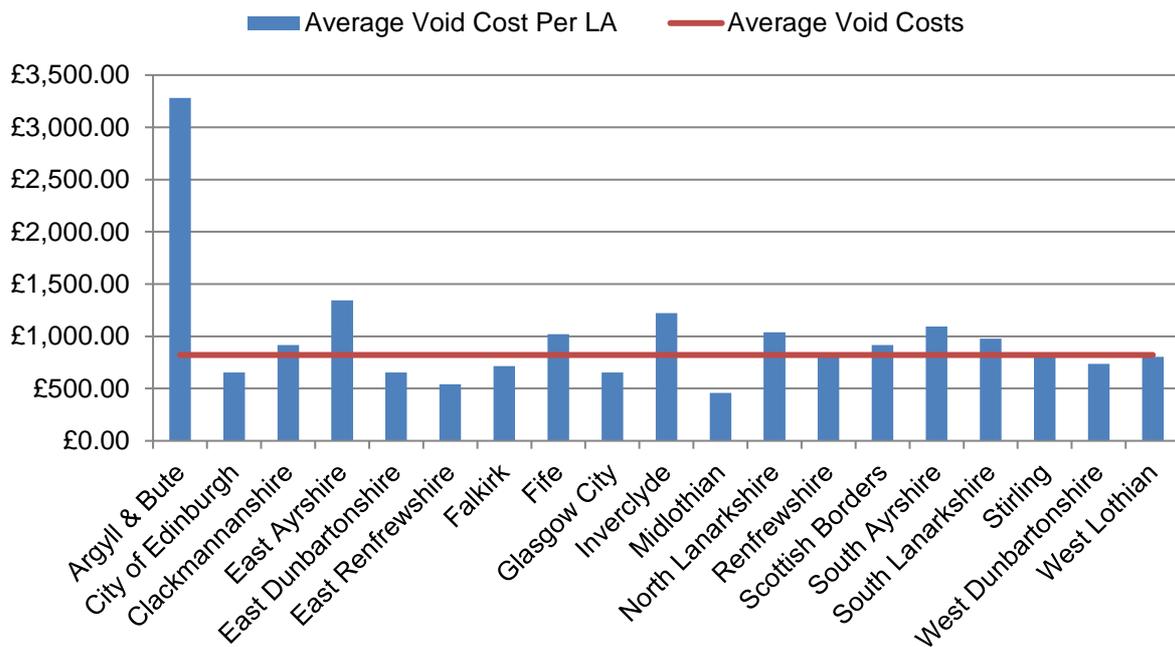


Chart 7 – Void order costs per Local Authority



**Extensive replacement works at void adversely inflated avrg cost for Argyll and Bute.*

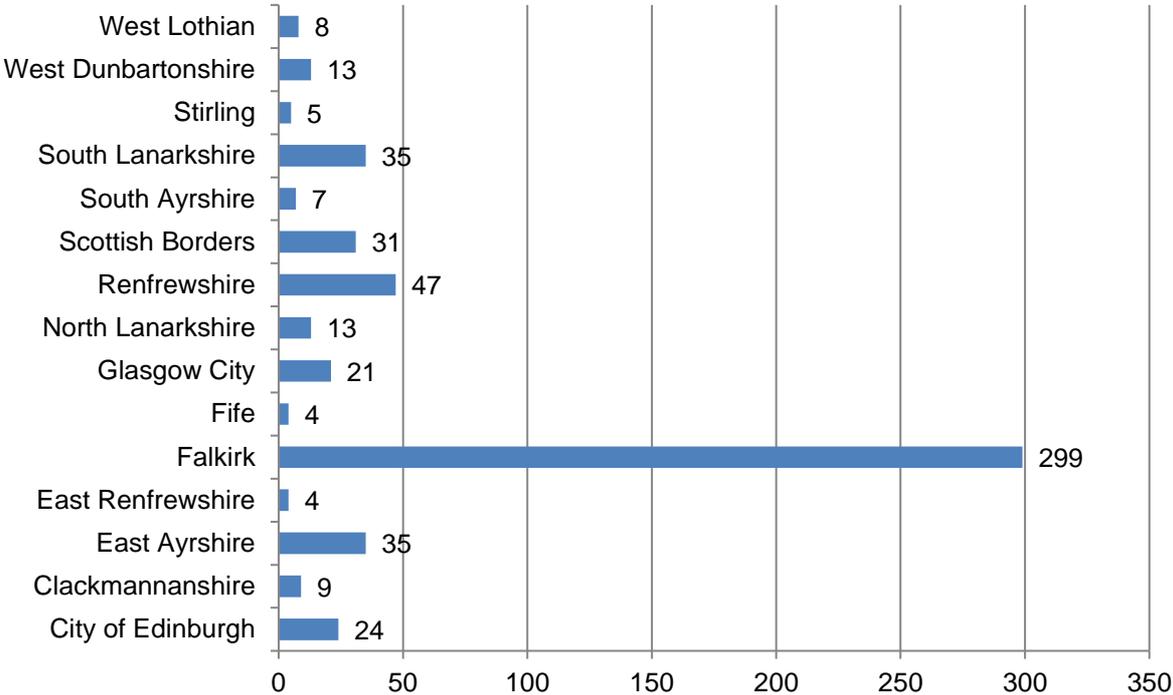
There is a general average void cost attributed to Link schemes of £821 from the reported data. Significant fluctuations in void costs are largely as a result of misuse rather than prematurely failing components. A full void inspection is undertaken to establish the extent of works by Link Property Void Officers based on an agreed set of Void Standards Link Housing and the Tenant Scrutiny Panel.

8.5 Refusals

Tenancies which are refused on the basis of property suitability are an important barometer to influence investment decisions or identify any neighbourhood interventions. It should also be viewed in the context of ‘competing’ housing and availability.

A reasonable comparison in this context is that North Lanarkshire has few refusals while similar assets in Falkirk can have multiple refusals. Aspects of oversupply of certain tenures and introducing competing new builds form part of a strategic dialogue with Link Housing and local authority partners.

Chart 7 – Refusals by Local Authority



8.6 Rent Profile

Rent Levels

The most obvious element of Link’s income is generated from rent and defines in part the value of Link’s assets. The Board of Link Group decide each year what will be the maximum permissible level of phasing increase

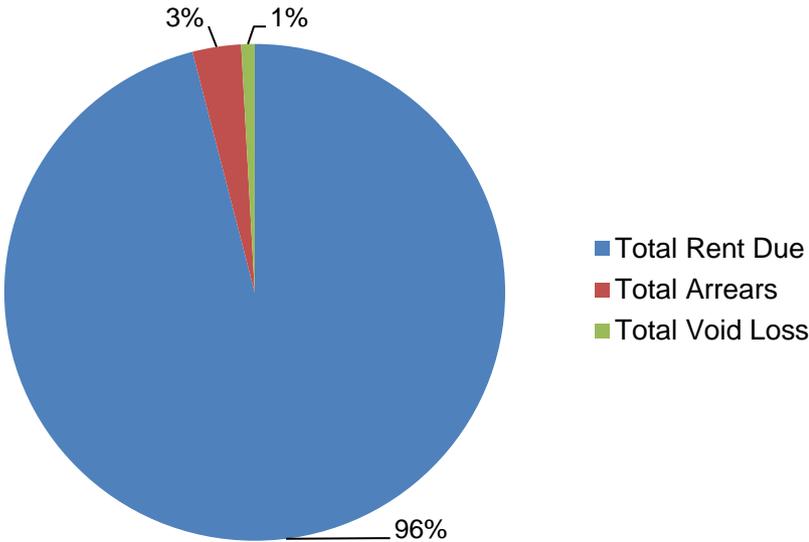
Link’s rent setting mechanism provides a method to determine rents based closely on the characteristics of each property and to ensure affordability for those on low or supported incomes. However, there are significant variations in prevailing rent levels across Scotland.

Rent levels reflect economic circumstances of an area as well as comparable rent levels of other social housing providers.

Each year the total rental income requirement is determined as part of the budget process and includes:

- Reviews of affordability and comparability;
- Modelling of spending plans for the following year in relation to possible rental Income;
- Modelling of rental income to include details of rents which are frozen or are subject to additional phasing increases;

Chart 9 – Rent Performance 2016/17



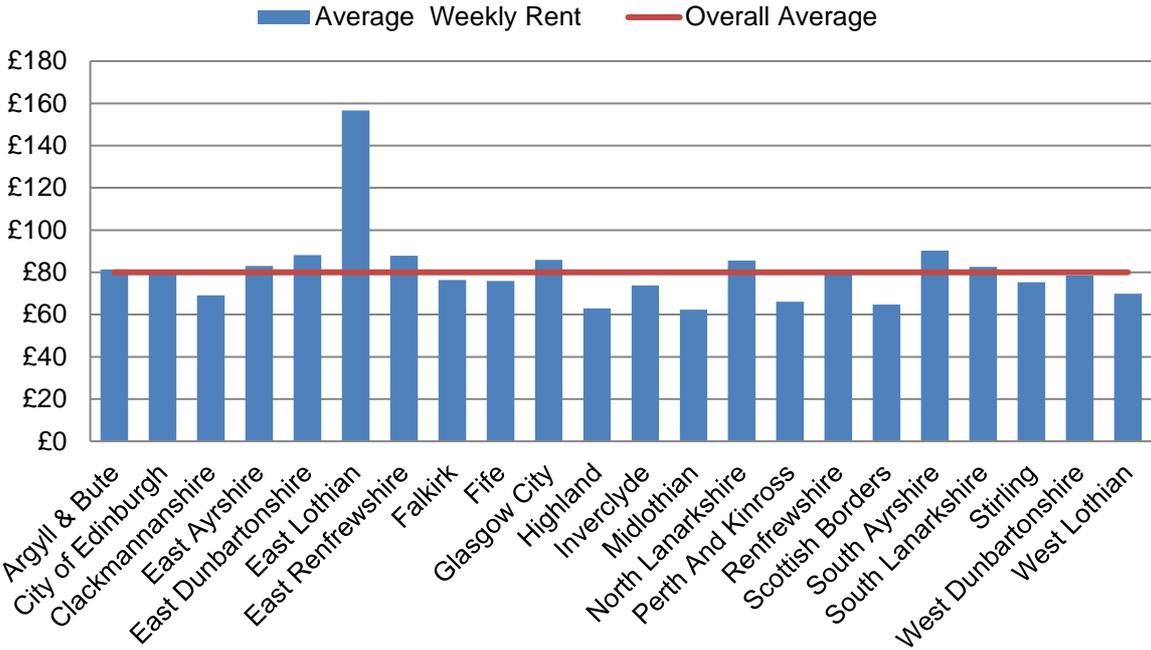
ARC Indicator	Category	% Total Rent	Rent Values*
Indicator 31	Total Rent Due	96%	£26,745,128
Indicator 31	Total Arrears	3%	£840,269
Indicator 34	Total Void Loss	1%	£231,728
Total			£27,817,125

*Source: ARC 2016/17

Rent comparability

Ensuring Link’s rents are affordable to existing and new tenants is highly significant in ensuring asset sustainability. Link undertakes rent review comparisons with ‘like’ RSLs following the SHR’s publication of Annual Return of the Charter. Link also undertakes rent comparability review when considering annual rent increases.

Chart 10 – Average Weekly Rent



*Source: ARC 2016/17 Note: East Lothian reports significantly higher than other weekly and overall averages, due to the low number of properties within local authority area.

8.7 Property Suitability

In consideration of Link’s assets an assessment is also made of the external environment, such as Westminster and Scottish Government policy which have a likely impact on property suitability. The single most significant policy currently being assessed for its impact is Welfare Reform, particularly the current and future impact of Universal Credit payments.

Property by Bedspace:

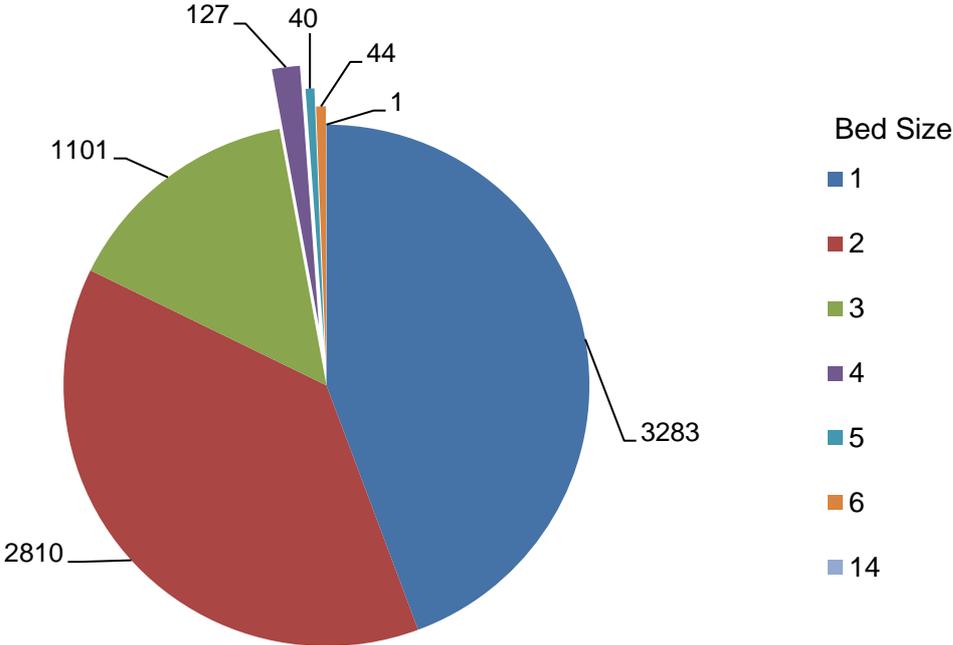
Just short of 45% of Link’s stock is 1 bedroom, which is largely as a result of historic local housing strategy requirements. Smaller apartment groups mitigated some of the immediate welfare reform issues in relation to under occupancy charges (‘bed room tax’), prior to the Scottish Government’s intervention of providing Discretionary Housing Payments.

Given the next two larger bedspace groups are 2 and 3 bedroom properties (38% and 15% respectively) and the remaining larger assets are limited in number to 3% of the total stock, it can be acknowledged that Link’s existing spread of stock is proportionally suitable.

Link’s newly developed stock is tested against each local authority’s’ Housing Needs and Demand Assessments (HNDA).

The following chart provides the stock breakdown by bed spaces:

Chart 11 – Stock by Bed Space



Note: 14 bed unit refers to the student accommodation block in Stirling (2 Union Street HMO)

Link’s current asset portfolio represents a broad range/mix of properties and significant work by Link Housing has been undertaken to assess the impact of welfare reform. The review of the current stock mix suggests that relatively, the property match to existing tenants and those becoming void should not present any specific viability issues because of under occupation or rent affordability.

8.8 Planned Maintenance and Investment

Critical to Link’s asset management strategy is the delivery of its investment and maintenance programme. Link is largely able to utilise its own internal resources for the delivery and administration of planned and cyclical maintenance projects.

As part of the investment overview the total cost of future investment over a 30 year period is an important test of viability. Industry standards (for valuation purposes) indicate that investment values up to a maximum ceiling of £30k per property are generally viable but that a complete portfolio approach may be required to compensate high cost investment against lower levels.

Table 5 demonstrates the range of costs planned over the next 30 year period, this identifies that general across all construction types, and costs remain consistently below £30k, with an average property performance of circa £27k.

Link own and manage stock a variety of stock in various locations and estates across Scotland. Our Estate Management Policy was replaced in 2017 with a Neighbourhood Commitment, this clearly sets out the responsibilities of Link and residents. It defines the frequency of landscaping and maintenance items and timescales in which we will deal with other communal repairs/issues.

On an annual basis residents are invited to join staff for an inspection of the area and priorities for improvement are agreed. Regular estate management visits are carried out by Asset Planning Surveyors, Housing and Factoring staff.

A sum is included in the Planned Maintenance budget each year for Estate Enhancements to allow work identified to be carried out. Where possible Linkscope, our in-house landscape maintenance team are utilised to carry out works and involve residents when possible.

Table 5 – 30 Year Planned Maintenance Performance – Cost per Property

Local Authority	Construction Type						All Link Stock	
	No. New Build	New Build (Avg.)	No. Rehab	Rehab (Avg.)	No. Other Builds	Other Builds (Avg.)	No. Properties	Link Stock (Avg.)
Argyll & Bute	75	£20,921			19	£18,839	94	£20,500
City of Edinburgh	923	£26,336	311	£26,654	19	£26,414	1253	£26,417
Clackmannanshire	42	£45,358	5	£30,389			47	£43,618
East Ayrshire	147	£29,499			28	£26,975	175	£29,138
East Dunbartonshire	171	£21,050					171	£21,050
East Lothian			1	£27,682			1	£27,682
East Renfrewshire	130	£16,840					130	£16,840
Falkirk	1182	£25,333	247	£29,836	34	£30,033	1463	£26,161
Fife	48	£33,615	67	£28,651			115	£30,791
Glasgow City	356	£24,033	34	£38,716	47	£27,681	437	£25,668
Highland	39	£27,899					39	£27,899
Inverclyde	38	£37,412	1	£33,574	222	£34,278	261	£34,812
Midlothian	19	£36,405	6	£20,833	1	£30,166	26	£31,979
North Lanarkshire	857	£30,568	64	£21,681	243	£31,320	1164	£30,194
Perth And Kinross	18	£28,472	1	£24,920			19	£28,274
Renfrewshire	316	£25,583	43	£26,480	190	£25,911	549	£25,767
Scottish Borders	79	£33,538	21	£22,921	6	£27,815	106	£30,581
South Ayrshire	34	£24,814					34	£24,814
South Lanarkshire	71	£47,400	214	£28,001	66	£31,175	351	£31,953
Stirling	116	£31,608	16	£27,215	7	£24,791	139	£30,761
West Dunbartonshire	148	£21,992	9	£22,798	67	£26,204	224	£23,260
West Lothian	131	£26,186					131	£26,186
Grand Total	4940	£26,818	1040	£27,777	949	£29,573	6929	£27,327

**Excludes Shared Ownership properties and 25 new build properties awaiting component upload.*

Cyclical Maintenance

Cyclical maintenance is an essential element for all Link assets. It is acknowledged that some Link stock may require significantly more servicing and maintenance to ensure the assets are compliant with health & safety; water management, asbestos regulations.

This will depend in part on construction type and the building type i.e. sheltered housing/supported accommodation.

Table 6 – 30 Year Cyclical Maintenance Performance

Local Authority	Construction Type						All Link Stock	
	No. New Build	New Build (Avg.)	No. Rehab	Rehab (Avg.)	No. Other Builds	Other Builds (Avg.)	No. Link Stock	Link Stock (Avg.)
Argyll & Bute	75	£712			19	£2,882	94	£1,151
City of Edinburgh	923	£5,929	311	£6,036	19	£3,991	1253	£5,926
Clackmannanshire	42	£6,154	5	£6,839			47	£6,226
East Ayrshire	147	£6,175			28	£6,517	175	£6,230
East Dunbartonshire	171	£5,668					171	£5,668
East Lothian			1	£5,925			1	£5,925
East Renfrewshire	130	£4,808					130	£4,808
Falkirk	1182	£5,875	247	£6,409	34	£6,690	1463	£5,984
Fife	48	£6,434	67	£4,652			115	£5,396
Glasgow City	356	£5,698	34	£9,474	47	£5,081	437	£5,925
Highland	39	£5,645					39	£5,645
Inverclyde	38	£8,191	1	£5,925	222	£5,948	261	£6,274
Midlothian	19	£6,880	6	£3,188	1	£5,925	26	£5,991
North Lanarkshire	857	£6,077	64	£7,262	243	£5,646	1164	£6,052
Perth And Kinross	18	£6,375	1	£5,925			19	£6,351
Renfrewshire	316	£6,121	43	£6,222	190	£6,484	549	£6,255
Scottish Borders	79	£6,365	21	£6,375	6	£6,325	106	£6,364
South Ayrshire	34	£6,190					34	£6,190
South Lanarkshire	71	£6,001	214	£5,875	66	£4,261	351	£5,597
Stirling	116	£4,243	16	£6,376	7	£6,375	139	£4,596
West Dunbartonshire	148	£6,323	9	£6,042	67	£6,554	224	£6,381
West Lothian	131	£6,289					131	£6,289
Grand Total	4940	£5,846	1040	£6,197	949	£5,809	6929	£5,894

**Excludes Shared Ownership properties and 25 new build properties awaiting component upload.*

9.0 MANAGING RISK

This strategy is based on a proportionate response to risk acknowledging the degree, likelihood and impact of the risks associated with asset management. Link operates a comprehensive corporate Risk Management Plan associated with the Business Plan and identifies the risks and mitigating elements to remove or lessen their likelihood. The specific asset-related risks and the role of asset-based solutions to managing risks are articulated in the table detailed in **Appendix 2**.

10.0 SHELTERED HOUSING REVIEW

In conjunction with Link's early development of the now concluded Older Person Strategy, a fundamental assets review was identified for Link's existing sheltered housing stock. This process which is currently underway will serve as an addendum to this document once complete, and the findings will be used to refresh the outcomes of the wider Asset Management Strategy.

The review prioritised the assessment of schemes with immediate viability issues, Kilsyth Road Kirkintilloch, being a specific focus. The findings of the review suggested that this scheme was no longer sustainable for its current form and as such was recommended to Link Group Board to consider an alternative use strategy. The existing tenants and stakeholders were consulted and a strategy for relocating existing residents has been developed and actioned.

In parallel schemes with existing 'warden accommodation' have also been the subject of a particular design appraisal to redevelop 2 storey general needs accommodation to 2 sheltered 1 bedroom units. Design proposals for Castings House, St Andrews Gardens and Ben Lui Place are all subject of this review and subject to grant availability and securing consents will be progressed.

The general viability of Link's Sheltered Housing Developments is included in this document review in common with general needs assets.

11.0 ACCESS OWNERSHIP REVIEW

The Link group operates a programme of individual house purchases for shared ownership or rent by disabled people and families, involving investment by Link Group or Horizon to a maximum combined total of £1.5million. There is no grant subsidy.

The combined investment to 31 March 2017 is £1.3m, of which £0.8m from Link Group, in 16 properties, of which 8 Link Group shared ownership properties. The combined historic value of the properties is £2.3m i.e. Link & Horizon own 60% of the equity on average. The average 40% of equity is owned by the disabled people/families.

Individual properties are located across central Scotland - from Ayrshire to Perthshire - with purchase values ranging from £40,000 - 250,000, and estimated current resale values ranging from £41,000 - £306,000.

Acquisition, property management and disposals are managed by Horizon, with title and occupancy agreements tied to the RSL providing the investment. The policy is that properties will be sold on the open market when no longer required by their current residents.

The programme has potential for expansion and private loan or investment options will be explored in 17/18.

12.0 STOCK GAINS AND DISPOSALS

Link's acquisition programmes is generally via new build opportunities, rather than 'off-the shelf purchases' and as such is appraised with a high degree of diligence to mitigate a range of risks.

In the event of 'used' properties being sought for acquisition, a similar detailed appraisal would be required (with the construction risk assessment being superseded by a detailed technical appraisal).

13.0 NEW DEVELOPMENT PROGRAMME

Link has a strategic commitment to increase the number of affordable homes within particular local authority areas in Scotland, and where it has a balance of existing stock. The Strategic Development Framework (SDF) approved by the Link Group Board sets out Link's development programme for the next three years and is aligned to this strategy.

A risk assessment for each project at both pre-acquisition and pre-tender stage is produced for the Development 'Sub Committee's consideration. The reports detail particular due diligence assessments to ensure the addition of the new stock will complement existing communities and all risks are removed or mitigated. In particular all new build developments are appraised by the local authority to ensure they fit with their Local Housing Strategy – this is a condition of the subsidy approval process by Scottish Government (or unilaterally by the local authority in receipt of Transfer of Management for Development Funding - TMDF).

The Development Programme is refreshed in preparation of the contemporary business planning objectives, The SDF 3-year programme is attached in **Appendix 5**.

14.0 DISPOSALS OF ASSETS

Asset gain and disposal are constituent parts of Links business strategy. The central objective of the Asset Management Strategy is to provide a robust framework within which informed decisions can be made that ensure the long-term future of Link's stock while contributing to sustaining communities in which they are located. The outcome of such decisions may be the disposal of assets with particular focus on certain criteria which collectively may deem a property/scheme unviable. The methodology used is detailed from page 32 of this document, and whilst these are a basket of indicators informing an overall viability score certain key indicators may be prevalent in finalising decisions on disposals, such as:

- Significant investment irrecoverable from the rent generated
- An inability to achieve Scottish Government qualitative standards (including ESSH)
- Lack of demand after significant investment interventions
- Significant non productive management and resource investment including managing a minority number of dwellings in mixed tenure stairs.

A scheme list defining properties for disposal has been identified on [page 34](#). Where required, Link must seek the consent of the Scottish Housing Regulator for disposals under Part 9, Section 107 and Part 11 of the Housing (Scotland) Act 2010, (the Act). When considering asset disposals Link will follow the Regulator's February 2016 guidance on Consent to Disposal.

Regulator consent will be sought for this Asset Management Strategy, to allow Link to use General Consent for the 26 properties identified for disposal on [page 35](#) for the period of the strategy (which is 5 years). When tenancies end for these properties Link will dispose of the properties (unless there is no viable market for the disposal,

at which point the properties will be re-let) Link will ensure that the Regulator requirements are fully met when considering any asset disposals ensuring that:

- The Board has considered and agreed the strategy on the basis of appropriate advice;
- The Board has considered the benefits and risks of the disposals, including how the risks will be managed;
- The Board understand and can fulfil their obligations as charitable trustees (where applicable);
- The strategy fits with the Regulatory Standards of Governance and Financial Management;
- It has been agreed with Link's lenders and is fully reflected in our financial projections;
- It is based on sound information about Link's stock, tenants needs and aspirations, demographic information and housing supply and demand;
- It has accounted for the appropriateness of complying with the relative local authority's Local Housing Strategy (LHS) and the Strategic Housing Investment Plan (SHIP);
- It fits with the Link's objectives and business plan and sets out the anticipated timescales for concluding the strategy;
- It covers projections for disposals from activities such as sales of shares in properties or final shares in equity type schemes, compulsory purchase, improvement for sale and any voluntary sales policy;
- Where the disposal is of Scottish Government grant funded land, discussions have been initiated or concluded as appropriate with the Scottish Government or the relevant local authority about any repayment or amendments to the grant;
- Where any disposals are made at below market value, there are reasons articulated for this;
- Where there is a sale and purchase agreement governing a stock transfer from a local authority, the Link will obtain written agreement from Scottish Government concerning any clawback arrangements as a condition of being able to conclude the disposal;
- Link can demonstrate a good track record in submission of regulatory returns;
- Link will provide a detailed schedule of properties or land which it plans to dispose of and that if there are any changes to the schedule revised approval from SHR will be requested;

The strategy was approved by Board in September 2017 and delegated authority given to Directors to proceed with the disposals. Once disposal has been approved and where the property is occupied consultation with the tenants will commence with a view to re-housing the residents elsewhere within the Association's stock.

Disposal of Assets – Leases

- Link has developed, and is continuing to develop, properties where there is an identified need for affordable housing which is beyond social housing i.e mid-market and market rented housing. The need for these forms of tenure is agreed with the Scottish Government (and where appropriate the Cities of Edinburgh and Glasgow) and attracts government grant support.
- In order to protect Link’s charitable status these properties are leased to Link’s subsidiary for sub-letting to tenants. Link’s subsidiary is paid a management fee for the service but beyond that the assets are owned by Link Group and control of these assets rest with Link Group at all times. Link Group has agreed a lease which ensures that the rights of it as landlord are protected, there is no subsidy by Link Group of its subsidiaries operations and that the tenants are managed fairly and equitably. The lease was drafted by Link’s solicitors and is reviewed from time to time to ensure it remains fit for purpose.
- In seeking the Regulator’s consent for the Asset Management Strategy Link is also seeking the Regulator’s consent to dispose of non-social rented properties by the way of a lease to its subsidiary in terms of section 4 (o) of **Appendix 2** to the February 2016 Guidance, undertaking that Link will remain in compliance at all time with section 5 of **Appendix 2**.

15.0 EESSH SUMMARY - (ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING)

The housing stock has been assessed using the existing SAP ratings from Energy Performance Certificate (EPC) collected and contained on the Aareon information database. Further surveys have commissioned to include targeted data refinement and Link’s Asset Planning Surveyors have been up-skilled to allow the production of EPCs in house.

The numbers of properties passing EESSH will continue to increase as components such as windows and heating are renewed. This will happen during the normal course of component replacement and as a result of energy efficiency improvement programmes.

The current minimum RdSAP target values per Property/Heating Type are as follows:

Dwelling Type	EE (SAP 2009)		EE (SAP 2012)	
	Gas	Electric	Gas	Electric
Flats	69	65	69	63
Four-in-a-block	65	65	65	62
House (other than detached)	69	65	69	62
Detached	60	60	60	57

Based on a current assessment, 578 properties (equating to 8% of our property portfolio) are below the required energy standards to comply with EESSH. Remedial measures are described within the Delivery Plan contained in **Appendix 6**.

On completion of the works detailed in the delivery plan there will a small number of properties for which temporary exemptions will apply. Therefore by 2020 compliance of 97% is anticipated.

16.0 ASSET ASSESSMENT

Understanding the effectiveness of the assets is pivotal in being able to ensure their long term viability. Link has a large portfolio spread over 23 local authority areas, of varying type age and location and specific tools are required to understand the performance of the assets.

Link has developed an approach which scores key performance criteria of the asset based on the two data streams provided via Aareon and Community Insight and dovetails them to produce an overall scheme score. The score is coloured (according to its score) to highlight the best and worst performing schemes and to determine if any particular interventions are required to increase the score or to consider alternative strategies - like disposal.

Key Performance scoring key:

KEY	
	Good
	
	Average
	
	
	Bad

The data set used to populate the indicators is listed in the following section for both the Aareon system and also Community Insight:

16.1 Aareon Components

Link's property performance data has been assessed using the following list of system generated data sets. These have be assessed against a scoring matrix based on the spread of performance:

- Total Void Costs Last 5 Yrs;
- Total Void Days Last Five Yrs;
- Total Void Instances Last 5 Yrs;
- Total PMR Costs Last 5 Yrs;
- Total PMR Costs Next 5 Yrs;
- Total Servicing Costs Last 5 Yrs;
- Total SAP;
- Total EESSH;
- Total Repair Costs Last 5 Yrs;
- Total No WO's Calls Last 5 Yrs;
- Total SHQS;
- Total CRM Repair Calls Last 5 Yrs;
- Total CRM ASB Calls Last 5 Yrs;
- Total Tenant Repairs Satisfaction;

In table 7 using the matrix output, schemes are listed based on their scheme average score (scheme average = scheme total/no. properties) and using the blue to red scale for easy recognition. The complexities of Link’s housing stock cannot full be analysed and detailed within the Asset Management Strategy using this average value methodology but it is an flag for potentially failing properties requiring more detailed investigation.

Using a holistic approach and methodology, we shall develop and undertake a detailed evaluation commencing from the poorest performing, this will include:

- Detailed performance review of scheme, including individual properties or property archetype assessments;
- Consultation with colleagues and other stockholders on current stock performance;
- Viability assessments to establish financial performance over business plan period;
- Develop and appraise options to address schemes and properties currently classified as red or amber.
- Undertake internal and external stakeholder consultation providing validation on proposed options;
- Develop business cases or Board reports to seek approval to progress with option implementation;
- Review and implement subsequent changes to short to long term budgeting and business planning;
- Develop Asset Management Action Plan, setting out delivery programme for agreed stock improvement and intervention options;

Table 7 – Scheme Average Rating

Key Performance Scoring - Full Scheme Rating is held in Appendix 10			
Rating	Property Count	Total Scheme Rating	Property Scheme Average
Good	449	34387	77
	4394	820130	187
Average	2032	561090	276
	204	80164	393
Bad	5	2689	538

Although a full asset appraisal will be undertaken as part of the asset management strategies implementation, 22 ‘red schemes’ have been identified with a view to producing a high level analysis, contained within **Appendix 8**.

Further interventions are considered on the basis of the Community Insight indicators which are concerned with the socioeconomic failings. Link’s Community Investment Team will be engaged to review particular strategies for support or intervention. The Directors of Link Housing and Development & Asset Management together with Link’s Community Investment Team will consider the findings of a more detailed analysis in keeping with the decision making process and approvals sought from the Link Group Board.

16.2 Asset Management Register:

The Asset Register is in relative terms the composition of Link properties held on the Housing & Maintenance Software – Aareon. An extract link is provided, which is a contemporary report and referred to as the **Asset Register**.

The **Asset Register** is attached in **Appendix 9**.

17.0 INVESTMENT PROGRAMME

Pivotal to ensuring the long term viability of Link’s assets is a robust and focussed investment programme. The introduction of strategic asset management, no longer fully focuses on a condition only basis for investment decisions and now, a range of factors are assessed to ensure a form of targeted expenditure to ensure the asset viability. In the same vein, a similar approach is taken to disinvestment if the assets are failing because of ‘non technical’ factors.

The current investment (Cyclical and Planned) programme between 2017 and 2021 is detailed within the table below. This is primarily driven from life cycle costing components contained within the Aareon system, along with Link’s ongoing programme of cyclical maintenance works, such as landlord’s gas safety inspections:

Table 8 – 5 Year Investment Programme 2017 – 2021

Years*	1	2	3	4	5	5 Year Totals
	2017	2018	2019	2020	2021	
	2018	2019	2020	2021	2022	
Cyclical Maintenance	£1,268,900	£1,332,345	£1,398,962	£1,468,910	£1,542,355	£7,011,471
Planned Maintenance	£4,580,500	£3,791,111	£4,547,535	£5,062,798	£5,939,267	£23,921,212
Total per Year	£5,849,400	£5,123,456	£5,946,497	£6,531,708	£7,481,622	£30,932,682

*5 Year programme at March 2017

18.0 ASSET MANAGEMENT OUTPUTS

Properties Identified for Disposal

Following assessment under the previous version of this Asset Management Strategy, the following properties have been identified for outright sale, details correct at June 2017:

Properties for Disposal

No.	Address	Status/Tenure
1	G/2 9 West Street, Paisley	Returned to Social Rent as no interest on market
2	118 Russell Street, Johnstone	On market, currently no interest.
3	9 Oxford Street Flat 3/2, Edinburgh	Social Rent
4	20 Redbraes Place, Edinburgh	Mid Market Rent
5	40 Hutchison Avenue Flat 5, Edinburgh	Social Rent
6	21 Hyvot Bank Avenue, Edinburgh	Mid Market Rent

No.	Address	Status/Tenure
7	7 Wardlaw Place Flat 7, Edinburgh	Mid Market Rent
8	1 Springfield Flat 8, Edinburgh	Social Rent
9	1 Bothwell House Flat 1, Edinburgh	Mid Market Rent
10	9 Bathfield Flat 4, Edinburgh	Social Rent
11	32 Claverhouse Drive, Edinburgh	Social Rent
12	9 D`arcy Crescent, Edinburgh	Social Rent
13	8 Craighouse Gardens Flat 7, Edinburgh	Social Rent
14	13 Downfield Place Flat 2/3, Edinburgh	Mid Market Rent
15	19 Henderson Street 1/3A, Edinburgh	Social Rent
16	112 Dinmont Drive Flat 2, Edinburgh	Social Rent
17	34 Dickson Street Top Flat, Edinburgh	Mid Market Rent
18	17 Seaview Terrace Flat 1B, Edinburgh	Social Rent
19	17 Seaview Terrace Flat 1A, Edinburgh	Social Rent
20	17 Seaview Terrace Flat 2B, Edinburgh	Social Rent
21	17 Seaview Terrace Flat 2A, Edinburgh	Social Rent
22	2a P Dean Path, Edinburgh	Social Rent
23	2a W Dean Path, Edinburgh	Social Rent
24	Flat 4 8 Royal Circus, Edinburgh	Social Rent
25	Flat 5 8 Royal Circus, Edinburgh	Social Rent
26	Flat 6 8 Royal Circus, Edinburgh	Social Rent

19.0 CONCLUSION

Much of the Asset Management Strategy identifies a definitive approach illustrating how Link will ensure that its assets achieve their optimum financial performance. Principally however, Link's main aim is to ensure the provision of a warm and safe home and one where tenants can experience a positive sense of place. The two are linked however and Link is mindful that it frequently needs to sense check its strategy and processes with tenants and their experience of living in a Link home.

This document was presented at two events considering the principles of Link's development of this strategy. However, specific consideration of Link's assets will involve a detailed consultation with tenants and affected owners should anything significant impact on their homes.

The strategy therefore maintains the principals of continual assessment and adjustment as well as defining interventions and making decisions to ensure long term viability of Link's stock.

20.0 APPENDICES

Appendix 1 – Risk Register;
Appendix 2 – Stock Condition Survey Procedure;
Appendix 3 – Property Components - Aareon Input – Procedures;
Appendix 4 – Component Library & Renewal Cycles;
Appendix 5 – Strategic Development Framework – 3 Year Programme;
Appendix 6 – Stock Performance – EESSH;
Appendix 7 – Stock Performance – AML;
Appendix 8 – Stock Performance – Analysis of Reds;
Appendix 9 – Asset Register;
Appendix 10 – Scheme Average Rating;

21.0 CHART INDEX

Chart 1 – Link Domestic Properties by property/client group classification
Chart 2 – Construction Types
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Chart 4 – Property Tenure Type
Chart 5 – Wheelchair Adapted Properties by Local Authority
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22.0 TABLE INDEX

Table 1 – Property Classification by Local Authority
Table 2 – Link Stock by Local Authority
Table 3 – Repairs performance by Local Authority 2016
Table 4 – Void Statistics per Local Authority
Table 5 – 30 Year Planned Maintenance Performance – Cost per Property
Table 6 – 30 Year Cyclical Maintenance Performance
Table 7 – Scheme Average Rating
Table 8 – 5 Year Investment Programme 2017 – 2021
Table 9 – Properties for Disposal