

Asset Management Strategy

2024-2027

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1. Our vision, mission, values

YMCA DownsLink Group is proud to be a member of the Federation of YMCA England and Wales. We contribute to their vision and purpose:

- An inclusive Christian movement transforming communities so that all young people can belong, contribute and thrive.
- Everyone should have a fair chance to discover who they are and what they can become.

Our mission is to help children and young people have a fair chance to be who they want to be. We do this by providing a safe home, increasing life skills and self-confidence, and improving emotional wellbeing and mental health.

Our values

- We welcome all who need space to feel secure, respected, heard and valued
- We inspire people to realise their full potential
- We support people to maximise opportunity and choice
- We speak out on the issues that are important to children and young people and help them find their own voice

2. Introduction

This strategy has been developed to guide YMCA DLG in the efficient and effective management of its property portfolio as a core requirement of meeting its Landlord Service's function as a small, registered housing provider of supported accommodation to young people aged between 16 and 25 years.

It provides a framework under which the investment detailed in our Business Plan and priorities within our Organisational Strategy 2023–2026 can be achieved. Asset Management not only informs our investment priorities it enables understanding and management of the performance and risks associated with all the assets within our portfolio, including income generation.

Our Asset Management Strategy will inform investment priorities as well as demonstrate how we will deliver excellent services to our residents to ensure young people living in our homes remain informed, involved, safe and secure, in a psychologically informed way. We are aware that the proposed revision to the Decent Homes Standard and increasing energy standards in the new building regulations will have a significant impact on the management of assets and compliance in the future. These will become clearer in the coming years.

3. Property Portfolio

Our geographical areas of operation are Sussex and Surrey. Currently, we have 671 bedspaces within our portfolio of over 96 buildings. This comprises buildings that we own or manage on behalf of other housing associations or local authorities and are used predominately to deliver high support 24 hours services for young people; and those properties that are leased via a private landlord or a local authority and form move-on accommodation for young people as part of our housing pathway offer.

3.1 Portfolio breakdown

April 2023	Bedspaces	Buildings
DLG owned	266	10
Leased	246	63
Managing agent	159	23
Total	671	96

Most of our existing lease arrangements place full repair obligation responsibility on us. Our stock condition survey information provides us with the opportunity to renegotiate the terms of the lease upon lease end to ensure value for money.

The stock condition information will enable us to seek investment plans from our registered provider partners where we manage properties on their behalf to track that homes continue to meet the Decent Homes and health and safety standards.

4. Context

4.1 Regulator of Social Housing Standards

As a small Registered Housing Provider, we are regulated by the Regulator of Social Housing (RSH). The RSH has set out its expectations of all Registered Housing Providers in a Regulatory Framework comprising the Economic Standards and Consumer Standards.

The Regulator of Social Housing (RSH) Home Standard sets out the requirements for Registered Providers as follows:

Quality of accommodation

- ensure that tenants' homes meet the standard set out in section five of the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard.
- meet the standards of design and quality that applied when the home was built, and were required as a condition of publicly funded financial assistance if these standards are higher than the Decent Homes Standard.

- in agreeing a local offer, ensure that it is set at a level not less than these standards and have regard to section six of the Government's Decent Homes Guidance.

The Decent Homes standard is the minimum standard set by the government in the early 2000s for all social housing. The standard states that all homes should be in a reasonable state of repair, have reasonably modern facilities and services, provide a degree of thermal comfort and meet the statutory minimum standard for housing. Decent Homes component lifecycles are predictions based on age and condition. Any component cannot fail the standard based on age alone.

Repairs and maintenance

- provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time
- meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

The Regulator has made clear that it is essential that there is a golden thread of information that links our decision making in this area to our Business Plan to demonstrate viability and the suitability of our investment plans. The Value for Money standard requires that registered providers shall deliver value for money through their repairs and maintenance programmes, and that they "understand the return on assets and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation's purpose and objectives".

4.2 OFSTED - Supported Accommodation National Standards

From October 2023 all providers of supported accommodation for 16- and 17-year-olds in care or who were formerly in care will be required to meet the Accommodation Standard. The accommodation standard requires that premises used as accommodation comply with all relevant health and safety and fire safety legislation, that being any statutory provision dealing with health and safety or fire safety matters; are suitable for the purposes of supported accommodation and are accessible, safe, secure, and well-maintained.

4.3 Building Safety Act 2022 & Fire Safety Act 2021

The Building Safety Act 2022 came into force from 1 April 2023 and introduces new duties for the management of fire and building safety in high-rise residential buildings. It is one of several pieces of legislation and guidance being implemented by the Government to enhance Building Safety, including the Fire Safety Act 2021.

The Building Safety Act applies to new or existing occupied buildings over 18 metres high or seven storeys or more, which contain at least two residential units. Whilst we have no buildings over this threshold, an impact in the approach to management of the wider stock is to be expected. Landlord compliance activity is critical to ensuring our homes are safe.

The Fire Safety Act 2021 revises the Regulatory Reform (Fire Safety) Order 2005 and clarifies responsibility for managing and reducing fire risk in multi-occupied residential buildings. It permits fire services to take enforcement action and hold building owners accountable if they are not compliant.

Other additional cost factors to be considered are those arising from national commitments to achieve net zero carbon emissions by 2050 and greater prioritisation of damp and mould issues.

Where are we now

5.1 Repairs, maintenance, and voids

We currently operate a hybrid approach of internal and external delivery models to manage day to day repairs and voids. There is a mix of internal operatives, supported by external contractors on a locality-by-locality basis. Operations and quality of services varies across localities.

5.2 Investment Planning

Historically our approach to planned investment has been to identify components for replacement on an ad hoc annual basis with three quotations received and works instructed. The completion of our stock condition survey has enabled the development of a five-year investment plan. As part of this work, we will build standard specifications for kitchens, bathrooms, decoration and flooring and procure contractors in a more cost-effective way.

5.3 Health & Safety Compliance

2023 has seen significant progress in understanding our level of compliance in all areas, both where we are and where we are not the duty holder. We have interrogated our records, data, and systems to establish the baseline position in respect of each health and safety area. We have identified that improvements are required to streamline our policies, procedures, processes, and record keeping that will enable us to systematically evidence and support our baseline position.

Previously each individual supported accommodation project had their own compliance contractors for the Big 6 compliance components – gas, electrical, fire, lifts, water hygiene and asbestos. This is now undertaken centrally with one individual contract appointed for each specialism.

Compliance figures are reported and monitored monthly/quarterly, and this is included in outstanding actions by priority.

Achieving the above has been challenging within the confines of the current software system, Pyramid. Further work is required in the digital infrastructure to enable more automation of data reporting that is systems led (move away from manual inputting), thereby improving assurance of data reported.

5.4 Disposals & Acquisitions

To date, the absence of meaningful data has meant decisions in respect of disposals and acquisitions have been made on an ad hoc basis. Moving forwards, our new Organisational Strategy and Asset Management Strategy will enable informed decisions to be made with rigorous assessments and financial appraisals.

As of April 2023, our recycled capital grant funding (RCGF) stood at £3.35m. This has accumulated because of relinquishing the lease on Bunton Farm in 2021 and the sale of the Bridge, Guildford in 2022. RCGF must be used for creating additional net units of social housing accommodation.

Proposals for use of the grant, which is time limited but can be extended with Homes England approval, will focus on the acquisition of properties to add to the portfolio of stock within our ownership. Market intelligence and conversations with Commissioners has highlighted an increasing trend towards commissioning of smaller units of accommodation both move-on and 24 hours supported of up to 30 units in any one building.

Options being considered for use of the RCGF include:

- Buying properties on the open market to enhance our move-on accommodation.
- Discussions with a local authority partner regarding the acquisition of 30 units of move on accommodation.
- Ongoing discussions with a registered provider to acquire an existing supported accommodation scheme which contains 8 self-contained, one- and two-bedroom flats.
- Constructing additional units on existing sites within our ownership.

Our foyers generate the highest operational surpluses. If consideration is being given to disposal to help generate income, it would make commercial sense to focus on the three assets that are currently being used as move-on accommodation – Blatchington Road, McKendrick House and Barnabas House.

6. Strategic asset performance

6.1 Stock Condition

During 2023/24 we have undertaken 100% stock condition surveys of all properties within our portfolio irrespective of ownership. The completion of the stock condition survey has provided accurate, up-to-date, and robust data. This will support and inform our five-year investment plan 2024-2029.

The component lifecycles for key building components used for the investment plan are set out in Appendix four and take account of the Decent Homes criteria as well as the age of buildings, the high turnover of residents and the catch up required based on historic investment.

Analysis of the stock condition data, Appendix Five, shows that:

- All DLG **owned properties** (263 bedspaces) meet the Decent Homes Standard and generate operating surpluses.
- **Managing agent agreements** - almost all the 23 buildings (159 bedspaces) where we are the managing agent on behalf of other housing associations (HA) or local authorities (LA), meet the Decent Homes Standard and generate operating surpluses.

This is because most of the investment works are the responsibility of the superior landlord and we are only responsible for responsive repairs and voids. A small number of these properties are non-missional. We will continue to be the managing agent until the agreement/commissioned contract comes to an end or we are able to change the client group occupying the properties to young people.

- All the **private sector leased** properties are used as move-on accommodation. Based on current property standards, leases equating to 62 units which will not be renewed. Some have already expired and are on a rolling contract whilst others are due to come to an end imminently or in the coming years. Leases equating to 157 units will be renegotiated in advance of lease end. The aim of the renegotiation is to ensure that properties meet the needs of our young people, are financially viable, safe and sustainable for the future. If renegotiation is not possible these properties will be handed back.
- By the end of 2023/24 our stock holding will be reduced by 68 bedspaces because of disposal, exiting St Patricks and some leases not being renewed.

6.3 Sustainable homes

We know that to be able to develop our plans to be carbon neutral, we need to understand the current energy performance of our properties. We have collected and analysed energy performance certificate (EPC) data as part of our overall strategic asset performance scores. Please see Appendix 6.

We have EPC data for 53 per cent of our properties. Of these 36 per cent are C rated or above and 17 per cent are D rated or below.

7. Risk profile

The strategy recognises that housing assets can also become liabilities, creating a risk to viability as well as significantly impacting on residents' lives. Key risks addressed by this strategy include:

- Failures to manage health and safety compliance could put residents, staff and contractors at risk.
- Failures to meet statutory or regulatory standards can carry penalties and cause reputational damage.
- Failure to maintain the golden thread between the understanding of stock condition and investment need and the allowances within the Business Plan.
- Poor quality of stock investment will influence resident satisfaction.

Assurance measures that demonstrate we are controlling the risks relating to asset management are in place. They include internal audit, external specialists for fire risk assessments and sector benchmarking. All key risks including financial and operational will be captured in the operational risk register.

Performance reports will be presented at regular intervals to the appropriate committee(s) with Board oversight.

Where we want to be

Our Asset Management Strategy will inform investment priorities as well as ensure that properties meet the needs of our young people, are financially viable, safe, sustainable for the future and meet regulatory standards.

Please see Appendix 10 for timescales on delivering below.

Area	Objective
Sustainable Homes	• We will improve energy data so that we have a valid EPC for all our properties.

	We will develop a roadmap that sets out our approach to meeting energy SAP rating C by 2030 net zero targets by 2050, ensuring that external bidding funding opportunities are maximised.
Development Projects	- We will undertake stock options appraisal and make recommendations regarding sale of assets to generate funds. - We will set out options and make recommendations on expenditure of recycled grant funding.
Investment Planning	- We will produce the 5 Year Investment Plan which is reviewed and approved on an annual basis. - We will deliver value for money through clear, compliant, efficient, and well monitored programmes of work. Procurement of contactors will move from locality to a centralised model, thereby creating greater efficiencies, oversight, and economies of scale. - As part of our workforce planning, we will review the Asset team structure and services managed by the team to determine what the best service delivery model is for DLG to meet young people's needs and achieve consistency of service delivery across all localities whilst delivering value for money. - We have appointed an external consultant to undertake a service charge review to aid transparency and help maximise income to fund improvement works. - We will undertake 20 per cent of dwelling stock condition surveys annually.
Systems & data	- We will procure and implement a new asset management system. - We will triangulate repairs data, investment requirements, energy performance, voids and asset performance to prioritise the properties that will have the greatest impact on reducing revenue costs and income loss and give greater assurance on regulatory compliance.

Landlord Health & Safety Compliance	• We will review all compliance policies and procedures to ensure that they are up to date and compliant with current guidance and regulations. • We will provide staff and board training on regulations and policies to ensure they understand their role, responsibilities.
Responsive Repairs & Voids	• We will devise standardised void lettable standard and end to end voids process to bring consistency across all localities. • We will continue work to optimise the balance between planned and responsive revenue expenditure, with a view to reducing responsive repairs spend. • We will improve residents' journey for reporting of repairs and that we will maintain clear communication until the completion of repairs. This will involve implementing a new IT system and related processes.

How we're going to get there

9.1 Resources

A review of the Asset team structure and services managed by the team will be undertaken by April 2024 and is required to determine what the best service delivery model is for DLG to meet young people's needs and achieve consistency of service delivery across all localities whilst delivering value for money.

9.2 Financials

Table One in Appendix Seven shows a summary of financial contribution from the asset base by category. This is utilising data from the FY24 Budget. The "keep" portfolio generates £2.7m of contribution to the organisation after capital expenditure in FY24. This number will increase once capital costs are amortised over their respective periods.

Assets to exit have low contribution levels except for St Patricks, where the board have approved exit due to it being non missional.

The next cycle of financial analysis will forecast financials on a more forward-looking basis rather than FY24 budget.

Table Two in Appendix Four demonstrates the capital expenditure requirements in the current financial year and then the next five years. An estimated £0.5m will be required in this FY24, £0.2m less than the budgeted £0.7m. The estimated annual capital expenditure for the next five years is £0.7m per year.

FY24 budget contains £0.6m of asset related costs that go direct to the profit and loss account, so not capital. This is spread across repairs, renewals, compliance, furniture, and white goods. A review is being conducted as to how this procurement is administered. The review will help establish if there is any opportunity or risk to these budgeted funds.

An itemised list of buildings is available in Appendix Eight.

10. Measuring performance

From 2024/25 we will make use the following performance indicators to monitor and report on the effectiveness of this strategy. These will be reported to the relevant committee(s) quarterly/annually:

- Number of EPCs undertaken in quarter and overall percentage of stock with a current EPC by band
- Percentage of planned programmes delivered.
- Percentage of stock with up-to-date stock condition survey (within last three years). Target 20 per cent SCS completed annually.
- Building Health & Safety Compliance
- Compliance with the Decent Homes Standard
- Resident satisfaction that home is well maintained.

11. Process and review

Our executive team will be responsible for ensuring the delivery of our asset management strategy, but it will be the Director of Housing who will take the main responsibility.

The implementation of the strategy will be led by the Head of Asset Management and our extended leadership team will be responsible for ensuring the standard of our asset management service is maintained and planned programmes are targeted and delivered on time and within budget.

This strategy will be reviewed every three years or in line with changes in legislation, whichever is the sooner. Updates or recommendations for change will be presented to the appropriate committee(s), with Board oversight.