



**Black Country  
Housing Group**

# Asset Management Strategy

2021-2024



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# 1. EXECUTIVE SUMMARY

This strategy sets out how Black Country Housing Group (BCHG) will implement its approach to Asset Management and Stock Investment. It gives key strategic objectives and performance targets, setting out how BCHG intend to manage these and monitor on an on-going basis.

The Asset Management Strategy covers all rented homes, leasehold stock and properties owned and managed by others. It includes all building components, and all delivery methods from major capital projects to responsive repairs.

The provision of good quality affordable housing forms the cornerstone of BCHG's purpose and vision. BCHG has around 2,062 properties and the way these properties are maintained and managed is critical to both the living standards of our residents and the success of the business.

Our objective is to deliver a top quartile rated maintenance service for around median cost levels, this is our benchmark of Value for Money in this area.

Our current performance is good. We comply fully with all relevant regulatory and health and safety standards, and all our properties are maintained to the governments' decent homes standard as a minimum.

We do not have major issues with the maintenance of our current homes, and we currently do not have high rise buildings, or buildings with dangerous combustible cladding. Our main area of new planned investment in this period is to improve the energy efficiency of our homes, as we work to reduce our carbon footprint and meet increasingly ambitious national standards on carbon reduction.

BCHG's properties are by far and away its largest financial assets with a net book value of £113m, and a market value well in excess of this figure. In addition, BCHG's main revenue expenditure is spent on improving our properties with the next 30-years expenditure at around £38.12m. To support this, BCHG have developed an enhanced Housing Quality Standard that goes beyond national Decent Homes Standards, so that our customers' homes are a place they love, and that they know what to expect when we look after and improve their home. Our approach to defining the quality of our housing portfolio covers the 4 key areas of Decency, Safety, Healthy and Green– A copy of the new standard is in Appendix B of this document

BCHG's property assets are most importantly our residents' homes and we are fully accountable to our residents and colleagues for our decisions and delivery. The full engagement of residents in the decision-making process and shaping the delivery of services is something we see as foundational to providing an excellent service.

Our ability to meet many types of housing need will be primarily through looking at opportunities to redevelop or repurpose our existing homes. It defines our initial approach that will integrate energy and environmental assessments into future stock condition programmes, therefore an active approach to asset management based on robust data is therefore planned.

This document also links to other areas of our business and aligns with other BCHG publications, which include the following.

- Environmental Management Strategy 21/24
- BCHG's Strategic Plan 20/23
- BCHG Housing Quality Standard 21/24
- BCHG's Business Plan
- Development Strategy 21/24

## 2. PURPOSE OF THE STRATEGY

The purpose of this Asset Management Strategy is to identify and describe how BCHG intends to manage and improve its property portfolio now and in the future. The primary function of BCHG's business is to provide good quality affordable housing to people in housing need. This Strategy is therefore an essential tool to assist the business to continue to operate efficiently and meet the needs of our customers.

The Asset Management strategy is one of a suite of strategies through which we deliver our Corporate Plan. The investment decisions to deliver on all BCHG's strategies are set out in our Business Plan. This strategy has areas of overlap and interdependence with our Development Strategy, Environmental Management Strategy, and our agreed approach to Procurement and Value for Money.

All BCHG's assets and the majority of income are derived from property. It is therefore essential that we manage, maintain, dispose, and invest in our property portfolio in the best way to achieve our corporate aims, balancing our social and financial objectives.

Effective Asset Management is also a requirement of the Regulator of Social Housing's (RSH's) Regulatory Code. It also forms part of the RSH's Value for Money Standard as stated in the Regulatory Framework for Social Housing in England. Asset Management should balance the economic benefit that can be derived from the assets with the social and economic needs of residents, as Asset Management is both a social and business investment.

The RSH has made it clear that Housing Associations need to positively manage their assets - holding everything for ever is not managing assets.

To have an effective approach to asset management, it is essential to consult and involve residents. We recognise BCHG's "assets" are peoples' homes. By ensuring our decisions are based on meaningful engagement with our residents we will make the best decisions we can as we balance competing priorities.

This Strategy examines the key external trends that we need to consider and respond to as we plan our future investment priorities and provides a framework within which decisions can be made on developing, investing, and disposing of properties and other assets. We set a number of objectives for the plan period and set out an action plan with specific targets and timescales for the delivery of these objective.

### 3. KEY THEMES THAT IMPACT ON OUR ASSET MANAGEMENT PRIORITIES

**Building Safety Standards.** The quality of our resident's current homes has become an increasing area of focus and scrutiny since the last asset management strategy was written. The Grenfell fire placed a spotlight on the condition and safety of homes, and weaknesses in current building safety processes and accountability to residents. This has since resulted in new requirements to ensure fire safety is managed robustly, and further legislative change is still expected. The foundation for this strategy is ensuring that we continue to comply with all legislative requirements to both maintain our properties and ensure regular inspection to ensure continued compliance with health and safety standards.

**Climate Change and Decarbonisation.** An area of increasing public and political focus since the last asset management strategy was written is the understanding of the need for urgent action to address climate change, particularly through reducing carbon emissions. The government has now set a target for the UK to be carbon neutral by 2050. Our environmental management strategy sets out our own actions across the business to reduce our carbon footprint. As the owner of over 2000 homes, improving energy efficiency and reducing their carbon footprint is the main way we will reduce our organisational carbon footprint, and a major area this strategy needs to address.

**Homes (Fitness for Human Habitation) Act 2018.** The Act came into force on 20 March 2019 and applies to the social and private rented sectors and makes it clear that landlords must ensure that their property, including any common parts of the building, is fit for human habitation at the beginning of the tenancy and throughout. The act also strengthens tenants' means of redress against the minority of landlords who do not fulfil their legal obligations to keep their properties safe. This strategy, combined with our Repairs and Maintenance Policy will ensure that the BCHG's homes continue to be managed, maintained, and improved to acceptable levels and beyond. Our Housing Quality Standard provides further detail on this.

**Changing how we work, and how we store information.** BCHG is in the middle of a process of digital transformation. We have recently fully mobilised the Pimss asset management and compliance system, and part way through enhancing the customer portal that will hold all our information in an area customer can access about our property condition and key property documents. We are also further refining our agile working approach, that will enable all staff to collect and access information about the quality of our properties whilst they

are visiting residents and are out in our communities, or via virtual video calls. An important area of focus in this strategic period is how we both implement these changes from a data management perspective and ensure that we are making full use of this opportunity to ensure we are gathering and using the right information about our homes to inform future decision making.

Consumer expectations and changing demography. As the needs and expectations of our residents change, we need to ensure that our homes remain fit for purpose and meet the needs of our new residents. The current Covid 19 pandemic has placed a renewed focus on space standards, access to outdoor space and the need for people to be able to work from home in many cases. We also need to ensure that we are considering how we are meeting the needs of different groups who require adaptations to current homes, or access to purpose built accommodation. From an asset management perspective, this requires us to adopt a proactive approach to improving or redeveloping homes that may not continue to meet residents' future needs (for example in terms of property layout or accessibility). The national 'housing crisis' estimates the need for additional housing in England at between 232,000 to 300,000 new units per year, a level not reached since the late 1970s and two to three times current supply. The need for these to be affordable rentals is more acute. Currently both social and private renters spend on average 40-48% of their income on housing (compared to 18% for owner occupiers).

Hearing the Customer Voice. BCHG's property assets are our residents' homes, and we are fully accountable to our resident for our decisions and delivery. The full engagement of residents in decision making process and shaping the delivery of services is something we see as foundational to providing an excellent service.

We will ensure that residents are involved at both a strategic and operational level. Strategically, this can take the form of influencing policy, investment priorities and maintenance programmes. Operationally, residents are currently involved in the scrutiny of our contractors, performance monitoring and subsequent service improvement, with focus groups being used to seek opinions on both service delivery and wider issues. BCHG are currently gathering data concerning individual residents' communication preferences and this will shape our consultation process for planned reactive and potential regeneration proposals in the future. We will make greater use of a variety of engagement approaches and communicate through both digital and traditional channels to make it as easy as possible for residents to engage meaningfully at both strategic and operational levels.

Customer feedback is already sought following reactive and planned maintenance work, and is closely monitored, with the results being reported monthly to the Executive team and beyond. We collect customer satisfaction both internally via the Homeforce Connect system, in addition to independent research, currently delivered by IFF Voluntas. Over the life of this strategy, we will offer easier ways for residents to provide this feedback, for example through text messaging and through telephone/video virtual surveys.

We will also improve our ability to disaggregate data based on demography, geography, and type of work to enable us to more accurately identify and address trends in replies.

In preparing this strategy we consulted with our residents and agreed to continue with our current procedures, in that we replace key components on the basis of an inspection of condition at the end of lifecycle (or earlier if condition has deteriorated).

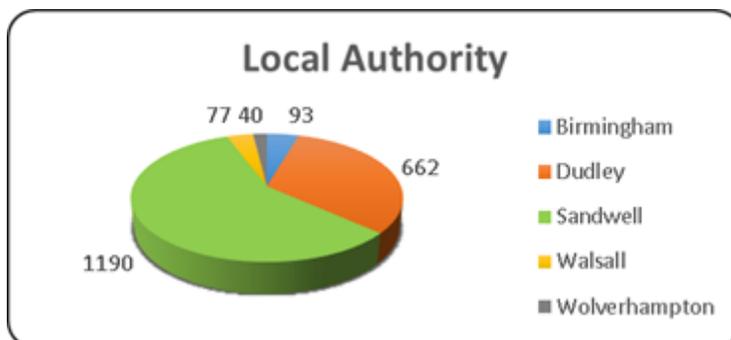
## 4. ASSET PROFILE

### 4.1 Our Assets and Customers

As of June 2021, BCHG owns and manages 2,062 properties, in addition to 4 Commercial premises/ Offices, 4 Garages and various open spaces forming the communal areas of a number of schemes.

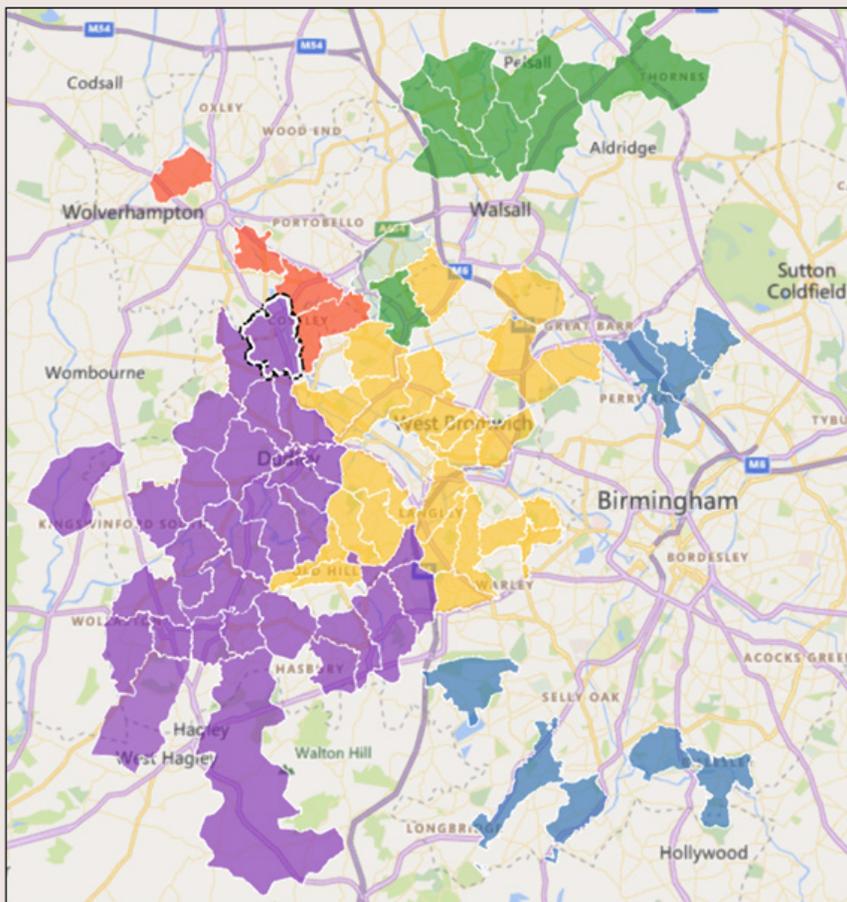
### 4.2 Location

The majority of BCHG's property stock is located in the Metropolitan Borough of Sandwell, which accounts for 1,190 units or 57.7%, with 663 (32.2%)



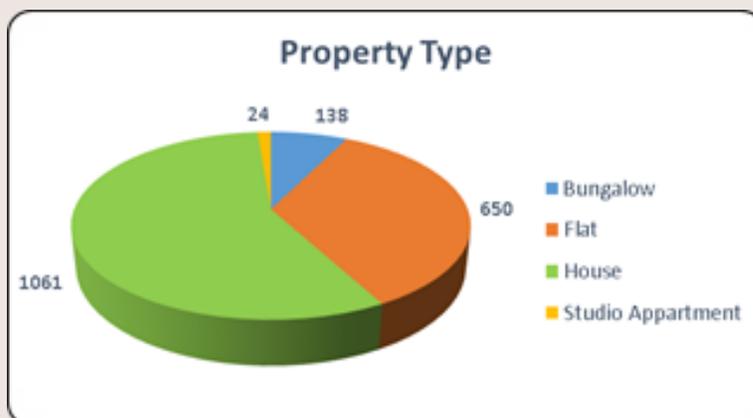
in the Metropolitan Borough of Dudley, 93 (4.5%) located in Birmingham, 77 (3.7%) in Walsall and 39 (1.9%) in Wolverhampton.

Our aim continues to be a growing organisation developing new homes within the Black Country footprint.



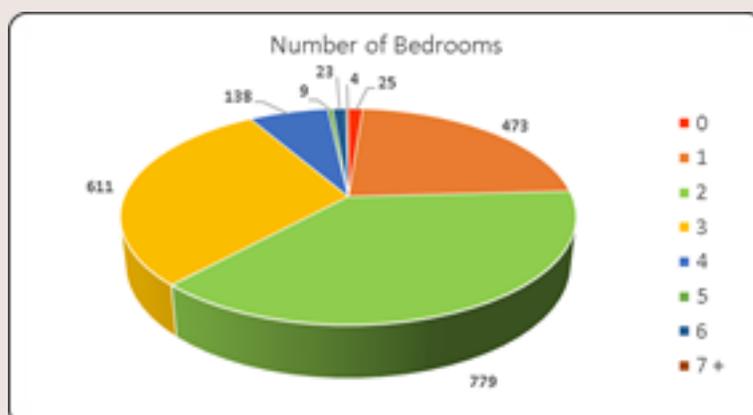
### 4.3 Property Type

Over half of BCHG’s stock are houses (1061 / 56.6%) whilst 650 (34.7%) are flats. There are 138 bungalows, which represent a further 7.4% with 24 studio apartments making up 1.3%.



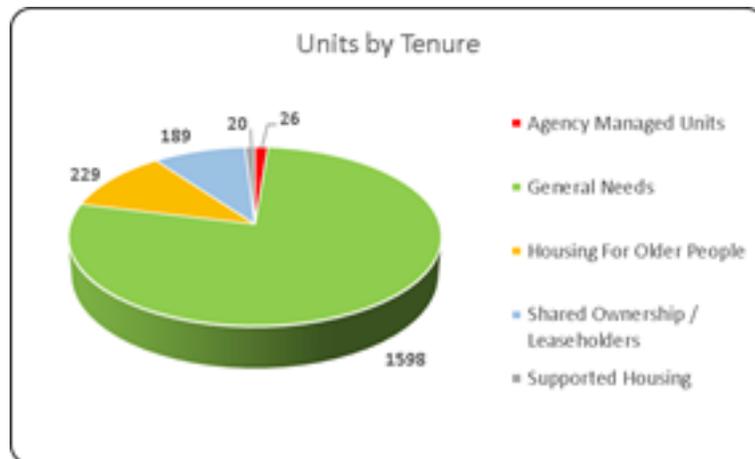
### 4.4 Size of Properties

In terms of the size of properties, 25 bedsits make up 1.2% of the stock whilst 473 one-bedroom units account for a further 22.9%. The majority of our properties have either two, three and four bedrooms with 779 / 37.8%, 611 / 29.6%, and 138 / 6.7% respectively. There are 36 larger units i.e., 5 bedrooms and above comprising 1.7% of the total.



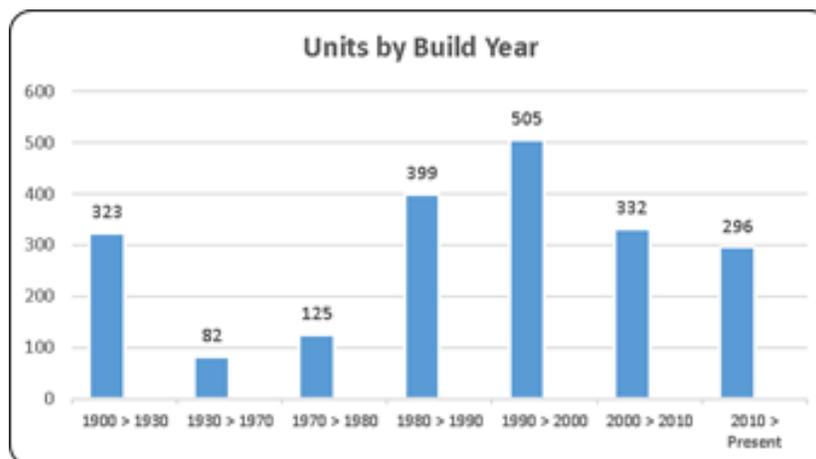
#### 4.5 Tenure

BCHG has a range of different tenures. 1598 General Needs (social rent) and General Needs (affordable rent) accounts for 77.5%, whilst 229 Housing for Older Persons units account for 11.1%. Shared Owner/Leasehold represent a further 189 units or 9.2%. There are 20 units under Supported Housing, equating to 1% of overall stock, and 26 Agency Managed units (1.3%) making up the remainder of our portfolio.



#### 4.6 Age of Properties

BCHG has 323 units, equating to 15.7% of the overall stock with a build date pre-1930. Our oldest property is situated in Blackheath, behind our head office and dates back to 1905. 82 / 4.0% of properties were built between 1930 & 1970, 125 / 6.1% between 1970 & 1980, 399 / 19.4% between 1980 and 1990 and a further 505 / 24.5% between 1990 & 2000. A large proportion of our stock (628 / 30.5%) has been constructed since 2000.



### 5. EQUALITY, DIVERSITY, AND INCLUSION

Equality, Diversity & Inclusion is central to our business; promoting fairness and opportunity for customers and staff; helping BCHG to provide the best services shaped by and for customers; and provide you with the right personnel for your circumstances.

We are committed to celebrating diversity. To ensure equal access to our services is available, BCHG comply with the Equality Act 2010 and all other legislative requirements relating to equality. We will work to avoid exclusions or restrictions that are not appropriate to the needs of our tenants and that may lead to discrimination. We will endeavour to ensure that all customers receive a consistent level of quality service.

#### Equality Consideration

Under the Equality Act 2010 BCHG must consider whether our policies adversely affect our customers and/or staff. An Equality Impact Assessment (EIA) has been completed following consultation with customers.

The following table identifies whether this policy disproportionately impacts upon any individuals regarding the key protected characteristics, as identified in the Act, with no adverse impacts identified:

Special Characteristic	Any impact? (Yes or No)
Disability	Positive Impact
Gender reassignment	No Impact
Marriage and civil partnership	No Impact
Pregnancy and maternity	No Impact
Race	No Impact
Religion or Belief	No Impact
Sexual Orientation	No Impact
Sex (gender)	No Impact
Age	Positive Impact

## 6. OUR CURRENT PERFORMANCE

In this section we summarise our current performance against key performance areas, considering the key trends in the sector and therefore areas we will wish to focus on in the future.

### 6.1 Compliance with Standards

We perform well against all current standards. All our homes meet the Government’s Decent Homes standard, meaning we meet the relevant standards set out by the Regulator of Social Housing. We maintain rigorous systems to ensure compliance with all organisational health and safety obligations and strive to ensure we meet all regulatory requirements and relevant best practice requirements.

Unlike many other social landlords, we do not have properties with external cladding systems that require remedial work. We have completed a programme to upgrade and/or replace all entrance fire doors that were identified as potentially deficient as a result of the increased testing after the Grenfell Fire.

Our objectives for the period of the strategy are therefore to maintain our current high levels of compliance with all relevant standards. This will include reviewing our compliance with standards as they are changed nationally (for example the government is proposing to introduce a revised Decent Homes standard). We will also continue to work with our residents to revise and adjust our standards to ensure our homes remain well maintained, safe and secure, and provide comfortable, efficient-to-run homes with a reducing carbon footprint.

BCHG have developed, in consultation with residents a Housing Quality Standard (HQS) which details all the relevant legislation related to our homes, and how BCHG will go beyond these minimum standards. The HQS covers our approach to Decency, Landlord Safety, Environmental Efficiency and Housing Health. Full details can be found in the BCHG Housing Quality Standard publication.

### 6.2 Environmental Impact and Energy Efficiency

BCHG has a separate Environmental Strategy that details the aims of the whole organisation in positively contributing towards the Climate Change agenda.

As an organisation we have an obligation to protect the environment. Targets have been set within the Environmental Strategy for improvements to average Standard Assessment Procedure (SAP) ratings. Our aim is to achieve the government target of having all properties achieving an Energy Performance Certificate (EPC) Band C by 2030 by ensuring at least 80% meet this target by 2025. Our approach is focused on reducing the heating requirement of our homes and improving the efficiency of the heating systems.

In addition, BCHG must ensure our homes are affordable to keep warm and meet our residents' expectations. There is a clear link between cold homes and ill health where existing conditions (such as respiratory illness or mental health conditions) are exacerbated. This asset management strategy will therefore build on the work we have already done to date to improve the energy efficiency of our lowest SAP rated properties.

BCHG have previously carried out cavity and loft insulation programmes to a range of properties. Our properties have a mixture of timber, UPVC and Aluminium double-glazed windows. We will therefore focus work during this next period on proactively replacing our remaining environmentally inefficient electric storage heaters with more energy efficient heating in order to reduce our tenants' fuel costs and reduce carbon emissions and further enhancing the thermal resistance of our properties. It is also important we continue to reduce the energy demand within our homes. Other environmental initiatives such as dual flush toilets, low energy lighting, waste reduction and recycling and the advice provided to tenants are also detailed within the Environmental Strategy.

All housing associations are required to make an EPC available to tenants every time they move into a new home. This applies to our existing stock as well as new build properties. An EPC shows in graphical format the official energy efficiency rating of a building and its environmental impact on a scale from A-G (where A is the most efficient and G the least efficient). Our objective for this strategic period is to focus on improving the energy efficiency of homes with an EPC rating below C. We also have an ambition to achieve an EPC rating higher than band C and will aim to reduce energy costs for tenants by installing highly efficient heating systems and improving levels of insulation. For more details, please see the environmental strategy.

The average SAP rating for a BCHG home is 73 points. The majority of our properties with a valid survey (77%) already achieve an EPC band C or above. Our new homes (built within the last 10 years) have an average SAP rating of 83 points, with the majority rated under Band B.

There are BCHG 376 properties that do not have a current survey. These will be completed during year 1 and 2 of this strategy.

### 6.3 Understanding our Properties and Use of Data

BCHG holds information about our stock condition in the Pimss database that is kept updated with lifecycle information as we deliver our planned maintenance programme. We currently hold up to date and accurate lifecycle-based information for key building components for 73% of our properties, and this proportion is increasing annually as we deliver more surveys and improvements to properties through our planned maintenance programme.

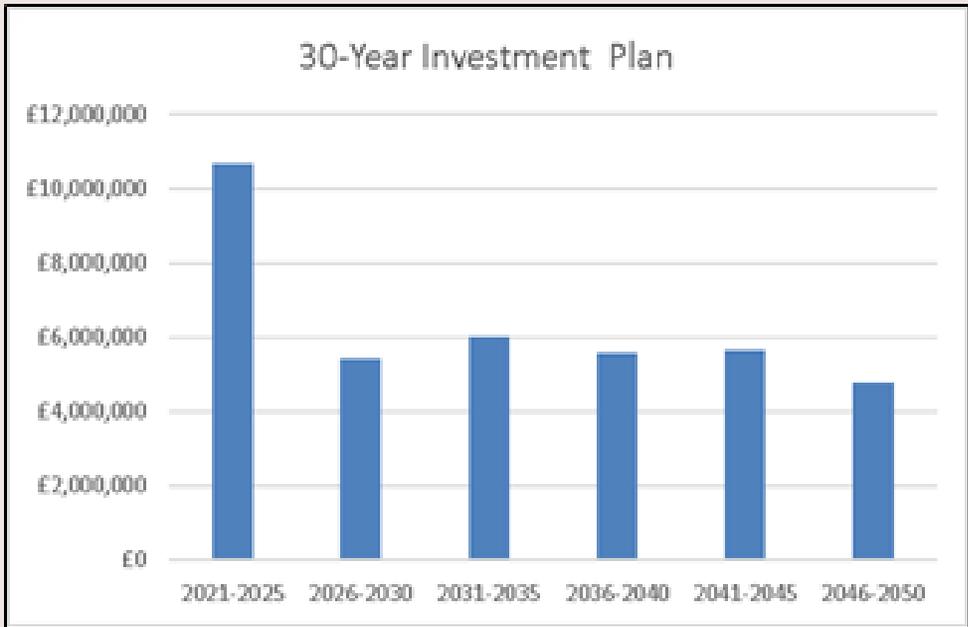
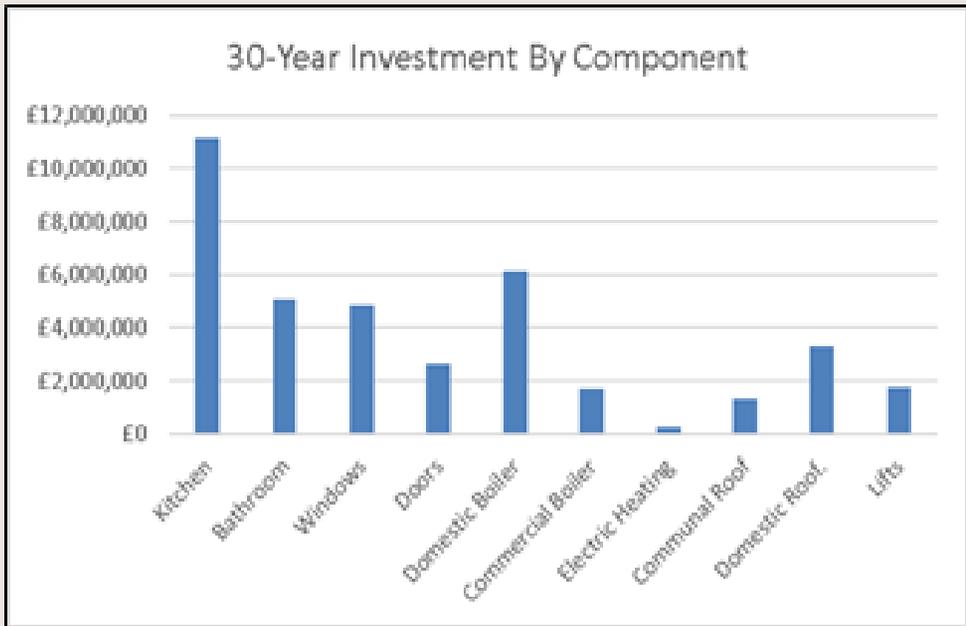
The validity of our component lifecycle information was verified through an externally commissioned 10% sample check carried out in 2019, which provided a good level of assurance about the accuracy of this information. A further independent verification will be undertaken during 2021/22 following an internal programme of stock condition surveys.

The data collected enables a 30-year budget forecast to be drawn up which in turn feeds BCHG's Business Plan. Initially, a fixed 2-year investment programme will be released to customers, using the data generated from the stock condition database and made available to later in 2021 through our website and customer portal.

During 2020 and into 2021, BCHG fully mobilised the Pimss Asset Management and Compliance system to manage stock and investment data more effectively, along with compliance regimes. In parallel, we migrated the Asset Management team over to the Homeforce Connect repairs system that better enabled agile working practices and streamlining of back-office processes. These changes will allow staff to gather and update information, including property condition data, in live time whilst they are with residents in their homes. These open up opportunities for new way of working, as with appropriate training staff will be able to gather and update a range of stock condition information whilst they are visiting residents and are out in our communities.

The stock condition data we hold in Pimss shows that £38.14m of investment is required on 1,870 of our owned properties over the next 30 years, with additional investment in excess of this on energy efficiency measures and carbon reduction. While the stock condition data is still being collected, the annualised investment programme is yet to be smoothed to ensure a consistent programme is delivered year on year. A smoothing exercise will

be completed during Qtr. 3 of 2021. The charts below show our current investment needs every 5 years, and by component type.



#### 6.4 Making Optimum use of our Assets

BCHG take a robust approach to decision making on the use of resources to deliver its objectives, including an understanding of the trade-offs and opportunity costs of its decisions.

We will invest in existing assets wisely, with a clear understanding of:

- Housing need and demand now and in the future.
- The value we are adding to physical assets, our financial capacity, Business Plan and charging position.
- The impact our decisions make on local communities and customers.

We will consider the use of existing assets for a variety of purposes, for example:

- Driving forward the carbon agenda, using assets as testing sites for new technology.
- Trialling new tenures or client groups.
- Offering community benefit.
- Being a catalyst or enabler for partnership working.

Property disposals are currently considered on an individual basis. Whenever a property becomes void; and we

consider whether to dispose of any property the meets at least one of the following parameters:

- Cost of £10,000 or more to bring the property up to a lettable standard
- Below 69 SAP rating
- Higher than average tenancy turnover
- Isolated property, not part of a wider scheme
- Sufficient capacity from Book value vs. market valuation

Given the centrality of our current stock to meeting priority need, this process will be adjusted to more explicitly consider redevelopment to meet priority needs alongside the consideration of whether to dispose.

## 7. VALUE FOR MONEY

Our Procurement Strategies set out how we are continuously strengthening our approaches to ensuring we are achieving value for money (VFM). This includes making regular use of benchmarking data. During the delivery of this strategy, VFM is defined by top quartile performance with mid quartile cost.

Our aim as stipulated in our current strategic plan is to deliver value for money in our services, evidenced through high customer ratings. Ensuring a high-quality maintenance service at around the median quartile cost across the sector is key to its delivery. Our objective in this strategy is in line with this: to deliver a top quartile rated service for median cost.

Other actions set out in this strategy such as our approach to considering utilisation of assets and potential property disposals are part of ensuring we “optimise our future return on assets” as required under the Regulator of Social Housing’s Value for Money standard and these will be retained only for strategic or social value, otherwise disposed and funds reinvested.

During this plan period we will review both our low and high value property portfolio and undertake option appraisals to determine the most appropriate course of action for this element of our stock.

All homes in the life of this strategy will meet the standards set out in this strategy with a positive 35-year NPV, with all new homes meeting this standard from the start and throughout their lifetime.

## 8. NEW HOMES

As part of BCHG’s commitment to developing new housing, we will work with our development partners, Matrix, to make homes as sustainable as possible. Matrix currently works to a range of housing standards, which include Scheme Development Standards and Level 3 of the Code for Sustainable Homes.

We will be looking to future proof our new homes aiming to meet the high fabric standards and low carbon heating as a performance benchmark set out in the MHCLG Future Homes Standards for new builds. We also will ensure that our homes meet the future energy efficiency requirements for new homes set by Part L of the Building Regulations.

In preparing for future changes, we will be reviewing our current approach to development, and seeking opportunities to trial renewal low carbon heating technologies (i.e., heat pumps and district systems) where feasible and affordable into all future development programmes.

It may not be currently feasible to introduce low carbon heating for all new homes, although consideration will be given to future requirements in the design. To ensure homes are future proofed we ensure that the minimum standards for energy efficiency and fabric performance set out in the uplift to Part L and Part F of the Building Regulations (proposed in 2020) are implemented into the design stage of any new developments.

It is acknowledged that this approach may increase costs and we will review our funding streams, treasury strategy and development parameters to ensure we deliver.

There will be an educational need for new technologies both for BCHG in installing and maintaining such

equipment and for residents in their day-to-day use.

### 8.1 Modern Method of Construction

BCHG's aim is to use innovative construction methods, products, and inventive use of traditional, natural, and recycled materials to offer new ways to build sustainable and affordable homes.

Off-site modular production for construction will enable us to build higher quality homes with improved environmental performance whilst also reducing materials costs and wastage. BCHG are keen to invest in the development of modular homes supported our Matrix Partners, and LoCal Homes offsite manufacturing company.

We will:

- Undertake feasibility studies (on existing owned land) for options to develop new low carbon and sustainable homes in 2021/22.
- Incorporate timber frames and other sustainable materials into the design requirements of our future development programme.

## 9. OUR STRATEGIC PRIORITIES OVER THE NEXT 3 YEARS

Our foundation continues to be ensuring that we are proactive in the maintenance and inspection of our homes to provide high quality, comfortable homes for our residents, and maintain the asset base in good condition. We aim to deliver a top quartile rated service for around median cost. We have six strategic priorities for this plan period:

- Ensuring we remain compliant with all existing and new statutory building standards including health and safety, decent homes, and regulatory standards.
- Delivering on our environmental commitments to reduce our carbon footprint by 2030 through improving the energy efficiency of our homes.
- Ensure the Pimss is an effective "single point of truth" for all BCHG's asset management data, and that effective processes are in place for the regular updating of asset management data across the business.
- Ensure we are proactively addressing and improving stock condition where we have property types / locations which no longer meet customers' needs and / or expectations.
- Ensure we fully use our asset management data to enable us to make informed decisions about the use and redevelopment of our existing stock to meet priority housing needs that are hard to deliver through our development programme.
- Enabling full engagement of residents in both setting asset management standards and holding BCHG accountable for delivery against these standards.

The attached action plan at the rear of this strategy sets out the actions we will undertake to deliver against each of these strategic priorities.

## 10. MONITORING AND REPORTING

The strategy will be reviewed by the Executive team and any material changes brought to Group Board for approval. Changes in legislation or regulations affecting delivery will be incorporated and implemented. The review will include an assessment of on-going and emerging risks to ensure that BCHG's Group Board is fully aware of changes, which might adversely impact on the business.

In between any reviews, management information will be published in a number of ways including through monthly key performance indicators and strategy milestone updates to BCHG Board.