

Setting the Standard

10 Year Strategic Asset Management Strategy

June 2023



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Executive Summary

Our new corporate strategy, 'Setting the Pace: Our People, Our Homes, Our Communities' (hereafter referred to as **Setting the Pace**), confirmed our ambitions to play a leading role in meeting the housing needs of future generations of older people by providing high-quality, highly responsive and personalised housing and support services. It also confirmed our vision to support ageing in place with home at the centre of an integrated network of preventative services, within established communities.

Like other social landlords in Scotland, we are **operating in challenging times** – the economic outlook, the climate emergency, increasing regulations and expectations (rightly), older properties not built to modern standards and not always the right size or in the right location to meet housing need and broader pressures in the public finances which mean that our social infrastructure – our Social Care and Health infrastructure in particular - is unaffordable longer term.

However, we also **experience many opportunities** – a growing market with our ageing population, the digital and technological advances that open up new ways of supporting our tenants and other service users at home, our reach and scale across Scotland as a landlord of systemic importance with more than 4,600 properties and a solid and unencumbered balance sheet.

Placing **our tenants and other service users firmly at the heart of what we do** and working collaboratively with all our stakeholders, including our contractors, we are ready to face these challenges and play a leading role in meeting the housing and independent living needs of older people in Scotland.



Our strategic asset management strategy (SAMS) set out here details our strategic approach to **investing over £225M in the next 10 years** to support healthy ageing at home, in safe, warm and affordable homes.



Executive Summary Continued

Over the next 10 years we will:



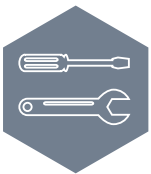
Invest over £225M in our people, properties and communities including **400 new homes** for independent living.



Bring all our currently **closed assets back into use by 2028**. This will include options for broadening our range of independent living services, reaching more customers and **connecting to our communities** through improved use of our significant asset base.



Deliver a retrofit solution to improve the energy efficiency (and cost of heating) of our existing homes.



Provide a **modern high quality responsive repairs and property management service** to improve customer satisfaction.



Address the bedsits and other poorly performing properties which are no longer in demand or meeting modern standards for independent living.



Relocation of our head office in Edinburgh to a modern collaborative workspace.



Grow through partnership, collaboration and thought leadership across the housing, social and care sectors in Scotland.

Our investment strategy will be overseen by a new sub-committee of the Board.

Over the next 10 years we will invest more than £225M to address the priorities set out in this SAMS. Following the Board workshop in April 2023 we have identified 7 strategic investment programmes, our workstreams, to support the successful delivery of SAMS within the context of a fully funded and affordable business plan. These include:



Independent Living



Compliance and Health & Safety



Planned and Cyclical Programmes



Energy Efficiency, Growth



Strategic Development, Property Infrastructure and Repairing and Letting

The planned investment in each programme over the next 5 and 10 years is set out in the body of the report.

1. Setting the Standard

1.1 INTRODUCTION TO SAMS

Our new corporate strategy **Setting the Pace** details our ambitions to play a leading role in meeting the housing needs of future generations of older people by providing high-quality, highly responsive and personalised services. It is also clear that our vision is one that supports ageing in place with home at the centre of an integrated network of preventative services, within established communities.

This document sets out our strategic asset management strategy (SAMS) which has been developed to support delivery of our corporate strategy. It details our strategic approach to investing over the next 10 years to support healthy ageing at home, in safe, warm and affordable homes. In short, this document is about **Setting the Standard** to support healthy ageing in place and preventative care at home.



1.2 ABOUT BIELD



Our corporate strategy is clear. We have **5 strategic intentions**:

1. to face our challenges
2. improve efficiency
3. harness our strength
4. enhance our impact
5. lead the way



As set out in this strategy, guided by our values, we will build on our existing skills and experience and manage **our asset portfolio** to facilitate future growth and enable Bield Housing and Care to continue to make positive contributions to **our people, our homes and our communities.**

1.3 WHAT SAMS WILL DELIVER OVER THE NEXT 10 YEARS

Over the next 10 years this SAMS aims to deliver:



Over £225M invested in our people, properties and communities including 400 new homes for independent living.



All currently closed assets brought back into use by 2028 including options for broadening our range of independent living services, reaching more customers and connecting to our communities through improved use of our significant asset base.



A retrofit solution to improve the energy efficiency (and cost of heating) of our existing homes.



A modernised repairs and property management service to improve customer satisfaction to 90%. This includes improved repairing and letting standards and reduced voids.



Addressing the bedsits and other poorly performing properties which are no longer in demand or meeting modern standards for independent living.



Relocation of our head office in Edinburgh to a modern collaborative workspace.



Growth through partnership, collaboration and thought leadership across the housing, social and care sectors in Scotland.



And over the next 18 months, as set out in our delivery plan, we will also:

- Develop Bield's first design standard for independent living including the digitalisation of our developments to support ageing in place and preventative care, co-developed with our tenants and other stakeholders (**November 2024**). We will also expand our adaptations offer in the context of preventative independent living (**August 2023**).
- Continue to prioritise and strengthen our compliance and health and safety by introducing an annual Compliance and Health and Safety Plan (**April 2024**).
- Continue to strengthen our approach to strategic asset management through our SAMS by completing a full heat map survey of all of our properties (**March 2024**) and a full stock condition survey of all of our homes (**November 2024**) and establish area investment programmes for 2024/25 (**April 2024**).
- Manage the Strategic Value in our Business Plan through targeted and sustainable investment to support independent living and by developing our financial and treasury management strategy (**November 2024**) and procurement strategy (**November 2024**).

This also involves:

- Setting out specific funding options to support new build and remodeling (**April 2024**).
- Identifying strategic development sites for our new homes and, working with our Local Authority and other partners, have these included in the Strategic Housing Investment Plan (SHIP) (**April 2024**).
- Establishing a prioritised 5-year investment programme for the transition to independent living (**April 2024**).
- Developing a strategic programme for championing ageing in place for our partners (**April 2024**).
- Developing a full business case to pilot a retrofit (**March 2024**).

1.4 PRINCIPLES FOR STRATEGIC MANAGEMENT OF OUR ASSETS

In delivering these aims we will be guided by the following core principles of strategic asset management:

- **Compliance and health and safety first.** As a responsible landlord and responsible employer, keeping our tenants, our staff, our customers and our visitors safe is our number one priority. Over the course of this year, we will bring forward our first annual plan covering all aspects of property compliance and health and safety.
- **Maximising the use of existing homes and land.** Our development programme includes a programme of 400 new homes, including some which we will build out on our existing and adjacent land and which it is hoped will help open the development pipeline in the early years. Our aim is to provide a range of quality affordable housing that meets the needs of all of our tenants over the next 10 years and recognises and responds to future demographic changes.
- **Strategic management of value** embedded in how we work and support decision making for SAMS. We will continue to develop our understanding of our asset portfolio and what it contributes (or not) to the long-term sustainability of our corporate and financial plans. It involves tackling poorly performing assets whose condition is no longer fit for our purpose and replacing low value, low demand homes with higher value, quality homes that people want to live, work, play and age in.
- Taking a **whole of development and fabric first approach** where it is practical and affordable to do so. We see this as an essential part of improving the attractiveness, demand and **energy efficiency of our homes and development as we transition to net zero.**
- **Connecting Communities** – any new build supply will be delivered under the principles of sustainable placemaking, providing a balanced and broader range of housing choice, services and activities where it is possible to do so.

In addition, we are committed to:

- **Improving the customer experience,** whilst maximising our income, managing our expenditure effectively and promoting our services so that we can provide more and better for less.
- **Developing our workforce** so they are skilled and empowered to deliver quality and efficient housing and **right first-time services consistently** across all our developments.
- **Efficient procurement** of all of programmes of work and contracts, helping to promote local business and small and medium enterprises (SMEs), through our spend, using our purchasing power to leverage additional social value through our procurement to add benefit from local labour, apprenticeships and training opportunities.

Our approach is consistent with the principles set out in SHR's updated Asset Management Guidance (February 2023). SHR states these principles also support social landlords' approach to keeping tenants and residents safe. Social landlords must ensure they meet all duties on tenant and resident safety and that they obtain appropriate assurance about their compliance with all relevant safety requirements.



2. Our Design Standard for Independent Living

2.1 CO-PRODUCING WITH OUR TENANTS AND OTHER STAKEHOLDERS

Bield is committed to creating a new standard for our housing that will deliver high levels of tenant satisfaction and support tenants to live independently and longer at home. In doing so we will retain value in our homes to support sustainable growth and the development programme.

Working closely with our tenants, customers, contractors and other stakeholders we will develop Bield’s first design standard for independent living including the digitalisation of our developments to support ageing in place and preventative care by **November 2024**. Our design standard will be comprehensive, covering not just the ‘bricks and mortar’ or the physical space standard but include also:



1

The enhancements required in our existing homes

to reflect how our tenants want to make best use of the spaces available to them to support healthy independent living longer at home – this includes the space behind their own front door, the communal space within each development and the outdoor space too - to support the expansion in our range of independent living services at each of our developments and our retrofit journey and transition to net zero.

2

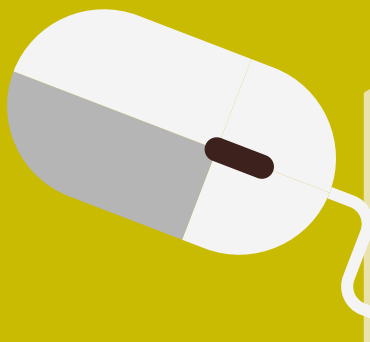
The look, feel and functionality of our new homes

and how they support our existing and future tenants to live independently now and well into the future including, where it is affordable and deliverable, making available a broader range of housing choices, including tenures, in the communities we serve.

3

The digital and technology standards

required to support independent living across all our developments, connecting our people, our homes and our communities will enable us to deliver more responsive, more personalised support and care. This includes end to end delivery improvements across the customer experience of Bield to the business infrastructure required to support a more person-centred service delivery model across the organisation’s products, systems and processes.



However, we cannot do this alone. We will work collaboratively to co-produce our new design standard with tenants at the heart of the Bield Standard. Our tenants put the heart in what we do and are the reason we exist. Most of our tenants are 70+ when they take up a tenancy with Bield and they are best placed to guide our priorities for their homes and the environment around them. In developing the Bield Standard we will explore with our tenants whether our current component replacement timeframes (for example kitchens) continue to meet expectations.

CO-PRODUCTION OF DESIGN STANDARD AND INVESTMENT PRIORITIES



2.2 OUR DESIGN PRINCIPLES (HAPPI)

The digital and technology standards required to support independent living across all our developments, connecting our people, our homes and our communities will enable us to deliver more responsive, more personalised support and care. This includes end to end delivery improvements across the customer experience of Bield to the business infrastructure required to support a more person-centred service delivery model across the organisation’s products, systems and processes.

The HAPPI principles reflect space and flexibility, daylight in the home and in shared spaces, balconies and outdoor space, adaptability and 'care ready' design, positive use of circulation space, shared facilities and 'hubs', plants, trees and the natural environment, energy efficiency and sustainable design, storage for belongings (including bicycles) and external shared surfaces and 'home zones'. The HAPPI principles are therefore also consistent with the National Care Service policy imperative that as many homes as possible can support care at home or responder services and adaptability.

Improving accessibility and improved use of our **communal spaces for independent living** will be embedded in our design standard and we will work with our tenants and other stakeholders to determine this and the **use of the outdoor space**.

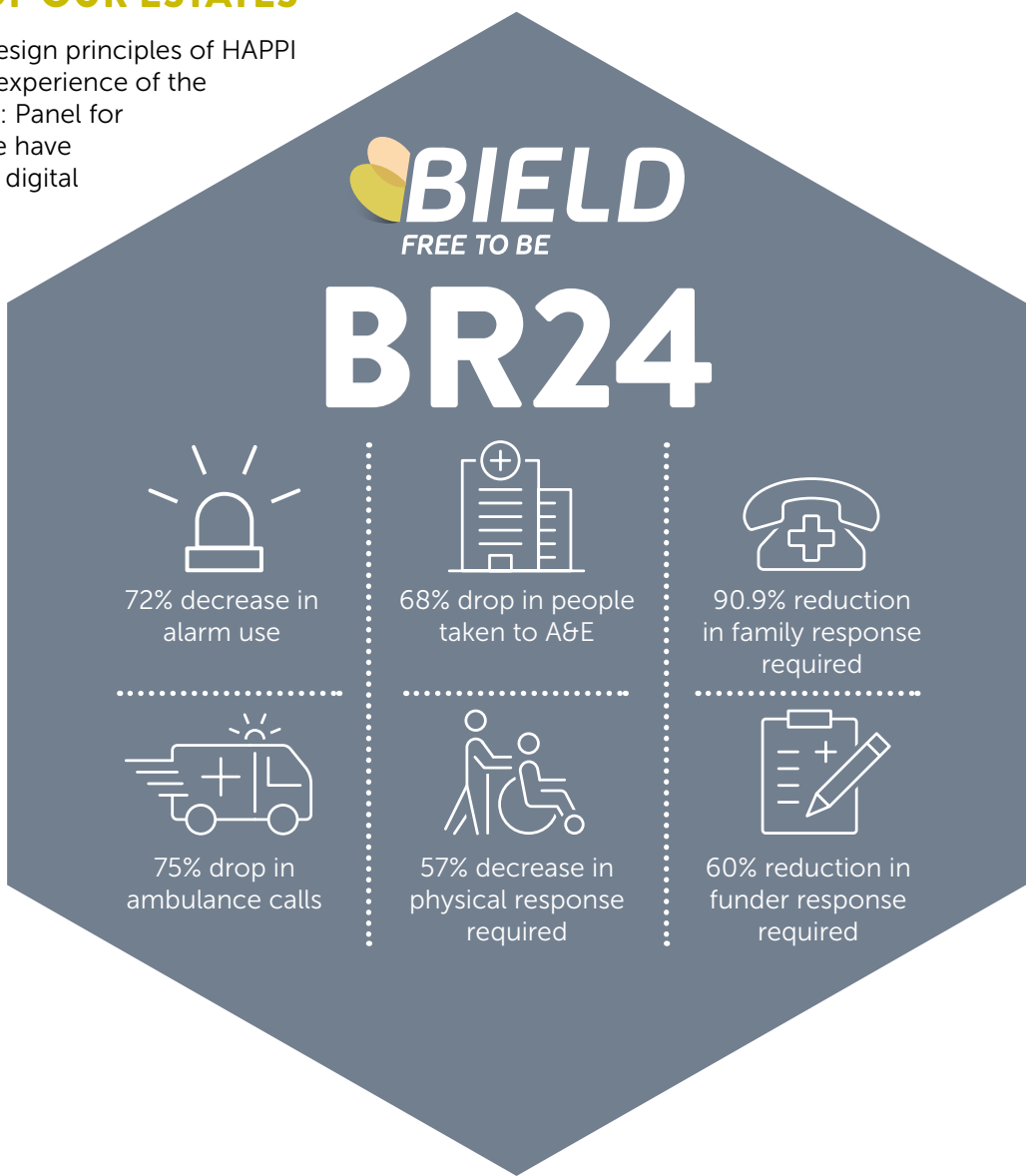
As a result of the pandemic and as Scotland continues to move through the next stages of living with COVID, Bield will also consider as part of the design guide how it might make its properties as infection free as possible.

2.3 LEARNING FROM TAPPI FOR DIGITALISATION OF OUR ESTATES

Whilst embracing the good practice design principles of HAPPI we will also build on the learning and experience of the Technology for our Ageing Population: Panel for Innovation (TAPPI) principles which we have demonstrated through the pilot of the digital hub at West Port.

Our pilot is demonstrating considerable benefits for our tenants and our service users alongside significant efficiencies for Bield and for our partners from the proactive and preventative telecare possible through BR24.

BR24 helps us to **better connect our people, our homes, our communities**. Our vision of the future for Estate Digitalisation therefore involves working closely with the TAPPI project team, learning from our work at West Port, incorporating digital solutions into our design standard and having digitally enabled homes, developments and communities to allow people to age in place. This will place us at the forefront of digital technology for older people across the UK.



2.4 OUR TRANSITION JOURNEY TO NET ZERO

We are also clear that working to minimum standards will no longer do for Bield or for its tenants and, through this SAMS, we are raising our standards. We are aiming for quality and sustainability in our design standard and to future proof our investment using solutions such as **Passivhaus**, or equivalent, for our new build properties and **EnerPHit**, or equivalent, for our existing properties. Products used need to be of sufficient quality to deliver **right first-time** results, to ensure they last and that they are affordable to our tenants and to us.

We also recognise that we are on a journey, with others, to net zero. We need greener, cleaner places and to reduce the cost of heating our homes. Providing attractive, affordable, low-carbon living and working is no longer a nice to have. It is now **essential** and environmental probity is driving us towards doing as much as possible with as little as possible; re-using, re-purposing and re-cycling as part of the circular economy as we go. However, achieving the net zero ambition will not be easy and there are significant upward pressures and barriers to be addressed which the UK and Scottish Governments and the housing sector have yet to adequately respond to. Products need to be developed and supply chains need to be established, for example.

Buildings account for 35% of the total global energy consumption and housing currently accounts for 13% of Scotland’s greenhouse gas emissions and around 30% of Scotland’s total energy consumption. It is anticipated that emissions from buildings will need to fall by 68% if Scotland is to meet its target. It is in this context that the regulatory framework around achieving new energy efficiency standards is being set. As much as 60% of the energy we use in our homes is for heating and hot water, and much of that energy escapes from our homes through windows, door, roofs and walls. In order to make our buildings suitable for affordable electric, or alternative heating, we must understand how much we can improve this in terms of energy performance.

As we move away from fossil fuel-based heating, we must carefully consider the energy performance of our buildings. Transforming to electric, or alternative, heating systems away from gas, improving thermal performance, and reducing energy costs for our tenants. Working to minimum standards has often cost more longer term for the sector, as poorer quality products or solutions have to be rectified. Tackling poorly insulated buildings will be required to reduce the cost of heating our homes. A key priority in this SAMS will be on heat mapping all our properties to check the energy efficiency of the external envelope and how well insulated our buildings are.

Striving for higher standards is also expected to strengthen our capacity for delivery. Working across 22 Local Authority areas poses additional challenges and risks. Each Local Authority has differing needs and requirements (for example, Glasgow City Council has the Glasgow Standard for new housing) and so a one size fits all approach does not work when the one size is a minimum standard. Collaboration and co-production with our stakeholders at the area level will be required. **Area investment programmes** will be established for 2024/25 by **April 2024**. Our design guide will set out Bield’s journey to net zero including how we embrace Environmental and Social Governance (ESG) reporting.

Buildings account for **35%** of the total global energy consumption

Housing currently accounts for **13%** of Scotland’s greenhouse gas emissions

As much as **60%** of the energy we use in our homes is for heating and hot water

2.5 CONNECTING COMMUNITIES

As previously mentioned, **BR24** helps us to **better connect our people, our homes, our communities**. Over the term of this SAMS we want to explore placemaking and 20-minute neighbourhoods further and whether repurposing of our closed assets may contribute to stronger connections with local communities and the **network of services** required to support our residents to live happy, healthy, independent lives **at home with Bield**.

3. Our Strategic Investment Challenges and Context

3.1 ABOUT THE ASSETS WE OWN

How people live and use their homes has changed significantly over the years and the environment in which we operate has also changed. Now, more than ever, it is critical that Bield has a robust method of making sure its homes are safe, warm, affordable and in demand and that the assets are fit for purpose, that we continue to meet the investment needs of our existing assets and can provide new homes for people who need them.



Bield owns and manages approximately **4600 homes.**

These are mainly flatted properties in retirement developments spread across 22 local authority areas in Scotland.

The developments were largely built in the 1970s, 1980s and 1990s and the stock has an average age of 38.

Almost 2 in every 3 homes were built in the 70s and 80s.

Most properties are 2 apartments (more than 80%).

However, there are also over **500 bedsits** in 32 of the developments and some **3 and 4 apartments** (216 and 109 respectively).

Bield's stock is old stock - less than 5% of the stock was built post 2010 - and is therefore not built to meet current, modern standards, increasing expectations and housing requirements. Our **strategic investment challenges** include, but are not limited to:



Our non-developing status in recent years. The Scottish Government looks to RSLs in Scotland to deliver its new housing supply for social housing. As a landlord of systemic importance to Scotland's social housing system Bield may well be expected to contribute to this agenda, where it is affordable and practical to do so. The lack of recent new build to refresh also works to keep average costs and other performance measures artificially higher than if new housing supply was coming on stream each year.



Our like for like replacement approach is no longer an appropriate strategic fit to effectively manage and maintain our property condition and this requires planning, procurement, product, systems, and processes to change over the life of this SAMS. A couple of good examples include planning for the switch from gas heating systems to electric and from our analogue to digital alarms.



The balance between our responsive repairs and planned maintenance needs to be revisited. There are differing views about precisely the **right balance of responsive versus planned** works. However, there is consensus that the balance ought to tip in favour of more planned and less reactive repairs proportionately. Similar to our strategy to shift from reactive to preventative support we want to re-balance our resources so that we are spending much more on planned than responsive repairs and this is reflected in the allocation of our resources longer term.



We have **higher investment requirements** because of the age, type and condition of our stock. Our stock is in need of considerable investment over the next 30 years to maintain it at its current minimum standard. We have a **significant backlog of investment** to address of more than £30M. COVID-19 had a significant impact on delivery of our programmes of work and this, combined with lower levels of investment more generally, has resulted in a backlog which requires prioritisation over the next 5 to 10 year programme. Recent inflationary pressures have not helped, meaning our backlog will now cost more to deliver and highlighting the need to ensure a planned approach to our investment programmes going forward.



Property condition is poor in some of our developments - they are not thermally efficient and, as a result, most of our properties are expensive to heat. It is difficult to estimate, still, the cost of the transition to net zero. There are many properties with domestic gas boilers and many flats provided with heat from communal gas boilers that will need to be replaced but that we will not be able to replace and an effective alternative and insulation programme will be required.



Low demand and unpopular housing – including many of our bedsits – resulting in **significant rent loss each year** once the property has become void (typically first repeatedly and then long term). Bield is operating in an expanding market and, whilst there is no real concern with demand for our housing, we are aware that our housing product needs to be a quality offer to remain attractive, relevant and in demand. Designations may need to be addressed in some locations of low demand.



Properties beyond their useful life. Not all of our current housing stock can provide a further 30-year expected lifespan at a reasonable cost to the financial plan. Around 8% of the stock is identified as being negatively valued and requires more to be spent than can reasonably be collected back. Whilst as a social landlord of scale and with a social responsibility, carrying some unviable stock to provide unmet housing need may be inevitable, this needs to be managed at a responsible strategic level so as not to undermine the financial viability of the remainder of the performing stock within the financial plan. Properties which are assessed as liabilities as part of SAMS need to be addressed.



Increasing costs of regulation. For example, the increasing focus and requirements, quite rightly, on property compliance – one example this year is the focus, rightly, on landlord's approach to damp, condensation and mould results in higher costs and new ways of working. In addition, an important finding of the coroner's report in 2022 in England which linked the impact of property disrepair in social housing (specifically mould and damp disrepair) with a toddler's tragic death was that the landlord's systems were not talking to one another and contributed to the poor management of the poor property condition and service to the tenant. Further systems upgrades and integration are required across Bield to ensure the property management systems are fully integrated with housing management and financial systems.

Section 4 sets out the investment spend for this SAMS over the next 5 and 10 years. These resources will ensure we are able to invest appropriately in our existing homes and to establish our Bield housebuilding programme for independent living with a target of delivering a further 400 new homes for older people in Scotland.

3.2 DEMAND SIDE PRESSURES

The location of our existing developments is shown below. This shows the dispersed nature of our current developments and the concentration of our existing developments in the West. Bield operates in 22 Local Authority areas and each development has its own character, identity and housing market challenges and opportunities.

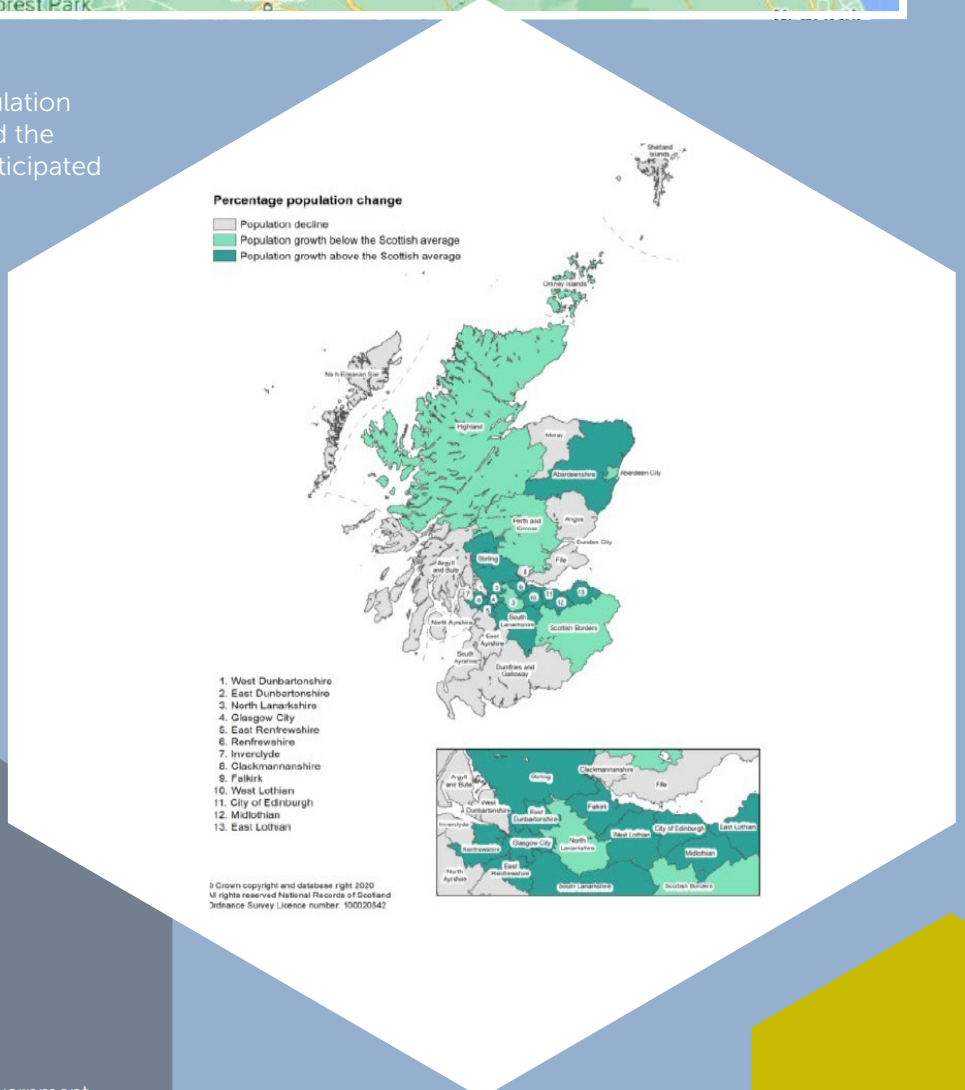
Understanding the various housing markets we operate in will be critical to our success as, for example, rent affordability and service dependency levels vary across Scotland. Therefore, to ensure a long term sustainable strategic fit across all our developments, a detailed understanding of the local housing markets is required.



Examination of the 2018 and 2020 population projections¹ suggest the Central Belt and the East will be the areas with the largest anticipated increases in older people.

Most of our stock is in Glasgow, but the growth opportunities appear to be in the East. Whilst the general direction is for population growth drifting East, this does not rule out opportunities for development elsewhere.

A detailed business case, including a full 30-year development appraisal, would be required to support each opportunity.



¹ 2018 and 2020 Population Statistics, Scottish Government

3.3 SUPPLY SIDE PRESSURES

The COVID-19 pandemic, Brexit and the conflict in Ukraine all had a negative impact on labour and supply chains across the UK. Like other landlords, Bield's contractors faced several challenges, including availability issues and delays with materials, increased labour costs and shortages and losing skilled workers who either returned to the EU or retired having been furloughed. The overall impact of these supply-side pressures for Bield include the fact that current costs are now, on average, 27% higher than pre-pandemic and pre-Brexit prices. Material deliveries during the pandemic saw delays of between 16 and 24 weeks. Whilst material delays have since decreased, they are still currently 3-4 weeks slower than pre-Brexit timescales.

COVID-19 changed virtually every organisation in the world to some extent. Across the Housing sector, landlords had to work differently almost overnight and the services that they could provide to customers, often remotely, changed immediately. Through extended periods of lockdown, Bield was unable to carry out aspects of planned, cyclical and reactive maintenance and pandemic restrictions meant that only emergency repairs were able to be carried out for much of 2020 and 2021.

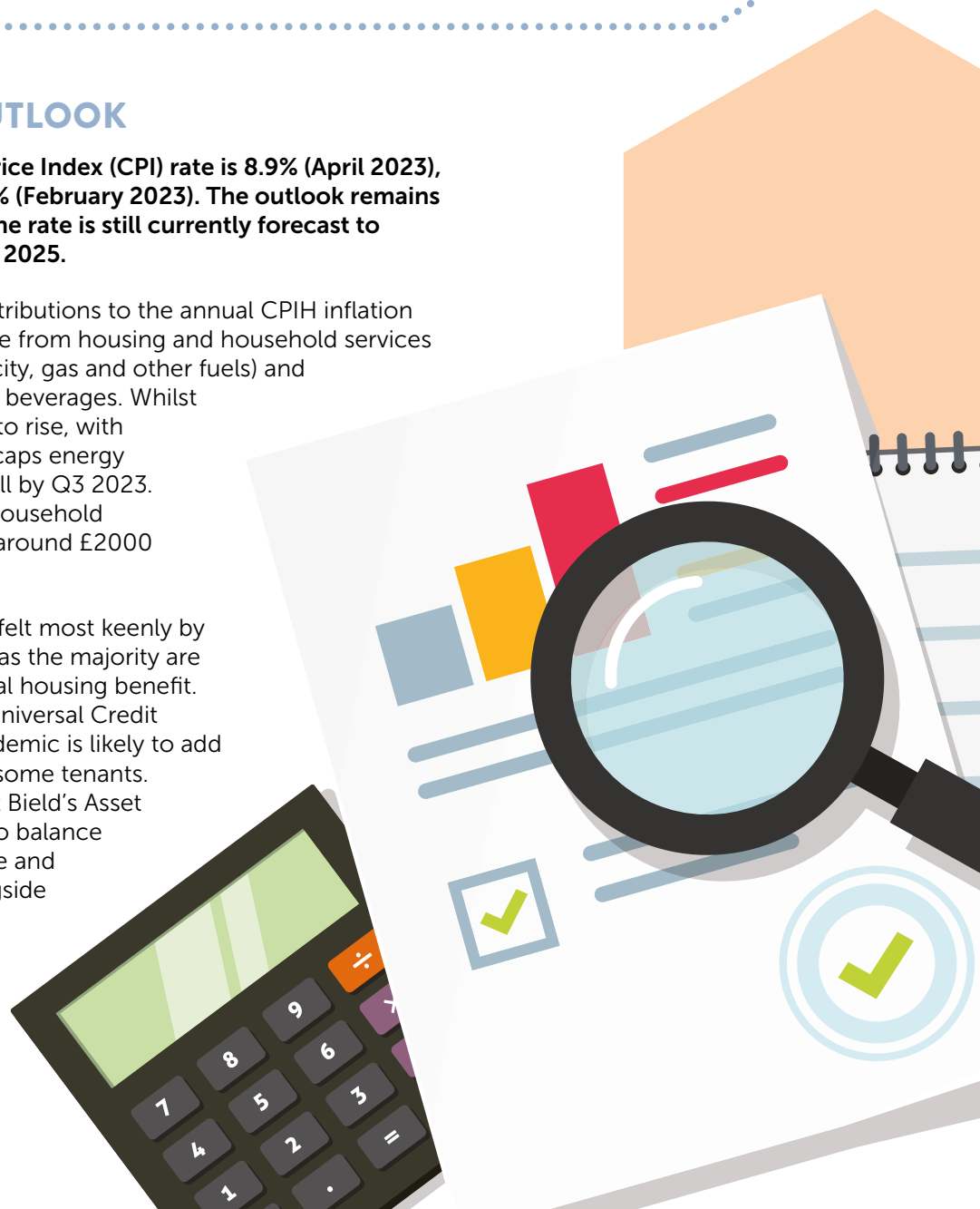
This meant that Bield was also unable to install kitchens, bathrooms, heating systems etc. except in exceptional circumstances which were usually adaptations. This has resulted in creating a backlog which we are now working through. Additionally, it has caused a significant revenue expenditure pressure with a backlog of reactive repairs being reported once restrictions lifted, the effects of which are still being felt.

3.4 ECONOMIC OUTLOOK

The latest Consumer Price Index (CPI) rate is 8.9% (April 2023), down slightly from 9.4% (February 2023). The outlook remains challenging although the rate is still currently forecast to return to around 2% by 2025.

The largest upward contributions to the annual CPIH inflation rate in March 2023 came from housing and household services (principally from electricity, gas and other fuels) and food and non-alcoholic beverages. Whilst energy prices continue to rise, with a lowering of the price caps energy costs are expected to fall by Q3 2023. Currently, the average household can now expect to pay around £2000 annually.

These pressures will be felt most keenly by many of Bield's tenants as the majority are in receipt of full or partial housing benefit. The withdrawal of the Universal Credit uplift following the pandemic is likely to add to the pressures felt by some tenants. This context means that Bield's Asset Management Plan has to balance affordability, compliance and ambition carefully alongside ensuring that energy efficiency is balanced with affordable warmth.



3.5 THE POLICY, LEGISLATIVE AND REGULATORY ENVIRONMENT

Bield operates in a highly regulated environment with a varied and complex network of policies that must be considered. The undernoted table highlights key policy areas and the impact they have on how Bield manages and maintains its assets.

Policy Area	Key Impacts on SAMS
Housing to 2040	All new Bield houses must be Net Zero by 2026 and meet the new Building Regulations for accessibility. By 2045 all homes should be Net Zero. All of Bield’s homes will have access to high-speed connectivity.
Heat in Buildings Strategy [October 2022]	By 2030 approximately 50% of our homes should have a low emission heating system (not fossil fuel). By 2045 our homes and buildings are cleaner, greener and easy to heat and are no longer contributing to climate change. Also covers the EPC regulations and making it unlawful to let residential or commercial properties with an Energy Performance Certificate (EPC) Rating F or G (ie the lowest 2 grades).
Proposed Human Rights Bill (Scotland)	Bield will commit to co-design with all tenants and especially older people or those with a disability as it invests in its homes.
National Care Service	Bield will ensure that as many of its homes as possible can support care at home or responder services or adaptability.

In addition to these policy areas, there are legislative and regulatory requirements to meet including the Energy Efficiency Standard for Social Housing (ESSH2) and the Scottish Housing Quality Standards (SHQS). The following legislation is relevant:

-  Health and Safety at Work Act 1974
-  Managing Health and Safety at Work Regulations 1999
-  Fire Safety (Scotland) Act and Regulations 2006
-  Housing Scotland Act 2014
-  Control of Asbestos Regulations 2012
-  Construction Design and Management Regulations 2015
-  Public Health Scotland Act 2008
-  The Gas Safety (Installation and Use) Regulations 1998
-  Building (Scotland) Act 2003
-  Planning (Scotland) Act 2019 and the National Planning Framework
-  The Health and Safety Executive Approved Code of Practice (ACoP) Guidance on Legionnaires Disease, the Control of Bacteria in Water Systems in the UK.

There are a range of indicators that need to be provided annually to SHR, collated through the Annual Return on the Charter (ARC). These are all reflected in our performance reporting routines.



4. SAMS Investment Programmes

4.1 OUR 7 STRATEGIC INVESTMENT PROGRAMMES

Over the next 10 years we will invest over £225M addressing the priorities set out in this SAMS. Following the Board workshop in April 2023 we have identified 7 strategic investment programmes, our workstreams effectively, to support the successful delivery of SAMS within the context of a fully funded and affordable business plan. These include Independent Living, Compliance and Health & Safety, Planned and Cyclical Programmes, Energy Efficiency, Growth and Strategic Development, Property Infrastructure and Repairing and Letting. The strategic purpose of each of the workstreams is described below.

	Strategic Investment Programme	Strategic Purpose of Workstream
1	Independent Living (including Digitalisation of our Estates and improving accessibility, aids and adaptations)	Coherence – direct involvement in development of independent living services and co-production for how our tenants and other users want to use our assets to live, work, play and age.
2	Compliance and Health & Safety	Core Operations - for all Bield environments.
3	Planned & Cyclical Programmes	Core Operations – full investment for all assets assessed for retention and holding investment for all assets assessed as not having 30 years of life remaining.
4	Energy Efficiency/Transition to Net Zero (including EnerPHit Innovation Pilot)	Strategic challenge to be faced. Innovation space to solve the energy performance of our assets and lowering the cost of heating our homes long term.
5	Growth/Strategic Development Programmes (including New Build and Tackling Empty & Unpopular Homes (including closed assets)	Strategic leadership and management of our asset value. Integration across the business. Explicit demonstration of VFM (Value for Money) for all programmes and projects.
6	Property/Business Infrastructure and Operations	Core operations - to ensure the Property management systems and processes are fully integrated with the rest of the business.
7	Repairing and Letting	Core day to day operations.

Around £39M will be spent on responsive repairs, letting activity and other maintenance which is identified as our 7th key workstream. This reflects a targeted rebalancing of responsive repairs as benefits are realised from a planned and rolling 5-year investment cycle (updated annually). Funding of the strategic investment programmes is covered in section 5, suffice to note here it involves borrowing of around £42.7M and grant of around £34.3M.

Focus on our 7 key programmes provides an appropriate framework enabling alignment of our people, our resources, our partners and our collective efforts around delivery of our key strategic objectives. It also facilitates appropriate governance and management of asset planning, asset appraisal and delivery of the works.

4.2 INDEPENDENT LIVING PROGRAMMES

In the first 2 years of this SAMS there will be significant work to co-produce the Independent Living Offer and to design and test the feasibility of our approach. In addition, over the next 2 years we will:

- Expand our adaptations offer in the context of preventative independent living (**August 2023**).
- Champion ageing in place with, and for, our tenants and partners (**April 2024**).
- Implement our co-design approach with our customers to develop our independent living services (**May 2024**).
- Establish a prioritised 5-year investment programme for the transition to independent living (**April 2024**).
- Complete the digitisation of our estates, as a key priority (**December 2026**).

Aligning the investment in our core stock and delivery of our works programmes to an agreed Bield Standard for Independent Living will ensure that all our customers, our staff and our partners know what to expect from Bield with regards to the standard of housing and services on offer.

Designing and investing in our developments and the surrounding environments in ways that reflect and support our tenants and other service users to live independently, age in place and connect them to the communities in which they live through preventative telecare and telehealth digital services represents a significant strategic shift for Bield. The way in which we design and invest in our developments including in our communal space and surrounding environments and how we work with the communities in which we operate will change as a result, and for the better.

Bield invests in carrying out adaptations to homes across its portfolio. This is largely funded through Stage 3 Adaptations funding from Scottish Government. Traditionally adaptations have ranged from simple grab rails to installing full wet rooms and for some landlords it has involved some major adaptations like creating extensions to homes.

With more focus on accessibility and preventative telecare and telehealth as part of our Independent Living offer, we expect over 3 years to increase the volume and level of Stage 3 Adaptations funding from Scottish Government. We are also committed to front funding adaptations so that aids and adaptations can be delivered quicker and have allocated up to £0.2M to front fund growth in this activity. Over the first 5 years we are targeting growth of 40% on the volume and funding of aids and adaptations to support our tenants to live independently.



4.3 COMPLIANCE AND HEALTH AND SAFETY

As a responsible landlord and a responsible employer, ensuring the safety of our residents in our homes and our staff, customers and visitors is a priority. The standards required of landlords are rightly increasing year on year and our 'safety first' culture will ensure that we proactively continue to maintain our homes and that we more than meet our compliance obligations including the recommendations within Dame Judy Hackitt's report 'Building a Safer Future' which was commissioned by the UK government following the tragic Grenfell fire where the building performance was found to be inadequate.

Whilst we are currently compliant and have already made a number of improvements, for example in respect of fire risk assessments, our smoke and Co2 detector programme, we will continue to prioritise and strengthen our compliance and health and safety by introducing our first Annual Compliance and Health and Safety Plan (by April 2024) covering all aspects of property compliance and health and safety. We are currently compliant and are committed to remaining so. Safety is our number one priority.

The 7 major areas of Safety Compliance include



Other significant areas of control include pressure systems/scalding risks/ working in confined spaces/control of hazardous substances/working at height/mould & condensation/building control regulations.

The Grenfell fire tragedy and a closer scrutiny of fire safety has influenced a closer look at the general performance of property components, particularly in flatted developments, that play a part in fire safety, such as doors, windows, external cladding and compartmentation. We increased spending on fire risk assessment and compliance last year and this year to £2M. Increased spending on compliance is anticipated over the life of this SAMS and we are working to further strengthen our approach to compliance including our routine monitoring and compliance reporting.

All landlords have a duty to ensure that their assets provide a safe environment for the people who live and work in them. Bield's Health and Safety Management System ensures that policies and procedures are in place and regularly reviewed to meet its duties. The regulatory position is clear: "Social landlords must ensure they meet all duties on tenant and resident safety and that they obtain appropriate assurance about their compliance with all relevant safety requirements".

“ Social landlords must ensure they meet all duties on tenant and resident safety and that they obtain appropriate assurance about their compliance with all relevant safety requirements. ”

4.4 PLANNED AND CYCLICAL PROGRAMMES

The **Scottish Housing Quality Standard (SHQS)** was achieved for 95.34% of our homes in 2022-23. This represented an improvement on the previous year (5.9%). Meeting the SHQS is not a one-off target – as our properties age, year on year, there is ongoing investment required as more components require to be replaced to meet the minimum standard. Going forward our target for SHQS is 100%. We have a handful of properties in abeyance as permitted, on approval by SHR, as the cost of meeting the standard is prohibitive.

The current estimate of planned maintenance investment required in the stock is over £300M with catch-up repairs of over £30M. This is the estimate of investment need forecast on a like for like basis and for all housing stock and assumes all stock being retained for the next 30 years on a full investment basis. However, our assessment for SAMS purposes suggests around 8% of the stock is not viable and will require either medium term holding investment only, additional repurposing/remodeling investment or disposal.

The current estimates of investment do not reflect the transition to net zero, like most landlords at this stage. However, a provision of £40M is included in the long term financial plan mainly for replacing gas boilers and some insulation work. The financial plan therefore includes total provision of £280M over the next 30 years for capital investment in the existing stock and this will require validation through a full stock condition survey by November 2024.

In the past Bield has typically surveyed 20% of the stock annually on a rolling 3-5 year programme, like many landlords. However, a full stock condition survey is required by November 2024 to ensure that the estimate of investment needs across the stock is validated and meets the ever increasing property compliance and building standards. It also needs to be sufficiently current for borrowing purposes. This would sit alongside the Loan Security Valuation that would also be required as part of the borrowing process which is currently being completed by Savills (expected in June 2023).

Developments assessed as core for retention and full investment for asset management purposes will have a full investment programme prioritised to meet our Independent Living Standard scheduled for the full 30 years. Those assets identified as not having a full 30 year life for retention purposes will require either medium term holding investment only or additional repurposing/remodeling investment or disposal.

A breakdown by type of catch-up investment required on this basis is summarised below.

Category	As %
Kitchen	5%
Bathroom	10%
Windows & external doors, ironmongery	9%
Render and cladding	12%
Roof works & rain water goods	9%
Tarmac, roads paths, fencing	19%
Common ventilation	0%
Boilers, plant, controls, electric heating	8%
Rewiring, consumer units, electrical fittings, lighting	13%
Internal & external decoration, flooring, CO detectors	8%
Equipment replacement, laundry, CCTV, auto doors	5%
Plant replacement, warden call, fire alarm, lift, smoke detectors	3%



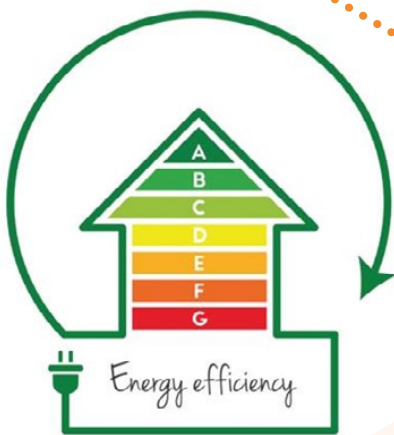
Under the Chartered Institute of Public Finance and Accountancy approach, costs are prioritised as 1 (urgent works), 2 (essential works within years 1 and 2) or 3 (desirable works required within years 3 to 5). The total of priority 1 to 3 works for each operational building provide the total required maintenance for the following 5 years. This prioritised assessment of required maintenance should in principle inform both the revenue and capital setting process for a prioritised 5 year programme for those developments which are assessed as core for retention and full investment.

4.5 ENERGY EFFICIENCY INCLUDING THE ENERPHIT INNOVATION PILOT



This strategy recognises the health and wellbeing benefits of providing homes that people can afford to live in and is committed to delivering improvement programmes to improve the energy performance of our developments and to reduce fuel poverty.

Across our developments, despite significant investment in replacing heating systems as part of the SHQS programme, there remain over 3483 homes which are heated by gas systems requiring replacement over the next 5 years and which from 2025 we will be unable to replace on a like for like basis. Our approach to window, door and insulation all need to be revisited as part of our transition to net zero.



We will therefore continue to strengthen our approach to strategic asset management through our SAMS by completing a full heat map survey of all of our properties (**March 2024**) and a full stock condition survey of all of our homes (**November 2024**). There are a number of properties with an EPC rating of C and D.



We will also explore the EnerPHit and deep retrofit standards that are currently still aspirational across the sector with up to 4 developments identified for feasibility testing with the technical design team and preparation of the business plan (March 2024). Most landlords received resources in the late 2010s through Energy Company Obligations (ECO) and the Community Energy Savings Programme to fund some external wall insulation and loft top-ups. However, external wall insulation remains generally an aspirational standard requiring significant external funding opportunities.

Nevertheless, this strategy is committed to seeking out funding for energy efficiency related improvements and to reduce the cost of heating our homes and alleviating fuel poverty.

4.6 GROWTH AND STRATEGIC DEVELOPMENT PROGRAMMES

The purpose of this strategic programme is to manage the value in our business plan for independent living. There are 3 ways in which we will do this:

- Over the next 10 years we aim to deliver circa 400 new homes for independent living. We will identify strategic development sites for our new homes and, working with our Local Authority and other partners, have these included in the Strategic Housing Investment Plan (SHIP) (**April 2024**). We will also look to make better use of our existing land and assets. Our initial assessment has identified potential land capacity to deliver around 33 new homes on our existing land and 20 on adjacent land (predominantly local authority land) by 2028/29. This presents a good opportunity for some housing growth within the first 5 years of the plan and a planned programme of circa 50 units per annum thereafter. We will consider traditional as well as off-site construction to deliver our development programme.
- Over the next 10 years we will consider projects which remove considerable long-term net liability from the financial plan. Our approach is market facing – focused on matching our housing supply with good demand for our affordable housing – and we will seek out opportunities for projects which can be self-funding in a reasonable period. These may involve coordinating with other strategic investments in an area and working in partnership with other stakeholders like local RSL partners and/or other public agencies e.g. the National Care Service and NHS estates.
- Specifically we will tackle low demand and unpopular properties – mainly bedsits, long-term voids and our closed assets.

A key focus over the next 10 years is on tackling under-performing properties whose liability is constraining the financial plan. By tackling empty homes, we will free up further financial capacity for re-investment in more sustainable and necessary independent living investments. It is important that under-performing and non-viable properties across our developments are addressed so that no development suffers from the inevitable downward pressures of low demand, problematic housing and to improve the VFM and strengthen the financial capacity of Bield. Properties that become empty represent a significant financial risk as they do not generate any income for the period that the property is empty and repair work, sometimes expensive repair work, is required before the property can be re-let.

Our long-term challenge is to balance the supply of our existing portfolio of housing stock across the communities we serve to meet the demand from older people for independent living. This, whilst addressing the lower value poorly performing stock at a pace and on a scale, maintains value in those areas and properties that are currently performing and has sufficient impact to prevent any further decline in value for those that are not.

Across Bield there are 32 developments with bedsits, most of which were built prior to 1983 (so are more than 40 years old). Bedsits have been a particular challenge for Bield with void rent loss on bedsits more than double that of our one-bedroom apartments in some developments and with previous conversion programmes only partially completed. In line with our corporate strategy, these challenges need to be faced and so we have conducted an initial assessment of the potential for remodelling of all of our bedsits.

Feasibility studies are currently underway across our developments and will include an assessment of the full cost of the option of viable (i.e. in demand) retention by Bield. We have also established a **medium-term holding programme** to deal with stock identified in the SAMS analysis as currently under-performing but which is not a priority (for the current strategy period) and where further review and/or monitoring is required to establish the long-term view of the stock. Holding stock will receive no major investment whilst they are being examined further other than to fulfil all health and safety or other statutory obligations.

As already mentioned, **BR24** helps us to **better connect our people, our homes, our communities**. Over the term of this strategy we want to explore placemaking and 20-minute neighbourhoods further and whether repurposing of our closed assets may contribute to stronger connections with local communities and the **network of services** required to support our residents to live happy, healthy, independent lives **at home with Bield**.

4.7 REPAIRING AND LETTING OUR HOMES

Through the term of this SAMS we intend to deliver a first-class housing and repairs service which concentrates on customer needs and priorities, delivers consistent quality across all of our developments, provides considerable improvements in service delivery and the customer experience (so better and quicker), delivers improved value for money (more for less) and a wider social dividend including apprenticeships and training across the areas in Scotland that we operate.

Considerable improvements in access to Bield’s services through increased self-service and control placed in the hand of the customers is required. Our actual performance and service commitments for 2022-23 and those planned for 2023-24 are shown below.



Service Commitment	2022/23 Actual	2023/24 Target	Improvement needed to meet target
Average time for emergency repairs Made safe within 2.5 hours	11.64 hours	4.5 hours	7 days
Average time for non-emergency repairs Within 7 days	8.05 days	7 days	Circa a day
Repairs completed ‘right first time’	72.08%	92%	20%
Properties with gas safety check by anniversary date %	100% (volume)	100% (volume)	Achieved
Tenant satisfied with repairs or maintenance carried out in last 12 months	81.5%	87%	5.5%
Average number of days to re-let (void) properties	97.42 days	42days	45.4days

We will therefore be working hard to improve the repairs service and minimise the time taken to re-let Bield stock that becomes empty and, where this is not possible, we will consider alternative options for these empty properties. Further work is required to examine the variation in void re-let performance across the developments.

A good repairs service underpins satisfaction levels more generally and so this is a key priority. Our most recent Customer Satisfaction Survey in late 2022 identified an overall rating of 80.3% tenant satisfaction with our housing service. 84.4% of tenants were satisfied with the overall quality of their home, 81.5% were satisfied with the repairs and maintenance service and 83.4% were satisfied with their neighbourhood as a place to live. In addition, 76.2% of tenants were satisfied with the value for money for their rent.

Delivery of both responsive and planned works will be supported by an efficiently procured effective supply chain delivered by a procurement strategy. This ensures that adequate expertise and resources are readily available to target and achieve the key priorities outlined within this strategy to provide the necessary certainty of delivery of Bield-wide priorities. The Public Service (Social Value) Act 2012 requires all public bodies to be proportionately committed to promoting enhanced social, environmental and economic values through the procurement of goods and services and as such, “social value” is the term used to describe the positive outcomes created by the day-to-day activities.

5. Implementation of SAMS

5.1 SAMS GOVERNANCE, MANAGEMENT AND DELIVERY ARRANGEMENTS

The regulatory expectations in respect of the governance of asset management are that: “The governing body/committee is responsible for providing direction on asset management objectives so that the overall sustainability of the asset base is achieved. This includes agreeing targets, approving resource plans and being assured of progress by regularly monitoring and reviewing asset management action plans. The governing body/committee should have the final approval on the organisation’s asset management strategy and plans to achieve strategic objectives.”

Our investment strategy will be overseen by a new sub-committee of the Board. The terms of reference for the sub-committee will reflect these requirements and will be presented to Board for approval in July 2023 along with the scheme of delegation.

Our Executive Management Team (EMT) are accountable to the Board for delivery of SAMS due to the cross-cutting nature of many of the investments, with the Director of Business Development and Growth as the lead accountable officer, under the direction of the Chief Executive Officer. It is expected that SAMS will be kept under review and reported quarterly to the sub-committee.



5.2 FUNDING OUR INVESTMENT PLANS/SAMS

Increasingly for landlords, **optimising the allocation of scarce resources** to key strategic priorities is important as we are continuously expected to do more for less. The approved budget for 2023-24 together with the 7 programmes of work set out in section 4 are incorporated into the 30-year financial plan with a commencement date of 1st April 2023.

We are committed to managing the Strategic Value in our Business Plan through targeted and sustainable investment to support independent living. As set out in the Corporate Delivery Plan, we will support delivery of our strategic aims for independent living by developing our financial and treasury management strategy (**November 2024**), our procurement strategy (**November 2024**) and our potential funding options to support new build and remodelling (**April 2024**). Both the Business Development Directorate and the Chief Operating Officer Directorate will work closely on this and collectively EMT will be responsible.

Housing is a long-life asset involving long term funding.



We have estimated a peak borrowing requirement of **£42.7M** and grant of **£34.3M** to support delivery of this SAMS with financing costs assumed at **5%** through the term of the plan.



This reflects an underlying valuation of **£29.1M** for strategic asset management purposes with closing cash at year 30 of **£172M**.

This will be kept under review as part of the strategic planning cycle.

5.3 DELIVERING VALUE FOR MONEY AND MANAGING RISK



Bield's housing stock has been assessed overall for strategic asset management purposes as having a baseline valuation of £29.1M.

This equates to around £6,305 per unit and is based on a net present valuation of the real term cash flows associated with the properties discounted at 6%.

This valuation is low and there is considerable room for improvement through the strategic management of our resources and asset base. In the financial assessment we found a total of around 8% of the stock was being negatively valued. The SAMS RAG assessment covering both financial and non-financial criteria will be monitored by EMT as part of the delivery of SAMS and reported to the sub-committee quarterly. It has been established at the individual property level enabling the housing portfolio to be examined corporately and Bield wide, by area, by development and by stock type. In line with the regulatory framework the appraisal of our stock will continue to evolve.

Individual projects must be able to demonstrate value to the 30-year plan in both financial and non-financial terms through a full appraisal. Approval levels will be considered as part of the scheme of delegation being presented to the Board in July 2023.

All future projects and programmes of work will be assessed in this context and in line with investment appraisal good practice including HM Treasury Green Book for major projects and programmes of work. We have also structured all services into strategic business units for the first time to enable valuation and visibility of the contribution (or not) of various service options, e.g. to grow BR24 or to divest of those properties which no longer work for us. All significant projects and programmes will require a full investment business case to support decision making and approval by the Board (as may be exercised through the sub-committee).



5.4 STRATEGIC KPI'S, PERFORMANCE MANAGEMENT AND MONITORING




Going forward, SAMS will form part of Bield's **strategic planning cycle** used to set the annual rent increase and annual budgets. The SAMS valuation will be kept under review by EMT and reported to the new sub-committee quarterly. Annually, it will be updated to reflect the approved annual budget and rolling 5-year programme, the long-term investment needs of the housing stock and any shifts in performance.

This will ensure that our approach to strategic asset management remains integrated with, and integral to, the delivery of our strategy within the context of an **affordable and fully funded 30-year financial plan** and reported in the 5-year Financial Plan submission to SHR.

The range of actions required over the next 18 months are set out in the Delivery Plan.



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