



# **A Strategic Approach to Asset Management**

**8<sup>th</sup> October 2024 – 12:00 to 13:05**

**Radisson Blue, Glasgow**

# Who are we?



- An owner of around 6000 Social Homes encompassing some of the most deprived areas of Scotland.
- An organisation with stock representative of Social Housing in Scotland (80 Main Archetypes)
- An organisation who needs to deliver a **Just Transition** for our customers while meeting our **obligations to decarbonise**.
- An organisation with significant land assets and a geography which lends well to district heating
- A member of the Buildings Action Coalition aligned with UNEP



United Nations Environment Programme

# Policy Landscape



The **Climate Change Act 2019** for Scotland to become a Net Zero country 2045

**Energy Efficiency Scotland (EES)**

**Heat in Buildings Strategy (HiBS)**

**Energy Efficiency Standard for Social Housing (EESH) / Social Housing Net Zero Standare (SHNZS)**

**Local Heat & Energy Efficiency Strategy (LHEES)**

The **Fuel Poverty Act 2019** and the eradication of fuel poverty by 2040 within all housing

# Our Homes

An aerial photograph of a coastal city, likely Glasgow, Scotland. The city is built on a peninsula or near a large bay, with a prominent church spire visible. The background shows rolling green hills and mountains under a blue sky with scattered clouds. The foreground shows a mix of residential buildings, including several tall apartment blocks and smaller houses, interspersed with green spaces and roads.

Around **80% of our 6000 homes were built between 1919 and 1975** when energy efficiency wasn't considered a priority within construction design.

A significant proportion of our homes are flats, which presents a challenge given the **legacy of the RTB** and the need for owners – many of whom are in low-income households – to participate in works that are affordable to decarbonise RCH stock and tackle fuel poverty.

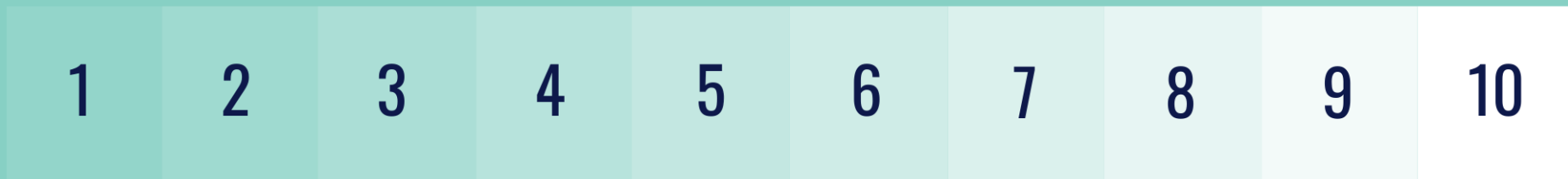
Over 70% of our homes use gas for heating and hot water – which is better than the national average of 80%. However, it is still a challenge in that we need to change over **4300 heating systems** to achieve our Net Zero targets.

# Striking the Balance

Fully fabric related improvements to mitigate the price of heat

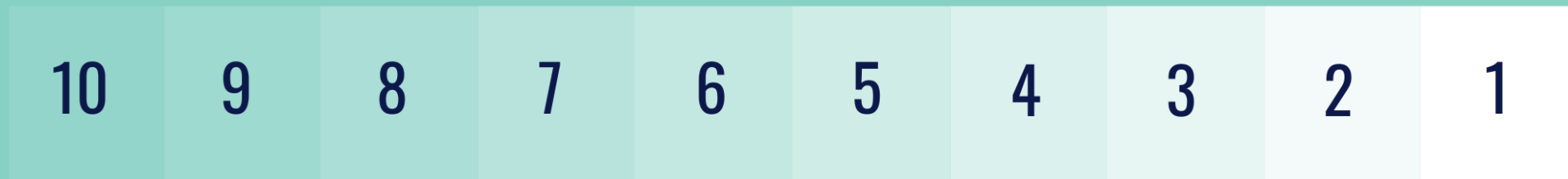
## 100%

### Fabric Improvements



A Balance and blend between fabric and heat

## 50%



### Heat Networks

## 100%

Fully Heating related upgrades that focus on heat networks or heat pumps

# Asset Management Strategy – The Purpose



**Aim:** to evaluate the long-term performance of our homes and provide the Executive Leadership Team & Board with accurate information to make decision.



**Analysis:** Through a robust analysis of the data we hold on our homes, including rental income, investment and demand.



**Options:** We focus on those homes that need strategic input where regeneration and investment could improve their viability, as well as where disposal might be the most appropriate action.



**Action:** With consideration within the Asset Management Strategy as to whether investment works can improve demand or whether regeneration or disposal should be considered as options



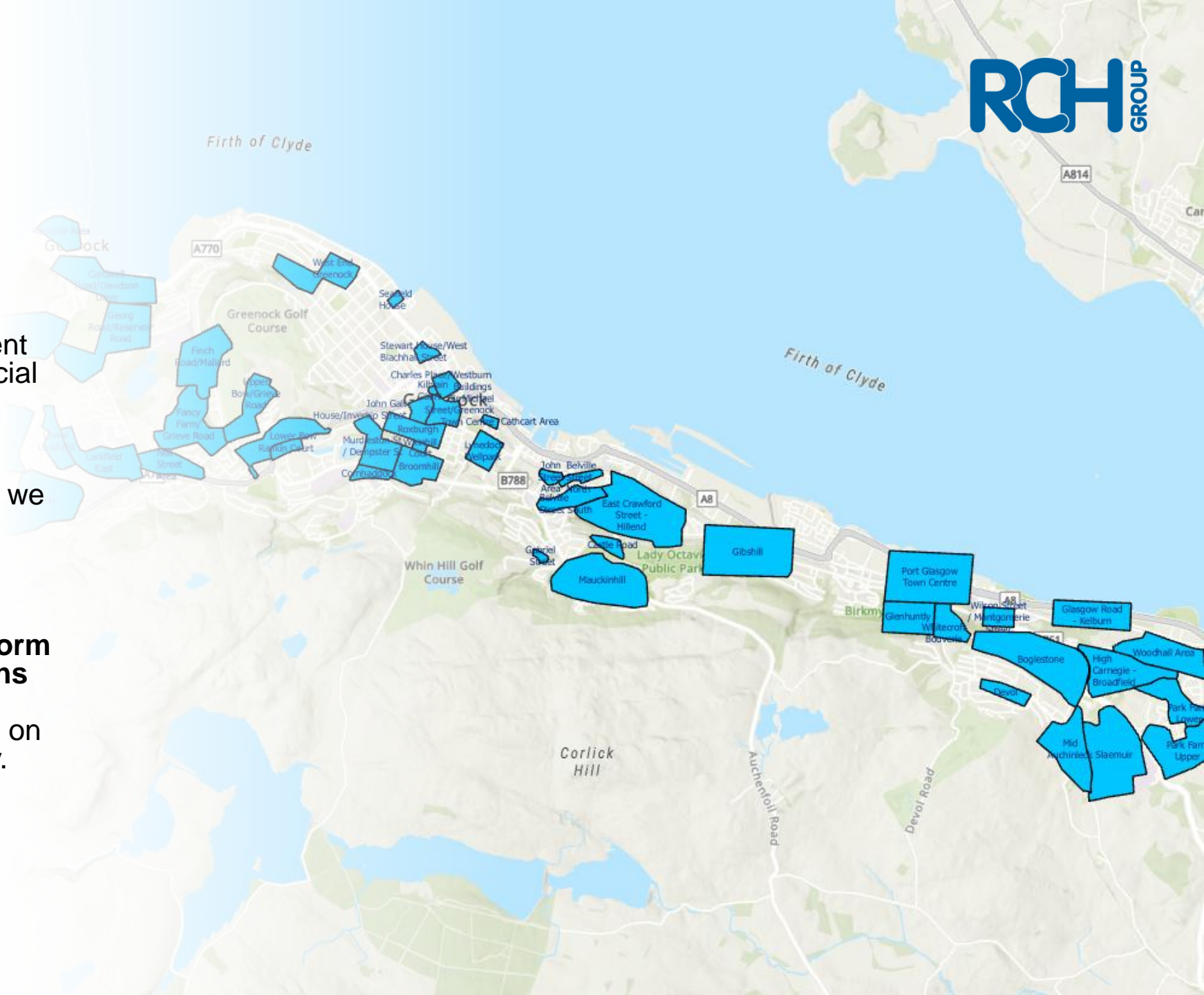
# The Data We Will Analyse

- The model we developed is built on the foundation of five key performance indicators, each playing a significant role in creating meaningful and accurate outcomes.
- These indicators are **1) Financial Performance, 2) Predicted Demand, 3) Energy performance, 4) Strategic Fit and 5) Service Intensity.**
- The data that we collect includes rents and service charges, void rent loss and bad debt, investment costs, repair and maintenance costs, operating costs, future demand, energy performance, and statutory position in terms of SHQS and SHNZS.

Rental Income	Unlettable Void	Average Offers before relet	Operating Costs
Council Tax Costs	Waiting List Demand	SAP Scores	SHQS Position
Energy Performance	Void Rent Loss	Thirty Year Investment Costs	Planned Maintenance Costs
Replacement Heating Costs	SHNZS Position	Anti-Social Behaviour	Bad Debt
Complaints	Reactive Repair Costs	Service Costs	Average Number bids

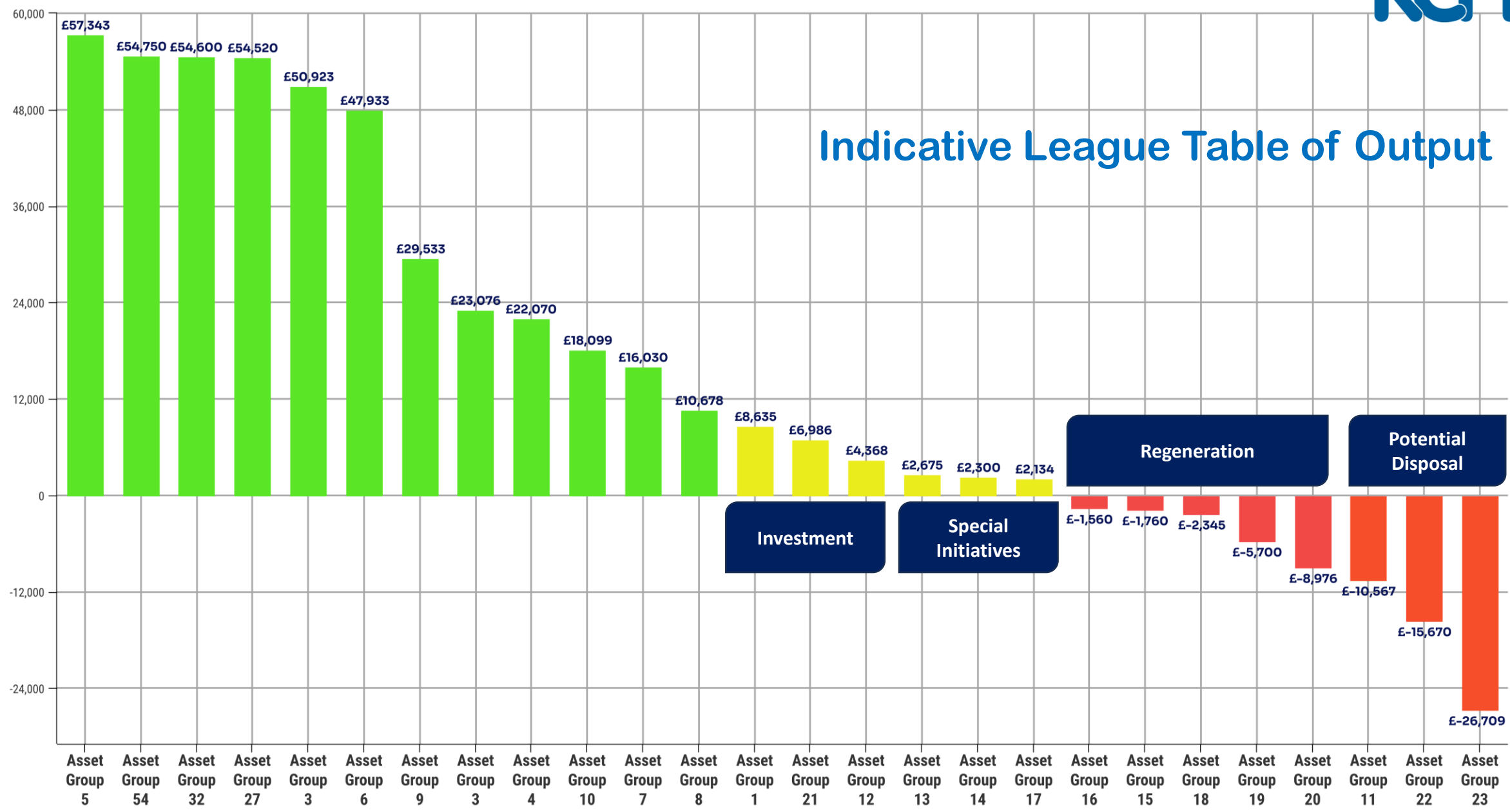
# The Outcome

- The outcome will allow River Clyde Homes to view where and why different asset groups generate different financial and non-financial values.
- We will visually show this through the we have created. **Strategic Asset Management Areas**
- Using this information is critical to **inform and evidence the strategic decisions** we make as to whether we improve, invest or dispose of our assets based on their overall performance and viability.





# Indicative League Table of Output



# Regeneration & Disposal

Options Appraisal for those areas that are identified as a priority.

Consider whether housing initiatives can improve the profile of the area.

Identify whether investment and maintenance programmes can also have an impact.

Or where regeneration should be considered as part of a more comprehensive area strategy.

And where disposal should be considered if all other options have been unsuccessful.



# Investment & Retrofit

Identification of Future SHNZS outcomes and Designs

Solutions that consider place and customer feedback

Find the balance on investment criteria

Now the easy bit.....how to pay for it.

