

Date Issued	May 2007
Last Revised	May 2025
Department	Asset Management
Title	Asset Management Strategy
Objective	To outline the Association's strategy for managing its property assets
Responsible	Director of R3 and Asset Management
Next Review Date	May 2030

1.0 Introduction

1.1 Asset Management

The Asset Management Strategy sets out the guiding principles of providing and maintaining properties for rent in the Social Housing Sector that ensures they are affordable, fit for purpose, sustainable and economically viable

Through our Asset Management Strategy, we are committed to ensuring the following:

- Quality – continued standards now and in the future
- Purpose – that our housing stock is available for letting and appropriate to meet current housing needs
- Affordable – that the management, operation and maintenance are financially sustainable within the budgetary constraints
- Sustainability – that quality and demand are sustained in the long term and that we meet our environmental sustainability objectives
- Economic viability – that we can afford to manage and maintain our stock in the long term

1.2 Context

East Lothian is an area of exceptional housing pressure. Situated to the East of Edinburgh, the area is predominately rural with a coastline characterised by beaches, seaside towns and golf courses.

As well as being a significant destination for tourists and day trippers, East Lothian has good road and rail links to Edinburgh, and therefore attracts large numbers of (predominantly higher income) commuters. It is also an area to which many people choose to move to when they retire.

Locally, the economy is dependent on service industries, tourism and farming, and wages are low. This means that many low and middle-income households in the area are priced out of the local housing market. The area has a significant homelessness problem.

Land supply is severely constrained, both by the local environment, but also as there is usually significant opposition to new developments in most towns and villages, even where that development is affordable rented housing. Land prices are therefore exceptionally high.

Our problems are therefore quite different to many other areas. It is unlikely that on any scale East Lothian will suffer from low demand issues in the foreseeable future, any such issues are likely only to relate to specific properties and in exceptional circumstances.

At 1 April 2025, we owned 1,403 homes as follows:

Type of accommodation	% of stock
1 bedroom	23%
2 bedrooms	48%
3 bedrooms	26%
4 or more bedrooms	3%

In addition, at 1 April 2025, we owned 28 shared ownership properties, three properties that are not self-contained which are leased out. There are also seven properties which are leased to ELC for temporary homeless accommodation, however we don't carry our repairs on these properties. Over and above this we have one workshop home, five workshops, 32 garages and 18 garage plots.

Our area of operation is from Musselburgh to Innerwick across the local authority district of East Lothian. Since we were founded in 1988, we have built Around 69% of our homes, and we acquired the remaining 31% from Scottish Homes in 1996 as a large-scale voluntary stock transfer. This means that the age profile of our stock varies significantly.

2.0 Asset Management and Strategic Objectives

Our Vision is to provide "Healthy, Happy Homes".

In helping to deliver this Vision, our Asset Management Strategy:

- Recognises that asset life should be maximised to obtain best value

- Links between strategies for management and maintenance of existing assets and the procurement of new stock
- Ensures that we can adequately fund the strategy through our Budget and Business Planning process
- Recognises that although our main aim is to retain stock, understanding that in some exceptional circumstances it may be good business sense to sell assets where those assets are no longer fit for purpose or value for money to retain
- Integrates the Asset Management Strategy into the Risk Management Strategy

3.0 Quality Standards

3.1 Scottish Housing Quality Standards (SHQS)

Almost all our properties meet the SHQS, the only exceptions are properties where we only own a minority share of a block and we cannot get the agreement of the other owners to bring these properties up to the standard. There are currently 37 properties identified through the 2024/25 Stock Condition survey's where the design of the house and kitchen means we are unable to provide the required 1m³ storage capacity within kitchens. These issues are being addressed through Property Officers working through each scenario to ensure the issue is resolved and the changes to meet the required standards are made.

3.2 Energy Efficiency Standard for Social Housing (EESH)

The Energy Efficiency Standard for Social Housing (EESH) aimed to improve the energy efficiency of social housing in Scotland by aiming to reduce energy consumption, fuel poverty and the emission of greenhouse gases.

The EESH was based on the minimum Energy Performance Certificate (EPC) rating calculated using the Standard Assessment Procedure (SAP) for energy rating of dwellings 2012 methodology.

The original EESH was introduced in March 2014 and set a first milestone for social landlords to meet for social rented homes by 31 December 2020. We await the results of the Social Housing Net Zero Standard consultation (closed March 2024) and expected to be introduced in 2028. An EPC rating of Band D was the minimum required and the Association met this target through the investment in the stock. A second milestone (EESH2) was confirmed in June 2019, for social rented houses to meet by December 2032.

The EESSH2 milestone is that:

- All social housing meets, or can be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent
- In addition, no social housing below EPC Band D should be re-let from December 2025, subject to temporary specified exemptions

The 2025 and 2032 milestones have been put temporarily on hold pending the outcomes of the EESSH review.

The Scottish Government decided to review the EESSH2, completed in 2023, to strengthen and realign the standard with the target for net zero heat in houses from 2040, as set out in the Climate Change Update, the Heat in Buildings Strategy, and the Housing to 2040 Route Map. The review will look at progress towards EESSH2, elements of the standard, air quality, alignment with the net zero target, and how the standard fits with changes needed across other tenures.

Clearly this will have a significant impact on our future stock investment, and we will review our approach once the required new standards become clear.

In recent years there has been an additional focus on sustainability, reduction of fuel poverty and the overall requirement for meeting targets by the phasing out of the use of fossil fuels and reducing CO2 output. This along with an emphasis on Building Safety considering areas including: Fire & Electrical Safety, Gas Servicing, Damp & Mould, Asbestos & Legionella.

All our homes meet the EESSH standard.

3.3 Our Standards – Our Star Rating System

Our Star Grading System is a grading system for our stock that takes account of house type, geographic location, age, SHQS and EESSH compliance, and the following quality criteria:

- 5* Excellent property in high demand
- 4* Good quality property that could be improved and/or in medium / high demand
- 3* Acceptable standard of property that could be improved and/or in medium / lower demand
- 2* Property or land that no longer meets the association's objectives
- 1* Below Tolerable Standard and not available for rent

This grading system may inform future rent setting and allocations policies, as well as future investment strategies. Current criteria are set out at elha.com.

For assets that fall into the 1* and 2* categories above, we will work with the tenant to support them in coordinating any planned upgrades, if they don't want the upgrade, we will look to complete these work when the property becomes empty I, or we may consider disposal. 3* properties will generally be included in forthcoming planned improvement programmes. 4* properties meet the SHQS and EESSH standards.

This policy is also aligned with our Cause for Concern Strategy Document. This Strategy identifies land or properties that have cause for concern, either now or in the foreseeable future. The reasons for the concern may be property related (such as poor condition, difficult to upgrade to future required standards, or requiring unsustainable levels of future investment), but may also be management related (such as properties in low demand, tenure types that are no longer appropriate, or properties with other management issues).

4.0 Management of our Homes

4.1 Stock Condition Survey / Database

We have 100% stock condition database following a five-year rolling programme to survey 20% of the stock each year. Due to COVID 19 restrictions, we missed surveys for two years and additional surveys were carried out to catch up to 100% during 2024/25. This will be maintained through a regular cycle of inspection, reporting and updating, to refine the data and projections and facilitate more accurate reporting and forecasting abilities. The database includes:

- Basic description and information on age and construction
- SAP ratings
- Component life cycle
- Expenditure needs
- Location
- Star grading
- Adaptations

We will ensure that:

- The survey information will inform our future maintenance planning and determine our ability to meet the standards we aim to achieve

- Stock condition information will be updated as improvements or repairs are carried out
- Life cycle information on newly built properties will be incorporated into the database

4.2 Asset Management Information

In addition to the stock condition database, we hold a range of information in our filing systems and SDM (HomeMaster from Quarter 4 2025 / 26, our Housing and Property Management software), This information captured includes:

- Building and site location plans
- Contract documentation for historic planned and cyclical maintenance contracts
- Details of funding and loan arrangements
- Medical adaptations
- Property types

4.3 Option Appraisals

As stated at Section 3.3., we categorise our stock into five different Star Ratings. In order to assist with this categorisation, we will set up early warning systems to identify assets at risk. This will include regular monitoring of Key Performance Indicators such as:

- Schemes where vacant properties are refused on more than 3 occasions
- A significant increase in turnover

There are a number of factors why a property may be categorised into the 1* or 2* ratings. These are outlined below:

Reason	Monitoring factor
There may be no prospect of the property meeting the SHQS or EESSH and/or the costs to do this are prohibitive.	Stock Condition Survey
The property may not meet the needs for which it was constructed e.g. community care project.	Void turnover and re-let time Loss of funding Change in legislation
Falling demand	Early warning system – increase in voids turnover, refusal and fall in applicants

Reason	Monitoring factor
Financial viability and other circumstances. Income does not cover costs or other economic grounds e.g. retaining one property in a group of communal properties where significant future expenditure appears likely	Monitor Net Present Value through stock condition surveys and 30 year projected costs.

In such situations, we will carry out an option appraisal that considers possible outcomes, including:

- Continuing to monitor the situation
- Carry out improvements / repairs
- Consider changing the client group
- Reconfigure / remodel the property
- Dispose of the asset
- Demolish and rebuild
- Apply for grant assistance
- Transfer the management to another organisation

4.4 Financial models

Our Long-Term Financial Projections, which we revise annually, consider our overall financial stability for the next 30 years. They have evolved to take account of the requirements of EESSH and emerging EESSH2 requirements, whilst needing to ensure sufficient funding to maintain the stock to the highest standards through the delivery of the Planned Maintenance Programme (PMP) and being able to demonstrate that all this is affordable.

We will also use these projections to assist in decision-making on option appraisals.

4.5 Planned Maintenance

Continued compliance with the SHQS and EESSH standards will remain a key priority for our Planned Maintenance Programmes. The programme will be delivered in the main by R3, with any works not yet carried out by R3 being let in accordance with our Procurement policy. In drawing up specifications, we will take account of how the choice of replacement component may impact on the responsive repairs budget in the future and maintain a database of component suppliers, technical and legislative requirements.

4.6 Cyclical repairs

The Cyclical maintenance programme will include contracts such as:

- Gas servicing
- Electrical Safety Inspections
- Chimney inspections
- I-mist and sprinkler systems inspections
- Stairlift servicing
- Energy Performance Certificates
- Asbestos reinspection
- Fire risk assessments
- Fire detection systems
- Smoke vent inspections
- Painterwork
- Fence Renewals

Where appropriate, these works will be carried out by R3. Where this is not the case, the works will be procured through a selection process based on our procurement policy.

4.7 Responsive repairs

Responsive repairs will be delivered by R3 in accordance with our repairs and maintenance policy – ([maintenance policy](#)).

We will use information collected about responsive repairs trends to help inform the planned maintenance programme and adjust likely replacement periods of building components in the light of this information.

4.8 Voids

Repairs to void properties will be carried out in accordance with our Empty Homes Management Policy – ([empty homes management](#)).

4.9 Asbestos

We have policies and procedures in place to manage asbestos – ([asbestos management policy](#)). The age of our own build stock suggests that it is highly unlikely that asbestos is present in these homes.

Asbestos has been identified in some of our stock transfer properties purchased from Scottish Homes, and this is being managed in accordance with our policies and procedures.

4.10 Legionella

We comply with Health & Safety requirements and best practice in our procedures on Legionella.

4.11 Aids and Adaptations

We are committed to ensuring that the needs of tenants are addressed in terms of any aids and adaptations that may be necessary to enable residents to stay in their homes. On an annual basis, we will apply to the Scottish Government for grant funding to meet these needs and will work closely with Occupational Therapists and East Lothian Council in delivering best value for money in this respect.

Our adaptations service to our tenants is delivered and administered by our Care & Repair service. Our Care & Repair staff are specialists in this field and our approach is recognised as best practice in this field.

4.12 Insurance

We will ensure that our stock is comprehensively insured and that the valuation of the stock for insurance purposes is regularly updated.

4.13 Sustainability

We are aware of the importance of protecting our environment, the need to preserve natural resources, and the need to reduce greenhouse gas emissions. We are committed to creating a sustainable organisation by striving to ensure that we make a positive contribution to the protection of the environment and to sustainable development in Scotland.

We have developed a Sustainability policy, but specifically in terms of our Asset Management Strategy, this means that we will work to reduce fuel poverty and make our properties as energy efficient as possible, within the constraints of our available funding.

5.0 Housing Demand

5.1 Stock analysis

We recognise that it is not solely information about the physical characteristics of our stock that informs our Asset Management Strategy.

In addition, we will gather information about the local area to assist in our decision-making on asset management. This will include:

- Housing Context Statements
- The Local Housing Strategy and Housing Needs Assessment
- Strategic Housing Investment Plan (SHIP)
- Developments in the housing market and local infrastructure that may affect demand e.g. development of new or larger communities, revised transport arrangements etc.
- Changing demographics in the area
- Information from our register of applicants
- Other housing market information

5.2 Development Strategy

When developing or acquiring new housing, we must demonstrate that there is demand for the proposed housing and there is a link to the Local Housing Strategy for the area. We work closely with our partners at Places for People and East Lothian Council to help achieve this.

5.3 Community Factors

We recognise that it may not be solely the physical nature of the property that will affect demand. Often external factors such as the local environment, amenities and affordability / ability to pay can affect demand. In line with our strategic aim to provide Healthy, Happy Homes we will aim to ensure our overall service provision helps to sustain tenancies and support communities.

6.0 Financial Implications

We will finance our asset management strategy through:

- Rents and service charges
- Grants where available
- Private finance raised on our asset base

We will review our assumptions on costs on an annual basis, taking account of trends and statistical information about inflation and cost increases.

We will also review our loan portfolio periodically to ascertain if we are achieving best value in terms and conditions of loan finance.

7.0 Staffing Resources

We need the right staff resource to manage our homes and deliver quality services to our customers. We aim to be an employer of choice, and we will ensure that our Human Resource policies reflect best practice and protect our staff as an organisational asset.

We will ensure that pay and conditions contribute to this, but also ensure that there is a balance between creating a strong and motivated workforce and our organisational priorities.

We undertake succession planning for all staff on an annual basis to ensure that we understand the dynamics of our workforce, and so that we prepare and plan for the future accordingly.

8.0 Risk Management

Our Risk Management Strategy sets out our corporate approach to Risk Management. Our Corporate Risk Panel meets four times per year and considers the key risks faced by the organisation, whilst Business Risk Groups can look at individual areas of risk.

9.0 Monitoring and Evaluation

Our Performance Committee has Delegated Authority from our Board to oversee our approach to asset management.

The Committee receives regular reports relating to various aspects of asset management (such as details of maintenance and improvement programmes and monitoring of specific Asset Management Performance Indicators).

In addition, monitoring and evaluation of our Asset Management Strategy will take place through our existing reporting structures in relation to:

- Business Plan approval and monitoring
- Reporting of Key Performance Indicators
- Budget monitoring
- SHQS and EESSH compliance and review
- Staff appraisals

10.0 Strategy Review

The Director of R3 & Asset Management will review the Asset Management Strategy every five years, and any significant changes will be submitted to the ELHA Board for approval.