

BOLTON AT HOME GROUP ASSET MANAGEMENT STRATEGY 2020 – 2023/24

1 Introduction

- 1.1 This is the first Asset Management Strategy for Bolton at Home Group (BHG), excluding its non-registered provider subsidiaries, and is expected to be in place for a period of 4 years – February 2020 to April 2024.
- 1.2 The strategy refers to BHG’s property and land assets which are noted on the Asset Register, updated through the Asset Movement process and reported to Board on an annual basis.
- 1.3 The strategy recognises the link between people and property, and ensures the customers’ voice is invited, listened to and taken account of throughout the delivery of the strategy
- 1.3 The vast majority of BHG stock lies within Bolton and Greater Manchester but BHG has a continued aspiration to extend the geography and range of assets as well as its sphere of influence. BHG acknowledges its responsibility as an anchor organisation within Bolton as well as a responsible social landlord across a number of areas.
- 1.4 BHG recognises the historically different approaches to asset management within its registered providers, largely due to the different nature and geography of their stock. As a result, this strategy will present a broad group approach to asset management, whilst each provider will own its own detailed strategy which will reflect the Group approach, but with necessary additions to suit the individuality of the stock and geography.



- 1.5 Further, this new strategy acknowledges the increasing diversity and needs of its customers and potential customers as a result of recent acquisitions. It considers the communities BHG works to support and develop, and how its asset base can contribute to this.
- 1.6 BHG has the facility to invest in the region of £35m per annum in its assets over the next five years; therefore, it is key that this investment provides more than financial value.

- 1.7 BHG recognises the significant change in context of social housing over the past two or three years and notes that BHG's AMS needs to reflect those changes.

2 Aims of the Strategy

- 2.1 In summary the aim of asset management is to ensure that existing assets meet the requirements of those who live in and use BHG's assets as well as guiding the future shape and direction of assets.
- 2.2 A new AMS cannot be considered, without taking into account the emerging landscape, such as the recent Social Housing Green Paper, the Hackitt Report and the findings of Phase One of the Grenfell Enquiry. BHG must understand how asset investment affects the people who live in and use the assets. In addition, Group Board have been understandably clear there can be no compromise when it comes to the H&S of those who live in or use BHG assets.
- 2.3 The strategy looks to informed means of investing in assets - through both financial and data appraisal, as well as by developing a better understanding of customers who live in and use those assets now and in the future.
- 2.4 BHG's recently updated strategic objectives clearly set the context for the AMS for the next 5 years. BHG will support its people to bring their best selves to work so that the organisation:
- Meets the housing needs and or our current and future customers
 - Supports our customers to be more independent and for our communities to flourish; and
 - Ensures that our business is well run, responsible, financially secure with business risks managed effectively
- 2.5 Alongside these, the BHG's AMS considers issues arising from welfare reform, changing demographics, increasing customer expectation, and the changing nature of registered providers which all present clear challenges that need to be addressed.
- 2.6 The group strategy aims:
- 2.6.1 To provide safe, sustainable homes through a range of tenure and purpose. This means BHG must:
- Increase the numbers of well performing assets and reduce the numbers of worst performing assets. This will be measured in a range of ways, including financial value as well as value to customers and communities
 - Ensure asset investment provides value to both the business and customers and the neighbourhoods in which they live
 - Develop a clear understanding of the links between assets and customers and /or communities
 - Ensure the right mix of homes and asset types (eg shops, community buildings) to meet local needs

- 2.6.2 To provide growth in the provision of social housing through this and the Development Strategy.
- 2.6.3 To embrace and respond to new methods of working and technologies in response to housing need. This includes working with new types of developments such as modular build as well as changing investment in existing stock, such as new types of heating.
- 2.6.4 To understand land assets better and analyse their potential contribution to both growth and the communities in which they are situated.
- 2.6.5 To identify the links to other asset based strategies, and ensure they are complementary

3 Sustainable Investment Approach

- 3.1 Sustainability is key to BHG's investment approach, and moves away from cyclical replacement of key asset element to maintain decency to one of investing sensibly to enable the sustainment of people's homes as well as the business.
- 3.2 This approach will include an assessment of the value of the asset to the Business Plan before approval for significant investment. However, sustainment is about more than financial value and therefore will also consider future investment will based on the matrix formula noted below. Notably health and safety will be the key indicator for budgetary direction, and will be considered in each of the 4 threads noted below:
 - Customer benefit to investment (People)
 - Community benefit to investment (Place)
 - Asset condition (Property)
 - Financial benefit to investment (effect on Business Plan)
- 3.2 To achieve the strategy aims, and enable the formula for investment to be robust, a five year action plan will be developed by the registered provider members of the group, the detail of which will be contained within their own AMS. Each registered provider will provide an AMS Action Plan identifying:
 - The level of investment over a 5 year period to meet the aims of the Group AM
 - The basis on which the investment will be published for customers
 - How it will improve the net present value of its asset portfolio
 - How it will grow its asset base to meet the needs of current and future customers, including driving customer satisfaction
 - How investment will take account of community needs for large groups of properties

- 3.3 BHG will appraise non dwelling assets to confirm their value to BHG and the communities it works with. This action will contribute to the sustainability of communities, and where such assets are disposed, any monies generated will contribute to improving the communities or developing new assets.
- 3.4 BHG will further develop the register of land assets and evaluate best use for land i.e. development opportunity, community use, food growing, disposal potential or public open space.
- 3.5 BHG will invest to make our homes more customer-friendly. This action is aimed at improving the lives of residents and ensuring that the homes we offer are appropriate to their requirements. Improvements will need to be cost effective, but equally beneficial to BH's customers.
- Improve energy efficiency of BH's assets, to minimise customer spend on fuel.
 - Embrace new technology that provides valuable investment for the sustainability of BHG assets
 - Review Energy Performance Certificates to direct investment appropriately
 - Invest to enable residents to continue to live in their homes through adaptation to their properties where appropriate / necessary
 - Develop processes to minimise the time taken to deliver adaptations
 - Give support to customers in their options to move to more suitable homes, to ensure their current and future needs are met as well as making best use of assets to meet BHG objectives.
 - Move away from BHG's historic approach of building extensions to properties, unless other appropriate alternatives have been considered and exhausted.

4 BHG will develop rigorous asset data to understand assets

- 4.1 BHG will review asset data held within property systems to enable better asset performance analysis. Improving asset data will enable better understanding of its asset portfolio and whether it meets the requirements of customers, as well as contributing to the sustainability of stock.
- 4.1.1 BHG will conduct a 100% survey of dwellings to ensure accurate financial planning as well as a full understanding of the condition of assets in relation to new and upcoming regulations and best practise, and to contribute to sustainable investment. This will assist members of the group to direct effective investment.
- 4.1.2 Ensure rigorous appraisal processes for property based assets to ensure timely decisions that identify the value of assets either financially or as a community investment asset.

- 4.1.3 Ensure processes and responses to understand the issues customers have with their homes

5 BHG will invest to minimise risk in BHG assets

- 5.1 BHG will work to its Health & Safety Policy which provides a robust framework to build on health & safety processes for the benefit of customers in their homes, as well for the safety of staff.
- 5.2 BHG will work further to minimise risks associated with its assets to ensure that BHG's safety standards meet the expectations of customers and the Group Board. BHG will develop a clear link between people and the homes they live in by:
- Identifying complex buildings and offering bespoke specifications and protocols for each of them, including how residents can be involved in decisions about their homes. BHG will develop a suite of home user guides
 - Analysing & acting upon the implications from external pieces of work such as the recent Social Housing Green Paper, the Dame Judith Hackett report and the Enquiry into the Grenfell Fire tragedy
 - Reviewing communication of H&S issues to customers at times of property allocation as well as throughout the lifetime of the tenancy

6 BHG will develop further value in asset investment.

- 6.1 BHG will consider the value of investment to customers, communities and the business. Again it aims to provide a clear link between people and the homes they live in.
- 6.1.1 Where assets are located on estates owned by BHG, sustainability plans for neighbourhoods will be developed linking asset investment with other resources/investment to create a positive sense of place
- 6.1.2 BHG will promote an active approach to the ownership and management of assets through reviews of asset performance prior to significant investment and will consider options for low performing assets.
- 6.1.3 Ensuring the Repairs & Maintenance Service, is a quality performing service which allows significant investment to be delivered in a value engineered way
- 6.1.4 Procuring works, in line with a group procurement strategy which will be developed in line with current strategies. The group will use a blend of procurement methods to establish and monitor value including encouragement to deliver social value

7 BHG AMS will identify clear links to other strategies & policies:

7.1 Any AMS is intrinsically linked to other organisational strategies and policies and should not be read in isolation. The following should also be considered as part of this strategy:

- Group Development Strategy
- Group Disposals Policy
- Group Health & Safety Policy
- Value for Money Statement
- Group Procurement Strategy – to be developed in 2020/21
- Repairs & Maintenance policy
- Environmental & Sustainability Strategy

8 Delivery of the BHG Asset Management Strategy

8.1 The delivery of the strategy will be through the Asset Management Strategy Action Plan

8.2 Updates on the Action Plan will be presented through the appropriate governance process to:

- Bolton at Home’s Operations Committee on an annual basis, beginning in June 2020.
- Arcon’s Board on an annual basis beginning in July 2020

Date approved	26 March 2020
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Bolton at Home Group Disposal Policy

Executive Summary

- a) This report policy relates to empty properties. The proposed disposal of tenanted properties will be through a similar process which culminates in a report to Group Board for decisions, with further permissions required, for example from RSH, funders etc.
- b) The Policy sets out the occasions when and how Bolton at Home Group (BHG) may dispose of assets. The policy does not include where disposal is a legal requirement, such as right to buy, compulsory purchase orders etc. It highlights the occasions where it makes good business sense to consider disposal as a viable option for the organisation and to ensure the sustainability of the Group's assets.
- c) BHG will only dispose of properties where it has the legal right to do so, and with full consideration of the impact on both BHG and customers where appropriate.
- d) The policy refers specifically to the disposal of dwelling(s), land, and commercial property, including offices and shops.
- e) Disposal may include sale, demolition, donation, or a mixture of these – whichever is the most appropriate for the business and in particular its aims and objectives. In practice this means that decisions **may** not be purely based on finance. In some cases the decision to not dispose, may have a cost to BHG but will be consistent with the Group's charitable status and meet its aims and objectives.
- f) Assets for disposal may be identified through a number of routes, including option appraisal. However, in the longer term, BHG will appraise all assets and give **consideration** to disposal where the current value to the organization (the net present value or NPV) is negative or where the asset generates income, below that which could be achieved, either directly or indirectly, from:
 - a. An alternative use, consistent with BH's business plan, or the organisation's aims and objectives
 - b. Disposing the asset and investing the capital generated into new build property (commercial or domestic) or land; or other where defined by Board
 - c. Intensifying existing use; for example, demolishing two properties to allow the development of 5 properties
- g) The decision to dispose will be in line with BHG's governance delegations, and will only be progressed following a robust option appraisal process and, where applicable, an assessment of any significant negative impacts at a local level. This will include consideration of other solutions."
- h) As a registered CBS, there is no requirement to obtain permission from the Charities Commission prior to disposal; however, the analysis BHG requires is consistent with BHG's general legal duties as a charity.
- i) The duty of notification to the RSH and notification / consultation with others that hold a legal interest in the asset will be met as part of the process.
- j) Processes leading to disposal will be followed in accordance with legislation, funders' requirements etc, and with due diligence. The process will be subject to

audit on a cyclical basis, with individual disposals or schemes of disposal processes confirmed in line with the group and organizational schemes of delegations.

- k) All group disposals will be reported to Group Board every 12 months as part of the current Asset Movement Report, or more frequently if required through the Scheme of Delegations. Each organization within the group will follow the due governance process prior to Group Board reporting.

1. Background

- 1.1. It is part of BHG's Asset Management Strategy to have an active approach to the management of assets, and as such, recognises there are occasions where disposal of assets must be considered. Disposal may be considered to provide extra value to the business or to the community in which it is located.
- 1.2 For the purposes of this document, a disposal is classed as
- the removal of BHG's interest in an asset, either by disposal of the freehold or a leasehold interest, for a period of 8 years or more.
 - the demolition of the property asset, either accompanied by the sale of the remaining land or not.
- 1.3 Disposal can be enforced through legal requirements, such as right to buy, compulsory purchase etc. These are not considered in this document.
- 1.4 For the purposes of this document, assets may be:
- Dwelling(s)
- Land
 - Commercial property, including offices, shops and community centres
- 1.5 This policy intends to set out the occasions when BHG may dispose of any asset.

2. Triggers to consider disposal

- 2.1 BHG will consider disposal of assets, as part of its drive for active asset management; to ensure added value to the organisation. There may be a number of different triggers, many of which are listed below. However, it is important that BHG consider disposal as part of any asset appraisal.
- 2.2 Disposal will be **considered** in the following circumstances, although not exclusively so:
- 2.2.1 Where the capital value of an asset would enable the purchase or development of a greater number of assets or more productive assets. This will be measured in both financial and non-financial terms. An example might be to demolish a property to allow access to land for the development of a number of properties
- 2.2.2 Where the capital value of an asset is above £100,000; the asset is not tenanted; and the asset could potentially be lost through enforced sale, such as right to buy legislation, at a later date at a price well below the open market value. Experience suggests that it is unlikely that more than one or two would become void in any one year.

- 2.2.3 Where the value of the property (NPV) to the organization over 30 years or its expected lifetime would be less than £0. Desktop indications suggest that this amounts to 247 properties.
- 2.2.4 Properties with structural issues confirmed by a structural engineer which means that the property would be too costly to repair or cannot be repaired
- 2.2.5 Land where the sale would generate capital to develop or contribute to the development of a number of new income generating assets at an alternative site which would be more favourable to develop
- 2.2.6 Where an asset no longer meets the aims and objectives of BHG, and the cost to change its use would be more than the income it would generate over a 30 year period, or the period of its lifetime
- 2.2.7 Where BHG are no longer able to provide the services associated with the asset (for example provide a level of care consistent with specialist accommodation) and the cost to change its use would be more than the income it would generate over a 30 year period, or the period of its lifetime
- 2.2.8 where disposal would reduce any significant risk to the organization; for example the disposal of properties with structural issues, the disposal of land with anticipated sub-strata issues (eg in areas of past coal mining)
- 2.2.9 where the asset generates income below that which could be achieved from disposing of the asset and investing the income to recoup a greater income
- 2.2.10 where Group Board require an asset to be sold to generate monies for other business purposes, consistent with the business plan.

3. Appraisal of Assets

- 3.1 The appraisal of assets, particularly where disposal is considered, will be consistent with BHG's general legal duties as a charity. Therefore any appraisal will:
 - a) identify whether the disposal is consistent with BHG's charitable objectives and status as well as strategic objectives
 - b) identify whether the disposal complies with legislation
 - c) consider any risks to BHG associated with the disposal, or non-disposal, and how they may be mitigated
 - d) consider the financial and non-financial implications for BHG's business plan(s)
 - e) consider the findings of independent specialists, such as structural engineers, RICS qualified valuers etc where appropriate
 - f) meet the requirements for approval, taking into account BHG's scheme of delegation.
 - g) consider the appraisal in line with formal agreements with other organizations
- 3.2 No more than 25 disposals with a positive net present value will be completed in any one financial year, without Board approval

3.3 Appraisals will be approved in line with the scheme of delegations, following wider consideration within the appropriate registered provider (BH or Arcon at the moment)

4. Permissions

4.1 Permission to dispose will be in line with BHG's Scheme of Delegations, after wider consultation with the appropriate organization. (Note, until the Group Scheme of Delegation is approved, approval will be in line with each organisation's scheme of delegations)

4.2 Permission is not normally required from either the Charities Commission (since becoming a CBS) or the RSH for disposal of assets, however there is a notification requirement for the RSH once the disposal of a social housing dwelling (both low cost rental and low cost home ownership) has been completed. The requirement for and timing of notification will be checked at the time of disposal but at the time of writing, this requirement will be met on the following occasions:

- **Category 1 disposals** – out of sector whether occupied or not, unless the disposal is to the residential occupier or unless there is no change of landlord.
- **Category 2 disposals** – within the sector where the dwelling is occupied, unless there is no change of landlord
- **Category 3 disposals** – the disposal of the last social housing whether occupied or not; in other words, if BHG was no longer a registered provider
- **Category 4 disposals** – where the disposal is to a for profit registered provider whether occupied or not.

4.5 Permission will be required from the funders where the asset to be disposed of has been identified to secure funding

4.6 Organisational insurers will be notified of all disposals

5 Value Measure

5.1 For all disposals, BHG (with charitable status) is required to achieve the best financial consideration available for the type of asset and the agreed terms.

5.2 Where the value of an asset is believed to be above £10,000, BHG will have the asset independently valued by a suitably qualified person, currently accepted as a person with the RICS qualification.

5.3 Where the value of an asset is believed to be below £10,000 (usually small pockets of land) the value will be assumed to be £35 per square metre, unless the purchaser agrees to pay for a full valuation, by a mutually agreed valuer, who will hold RICS accreditation.

5.4 Where appropriate, BHG will consider non-financial benefits as part of the consideration for a disposal. For example, it may be in BHG's best interests to consider:

- a “discount” to the purchaser on the open market value to achieve other aims or meet non-financial objectives, or
- receiving income or value after completion of the sale over a longer time period

5.5 In the first instance, BHG will consider whether it is appropriate to offer the asset to another local social housing provider at its full financial value.

5.6 BHG will advertise any dwelling asset, valued at between £10,000 and £200,000, for sale on the internet or through BHG social media, to enable existing tenants the option to purchase at the advertised price.

5.6 Where an asset is not deemed to be part of the purchaser’s garden, all assets valued at over £10,000, will be advertised for sale either through auction, or through an estate agent with recognized status such as the National Association of Estate Agents. The auction house or estate agent will be locally based, other than in special circumstances; for example where it might be more lucrative for BHG to sell through a more specialist company – such as for commercial properties

5.7 Where a dwelling is sold that is not up to Decent Homes standard, the purchaser will agree to bring the property up to the Decent Homes standard within 6 months, and will agree to continue to maintain it to that standard as a minimum.

6 Monies generated from disposal

6.1 Monies generated from the disposal of such assets, less any administrative costs or fees, will contribute to the development of new, income generating assets. However, there may be circumstances when Group Board wish to approve an alternative use of the monies.

7 Transparency

7.1 All disposals will be notified on the BHG / BH / Arcon internet sites with a summary of the reason for disposal

7.2 The disposal process will be auditable on a cyclical basis, where disposals have taken place

8 Reporting to Board

8.1 All disposals of land and property will be reported to Group Board on a 12 monthly basis, whether the asset has been disposed of through legislative obligation, delegated authority or direct permission from Board.

8.2 This will form part of the Group Asset Movement Report.

8.3 This policy will be reviewed in line with the Asset Management Strategy

Policy Owner	Carol Southern	Date approved	26 March 2020
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