Asset Management Strategy
2015 – 2020

"Customers, at the heart of what we do"
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Version 1.4 2014
Introduction and Foreword by the Chairman of the Board

Welcome to the Coastline Housing’s Asset Management Strategy for 2015-2020.

Property assets are the essential foundation for the continued existence of the Company. Far more than simply “bricks and mortar” they play a key role in shaping the social, environmental and economic wellbeing of the local community, influencing the quality of life for local people.

We recognise that there will be an ongoing need for an Asset Management Strategy. Effective asset management will ensure that our homes continue to provide a high quality, suitable and sustainable contribution to the local area.

New challenges are facing us including customer affordability issues arising from welfare reforms, demographic changes, increasing customer expectations and the need to create a more sustainable asset base in the widest possible sense.

In recent years the focus has changed from providing Decent Homes to asset investment and viability with a proper return on investment. With our success in securing Homes and Communities Agency funding and our newly-agreed lenders arrangements we will be investing £54.2 million over the life of the Strategy to deliver one of the largest affordable housing programmes in Cornwall. We will build over 650 new homes for people in housing need across the county. Building new homes is only part of the picture and we must ensure that all of our homes continue to meet customer needs and expectations.

Coastline puts customers at the heart of everything we do so we must balance our social, environmental and economic responsibilities to deliver a sustainable business at the core.

This Asset Management Strategy shows a “golden thread” to align our property management and investment practices with Corporate Plan objectives, supported by the 30 year Business Plan.

This Strategy was developed with our customers and shows how our property will enable us to live up to our mission statement of :-

“Great homes, great services, great people”

I am therefore proud to recognise this coordinated approach and commend this ambitious plan.

Derek Law MBE,
Chairman of Coastline Housing Group Board,
Coastline Housing Limited
Coastline Housing Limited’s Asset Management Strategy 2015-2020 is a critical business tool for us to align our property assets with business need; directly linked to the Corporate Plan and supported by the 30 year Business Plan it highlights the strategic golden thread through these Plans leading to delivery outcomes. We are a property business and it is therefore critical for us to understand the performance of our assets.

Much has changed in recent years and this new Asset Management Strategy reflects these challenges including customer affordability issues arising from welfare reforms, demographic changes, increasing customer expectations and the need to create a more sustainable asset base against a background of rising energy prices and costs.

Coastline Housing first implemented an Asset Management Strategy in April 2002; the 2015-2020 Asset Management Strategy focusses on the 2013-2017 Corporate Plan objectives, building upon the successful delivery of the previous Corporate Plan targets. It is no longer about simply looking at building components and bringing all homes up to standard - it’s now about making viability decisions on which homes will be sensible to retain and invest in.

The 2013-2017 Corporate Plan was developed in collaboration with customers, colleagues and partners and it sets out clear commitments in terms of maintenance and improvement to the Company stock. It places customers at the heart of the business and provides further high level direction for the Asset Management Strategy, including key objectives and targets with the following objectives:-

- **Provide excellent housing and support services**
- **Invest in our homes and neighbourhoods**
- **Grow the organisation sensibly**
- **Continuously improve our financial strength**

Effective asset management means that our homes will meet the needs and standards for the future so sustainability is a key theme throughout this new Strategy. This is not just about environmental sustainability but also ensuring that we have the right mix of homes which will be more affordable to customers.

Increasingly improving data will drive intelligence-based asset management giving a greater understanding of the needs of our customers and their homes. This will ensure that Coastline Housing can better target effective partnerships and investment in new homes as well as our existing housing assets.

This new Asset Management Plan spans a five year period but will be formally reviewed every year as it is expected that the Plan will receive minor updates at each review. The delivery of the strategy in the short term will be through the annual Asset Management Action Plan which will be re-drafted from the ground up every year.
2. Achievements

The previous Asset Management Strategy 2010 – 2015 achieved a number of notable successes:-

- Decent Homes achieved, demonstrating high quality homes;
- Coastline Standard developed, exceeding Decent Homes standard;
- Neighbourhood Standard agreed, driving up environmental quality;
- Affordable Warmth Strategy in place, improving energy efficiency of our homes;
- SAP (2005) increase from 67.7 to 69.55, showing a measurable increase in sustainability;
- 14 Sewage Treatment Works transferred, saving customers £1m over the next 10 years;
- Over 250 Air Source Heat Pumps installed with grant funding, providing a more affordable heating solution for customers;
- Around 500 homes benefitting from External Wall Insulation through grant funding, leading to warmer and cheaper to heat homes;
- CESP (Community Energy Saving Programme) - £2.7m grant funding secured;
- ECO (Energy Companies Obligation) - £203k funding secured;
- RHPP (Renewable Heat Premium Payments) - £265k funding secured;
- RHI (Renewable Heat Incentive) - £500k funding secured;
- Improved parking provision in areas of greatest need;
- Above national average investment of almost £1k per year per home;
- Health and Housing project underway in partnership with Exeter University;
- Development Strategy proposals exceeded with £54.2m invested in new build initiatives; and
- Around £400k saved by collaborative procurement.
Why Asset Management?

The aim of asset management is to guide the future shape and direction of the property assets to ensure that they meet corporate objectives and customer expectations. The National Housing Federation definition of property asset management is:-

“Asset Management is the range of activities undertaken to ensure that the Housing Stock meets the needs and standards for the future.”

As is clear, asset management goes beyond investing in good repair and improvements. Asset management is about reviewing and changing the asset base to end up with the right accommodation in the right location supported by excellent flexible services for our customers. It must consider quality and value for money, particularly the whole life of a home and how future running costs will affect customers. By applying an effective asset management strategy to our 4,000 plus homes, the benefits will include:

- Assets aligned with corporate aspirations and customer needs;
- Homes which will be more affordable to customers;
- A more environmentally sustainable asset base;
- The right mix of homes to meet local and demographic needs;
- Lower “whole life” running costs;
- Identified long term capital investment needs;
- Better financial value through grants and other external funding sources;
- Value for money through collaborative procurement and partnerships;
- Clear understanding of maintenance needs; and
- Appropriate disposal of assets, enabling investment in new homes and reinvestment in existing homes.

The Asset Management Strategy sets out the strategic framework to provide excellent housing and support services, invest in our homes and neighbourhoods, grow the organisation sensibly and continuously improve our financial strength.

Coastline Housing first implemented an Asset Management Strategy in April 2002 and has maintained one ever since. Building upon previous successes this new 2015-2020 Asset Management Strategy remains an essential business tool for Coastline to align property assets with business need. Customers have asked that this Strategy reaches a wider audience by being shorter than previous versions and linking a “golden thread” through other strategic documents.
Following successful achievement of previous Corporate Plan targets, this new Strategy focusses on the 2013-2017 Corporate Plan objectives. These will be delivered through the 30 year Business Plan against a backdrop of the changing social, financial and legislative needs of the company.

**The Corporate Plan 2013-17**

Much has changed in recent years and the Corporate Plan 2013-2017 sets an updated context for this new Strategy with new challenges including customer affordability issues arising from welfare reforms, demographic changes, increasing customer expectations, increasing competition and the need to ensure more sustainable homes.

This Strategy must be read in conjunction with the Corporate Plan which was developed in collaboration with customers, colleagues and partners and it sets out clear commitments in terms of maintenance and improvement to the Company stock. We will:

- Provide excellent housing and support services
- Invest in our homes and neighbourhoods
- Grow the organisation sensibly
- Continuously improve our financial strength

Customers are at the heart of the business and the Plan provides further high level direction for the Asset Management Strategy, including key objectives and targets.

**Delivery of the Asset Management Strategy**

The delivery of this Strategy is informed through the Stock Condition Survey and is supported by the 30 year Business Plan containing an expenditure of £337m (at 2014 prices) with an allowance for inflation. Long term projections for maintenance and investment costs have been made based on component life forecasts in the Stock Condition Survey to ensure that they are affordable and can be fully funded from agreed budgets. Compared to the national average of £979 per home, Coastline invested £995 per home in 2013.

Proper investment in existing stock is key to continued high performance. For the medium term, a five Year Maintenance Plan (2013-18) was produced and publicised to customers. In line with the expectations of the 2014 HCA Sector Risk Profile, the Plan was designed to be both flexible and comprehensive, enabling us to balance maintenance with development and with new government funding streams such as CESP, RHPP and RHI. Investment is not simply a balancing figure in the business plan, the Maintenance Plan is one of the essential supporting documents to be reviewed early in the life of this new Asset Management Strategy.

The Director of Housing and Care is responsible for the implementation and delivery of the Asset Management Strategy through the Head of Technical Services. An annual review will ensure that it remains fit for purpose. It is expected that the Strategy will evolve slightly over its five year life according to external and internal pressures but the Action Plan which deals with delivery will be redrafted afresh every 12 months. The Action Plan is produced within this Strategy for easy reference.

The Head of Technical Services will prepare a report on an annual basis to monitor progress. The Home Sounding Board remains the primary customer forum for monitoring progress but the report will also be presented to the Executive Team and Investment Committee on behalf of the Coastline Housing Group Board with observations from the Home Sounding Board.
4. Context for Demand

National Context

With the most significant changes for at least a generation, Coastline now faces some of its greatest ever challenges. The national fiscal picture is expected to remain weak and uncertain with austerity continuing through to 2018, leading to further cuts in local government grant and impact on the services delivered to our customers. We also recognise that there is likely to be a close interplay between the new 10-year rent formula, Housing Benefit, Annual Managed Expenditure Caps and Local Housing Allowances.

Welfare benefit reforms are underway and will continue for some years with the phased introduction of Universal Credit. The bedroom tax and benefit cap has had a substantial impact on around 8% of our households. Council Tax benefit has also been cut by 25% in Cornwall. There is great uncertainty of the impact these combined measures will have on many of our customers so bad debt provision has been increased in our business plan. The Government’s austerity measures will continue to have a substantial and damaging impact on many of our customers with a likely knock-on effect on their ability to pay rent and look after their homes.

The National Housing Federation in their 2014 report “Broken Market, Broken Dreams” states that England is suffering a catastrophic housing crisis. With too few houses being constructed to meet demand and an average house price of £233k, home ownership is being pushed out of the reach of average earners, putting even greater pressure on the rented sector. In another publication “An Ambition to Deliver”, the National Housing Federation makes it clear that the next 20 years hold considerable challenge due to additional factors outside of the housing sector:

- By 2030, 1 in 6 people in England will be aged 70 or over;
- By 2033, 1 in 5 households will be single person;
- The baby boom of 8 million births between 2001 and 2012 will put a massive strain on an already beleaguered English housing market;
- By 2020, there will be more than 315,000 multi-family households (young adults living with parents), an increase of 11%;
- Local authority income will decrease by 15% by 2020, with pressure on housing associations to fill some of the community services gaps; and
- Public expenditure on health and social care for older people will rise by 37% by 2022.

The challenges nationally cannot be understated and the Housing sector must diversify much further in coming years. We are likely to be operating in a changing regulatory environment which will require a risk based approach and a very strong focus on protecting social housing assets.

Coastline Housing can demonstrably rise to this challenge. Between 2007 and 2013, over £20m of grant funding has been achieved from the Homes and Communities Agency via the Source Partnership and from Cornwall Council for development of new homes. There is a much lower central government subsidy across our development programme than previous years but a further £10m of Homes and Communities Agency funding was secured in 2014 to increase our stock by 326 homes up to 2018.
The Local Market

A 25% increase in population in parts of Cornwall is expected by 2030. Over 22% of the population of Cornwall is aged 65+ compared to 16% across England and over the next 20 years this is projected to increase to over 25%.

6.3% of economically active people in Cornwall are unemployed compared to 7.8% across England and Wales. However, Gross Domestic Product per head of European Union average is only 74% and this has remained broadly flat over the past decade. When compared to the UK average figures, Cornwall (and the Isles of Scilly) remains the second poorest region. Cornwall is second only to Westminster in the areas with the highest levels of rough sleeping in the UK.

The percentage of Housing Benefit claimants in Cornwall is broadly in line with the England average, while Job Seekers Allowance is nearly 1% lower. However, Personal Independence Payment claims are considerably higher than the average in England.

Demand

Coastline operates its own housing register and works with Cornwall Homechoice to offer homes to potential customers. The changing demographic profile of Cornwall along with Welfare Reform is likely to lead to a demand for smaller homes in future.

The number of people on Cornwall Homechoice’s waiting list continues to increase with over 28,000 households currently seeking a home. Over 11% of Cornwall’s 260,000 homes have no permanent residents (primarily second home owners), compared with just 4% nationally.

Development

The Development Strategy 2013-2017 establishes how new affordable homes will be delivered by the end of 2017, including specialised Older Persons properties. The Homes and Communities Agency award of over £10m in 2014 will assist in the development of new homes as set out in the strategy.

Building homes is just the start - it is critical that they are sustainable in the widest sense, including future running costs for Coastline and customers. This “whole life cost” approach is central to all Coastline investment so all new homes will, wherever possible, take into account whole life costs to reduce the long term financial impact on our customers.
5. About our Homes

Corporate Assets

The Coastline Housing Group, as at 31st March 2014, had a stock in ownership of 3,978 dwellings distributed as shown in the table below:-

<table>
<thead>
<tr>
<th>Property Tenure</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social housing rented¹</td>
<td>3,763</td>
</tr>
<tr>
<td>Shared ownership</td>
<td>113</td>
</tr>
<tr>
<td>Non-social housing</td>
<td>9</td>
</tr>
<tr>
<td>Leasehold properties</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total Housing Stock</strong></td>
<td><strong>3,978</strong></td>
</tr>
</tbody>
</table>

¹This includes homes let on ‘Affordable Rent’ tenancies of which there were 102 at 31 March 2014.

Stock Condition Survey

Accurate stock information and good data systems are key components to the delivery of sound asset management with reliability of information absolutely critical to the operational delivery of improvements. The Civica Universal Housing Management system is the primary asset database supported by Asprey EstatePro database for additional data and reporting functions.

A 100% stock condition survey was undertaken in 1996, prior to transfer, which was updated via the next 22% stock condition survey in 2001 and further standard 10% surveys in 2005, April 2009 and December 2009. A more recent 10% Stock Condition Survey was completed during 2012 which forms the baseline data used to develop programmes and reinvestment plans for the stock based on standard elemental lifecycles.

The most recent stock condition surveys, completed during 2012 by Ridge & Partners, has been used to update asset management systems, forecast future asset management budgets and produce a five year Improvement Plan.

Although the stock was surveyed in 1996, it has become clear in the subsequent years that on a per-property basis this information is no longer adequate as data errors, lack of detail and cloning of data at intervening Stock Condition Surveys have created potential information gaps.
To support this new Strategy, the 2015 Stock Condition Survey will cover more homes, targeting both a representative sample of stock and areas of data weakness/uncertainty. Stock will be physically surveyed and financially modelled in terms of short, medium and longer term investment. This will be followed in future years by a focussed programme to replace all cloned data with surveyed information. On top of this, as it is our area of highest maintenance spend and greatest area of risk we conducted a highly detailed data gathering exercise on our heating, electrical and fire systems during 2014.

The 30 year Business Plan incorporates the Stock Condition Survey data to ensure that the maintenance requirements can be fully met.

**Decent Homes Standard**

The Decent Homes Standard was achieved for all of our homes in 2010 where customers agreed to planned improvements. Following this, we worked with customers to deliver a “Coastline Homes Standard” exceeding the Decent Homes Standard which has still not been achieved by some other Housing Associations.

**Aids and Adaptations**

At Coastline we are committed to ensuring that residents are able to live independently in their homes for as long as possible and we will carry out minor adaptations up to £1k to avoid delays in completing work. Staff and contractors will be regularly trained to identify where these works can be carried out whilst on site.

For more significant work, an Occupational Therapist referral is required as customers are entitled to apply for Disabled Facilities Grant through the Local Authority.

**Health and Safety (compliance)**

Statutory compliance with Health and Safety related legislation is essential. Coastline has developed appropriate contracts and programmes to meet the Company's statutory obligations and best practice including those identified in the Asset Risk Management Matrix. Headline areas include heating servicing, energy performance of homes, electrical safety, Asbestos, sewerage treatment, Legionella and water hygiene, Mundic, Radon, non-traditional and system built stock and flood risk.

**Sustainability**

All social landlords have constructed new homes to meet the Code for Sustainable Homes Level 3 but the bar has been increasingly raised and this has now been superseded by Building Regulations. The Development Strategy will continue to be revised and take future opportunities to provide the most economically viable sustainable homes that can be achieved within budgetary restrictions.

The Affordable Warmth Strategy sets our objectives for energy efficiency and sustainability; we are developing a “whole stock” approach to ensure that we can invest to achieve the greatest benefit in value for money terms whilst aiming to reduce real heating costs for customers.

Coastline will continue to seek and deliver initiatives to provide customers with opportunities to reduce expenditure such as low energy light bulbs and water saving devices as part of our duty of care when carrying out cyclical maintenance.
Property Data and Performance Analysis

It is important that we have good quality data about the performance of our assets to inform our decision making. On an ongoing basis, we maintain a comprehensive set of Performance Indicators; a subset of these called Key Performance Indicators forms the basis of the corporate Performance Improvement Plan, some of which are nationally benchmarked. By analysing a range of indicators we can understand how our assets perform to support the Asset Management Strategy.

The analysis and evaluation enables us to position each asset relative to others and identify options for improving or maintaining viability. Over time, we can then review the outcomes of any investment decisions. Understanding asset value and estate performance is a complex process drawing on a range of financial and non-financial data.

Stock Condition Surveys have been carried out on a representative proportion of the asset base to improve quality and robustness of the data. Much of the data is taken from actual surveys but with many similar homes it is common practice to use “cloned” information from actual surveys on other homes. However, with increased use of complex data analyses, it has become clear that whilst “cloning” of data is helpful at a strategic level, at a per-property level it is less accurate and leads to repeated re-casting of investment plans.

Future Surveys will focus on cloned properties alongside a representative proportion of the remainder for resurvey. This will ensure a balanced mix of property types and areas being surveyed, gradually reducing the number of properties with “cloned” data year on year until all cloned properties are fully surveyed. This will be supplemented by two data improvement projects which commenced in 2014, focussed on heating data and asbestos data. In future we will be moving towards monitoring the financial performance of individual properties, enabling a more granular assessment of the financial return on assets.

Option Appraisal Framework

The Value for Money Framework establishes the basis of whole life costs and social value, aiming to ensure that Coastline assets and resources are used economically, effectively and efficiently to improve outcomes for our customers and other stakeholders. Option Appraisals are conducted to consider the sustainability of a property or group of properties by looking at maintenance, costs of repairs, cost of operation, demand and the effects of the property within the community. Option Appraisals are carried
out on all void properties or where investment in excess of £10k is considered. A desktop appraisal may lead to a more detailed investment appraisal and consideration of alternative options.

The long term investment options are considered as part of the Stock Condition Survey process with lifecycles aligned with component accounting expectations. This is based on broad assumptions and often upon cloned data and proposals need to be checked at an individual property level. When consulting customers on major planned investment under the five year Improvement Plan it has been made clear to customers that on a per-property basis any works will be subject to survey. This ensures that where an element is life expired but safe and functional a rational decision (to include reviewing similar elements) is made whether to prolong the life or replace. In value for money terms this is an excellent method of managing budgets and deferring works to avoid unnecessary replacement.

Alongside the five year Improvement Plan, Coastline has developed the Asset Viability Model to assess whether a property asset should be retained as-is, considered for reinvestment or highlighted for potential disposal. This Model uses a range of factors including “letability” to develop a weighted viability score and is used prior to any significant investment decision and at void to assess whether the property should be retained or disposed of. Furthermore it can be used to identify where a range of property assets would benefit from targeted reinvestment to improve their performance and viability, making them assets worthy of retention.

Supported schemes are a significant feature of the Asset Management Strategy. Option appraisals of schemes have been undertaken with a view to increasing standard mobility features and prioritising improvement works. These appraisals will allow the Company to plan these significant works in line with business plan limitations. Customers’ views and priorities have also been fed into the review process.

Consultation

Consultation with suppliers, customers, contractors and other involved stakeholders is a key theme at every stage of the Asset Management Strategy delivery. Examples of this include:-

- Reporting to the Board, customer Sounding Boards are formed with formal terms of reference with a direct responsibility for specific service areas, using involved customers to represent the wider customer base on strategic issues. Sub-groups are formed where necessary such as the Asset Management Strategy Action Team which developed this Strategy and reports to the Home Sounding Board.

- Contractor engagement in “Hearts and Minds Workshops” which set out the aspirations of all new services being implemented. Contactors have provided valuable insights into working practices that they have adopted to ensure that work can be delivered efficiently.

- Partnership-specific Action Teams including internal stakeholders and involved customers are utilised to manage major contracts and drive continuous improvement into the services provided.

- Customers are involved at the concept stages of the drafting of specification of all materials and the assessment of suitable supply chain organisations as part of the bulk procurement process adopted by the Advantage South West Procurement Consortium.

Social Value

In accordance with the Public Services (Social Value) Act 2012, Coastline Housing is proportionately committed to promoting enhanced social, environmental and economic values through its procurement of goods and services.

Social value is the term used to describe the positive outcomes created by our day to day activities, including the community cohesion projects we undertake, which provide benefit to customers. Our Community Cohesion Strategy leads our day to day activities and helps to quantify social value in terms of monetary benefit, enabling us to measure, monitor and benchmark our positive impact in the neighbourhoods.

In line with the Value for Money Framework, the Company will also seek to evaluate the Social Value outcomes of larger projects and use those outcomes to plan new initiatives.
Repairs and Maintenance Strategy and Organisation

The Homes and Communities Agency Regulatory Framework, April 2010 established the Decent Homes Standard which expects a cost-effective repairs and maintenance service which aims to complete repairs and improvements ‘right first time’. It must meet all applicable statutory requirements whilst giving choices, and respond to the needs, of our customers.

A range of framework contracts are in place to deliver the majority of planned property maintenance needs. In addition, Coastline Services Limited is a wholly owned company within the Coastline Group providing an increasingly wide range of maintenance services. Recognising the difficulty customers face in obtaining a competent, safe and value for money contractor for minor repairs Coastline Services has developed the “Handyline” service. This provides access to affordable assistance to all customers which is further reduced for those in receipt of benefits.

Sustainable development is a wide reaching agenda that includes policy initiatives such as the Decent Homes Standard, Affordable Warmth, energy efficiency ratings and the “SAP” energy assessment methodology. This Asset Management Strategy will continue to take these agendas forward by ensuring that resources are targeted effectively. With particular reference to energy efficiency and fuel poverty, the poorest performing stock has now been identified and programmes are underway to increase SAP ratings through a combination of improved insulation and more efficient heating systems. This information forms the basis of the Affordable Warmth Strategy, tackling fuel poverty within our stock. We are using a whole home approach to ensure that affordability is the primary measure of success.

Internal Controls

Coastline Housing has a range of protocols, policies, standards and related controls. These have evolved over time and during the life of this Strategy there will be the opportunity to review and revise these into a single cohesive suite of property standards, subject to available resources. This will reinforce the “golden thread” which is articulated by the Asset Management Strategy.

Risk Management

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks throughout the Group. There is a formal and on-going process of management review which is coordinated through a quarterly reporting framework from management, through the Executive Team to the Audit & Risk Committee.

The Company's significant risk map is presented to the Audit & Risk Committee quarterly and the minutes of the meeting are subsequently reviewed by the Board. The full risk map is reviewed annually by both the Audit & Risk Committee and the Board. The on-going review of risk includes consideration of the completeness of the principal risks identified, of the relative significance of those risks and of the risk management techniques that are applied to mitigate those risks. The Board agreed that a range of risk mitigation techniques should be used including assurance, preparation of contingency plans and internal controls. The system of internal control is present in all aspects of the Group’s operations and is essential to its management of risk. The asset management risk matrix is a supporting document to this Strategy.
The Company’s most recent regulatory judgement referred to the Company’s risk management approach and concluded that “risk management is embedded within management and governance processes”.

**Procurement**

Coastline Housing uses the Source Development Partnership for new build procurement and for other purchasing is a member of the Advantage South West Procurement Consortium; this is a shared service that enables 12 member local housing associations and councils to work together to achieve better value through the extra power of a larger client.

The advantages of membership include lower prices, improved performance management, benchmarking and access to procurement technology and expertise. During the 2013/14 financial year it has saved Coastline Housing over £111k on direct purchasing and a further £24k on the avoidance of retail price index increases.

Coastline Services Limited is a wholly owned subsidiary company within the Coastline Housing Limited group and profits are reinvested into Coastline Housing allowing further investment in its services for customers. The formation of a Maintenance Partnership agreement for many of the required maintenance services introduces innovative cost and reward opportunities for both partners.

The agreement provides additional benefits of VAT savings and administration. Coastline Services Limited benefits from the 10 year contract agreement which provides certainty of income of approximately £450k a year.

**Supporting documents**

2. 5 Year Maintenance and Investment Plan (2013)
3. Stock Condition Survey 2012 (dated May 2013)
4. Stock Profile Analysis 2014
5. Statutory Compliance Arrangements
6. Property Policies and Procedures
7. Asset Management Risk Matrix
8. Performance Improvement Plan 15
## Provide excellent housing and support service

<table>
<thead>
<tr>
<th>Outcome</th>
<th>2014 Targets</th>
<th>2017 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMER SATISFACTION</td>
<td>92% overall customer satisfaction achieved</td>
<td>Upper quartile with a stretching target of 93% overall customer satisfaction achieved</td>
</tr>
<tr>
<td>Sector leading customer satisfaction</td>
<td>91% customer satisfaction achieved for helpfulness of staff</td>
<td>Upper quartile with a stretching target of 93% customer satisfaction achieved for helpfulness of staff</td>
</tr>
<tr>
<td>Customers integral in shaping service delivery decisions</td>
<td>Ensure over 250 ambassadors retained and, research and investment analysts providing statistics to customers to enable shaping</td>
<td>High quality involvement structure shaping services and budgets, and forecasting provided to Involvement structure</td>
</tr>
<tr>
<td>COMMUNITY INCLUSION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High levels of community pride</td>
<td>82% of customers not experienced ASB in past 12 months</td>
<td>Upper quartile with a stretching target of 85% of customers not experienced ASB in past 12 months</td>
</tr>
<tr>
<td>What we will do</td>
<td>How we will do it</td>
<td>Team Objectives</td>
</tr>
<tr>
<td>----------------</td>
<td>------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Continually review the services we provide and seek to improve them.</td>
<td>Working with Customers we will review and establish more effective methods of collating Customer feedback on services</td>
<td>Working with customers we will review and establish more effective methods of collating Customer feedback on services</td>
</tr>
<tr>
<td>Continually review the services we provide and seek to improve them.</td>
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</tr>
<tr>
<td>Possess up to date information and intelligence on our customers, communities and external environment</td>
<td>Working with Customers we will review and establish more effective methods of collating Customer feedback on services</td>
<td>Working with customers we will review and establish more effective methods of collating Customer feedback on services</td>
</tr>
<tr>
<td>Implement Systems to create more intelligent Asset Management Practices and data audit/updates</td>
<td></td>
<td>Implement systems to create more Intelligent Asset Management practices and data audit / updates</td>
</tr>
<tr>
<td>Work with our partners to prevent and tackle ASB</td>
<td>-</td>
<td>Work in partnership with external companies to produce innovative projects (neighbourhood improvements, boundary improvements and reduced maintenance and repairs)</td>
</tr>
</tbody>
</table>
**Invest in our homes and neighbourhoods**

<table>
<thead>
<tr>
<th>Outcome</th>
<th>2014 Targets</th>
<th>2017 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REPAIRS AND MAINTENANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High levels of customer satisfaction with repairs and maintenance</td>
<td>Satisfaction with repairs and maintenance at 90%</td>
<td>Upper quartile, with a stretching satisfaction target with repairs and maintenance of 92%</td>
</tr>
<tr>
<td></td>
<td>Satisfaction with quality of home at 92%</td>
<td>Upper quartile, with a stretching satisfaction target with quality of home of 94%</td>
</tr>
<tr>
<td>High quality repairs undertaken first time</td>
<td>96% of repairs undertaken first time</td>
<td>98% of repairs undertaken first time</td>
</tr>
<tr>
<td><strong>QUALITY OF HOMES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption of our homes, reduced further thereby reducing the cost to customers</td>
<td>Average home SAP rating of 74</td>
<td>Average home SAP rating of 78</td>
</tr>
<tr>
<td></td>
<td>£1m external funding secured to match fund Coastline’s funding on reducing heating costs</td>
<td>£3m external funding secured to match fund Coastline’s funding on reducing heating costs</td>
</tr>
<tr>
<td>High quality of homes provided for all incoming Customers</td>
<td>Evaluate the newly agreed improved relet standard and consider further improvements including adaptations</td>
<td>Partnership established such that customers can secure affordable furnishings</td>
</tr>
<tr>
<td><strong>NEIGHBOURHOOD INVESTMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High levels of neighbourhood pride and satisfaction with neighbourhood appearance</td>
<td>Neighbourhood satisfaction at 90%</td>
<td>Upper quartile, with a stretching neighbourhood satisfaction target of 92%</td>
</tr>
<tr>
<td>Total place investment in our communities is delivered effectively and efficiently</td>
<td>Determine the total investment in our communities</td>
<td>Pooling of budgets to maximise benefit whilst also seeking to influence Cornwall’s European funding programme</td>
</tr>
<tr>
<td></td>
<td>Establish local apprenticeship schemes to undertake neighbourhood enhancement works</td>
<td>75% of customers satisfied with parking and boundary treatments</td>
</tr>
<tr>
<td>Ensure all non-housing assets are profitable</td>
<td>Cost effective sewage treatment solutions for all customers</td>
<td>Increasingly use our asset base to lever further funding to build more homes</td>
</tr>
<tr>
<td>What we will do</td>
<td>How we will do it</td>
<td>Team Objectives</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Continuously review how we can provide better maintenance services</td>
<td>Working with Customers we will review and establish more effective methods of collating Customer feedback on services</td>
<td>Working with customers we will review and establish more effective methods of collating Customer feedback on services</td>
</tr>
<tr>
<td>Continuously review how we can provide better maintenance services</td>
<td></td>
<td>Formal review of Responsive Repairs processes</td>
</tr>
<tr>
<td>Ensure absolute efficient use of our resources and that our primary grant capture focus is on thermal efficiency</td>
<td>Produce Energy Efficiency Whole Stock Inclusive Contract Specification with Outcomes Linked to Corporate Plan 2013-2017 Review and implement RHI stream to ensure that all qualifying installations are recorded and gain funding</td>
<td>Produce Whole Stock inclusive contract specification with outcomes linked to Corporate Plan Review all supported complexes in terms of alternative sustainable solutions to reduce costs Review and implement RHI income stream to ensure that all qualifying installations are recorded and gain funding</td>
</tr>
<tr>
<td>Aspire to produce the best quality affordable homes at the point of re-let in the south west</td>
<td>-</td>
<td>Formal review of Voids Re-let Standard to benchmark with top quartile companies Formal review of Voids and Mutual Exchange processes</td>
</tr>
<tr>
<td>Unlock £1m for investment in our neighbourhoods</td>
<td>-</td>
<td>Work in partnership with external companies to produce innovative projects (neighbourhood improvements, boundary improvements and reduced maintenance and repairs)</td>
</tr>
<tr>
<td>Work closer with public sector partners to deliver joined up investment in communities</td>
<td>Implement Systems to create more intelligent Asset Management Practices and data audit/updates</td>
<td>Implement systems to create more Intelligent Asset Management practices and data audit / updates Working with all relevant Coastline Housing Limited Contractors produce formal plan and systems to data-share Asset Management information</td>
</tr>
<tr>
<td>Ensure all housing and nonhousing assets are reviewed annually on a financial basis</td>
<td>Phase 2 water options appraisal completed and a project plan for disposal completed ready for implementation</td>
<td>Waste Water Options appraisal completed and a project plan for disposal completed ready for implementation</td>
</tr>
</tbody>
</table>
**Grow the organisation sensibly**

<table>
<thead>
<tr>
<th>Outcome</th>
<th>2014 Targets</th>
<th>2017 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW HOMES BUILT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New homes built for local people</td>
<td>100 new homes built</td>
<td>400 new homes built</td>
</tr>
<tr>
<td>New homes built for older people including appropriate technology</td>
<td>Strategy approved by the Board.</td>
<td>100 new homes built</td>
</tr>
<tr>
<td><strong>INEFFICIENT ASSETS AND EXPENSIVE TO RUN HOMES SOLD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inefficient and expensive to maintain homes replaced with new ones</td>
<td>Seven homes sold</td>
<td>30 homes sold</td>
</tr>
<tr>
<td></td>
<td>10 land transformation plots sold</td>
<td>20 land transformation plots sold and custom house operating profitably</td>
</tr>
<tr>
<td><strong>ACQUIRE HOMES AND PROFITABLE ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homes purchased and let to local people at appropriate rental levels</td>
<td>Non-social housing limited to a maximum of 10% capital facilities</td>
<td>Non-social housing limited to a maximum of 10% capital facilities</td>
</tr>
</tbody>
</table>

**Continuously improve our financial strength**

<table>
<thead>
<tr>
<th>Outcome</th>
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<th>2017 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL STRENGTH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The financial performance of the Coastline Group continuously improves</td>
<td>27% operating margin achieved</td>
<td>30% operating margin achieved</td>
</tr>
<tr>
<td></td>
<td>12% Group net surplus delivered</td>
<td>14% Group net surplus delivered</td>
</tr>
<tr>
<td></td>
<td>150% interest cover</td>
<td>160% interest cover</td>
</tr>
<tr>
<td>What we will do</td>
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<td>Team Objectives</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Develop new affordable and market rented, and shared ownership homes for local people</td>
<td>Development Strategy</td>
<td>Support the Development team to put the Development Strategy into effect</td>
</tr>
<tr>
<td>Secure opportunities to build older persons housing across Cornwall and potentially wider.</td>
<td>Development Strategy</td>
<td>Support the Development team to put the Development Strategy into effect</td>
</tr>
<tr>
<td>Sell empty homes on the open market with all proceeds reinvested into building and acquiring energy efficient homes</td>
<td>Implement Systems to create more intelligent Asset Management Practices and data audit/updates</td>
<td>Implement systems to create more Intelligent Asset Management practices and data audit / updates</td>
</tr>
<tr>
<td>Work with other organisations in respect of purchasing / acquiring homes and profitable assets</td>
<td>Development Strategy</td>
<td>Support the Development team to put the Development Strategy into effect</td>
</tr>
</tbody>
</table>

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<tbody>
<tr>
<td>Maintain and increase our culture of efficiency and balance sheet growth</td>
<td>Value for money – to work in partnership CSL and identify additional workstreams</td>
<td>Value for money – work with Coastline Services Limited to identify new work streams to create savings and achieve savings with other contractors</td>
</tr>
<tr>
<td></td>
<td>Drive more efficient working methods including the development of mobile working</td>
<td>Review 5 year plan from 2015 to establish planned maintenance expenditure with Coastline Services Limited</td>
</tr>
<tr>
<td></td>
<td>Work with the Finance and Performance team to develop a structure to report the financial performance of individual assets. This will enable a more granular calculation of the financial return on assets</td>
<td>Working with the Repairs Team continue to implement future opportunities to refer customers to Handyline</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working with the Property Investment Manager to establish more effective methods of recharges</td>
</tr>
</tbody>
</table>
Asset Management Action Plan

In conclusion, we are a property business and it is therefore critical for us to understand the performance of our assets. The delivery of this Strategy is informed through the Stock Condition Survey and is supported by the 30 year Business Plan in the longer term. Where new investment, such as photovoltaic panels, leads to a financial return which is in line with the relevant financial parameters then Coastline Housing will consider direct investment. For the medium term, a five year Maintenance Plan (2013-18) was produced and publicised to customers. Funding criteria have changed significantly in the last 3 years and using the new Stock Condition Survey data this plan will be updated to align it with the Asset Management Strategy.

Asset management investment will:

- Be led by the recommendations of the Stock Condition Survey;
- Be further refined by relevant standards, policy and strategy such as the Coastline Standard, Affordable Warmth Strategy and Performance Improvement Plan;
- Link to corporate priorities and address risks in the Asset Management Risk Register;
- Obtain grants and alternative funding to maximise leverage;
- Reprioritise the plan where opportunity, risks or statutory compliance dictates;
- Prioritise investment where it addresses fuel poverty or improves social value;
- Seek reinvestment of capital receipts where appropriate;
- Invest on a whole life cost basis, seeking reprioritisation of budgets as necessary;
- Consider viability and value for money as part of the options appraisal;
- Reduce planned investment where it would be poor value for money and the asset is identified for potential disposal;
- Ensure the right balance between planned and responsive maintenance;
- Maximise the technical performance of the housing stock; and
- Take into account the diverse needs of customers.

Delivery of the Strategy will be achieved through the Asset Management Action Plan which will be reviewed annually to incorporate continuous improvement.
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