

**Asset
Management
Strategy**
2021-2027



Together with our **communities**, creating
affordable homes and great **neighbourhoods**

Part 1

Strategic Objectives



Future State

This Asset Management Strategy comes at a time of great change within the sector. The Charter for Social Housing Residents, the review of building regulations and the introduction of Decent Homes 2, EPC 2030, and Net Carbon Zero 2050 are challenging the housing sector to change the way it builds and manages people's homes, and Eastlight must respond.

Whilst the core aim of this strategy is to continue to invest in our homes, we know that our stock profile is ageing. We need to actively monitor and maximise the performance of our assets, we also need a holistic view of the homes we own and the communities we work in.

We need to start thinking about how we respond to the changing external environment and challenge ourselves to think differently about the assets we own now and if they are fit for the future.

Context

Over the course of this strategy, our development programme will increase our portfolio from 12,851 to more than 15,000. The blend includes assets we wholly own, leasehold, shared ownership, community space, offices, stores and non-habitable assets, such as roads, paths, and plant.

This strategy has been shaped with residents and details how we will invest and manage the assets we wholly own. Supporting policies will set out how we manage leasehold, shared ownership, community space and our facilities and how Eastlight will deliver our corporate sustainability targets.

We are committed to sustaining investment in our existing homes and communities and delivering robust compliance assurance.

Following the merger which created Eastlight, we stand by our pledge to residents to invest £130 million in our assets in advance of the Decent Homes Standard (DHS) and use the additional £3 million savings from rolling out our in-house service to further improve our existing assets.

The performance of our assets is about more than Net Present Value. We have a wealth of data that will define the performance of our assets through Customer, Quality, Asset, Financial and Market tests. Of our 12,518 homes, 7% are categorised as underperforming (red) and have been identified for a further options appraisal.

Customers

We know our customer base is changing, we have an ageing population. The number of households in England will increase by 1.6 million by 2028. Most of this growth will come from single person and multiple adult households without dependent children.

These changes have an impact on the expectations of our residents and the requirement to ensure we have a portfolio that meets this demand and links to our development priorities.

There are currently 2.4 million households in fuel poverty, with 15% of these living in social housing (Office of National Statistics). Our improvement programmes will target energy efficiency to reduce the risk of residents being fuel poor.

The COVID-19 pandemic has changed the way our residents use their homes and communities. More people are working from home and there is more demand for an efficient digital, modern infrastructure and outdoor space.

External Environment

Eastlight's New Homes Strategy plans to grow our portfolio by 3,800 over the next 5 years. The regulatory landscape has already changed with the outcomes of the White Paper and is set to change further with the introduction of Decent Homes 2, EPC 2030, Net Carbon Zero 2050, and Building Safety throughout the life of both strategies.

The impact of the Building Safety Bill on Eastlight is low. We own 465 blocks, none of which are high-rise residential buildings (HRRBs) and therefore management of these blocks and the approach to cladding is not prescribed by legislation. We can and will make choices on how we actively manage the safety of them and our approach to the cladding that exists on some of them.

The most significant financial impact over the 30-year business plan is how we meet the 2050 Net Carbon Zero target. Work completed by Savills estimates the net average incremental cost (after deductions for typical business plan provisions) is £17,000 per property, totalling approximately £187m for Eastlight.

Throughout the life of this strategy, detailed work will be completed to accurately model the investment required to achieve this target. As this evolves, we will need to work with partners, seek maximum grant funding and invest in developing the experts of the future who will deliver this.

The new regulatory landscape will leave Eastlight with decisions to make on how we spend our money. We need to balance the impact on residents, the environment and Eastlight and unify our Asset Management and New Homes strategies at their next review.

The primary objectives of this strategy are:

- 1. Standards:**
Homes and communities that meet evolving needs
- 2. Investment:**
Investment in long term, sustainable assets
- 3. Safety:**
Homes and communities are safe
- 4. Sustainability and Decarbonisation:**
Efficient investment to meet EPC2030 and Net Carbon Zero 2050
- 5. Asset Optimisation:**
Maximised return on assets



Current State

To support our future decision making and financial modelling, we have completed a data cleanse and restructure of our asset management database, Keystone. Full integration of both legacy databases was completed in May 2021.

The current profile of Eastlight's stock is:

Archetype	General Needs	Retirement Living	Supported	Leasehold	Shared Ownership	Total
Bedsit	-	53	33	-	-	86
Bungalow	2,012	81	60	15	6	2,174
House	5,732	0	21	3	304	6,060
Flat	2,770	502	30	668	158	4,128
Maisonette	28	38	-	-	4	70
Sub Total	10,542	674	144	686	472	12,518
Garages	-	-	-	-	-	2795
Garage Plots	-	-	-	-	-	399
Total	10,542	674	144	686	472	15,712

Eastlight has a diverse range of assets with differing tenures and accountabilities. We have a community space at Foundry Court that is attached to one of our Housing for Older People sites in Manningtree, Essex. Much of this strategy relates to the 11,360 assets that Eastlight wholly owns and manages. This includes 10,542 general needs, 674 Homes for Older People and 144 homes for people with disabilities or extra needs.

Standards and Investment

- All of Eastlight's 11,360 homes listed above, meet the required Decent Homes Standard (DHS). The DHS does not apply to leasehold or shared ownership properties.
- The new Eastlight standard is in advance of the DHS and the previous Greenfields Community Housing standard. The programme of catch-up work starts in 2021 and has been accounted for within the business plan as before.

Retirement Living

- We have 25 retirement living schemes, comprising 583 flats and 53 linked bungalows - which are restricted to those aged over 55.
- We want to continue to provide accessible accommodation for retirement living, and are reviewing both the service offer and assets to determine what that is.

Supported Living

- Eastlight has 105 supported rooms across 32 shared houses and 16 self-contained flats. Care is provided by third party agencies.
- An additional 12 are leased to third parties on full repair and insuring leases.
- A review of the supported housing service is taking place.

Safety

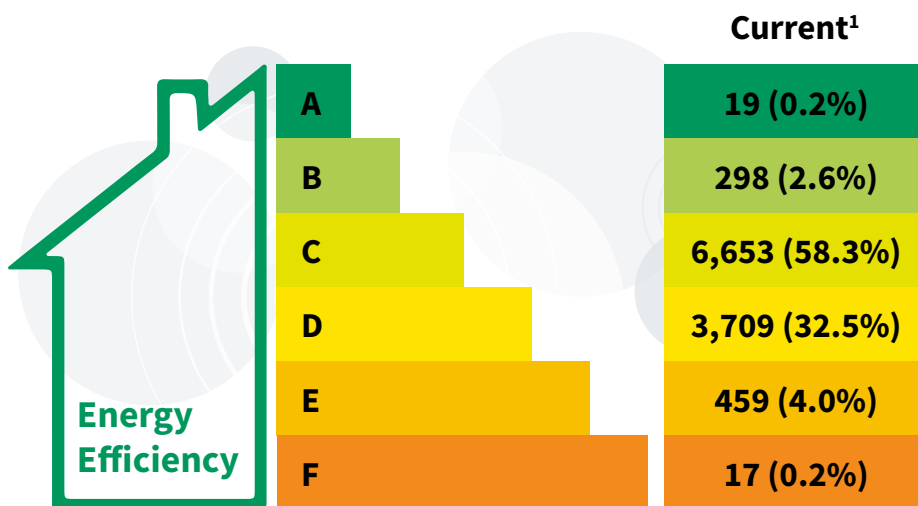
- Our programme to renew all flat entrance doors across Eastlight's stock will be completed in 2021/22.
- None of our blocks are over 18m and are not defined as high-rise residential buildings (HRRBs) in the Building Safety Bill.
- We have some blocks with cladding, most of which is considered low risk.

OWNERSHIP STATUS	BLOCKS WITH ACM/HPL* CLADDING			BLOCKS WITH OTHER CLADDING			BLOCKS WITHOUT CLADDING		
	18m+	11-18m	<11m	18m+	11-18m	<11m	18m+	11-18m	<11m
OWNED AND MANAGED	0	1	1	0	4	185	0	6	271
OWNED NOT MANAGED	0	1	0	0	2	0	0	0	0
NOT OWNED BUT MANAGED	0	0	0	0	0	0	0	0	5
NOT OWNED OR MANAGED	0	5	1	0	0	0	0	0	5

We only own three blocks with HPL/ACM cladding, and none are over 18m. We are removing the cladding from one of these blocks and progressing with investigative work on the other two, since it is listed as “composite material”.

Sustainability and Decarbonisation

Eastlight’s position on the energy rating of our homes is shown in the chart below:



¹As at Q3-FY21. 249 unrated properties, numbers do not include shared-ownership units

- The energy rating chart shows that 61.1% of our homes already meet the EPC C target.
- 4,185 properties require energy efficiency work to achieve the target. 87% of these require low level improvements to increase their rating from a D to a C.
- The remaining 13% (476) are likely to require more significant improvements and will be subject to a more detailed options appraisal.

Asset Performance

- We know based on our recent stock appraisal that 7% (approx. 795) of the 11,360 homes we wholly own are underperforming (red) and require an options appraisal.
- Since measuring the performance of our assets is not based on financial data alone, not all the 795 underperforming assets will require disposal or investment. Some assets may require more intensive housing management or acceptance that social gains may be of more importance (e.g. temporary accommodation).

- Eastlight owns 524 non-traditionally constructed homes. These are within the appraisal model but will be reviewed separately to understand their long-term viability.



Objectives and Measures

This strategy is built around five key themes, each with a clear objective and measures:

Theme	Objective	Measures
Standards	Homes & communities that meet evolving resident needs	Customer satisfaction Customer demand Void turnover
Investment	Investment in long term, sustainable assets	Customer satisfaction Customer demand Decent homes compliance
Safety	Homes & communities are safe for our customers	Best practice compliance
Sustainability & decarbonisation	Efficient investment to meet EPC2030 & Net Carbon Zero 2050	EPC Grant funding
Asset optimisation	Maximised return on assets	Proportion of red assets No. loss making units

As a newly formed organisation, Eastlight will have a consolidated asset database within the first year of this strategy. This data will be no less than five years old and will enable us to accurately forecast delivery of the strategic objectives with defined investment and divestment plans and costs.

Ahead of this work being completed, this strategy has been set out with defined and developing principles:

- **Defined principles** are either legislative, best practice, defined within the business plan and are therefore included within our 30-year financial plan.
- **Developing principles** will set our strategic direction but require further development of our data intelligence and financial costing models in advance of being approved.

This approach provides the teams at Eastlight with the strategic direction to progress the work required, and the Investment Committee and Board with the assurance that where costs are not yet defined, further approval will be sought.

Since Eastlight invests in our homes in advance of the Decent Homes Standard, (DHS) we have some flexibility within our 30-year financial plan to make choices in how we invest in our assets.

1. Standards: Homes and communities that meet evolving customer needs

Defined Principles

- a) Our communities thrive when we invest in them to provide modern facilities in a sympathetic way that tackles stigma.
- b) Our homes are adaptable to enable residents to stay in their homes and live independently for as long as they want.
- c) Our homes are supported by a modern infrastructure.

Developing Principles

- d) We will provide a retirement living product that is fit for our existing and future residents.

Further work required

Options appraisal of red schemes and those with bedsit accommodation.
Customer insight into evolving needs.

2. Investment: Investment in long term, sustainable assets

Defined Principles

- a) Our investment decisions are driven by current, accurate data.
- b) The “Eastlight Standard” will deliver investment in our homes in advance of the Decent Homes Standard, use full lifecycle costing and target a reduction of cost in use for our residents.
- c) We utilise our in-house resource and effective procurement to reduce our investment costs whilst retaining quality.

3. Safety: Homes and communities are safe for our residents

Defined Principles

- a) Our buildings which contain flats are managed using the Key Principles of the Building Safety Bill.

Developing Principles

- b) We will remove combustible cladding from our eight blocks over 11m and take a risk-based approach to our 186 blocks under 11m.
- c) We apply modern safety principles to our homes in advance of the retrospective Building Regulations.
- d) We will exit properties which we do not own or where we do not have direct control over resident safety.

Further work required

Intrusive surveys and financial impact assessment.
Fire Strategy and risk framework.
2021/22 Fire Risk Assessment and Stock Condition Programme and financial impact assessment.
Contractual review of 168 flats and financial impact assessment.

4. Sustainability and Decarbonisation: Efficient investment to meet EPC2030 and Net Carbon Zero 2050

Defined Principles

- a) Our roadmap to EPC2030 and Net Carbon Zero 2050 will meet government targets by adopting proven technology at the next component renewal cycle.
- b) We will invest in our homes using a fabric first approach to reduce heat demand and cost for our residents.
- c) We will research, review and trial evolving technology in partnership with our customers.
- d) We optimise grant funding opportunities.
- e) We invest in people to create the experts of the future.
- f) We equip our residents with the technology and knowledge to live in their homes efficiently and encourage them to make environmentally sound decisions.

Developing Principles

- g) Any home that it is deemed non-viable to upgrade to EPC will be reviewed for regeneration or disposal.

Further work required

Energy assessments, financial modelling and outcomes.

5. Asset Optimisation: Maximised return on assets

Defined Principles

- a) The long-term viability of our assets and estates will be based on customer, quality, asset, financial and market criteria.
- b) Assets that are no longer viable will be recommended for investment, remodelling, regeneration or divestment.
- c) Regeneration of assets and/or estates will be prioritised over disposal.
- d) We use our land and other non-housing assets we own to maximise regeneration of underutilised assets and contribute to Eastlight's growth and communities.
- e) We will explore stock swap and acquisition opportunities.

Developing Principles

- f) We will use our high value assets for unit generation to create additional affordable housing supply.

Further work required

Identification of high value assets and options appraisal.



Delivery Plan

Pillar	Project name	10 word summary	Project measure and target	21/22	22/23	23/24	24/25	25/26
Standards	The Eastlight Standard	Annual Review of Eastlight Investment Standard in partnership with residents	Annual review by our Customer Influence Committee (CIC)					
	Modern Public Realm	Supporting 3 year communal investment programme shaped with residents	3 year communal investment plan and budget Annual delivery of plan					
	Modern Building Facilities	Review of building facilities and investment plan	Investment Committee approved investment plan Digital infrastructure across all Eastlight homes Investment in electronic charging points Pilot of smart home technology Pilot of communal smart technology					
	Leasehold Offer	Define the way we manage our leasehold assets and their performance	Leasehold Service Standards Leasehold Asset Policy Financial performance review of leasehold product					
	Shared Ownership Offer	Define the way we manage our shared ownership assets and their performance	Shared Ownership Service Standards Shared Ownership Asset Policy Financial performance review of Shared Ownership product					
	Community Spaces	Review performance and future of community spaces	Financial appraisal of Foundry Court Foundry Court Business Plan					
	Retirement Living	Review asset performance and define future strategy for retirement living	Options appraisal of all retirement living Retirement living strategy and service offer (linked to Service Delivery Strategy)					
Investment	Eastlight Standard Catch Up	Deliver merger outcome of Eastlight Standard across all assets	All properties meet Eastlight Standard (where not refused)					
	Merger Savings	Define investment for £3m merger savings (in house service)	Investment plan for £3m merger savings approved by Investment Committee and delivered					
	30 year Investment Plan	Revised 30 year investment plan	Investment Committee approved financial plan inclusive of Net Carbon Zero 2050 costs					
	Investment Programme	Deliver annual investment programme	Delivery of annual investment programme within budget					
	Stock Condition	Complete stock condition programme 20% p.a	Rolling stock condition survey Stock data <5 years old Linked to consolidated visits					
	Value for Money (VfM)	Review of delivery methods to ensure VfM	Home Solutions financial performance review External benchmarking					

Pillar	Project name	10 word summary	Project measure and target	21/22	22/23	23/24	24/25	25/26
Safety	Home MOT	Complete bi-annual Home MOTs to reduce disrepair	Reduction in disrepair claims Reduction in responsive repairs Evidenced value for money with external benchmarking					
	HHSRS	5 yearly HHSRS assessments	Reduction in disrepair claims					
	Modern Safety Principles	Create Eastlight's model for building management and investment programme to support	Policy, process and structure in place that sets our how Eastlight manages our blocks Associated investment plan to deliver required works					
	Cladding >11m	Remove cladding from blocks over 11m	No blocks over 11m with high risk cladding remaining					
	Cladding <11m	Agree principles and programme for cladding on buildings <11m	Agreed risk framework that clarifies how Eastlight manages buildings with cladding <11m					
	Non-Leaseholder Blocks	Proposal for management of blocks not owned by Eastlight	Contractual review of 168 flats and financial impact assessment					
Sustainability and decarbonisation	Partnerships	Build partnerships in and out of sector	Established partnership network for funding, resident engagement, technology trials					
	Roadmap to EPC2030	Define Eastlight's approach to achieving EPC2030	Investment Committee approved roadmap, financial plan and programme to achieve EPC 2030 Adjusted 30 year business plan to reflect costings					
	Roadmap to NCZ2050	Define Eastlight's approach to achieving NCZ2050	Investment Committee approved roadmap, financial plan and programme to achieve EPC NCZ2050 Recast investment plan that adopts proven technology at next renewal date Adjusted 30 year business plan to reflect costings					
	Grant Funding	Maximise grant funding	Review of all grant funding opportunities Applications for each qualifying grant					
	Low Carbon Electricity	Cost benefit analysis and proposals for generation of low carbon electricity	Feasibility study on different low carbon generation methods, with recommendations to Investment Committee					
	Carbon Offset	Review and define Carbon Offset options	Feasibility study of carbon offset options with recommendations to Investment Committee					
	Technology Review and Pilots	Review and pilot technology available to support EPC2030 and NCZ2050 targets	Technology review Technology trials and outputs Recommendations to Investment Committee					
	Smart Meters	Ensure smart meter technology adopted by residents	All Eastlight customers have a smart meter by 2024					
	Digital Technology for Residents	Trial and successful roll out of technology to support residents' behaviour change	Investigate customer technology and create programme of trials (e.g. switchee) Outcomes of trial and recommendations to Investment Committee					
	Resident Education	Resident education programme	Resident and community engagement strategy defined Build trust with customers re: new technology Demonstrate behaviour change amongst customers					

Pillar	Project name	10 word summary	Project measure and target	21/22	22/23	23/24	24/25	25/26
	People of the Future	Employ and train experts in field of sustainability and decarbonisation	Minimum graduate and trainee position recruited on self funded roles (through grant award) Roadmap of future technicians for Home Solutions (e.g. ASHP engineers)					
Asset optimisation	Strategic Asset Management Performance Model	Create model to assess performance of Eastlight's assets	Approved model to rate performance of Eastlight's assets					
	Land Appraisals	Partner with development to maximise use of banked land	Land appraisal completed Opportunities for development identified and handed over to Development					
	Garage Site Appraisals	Partner with development to maximise use of garage sites	Garage site appraisal completed Opportunities for regeneration identified and handed over to Development					
	Regeneration	Regeneration appraisal model and programme	Regeneration appraisal model Regeneration programme					
	Red Assets and Estates	Complete options appraisal of all "red" performing assets and estates	Completed options appraisals Outcome report and recommendations approved by Investment Committee					
	Non-traditionally constructed homes	Complete options appraisal of all non traditionally constructed assets	Completed options appraisals Outcome report and recommendations approved by Investment Committee					
	High Value Assets	Complete options appraisal of all high value assets	Completed options appraisals Outcome report and recommendations approved by Investment Committee					
	Options Appraisal Outcomes	Deliver Option Appraisal outcomes	Complete outcomes as approved by Investment Committee					
	Facilities Optimisation	Review performance and standards of facilities	Review of facilities portfolio Approved management and investment plan					
	Stock Rationalisation	Set rationalisation agenda	Review operating area Identify properties for potential rationalisation and make recommendations					
	Supported Living	Review supported living and deliver outcomes of project	Options appraisal of supported housing assets Supported Housing strategy and service offer (linked to SDS)					



Part 2

Governance

Resourcing

Executive Lead:

Executive Director of Operations

Leadership of Strategy:

Property Director

Head of Asset Management

Investment Committee responsibilities:

- Investment priorities
- Approval of Options Appraisal recommendations
- Approval of asset disposals
- Monitoring budgetary spend
- Monitoring of objectives and Delivery Plan

Customer Influence Committee (CIC) responsibilities:

- Monitoring of objectives and Delivery Plan
- Performance

The current business plan allows for activity driven from the defined principles.

The financial impact of developing principles will be quantified during the life of the strategy. Once this impact is known, a revised investment plan will be created and reflected against the business plan to determine the 30-year costs to the business.

Any investment identified that is not currently allowed for in the business plan will be presented to the Investment Committee for consideration and approval.

Our structures will need to evolve to deliver this strategy and accompanying Service Delivery Strategy.

Value for Money

Value for money is firmly embedded in everything Eastlight does. It is an essential part of how we think and work and flows through our strategies.

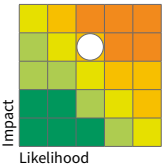
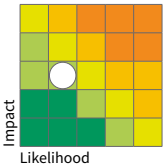
The investment in the existing asset portfolio is the second largest investment for Eastlight following the development of new homes. The performance of these improvements is controlled through robust contract and budgetary management. We consider full lifetime costs when selecting our products to ensure the blend of cost and quality. We also consider the in-use costs to our customers.

Eastlight will review its methods of delivery, focusing on the in-house team with all other work let to contractors through a competitive process in line with our Financial Regulations. Our procurement function is centralised within the business and our contracts register is being

reviewed to ensure best value delivery. All tenders follow the financial regulations, with scoring using cost and quality metric to ensure best value and not necessarily the cheapest price.

Eastlight has developed an integrated stock performance model to highlight underperforming assets though a RAG rating. Those assets deemed to be red on the RAG rating will be subject to an options appraisal to consider the viability and value for money. Our drive to improve the energy efficiency of our homes with a fabric first approach will make the running of the home more affordable for our residents, and provide social value.

Risk Assessment

Risk Title	Asset Management Strategy		Managed By	Charlotte Todd		Risk Owner	Dan Jones	
Strategic Objectives, Financial and Regulation – Inadequate investment in Eastlight’s assets resulting in regulatory or statutory breach or decreased asset value.								
Inherent Score	Last Assessment Date	6 April 2021	Impact	Medium	Likelihood	Possible	Residual Score	
	<p>19th April 2021: Assessment reviewed - Assessment is based on an “unlikely” likelihood of a moderate impact. With no controls in place, the likelihood and impact increase to it being “possible” significant impact of multiple objectives not being delivered, a financial impact of £5-10m and/or a non-compliant G or V grade.</p> <p>The successful delivery of this strategy will result in homes that meet our changing customer need and best practice safety guidelines, appropriate investment in long term, sustainable assets and therefore, a maximised return on assets.</p> <p>The impact of not delivering this strategy could result in a regulatory or statutory breach, ineffective investment or poor-quality homes.</p> <p>Risks are mitigated through a clear delivery plan with Investment Committee oversight.</p>							
Associated Action	Delivery of Asset Management Strategy, Delivery Plan and developing principles							

Causes	Effects	Internal Controls
<ul style="list-style-type: none"> Financial plan not sufficient to deliver the objectives Inaccurate stock data Legislative changes Economic and political changes Suitable resource 	<ul style="list-style-type: none"> Inability to maintain the Eastlight Standard Reduced borrowing capacity Poor investment decisions Poor customer satisfaction 	<ul style="list-style-type: none"> Correlation of the Asset Plan against the business plan Defined principles included in the business plan, with developing objectives to be formally approved by Investment Committee Consolidated data on a single system refreshed on a five-year stock condition and HHSRS cycle External validation of stock data Definition of clear investment priorities Home Solutions Team and competitive tendering to ensure best value achieved Horizon scanning to identify potential changes in advance Briefings to Investment Committee and the Board for review






Visit: www.eastlighthomes.co.uk

 www.facebook.com/eastlighthomes

 www.instagram.com/eastlighthomes

 www.twitter.com/eastlighthomes

 www.linkedin.com/company/eastlight-community-homes-

January 2022

Eastlight
Community Homes