

<b>Responsible Executive Director</b> Investment	<b>Asset Investment Strategy</b>	
<b>Section</b> Investment	Updated: July 2023	

## 1 Aim

The aim of this Asset Investment Strategy is to set out the future direction of the strategic asset investment of Rooftop’s property assets to ensure that they meet corporate objectives and customer expectations. Asset Investment is about reviewing and changing the asset base to achieve the right accommodation in the right location supported by reliable landlord services for our customers.

It supports our Corporate Plan and Annual Business Plan, in particular the delivery of Good Quality Homes through the development and implementation of Rooftop’s long-term Asset Investment plan and the upgrade of all homes to a minimum of Band C by 2030 energy performance and prepare for Zero Carbon 2050.

This Strategy will also consider how we work including the skills of the team, the data we collect and how we use it and the technology that we invest in in our properties and business activities to maximise customer satisfaction with the services and quality of homes provided.

This Asset Investment Strategy is directly linked to ongoing progress within others areas of the business specifically focussing on Good Quality Homes, including Building Safety, Health and Safety, Development and Environmental Sustainability.

## 2 Vision

We provide good quality homes, reliable landlord services and support and advice.

## 3 Values

We Work Together      We Make Things Better      We Do The Right Thing

## 4 Equality, Diversity and Inclusion: Principles

This Asset Investment Strategy will consider how Rooftop homes meet the housing needs of a diverse customer profile and specifically covers our commitments to tackling inequality in fuel poverty through our decarbonisation efforts; health inequality through our approach to adapting our homes and the housing choice we provide for our older customers who live in both our general needs and supported housing properties.

## 5 Customer and/or Community Engagement/Involvement

Co-creation of our Strategy is a priority, the objectives detailed below are as a result of consulting our customers on their priorities. Customers’ top priority when surveyed in 2023 was investment in existing homes.

We are committed to enabling our customers to shape the delivery of the Strategy and over its lifetime, we will develop a range of different mechanisms to ensure that we provide genuine opportunities for further engagement and co-creation.

## 6 Objectives

This Strategy sets out our asset investment approach and key objectives to guide and monitor progress over the next three years. Our stated objectives illustrate our

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intentions and expectations. Detail around activities and investment required to deliver these objectives is provided in the supporting action plan.

Rooftop's highest value assets are its properties and its largest repair and maintenance liability, therefore planning for its sustainable future is important.

Rooftop recognises the importance associated with maintaining effective stock condition and attribute information, the assessment of stock viability and future options for poorly performing stock, effective procurement, and the delivery of the works programmes required to keep the stock in good condition.

The key objectives of the Asset Investment Strategy:

- To improve and maintain the quality and condition of Rooftop homes to continue to meet the 'Home Standard' including the new "Decent Homes Standard";
- Obtain, maintain, manage and analyse stock condition data including EPC and SAP scores to ensure that financial resources are invested appropriately to maintain the Home Standard and minimise expenditure on responsive repairs;
- Work with colleagues to capture interim stock condition data through periodic tenancy audits and property inspections to ensure that homes are being cared for in line with the terms of agreements, lease or tenancy;
- Programme and procure works so that planned improvements are conducted cost effectively and responsively to respond to customers' changing priorities and aspirations and provide choice in areas that are important to customers;
- To ensure that major investment requirements linked to health, safety and compliance are programmed effectively with prompt action to tackle any issues or matters for concern;
- To ensure that all homes are energy efficient and cost effective to run using a fabric first approach, efficient heating solution with renewables where required;
- Embrace technological advances in Smart Home technology and Tele health to monitor asset performance, connect with customers and move to a more predictive form of property maintenance;
- Utilise stock condition, repairs and lettings data to undertake options appraisals of stock that fails to meet the requirements of a 'core asset' or where appraisal is otherwise desirable;
- Assess the condition, performance and opportunities associated with related assets including garages to provide a joined-up approach and effective solutions to on-going management issues; and
- Use Asset Performance Evaluator tools to understand the financial, technical, social and environmental performance of our homes, schemes and communities and model investment decisions.

## 7 Approach

This Strategy concentrates on three themes that contain a range of activities and actions. This includes activities that are business as usual and others that will drive innovation, cultural change and move Rooftop into a more pro-active asset investment position to ensure that we can provide Good Quality Homes that meet customer expectations and aspirations.

- Planned Investment and Asset Condition

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- Sustainability and decarbonisation investment
- Strategic Asset Management and Disposal

Each theme is designed to be cross-cutting, in that it will be addressed through all workstreams and contributed to by all areas of the Asset Investment team and wider organisation.

## 8 **Planned Investment and Asset Condition**

It is important that Rooftop understands its properties and customers to drive continual performance improvement and innovation.

There is a requirement for additional investment to improve energy efficiency, as well as the ongoing investment in key components (kitchens, bathrooms and windows) and building safety. To effectively balance and manage these priorities we must ensure that we have a strong approach to understanding our assets, the service expectations of our customers as well as the data to support our decision making.

Additionally, this must be clear and well communicated to ensure that we take a co-ordinated and consistent approach to our investment in our housing stock. We see this being managed through an improved approach to both asset and service data and intelligence, so we know as much as we possibly can about our customers and their homes.

### **Stock Condition Data**

Having accurate and up-to-date Stock Condition Surveys is vital to understanding the current standard of our properties, as well as being able to carefully project the investment requirements over the 30 year business plan.

Rooftop is in the process of updating all stock condition data through a series of externally validated stock condition surveys. A rolling programme of stock condition surveys will then continue.

The Regulator for Social Housing has indicated that five year stock condition surveys may no longer be sufficient. The Asset Investment team will work with colleagues across Rooftop to explore how additional interim surveys can be incorporated into property visits that may be carried out for other purposes such as health and safety or periodic tenancy checks.

Within our asset database we will renew and maintain records of planned investment requirements for communal areas through further condition surveys for Blocks to ensure that the planned investment requirements for communal areas including floor coverings, door entry systems and building safety components are accurately recorded and incorporated into investment plans.

In addition, urgent issues identified in any surveys including Housing Health and Safety Rating System (HHSRS) Hazards are also addressed through our responsive repairs and housing management processes.

### **Planned Investment**

At Rooftop we take a long term approach to investment in our assets to maintain their value. This is necessary to ensure that we can meet our commitments to our

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customers in terms of the quality and safety of the homes we provide, that we meet statutory requirements including the Decent Homes Standard and to ensure that we financially plan for the anticipated investment.

At the core of our 30 year planning is our stock condition survey data. The life expectancy of asset components is validated and financial requirements profiled accordingly. This allows us to plan and profile our budget expenditure in the long term to provide great quality homes that are consistently compliant with, or exceed the Decent Homes Standard.

During this Strategy period, a new Decent Homes is expected and Rooftop has engaged in the consultation process. In preparation for moving to a condition based approach with age as a proxy, Rooftop will establish a matrix setting out replacement criteria as it is necessary to balance the age of a component with its physical condition to assess the requirement for replacement or improvement.

This Strategy will operate within the financial parameters of the RHA long term business plan. We will aim to ‘smooth out’ the investment in major repairs over the next 30 years to enable better planning and use of resources.

In 2023, we will begin a new relationship with our Responsive Repairs partner and secure new contracts to deliver our planned investment programmes.

Rooftop’s Contractor partners are key to providing excellent services to our customers. Creating collaborative relationships and ensuring monitoring of their services will help us continually drive improvement and innovation.

To support this, we will create a robust Contract Management and Reporting Framework which will provide a consistent and auditable measurement of our contractors’ performance. We will review our contract management processes, Key Performance Indicators (KPI’s) and satisfaction feedback methods to improve the way in which we manage our contracts.

We aim to create an efficient service so we can do more for our customers. We recognise the need to better plan works and services, to achieve optimal value and return on the investment, especially where we anticipate using new technologies to meet our energy efficiency targets. Using data from our Stock Condition Surveys, we will develop a five year Procurement Plan identifying the required packages of work.

The Procurement Plan will also identify where Leaseholder (Section 20) consultation will be required. Our improved stock condition data will provide Major Works recovery estimates so we can better communicate to our leaseholders about their future service charging liabilities.

We appreciate that customers are keen to understand when improvements to their home are expected and we will collaborate with colleagues and customers to establish a mechanism for sharing key review dates so that customers are reassured that we are investing in their homes and so they can plan accordingly.

We will simultaneously develop a new approach to customer liaison to ensure that when works are carried out to properties that customers understand the process from

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start to finish with appropriate levels of notice, including contractor code of conduct to maximise customer satisfaction with the works.

### **Building Safety**

This Asset Management Strategy is informed by the Group Building Safety Strategy. Comprehensive data will be maintained through the Group Stock Condition Survey on Building Safety components and replacement, investment will factor into the group's overall asset investment plan to maintain customer health and safety.

We will collaborate across Rooftop to deliver recommendations identified for medium rise buildings with timber cladding and timber balconies to ensure that the health and safety of our customers is improved.

### **Damp, Mould and Condensation**

Rooftop actively monitors and manages the challenges we have within our homes around Damp, Mould and Condensation (DMC). Through our asset data and repairs history we will identify property archetypes or trends which may lead to category 1 hazards or future disrepair cases and develop longer term strategies to implement pre-emptive maintenance.

In the meantime, we will continue to work with Property Services to develop a range of remedial solutions which can be implemented quickly and easily, minimising disruption to customers. This includes exploring the options and solutions through new technology and smart monitoring devices that may provide an opportunity for identifying early warning triggers and behavioural and condition based archetype trends.

### **Retirement Living and Housing with Care**

Rooftop currently has 601 properties specifically designated for customers who are over the age of 55 years old. In addition, we have a large number of customers over this age who live within our General Needs properties.

In 2022, Rooftop carried out a Supported Housing review to determine the future direction for its supported housing stock. This Asset Management Strategy will take forward the recommendations of that review.

The review, upgrade and digitalisation of supported housing alarm systems to support customers' independence is already underway. We have taken a collaborative approach to this owing to the various specialist input required in this area including Housing Management, ICT and Asset Investment.

We continue to work with colleagues across Rooftop as necessary to deliver further actions following this review including:

- Review of bedsit and small studio accommodation
- Provide attractive and useful communal areas and amenities to provide Value for Money for customers' service charges
- Ensure adequate services are in place such as disabled parking access, accessible waste provision and scooter storage
- Remodelling or largescale regeneration/redevelopment of existing assets

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- Disposal of assets.

We acknowledge and understand that some of our older customers prefer to stay in their own homes and do not aspire to move to retirement living or housing with care schemes. We will research, pilot and review smart housing, telecare and digital technology to support our customers to live independently in their homes whilst helping to transform the delivery of at home care and support services as well as designing and building technology into our future homes.

### **Adapting our homes**

At times we are required to adapt our properties to meet the changing health or accessibility needs of our customers. Where possible, we try and support this to allow our customers to remain in their home and community as long as they can live independently, according to our Aids and Adaptations Policy.

We work across Rooftop with the housing, social care, and occupational therapy teams to develop solutions which will meet customers' specific needs. Some of these adaptations may be minor such as installing handrails, access ramps or external railings and the cost of these improvements will be funded through existing aids and adaptation budgets and managed by the Property Service team.

In other cases, more extensive major adaptations are required such as full property conversion or extensions to provide ground floor bedrooms and level access wet rooms. In these circumstances, the Asset Investment team will collaborate with the Neighbourhood Officer, Local Authority and Health Teams to agree on a suitable approach.

Where we have adapted properties, we will work with our customers and other providers in the area to ensure that these homes are retained and directed to future customers with similar needs to ensure long term benefit from investment.

### **Leasehold Properties**

Rooftop has a number of leasehold flats and ensuring that we manage our services and relationships is vitally important. We hold a legal responsibility with leaseholders to maintain and renew the communal areas and external envelope of their homes. We must meet the requirements of the leases held and ensure that we are providing value for money.

We feel that we can improve our services by providing leaseholders with a greater level of detail and foresight into upcoming major works investment. This will allow leaseholders to prepare for any payments they need to make under the terms of their lease. We will not only do this through statutory Section 20 consultation but also by providing forward investment plans following block stock condition surveys.

## **9 Sustainability and Decarbonisation Investment**

The Government's Clean Growth Strategy has set a target for social housing providers to attain the minimum rating of EPC Band C for rented properties by 2035, and 2030 for 'fuel poor' households.

Critical to meeting this target is to understand our current position and to develop a clear baseline which we can work against. Rooftop continues to collate EPC and

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SAP data for its properties and obtain recertification following appropriate planned and energy efficiency works.

Rooftop has invested in Intelligent Energy software which provides us with a high level of information about the current and potential efficiency of our homes. We will use the software to establish programmes of work and provide outcome reporting on both the EPC levels as well as reductions in CO<sup>2</sup>.

Energy efficiency works that bring properties to a minimum Band C will reduce fuel costs to customers and contribute their overall health and wellbeing.

### Energy Performance Certificate (EPC) Baseline

68% of our homes already meet or exceed the government's 2030 EPC Band C target. Work is however required to improve the remainder of the portfolio through retrofit measures.

EPC Band	No. of properties	%
A	158	3%
B	1080	18%
C	2794	47%
D	1194	20%
E	351	6%
F	71	1%
G	5	<1%
Unknown	306	5%

### Investment Requirements

Financial projections relating to assets are informed by, detailed surveys, a strong understanding of the contractor market and identification of external funding. We have identified the properties that require improvement, have established budget costs and are now developing the detail and working on options to consider the optimal approach to delivery.

To achieve a score of EPC Band C and a minimum SAP score of 75 annual targets are set as follows:

Current Band	Target	Base line	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
D	C (75)	1194	30	150	140	184	300	240	150
E	C (75)	351	71	150	130				
F	C (75)	71	71						
G	C (75)	5	5						
Unknown	C (75)	306			61	62	61	61	61
		1927	177	300	331	246	361	301	211

We must attract funding to support this investment and compliment funds that are available within the Financial Business Plan (FBP). To deliver at pace and scale we

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will develop specifications, procurement and delivery models over the life of this Strategy.

Rooftop has £16 million in the FBP, allocated to works (such as heating systems, windows, doors) which will contribute to meeting our Band C targets. An additional £15 million has been ringfenced to meet the government target of EPC C by 2030.

Rooftop takes a ‘Fabric First’ approach to decarbonisation. Not only does this provide the most sustainable and cost-efficient improvements for our customers but is also aligned to the Social Housing Decarbonisation Fund principles. Examples of this may be cavity, loft or floor insulation and replacement windows and doors. In addition, renewable technologies such as PV and air-source heat pumps may be required.

We understand that the energy efficiency of our homes is more important to our customers than ever before and we will provide a programme to our customers setting out when we expect to carry out energy efficiency works to their property and develop a series of communication tools to ensure the effective and efficient use of implemented technologies and maximise take up and cooperation.

Rooftop will prioritise investment in homes that have the lowest EPC rating to not only ensure that we meet the thermal comfort requirements of the Home Standard but to tackle fuel poverty and inequality across our homes. In turn, this will have a positive impact on customer’s physical and mental health.

### **External Funding**

To support the Government’s Clean Growth Strategy, it has developed a number of funding mechanisms to encourage and enable social housing providers to accelerate their energy efficiency and decarbonisation plans.

Rooftop is a member of one of the country’s largest housing association consortiums, the Matrix Housing Partnership. Our membership of Matrix offers significant innovation and value for money through scale in our procurement and delivery of both new homes and retrofit works. In 2023, The Matrix Consortium was successful in securing £12 million of grant funding through the Social Housing Decarbonisation Fund 2.1 (SHDF). Rooftop’s grant allocation was £2.6 million to deliver improvements to 157 of our hardest to heat homes. Work on site will start in 2023 with a current completion date of September 2025.

Rooftop will continue to procure and secure other forms of funding including ECO4 and The Great British Insulation Scheme which have the potential to provide fabric measures to qualifying properties at zero cost to Rooftop.

## **10 Strategic Asset Management**

Rooftop monitors its asset investment performance against the following measures:

- Proportion of stock meeting the Decent Homes Standard;
- EPC and SAP rating;
- Number of long term voids;
- Yield (NPV) per property/block/garage;
- Customer satisfaction with their home and the works and services provided.

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A critical part of our Strategy is to ensure that we have the ‘right homes, in the right location, for the right people’.

### Asset Performance

Rooftop uses the Asset Performance Evaluator (APE) tool to measure the performance of its homes.

Rooftop updates its Asset performance evaluator on a three year cycle for all rented homes in its ownership. After adjustment for current years inflation and costs the average NPV at year 35 for a Rooftop home is £55,953

Shown below for reference is an extract from the Rooftop Asset Performance Evaluator.

Unit Costs		Year 1		Key Results		
Maintenance Costs	£	836	Dwellings	5,920		
Management Costs	£	884		Total	Per Dwelling	
Void Costs	£	-	35Yr NPV	£ 331,242,395	£	55,953
			NPV - Perpetuity	£ 421,982,634	£	71,281
			35 Yr Major Investment (incl. EE)	£ 183,556,724	£	31,006
			Weekly Starting Rent	£ 620,837	£	104.87

  

Performance Table*						
	NPV Range		No. Units	% Units	Total NPV	NPV Per Unit
	Min	Max				
Poor	£ (50,000)	£ -	0	0.00%	£ -	£ -
Marginal	£ 1	£ 30,000	396	6.69%	£ 8,567,067	£ 21,634
Good	£ 30,000	£ 344,895	5,524	93.31%	£ 322,675,329	£ 58,413
<b>Total</b>			<b>5,920</b>	<b>100.00%</b>	<b>£ 331,242,395</b>	<b>£ 55,953</b>

It is important that Rooftop monitors the performance of its homes in order to ensure that we can identify performance trends between property types, relationships between planned investment and responsive maintenance and a range of indicators which will help us understand and target our investment. It will also highlight those properties that are not meeting local housing need.

As well as providing safe and modern homes, we also need to ensure that our homes are not detrimental to our customer’s health and wellbeing. Rooftop uses HHSRS assessment criteria for its homes and we continue to actively manage and understand the challenges we have within our homes around Disrepair and DMC.

Over the lifetime of the strategy, Rooftop will introduce further performance analysis of other data sets including, refusals, sustainability, Anti-social Behaviour and ecological measures into the evaluator model to identify areas where more detailed data analysis and options appraisal are required. This will allow us to better

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understand the performance of homes and the optimal investment strategies going forward.

The appraisal process will allow us to identify alternative opportunities for those properties, examples being remodelling, redevelopment or disposal.

### **Hard to Treat Homes**

Rooftop owns several properties which, regardless of investment, largely due to their construction will never meet the required EPC Standards. Therefore, we will need to consider alternative long-term strategies for these 'hard to treat' properties which includes Listed Buildings; rural cottages/houses in excess of 100 years old; Airey Homes; and other system built homes.

### **Garages**

Our Garage stock is under constant review but, as with most landlords, the strategic and operational management is shared between Property Services, Housing Management and our Development team. We must bring together the existing work that has been carried out to create a more robust Garage Strategy. This will focus on those areas where we can identify development potential to build new homes on Rooftop land, as well as considering improvement programmes to bring up the standard of our garages, maximise rental income and reduce localised Anti-Social Behaviour. It will also consider the potential for disposal.

### **Regeneration**

Within the Rooftop portfolio and set against its municipal beginnings, there are clusters of housing stock that are of an age, type and condition that require major intervention to ensure that the homes we provide form the basis of a thriving community.

We will use the data analysis tools at our disposal (APE, GIS and Social Value metrics) and the knowledge of our colleagues to identify clusters of housing stock that are in decline and provide an opportunity to regenerate a neighbourhood, increase density and deliver new homes to outstanding environmental standards. We will undertake a comprehensive options appraisal that will assess the NPV of new homes when compared to the EUV-SH of existing homes. Increased customer satisfaction, the quality of new homes and the positive impact on the environment will be balanced with any impairment on the Group FBP of decisions to be made.

From 2023 funding is becoming increasingly available from Homes England to support programmes that remove obsolete housing stock and contribute to a better future. Funding can also be available from off site Section 106 contributions through local authority partners.

During the life of this Strategy the original Wychavon District Council (WDC) Stock Transfer Claw Back agreement comes to an end (September 2024) and therefore we will consider the use of Preserved Right to Buy Receipts and explore a potential Voluntary Sales policy that will allow existing customers in former WDC housing stock to purchase a stake in their home, a policy that is denied by the current "Claw

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Back” agreement” as an opportunity to raise capital whilst maintaining the supply of affordable housing.

## 11 Professional and skilled

We accept that due to the upcoming expected changes in our external environment as well as the ambitious challenges we have set; we need to ensure that our internal resources are experienced, knowledgeable and operating at the optimum efficiency.

We also want to embed a culture of cross-team working, shared learning and personal development. Based on the commitments within this Strategy and supporting Action Plan we will carry out a full team and service review to confirm that we have a robust structure in place.

We will provide a range of opportunities for professional development for our current team and also potentially bring new people to Rooftop who can bring new perspectives, knowledge and expertise to the team.

In addition, installation and ongoing maintenance of energy efficiency measures will be, in some cases, new to Rooftop. It is important that a skills audit and resource gap analysis is carried out for Rooftop and their contractors. New contracts may be required for additional servicing and repair of complex Mechanical and Electrical (M&E) systems.

We will provide training to our teams to gain better knowledge in carbon awareness, technical solutions and operation and servicing. We will work alongside our contractor partners to create and deliver these skills, training and employment opportunities through their social value commitments.

## 12 Review

Asset investment is becoming increasingly complex and changeable, so this Strategy is agile to accommodate further changes in regulatory requirements.

This Strategy will be reviewed every three years unless there are major changes in legislation or good practice and to ensure that they are revised to reflect any financial and operational impacts arising from any material changes to the assumptions made at the time of this Strategy. A report to the Board on progress will be made annually.

The Strategy will largely be monitored through the supporting Action Plan, which will be cascaded into the Asset Investment team plan, individual targets and personal objectives.

## 13 Appendix – Strategy three year Action Plan