

thirteen

Managing and building homes

# Asset Management Strategy 2023-26



# Executive Summary

**At Thirteen, we want to make a positive difference to communities.**

Our assets are much more than bricks and mortar, they play an important role in shaping the social, environmental and economic wellbeing of our customers and the local communities.

The delivery of this strategy is a key element in our strategic plan. It builds on our success and delivery of our priorities and aligns with our community resilience strategy, its wider locality plans and development strategy.

Thirteen Priorities	AM Strategy - Strategic Objectives
Priority 1: Great Customer Experience	Objective 1 - Achieving the future homes standard Objective 2 - Enabling effective & efficient service delivery - New
Priority 2: Quality Places to Live and Improving Neighbourhoods	Objective 3 - Creating great places where people are proud to live Objective 4 - Acquisition, remodelling, disinvestment and disposal
Priority 3: Being Team Thirteen	Objective 5 - Keeping safe, legal and compliant Objective 6 - Raising our profile
Priority 4: Delivering our commitment to net zero and reducing environmental impacts	Objective 7 - Developing and delivering our corporate environmental approach Objective 8 - Integrate the plan and begin to deliver the retrofit of the portfolio - New
Business Essentials	
Everything safe, understand customer need, strong financials, data integrity and insight, simplify the way we work, clear communication, ESG and social value return	

Housing needs are changing and we're continuing to see an aging population. To help us meet these demands and changes it's vital that we understand the performance and the long-term value of our properties.

Our homes are the biggest opportunity to reduce our carbon footprint. Improving the energy efficiency of our existing homes will support our net zero targets and improve overall home quality; lower energy usage for customers; and have a positive impact on customers' wellbeing.

The strategy sets out our long-term approach to our ambitious investment programme, our partnership framework, and reaffirms our commitment to ensuring our customers' homes are well maintained, warm, safe and secure and meet the needs of current and future generations.



# Making a Difference

**At Thirteen, we're all about providing homes, support and opportunities to grow. With a vision to provide safe, quality homes and services to the environmental standards that matter to our customers, we understand that everyone is an individual.**

We offer a home for their life. Whether that's a space to enjoy with family, a haven to return to every night or somewhere to put down roots, we're there to provide what customers need.

We exist for our customers and that's why our ultimate commitment is being a great housing association and landlord – but we're about more than just rented homes. We also build new

properties for outright sale including affordable options to help people get a foot onto the housing ladder.

However, providing homes is only part of the Thirteen story. We want to help people live independently and be the best they can be, creating resilient communities that know how to help themselves.

Our strategy and plans for the business don't just stem from what we think is the right thing to do. They're created through understanding the context we operate in and through genuine consultation; listening to our customers, colleagues and partners and understanding their priorities so

we can make the biggest difference to people, communities and our wider areas of operation.

That's why we take all the feedback about future priorities from customers, partners and colleagues to review and update Thirteen's strategic plan for the next five years, supported by an updated financial plan. It's a tough balancing act with rising costs for many goods and services due to inflation, supply chain issues, and labour shortages. This strategy sets out our long-term approach for providing well maintained, warm, safe and secure homes and high-quality living environments to meet the needs of our current and future customers.



# Our Philosophy

## Our vision

We provide safe, quality homes and services to the best environmental standards that matter to our customers.

## Our mission

As a charitable housing association, Thirteen exists to provide housing and support services across the North East of England, Yorkshire and the Humber region. We are here for anyone who needs a home and maybe a helping hand. We work to improve the fabric of places where our customers live.

## Values

Our values are:

- **Considerate** in the way we do things
- **Smart** in how we do things
- **Progressive** in getting things done

## Our geographic focus

We operate across the North East, Yorkshire and the Humber region. Our regeneration and social value work is focused in the Tees Valley.

## Our core activities

Homes for rent, shared ownership, outright sale, construction services, care and support, jobs and advice.

## Our priorities

- Great customer experience
- Quality places to live and improving neighbourhoods
- Being Team Thirteen
- Net zero and reducing environmental impacts

## Our essentials

- Everything safe
- We understand customers' needs
- We have strong financials
- Data integrity and insight
- Simplify the way we work
- Have clear communication
- ESG and social value



# Operating Context and Approach

The 2022 sector risk profile published by the regulator of social housing in 2022 pointed to the following:

“The UK has faced a sequence of severe and ongoing macroeconomic shocks over the past three years, from Brexit, Covid-19, and from Russia’s invasion of Ukraine. Providers continue to face an extremely uncertain operating environment. High inflation, a tight labour market, and the residual impact of the pandemic on supply chains have increased costs for providers. Providers are also facing higher borrowing costs, both from substantially rising interest rates and from widening spreads on debt. At the same time, income streams are facing greater than usual uncertainty, with significant headwinds in the housing market and the government consulting on capping social housing rent increases. There remains a possibility of further unexpected shocks.

Against this backdrop, providers are looking to undertake substantial investment in existing stock to deliver against quality, building safety, and decarbonisation commitments, as well as continuing to invest in much needed new housing supply. This planned activity has resulted in a further reduction in provider’s forecast interest cover. Reduced financial headroom is likely to reduce some provider’s capacity to cope with further financial shock and some boards will need to make difficult decisions to maintain financial resilience while delivering essential services.”

The sector is also facing several key external drivers that will influence this strategy over its delivery period. Over the past 12-18 months, there has been widespread consultation and debate, but in many areas, there remains a lack of absolute clarity around what future regulation, standards and funding regimes might look like.

Some of the key areas currently identified over the life of this strategy are:

- Fire Safety Act 2021 and Building Safety Bill 2021
- Social Housing White Paper & Tenant Satisfaction Measures 2020
- Clean Growth Strategy 2021
- Quality Lifetime Homes – the future of the Decent Homes Standard
- Future Homes Standard 2025
- Regulator of Social Housing Sector Risk Profile – 2022

In addition, there has been a substantial degree of stakeholder and media scrutiny on stock quality issues in the sector, most recently focused on issues around damp and mould, and this has the potential to continue, particularly as increased energy costs could heighten fuel poverty and underscore issues of poor thermal efficiency.

The regulator has clearly stated that providers lacking good quality data on the condition and compliance position of their stock risk failure to comply with statutory requirements and places their tenants in danger and consequently outlines ways to identify issues i.e., undertaking 20% stock condition surveys each year.

The existing 2021-2026 asset management strategy is therefore being refreshed rather than rewritten and continues to be based on a dynamic and active asset management approach. There’s likely to be an unprecedented set of new home standards which will be published during the lifetime of this strategy and therefore we have kept to 2026 for viable lifetime. Our strategic asset management aim is underpinned by the principles of establishing a golden thread of asset data and excellent customer insight. This ensures we understand the long-term financial value and required investment to meet new building safety, fire safety, energy efficiency regulations, new consumer standards and changing expectations of our customers.



Most of Thirteen's income is from rent, and our board must balance and prioritise where this is spent. Firstly, we've continued to prioritise keeping everyone safe - customers and colleagues - and include costs for keeping customers' homes safe and the day-to-day items we need to do this. More recent years have seen a significant shift within the housing sector generally towards health and safety, compliance and asset management. The catalyst for this was the Grenfell Tower fire in June 2017 and the resulting Hackitt review, which ultimately led to the passing into law of the Building Safety Act 2022 and changes to the Fire Safety (England) Regulations 2022. Thirteen has already put in place all compliance requirements associated and have live plans around both pieces of legislation.

We've recently reconsidered what we need to invest in customers' homes to meet legal standards as well as those we've set with customers. We have an agreed Thirteen homes standard which is higher than the legal decent homes standard. This means that investment in customers' homes will double from about £30m each year to over £60m each

year over the next five years. We will continue to keep this investment under review so that we can ensure it is targeted towards the right priorities for both the business and our customers.

Finally, with what's left of the resources we have, we'll step up investment in building more much-needed new affordable homes across the North East, Yorkshire and Humber. In total, we plan to invest around £1bn over the next five years in current customers' homes and in building new homes for new Thirteen customers. We've also started to think about the investment we need to decarbonise our current homes, and we're delighted to have secured funding from the government's Social Housing Decarbonisation Fund to help do this.

### Lines of sight

This asset management strategy sets out eight objectives, two of which are new areas of intent focus, with a golden thread to Thirteen's four priorities and underpinned by our business essentials, as shown below.

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## Vision

To provide safe, quality homes and services to the best environmental standards that matter to our customers. The Assets directorate exists to support the delivery of this vision, providing effective management of all group assets as well as the enabling and support services which bring this to life!

### Great Customer Experience

In line with the social housing white paper, customers have told us they want to feel safe in their home, be listened to and treated with respect.



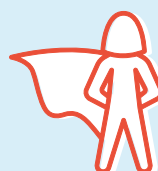
### Quality Places to Live & Improving Neighbourhoods

Make a major contribution to the regeneration of the communities we work in across the Tees Valley and in our expanding footprint areas such as West Yorkshire and Humberside.



### Team Thirteen

Ensuring we become even more customer focused, that people have a great offer and are skilled to deliver the best service, and we embrace automation and digitisation.



### Net Zero & Reducing Environmental Impacts

We're taking action to reduce our carbon footprint and deliver on our commitments to be net zero on our direct carbon emissions by 2035 and all emissions by 2050.



Asset Management



Strategy Objectives

### Simplifying What We Do

- Thirteen property standard
- Asset data review
- Asset strategy
- Commercial property strategy
- Sm@rt & disinvestment
- Hudson Quay rethink



### Strong Financials

- Partnership framework
- Investment plan delivery
- Managed stores model
- Fleet review
- Estate services delivery
- Service led initiatives



### Everything Safe

- Building safety framework
- Property compliance
- Building support operations
- CAT2 CCTV control room
- Competency framework
- Digitisation



### Reduced Environmental Impacts

- Retrofit projects
- EPC C plans
- Parity modelling
- TRC optimisation
- Upcycling project
- Biodiversity initiatives



## Stock Profile

Our properties are our customers' homes and our brand.

In July 2021, we acquired 1,400 properties from another housing provider, and today we own over 34,000 properties and manage over 35,000 homes, with over 1,500 colleagues providing services for more than 72,000 customers.

Most of our homes are in our Tees Valley heartland, but we're actively expanding our presence throughout the North East, Yorkshire and the Humber region, with a growing development programme to meet housing needs.





The age profile of our homes ranges from early 1800s through to modern day, providing its own unique challenges in respect to ongoing maintenance requirements and investment needs.

Within our portfolio we have 14 high-rise tower blocks ranging from six to 17 storeys. Two of these blocks are currently being decommissioned\* and the demolition process will start during 2023/24. These are shown below:

Local Authority Area	Block Name
Stockton	3 x Blocks at Kennedy Gardens
	Dawson House
	Hume House
	Nolan House
	Prior Court
	Melsonby Court
Middlesbrough	Welton House
	Thorntree House*
	Fleet House*
	Glastonbury House
Hartlepool	Titan House
Newcastle	Mascot House

While most of our portfolio is of traditional construction, around 2,200 properties are non-traditional, ranging from timber and steel framed to concrete systems such as Wimpey no-fines and Unity.

In addition to residential properties, we also have over 3,000 garages, 176 shops predominately in residential estates, which provide services for our communities and by investing in them we are supporting small businesses and improving the estates where they are located. We also have 40 substations, 29 commercial buildings, 12 mobile telephone masts and nine offices within our property portfolio.

Major building components have a finite lifetime, and our major component replacement cycles are:

Component	Thirteen Life Cycle (Years)
Kitchen	20
Bathroom	30
Boilers	15
Heating system (radiators and pipework)	30
Windows	30
External doors	30
Electrics (wiring)	50
Pitched roof covering	60

We have a long-term investment programme of over £1billion over 30-years to update our homes, over the course of the next five years. This includes around £300m of planned investment in our homes and across our estates.

To make informed decisions as to where to invest, when and what in, we continually update our stock condition database, aiming for 100% stock condition surveys every five years, in line with our five-year investment programme, which also informs our 30-year business plan at the same time. Decisions are then made based upon age and condition.

Our most recent survey plan was approved by Board in July 2022 and annual updates around data collection and stock data in general will continue to be provided.

Before we replace major mechanical and/ or electrical components such as a fire alarm panel or a lift for example, we consider the total cost of ownership, which includes not only the capital expenditure (CAPEX) to supply and fit the component, but also the operating expenditure (OPEX) to service and maintain it for the whole of its lifecycle.

# Asset Management

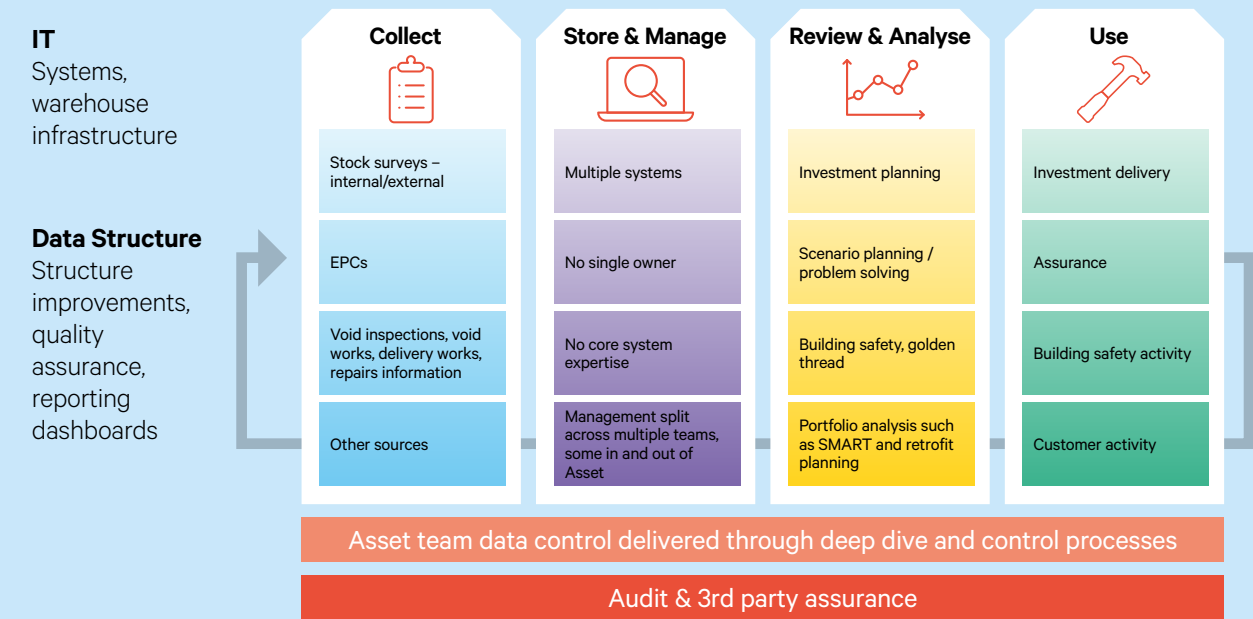
Asset management means managing, maintaining and maximising the social and commercial value of our stock in a way that delivers value for money by optimising the return to Thirteen through achieving the right balance between time, cost and quality of investment.

Asset management is important for Thirteen because:

- Thirteen is an asset-orientated business and our assets are our economic engine;
- Income generated from rent is used to fund the business’ strategic aims and objectives; and
- While our assets are the greatest cost to the business, they are also the business’ main source of income and for that reason are our most significant risk, therefore effective asset management is crucial to meeting the business aims and long-term aspirations.

## Asset Data and Collection

The ongoing collection and management of asset data underpins Thirteen’s ultimate home quality (Priority 2), investment works and regulatory compliance such as Decent Homes Standard (DHS).





We understand that we need to improve our field of view when it comes to the condition of our homes and must learn from the recent experience around the prevalence of damp and mould within our stock. That's why over the next year we will be targeting 12,000 stock condition surveys to inform our investment approach and to use the data alongside repairs trend information contained within our property MOT dashboard to plan proactively in areas such as improving ventilation and roofing renewals.

### **Technology and IOT**

That said, it is important that we also recognise the limitations associated with a stock condition survey as a point in time. Realistically to understand what is happening behind the front door from a conditional point of view, we need to gather as much intelligence as we can in a dynamic way. That's why alongside our retrofit and heating renewal schemes we will be specifying technology that will help us understand things such as warmth and humidity that can be contributory factors to maintenance issues.

### **Data quality and integrity**

Our asset data is subjected to regular audits that include a review of processes and systems in place with respect to Thirteen's asset management function, with the purpose of ensuring there is an

adequate and effective asset management strategy, supporting systems and operating procedure to ensure that it complies with the Decent Homes Standard, with respect to the condition of our housing stock.

A wider asset data review project prioritises and delivers both audit actions and improvements as identified by asset, repairs and maintenance and other teams. The first aim is to streamline the data processing from voids, repairs and planned delivery, to ensure the system is kept up to date in real time and have robust controls. This provides further assurance of future planned investment work, alongside the refreshed survey plan.

### **Data storage**

MRI Asset Management (formerly ProMaster) is the main system with property component data being collected and updated through a five-year rolling stock condition survey programme, using in-house and outsourced stock condition surveys. The data collected is used to inform and direct the five-year investment plan and DHS reporting and will see the refurbishment and upgrade of thousands of our homes.



# Sustainability

We continue to make informed decisions and optimise the use of our property portfolio using a combination of strategic asset management and our Sustainability Modelling and Risk Tool – SM@RT.

Understanding the sustainability and longevity of an asset is a complex process and to do this we use three lenses:

- A granular lens to assess how an individual property is performing;
- A broad lens to assess a street, block or patch of properties; and
- A wide-angle lens to assess a whole estate.

Our portfolio is subdivided into five categories with category one being the best performing, and category five being the least performing. In the granular sense, properties categorised between one and three are sustainable.

Category four and five properties will be looked at using broad and wide-angle lenses to understand their wider impact.

Using a dynamic Power BI dashboard, we can see and track the number of properties moving within these five categories between any given time period.

## SM@RT

The ongoing collection and management of asset data underpins Thirteen's ultimate home quality (Priority 2), investment work and regulatory compliance such as decent homes standard (DHS).

Developed in-house, SM@RT utilises various data sources to provide property, street and estate level net present value (NPV), internal rate of return (IRR) and sustainability scores using actual void and bad debt rates, housing management, cyclical maintenance and general maintenance costs, as well as current rent levels.

SM@RT can take this a step further using scenario modelling, which helps us to make informed decisions by projecting a potential NPV, sustainability score and return on investment.





## Stakeholder engagement

Stakeholder engagement and consultation is vital to ensure compliance with the regulatory consumer standards.

Good insight into our customers means having a real understanding of what our customers need, want or aspire to, based on who they are and the way they think and behave.

To capture this insight there are six streams of work that form part of the customer involvement framework.

1. Regulatory Standard Assurance
2. Building Safety and Property Compliance
3. Policy Development
4. Performance Monitoring
5. Community Fund
6. Service Improvement.

All of these are led by a customer stream lead who works closely with the Chair of the customer involvement framework to ensure satisfaction with the involvement activity and outcomes. This is also the mechanism for reporting on involvement activity to the Board and communicating Board information to the rest of the customers in the framework.

In addition, before investment and compliance work, we hold customer consultation sessions to ensure our customers know what work is going to be done together with anticipated start and completion dates.

## Facilities Management

Facilities Management enables the business to operate effectively and efficiently in delivering services to customers and colleagues.

With outputs aligned to the delivery of Thirteen's Strategic Priorities, this service area delivers the following:

- Building support; including cleaning services, hospitality services, CCTV monitoring and out of hours call handling
- Supply chain; including managed stores and fleet management
- Thirteen recycling facilities
- Estate services
- Commercial property management; including colleague offer and income generating commercial portfolio

While it's required to react to the needs of the business, colleagues and customers; facilities management is underpinned by:

- Data, insight and engagement
- Research and horizon scanning
- Scenario planning and robust performance / contract management

Fundamentally, Thirteen's facilities management offer is derived from the following three principles:

**PEOPLE | PRODUCT | PROCESS**



# Objective 1

Achieving the  
Future Homes Standard

Improving decency,  
energy efficiency and  
reducing fuel poverty

Our current position

## Decent Homes Standard

Introduced in 2000 the Decent Homes Standard ensures that all customers have access to a minimum standard of living, and we continue to achieve this standard for all our homes where customers have agreed to planned investment work.

## Housing Health and Safety Rating System (HHSRS)

HHSRS is a risk-based evaluation tool used to identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings. The HHSRS is incorporated within Thirteen's housing stock condition survey. Category 1 Hazards are dealt with reactively and responsively as they are reported and identified to us under a 24-hour service level agreement for assessment.

## Thirteen property standards

We have worked with our customers to deliver a Thirteen standard that exceeds the Decent Homes benchmark to achieve high levels of customer satisfaction. The bulk of our material supply chain is handled through our established relationship with Travis Perkins. The revised property standard was recently approved by Board in November 2022 and now includes smart thermostats being installed alongside our heating programme to enable customers to track energy use more easily, supporting cost of energy initiatives, include condensation sensors as a proactive solution

for identifying damp and mould and enable data sharing with Thirteen to support our existing home retrofit roll-out.

## Energy performance

Thirteen has committed to all existing homes being a minimum of a C-rating by 2030 and a business net-zero strategy commitment by 2050. We monitor performance against the 2030 target quarterly via a strategic Key Performance Indicator (KPI).

We currently have data for c11,000 homes below a C; of these, 10,500 are EPC-D rated. D-rated homes can almost always achieve EPC-C through the existing Decent Home Standard (DHS) and standard upgrades (such as loft insulation, boilers, and doors / windows). While there will be some anomalies (i.e., gable ends; high-rises; flats; an occasional need for more substantial lighting upgrades; etc), 99% of the estimated costs required to upgrade this group of homes (£92m) is included in the 30-year financial plan. As an example, a boiler upgrade achieves almost 10 Standard Assessment Procedure (SAP) points, and we replace c2,500 a year (almost 20,000 to be completed before 2030). This on its own is enough to get most D-rated homes to a C, leaving only minor interventions to complete.

## Independent living

We can help people live independently for as long as possible by providing homes that meet their needs. Not only that; we also adapt homes provide specialist support services and can even help create support packages to prevent people from being admitted to hospital or care homes.

## Property retrofitting and technology

As an organisation, we recognise that environmentally retrofitting c35,000 existing homes is complex, time consuming and requires significant capital and revenue investment. Over the last five years, we have completed several small-scale technological pilots aimed at improving energy efficiency and aimed towards a net zero carbon future.

Our short-term aim is now to learn from these pilots and to develop a robust, detailed and updated cost position that aligns with our existing investment plans and provides clarity for both Thirteen and the overall long-term investment for the portfolio.

### **Holistic portfolio improvement plan**

In partnership with Savills, we developed a new approach to understand the long-term financial requirements to maintain and improve our property portfolio.

The new approach blends traditional elements of a 30-year stock condition plan, such as component replacement, as well as a detailed understanding of our complex building demands to meet building safety regulations. It also addresses any future changes needed to meet carbon reduction, property technology, digital integration.

Building on this work and learning from the pilots, we can now commit to having the Integrated Investment and Retrofit Plan completed under this strategy (see objective 8). This will be maintained on an ongoing basis to better support finance modelling linked to rents; budgets; the Business Plan; internal delivery; and partners, as we can inform and mobilise schemes earlier than ever before.

This will be based on a full portfolio model, specialist input and wider consultations with colleagues and customers. It will be aligned to existing components for phasing and will include projections on new homes and options for extending beyond 2050 with corresponding carbon offsetting.

As a result of our planned approach, the Integrated Investment and Retrofit Plan will be the sector's first investment and retrofit plan that achieves a net-zero housing portfolio (Greenhouse Gas (GHG) Scope 3 emissions).

### **Decent Homes 2**

As part of the recognition in the government's green paper – a 'new deal' for social housing – of the need to rebuild trust with communities and improve housing safety, Savills who work closely with local authorities and registered social landlords, investors and developers believe that it is time for a comprehensive review to consider the following points:

- The Decent Homes Standard must be simplified and updated.
- Thermal performance must be more effectively incorporated. The government's 'Clean Growth Strategy' anticipates that all fuel-poor homes will be upgraded to Energy Performance Certificate Band C by 2030 (where practical to do so). An updated Decent Homes Standard should be an integral part of delivering this aim.
- Clarity is needed on component lifecycles. The 'modern facilities' and 'component renewals' sections are confusing – especially around component life cycles. The two sections should be merged, and component lifecycles aligned.
- New health and safety regulations are likely to emerge as a result of the Homes (Fitness for Human Habitation) Bill. The standard will need to comply with these new rules, with the additional costs assessed and a programme to achieve compliance agreed.
- The security and safety of the environment on estates. Evidence from customer consultations suggests that there should be a much greater focus on the estate environment. The Grenfell Inquiry is already casting light on weaknesses in this area and policymakers should respond accordingly.
- Work to introduce an updated Decent Homes Standard should also explore scope for providing connectivity to ensure the digital inclusion of customers now and into the future.





### Key goals

To meet this objective, we'll:

- Develop an Integrated Investment and Retrofit Plan for review by Committee by September 2023, to be considered as part of the 2023-24 budget and business planning process.
- Closely monitor the scope and proposed implementation date for Decent Homes 2 and assess any potential actions and associated impacts at the earliest opportunity.
- Successfully implement the revised Thirteen property standard as part of ongoing investment work.
- Invest a further £3.6m by 2026 in adaptations associated with improving independent living arrangements.
- Aim to invest over £100m in over 20,000 properties utilising a partnership approach over five years.

### Measures of success

- Have a plan in place ready to achieve the Future Homes Standard in 2026.
- Have a plan in place to deliver potential Decent Homes 2 requirements.
- Work towards achieving an Energy Performance Score of 69 / Band C for all properties by 2030, where practical to do so.
- Have a sufficient number of adapted homes within the portfolio to match demand so that older people can stay in their homes for longer.

# Objective 2

## Enabling effective and efficient service delivery

Delivering successful support services that enable the business to operate effectively and efficiently in delivering services to customers and colleagues.

## Our current position

Facilities management infrastructure is currently supporting colleagues to deliver their service through the work's environment provision and our supply chain offer.

## Colleague offer

We support over 1,500 colleagues to work effectively and efficiently and our offer is centred around our working environment and ethos of:

Home-based
Deliver most tasks from home provided it can be done safely, comfortably and confidentially. Flexibility to travel to meet colleagues when the need arises and make use of hub facilities.
Roaming
While basing themselves from home regularly, colleagues will also work from different places, ensuring they're the most productive with their time.
Hub-based
Based at a Thirteen hub because they're dealing with customers in person, or they need to access key equipment etc
Hub
Thirteen workspace - ie depot, scheme, Touchpoint etc
Operative
Work in much the same way as a roaming colleague but likely to move around from site to site or property to property more often, depending on the work they need to do.

In addition to the main office hubs at Hudson Quay and Thirteen Recycling Centre, colleagues also work from over 50 other locations including supported housing schemes, community buildings, site offices and supply depots.

## Managed stores

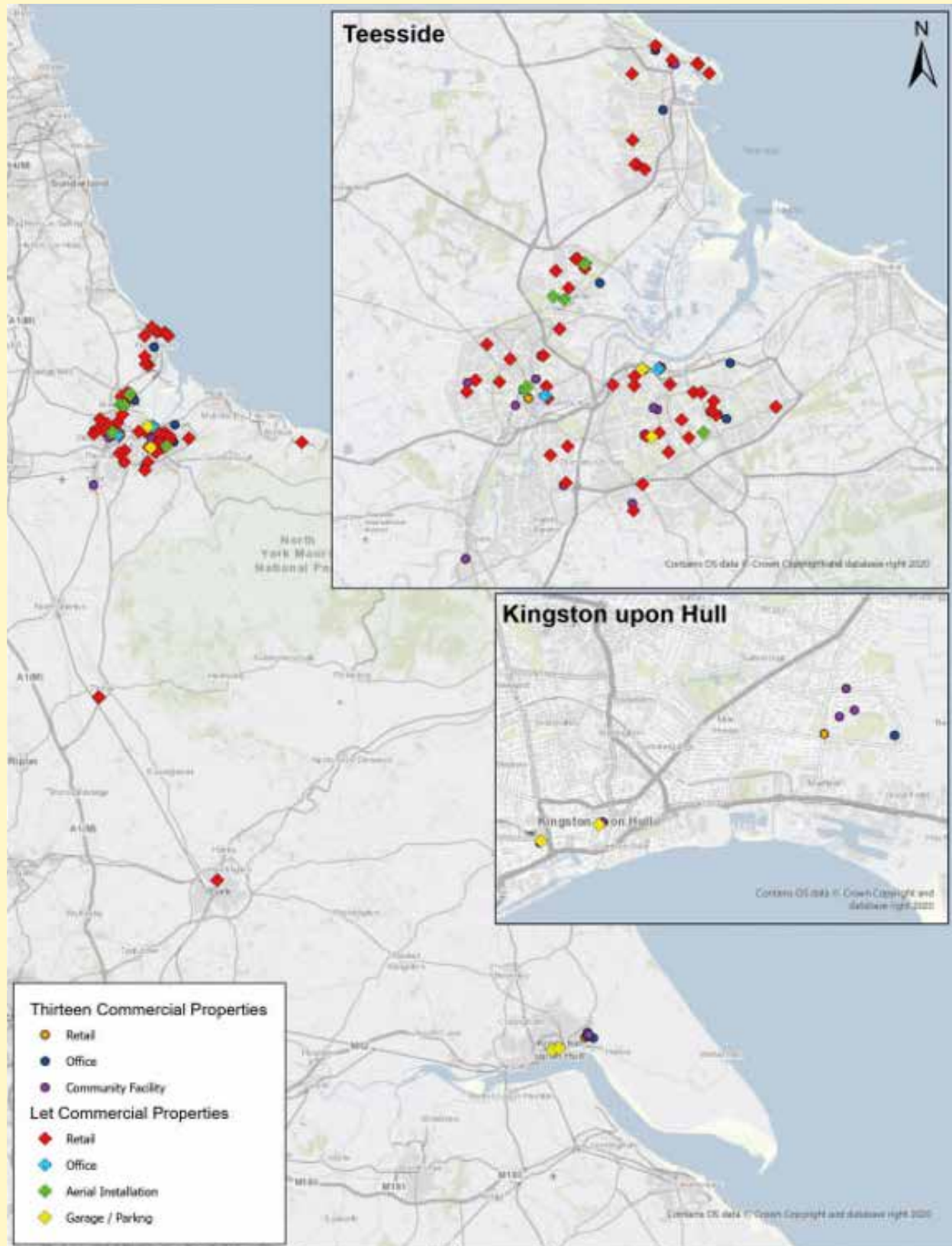
Our colleagues in Repairs and Maintenance, Voids and Investment are served by our managed stores partnership with Travis Perkins. The Supply Chain service area manages this partnership and provides over 5,650 products to the business for work on Thirteen properties. On average, we complete over 1.1 million transactions per year through this partnership.

## Key goals

- Managed stores hub location at Stockton operational by 2023/24, with 'click and collect' model operational by 2024/25
- Fleet transition of 400 new vehicles to colleagues during 2023/24
- Deliver Middlesbrough Touchpoint customer offer during 2023/24
- Engage colleagues across the business to shape the colleague offer
- Reopen café provision at Hudson Quay in 2023/24.

## Measures of success

- Managed stores KPIs evidencing an effective and efficient operational delivery and excellent customer experience
- Plan in place for the future of the Thirteen physical colleague offer for next three to five years.



# Objective 3

## **Creating great places where people are proud to live**

Our approach to creating quality places will provide more welcoming communities, through delivering various environmental, investment and neighbourhood improvements.

## **Our current position** **Housing stock**

Our asset base is worth over £1bn and we will continue to invest in our properties, internally and externally, to ensure that they are well maintained and fit for purpose.

Our property portfolio is diverse and across a wide geographic spread. In some locations we own a high number of properties, particularly within the Tees Valley, whereas in other locations we own very few properties. As a result, we are unable to provide the services that we offer to the standards that we would like and influence and improve the area.

## **Repairs and maintenance**

Repairs, maintenance and void services are primarily carried out by our in-house repairs and maintenance team.

The repairs and maintenance team delivers three repair priorities – emergency (within 24 hours), appointable (based on the next available appointment most convenient to the customer, completed within 28 days) and planned.

The booking system allows operatives availability to be determined quickly, giving the customer the best appointment available. Flexible options for the customer include morning, afternoon, all day, or to avoid school runs

Repairs can be reported through the self-service portal My Thirteen, the contact team or by visiting a Touchpoint location.

Once the repair is booked in, the customer will receive:

- An email and text confirming their appointment, provided the customer has supplied their contact details.
- A reminder the day before the appointment.
- A text when the trade operative is on their way to the property.

The repairs and maintenance team aim to complete repairs 'right first time', provide homes that are comfortable for our customers to live in, prevent our homes from falling into disrepair and provide continuous communication with the customer throughout the repair process.

## **Voids**

When a property becomes void and the investment work that is required to bring the property up to the Thirteen lettable standard has been determined, the void team will work to turn the property around as quickly as possible and within set timescales.

## **Capital investment**

Delivery of the annual capital investment programme is split between our in-house investment delivery team and the appointment of external contractors managed and monitored by the external investment delivery team.

Other specialist contractors are employed for day-to-day repairs services as well as planned and cyclical programmes for things like lift and door entry repairs and renewals, shutter doors, mechanical and electrical ventilation systems etc.

Service delivery will embrace equality of opportunity and we will treat all customers with dignity, fairness and respect. We recognise that we have an ethical and a legal duty to advance equality of opportunity and to prevent discrimination of any sort. We also recognise that some customers and communities may have specific needs that can require flexible approaches and we will adapt our services accordingly where it is practicable to do so.



### Major works delivery (partnership framework)

We have recently entered a new partnership framework with three principal contractors now signed on for the next five years. The key goal of this process was to provide long-term delivery capability and capacity to support the growth in our home investment and decarbonisation plans. This framework and related plans and procedures will enable outsourced investment work to start earlier in each delivery year through better forward visibility (via the rolling five-year plan) and by accelerating the contract award process. Visibility of the five-year plan will help partners plan resources and availability in an increasingly competitive market, ensuring Thirteen's work is high priority compared to shorter notice procurements.

All framework work packages for 2023/24 are now being issued by our procurement team and engagement meetings with the partners have taken place to outline the full programme.



### Neighbourhood improvements

While we aspire to provide well maintained homes, we need to consider the age and design of our estates and balance this with the expectations of our customers. We know that the design and layout of some of our pre-war estates present several challenges and opportunities to ensure they can meet the needs of our current and future customers and that investment needs remain affordable in the longer term.

As part of our five-year planning consultation exercise, we explored with our involved customers their current experience of living in their home, the wider estate and their future aspirations including what, if any, improvements would deliver quality homes in places people want to live now and in the future. The outcomes from these conversations will continue to inform our future investment decisions from 2023 and beyond.

### Garages and garage sites

We have a large number of garages and former garage sites where garage blocks have been demolished across the Tees Valley, an active action plan has been developed to manage this garage portfolio and this is actively kept under review.

### Estate services

We provide grounds maintenance and estate care, in order to maintain Thirteen land ownership and open spaces to the highest environmental standards and to the benefit of the local community. We provide these services across over one million square metres of green space on a twice-weekly cycle and as well as caring for and maintaining over five thousand trees.

We have also introduced grounds maintenance inspectors – customer volunteers who check on the quality of the work and report their findings. We work with partner organisations on projects to transform local areas, with £5m of environmental work already in the pipeline.

## Clean sweeps and tidy-ups

Launched in 2017, the main aim of the clean sweeps and tidy-ups is to keep streets in the neighbourhoods that we manage looking clean and attractive and help them to be areas where customers really want to live. The streets are swept, pavements cleared, bushes and hedges are cut back, potential bonfire sites are cleared, and larger items of household waste and other rubbish that has been fly-tipped is removed.

Most clean sweeps last for either a half or a full day, and to encourage customers to come along and help.

## Locality plans

Some of the communities which we serve have deep rooted physical and social challenges, which impact upon the desirability of our portfolio and the sustainability of tenancies. Locality plans have been developed for these areas and the objectives and actions from the delivery of this strategy supplement and support the work going on to deliver these plans. This collaboration ensures that local communities can be improved to benefit customers and the areas they live in by working together.



## Key goals

To meet this objective we'll:

- Continue to work through the actions set out in the garage action plan – demolishing garages and garage sites which are not fit for purpose and provide off-street parking where possible; and refurbishing garages to include new doors, replacement roofs and repairs to the structure and forecourt area.
- Invest a further £300m over the next five years to improve customers' homes.
- Disinvest and dispose of properties where we do not have other stock within close proximity, whether they are core or non-core and especially if they are unsustainable.
- Continue to invest and put in place interventions to raise customer aspirations and the desirability of estates in which we operate.

## Measures of success

- Increase in customer perception and satisfaction.
- Reduction in ASB, tenancy turnover, void times and void spend which may be easily associated with implemented investment strategies.
- A more sustainable property portfolio with increased value.
- Benchmarked value for money performance across all areas of investment activity.

# Objective 4

## Acquisition, remodelling, disinvestment and disposal

Scenario modelling outputs from SM@RT and feedback from the cross-directorate represented Property Appraisal Group helps us make informed decisions around acquisition, remodelling, disinvestment and disposal.

### Our current position

#### Acquisition

We will consider any acquisition opportunity, particularly within the Tees Valley but also further afield, so long as:

- The opportunity is in line with Thirteen's strategic acquisition playbook and considerate of 'red lines' around archetypes and tenancy performance matters.
- The acquisition of the property(s) is aligned to Thirteen's four strategic priorities and business essentials.
- The property(s) meets customer need and there is good foresight for future demand.
- The property(s) is within a local authority area where Thirteen already operates and within proximity to other Thirteen owned properties.
- The property(s) is not within an area where we are currently disposing or potentially looking to dispose of property.
- The property(s) can be effectively "managed" in terms of neighbourhood support and repairs and maintenance.
- The portfolio will return a positive Net Present Value (NPV) and rate of return for the business and proven not be detrimental to the organisation's financial plan and associated VFM metrics based on the best information available at that time.

## Remodelling

In some instances, remodelling a property rather than investing in it may prove better value for money, particularly if it is categorised as unsustainable.

## Disinvestment and disposal

Using business intelligence as well as considering property condition and investment requirements, we will look to potentially disinvest and dispose of a property if it is financially and socially unsustainable – there is a high spend of investment required which does not represent value for money and/ or there are tenancy management issues, particularly if it is an outlier and we have limited stock in an area.

### Disinvestment and disposal can be either sale or demolition.

Where the decision has been made to disinvest and dispose of a property, in line with pre-agreed option appraisal processes and levels of delegated authority, we have a sustainability and disposals process which includes "ethical disposal".



## Key goals

To meet this objective:

- Where appropriate, we will continue to acquire financially and socially sustainable properties, ideally within the Tees Valley, to strengthen our strong holding.
- We will continue to put in place interventions for category four and five properties which may be underperforming but have the potential to generate a positive financial and/ or social return.
- Repurpose, remodel or disinvest and dispose of category four and five properties, which will never provide a positive financial and / or social return.
- To establish disinvestment criteria to ensure that we have a robust model.
- Commercial portfolio survey and appraisal to confirm viability and investment requirements in this area by 2024.

## Measures of success

- To have a long-term sustainable property portfolio that meets the needs of current and future customers.
- By repurposing, remodeling or disinvesting and disposing of category four and five properties the property portfolio will generate greater returns on investment (ROI) – a ratio between net profit and cost of investment used to evaluate efficiency.





# Objective 5

## Keeping safe, legal and compliant

Continuing to maintain regulatory and legislative compliance requirements and building safety standards.

Under the Regulator for Social Housing Consumer Standards, Associations must: 'meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes'. This also applies to compliance with health and safety requirements within our communal areas for our customers, colleagues and stakeholders.

## Our current position

As a registered provider of social housing we have statutory and regulatory obligations to ensure our homes are compliant with standards and legislation in several key areas. The Compliance team with specialists in each field are responsible to ensure that we adhere to these standards and laws.

## The 'Big 6' compliance areas

The key health and safety legislation that we must comply with includes:

### 1. Gas

Gas Safety (Installation & Use) Regulations 1998.

### 2. Electrical

BS 7671 IET Wiring Regulations Eighteenth Edition - 2019, BS 5839 Fire Detection and Fire Alarm Systems for Buildings - 2017

### 3. Asbestos

Control of Asbestos Regulations 2012.

### 4. Water hygiene

L8 Approved Code of Practice (ACOP) 2001 amended 2013 - to protect from risk of exposure to Legionella.

### 5. Lifting equipment

Lifting Operations & Lifting Equipment Regulations 1998 (LOLER).

### 6. Fire risk assessment



## Building Safety Bill

### Fire risk and building safety

Following the Grenfell tragedy in June 2017, we inspected all our high-rise buildings, and where panels which contained Aluminium Composite Material (ACM) were identified, they were quickly removed and replaced. As a result of this work, none of our remaining high-rise buildings require further safety remediation work.

After the findings and recommendations from the 'Building a Safer Future' report, our building safety team are responsible for ensuring all compliance aspects associated with building safety, particularly where there is a safety or servicing requirement are well managed in all high-risk residential buildings (HRRBs).

We have developed an assurance map that covers our building safety activity, in line with the wider business assurance approach. This is designed to provide clarity and a central document that contains all the different activities undertaken to keep customers and buildings safe. A further development from this is to be the development of a clear, documented organisation structure chart that contains all the relevant legislative roles (such as principal accountable person and responsible person).

## Assurance Map for Building Safety

### First Line

**Management controls and oversight** – assurance that compliance controls are being implemented and monitored on a day-to-day basis. Transparency, accountability and governance are well demonstrated.

### Second Line

**Assurance and performance reporting, independently scrutinised by the appropriate body, board or committee** – Assurance to the Board, Audit and Risk Committee, Leadership Team and scrutiny groups that compliance KPIs, targets and action plans are in place, and when required mitigating or remedial actions are undertaken.

### Third Line

**Independent assessments including internal and external audit, consultant reports etc.** that provide an evaluation, recommendations and opinions in relation to the compliance arrangements and attainment of policies, standards and targets.

We recently engaged with a third-party legal expert, Devonshires LLP, to provide an external refresh into the full scope of legislative and regulatory changes included in the Bill. The resulting actions and gap analysis has been used to inform our building safety plans, but overall, this has provided good assurance that we are continuing to do the right things. Devonshires were selected based on their involvement in numerous high-rise building remediation and litigation projects and their direct engagement with government on several building safety consultations over the last three years.

We have created a new building risk hierarchy for use in building safety activity and governance groups. This higher risk buildings framework incorporates relevant government guidance and uses colleagues' extensive knowledge of the buildings. We have initially mapped the previously known 'complex buildings' into the framework. The framework and ratings are being overseen by the Building Safety Forum.

To enhance our building safety measures already in place we have installed a whole building fire suppression system in eight of our high-rise buildings with the remaining three high-rise buildings to follow.

Other key building safety considerations include:

- Inspection - A recent change to building regulations in England now requires monthly visual inspections of fire safety systems such as inlets for dry/wet risers, smoke control and suppression systems. These inspections form part of our regimes.
- Work – remediation or replacement of fire doors, improvement / upgrade of fire detection systems and compartmentation based on FRA samples.
- Management – surveys and safety cases, annual inspection and monitoring programme and updating site records.

## Key goals

The safety of our customers is our priority, coupled with full compliance in terms of legislation and regulatory standards.

To continue to be safe, legal and compliant we'll:

- Carry out a gas safety inspection on every property with a gas supply every 12 months.
- Carry out an Electrical Installation Condition Report (EICR) every five years in line with our policy and best practice or on each tenancy change which exceeds the current legal requirement of 10 years.
- Review and if necessary, carry out further asbestos surveys before intrusive work is carried out.
- Asbestos management annual inspection monitoring and recording of all communal blocks and commercial properties.
- Carry out water storage risk assessments and review as necessary following any significant changes. Carry out regular testing of both hot and cold-water systems in line with this risk assessment.





- Carry out thorough periodic examinations with appropriate certification of all lifting equipment.
- Carry out fire risk assessments (FRAs) for all communal areas of general needs and independent living blocks and homes managed by others and complete any actions within agreed timescales.
- Create a building safety case report for all high-rise buildings and, where considered appropriate, complex buildings based on a risk-based approach.
- Develop and implement a programme of flat door inspections, record findings, address actions and produce evidence-based trend analysis with recommendations for continual improvement.
- Retrofit a fire suppression system to the remaining sustainable high-rise tower blocks.

### Measures of success

- Maintain 100% property compliance in accordance with our developed KPIs.
- Continued regulatory compliance and associated governance rating.
- Achieve good outcomes from both internal and external property compliance audits with only housekeeping issues identified as a sign of good practice.
- Have in place building safety case reports for all high-rise buildings and complex buildings as deemed necessary.
- Attain building safety certification for all buildings required within the new regulatory backdrop.
- Ensure the capital investment plan continues to include all necessary building safety requirements in line with legislation.
- Customers feel they have a voice when it comes to building safety and feel informed about our building safety approach within a complex building setting.
- Customers continue to be safe within our portfolio.
- Zero enforcement notices issued against Thirteen from a building, construction site or customer safety setting.
- Completion of the fire suppression system installation programme across our high-rise portfolio.



# Objective 6

## **Raising our profile**

We are pioneers and continue to lead and shape the field of asset management within the social housing sector.

## **Our current position**

### **Future Homes Consortium**

Thirteen was a founding member of the consortium and our Executive Director of Assets attends each meeting. Member organisations come together on a monthly basis, with the aim of fostering collaboration on the key issues facing the sector. Currently there are 17 developers and housing associations from the UK property sector that have joined forces to form the Future Homes Consortium.

Members share their knowledge and experience with a desire to innovate in relation to building safety, environmental sustainability, carbon net-zero and customer insights and experience. Collectively, the consortium is focussed on finding practical solutions to improve existing homes and the future provision of homes.

The Future Homes Consortium draws on the expertise, experience and networks of its members and seeks to identify partners nationally and globally to create synergies in resources to further its aim. The group adopts a practical approach and focus on commissioning research, innovating, and collectively procuring products and services which deliver best value and can be embedded in the UK's existing and new social housing stock.

## **Environmental agenda**

The North East Carbon Group, led by Thirteen and Newcastle-based strategic business consultancy, Prosper, brings together 15 housing companies to share knowledge and ideas in response to climate change and what it means for the future in housing.

This collaborative group is leading the way in building a forum for the North East housing sector to work together for communities across the region to benefit from the advantages that progressive action can create.

### **National Housing Federation - Compliance and building safety**

Thirteen has been an active participant in the Building Safety Learning Forum in the North which was organised by the National Housing Federation. Stemming from this has been participation in a property compliance group to share best practice in all areas of building safety and compliance.

Our Director of Asset Management continues to share Thirteen's current position and approach to compliance and building safety and maintains an open dialogue with the NatFed on Building Safety and the Early Adopters Group in response to the Building Safety Bill.

### **Geographic Information System (GIS)**

Thirteen has presented our industry recognised leading GIS approach at several national conferences. In addition, we have featured in several published articles and case studies as an example of best practise. Furthermore, we have continued to support other organisations within the industry including holding our own GIS conference with attendance from organisations from across the country.



### Attendance at national events

Thirteen maintains an important presence at most of the national forums and conference events in respect to the property agenda.

This includes, but is not limited to Chartered Institute of Housing events, the Homes Event, the NatFed Asset Management and Maintenance Conference and the AGSM compliance events.

### Key goals

To meet this objective, we'll:

- Continue to attend and speak at key national events and share our knowledge, experience and Thirteen's approach to asset management.
- Continue to contribute, shape and influence asset management, environmental, compliance and building safety within the social housing sector.
- Establish a communications plan that looks at regional and national levels and how we can influence the sector at these levels.

### Measures of success

- Raise the profile of asset management, our environmental agenda, compliance and approach to building safety so that there is an increased knowledge and understanding.
- Measuring our exposure within the sector (articles, mentions, social media) to ensure people say good things about Thirteen.

# Objective 7

## Zero carbon and environmental management

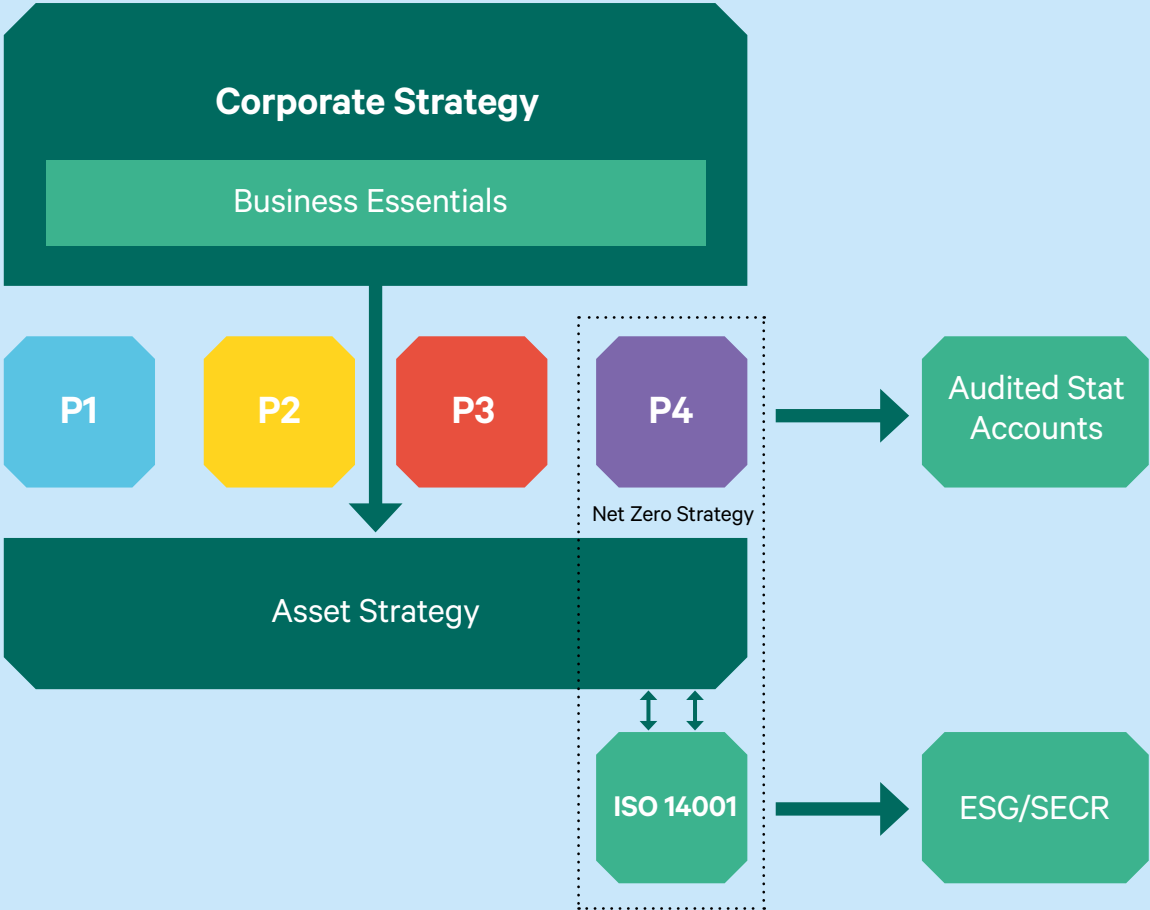
At Thirteen we are committed to reducing our environmental impacts and carbon footprint. Thirteen has a corporate strategic objective, Take Control, incorporating the business wide focus in this area. Although the next section is within the asset management strategy, it is aligned to this overarching priority due to the explicit link between asset management and environmental activity.

### Our current position

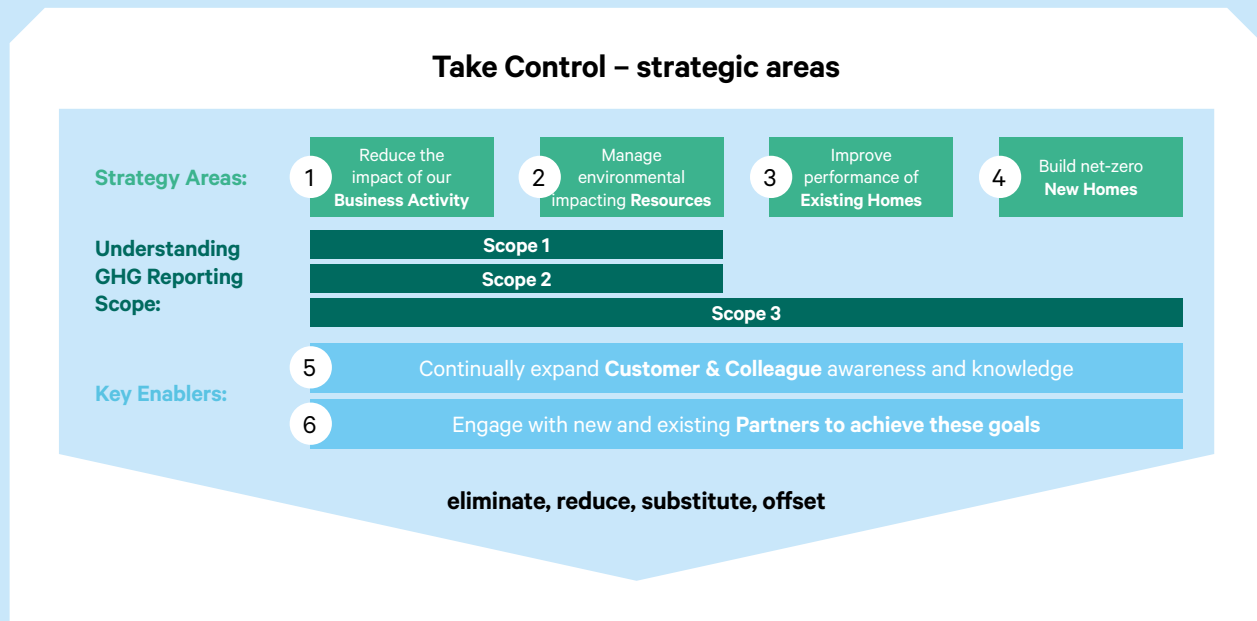
To achieve a reduction in our environmental impacts we need to think of the bigger picture and develop our approach to understand the impacts for our customers, our homes and our business. Our thinking in this area has advanced significantly in the last two years.



TAKE  
CONTROL<sub>2</sub>



We have now developed a structure to the overall activity which is detailed in the diagram below.



We're looking at what needs to be done to deliver sustainable homes which are fit for the future and that are right for our customers. We'll also discover how we can add value through initiatives to tackle fuel poverty, whilst continually educating and empowering our customers.

We have a good track record in the installation of home energy efficiency measure and renewable technologies. We plan to use our experience to build on our renewable delivery and further develop our approach to make the most of new and emerging technologies.

We will continue to work with likeminded partners, to make the most of existing and future funding opportunities. We'll be looking at how we can reduce emissions from service delivery, from the energy we purchase to the way we travel and the materials we use. Establishing our baseline carbon footprint is key to achieving this, as it provides us with an understanding of the emissions resulting from our business activities and will help us focus our efforts to reduce our impacts with maximum effect.

The development of our approach will see everyone at Thirteen taking responsibility for reducing their impacts and will help us achieve our goals to becoming a much greener organisation.



## Take Control Priorities



**Environmental Impacts considered in all business decisions**



Sustainable travel – Green fleet, alternatives to carbon fuel



Increase biodiversity – protect and enhance natural environment



**Net zero emissions direct business emissions by 2035**



Responsible materials – whole life, specification and reduce reuse recycle



Skills growth to meet the need of green economy



**Sustainable homes; new and existing homes fit for the future, net zero by 2050 (Homes 2030)**



Climate change adaptation – protecting customers, assets and investments



Colleague, customer and stakeholder empowerment and engagement



Sustainable supply chain and partnership framework

## What we are doing

Currently the below is a mixture of strategy and activities, this requires regular review and a broad range of input from colleagues, Leadership Team and Board:

### 1. Reduce the impact of our business activity (scope 1 and 2)

- Environmental Impacts considered in all business decisions
- Net zero emissions direct business emissions by 2035
- Sustainable travel – green fleet, alternatives to carbon fuel
- Climate change adaptation – protecting customers, assets and investments
- Reviewing office space and associated energy demand, considering low carbon technologies

### 2. Manage environmental impacting resources (scopes 1, 2 and 3)

- Policies on green space, trees, waste, water, plastic to reduce harm
- Build appropriate offsetting capacity to manage any residual emissions from 2035 onwards

- Responsible materials – whole life, specification and reduce reuse recycle.
- Develop greener communities
- Increase biodiversity – protect and enhance natural environment
- Expanding our waste management and recycling capabilities via Thirteen's recycling centre

### 3. Improve performance of existing homes (scope 3)

- Existing homes fit for the future
- EPC-C by 2030 / 2040 milestone TBC / net-zero by 2050
- Pilots
- Fuel poverty
- Financial Plan modelling
- Reviewing communal area energy demand
- Low carbon technologies across the complex stock i.e. high rise and supported accommodation

### 4. Build net-zero new homes (scope 3)

- Homes of 2030
- Net-zero new homes by date -TBC through further activities

## Enablers

### 5. Expand customer and colleague awareness and knowledge

- Training
- Skills growth, to meet the need of green economy
- Empowerment and engagement

### 6. Engage with new and existing partners to achieve these goals

- Sustainable supply chain and partnership framework
- Exceeding regulatory reporting requirements
- Lender requirements and assurance required

## Red lines

We won't acquire homes:

- That materially change the EPC-C by 2030 target risk profile
- Less than EPC-C without a clear impact analysis as to the impact on strategic KPIs, financial and delivery plan
- Without a clear plan to uplift the below EPC-D homes to D or above within 36 months or less (ensures a minimum two-year delivery programme) (this would graduate up to EPC-C in 2026/2027)
- We won't implement any technology financing solutions that can't be scalable to a significant (20%) proportion of the portfolio
- We won't repeat contractual mistakes linked to previous technology solutions
- We won't build below A rated homes from 2025 onwards.

## Thirteen Recycling Centre (TRC)

In 2020 Thirteen opened its own state-of-the-art waste management and recycling centre in Billingham. The innovative centre has revolutionised the way we handle waste and puts

Thirteen at the forefront of its green agenda.

Demonstrating Thirteen's commitment to reducing its environmental impact, the centre's solar photovoltaic panels (PV) maximise on-site clean renewable energy generation.

## Key goals

To meet this objective, we'll:

- Establish a group wide approach to measure, evaluate and reduce our environmental impacts and carbon footprint
- Engage colleagues, customers and stakeholders in the delivery of our environmental campaign to reduce our environmental impacts
- Develop a road map to increase energy efficiency and overall environmental sustainability of our new and existing homes
- Develop a five-year business plan for TRC provision, including reduction of waste production, increase recycling rates and divert from landfill
- Deliver TRC2 site in Middlesbrough by 2023/24.
- Develop greener communities, increasing biodiversity and empowering customers to reduce their environmental impacts.

## Measures of success

- An understanding of our baseline carbon footprint and agree reduction targets to reach net zero carbon for scope 1 and 2 business emissions by 2035
- A network of colleagues and customer environmental champions driving our commitment to 'take control' across our business and within our communities
- Planned and costed approach to take our stock to net zero emissions by 2050
- Targeted and measured recycling rates and reduced waste to landfill, 97% reduction by 2025.

# Objective 8

## **Integrate the plan and begin to deliver the retrofit of the portfolio**

Our homes are our biggest opportunity to reduce our carbon footprint. Improving the energy efficiency of our existing homes not only supports net zero targets, but also improves overall home quality; lowers energy usage for customers; and, in turn, has a positive impact on customers' health.

### **Our current position**

We recognise that environmentally retrofitting c35,000 existing homes is complex, time consuming and requires significant capital and revenue investment.

Over the last five years, we have conducted several small-scale pilots (total of c50 homes); previous external wall insulation programmes; and, more recently, Wave 1 grant-funded pilots in Hartlepool and Stockton, funded via the Social Housing Decarbonisation Fund (SHDF) through the Department for Business Energy and Innovation (BEIS). More recently, we have submitted a bid for Wave 2 SHDF for Primrose Hill Phase 2.

We aim to do this in a planned, considered way, and will work with colleagues, partners and customers across the business (particularly the environmental sustainability team) to integrate this element of net-zero into the wider corporate strategy.

To support our focus, we've recruited specialist data and retrofit skillsets into assets, and we are now using the sector-leading analytical tool Portfolio by Parity Projects.

Our aim is a robust, more detailed and updated cost position that aligns with existing investment plans and provides clarity for both Thirteen and the overall long-term investment for the portfolio.

Outside of pilots and existing investment plans, our aim is to work towards a fully integrated Investment and Retrofit Capital Plan for review by the Development & Investment Committee by September 2023.

This will be based on a full portfolio model via Portfolio, specialist input and wider consultations with colleagues and customers. It will be aligned to existing components for phasing and will include projections on new homes and options for extending beyond 2050 with corresponding carbon offsetting.

The integrated plan will also consider overall stock sustainability via the asset SM@RT model.

As a result of our planned approach, the Integrated Investment and Retrofit Plan will be the sector's first investment and retrofit plan that achieves a net-zero housing portfolio (Greenhouse Gas (GHG) scope 3 emissions).

Alongside this, the refreshed customer standards require asset to produce a two-year plan' by March 2024 for communication to customers. Moving to a verified two-year position will help Thirteen be more proactive in seeking appropriate grant funding, with longer lead times and greater skill investment by our new framework partners.

The expanded data collection activity via EPCs and stock surveys over the next two to three years will provide the data foundation we need to both validate and implement the plan.

Planning and delivering existing home retrofits has four main challenges in the medium-term, as outlined below.

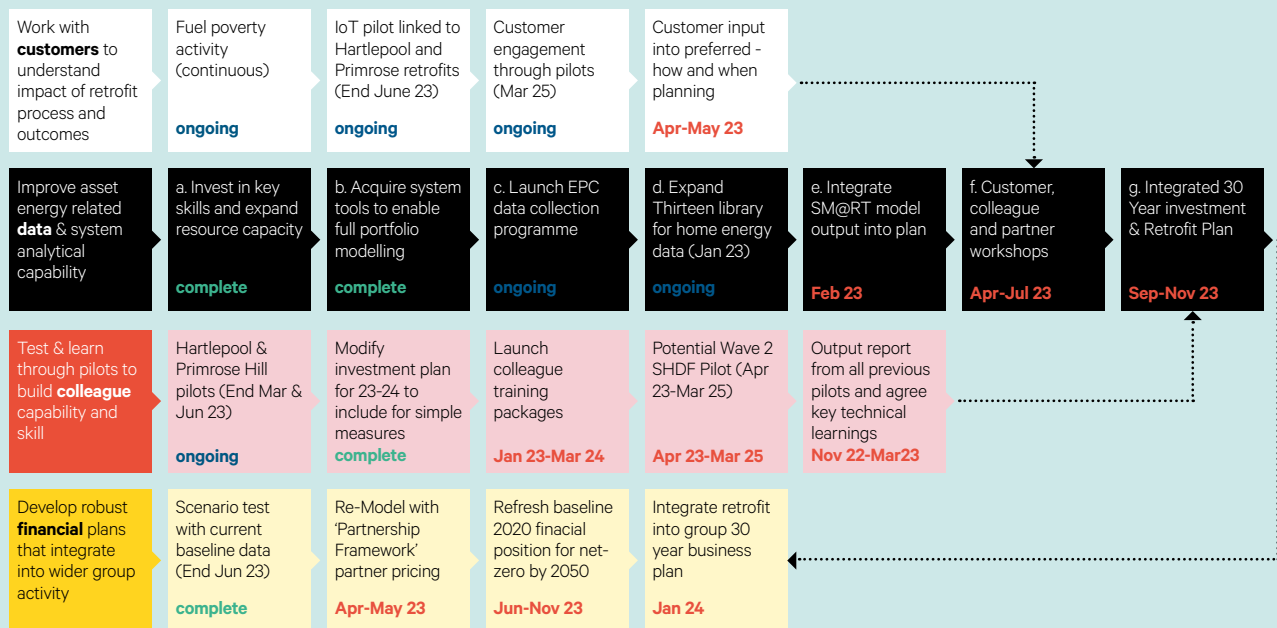
<b>Complexity of technical solution</b>	While Thirteen has the experience of delivering decent homes improvements at scale, retrofit is bigger and more complex at a property level than that programme. A step-by-step approach de-risks the potential for design and solution errors which must be rectified in five, 10 or 20-years' time. Both Energy Company Obligation (ECO) wall insulation and cavity filling are previous sector examples of solution errors. Our Hartlepool retrofit scheme this year required previous cavity filling to be extracted before work could commence.
<b>Financial funding</b>	Thirteen needs to balance the competing priorities of developing new homes and retrofitting older homes with the wider economic environment. Forward funding arrangements are crucial to this; however, the future government grant commitment is unclear. Our integrated approach will provide the clarity to consider alternative financing and detail to maximise grants.
<b>Skills, education, and training</b>	All skill or trade areas required for retrofit currently have some sort of resource gap, be it specialist project managers; heat pump engineers; surveyors; electricians; gas engineers; and joiners; etc. Our plan will enable long-term skill and resource planning by Thirteen and our partners, and combining this with Thirteen's apprenticeship and graduate programmes will create the basis for closing the skill gaps. This can integrate into wider Business Growth activity with Teesside University and other regional education providers.
<b>Scaling</b>	The scale of the requirement to decarbonise homes is not often considered. This will create supply chain issues, contractor capacity issues, quality issues and impact customers through delays. We will need to increase our rate of decarbonisation by 10-12 times its current rate from 100 homes to 1,200 per annum very quickly to meet the 2050 deadline. At the same time as every other provider is doing the same. Thirteen's new partnership framework provides the foundation for us to increase the rate of retrofit over the next five years. However, it is unlikely, we reach the 1,200-home level within the next five years.

A high-level phasing of our approach is outlined below.

<b>Period</b>	<b>Stage of Activity</b>
2022–2024:	Lay the foundations (see plan on the following page).
2025–2030:	Scale investment delivery responsibly to meet the 2030 EPC target by looking forward to 2050.
2030–2040:	Ramp up delivery in line with the Capital Investment Programme.
2040–2050:	Continue to scale and deliver.
2050:	Offset emissions from any home that is not net-zero.
2050 onwards:	Revisit 'too hard to treat', omissions and off-setting home list for further appraisal and investment / non-investment decisions.



The Foundations Plan shown below is built around four key aspects: customers, data, colleagues and finance. Future additions to this plan will include supply chain, skills and other partners.



## Key goals

To meet this objective, we'll:

- Develop a comprehensive energy efficiency model and as a result an understanding of the entirety of our portfolio within Parity Projects.
- Build on and integrate our learning from decarbonisation pilots delivered via SHDF funding.
- Deliver our EPC survey plan so that the data we hold is sufficiently up to date and robust to scrutiny and challenge.
- Develop a fully integrated investment and retrofit plan that reflects both the traditional investment requirements of the stock and the next phases of energy efficiency and decarbonisation activities to move us towards EPC C by 2030 and net zero by 2050.

## Measures of success

- Accurately understand the financial requirements associated with reaching the target of EPC C for every home.
- Ensure colleagues, customers and partners can contribute towards the development of the approach and planning process.
- Successfully deliver Wave 1 and Wave 2 SHDF pilots and gather/share the learning.
- Integrate retrofit requirements into the 30-year financial plan based on feedback.

# Performance and viability

This asset management strategy ensures we understand how to optimise future returns in both social and financial terms, considering investment, redevelopment, changing tenure or disposal.

## Decision making

When it comes to decision making Thirteen has very robust governance controls, including:

- a delegatory framework – standing orders and financial regulations, which set out how Thirteen operates and how it is governed
- a sustainability and disposals process, which ensures we comply with regulatory and loan covenant requirements; and
- a cross-directorate represented Property Appraisal Group (PAG).

## Monitoring and reporting

Progress in relation to the delivery of this strategy, the initiatives borne out of it and the associated operational delivery plans, will be through regular reporting to various stakeholders which will take place throughout the year. This includes but is not limited to:

- The Leadership team
- Monthly – compliance KPI update
- Quarterly – sustainability update
- Six monthly – disposal/ repurposing update (in line with the pre-agreed options appraisal process and delegated authority levels)

## The Thirteen Board

- Quarterly – investment update
- Six monthly – sustainability update
- Six monthly – compliance update
- Six monthly – asset management strategy update

## Strategy success

We are fully committed to delivering each of the eight objectives, and truly believe by doing so, we will recognise our success of this plan as follows:

- Continue to deliver the Decent Homes Standard as a minimum and drive towards the Future Homes Standard
- Develop a dynamic understanding of home conditions to better manage risks
- Deliver effective and efficient enabling services that allow the business to function well and deliver exceptional services to customers
- Create quality places where people are proud to live
- Have a long-term sustainable property portfolio fit for current and future customers
- Maintain our journey towards zero carbon and best in sector environmental management
- Understand the financial and delivery requirements associated with our retrofit and net zero journey
- Remain safe, legal and compliant
- Continue to lead and shape the future of asset management within the housing sector
- Continue to deliver updates, KPIs and reports to the board and leadership team to continually evidence the direction of travel and delivery of the objectives of this plan.

## Notes

[illegible]

# Asset Management Strategy

## 2023-26



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