



Asset Management Strategy 2024-26





Examples of blocks of flats where we've completed cladding replacement works to keep our residents safe

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Southern Housing has a proud history, stretching back to the beginning of the 20th century. In 1901, we were established to provide homes for the low income workers in London. Over 120 years later, our social purpose remains. Today, we own and manage over 78,000 homes, serving 167,000 residents across London, the South East, the Midlands and the Isle of Wight (see also Appendix 1).

At the end of 2022, two legacy organisations Optivo and Southern Housing Group merged to form Southern Housing. This merger saw us expand and deepen ties in our communities. We've a denser footprint and we're a bigger strategic presence in more local authorities (LAs).

Our ambition

In this Asset Management Strategy, we've set out our plans to 2026*. Our Board is prioritising investment in existing homes over new development. We have therefore increased our spend for managing our existing homes by a third, from about £204m in the last pre-merger budget 2022/23 to £268m in 2024/25 (also see section 3 for our total investment into our properties over the next 10 years).

We've ambitious plans to build on our excellent track record. We're also focusing on finalising our post-merger integration processes by 2026, to deliver consistent service levels to all residents and deliver further efficiencies:

- By 2026 our homes will be safer, greener and residents will be more satisfied with the quality of their homes and the services we provide
- Resident safety is our top priority. We'll make a major investment to enhance the safety of our buildings. We'll also invest significant funds to ensure the quality of our homes and meeting key industry standards
- We're further improving our building documentation, asset data and will be increasingly dividing our asset and resident data sets for good decision making and better outcomes for residents
- We've made a pledge to connect a future proofed digital infrastructure across our portfolio. This will provide our residents with access to ultra-fast fibre to homes, enabling further efficiencies via increased digitalisation of services.
- We'll continue to design services with our residents, act on complaints and wider resident feedback
- We'll also continue to implement our environmental sustainability strategy to ensure we meet longer term Government's targets such as net zero carbon (NZC) by 2050, by decarbonising our housing stock. This will ensure our residents live in homes which are affordable to heat
- We'll continue to deliver post merger integration programmes and complete these by 2026. This will include integration of asset management systems, all processes, asset data programmes and a suite of new and efficient policies and procedures. And our supply chains will be increasingly integrated based on long term value added partnerships.

This strategy does not detail our plans for delivering enhanced repairs, estate services, or our comprehensive programme to tackle damp and mould. We've clear objectives to deliver further improvements via insourcing, adding supply chain capacity, technology investment and resident co-creation for these important services. We've invested heavily into additional internal resources such as a dedicated Damp and Mould Team, and have updated our processes (i.e. damp and mould framework) to ensure we prioritise all works by severity and take the impact on residents' health and their vulnerabilities into account. We're regularly updating our residents on progress with implementing the recommendations from the Damp and Mould Scrutiny Project led by residents. This Asset Management Strategy supports our plans in this area. For instance, increased levels of investment in our homes will over time lead to a reduction in the number of repairs we need to undertake. Higher levels of energy efficiency and insulation will also lead to fewer cases of damp and mould over time. We'll regularly update residents of our plans and progress with improving our estate services and our responsive repairs services via a number of channels. We'll also enable ongoing scrutiny by residents via our resident governance structure.

Operational context

We're experiencing unprecedented challenges dynamics in our operating environment, with high inflationary cost increases over recent years and much longer lead in times for materials and key components, (such as for repair of lifts or heat networks). The sector has seen an extraordinary number of contractors going into liquidation, with many suffering from a lack of skills in key areas of their workforce and experiencing rising staff costs. For the delivery of fire safety and NZC programmes, gaps in the sector are most evident which is negatively impacting the delivery of programmes and costs.

We continue to experience major changes in the regulatory environment;

- We're implementing a wide range of consumer standards following changes introduced by the Social Housing (Regulation) Act 2023
- We're continuing to focus on compliance with the Building Safety Act 2022, and changes to fire safety introduced via the Fire Safety Act 2021, Fire Safety Regulations 2022, S156 Regulation.
- We've implemented the amendments introduced with the Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022
- We're preparing for the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 to also apply to the social housing sector soon and will be aligned proactively by 2025
- We're also anticipating changes to the Decent Homes Standard (DHS), the EPC C / SAP methodology and the forthcoming Heat Network Market Framework, delivering further consumer protection and regulatory requirements.

Internally we're continuing our programme to fully integrate the business post-merger;

- We've already embedded new staffing structures in asset management and other teams across the business
- We've further integration programmes to complete post-merger, including asset management systems and processes, asset data programmes and new policies and procedures
- We're also looking to integrate our supply chain models and build long-term value-added partnerships with our supply chain partners.

Our approach

Resident scrutiny will continue to shape our ongoing improvement agenda. We pledge to continue to actively co-create our services with our residents and staff, and work with others, inside and outside of the housing sector, to meet the challenges ahead.

The objectives of this strategy are based on a dynamic asset management approach. Our strategic asset management aims are underpinned by the principles of establishing a golden thread of asset data and documentation, and continuously improving customer insight. This ensures we understand the long-term financial value and required investment to meet new building safety, fire safety, building regulations and energy efficiency regulations, new consumer standards and changing expectations of our residents.



Supporting our corporate objectives

The asset management strategy is aligned with our Strategic Plan 2023-2026 and is contributing to the delivery of our 7 corporate objectives, as well as our post-merger integration plans. With this strategy, we're building on a strong record striving for further improvements to our property and asset management services.



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Co-creation and customer insight

Our pledge to co-creation: Resident scrutiny, genuine co-creation of our services with residents and colleagues, and the use of customer insight, will be key enablers to continue to deliver excellent services to our residents. We'll:

- ✓ Continue to co-create and design our services with our residents, staff, and partners
- ✓ Enable resident scrutiny by members of the Local Resident Panels in the regions, Resident Strategy and Scrutiny Groups
- ✓ Actively commission and learn from customer insight and trend analysis, as well as customer journey mapping
- ✓ Use the growing wealth of asset data, resident data, customer satisfaction and other insight to explore trends to inform the ways in which we communicate with our residents and design our processes, systems, services and major works programmes
- ✓ Make a significant investment in digitally transforming the way we work, which will increasingly allow residents to access more personalised services and information wherever and whenever suits them (for instance online access to fire risk assessments)
- ✓ Make sure residents inform our procurement approach as we align supply chain models between the two legacy organisations to meet customer expectations and deliver VFM
- ✓ Continue to learn from complaints.

HEADLINE TARGETS



- ✓ Continue to co-create and design our services with our residents, staff, and partners
- ✓ Actively use insight from our residents to shape the implementation of this strategy.



Residents' priorities

We'll continue to use insight from complaints, customer satisfaction surveys, specialist focus surveys, and wider resident feedback to inform our programmes and areas for further improvement. These areas of insight tell us what our residents' priorities are. Below are some examples of what residents are telling us and how these link with the focus of this strategy:

For the delivery of our investment programmes, we've received positive resident feedback but there are also areas for further improvement:

- When planned works have been conducted, residents are very happy with the service, contractors and quality
- We received 9 out of 10 for notice given, speed, keeping residents informed, reliability, helpfulness, and quality.

Our residents told us:

- Work was done really well done. Brilliant decorations and paint work
- Really impressed with the speed of the installation
- Very accommodating to disabled wife's needs
- They were brilliant and even came out on a Saturday
- Cleaned up and worked quickly, happy with the new door
- All workers 100% helpful, friendly & keeping all informed.

When asked about the things we could improve, common themes included:

- Communication regarding the smaller details such as workmen's start and finish times
- Better communications regarding design and functionality
- Ensuring clean floor covers and rubbish removal.



Energy efficiency matters

Sector statistics show that since the energy price hikes in recent years, up to 1 in 4 social housing households were forced to go without heating at times during winter:

- In a 2023 survey, 72% of our residents who responded said that they have reduced energy use in their home
- 94% of our residents said they are concerned about fuel costs of which 74% are very concerned.

We've clear plans to improve the energy efficiency of our homes and reduce heating costs for residents, see section 3 for details, as well as our Environmental Sustainability Strategy 2023-26.

Tenant Satisfaction Measure

Satisfaction that the home is well maintained

- People living in flats rated the same as those living in houses, (72%) are satisfied that their home is well maintained.
- The most satisfied tenures are those living in Housing for Older People (87%) and the least are living in affordable rent units (68%)
- Of residents who have told us they have a disability, 63% were satisfied.

We review the reasons for dissatisfaction as well as complaints. By way of example, one area of dissatisfaction and complaints we received during 2023/24 was the number of times our lifts were out of service. Our residents with disabilities were worst affected. Services were impacted by longer lead-in times for key components meaning repairs take longer. We also had a poorly performing contractor. We have provided special support for vulnerable residents during times of lift outages. We have since changed contractors and performance has improved and complaints are reducing accordingly.



Tenant Satisfaction Measure

Satisfaction that the home is safe

- 78% of tenants and 61 % of homeowners are satisfied that their homes are safe. The satisfaction amongst residents who told us they have a disability is significantly lower at about 69% for tenants and 40% for homeowners
- Key themes of dissatisfaction include door entry systems, lifts, fire doors and cladding
- Satisfaction is on average lower amongst those living in flats versus those living in houses. This aligns with cladding for instance and fire door issues being an issue in blocks of flats and not houses.

See section 4 for our plans to support disabled residents, our wider investment plans to upgrade lifts, fire doors and undertake cladding retrofit programmes.

Our Building Safety Resident Engagement Strategy also demonstrates our commitment to working very closely with our residents, as we put comprehensive building safety programmes in place. It puts residents at the heart of our approach to building safety and has been produced using the principles of co-creation. Residents will have a greater voice on building safety decisions impacting them. Residents 'lived experience' will guide our decision-making as we look to continually improve our approach to building safety engagement. It underpins the cultural change across the organisation that's so critical to all aspects of building safety. We'll take every opportunity to listen to and learn from residents' feedback.

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Invest in the quality, safety and sustainability of our homes

We've significantly increased investment programmes for our existing homes post-merger. We'll invest a total of nearly £3bn for our responsive, planned, investment (incl. DHS), building and fire safety, and sustainability (NZC) programmes over the next 10 years.

Over the next two years (the timeline for this strategy) we've plans to invest £442m on planned, building safety, major repairs and energy efficiency retrofit programmes (responsive repairs are not focus of this strategy but shown in chart below).



Our investment levels and priorities are based on a holistic approach and a variety of data sets (see also section 5). A good understanding of our stock, existing and new legislation, and the requirements of our residents has informed our long-term financial plans, ensuring we prioritise investment in the right areas.

Asset Compliance Programme

We'll continue to ensure a culture of safety throughout the organisation. We'll ensure that we comply with all statutory, regulatory and policy requirements:

- Since the merger, we've already approved many new policies and management plans. We'll finish this programme in 2024/25
- We've aligned our programmes of new Electrical Installation Condition Reports (EICR) by moving from a 10 to 5-year frequency. We will complete this transition by April 2025. This is in anticipation of new regulations which already apply to the private rented sector
- We'll increase the use of technology that automatically validates asset compliance certification. We'll also increase our use of automated exception reports to help improve our data quality
- We'll continue to be transparent and report on all key areas of asset compliance. This also includes using the Building Safety Measures methodology as part of the TSMs. This includes reporting on the performance of third-party managing agents
- We'll continue to maintain a strong assurance framework, with strong 1st, 2nd, and 3rd lines of defence mechanisms.



We own over 13,000 homes where an **external managing agent** is responsible for all, or part of, asset compliance and building safety programmes. About 16% of our residents live in these homes. We've established a dedicated Managing Agent Relationships Team who are overseeing their performance. We worked with third party freeholders and their managing agents to ensure they registered all high-rise buildings (HRBs) over 18m with the Building Safety Regulator, fulfilling their role of Principle Accountable Person (PAP).

We're also overseeing their landlord health and safety (H&S) performance and requiring them to provide evidence of undertaking required H&S checks to allow us to report on their performance including the Building Safety Measures (BSMs), as part of the Tenant Satisfaction Measures (TSMs).

Building Safety Programme

We'll continue to meet the requirements of new fire safety and building safety regulations, which came into force following the Grenfell disaster. We'll continue our Building Safety Programme to implement a comprehensive set of transformation projects including:

- Continue our holistic fire safety review of our blocks of all heights – prioritised by risk - and implement remedial programme of retrofit works to external facades
- All of our 65 high-rise blocks are registered with the Building Safety Regulator (BSR). For these, we'll be implementing required safety management systems, including those required to collate comprehensive building safety cases for submission to the BSR
- Upgrade the data and document management framework – further implementing the “golden thread” principles, regularly validating our core data, and having adequate first, second and third line of assurance processes
- Preserve key information throughout the lifespan of assets, ensuring quality data is captured, held and accessible to demonstrate building compliance and safety

- We'll actively seek out opportunities to fund retrofit works via Government grants, claims from warranties and pursuing developers/construction teams.
- Implement our Building Safety Resident Engagement Strategy.

HEADLINE TARGETS



- ✓ 100% compliance with all statutory, regulatory and policy requirements
- ✓ Continue to meet the requirements of new regulations which arose from the Fire Safety and Building Safety Acts
- ✓ Continue to assess and mitigate the risk of external fire spread in blocks of all heights – implementing risk-based remediation programmes
- ✓ A mechanism for collating and updating building safety case files will be embedded and building risk profiles will be available for all blocks in scope of the BSR
- ✓ All properties will have an EICR no older than 5 years.





CASE STUDY
HARMONY COURT
CLADDING RENEWAL

↑ BEFORE
AFTER ↓



Greener Homes towards NZC

We're building on excellent progress achieved over recent years. We've been improving the energy efficiency of our homes and in March 24:

- 74% of homes meet EPC C energy performance levels
- We've undertaken sector benchmarking via the widely recognised Shift Sustainability Standard and post-merger in 2023 again achieved the Shift Gold Standard.

Our new Environmental Sustainability Strategy (2023-26) includes an ambitious programme to reduce our impact on the environment, reduce resident utility costs and deliver our services in a more efficient manner, thus making the entire organisation more sustainable. We understand that a truly affordable home for our residents is also influenced by how much they pay for utilities including heating of homes.

- All our homes will be EPC C by 2030, where practical, cost effective, and affordable¹
- We're undertaking further analysis and lobbying for Government funding and removal of planning restrictions via G15 and the National Housing Federation (NHF). For instance, we've a high number of Victorian street properties in conservation areas where external wall, solar PV or heat pump installations are going to be challenging due to planning restrictions
- All our offices and commercial properties will be EPC C by 2027
- We'll update our Retrofit Roadmap annually
- We'll maximise the impact of our investment by increasingly aligning retrofit works with void and maintenance, planned, and fire safety works
- We've been successful in applying for grant funding to retrofit and improve the energy efficiency of our homes. We'll continue to maximise our total spend on energy efficiency measures via external grant funding
- We'll update our options appraisal cost assumption for existing homes to include costs to reach EPC C and NZC. Updated NZC costs have not only informed wider investment plans, but also help prioritise our stock disposals programme

- We're improving efficiencies of our heat networks in line with the Heat Network Metering and Billing Regulations 2014, and the incoming Heat Network Market Framework (due 2025). We provide heating and hot water to residents in over 11,000 homes via 160 heat networks. We'll continue to upgrade our communal heating plantrooms by priority, ensuring we upgrade the most inefficient plantrooms first, leading to greater reduction in energy bills for our residents. We've successfully applied for grant funding for feasibility studies, and for efficiency improvements to our heat networks in recent years and expect further grant funding contributions in the future.
- We'll also develop and update flood and overheating risk assessments to apply to our homes, offices and commercial portfolio by 2025, which will further inform our asset appraisals.

HEADLINE TARGETS



- ✓ 77% of homes meeting EPC band C* by 2026
- ✓ We'll continue to improve the efficiencies of our heat networks to reduce heating costs for our residents
- ✓ We'll develop and updated flood and overheating risk assessment to apply to our homes, offices and commercial portfolio by 2025.

¹ The Government's Clean Growth Strategy (2017) set a target to upgrade as many houses to EPC Band C by 2035 "where practical, cost-effective and affordable", and for all fuel poor households, and as many rented homes as possible, to reach the same standard by 2030

Decent Homes Standard

We continue to deliver essential capital investment programmes – meeting current DHS and sector practice replacement frequency for key components (including kitchens, bathrooms, windows, roofs, boilers, etc.) These are informed by our home and block condition surveys, specialist M&E surveys, customer needs and feedback, and repairs data.

We're anticipating a new DHS to be implemented and will contribute to the related sector consultation, reflecting our views and those of our residents – as to which areas of quality matters most to them.



HEADLINE TARGETS



- ✓ Continue to meet the Decent Homes Standard
- ✓ Prepare for the implementation of the new Decent Homes Standard.



Equipment and adaptations

Research by the NHF outlined that there will be an increase of more than three million over 65s in the next ten years. This will increase demand for suitable housing for those people – whether in the form of care homes, sheltered schemes or just adaptations to existing homes. At Southern Housing, currently about 30% of our residents are aged 65 years or older (16,600) of which about 13% are over 75 years old (7,500).

We want to ensure we support them in maintaining their independence for as long as possible. Adapting homes can increase the usability of the home environment and is proven to reduce the risk of falls and other accidents. It also relieve pressures on accident and emergency services, accelerates hospital discharge and reduces the need for residential care.

We'll continue to provide minor adaptations to enable disabled or elderly residents to remain independent in their own homes. We'll also work in partnership with LAs where major adaptations or specialist equipment is needed.

Alternatively, our Housing Management Teams will assist residents to move to a more suitable home. We'll consider residents' immediate and long-term needs to make sure a property is suitable. Where possible, we'll match the needs of residents to an already adapted property when the opportunity arises.

If we're unable to help, we'll signpost residents to other known providers of funding or assistance.



Digital infrastructure

The Internet of Things (IoT)

IoT is pushing digitalisation to a new level, and can bring many opportunities for our residents and staff through automation and improved service delivery. We've trialed a number of IoT systems to date and these have shown the reliability of these technologies and further advanced systems are quickly emerging in the market. Our previous pilots have delivered further key lessons, including that not all deliver the rate of return required to justify the investment, some do.

For these new technologies to be fully effective, we need to further develop our vision of how these are integrated with our systems, and also align with our supply chain partner's systems to maximise the benefits these technologies can offer. We'll be exploring options further, over the next two years to inform our transformation programme, which will follow hot on the heels of our post-merger integration programme. We'll be actively reviewing options for further efficiencies and service improvements via IoT.

We're also undertaking upgrades to our warden call systems. Announced in 2017, all analogue systems used to transmit calls, will be switched off exchange-by-exchange with a target date of December 2025 for Digital Switch Over (DSO). This means that many of our warden call systems, which are sometimes integrated with fire alarms or door entry systems within independent living (IL) schemes, will not be operational after the DSO deadline. This applies to our IL schemes and we've undertaken relevant assessments. Out of a total of 158 IL schemes, 126 were not compatible. We've been installing 'digital ready' systems in recent years, leaving a total of 81 sites to be upgraded by December 25. This will be through a blend of full renewal as well as remedial digitalisation (modification).

HEADLINE TARGETS



- ✓ Continue to deliver our Digital Infrastructure Programme – Fibre to the Home (self-funded) – 85% connected by 2025
- ✓ Deliver upgrades to our warden call systems by December 2025.

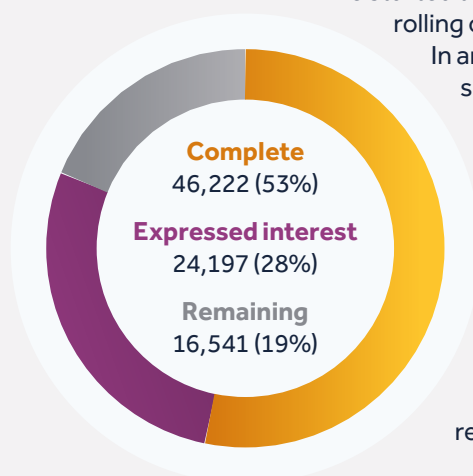
Fibre to the Home

We've plans to connect all our homes with fibre to the home (FTTH) broadband infrastructure. We started the programme in 2021, in one of our legacy organisations, and are now rolling out the programme across all of our homes in the merged organisation.

In an increasingly digital world, we understand our residents need access to super-fast broadband. That is why we're working with cable providers and telecommunications consultants to deliver a planned programme of works to install 'full fibre' (the new cables replacing the old copper cables).

This means we'll improve the quality and speed of the networks that bring internet and media content to our residents' homes. It will also ensure residents have a choice of internet provider, packages and price. At the end of March 24, we've completed 53% of our programme, have expressed interest from providers for another 28% and are working with providers to gain interest to upgrade the remaining 19%. Our target is to have 85% of our homes connected with fibre broadband by 2025, and we're reviewing our options and targets dates for the remaining 15%.

We'll also be working with fibre optic providers to deliver a range of digital inclusion benefits to upskill our residents for the digital world. We've already delivered significant social value from the programme, including the equivalent of over £600,000 in digital & social inclusion commitments.



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Increased internal capacity and capabilities

With an unprecedented set of new regulations we're implementing, it's key that our internal staffing structures reflect this to ensure our internal capacity and capabilities are fit for purpose. We invested heavily in additional internal resources post-merger to enable the delivery of this asset management strategy. In 2024, our staffing restructures are now complete and we've added significant resources in areas of building safety, asset compliance, energy efficiency retrofit, and asset data management.

Post-merger, we developed our internal centres of excellence, enabling us to deliver the many new standards and requirements. We'll review and balance which services will be delivered by our internal teams and which specialist services we'll outsource to our supply chain partners to meet the objectives of this strategy.

One of our corporate aims is to be an employer of choice, a great place to work and an organisation where everyone is treated with respect and dignity. Our HEART values are embedded into everything we do to support the delivery of great service.

Our aim is to continue to attract and retain talented staff from a diverse range of backgrounds, be an attractive employer offering desirable training and career opportunities in an increasingly competitive labour market.



Efficient supply chain model supporting our corporate objectives

To achieve the ambitions of this strategy, we'll adopt a fit for purpose service delivery model – this applies also to our external supply chain in addition to adequate internal resources, as mentioned above. Key aims for us are to drive consistency of good service and be able to deliver significant change, value for money, and positive outcomes for our residents.

Existing contracts procured by the two legacy organisations remain in place and whilst for some services there is significant geographical overlap, these contracts vary in form, standards, specifications, and scope for the same or similar services. We see significant potential for further streamlining of our supply chain model supporting VFM and harmonising delivery and service improvement programmes.

We'll consolidate our number of contracts and suppliers. We'll focus on longer-term strategic partnerships and our suppliers' systems will integrate increasingly with our systems to achieve more efficient data transfer. We'll also increase our focus on our supplier's contributions to improving our processes, efficiency, environmental sustainability and customer service.

We'll also review and update our quality assurance, quality inspections and completion/handover procedures for investment projects to align these across all services post-merger.

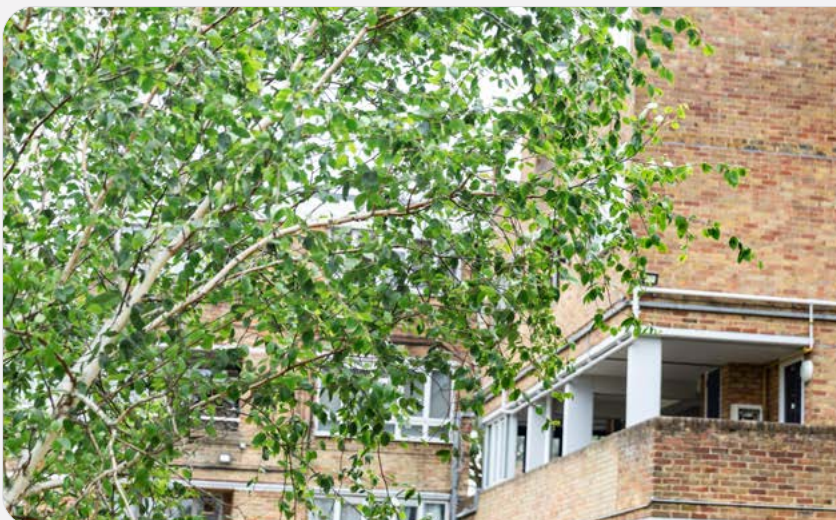
In addition, we believe via longer-term integrated strategic partnerships, there is increased potential to create a range of opportunities that will deliver a positive social impact for our residents and the wider community. We'll apply and deliver social value obligations in work contracts with service delivery partners. We'll support skills, training and unpaid work placements, paid trainee work placements or access to apprenticeships, for our colleagues, as well as our residents.

During 2024/25, we'll finalise our service delivery design and procurement plan to be implemented by 2026. We also aim to review which services are adequate for insourcing.

HEADLINE TARGETS



- ✓ Agree procurement plan and implement streamlining our supply chain and seeking related efficiencies
- ✓ Agree on our delivery models – and agree which services are suitable to insource / outsource to deliver better VFM
- ✓ Deliver more social value from our property and asset management contracts.



Integration of Asset Management Systems

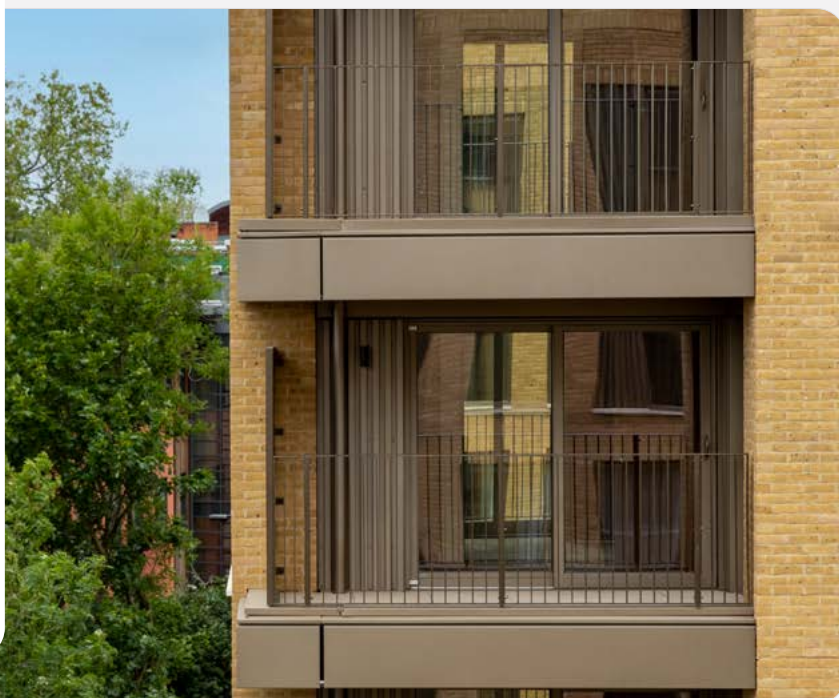
We've agreed a detailed roadmap for integrating our two legacy organisation's asset management systems and related asset management data during 2024/25 and have further plans for transformation by 2026 and beyond:

- Since the merger, we've already rolled out the use of specialist software packages to support asset compliance workstreams for fire safety, in particular (RiskHub). We completed this in January 2024
- We'll retire some of our legacy systems and integrate all home condition and asset compliance data into our main asset management system, Apex, during 2024/25
- Other proprietary systems for handling gas and electrical certification automating related quality assurance processes, which we have in place for one of our legacy organisations, will be rolled out fully by 2026
- We'll explore further options to increase the ability for our staff, consultants, and service providers to upload inspections, surveys and other reports directly onto our central systems, improving efficiency and reducing complex or double handling of data
- To support our procurement strategy and efficient management of our suppliers, we'll improve system interfaces with our suppliers to deliver more timely performance and financial reporting for our compliance, building safety and investment programmes
- We've implemented an Asset Appraisal Tool for our existing portfolio to support our investment and disposal strategies. This allows us to understand the total current and future investment needs for each home in more detail – including the requirements to meet DHS, fire safety regulations, EPC and NZC goals. We've evolved our strategic approach to measuring the value of our assets to take into account a whole range of financial and social indicators, which allows us to assess performance of our homes in a wider context and inform a more targeted approach to investment and disposals.

HEADLINE TARGETS



- ✓ Complete integration of our key asset management systems
- ✓ Start further transformation programmes to ease data handling and quality assurance processes, delivering related efficiencies.



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Following the Grenfell tragedy, there's been much discussion in the sector about standards of asset data to demonstrate the quality and safety of homes. We believe the "golden thread" principles should apply to all the assets we own. For us, this means holding adequate information through the lifecycle of all our property assets in a structured manner with regular updates and independent validation.

Understanding the condition of our property assets

Maintaining accurate, comprehensive and up to date asset data is underpinning informed decision making. This is essential for understanding required investment levels and informed the focus in this strategy.

We're collecting a comprehensive set of asset data and we make sure it's kept up to date to inform our decision making and investment plans. Data is collected from:

- Our ongoing home condition programme at home and block level. Home condition surveys also measure our homes against the DHS and Housing Health Safety Rating System (HHSRS) Standards, to inform our investment, compliance and repair programmes
 1. We aim to survey around 20% of homes and blocks per year and 100% via a five yearly cycle
 2. We update our databases as investment works and other improvements are undertaken – i.e. a kitchen replacement date is updated once works are completed, which resets the lifecycle for next year replacement is due
- Asset compliance surveys (gas, electric, water hygiene, asbestos, lifts, fire safety, playground, height equipment, and many more)
- Specialist surveys for M&E equipment, such as heat networks
- Door inspection programmes
- Breakdowns (such as boilers or lifts)
- PAS99980 assessments, understanding fire safety of our external facades
- Void inspections
- Disrepair cases
- Customer insight and complaints data
- Staff and contractor referrals escalating issues with homes – “every contact counts”.
- We've got a rich data set to ensure we're equipped to adequately plan and understand the requirements to meet our sustainability and NZC targets. Going forward:
 1. We'll continue to improve and regularly refresh out SAP / EPC data via the home condition survey programme, EPC surveys and retrofit assessments: All our accessible homes will have a SAP score that is less than five years old by 2025

2. All office, commercial, key worker and student properties will have up to date EPCs less than five years old by 2024
3. We'll be increasingly using data analytics – for instance understanding the properties with highest repair needs – informing investment programming
4. We'll model most effective and efficient measures to achieve best energy efficiency improvements, in line with our wider investment programmes for all our homes. This includes a review of all our property archetypes across our homes to inform long term retrofit plans.

Ensuring our data remains robust and fit for purpose

We're focusing on having up to date property asset data, as well as related assurance processes. Over 83% of our homes have been surveyed in the past five years, through the home condition survey programme, and we aim to get to 100% by 2025 (we understand that we might have some exceptions, due to access issues):

- We annually undertake a review of outturn costs and procurement arrangements in place. This enables us to update our schedule of rates for major component replacement costs that feed into our 30-year forecast
- We'll continue to have our home condition data and lifecycle assumptions reviewed and audited independently every year. This is to ensure our asset management system is adequately configured, and the data, the lifecycle, unit / component cost, and other key assumptions remain robust and are fit for purpose
- We get external assurance on our 30-year forecast for major works and sustainability annually
- We employ competent home condition surveyors (internal or external)
- We employ competent staff/ specialist teams who undertake data quality assurance processes and increasingly build automated exception reports
- We also have a sample of datasets of around 100 homes independently verified and assured once a year to review completeness and accuracy of datasets collected by home condition surveyors and, if fit for purpose, to inform our financial plans.

Performance reporting

During the next two years, we'll continue to closely monitor and report on a wide range of strategic and operational KPIs. What will be different is that we'll be increasingly automating reports, using AI Analytics and Power BI. We'll have more live performance dashboards to support staff in overseeing performance of all key workstreams, delivered by the Asset and Sustainability Management Teams. We'll also be increasingly automating the reconciliation of various data and analysis of trends and insight reviews.



HEADLINE TARGETS



- ✓ Headline targets
- ✓ All our homes will have a SAP score that is less than five years old by 2025
- ✓ All our homes will have a home condition survey less than 5 years old by 2025 (exceptions where we have access issues)
- ✓ We continue to improve and quality assure our data.

05

GOLDEN THREAD OF
ASSET DATA

06

**PORTFOLIO
RATIONALISATION**

07

APPENDICES

With good asset data and investment in adequate software and tools as outlined above, we can further accelerate our active asset management approach and make informed decisions.

Homes

We'll continue to evolve our proactive asset management approach to ensure we identify properties which do not meet the needs of our residents, or future anticipated standards, in a practical or cost-efficient manner.

Given the challenging economic context in which we operate and the significant investments we need to make in our homes to meet an unprecedented set of new standards, it's essential to continuously strive for significant efficiencies. We believe that a well-considered stock rationalisation programme can achieve substantial efficiencies and VFM.

It also helps us to ensure we only offer quality homes to our residents, which meet all required standards and are affordable to live in, not just affordable to rent. We believe with rising utility costs this will become increasingly important for our mission to offer affordable homes. We'll continue to deliver and further accelerate our stock rationalisation programme, in line with our disposal policy.

Our older properties in high value areas, requiring excessive levels of investment to meet modern standards will be a key focus for our disposal programme. Moreover, an efficient operating footprint is key to delivering VFM and we'll consider further rationalisation on this basis too, as we currently manage properties in over 116 LAs. We manage fewer than 50 homes in 32 LAs, and fewer than 10 homes in 22 of these.

We'll also need to review the suitability of properties in specialist portfolios such as IL to ensure it continues to meet the existing and future requirements of our residents. We'll undertake specific portfolio reviews to determine the best options, in some cases, disposal will be considered too. Asset reviews are also supporting our regeneration strategy, as there will be opportunities to repurpose and/ or densify some properties or estates.



Other property assets

For any efficient operation, it's essential to ensure all our property assets meet changing requirements. This includes our commercial portfolios (including retail units), and garages. By understanding their performance, required investment and income streams, we can make informed investment and disposal decisions for these property assets too.

Our offices need to meet our changing business needs and enable new ways of agile working. At the same time, there are significant opportunities to save on office costs and rationalise the number of offices, whilst the remaining offices are upgraded and fit for purpose.

We've already agreed that we'll further rationalise our office portfolio:

- We'll be disposing of our two head offices in Croydon and Farringdon, as these are significantly under-used, with average occupancy levels of 30%. We plan to lease spaces which fit our reduced office space demand. We'll invest these funds to improve the quality of our homes and our core services
- Since merger, we've reduced our office portfolio by 3 smaller regional offices (2x ended leases, 1x disposal)
- We're finalising a comprehensive staff consultation during 2024, to inform our wider office rationalisation programme. We're also considering our plans to insource further estate and repairs service contracts, which will require adequate office and depot space

● We're implementing a prioritised programme and by 2025, we'll have reviewed all our offices to understand:

1. The quantum of office and depot space required, and where these are located, to allow Southern Housing to best deliver its services and activities
2. The levels of investment needed to enable agile working through improved technology and more collaborative working spaces, for the offices we keep
3. Which offices we can close and when (end leases or disposal)
4. Options for converting scheme offices, which are no longer required, into lettable properties maximising income.

● This will ensure our office infrastructure benefits both our staff and residents. It will also support us in managing our homes and offering great resident services into the future, whilst supporting our sustainability strategy and delivering significant efficiencies.



HEADLINE TARGETS



- ✓ Deliver an increased property portfolio rationalisation programme
- ✓ Undertake a prioritised programme of asset appraisals.

06

PROPERTY PORTFOLIO
RATIONALISATION

07

APPENDICES

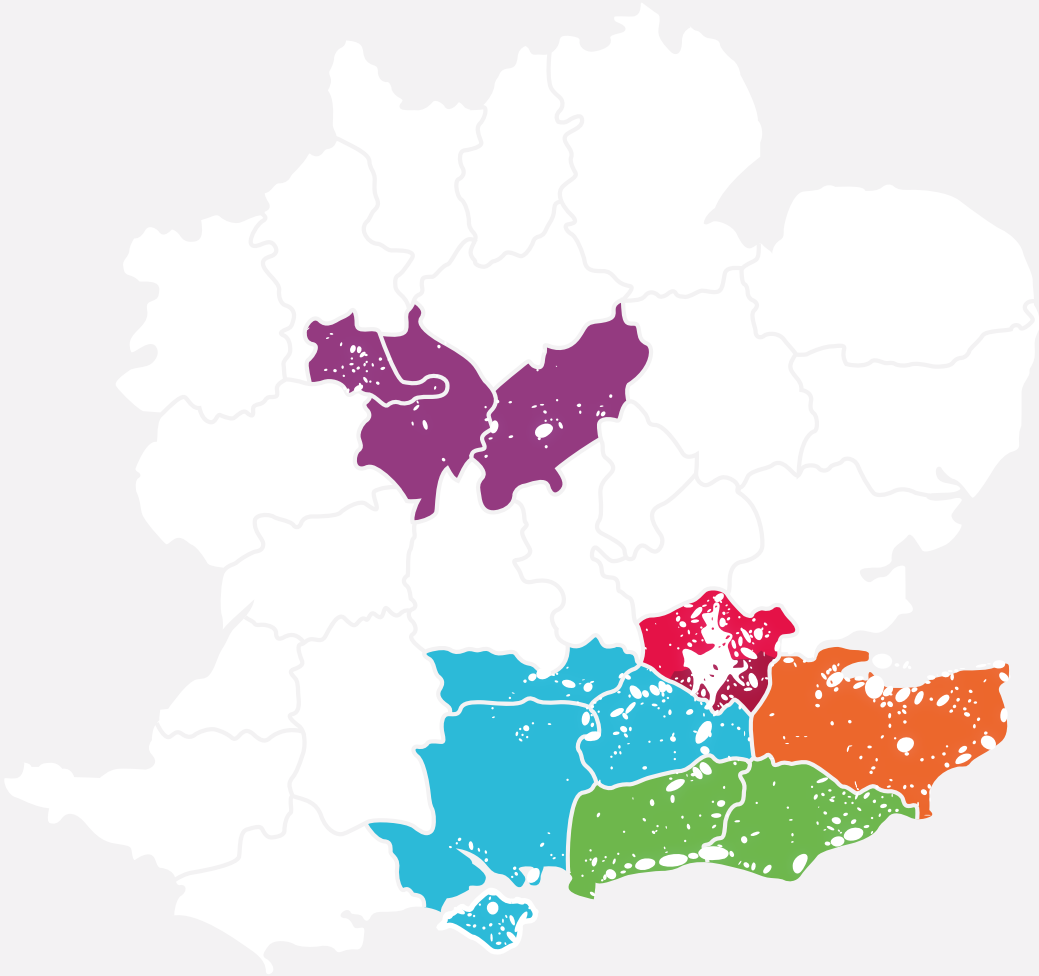


Appendix 1: Our property portfolio

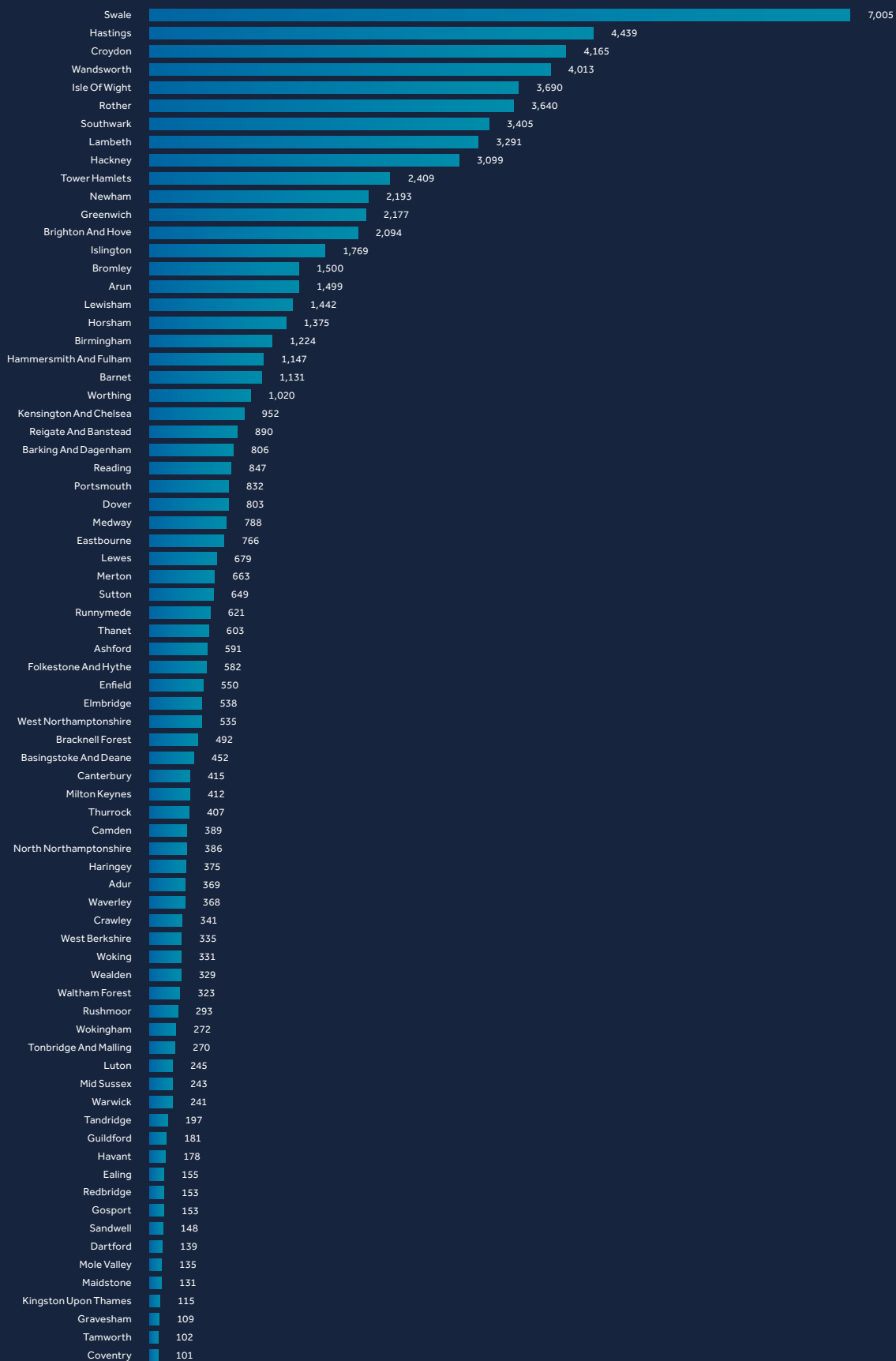
A) Our geographical footprint

We manage over 80,000 properties in 116 LAs which in the below charts are split into six operational regions. Proposed management regions. Nearly half (47%) of homes are London (split into north & south), followed by 21% of homes in Sussex. In 22 LAs we have over 1000 homes, in 53 between 100 and 1000 and in 41 fewer than 100 homes.

● London North	15,291	19%
● London South	21,351	27%
● Midlands	3,847	5%
● Surrey, Berkshire, Hampshire & IOW	10,856	14%
● Sussex	16,630	21%
● Kent and Essex	11,845	15%
Total	79,820	



B) Geographical areas of operation



C) Properties by business type

The vast majority of homes in all regions are low cost rented (general needs), accounting for 67% of homes. 20% of residents are homeowners (shared owners or leaseholders). We also manage keyworker and student housing, and a private rented portfolio.

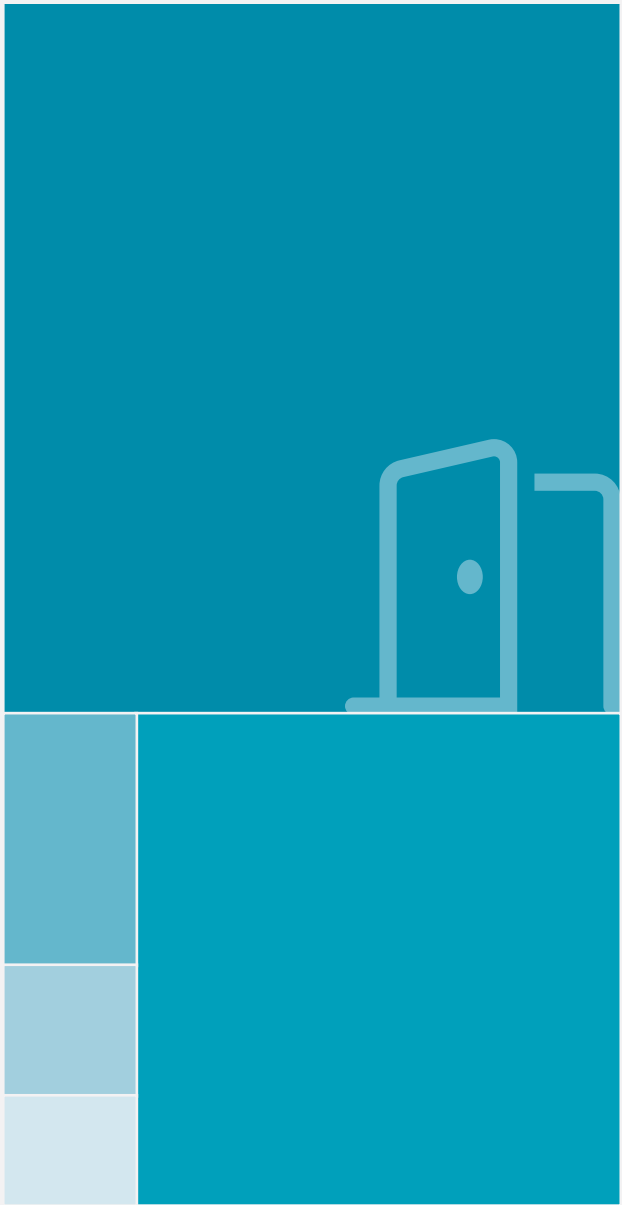


General Needs	53,583	59%
Shared Ownership	9,607	12%
Leaseholder	6,484	8%
HOPS	5,837	7%
Student	1,785	2%
Supported Housing	1,706	2%
Keyworker	1,166	1%
Temporary Housing	99	0%
Total	80,557	

D) Properties types

Our stock is made up primarily of flats, accounting for nearly 60% of our portfolio. With the remainder made up of a combination of bungalows and houses. Rooms and studios are mainly found in our keyworker, student and supported housing.

Flats (incl maionettes)	53,583	59%
House	9,607	12%
Room	6,484	8%
Studio	5,837	7%
Bungalow	1,785	2%
Total	80,557	





E) Property age

We manage a significant number of properties built pre-1949 (11,114), predominately in London. It must be noted, these properties present the biggest challenge for investment and technical solutions to meet our zero carbon and sustainability aspirations.

Older than 1949	53,583	59%
1950 – 1982	9,607	12%
1983 – 2001	6,484	8%
2002 and newer	5,837	7%
Unknown	1,785	2%
Total	80,557	

G) Building Height

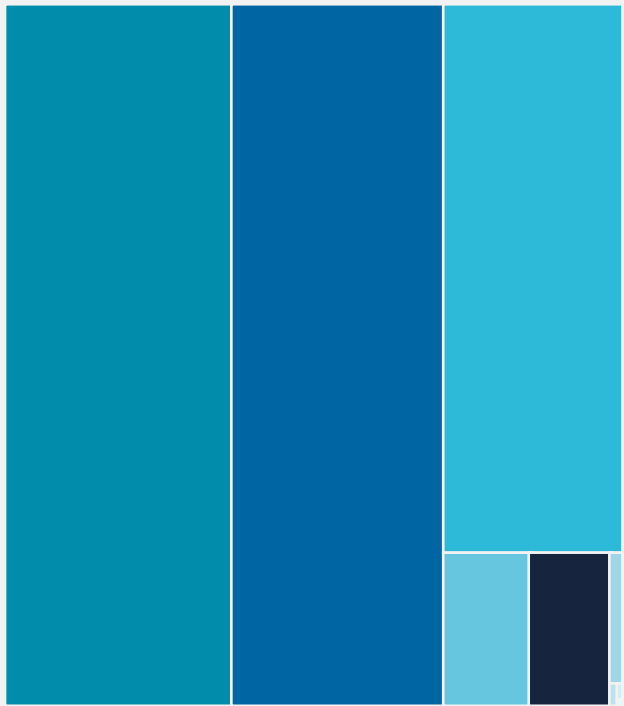
The chart shows the number of blocks where we undertake the FRA by height. Depending on the height of our buildings, specific building safety regulations apply.



Over 18m	88
11-18m	449
Below 11m	4,701

F) Homes by bedspaces

Due to the number of flats we manage, the majority (71%) of our homes are one or two bedroom properties.



Bedsit	2,309
1 Bedroom	27,743
2 Bedrooms	29,716
3 Bedrooms	18,079
4 Bedrooms	2,447
5 Bedrooms	224
6 Bedrooms	35
7 Bedrooms	3
8 Bedrooms	1
Total	80,557

H) Energy Efficiency

74% of our affordable homes meet EPC C energy efficiency rating. We've plans to bring the remaining 16% up to EPC C standard and are updating our roadmap to NZC on a regular basis. We're prioritising our worst performing properties for upgrades or disposal. We also recognise that there will be homes that are hard to treat and upgrade, due to costs and planning restrictions.

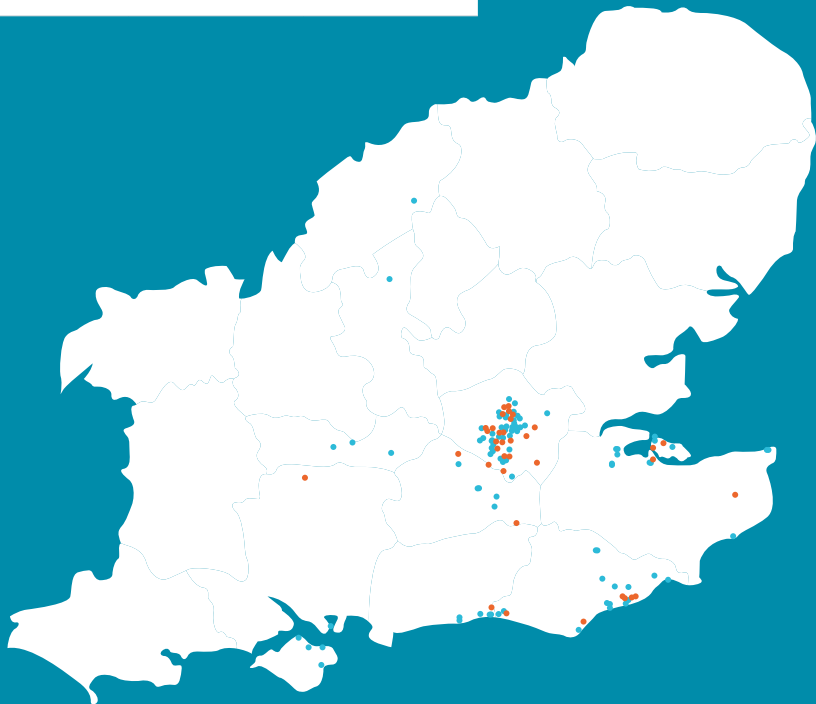


A	0.1%
B	11.1%
C	62.6%
D	24.1%
E	1.7%
F	0.3%
G	0.0%

I) Commercial and community spaces

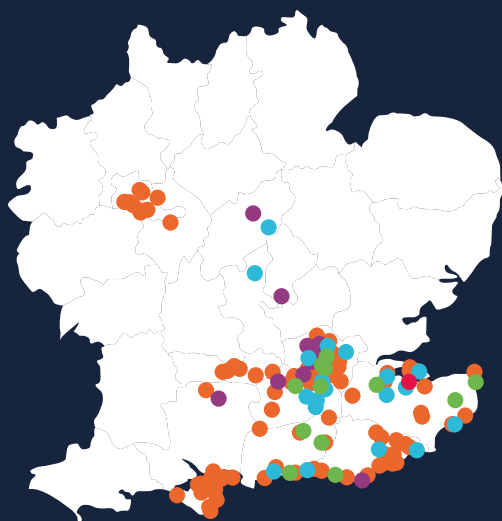
We own and manage a commercial, retail and community spaces portfolio.

	Commercial Spaces	Community Spaces	Total
London North	71	25	96
London South	118	27	145
Midlands	2	-	2
SHIB	12	6	18
Sussex	38	13	51
Kent and Essex	19	17	26
Total	260	78	338



J) Office portfolio

Most of our office portfolio are small offices in our independent living schemes, and other small scheme offices in the locations where we provide front line services to residents.



OFFICE TYPE

Facility Managed	24	9%
Estate Services	59	23%
Scheme Office	162	63%
Keyworker/Student	12	5%
Contractor	1	0%

OFFICE LOCATIONS

London North	54	1%
London South	36	4%
Midlands	22	9%
SHIB	59	23%
Sussex	49	19%
Kent and Essex	38	15%
Total	258	

K) Car parking spaces

We have over 4,300 garages and parking spaces across our regions, mainly in London, Kent and Sussex.

PARKING SPACE TYPE

Garage	3,394
Car parking space	816
Motorcycle parking space	84
Disabled parking space	38



PARKING SPACE LOCATION

London North	808	19%
London South	908	21%
Midlands	2	0%
SHIB	174	4%
Sussex	1,179	27%
Kent and Essex	1,261	29%
Total	4,332	

Appendix 2: Acronyms

ACRONYM	EXPLANATION
HHSRS	Housing Health and Safety Rating System
SAP /rdSAP	Standard Assessment Procedure /Reduced Data Standard Assessment Procedure; a way of measuring energy efficiency on a score of 0-100 which is also linked to EPCs
NZC	Net Zero Carbon
EPC	Energy Performance Certificate
DHS	The Decent Homes Standard is a minimum standard for social housing. It is a standard to which homes are built or improved. It covers health and safety hazards, the state of repair, facilities and services and thermal comfort.
SHIFT	Sustainable Homes Index for Tomorrow
BSR	Building Safety Regulator
RSH	Regulator of Social Housing
VFM	Value for Money
EICR	Electrical Installation Condition Reports
BSMs	Building Safety Measures
TSMs	Tenant Satisfaction Measures
HRBs	High-rise Buildings
PAP	Principle Accountable Person
NHF	National Housing Federation
FTTH	Fibre To the Home
IoT	Internet of Things
DSO	Digital Switch Over
LAs	Local Authorities
HEART values	Our vision and values are at the heart of Southern Housing and our Customer Service Promise. When we deliver a service, residents can expect us to be: Honest Efficient Accountable Respectful Trustworthy
KPIs	Key Performance Indicators

