



Asset Management Strategy

2023 – 2028

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1. Executive Summary

Torus' new Asset Management Strategy covers the five-year period 2023 to 2028 and sets out the Group's overarching approach to asset management as well as priorities for the specification, physical care and improvement of Torus property and land-related assets.

During the last three years, asset management at Torus has primarily focused on post-amalgamation priorities – delivering consistent high-quality services and building towards an intelligent, aligned approach to the management of Torus' circa 40,000 assets – as well as continuing to repair and maintain homes during the COVID-19 pandemic.

The task for the next five years is to accelerate the process of change and modernisation, by focusing on eight key priorities. These are:

1. **Safe:** customers are, and feel, safe in their home
2. **Consistent:** setting a 'Torus standard' for customers
3. **Responsive:** meeting changing needs and aspiration, regulation and policy
4. **Optimised:** set up to unlock maximum social and financial value
5. **Intelligent:** taking a measured, insight-focused approach on a 'whole house' basis
6. **Future-ready:** high performing, low carbon homes
7. **Responsible:** proactively mitigating risk and asset failure
8. **Place-focused:** enhancing neighbourhoods, not just homes

This strategy (and the annual action plans that support it) is intended to showcase the vision for the next five years and to provide clear visibility of our strategic asset management intentions and expectations for front-line delivery.

2. Introduction

This five-year Asset Management Strategy launches at a time of great change and challenge. Nationally, the focus on building safety, on listening to customers and responding effectively to the climate emergency, has never been stronger. Just as the imperative to deliver modern, high-quality homes for affordable rent and ownership becomes more demanding than ever, rising energy prices and the after-effects of COVID-19 are putting household budgets under unprecedented strain.

Effective asset management therefore must respond both to the drive for safe, modern, energy efficient homes, and to the increased risks that existing and new customers face of slipping into fuel poverty. Much progress has been made on both fronts since amalgamation.

This strategy sets out how Torus will meet the first stage of transformational impact that is required to reach our longer-term targets, including net-zero.

The eight principles outlined here will form the bedrock of future delivery. They have been designed to:

- create an intelligent, agile and predictive way of understanding our stock dynamics and changing customer needs and aspirations
- establish a 'Torus standard' that all customers can expect regardless of where they live
- maximise the Group's potential to support the development of sustainable, vibrant, healthy neighbourhoods

2023 to 2028 will build upon the previous Asset Management Strategy (2019 to 2022), which focused on the continued delivery of quality and service commitments to customers of the two legacy organisations. That strategy set out how systems and processes would be harmonised whilst a robust understanding of the larger, combined property and land portfolio was developed. During this time, the following was achieved:

- Implementation of a Group-wide property grading model
- Implementation of a harmonised approach to the capture and analysis of stock condition information
- Extension of the application of property investment plans (PIPs) to all occupied properties
- Completion of property performance assessment and the grading of dwelling stock, as well as identifying priorities for action
- Implementation of a new enhanced standard for vacant homes and those available for letting
- Continuation of investment in the repairs and maintenance of housing stock at a level commensurate with the needs of the stock and in line with sector benchmarks
- Implementation of the Torus 'Safety Plus' regime to ensure enhanced building safety
- Merged, strengthened and realigned legacy asset management teams with amalgamation priorities
- Early-stage actions to embed a strategic approach to asset management
- Launch of an ambitious development programme designed to deliver positive impacts on stock age profile and choice

This new Strategy will work to overcome the following key challenges:

1. Ageing assets: much of the portfolio requires substantial investment to ensure it is safe and fit for the future
2. Changing tenant need and aspirations: keeping Torus assets relevant and well matched to the expectations of existing and new customers
3. Technology: the need to exploit advances in property management and ensuring homes are digitally connected as standard
4. Climate change: responding to the climate emergency and drive to net-zero by decarbonising homes and providing homes and services in a sustainable way
5. Financial constraints: becoming more efficient in the way resources are managed and seeking opportunities for inward investment

Assets Vision

The Torus Assets Management vision is:

“Transforming our asset management approach and capabilities will ensure every customer lives in a home that is safe, secure and meets their needs.”

3. Strategic Links

Internal drivers

Torus' Mission, which underpins all of the group's strategies, is one of 'growing stronger communities'. The Group Vision is to 'support the development of economically vibrant communities and independent lives'. These overarching objectives sit at the centre of our Group Corporate Plan 2021-2026 and establish a golden thread that weaves across the entire Torus family of strategies.

Establishing a robust framework for medium- and long-term asset management is of critical importance to Torus. It reflects both our roots as a provider of high-quality affordable homes and housing solutions, and the firm commitment to operate as a proactive housing sector leader across North West communities.

This strategy is one of four interdependent Torus 'portfolio' strategies – the others being Accommodation, Developments and Specialist Housing – that will operate in conjunction throughout their lifetimes and collectively deliver sustained solutions for both existing and new Torus homes.

Asset Management in isolation is such an integral part of the Torus' Mission that its primary objectives relate directly to all 16 goals and aspirations included in the Group Corporate Plan 2021-26. These are:

Investment

- Deliver excellent services driven by quality, value for money and changing demand
- Embed exemplar standards of safety across homes and communities and our working environments
- Tackle the green agenda to create healthy, sustainable places
- Embrace innovation and technology to drive efficiency and enhance services

Resilience

- Provide a firm platform for growth to withstand challenges
- Practice good business across the Group and its supply chains
- Build, regenerate and transform places and communities
- Foster partnerships that develop communities where people thrive

Intelligence

- Provide tailored solutions based on an understanding of need and aspiration
- Drive effective organisational performance, strength and influence
- Listen, act and respond to shape places and services
- Embed a culture of evidence-based improvement and learning from experience

Influence

- Be a catalyst of change to transform places
- Influence people, networks and markets to unlock opportunity
- Be seen as a dynamic growth and regeneration business that delivers
- Use the Group's voice to shape the external policy environment

External drivers

This five-year strategy launches at a time of rising financial and regulatory pressures for affordable housing providers nationally. The spotlight on home safety, quality and energy efficiency has never been stronger. Providers like Torus driven by the commitment to do more to meet the challenges that lie ahead for homes and communities therefore face an even more demanding imperative to accelerate ambitious environmental and modernisation agenda across their stock portfolios.

Key external factors include:

- The Social Housing White Paper, which seeks to rebalance the tenant-landlord relationship with a focus on tenant empowerment, safety, transparency, respect, quality of home and neighbourhood, and ease of access to core services.

The seven commitments to tenants contained in the White Paper have played a central role in the development of this strategy. They are:

1. To be safe in your home
 2. To know how your landlord is performing
 3. To have your complaints dealt with promptly and fairly
 4. To be treated with respect, backed by a strong consumer regulator
 5. To have your voice heard by your landlord
 6. To have a good quality home and neighbourhood to live in
 7. To be supported to take your first steps to ownership
- UK Government proposals to introduce a national performance-based policy framework to rate the energy and carbon performance of commercial and industrial buildings
 - The UK Climate Change Committee-led proposal for Government to introduce a Carbon Budget for commercial and domestic buildings
 - Exploratory work at national level to reduce the whole-life carbon impact of buildings (operational and embodied emissions) and the Net Zero Estate Playbook published in 2021
 - The Heat and Buildings Strategy, which requires businesses lead by example and adopt “cost-effective energy efficiency measures”
 - A 2021-22 review of the Decent Homes Standard, to understand if it is right for the social housing sector today, and the likelihood that the standard will be refreshed in the near future.

Meanwhile, a substantial upswing to the average cost of living – linked to soaring energy prices, increases to the energy price cap, the removal of the £20 Universal Credit uplift, inflation and the impact of the Covid-19 pandemic – are challenging Torus tenants, customers and communities to manage household budgets.

According to Joseph Rowntree Foundation statistics for 2022, households on low incomes spend on average 18% of their income after housing costs on energy bills. For single adult households on low incomes, this rises to 54%, up 21% since 2019/20. Lone parents and couples without children will spend around a quarter of their incomes on energy bills.

This strategy acknowledges that property performance can have a material impact on household budgets and that providing high-quality, efficient homes can minimise risks of tenants experiencing fuel poverty, as well as broader challenges such as food poverty.

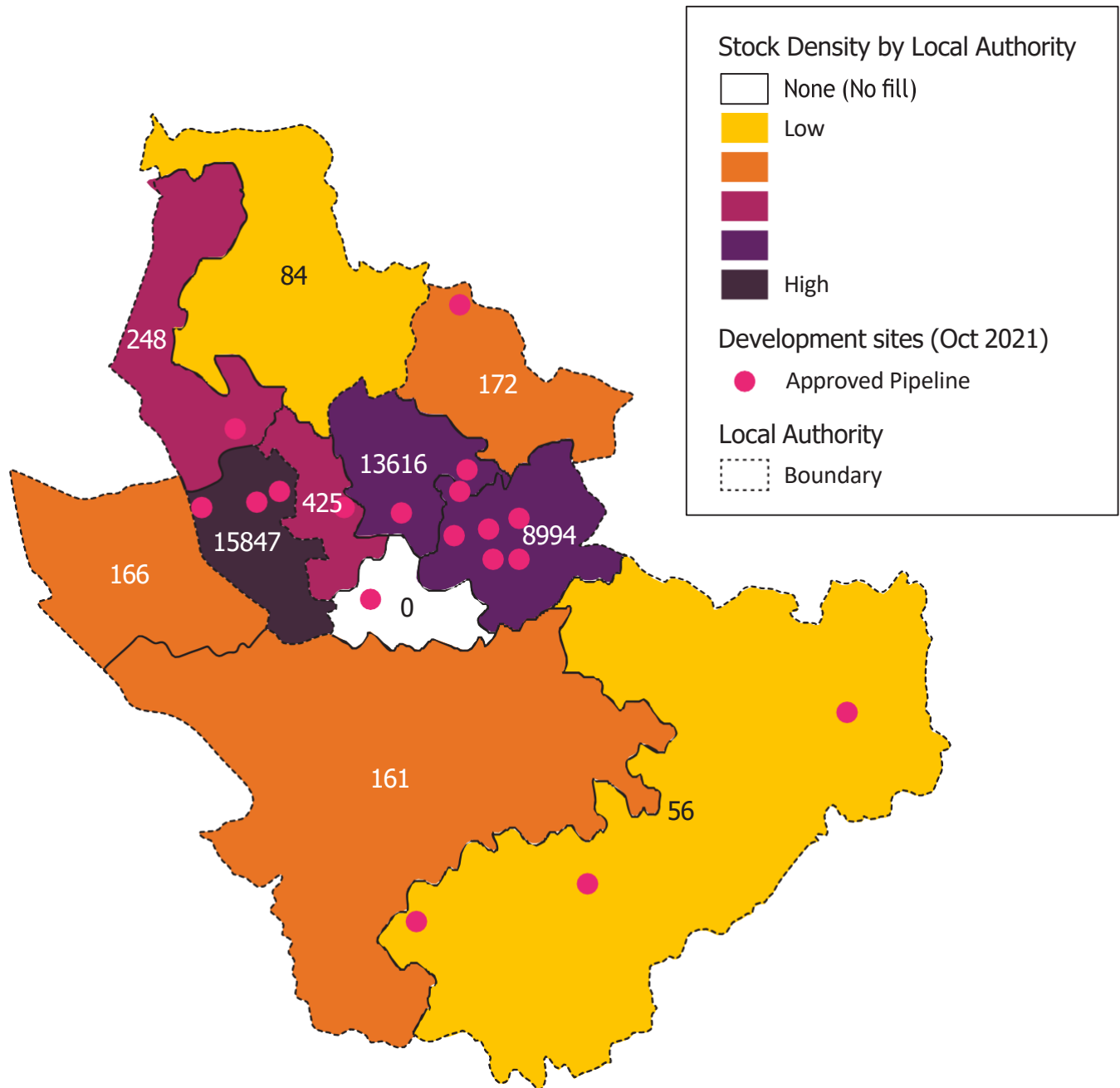
A comprehensive Political, Economic, Sociological, Technological, Legal and Environmental (PESTLE) analysis forms part of annual action planning, with regular reviews carried out at quarterly intervals.

4. Where are we now?

Torus operates across 11 local authority areas, with a focus on the three heartland areas of Warrington, Liverpool and St Helens. Expansion of new-build activities in recent years has seen the Group establish a footprint in Wirral, Cheshire West & Chester, Cheshire East, West Lancashire and other North West authorities.

Torus' heartlands are – and will remain – the Group's core operating area. As the Torus Developments Strategy states, activities will be prioritised 'in Torus heartlands with a broader North West footprint', looking to 'balance Torus and Local Authority requirements, against available opportunities'.

The map below shows Torus' operating area, with local authorities shaded by density.



Stock profile

Torus' Assets portfolio comprises circa 40,000 properties, which all into three distinct groups. These are: Homes; Commercial and Miscellaneous.

The Torus housing portfolio (Homes Asset Group) has benefited from considerable investment, both before and post the January 2019 amalgamation. However, in certain heartlands there remain inconsistencies in the average quality of the living environments and in the components used, most notably kitchens and bathrooms.

Age: the average age of homes for rent is 62 years. This is expected to fall to 58 years by 2026 as Torus' new-build programme increases in scale. It is anticipated that Torus Developments will create more than 5,000 new homes within the lifetime of this strategy.

Stock type: As well as acquiring good quality stock through development and growth strategies, the Torus pre-2010 built asset base benefits from (a) being a relatively homogenous Large-Scale Voluntary Transfer (LSVT) portfolio and (b) a history of fully funded stock improvement plans, which have improved homes to a similar standard. As a result, the housing portfolio meets the Decent Homes Standard and achieves sector average demand for day-to-day repairs.

Demand: Torus' housing portfolio benefits from strong demand in most localities. There are signs that a small proportion of the Group's portfolio of older persons and supported housing accommodation is suffering from reduced demand, however. As a result, these assets have been identified as a priority for action.

Construction type: Whilst the majority of Torus homes are of standard construction, 3.7% of properties transferred through the LSVT acquisition programme are of non-traditional construction (1,467 homes); most have benefited from some remedial work. A comprehensive survey undertaken by external specialist surveyors has confirmed that further works are needed, but that such works are not structurally significant. All requirements for these homes have been factored into the business plan.

High-rise buildings: Torus owns four sites that meet the definition of a High-Rise Residential Building (HRRB). These comprise: Marwood Towers and Baden House, both in Liverpool; and Kingsway House and the new 140-home apartment block Roebuck Plaza, both in Warrington.

Asset Performance Evaluation

In recent years, the focus of Torus' asset management approach has extended beyond meeting the property standards demanded by the Regulator of Social Housing. Increasingly, both building and neighbourhood insights are being used to predict intelligently how Torus' assets are meeting changing local needs – and their ability to continue doing so on a sustainable basis.

A Combined Sustainability Index has been developed to measure how existing homes and other assets are performing against a range of social, financial and environmental factors. The demand and performance criteria set out in the Index are based around local need as well as neighbourhood-level challenges and opportunities. Torus' stock will be reviewed each year using the Combined Sustainability Index. The results of this review will be used to guide strategic decisions for the future and will put each property into one of the three following categories:

1. Long-term sustainable assets

These homes and other assets will benefit from substantial levels of investment to make sure they remain high-quality and fit for the future.

2. Assets that are currently sustainable, but should be kept under review

These properties may need more investment over the medium-term over and above current levels. In these cases, a detailed option appraisal will be undertaken to determine what the property will need to be sustainable for the long-term.

3. Recommended for option appraisal

Some properties may be found to be at risk of obsolescence or to suffer from low levels of demand. This does not mean that Torus will dispose of the property – particularly where they form part of a regeneration or neighbourhood improvement area or where retention helps to balance the local housing market – but in some instances this might be the right option.

Commercial and Non-Domestic Assets

Torus has an extensive portfolio of offices, shops and commercial spaces, and garages in Liverpool, St Helens and Warrington. A review of some of these asset classes was carried out as an integral part of the Torus Accommodation Strategy 2022-2025, with the remaining classes to be reviewed in 2023/24. That document articulates the future vision of the suite of offices and states that, “the focus of accommodation provision will shift away from large ‘corporate’ assets to a range of smaller community-based hubs”.

Whilst the asset management approach set out in this strategy will encompass Commercial and Non-Domestic assets, as well as the core housing portfolio, the emphasis of this strategy is on Housing, with offices and commercial spaces falling within the remit of the Accommodation Strategy.

5. Where do we want to be?

This strategy aims to professionalise the Torus approach to asset management and, so doing, to ensure that the five key challenges outlined in Section 2 are effectively tackled – paving the way for a longer-term emphasis on consistently low and then net-zero housing portfolio that meets current and future need.

The targeted change that will happen by the end of this strategy lifetime is set out in the graphic below:

CURRENT STATE	FUTURE STATE
Respond to challenges	Predict change and proactively deliver it
Building first	Customer first
Variable voids standard	Standardised, high-quality Torus standard
Piecemeal approach to general repairs	Whole-house, intelligence-led approach to planned repairs
Standard approach to component replacement & product lifecycles	Sustainability-driven approach led by the net-zero agenda, fabric first interventions and responsible use of components (for example, PV panels and heat pumps)

In 2028, then, Torus homes and neighbourhoods will be consistent and high-quality, and customers will be in safe, energy-efficient homes that meets their needs.

Priorities

This strategy focuses on eight priorities, which will work together to deliver the Group's asset management objectives:

1. Safe – customers are, and feel, safe in their home

The safety of customers is of paramount importance to Torus and substantial resources are directed to managing the property asset portfolio. All customers should be able to live in a good quality home and neighbourhood.

Robust inspection and maintenance programmes are in place as are reporting mechanisms that provide the oversight and assurance that safety actions are being prioritised and completed to time and quality.

During the life of this strategy, it is expected that further substantial legislative and regulatory tightening will be introduced and we will need to ensure we have suitable levels of skills and expertise within the team and across our supply chains to be able to respond.

Actions associated with this priority:

- Keep customers safe by maintaining robust, effective, maintenance regimes.
- Establish a new, aspirational quality and safety-based standard for our property portfolio.

2. Consistent: setting a 'Torus standard' for customers

Torus' current asset portfolio exhibits a wide range of differing standards. We are committed to delivering services to the standards customers expect. Customers views will help shape the delivery of the strategy. We will continue to engage with customers and, where appropriate, develop new approaches to enable us to do this.

The future customer looks different and Torus will need to adapt to specialist needs and surroundings. The Torus portfolio of purpose-built older persons sheltered schemes, and bungalows has received significant investment in recent years and the worst of the underperforming schemes replaced or remodelled. There remains, however, several older person's schemes and self-contained properties that are now exhibiting design, accessibility and demand issues and this challenge could leave individual properties failing to sufficiently adapt to respond to changing mobility needs.

Actions associated with this priority:

Work with customers and key stakeholders to have consistent standards, aligned to Torus' mission to 'grow stronger communities'.

- Respond to customers changing priorities, review our 'offer' to ensure it remains relevant, and provide further choice in those areas that are important to customers.
- Work with tenants on tackling stigma and celebrating thriving communities.
- Review accessibility challenges and propose plans to address customers' needs.

3. Responsive: meeting changing needs and aspiration, regulation and policy

Torus responded swiftly to address sector-wide concerns following the Grenfell tragedy by establishing the Torus Safety Plus approach. Recent legislative changes to building safety legislation, the Social Housing White Paper, 'Decent Homes Plus' and decarbonisation targets will all have a lasting impact on compliance, with much tighter controls on building safety, consumer and environmental standards.

Actions associated with this priority:

- Plan and respond to asset management related legislative and regulatory changes.
- Ensure we have the suitably skilled and trained expertise within our team and contractors to respond to legislative and regulatory changes.

4. Optimised: set up to unlock maximum social and financial value

Torus operates a mixed market approach to the delivery of repairs, maintenance and stock investment works. There is an organisational commitment to growing the amount of work undertaken by our repairs & maintenance contractor where this route demonstrably delivers excellent customer service and Value for Money.

Over time, we plan to increase the proportion of work undertaken by our contractor and we will need to ensure the company is supported in this objective by the establishment of a robust plan that provides the long-term visibility of future workstreams.

Actions associated with this priority:

- Increase the volume of repairs and maintenance work undertaken by our contractor, where it is commensurate with the capacity and capability of the company and where we can demonstrably deliver high levels of customer service and value for money.
- Anticipate and work in a timely way to avoid parts of the stock declining in desirability, value, and attractiveness.
- Finalise proposals for the ongoing management and/or disposal of non-developable parcels of land.
- Establish plans for dealing with our underperforming garage sites and where they are retained, ensure they are to a good standard and fit for the future, (e.g. secure, capable of electric vehicle charging).

5. Intelligent: taking a measured, insight-focused approach on a 'whole house' basis

To take full advantage of the social value of the asset base, we need to harness significant and emerging technological opportunities, enabling our properties to become digitally connected. E-learning for children, telehealth and other forms of Smart Home technology are becoming the norm and provide a valuable opportunity to improve digital inclusion and provide access to services not always available to our customers.

Technological advances will also allow us to move to a more predictive approach to property management and, if exploited, will allow us to monitor asset performance proactively.

The gradual migration to electrical vehicles will also affect the desirability of some of our stock which we need to plan for now.

Actions associated with this priority:

- Ensure the approach to data collection, management and use of stock condition and grading information allows for decisions, programmes and interventions to be timely and based on good quality asset intelligence.

6. Future-ready: high performing, low carbon homes

In June 2019, the UK became the first major economy to legislate to achieve net zero emissions by 2050 and recent research indicates that over 90% of a typical Registered Provider's operational carbon emissions come from existing homes. Interim targets have been set including the requirement for all 'fuel poor' homes to achieve an Energy Performance Certificate (EPC) standard of band C by 2030.

In common with all other social housing providers, the 2030 and 2050 targets represent challenges to Torus and will require significant upskilling and financial resources over the short, medium, and long term. Analysis of the energy performance we hold indicates that circa xxx of our homes will require further investment to hit the interim EPC C rating target by 2030.

Actions associated with this priority:

- Continue investment into improving energy efficiency and eradicating fuel poverty by ensuring all Torus homes achieve an SAP rating of C (or better) by 2030.
- Embrace technological advances in Smart Home and Telehealth and start the process of making our customers' homes digitally connected.
- Continue to evaluate the best routes to achieving net zero carbon emissions by 2050 whilst simultaneously ensuring any solution is cost effective for customers and the business.
- Develop a short, medium, and long-term plan for energy efficiency with initial focus on the delivery of the 2030 requirement.
- Adopt a 'fabric first' approach with an emphasis on improving insulation and reducing heat demand.

7. Responsible: proactively mitigating risk and asset failure

Torus takes an active approach to managing our homes, commercial properties and other assets. We will make data-driven investment decisions by utilising and continuing to develop our asset performance model, focusing on financial, social and environmental indices.

We will use data insights to highlight strong performance, to identify underlying drivers of poor performance and develop and deliver performance improvement plans in our neighbourhoods. We will use intelligence to mitigate risk and asset failure within our stock ensuring we invest in the right places at the right time.

In 2022 Torus implemented the Property Condition Model, which uses data held in our housing and asset management systems to identify homes with trends that may indicate they have repair issues. The results are used to target surveys and investigations. We will continue to develop this model and integrate it into our other property condition risk management activities.

Actions associated with this priority:

- Tackle, by way of investment, disinvestment, or divestment, properties and neighbourhoods that fall short of the new Torus standard or exhibit other forms of disrepair or obsolescence.
- Balance expenditure on response, cyclical and capital works.
- Ensure our work informs and complements our development and regeneration ambitions and facilitates the balancing of capacity to supply new homes with managing existing properties and neighbourhoods.
- Deliver investment programmes in a cost-effective manner and in accordance with sound procurement principles.

8. Place-focused: enhancing neighbourhoods, not just homes

Torus takes a holistic look at neighbourhood and place. In addition to investment in individual homes, we will develop a model that will facilitate informed decisions on what kind of intervention is required and at what point in a neighbourhood's evolution will be a key building block of Torus' approach in this area.

Actions associated with this priority:

- Care for the external environment as well as individual homes.
- Continue to build successful relationships with both the people with our local authorities and key partners when regenerating areas.
- Develop a community/neighbourhoods approach to investment decisions.

6. How we will get there

19 core initiatives have been identified as the bedrock of change for the 2023-28 period. Together, these projects will transform Torus' asset management approach and capabilities, and support the delivery of the Group's mission of 'growing stronger communities'.

These projects are not exhaustive and will largely complete within the first 18 months of this strategy's lifetime. Once fully achieved, the focus will be on continual improvement – ensuring that Asset Management remains an excellence-focused service area that responds quickly and efficiently to changing need across localities as well as the external socio-economic and political landscapes.

Priority	Project	Description	Timeline
Safe	Safety Plus	<p>Develop a framework for Landlord Compliance which encompasses Policies, Procedures, Data Management, Reporting, Proactive Monitoring and resource planning</p> <p>Design a tenant focused approach to building safety</p> <p>Maintain safe homes in line with agreed policies and procedures by adhering to our programme of servicing across compliance areas</p>	Completes May 2023
Consistent	Stock Standards and Specifications	Partner with customers and key stakeholders to finalise and implement a consistent Assets Standard across all Torus geographies, covering homes, neighbourhoods, and customer service standards as well as standards for garages, shops and commercial premises	Completes September 2023
	Transparency	Provide customers with access to information about their homes and neighbourhoods, including future plans, servicing due dates, planned works and repairs history	
	Customer and Community First	Develop a community approach to investment planning and delivery by engaging with customers and key stakeholders	Completes September 2023

Priority	Project	Description	Timeline
Responsive	Voids	Ensure all void turnarounds are brought 100% in time	Completes March 2024
	Changing Needs	Develop a methodology to ensuring the Torus repairs and maintenance offer remains in line with changing customer need	Completes May 2023
Optimised	Specifications Review	Update all specifications relating to the improvement and maintenance of existing homes and new builds	Completes March 2024
	Technology Platforms	Maximise use of technologies and systems to drive efficiency and service improvement, with an initial focus on implementing the Golden Thread and utilising smart technologies to assess and monitor environmental conditions within homes.	
	Procurement	Implement a new strategic approach to procurement and supply chain management to ensure the right suppliers and frameworks are in place, delivering investment programmes in a cost-effective manner	Completes September 2023
	Streamlined R&M	Streamline repairs and maintenance delivery to offer service excellence whilst meeting value for money principles	Completes March 2024
Intelligent	'Whole house' investment model	Complete the development of a whole house, intelligence-led approach to planned investment	Completes September 2023
	Neighbourhood based investment model	Develop a neighbourhood-based, intelligence-led approach to planned investment that considers homes, blocks, and neighbourhoods as more than the sum of their component parts.	Completes March 2024
	Stock Performance Management Framework	Design and implement a comprehensive data framework with performance indicators	Completes March 2024

Priority	Project	Description	Timeline
Future-ready	Property Investment Plan	Update the long-term investment plan to integrate the requirements of net zero retrofit into neighbourhood-based investment plans.	September 2023
	Net Zero Carbon	Create an outline plan to achieve EPC C by 2030 across all assets, and, longer-term, to deliver net zero carbon Align investment planning and programmes with Torus' wider Carbon Zero Roadmap	Completes September 2023
	Horizon Scanning	Establish methodology to identify, assess and respond to emerging changes regulation and legislation	Completes September 2023
Responsible	Building safety model	Agree building safety model and action plan in line with Building Safety Bill and White Paper	Completes June 2023
	Property Condition Risk Management	Implement property condition risk management systems and processes that ensure issues - including damp, mould and condensation – are identified and effectively dealt with in a timely manner	Completes June 2023
	Stock Data Management	Implement a risk-based approach to stock data management extending to cover all elements of all land and buildings	Completes June 2023
Place-focused	Neighbourhood Plans	Develop long-term investment plans to regenerate and enhance Torus neighbourhoods, and get best use out of existing stock	Completes December 2023 (three full plans initially)