



Working
together...
to redefine
asset management

Community Housing Cymru

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Redefining asset management - what does modern asset management look like?

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Asset management...



**It's *definitely*
a whole new
ballgame**

With the combination of regulatory requirements, operational challenges and the financial climate, the imperative for all social landlords to take a more *'intelligent'* approach to asset management has never been greater.



Working
together...
to redefine
asset management



Our aims:

- Sector-led redefinition of asset management that responds to the changed challenges & opportunities
- A new 'model' or agenda that the sector can embrace and use to drive future approaches

Our **Working together** group

- 17 participating organisations
- Representatives from housing associations, LAs & contractor/service providers
- GB perspectives – England, Scotland, Wales
- From a few thousand to 30,000 properties

Our areas of exploration



- *1 - Aspiration, inspiration & the business case*
- *2 - The asset management strategy as the essential framework*
- *3 - Assessing the financial performance of the housing stock*
- *4 - Using performance information to inform options appraisal*
- *5 – Asset management; delivering for the neighbourhood*
- *6 – Asset management redefined; a fresh new agenda that's fit for the future*

Modern asset management - the key drivers



Demand & Supply

- Demographic changes, including ageing population
- Fluctuations in demand for particular locations and property types (impact of welfare reform)
- Growing emphasis on choice & increasing customer demands/expectations

Stock Condition & Sustainability

- An ageing stock profile & 'fit for purpose issues' with some property types
- The pressure to deliver either higher or more locally determined standard
- Delivering neighbourhood & economic sustainability

Funding, Financing & VfM

- The imperative for assets & asset planning to support the Business Plan
- The need to optimise value & use of assets (economic regulation)
- The need for proactive solutions to improve stock portfolios & their performance

The key drivers – the impact on HAs



- “Active” Asset Management - key regulatory issue
- Understanding how your assets perform – key funding issue
- Sweating assets to maximise opportunities – key for BP
- Value for Money at a time of post-Budget rent reductions
- Impact on Planned Maintenance
- Need for whole new approach
- Focussed resources
- “Planned-on-Demand”
- Understanding the context we work in:
- Local housing markets
- Local demographics
- Understanding “real” housing demand



The key drivers – the impact on Incommunities



- Demographic change impacting on demand
- We understand housing aspirations
- We know What housing is required and Where
- “Wrong Stock – Wrong Location”
- Sheltered housing
- High-rise flats
- Competition from PRS, other HAs and home ownership !
- Need to market ourselves as a housing provider
- Different approach to Planned Maintenance
- VFM focus due to budget cuts
- “Planned-on-Demand”



The key ingredients of sound asset management



1. A comprehensive, strategic approach

The **Asset Management Strategy** as the essential framework

- Designed to unlock the potential of the housing stock
- Delivering for the business & the customer
- Built around a set of clear strategic priorities
- Shaped & informed by sound stock condition survey data, supplemented by other data on housing need/demand, socio-economic data etc.



The key ingredients of sound asset management



2. A clear delivery plan

- The **Asset Management Plan** as the delivery vehicle
 - What you're going to do
 - How you're going to do it
 - How much it's going to cost
 - When you're going to do it by
 - Who's going to do it
- Demonstrably delivering against the strategic objectives
- Shaped by and shared with residents



The key ingredients of sound asset management

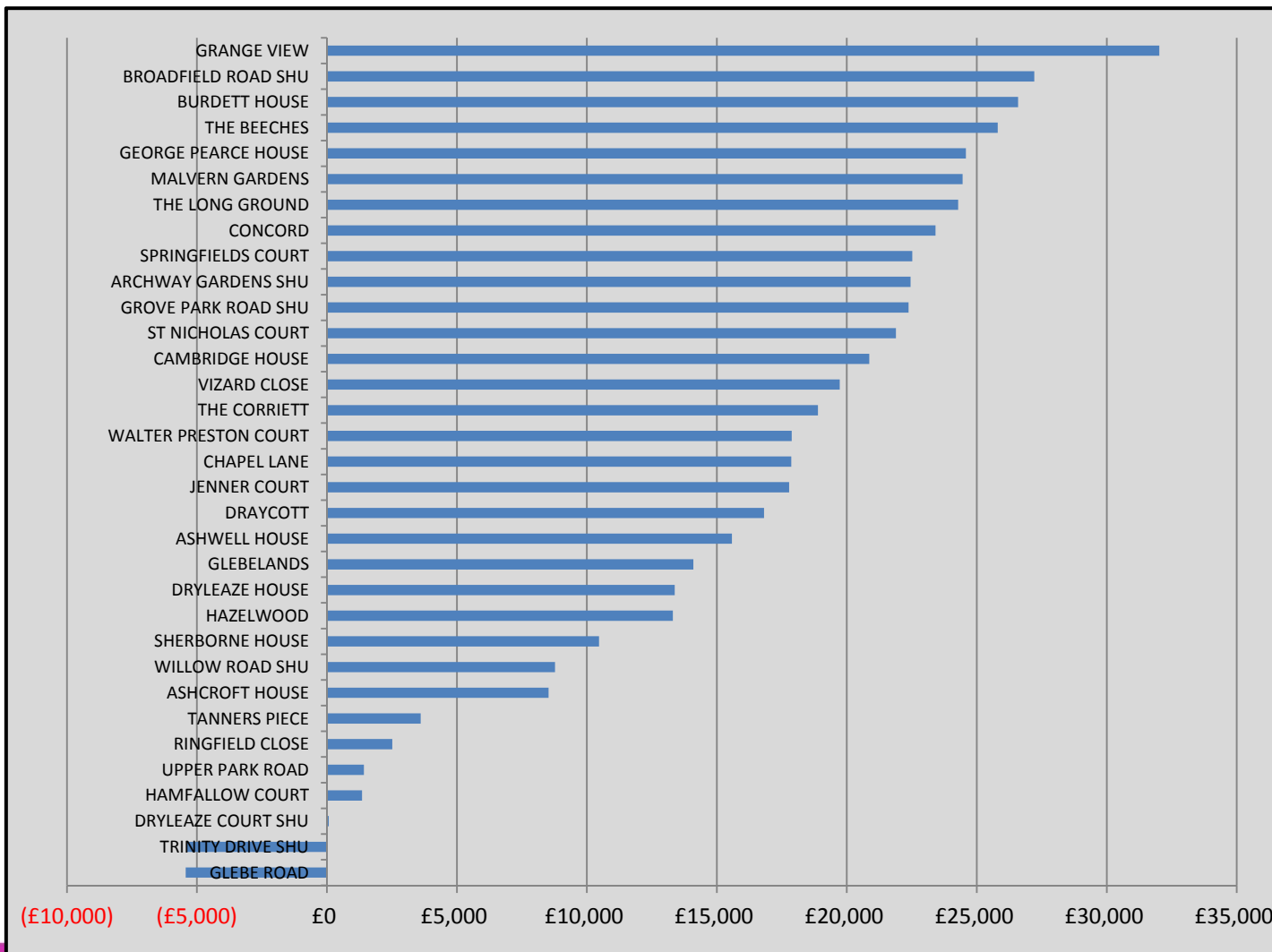


3. Understanding the 'performance' of the assets

- The use of Asset Performance Tools – but what is '*performance*', what does it mean?
 - Financial performance measures
 - Net Present Value (NPV)
 - Yield
 - Non-financial performance measures
 - Responding to market conditions - housing need & demand
 - Meeting social & political objectives
 - Economic/regeneration objectives
- The right approach and the right value measures to use will depend on your operating context



Net Present Value Analysis



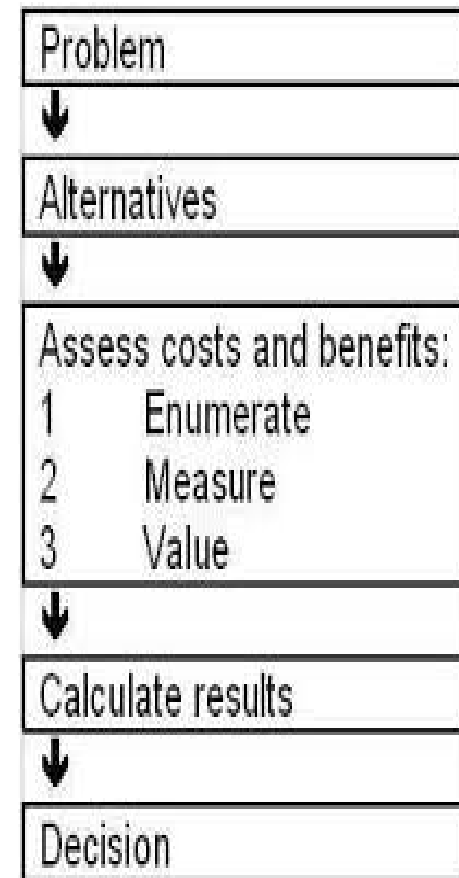
Per unit
NPVs can
vary
dramatically
within a
property
group,
ranging
from +£32k
here down
to -£5k

The key ingredients of sound asset management



4. Options Appraisal (Optimising cost, quality & utilisation)

- Using performance information to inform option appraisal
 - Identifying the actions that will generate more value or fresh potential
 - Continue to invest & retain in current use
 - Change of use
 - Redevelopment
 - Disposal
- Identifying where the potential lies to unlock asset potential, release value, provide for reinvestment
- Balancing economic motives against social responsibilities



The key ingredients of sound asset management



5. Accountability – providing assurance

- Evaluating the approach being taken
- Monitoring its impact/return
 - Increase in average NPV
 - Increase in average yield
 - Meeting tenant needs/demands
 - Impact on neighbourhood sustainability
 - Local economic impact
- Providing clear information and assurance to boards, elected members, residents & other stakeholders



The key ingredients of sound asset management



6. Effective, efficient procurement

- Using approaches that add real value to the asset
- Shifting the balance of risk to contractors & manufacturers
- Securing greater inter-organisational and inter-personal trust
- Promotion of a culture to support innovation, learning and development of mutual advantage
- Lifecycle considerations
 - *Landlords* – long lifecycle, reduced maintenance, lower carbon and improved NPV
 - *Residents* – safety, great performance, good looks and reduced call outs
 - *Contractors* – easy to fit, reliable and offer savings and predictability when taking on long term liabilities

“Lifecycle isn’t taken seriously by the sector and is not considered a critical component of procurement”

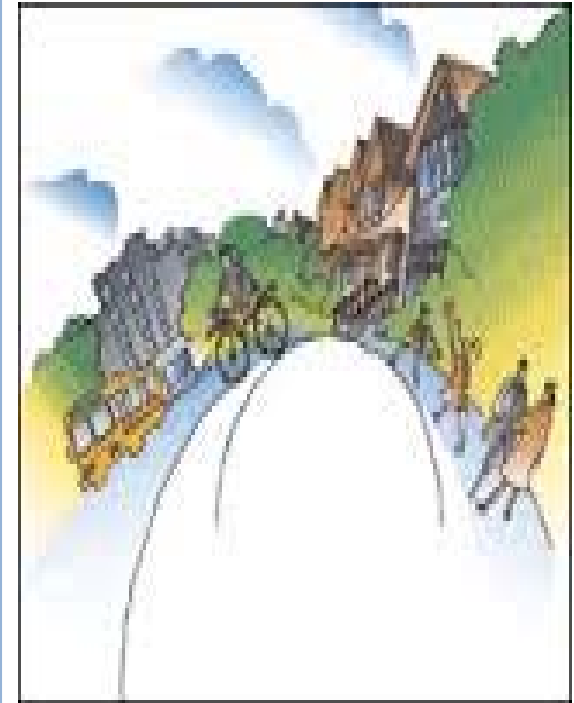
Steve Coleman, TakeParts

The key ingredients of sound asset management



7. Delivering wider sustainability

- For 'social' landlords the value the assets bring also needs to be measured in broader ways:
 - The cost of energy efficiency works versus the benefits for reducing fuel poverty
 - The value of delivering local training & employment
 - The regenerative benefits of your asset approaches
 - The creation or sustaining of stronger neighbourhoods/communities
- But how to measure and monitor progress in these areas and demonstrate VfM? There are many impact tools, but CIH is developing a 'balanced scorecard' approach



Redefining asset management



Some key messages

- Move our thinking on from Decent Homes/SHQS/WHQS
- Develop a much more '**whole organisation**', inclusive approach to AM
- Asset managers need to **take a stronger lead**, shifting AM much more centrally within the organisation
- 'Performance assessment' is about much more than NPV, it's about wider housing markets, **neighbourhood sustainability** etc.
- Information, data and '**performance assessment**' need to actively inform the AM Strategy, not just be objectives of the AMS
- There can be real benefits of developing & nurturing **in-house skills and talent**
- Don't underestimate the importance of **operating context**



6 key Asset Management challenges facing the social housing sector



- Securing buy in – getting everyone engaged and bringing Asset Management more centrally within the organisation
- Ensuring a fit for purpose Asset Management Strategy and delivery plan that truly aligns with the organisation's corporate objectives & local context
- Delivery of quality, accurate and maintained data on asset and non-asset aspects (e.g. housing need/demand) that is used 'intelligently' to inform decision making

“...the stock exists to deliver the objectives of the organisation: the organisation doesn't exist to service and maintain the stock”

6 key Asset Management challenges facing the social housing sector




- Genuinely understanding asset & neighbourhood performance in the broadest sense through approaches that are embedded into the day job
- Equipping the organisation - developing the knowledge and skill base within the sector
- Embracing & embedding a redefinition of asset management – delivering long term sustainable homes & neighbourhoods

*“Asset
Maintenance
is just a facet
of Asset
Management”*

Jeremy Kape,
Affinity Sutton





Asset management – the
solution for delivering
better external areas and
environmental quality



Asset management - the long term solution to unpopular difficult to manage schemes



Asset management –
the solution for
addressing 'fit for
purpose issues'
across our stock
types

A photograph of two semi-detached houses with red tiled roofs. The house on the left is cream-colored with a yellow door and a satellite dish on the roof. The house on the right is pink with a white door and a silver ramp. The houses are set against a backdrop of trees and a blue sky with clouds. A blue text box is overlaid on the bottom left of the image.


Asset management –
the solution for
realising asset value
and delivering more,
better quality homes

Asset management –
the solution for
releasing value for
new or reinvestment





Asset management – the solution for delivering stronger, more sustainable neighbourhoods



Asset management – the solution for responding to supply & demand issues, housing market pressures and private sector competition



Asset management –
the solution for
disused garage
sites!!

'Intelligent' Asset Management



Asset management redefined?



Managing & maintaining the housing stock in a way that delivers **value for money** by **optimising the return to the organisation** through achieving the right balance between **cost, quality and timing of works**; also **utilising the housing properties** in a way that contributes to **neighbourhood sustainability**, all within the organisation's **own context**.

CIH Working together to redefine asset management - October 2015

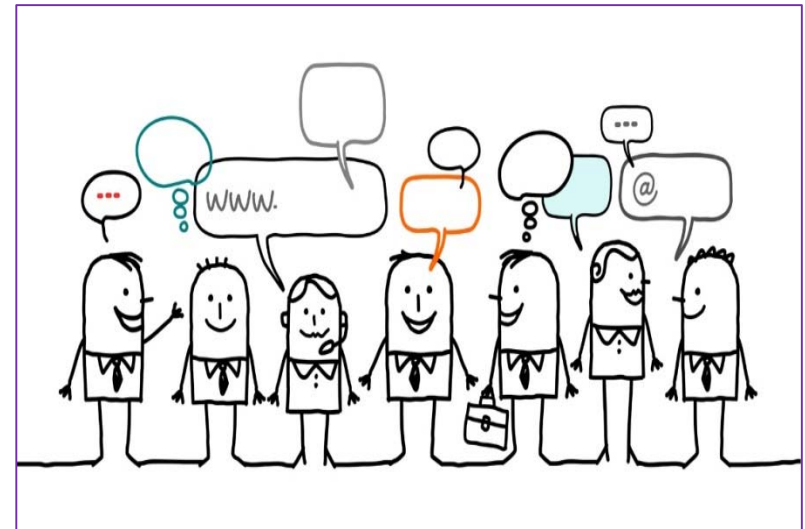
Happy to take questions & discuss!



Asset Management redefined:
what does it mean for you, your
organisation & your operating
context?

Asset Management redefined: is
there a Wales perspective that you'd
like to contribute?

Asset Management redefined: what
do you think are the key pieces of
insight/learning that we should be
telling the rest of the sector about?



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