

Working together to redefine asset management

Practice notes



Asset management

CIH Northern Ireland's event – working together to redefine asset management – shared the experiences of leading asset management practitioners from across the UK who are identifying and developing innovative solutions to the challenges they face. The speaker panel featured Richard Medley, director (assets & neighbourhoods) at CIH consultancy; Jez Lester, assistant chief executive (asset management) of Incommunities; Jane Nelson, executive director at Mears Group; Mark Williams, senior operations manager at Celtic Horizons; and Paul Isherwood, director of asset management at the Housing Executive. These practice notes are drawn from their presentations which are [available to view](#). The event was chaired by Michael McDonnell, chief executive of Helm Housing and was sponsored by [Mears Group](#).

Asset management redefined?

CIH's Working Together group on asset management has 17 diverse organisations collaborating to develop new insight, lessons and learning in the subjects of repairs, asset management and neighbourhoods. The aims of the project is a sector-led redefinition of asset management that responds to the changed challenges and opportunities; and a new 'model' or agenda that the sector can embrace and use to drive future approaches. In July 2015 the group defined asset management as:

To manage the housing stock in a way that contributes to neighbourhood sustainability, delivering value for money by optimising the balance between cost, quality and utilisation, all within the organisation's own context.

The group identified seven key ingredients of sound asset management:

1. A comprehensive, strategic approach – the **asset management strategy** as the essential framework
2. A clear delivery plan – the **asset management plan** as the delivery vehicle; demonstrably delivering against the strategic objectives; shaped by and shared with residents
3. Understanding the 'performance' of the assets – the use of asset management tools; the right approach and the right value measures to use will depend on your operating context
4. Option appraisal (optimising cost, quality and utilisation) – using performance information to inform option appraisal; identifying where the potential lies to unlock asset potential, release value, provide for reinvestment; balancing economic motives against social responsibilities
5. Accountability, providing assurance – evaluating the approach being taken; monitoring its impact/return; providing clear information and assurance to boards, elected members, residents and other stakeholders
6. Effective, efficient procurement – using approaches that add real value to the asset; shifting the balance of risk to contractors and manufacturers; securing greater inter-organisational and inter-personal trust; promotion of a culture to support innovation, learning and development of mutual advantage; lifecycle considerations
7. Delivering wider sustainability – for 'social' landlords the value the assets bring also needs to be measured in broader ways; but how to measure and monitor progress in these areas and demonstrate value for money? There are many impact tools, but CIH is developing a 'balanced scorecard' approach

Option appraisal

One of the project members, Incommunities, has been developing its approach to asset management within its context as a housing association in Bradford, West Yorkshire, since stock transfer in 2003. Having a much stronger knowledge and understanding of the 'performance' of their stock is helping them better seize the opportunities available for making sure their housing stock provides the right quality of accommodation, in the right place to meet current and future needs and demands.

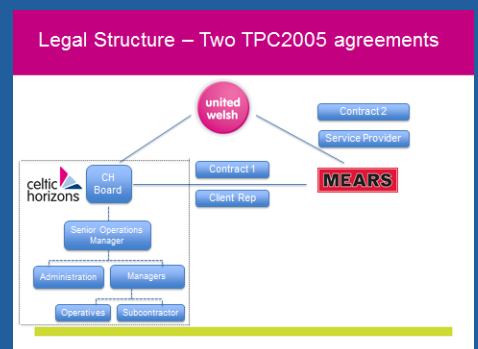
A user of Savills' asset performance evaluation (APE) model, Incommunities stresses the need to 'think the unthinkable' in option appraisal including demolition or disposal to another housing association to release value and provide for reinvestment opportunities. One case study recounted the 'Bolton Woods' scheme in Shipley – six obsolete deck-access two and three bed maisonette blocks which, amidst a host of economic and sustainability issues, drew a petition from tenants to demolish the blocks. Incommunities considered six options including retain and refurbish, demolish and rebuild with different tenure options considered, or demolish and sell the site. The final decision was to decant tenants and demolish at a cost of £576,000 (compared with a £2.56 million refurbishment cost) and redevelop mixed tenure homes.



Effective, efficient procurement

United Welsh, a UK top 30 housing association, has stock across 11 local authorities, including in the most deprived wards in Wales. They have a unique and successful model for the delivery of repairs and all asset management related services for a full asset management solution. It involves contractual and delivery arrangements between a wholly owned subsidiary, Celtic Horizons, and Mears Group, the leading social housing repairs and maintenance provider in the UK, the latter of whom assumes the risk for delivery.

In addition to effectively managing risk, the other main drivers for the structure were to improve the customer journey, with people at the centre of the model; to reduce the number of contractors; to maximise job and training opportunities; to further develop opportunities with social enterprise; and a culture of continuous improvement. Celtic Horizons worked with trade unions and workplace representatives to realise a living wage as well as well as transfer of undertaking (TUPE) obligations.



Understanding the 'performance' of the assets

The Northern Ireland Housing Executive (NIHE) and Department of Social Development commissioned a project – the asset management commission – to inform the work of the social housing reform programme in Northern Ireland. It was recognised that many of its outputs would also inform NIHE's asset management activities including its asset catalogue; review of compliance arrangements; review of contracts; and stock condition survey.


The project was awarded to Savills in the summer of 2014. NIHE also developed its APE model with Savills, and for its own operating context; the measure of the non-financial performance of the stock reflects the landlord business objectives of delivering quality services; delivering better homes; and fostering vibrant communities. The work done to date has included grouping stock into over 500 asset groups with over 100,000 individual assets tagged, moving away from incomplete data spread across a number of ICT systems.

NIHE's long term aim is to establish a portfolio of assets that matches social housing needs; provides a type and quality of housing that meets residents' requirements and aspirations and supports sustainable communities; and both supports and is supported by a robust business plan. Investment decisions will be made based on the performance of assets in a way that strengthens the NIHE business plan and contributes to meeting their business objectives.

Changes underway to facilitate these changes include:

- the establishment of a new asset management division within NIHE
- procurement of a new fully-enabled, multi-functionality asset management ICT system
- development of a new strategic approach to works procurement incorporating social enterprises
- preparation of a new asset management strategy

The strategy will include a new tower block strategy to address the financial and non-financial sustainability issues surrounding the 32 tower blocks owned by NIHE in Northern Ireland. Throughout the process NIHE aims to keep sight of why the work is being undertaken – to have a 'social heart with a business head'.



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