

**ASSET
MANAGEMENT
STRATEGY**

2016/17 - 2018/19

Working
together for
positive change



1.0 Executive Summary



Choice Housing's Asset Management Strategy 2016-2019 is a critical business tool for us to align our property assets with business need; directly linked to the Corporate Plan it highlights the strategic golden thread through these Plans leading to delivery outcomes.

We are a property business and it is therefore critical for us to understand the performance of our assets. We have invested £ 21,986,261 over the last three years in terms of planned and cyclical improvements and an additional £11,744,760 on responsive repairs.

The Asset Management Strategy seeks to achieve;

- **A better understanding of our Assets**
- **More consistency in our approach to stock condition surveys**
- **The professional development of our staff**
- **To share good practice by involving tenants in what we do**
- **Offer better tenant choice**
- **To set standards across the department**
- **To be more sustainable**
- **To follow more robust procurement processes**

Much has changed in recent years and this new Asset Management Strategy reflects these challenges including customer affordability issues arising from welfare reforms, demographic changes, increasing customer expectations and the need to create a more sustainable asset base against a background of rising energy prices and costs.

Effective asset management means that our homes will meet the needs and standards for the future so sustainability is a key theme throughout this new Strategy. This is not just about environmental sustainability but also ensuring that we have the right mix of homes which will be more affordable to customers.

Increasingly improving data will drive intelligence-based asset management giving a greater understanding of the needs of our customers and their homes. This will ensure that Choice Housing Ireland can better target effective partnerships and investment in new homes as well as our existing housing assets.

The Asset Management Strategy will assist in maintaining the stock, making it attractive as security for lending to support our development activities. We will ensure that we achieve Value for Money by benchmarking our costs and performance against our peers.

Our Stock Investment budget over the course of the strategy is currently being reviewed and will be provided as an update in due course.

This new Asset Management Plan spans a three year period but will be formally reviewed every year as it is expected that the Plan will receive minor updates at each review.

The targets and initiatives of the Asset Management Strategy will be funded in the main through the Association's reserves and rents.

This strategy shall be read in conjunction with other Choice group strategies (Energy and Sustainable Development, Tenant Participation, Procurement and Value for Money).

Ciaran Andrews
Assets Manager

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2.0 Introduction

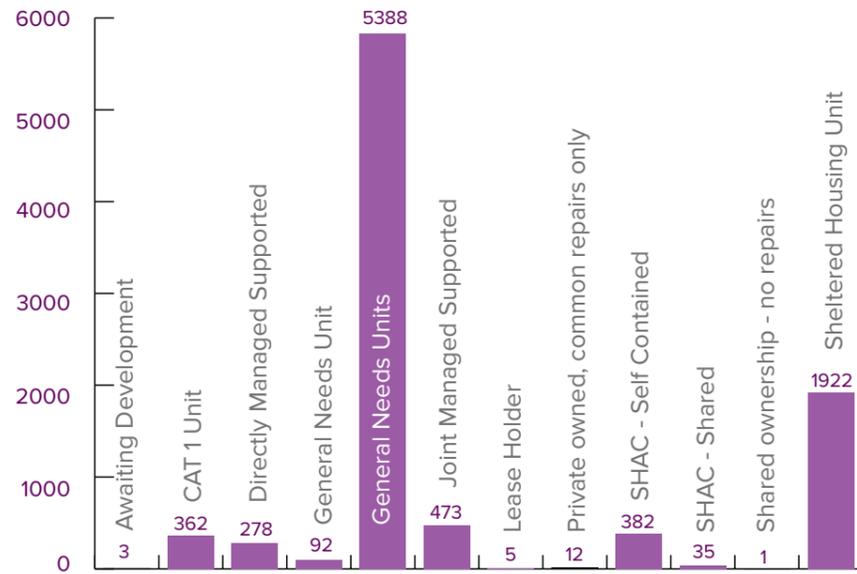


Figure 1: Choice Asset Breakdown

This is the first Asset Management Strategy for Choice Housing Ireland following a merger with four other Housing Associations in Northern Ireland. The current profile of our assets is as shown in figure 1:

The Asset Management Strategy details our commitment to delivering well maintained, energy efficient homes and fantastic neighbourhoods which will meet the needs of our customers and ensure their satisfaction with the neighbourhoods where they live.

This Asset Management Strategy 2016-2019 sets out the strategic framework for the plans to deliver;

- capital investment in our stock
- cyclical/ planned maintenance
- adaptations
- remodelling
- feasibility studies
- technical support for other departments

The strategy follows the Group's performance management framework where annual action plans are mapped under four key business headings, aligned with the Clearview/ Housemark Systems.

- The four key business areas are:
1. Finance and Business Growth
 2. Internal Business Processes
 3. Learning and Innovation
 4. Customer Excellence

The strategy will have regard to relevant external factors, such as:

- Meeting social housing need.
- Best practice guidance.
- The Department for Communities NI Housing Strategy.
- The Welfare Reform agenda.
- The Northern Ireland Programme for Government.
- Consultation with tenants about our services.

The main element of work over the lifetime of this Strategy is to review and update our Stock Condition information. Due to the recent mergers, the stock condition information is inconsistent. To achieve consistency, external consultants will be engaged to review 20% of our stock on a yearly basis. This process will align the legacy associations stock condition data, which will inform a 30 year plan. The 20% yearly review is based on recommendations from RICS and DFC guidance. The key principles of the Strategy is to enable Choice to achieve the industry standard of a 60:40 ratio between annual planned and response expenditure.



3.0 Governance and Oversight

This strategy is managed by the Asset Manager under the responsibility of The Group Director of Development and Assets. *Figure 1* shows how Asset Management fits within the departmental organisational structure and *Figure 2* shows the Assets Team in its current form (under review).

Strategic oversight of this strategy is the responsibility of the group Board. The group Board has delegated to the Development and Growth Committee the oversight of property development, asset management and energy management.

The primary duties of the Committee are:

- To oversee and monitor its approved annual budget
- To oversee operational management of the Directorate
- To approve property investments
- To oversee and monitor operational performance

The group Board has approved the management of Development, Assets and Energy through three teams, which are overseen by the Group Director.

Development: Responsible for the development and delivery of our new homes. This includes identifying suitable sites, the planning and development of scheme proposals, construction and project management. This is in line with the Social Housing Development Programme and is focused on achieving best value for money.

Asset Management: Responsible for delivery of the planned maintenance programme, stock condition surveys, life cycle component costing, long term investment and major disabled adaptations.

Energy Management: Responsible for reducing the amount of energy we use, the cost of energy and our impact upon the environment. This team is also responsible for promoting a culture of energy efficiency within Choice and providing support and advice to our customers.

The Group Director will provide the Committee with regular reports on performance against strategic targets, key performance indicators, full and relevant information to consider proposals and reports on risk and business opportunities.

Figure 1: Choice Directorates

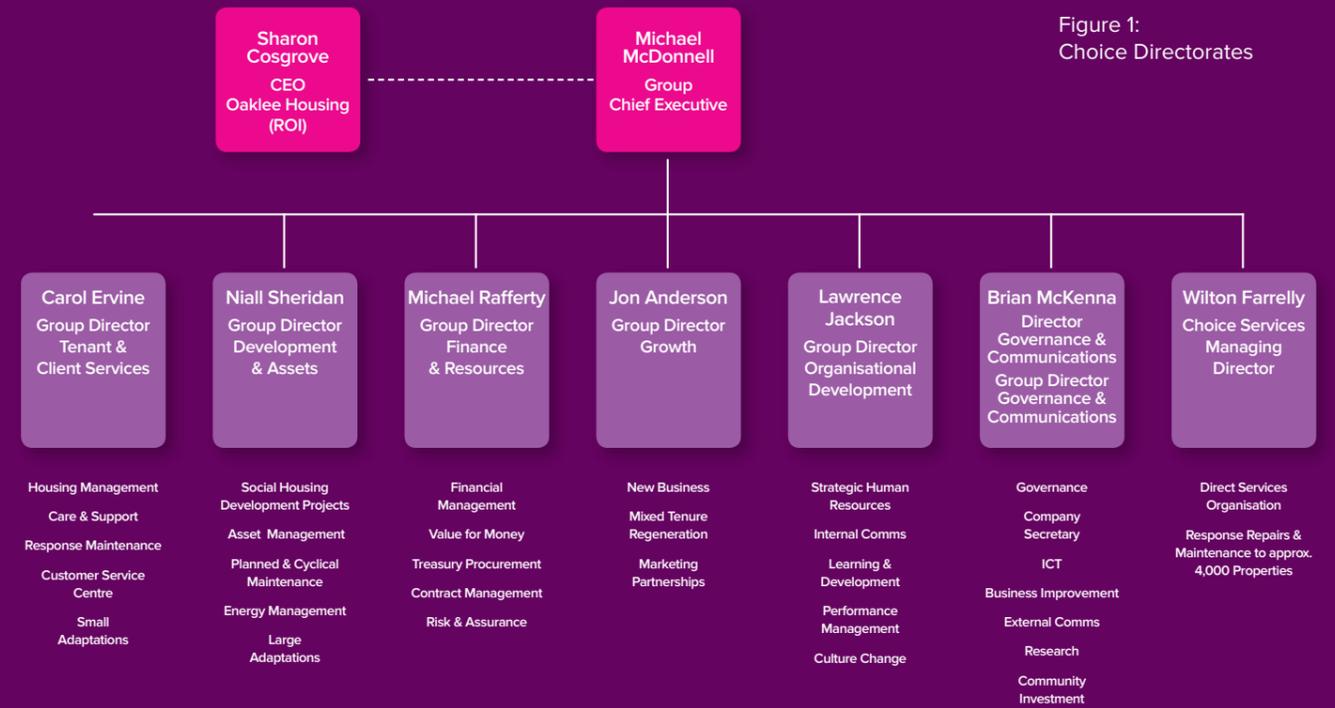
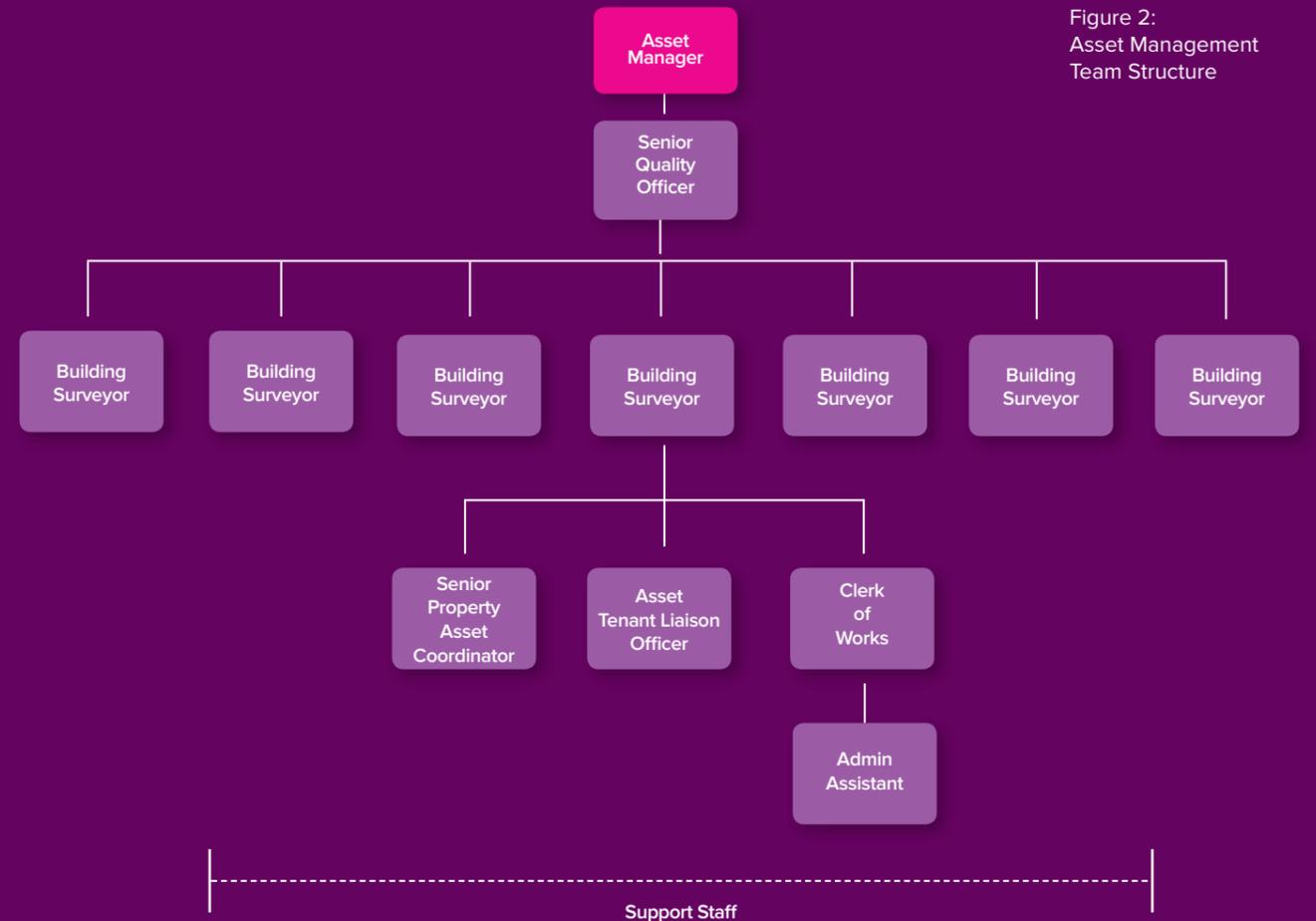


Figure 2: Asset Management Team Structure



4.0 What is Asset Management?

The aim of asset management is to guide the future shape and direction of the property assets to ensure that they meet corporate objectives and customer expectations. The National Housing Federation definition of property asset management is:-

“Asset Management is the range of activities undertaken to ensure that the Housing Stock meets the needs and standards for the future.”

As is clear, asset management goes beyond investing in good repair and improvements. Asset management is about reviewing and changing the asset base to end up with the right accommodation in the right location supported by excellent flexible services for our customers. It must consider quality and value for money, particularly the whole life of a home and how future running costs will affect customers.

By applying an effective asset management strategy to our 10,000 plus homes, the benefits will include:

- Assets aligned with corporate aspirations and customer needs;
- Homes which will be more affordable to customers;
- A more environmentally sustainable asset base;
- Lower “whole life” running costs;
- Better financial value through grants and other external funding sources;
- Value for money through collaborative procurement and partnerships;
- Clear understanding of maintenance needs; and
- Appropriate disposal of assets, enabling investment in new homes and reinvestment in existing homes.

The Asset Management Strategy sets out the strategic framework to provide excellent housing and support services, invest in our homes and neighbourhoods, grow the organisation sensibly and continuously improve our financial strength.



Asset Management is the range of activities undertaken to ensure that the Housing Stock meets the needs and standards for the future.

5.0 The Need for Change

Significant change and uncertainty facing the housing sector present a range of challenges, demanding greater commerciality and innovation.

Key areas of change include:

- Substantial cuts in public expenditure
- Growing expectations from existing and new customers. Providing fit-for-purpose housing products,
- A different approach to funding new homes in light of reduction in grant levels
- The impact of welfare reform on residents' ability to pay, and the potential negative impact upon our income
- The impact upon funder confidence (and therefore future costs) arising from the above
- Meeting energy efficiency and carbon reduction targets by tackling fuel poverty
- The revised regulatory approach, which requires economic and/or tenant scrutiny
- Impact of the changing financial climate

The Choice Housing Ireland Asset Management Strategy aims to deliver:

- Effective stock investment: An investment programme designed to keep stock to required standards (e.g. Decent Homes) and meet carbon reduction targets
- Active asset management: Identifying properties that have a poor social, economic or environmental performance because of low demand or high costs. Either improving them or replacing them with properties that are fit for purpose. The proposed asset management structure will have the capability to carry out feasibility studies for the remodelling and redevelopment of Choice stock to meet future needs. Our ability to carry out feasibility studies will be monitored against **KPI 10**.
- Support for wider objectives: Clarify how asset management is supporting objectives such as new development and community investment, and any strategic interventions
- An approach that complies with statutory and regulatory requirements and reflects best practice
- Health and safety
- Performance data management for investment planning



6.0 Key Principles

The Assets Team have identified 6 key principles which are at the core of our operations and our aim is to follow and develop these principles which will help maintain and improve our business.

6.1 Investing in our assets

Based on the stock condition survey we will deliver an annual investment programme to ensure that we have a sustainable asset base, meeting current and future needs. Refer to **KPI 1**

6.2 Know our tenants

This element of the strategy is principally addressed elsewhere through our tenant satisfaction surveys which are coordinated by Corporate Services. Gaining a greater understanding of our residents, and identifying their needs and aspirations, could direct future development activity and lead to the release of existing housing to address unmet needs.

Do we know the levels of under-occupation in our homes and residents' interest in moving? Is there a need for additional older people's accommodation? Answers to questions like these could inform future development and are also key in relation to welfare reform.

This will assist in assessments of both the long-term sustainability of stock, as well as establishing the right stock mix.

6.3 Share good practice by involving Tenants in what we do

A particular challenge is having a clear understanding of the needs and aspirations of both current and future Tenants so that maintenance, investment and reinvestment decisions are able to deliver housing of the right tenure, type, size, location, standards and affordability.

This principle should be read in conjunction the group Tenant Participation Strategy.

We need to be clear about how we use tenants' views and develop mechanisms that allow those opinions to influence asset management at a local level. We also want to be able to show how information we obtain is used to meet customer aspirations and expectations. As a group we will share good practice on effective tenant engagement by consulting and being active with the Tenants' Forum on:

- How Assets engage with residents in developing reinvestment/investment programmes, and how their views influence all aspects of Asset Management activity
- How Assets can promote a culture of resident engagement
- How we approach diversity and disability needs, and engage with hard-to-reach groups
- Demonstrating how adopting good practice has led to better outcomes
- Identifying residents across the group whom we could consult about our approach to asset management
- Involving colleagues from member organisations so we have a 'critical friend' from each to enable us to evaluate what we currently do and develop our approach to involving residents in asset management

This will be achieved through our dedicated Asset Tenant Liaison Officer and more regular, structured meetings with the Tenants' Forum.

6.4 Offer Tenant Choice

We live in a society which offers choice, so it is important that members consider what choices they can provide to new and existing residents.

For example, current tenants may want more reinvestment in energy efficiency and be willing to pay a higher rent to fund this.

Perhaps they want investment in wider community facilities.

Do the choices we currently offer meet expectations and should we work to increase choice?

Information for residents about the choices available should be promoted and published in annual reports. We aim to provide more information to our tenants through more structured tenant consultation, refer to **KPI 19**.



6.5 Develop the professionalism of the Team

The Asset Team members will develop their professionalisms in line with RICS Building Surveying Standards.

The team is lead by a RICS Chartered Surveyor who will embed into the team, the professional principles of the RICS.

The professionalism of the team is critical for the effective delivery of all the objectives set out in the KPI's. It is vitally important the team has a range of experience and that all members update their learning in line with RICS Guidance. All RICS members must complete a minimum amount of CPD on a yearly basis.

The team will be administering some in house projects from inception to completion (RIBA stages 0-6). This will be implemented to reduce the complete reliance on external consultants, achieve value for money and provide a convenient technical service to Choice, refer to **KPI's 2&3**.

6.6 Set Quality Standards and Policies

Given that most of our properties now meet Decent Homes Standards, members need to determine and review what standards they are going to apply in the future and should:

- Map out the standards and choices across the group and use this information to challenge and inform their approach
- Develop standards that can be funded through the business plan and are based on residents' requirements
- Have regard to the Department for Communities regulatory standards
- Be clear about the choices available to residents, particularly between social, affordable and any market rent tenancies
- Make the standards available to Tenants
- Have a monitoring framework to ensure delivery
- Establish an Assets Design Guide and Standardisation of all documentation, see **KPI's 7&9**
- Implement an ISO Quality Management process for the department, see **KPI 6**
- Employ an Assets Clerk of Works to ensure that the quality of work being delivered on site is to an acceptable standard
- Compile a suite of tenant booklets which will inform the tenants about the processes of the delivery of Planned works, refer to **KPI 18**.

7.0 Consistency in Approach

7.1 Stock information (attributes)

We need to be clear about what information is needed and why, as well as ensuring we have in place robust stock information to effectively inform business decisions.

Collaboration within the Association on establishing minimum stock information requirements to be held across the Group; the adoption of common software (MIS Surveyor); and the use of new technology should be explored to support improvements in data quality.

A data management strategy which defines how stock information data is held, how it is maintained, and who is responsible for maintenance is appropriate and will be actioned through a cross departmental working group. See **KPI 11**.

7.2 Stock Condition

Stock condition information is drawn from surveys (internal and external) and updated through day-to-day work and programmes of work.

Much of the existing stock condition information is outdated and therefore requires updating. New condition survey templates should be prepared which reflect the level of information which is required to comply with the regulator expectations.

Through the use of our Building Surveying framework, a rolling 20% survey validation of all stock will be carried out over a four-year period, refer to **KPI 11**.

A new Asset policy will be produced which will be used to maintain and update attribute data and stock condition information in the future.

7.3 Standard Documentation

The Assets team will work over the next year to develop a design guide, standard specifications and standard templates for tendering, refer to **KPI's 7&9**.

It is important for us to understand and analyse the cost of previous remodelling and MEI projects to enable more accurate budgeting and feasibility estimates. This task will be carried out and monitored against **KPI 4**.



8.0 Sustainability

We need to be clear about what information is needed This element of the strategy should be read in conjunction with the Energy and Sustainable Development Strategy.

The Assets team are committed to working closely with the Energy Team to ensure that there is a joined up approach to sustainability.

The Assets Officers will consult the Energy Manager at all stages of PMP projects.

We are committed to ensuring all properties perform as well as possible in terms of environmental impact, and that we offer affordable warmth to all tenants.

Choice investment programmes continue to build on the legacy of Decent Homes programmes to achieve agreed standards.

Given the challenge ahead to reduce our carbon footprint, and growing concerns over increasing energy costs, future investment will also need to consolidate on work already undertaken so we continue to deliver in both these areas, effectively and cost-efficiently.

The principle of retrofitting existing properties and evaluating the benefits of new technology is supported by the Assets Team.

However, we are aware that there have been significant advancements in green technology over recent years which have produced a wide range of products and solutions.

Choice is clear that there is a need to develop a greater understanding of the range of technologies available and adopt a planned/coherent approach to ensure that technical and investment decisions deliver the right outcomes.

Choice housing stock comprises new and improved properties. Our priorities include having an overall assessment of the environmental performance of our stock and sufficient detail on individual property types to guide our approach to retrofit work.

9.0 Procurement

The Choice Procurement Strategy establishes a clear framework for the Group, which reflects the vision and values, and is aligned with the Value for Money Strategy and objectives of continuous improvement.

The Procurement Strategy details how planned procurement savings will be achieved, and will also provide a clear framework for members to collaboratively explore how to deliver further efficiencies in the future. A more sustainable approach to the delivery of future Planned Maintenance Programmes will be established and actioned over the next 3 years in line with **KPI 5**.

A key priority is to establish a clear, group-wide strategy and framework for cost effective procurement which helps ensure that services continue to deliver the optimum balance between economy, efficiency and effectiveness.

To support the Group, Assets new approaches to procurement will:

- Determine which works and services could be procured across the group via joint procurement opportunities
- Establish a group-wide schedule of services and works from their asset management activities
- Identify what could be delivered and procured differently e.g. lifts | Be able to demonstrate improvements in efficiency and value for money arising from asset management activities
- Produce a contract register
- Create visibility of areas of spend.
- Create visibility of planned investment
- Create a skills and knowledge bank of staff which can be used across the Group
- Develop standard terms and conditions for group-wide use | Use E-tendering as the preferred procurement route

10.0 Risk Management

With support from Business Assurance (internal and external audit), we will explore the merits of having a consolidated approach across the Group to risks associated with asset management, covering:

- Identifying risks and controls
- Minimum KPIs
- Monitoring, updating and reporting arrangements
- Training
- Appropriate policies and procedures which sets out guidance and clarity around roles and responsibilities
A full policy review is underway and will be implemented and monitored against **KPI 8**
- Having a rolling programme of audits which looks at different elements of the asset management strategy
- Sharing information (e.g. risk maps and benchmarking) to support continuous improvement

11.0 Staff Development - Commitment to training and employment

Choice Housing has a track record of creating opportunities within the communities they work in. Group's expectation is that Choice will continue to identify further opportunities around their asset management activities.

Annual targets should be established and performance against them detailed in asset management reports. Choice will map out what they do, who they work with, and set targets to increase training and employment opportunities.

Close partnership with the RICS will be established to enable the development of Building Surveyors within the team. A programme of CPD events will be arranged and attended by the team each year. This will be developed and monitored through **KPI 15**.

The team will carry out in house projects going forward, therefore the training and use of design software (AutoCad) will be required, see **KPI 16**.

12.0 Equality and Diversity

We have undertaken an Equality Impact Assessment to consider how the Asset Management Strategy will impact on Tenants, service users and staff. This is particularly relevant to our diverse stakeholder base. The assessment will consider the effects this strategy may have on people falling into the NI Equality Commission's nine groupings.

13.0 Funding

The targets and initiatives of the Asset Management Strategy will be funded in the main through the Association's reserves and rents.

Where appropriate, we will seek grant funding and all opportunities to obtain external funding will be explored and recommendations proposed to management. In particular, options for investment where there is a financial payback will be explored along with alternative financial models.

A comprehensive staff resource paper setting out the restructuring of the Assets Department has been prepared by the Asset Manager. The resource paper will need to be implemented to ensure the successful delivery of this strategy.

The resource paper identifies an additional investment of approximately £60,000 for the implementation of the new staff structure.

Financial & Business Growth

**KPI 1
Stock Investment**

2016-17
£8.6 million

2017-18
£20 million

2018-19
£10 million

**KPI 2
In-House Design
Team**

2016-17
Employ a Building Surveyor to work on in house design projects

2017-18
Aim to have an Asset Management Officer progressing towards RICS Chartership to compliment the in house design team

2018-19
Employ a graduate Quantity Surveyor to work on in house projects

**KPI 3
In House Design
Team**

2016-17
Approximately £1m worth of PMP projects taken on by the in house design team

2017-18
Approximately £1.5m worth of PMP projects taken on by the in house design team

2018-19
Employ a graduate Quantity Surveyor to work on in house projects

**KPI 4
Cost Modelling**

2016-17
Complete a full cost analysis of all previous PMP and remodelling projects. Cost analysis to aid the completion of feasibility studies and future budgeting

2017-18
Carry out a review of all previous CE's on projects and produce a paper on how these can be avoided in future projects

2018-19
-

**KPI 5
Bulk Procurement**

2016-17
Analyse the PMP programme to ensure works in similar locations are procured together to reduce the amount of procurement processes

2017-18
Analyse the PMP programme to ensure works in similar locations are procured together to reduce the amount of procurement processes

2018-19
Analyse the PMP programme to ensure works in similar locations are procured together to reduce the amount of procurement processes



KPI 6 Quality Management

2016-17
Carry out a study to review the viability of adopting an ISO Quality Management System for the Assets Department

2017-18
Implement the ISO Quality Management System

2018-19
-

KPI 7 Standard Details and Specifications

2016-17
Carry out an in house review of all standard details and specifications

2017-18
Produce a Design Guide, standard details and specifications

2018-19
-

KPI 8 Asset Policies

2016-17
Full review and update of all Asset Management Policies

2017-18
Continue to update policy documents as necessary

2018-19
Continue to update policy documents as necessary

KPI 9 Standardise Tender Documentation

2016-17
Produce a full set of standard tender documentation, including preliminaries, contract data etc which is compliant with statutory regulations

2017-18
Continue to review and update as necessary

2018-19
Continue to review and update as necessary

KPI 10 Options Appraisals

2016-17
Following a review of nr3 in Financial and Business growth, options appraisals will be carried out in house

2017-18
Continue to carry out options appraisals in house

2018-19
Continue to carry out options appraisals in house



KPI 11 Stock Condition

2016-17
Carry out a full review of the existing Stock Condition
Update all attribute
Carry out 20% review of all Stock Condition within the year
Implement a data management Strategy for attributes

2017-18
The Building Surveying IDT's will be used to carry out 20% review of all Stock Condition within the year

2018-19
The Building Surveying IDT's will be used to carry out 20% review of all Stock Condition within the year

KPI 12 Adaptations

2016-17
Carry out a review of how adaptations are being carried out

Aim to have all current adaptations reviewed, tendered and on site by the end of this financial year

Have a process from being notified about an adaptation to having the work completed on site agreed through a Policy

2017-18
Procure Architect or Building Surveying consultants to carry out adaptations

2018-19
Procure Architect or Building Surveying consultants to carry out adaptations

KPI 13 Consultant Design Briefs

2016-17
Produce a standard document for design briefs

2017-18
Update brief document following a lessons learnt review

2018-19
Update brief document following a lessons learnt review

Learning & Innovation

KPI 14 RICS

2016-17
Implement a RICS accredited learning programme for Student Placement

2017-18
Aim to have an Asset Management Officer progressing towards RICS Chartership to compliment the in house design team

2018-19
Aim to have an Asset Management Officer achieving full Chartership

KPI 15 General CPD

2016-17
15 Appoint a team member to manage a CPD programme for the whole team

Ensure all team members working towards RICS membership are achieving the required number of CPD hours

2017-18
Continue to ensure all team members working towards RICS membership are achieving the required number of CPD hours

2018-19
Continue to ensure all team members working towards RICS membership are achieving the required number of CPD hours.

KPI 16 Auto Cad

2016-17
Aim to have Auto Cad installed on all Asset Officers and Building Surveyors computers

Provide in house Auto Cad training to all Assets Officers

2017-18
Continue to update staff knowledge on Auto Cad

2018-19
Continue to update staff knowledge on Auto Cad

Customer Excellence

KPI 17 Construction Quality Improvement

2016-17
Appoint an Assets COW who is fully qualified and experience in refurbishment projects to oversee the quality of work on site.

2017-18
Put a programme of learning in place where all AMO's will shadow the COW to learn the quality standards expected on site.

2018-19
Review the teams experience and identify any further learning which is required.

KPI 18 Tenant Booklets

2016-17
Product tenant booklets on all areas of PMP to advise on procedures and levels of disruption

2017-18
Update tenant Booklets following feedback

2018-19
Update tenant Booklets following feedback

KPI 19 Consultation

2016-17
Ensure all tenants are appropriately consulted at the various stages of any planned works

Aim to achieve 80% tenant satisfaction at the end of the year

2017-18
90% at the end of the year

2018-19
90% at the end of the year



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