

Asset management, repairs and maintenance for board members

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Foreword

Board members have always had a significant role to play in overseeing how their housing organisations manage, maintain and improve their assets. However, this responsibility has sharpened in a time of change and uncertainty within the housing sector.

There are a range of issues currently facing landlords, including meeting energy efficiency and carbon reduction targets within new and existing housing stock, the revised regulatory approach, embedding co-regulation, and the impact of the localism agenda. The changing financial climate means that demand for accommodation is increasing whilst the framework for funding new homes has altered significantly. Landlords must also continue to balance their existing maintenance responsibilities and the expectations of residents.

For board members, having robust information on the quality, cost and performance of their housing stock is essential to strategic decision-making in this context. As always, boards must have a clear and agreed strategy to meet their core values and objectives; but the challenges for the sector demand a greater commerciality to ensure that resources are used in a dynamic way to both maintain and develop homes and services. To do this the board must have a full understanding of the long-term financial value and management performance of the property portfolio, and use this information to make what can be difficult decisions about new investment, the retention or disposal of stock, the type of rental product offered and the scope of geographical coverage and range of activity the landlord will engage in.

This puts an additional focus on the risks inherent in managing assets. Boards need to be able to assess robustly the impact of decisions they make about their housing stock, and with residents they must scrutinise the performance of the services designed to deliver the strategy.

This makes for a demanding and potentially exciting challenge. This book is timely in addressing the proactive approach that board members must take to the management of assets and of the repairs service in the organisations they run.

Terry Stacy MBE
Chair, Island Homes
part of One Housing Group

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Introduction

Why is it important to manage your assets?

The book value of housing association assets now exceeds £100bn and these are supported by £65bn of private finance facility and £38bn of grants.¹

However, alongside managing this significant financial resource, housing associations are not-for-profit bodies with the core of their activities being the provision of homes and services to meet a range of needs.

Residents consistently indicate that repairs and maintenance is the service which has the greatest impact, is clearly valued and provides the most interaction between landlord and tenant. Housing providers must balance their maintenance responsibilities with the decision to develop new homes, the requirement to improve environmental sustainability through the reduction of carbon emissions, and the need to support affordable warmth for residents.

This combination of financial value and service quality therefore means that managing housing assets and undertaking repairs and maintenance effectively are crucial to a landlord's credibility and business performance.

What does 'asset management' mean?

The National Housing Federation's book *Leadership and control* defines asset management as:

...taking a comprehensive approach to managing a housing association's physical assets with the aim of achieving particular objectives, usually to make best use of the housing stock and achieve value for money. It covers the construction, operation, maintenance, modification, replacement and disposal of housing and other buildings.²

Added to this definition is the more recent challenge of ensuring that asset management embraces energy efficiency and promotes environmental sustainability.

1 *2010 global accounts of housing providers*. Tenant Services Authority, 2011.

2 *Leadership and control: a governance guide for board members* National Housing Federation, 2011.

What role do board members play?

It is therefore essential that board members have the knowledge to provide effective strategic oversight of the management of assets and the repairs service in the organisations they run. They need to ensure that there is a clear interaction between the development of the asset management strategy, the business planning process and decision-making across the range of the organisation's activities, and above all an understanding of the risks inherent in managing assets. It is equally important that board members are also able to scrutinise robustly the performance of the delivery of contracts and services to meet the strategy.

An important aspect of this is the need for clarity around the roles of the executive and the board in terms of responsibilities for developing and implementing the strategy. Board members must also ensure that they have the necessary skills and experience within their board to make appropriate decisions and scrutinise outcomes.

Board members therefore have a range of issues to consider in maintaining a portfolio of sustainable assets, delivering quality repairs services and achieving value for money in their businesses. This guide draws upon the National Housing Federation's asset management and repairs and maintenance guides.³ Whereas those are aimed at senior staff, this book is written to assist board members in their deliberations around strategic decisions and performance monitoring in relation to asset management and repairs and maintenance.

The Review of Social Housing Regulation⁴ in 2010 recommended that the principle of co-regulation should be retained and enhanced. This means that the responsibility for effective service delivery sits squarely with the landlord, who is accountable to residents, rather than the regulator. The government said that 'landlords should make robust and honest self-assessments of their own performance' and that the 'regulator should set clear outcome-focused standards, to be complemented by more specific local offers agreed between landlords and tenants'.

This resulted in broad regulatory standards which focus on outcomes and avoid prescribing detailed processes. The co-regulatory approach builds on resident involvement to drive forward residents' role in shaping service delivery, setting priorities and targets and holding landlords to account through the scrutiny of their performance.

3 *Managing the assets: A guide for housing associations*. National Housing Federation, 2011.
Repairs and maintenance: A guide to delivery. National Housing Federation, 2011.

4 *Review of social housing regulation*. DCLG, 2010.

Overview

Chapter 1 of this guide describes what an asset management strategy is, what it should contain and the board's role in overseeing the strategy. It highlights how asset management is an inherent part of the business planning process and why boards need to make decisions about the long-term sustainability of their housing stock in response to residents' priorities, the social and economic context and the organisations financial circumstances. This chapter also defines the respective roles of board, executive and residents in asset management.

Chapter 2 focuses on the implementation of an asset management strategy through the organisation of the repairs and maintenance service and the various options available for procurement of the service.

Chapter 3 sets out how boards need to integrate environmental sustainability and carbon reduction initiatives with their asset management strategies.

Chapter 4 considers how boards can ensure that they are able to monitor the delivery of the asset management strategy and the repairs and maintenance service effectively. It makes suggestions for a performance management framework and considers the need to balance detailed scrutiny with the achievement of corporate objectives. The chapter also considers risk management, value for money, co-regulation with residents and equality issues.

Chapter 5 provides a summary of the responsibilities of a board member in relation to asset management, repairs and maintenance. It provides a self-assessment checklist for board members to consider in relation to asset management and repairs and maintenance. This takes the form of 20 questions which are essential pointers to the responsibilities of board members.

Appendix 1 suggests key headings for use within an asset management strategy.

The asset management strategy

What is an asset management strategy?

Asset management is about understanding and managing the performance of, and risks presented by, a landlord's assets. An asset management strategy (AMS) therefore provides a framework for landlords to manage stock proactively and support business plan objectives. It is used by social landlords to link knowledge of their stock, the need for housing in response to local demand and customer aspirations, and what is affordable in the business plan.

Why is an asset management strategy important?

Traditionally, asset management has focused on upholding the standards of the stock and ensuring that it is maintained to meet the expectations of regulators and of residents. The publication *Appreciating Assets* stated:¹

This has meant that asset management strategies have often been based on the assumptions that:

- *properties will normally remain in social housing forever;*
- *the social landlord which built the property will be the right landlord to manage it.*

Strategies have consequently focused principally on the delivery of works programmes rather than actively managing the asset.

More recently, landlords have begun to consider a different approach to managing their assets, offering a more dynamic way of using their resources to both maintain and develop homes and services. This approach requires a full understanding of the long-term financial value

¹ *Appreciating Assets*. Savills & CiH, 2011.

and management performance of the property portfolio, and using the information to make strategic decisions about the future of the assets in terms of:

- new investment;
- retention or disposal of stock;
- the type of rental product offered (eg, ‘affordable’ or target rents, limited period or secure tenure);
- the range of activity the landlord will engage in within a neighbourhood.

What is the board’s role in overseeing the asset management strategy?

The board has ultimate responsibility for the governance of the organisation:

...the purpose of the board is to determine strategy, direct, control, scrutinise and evaluate the organisation’s affairs.²

Boards therefore need to look at their housing stock in a different way from what was traditionally required, evaluating their assets flexibly against their strategic objectives. The key asset management issue for boards is how to shape their assets so as to ensure that they are the right ones to deliver their social and business purposes.

Asset management strategies are now taking on a more significant role within the business planning process, and boards will need to make decisions about:

- investing in the long-term sustainability of the assets and the impact on the wider community;
- actively managing the assets so that decisions are made about individual properties or blocks of properties;
- how the asset management strategy supports the wider aims of the organisation, eg, the need to invest in new properties.

As part of the process of developing such a strategy, boards need to consider what investment is needed in their properties, when it will arise and whether alternative options such as

² *Excellence in governance: Code for members and good practice guidance*. National Housing Federation, 2010.

demolition, disposal, change of use or stock rationalisation will improve the worth and performance of their housing assets. Social sustainability and sustainable communities also need to be considered since extending and converting existing properties may be the best way to assist households stay where they have a support network and employment rather than have to move. Typically, the strategy will cover a 30-year timescale, while providing a framework for medium-term plans.

A key aspect of the strategy is to ensure that resources for maintenance and reinvestment are concentrated on meeting customers' housing needs in terms of the type, location, environment and standards of their homes. This also puts the onus on boards to actively govern their businesses as a whole and have a very clear understanding of the markets and communities in which they operate.

How do regulatory requirements influence the strategy?

Asset management strategies have previously been heavily influenced by the views of the regulator, the requirements of inspection and the demands of powerful stakeholders, especially local authorities. Whilst there has been some assessment of the economic viability of stock and some projects which have changed usage or disposed of stock within or outside the sector, on the whole the approach has tended to be a conservative one, seeking to retain stock in the portfolio no matter what the cost.

While ensuring regulatory compliance is a key element of governance, the Review of Social Housing Regulation said:

*Fundamental responsibility for effective service delivery lies with landlords, not the regulatory system.*³

This creates a very different environment, based on the principle of co-regulation. The key elements of co-regulation for boards to consider in relation to the delivery of services are:

- Landlords are accountable to their residents, not to the regulator, which means residents must have the information and opportunities they need to hold landlords to account and to shape service delivery.

3 *Review of social housing regulation*. DCLG, 2010.

- This also means that landlords must balance current residents' expectations with those of potential future residents, particularly in relation to new development and associated investment decisions.
- Landlords should make robust and honest self-assessments of their own performance, drawing on external validation (such as peer review) as needed.
- The regulator's role is to set clear outcome-focused standards, which will be complemented by more specific local offers agreed between landlords and residents.
- Regulatory intervention should be justified and proportionate, in the context of the regulator's new role.

In developing their own standards – principally focused on meeting residents' needs and the landlord's business objectives, and determining appropriate performance targets – boards will need to take into account the content of the regulatory standards.⁴ The 'Home' and 'Neighbourhood and Community' standards are the ones that apply most directly to asset management. The onus is on the board working with its executive to develop an approach to managing its business and assets. These standards need to include an agreed approach to improving the energy efficiency of the stock and providing homes residents can afford to heat.

In addition, if a landlord has entered into a Framework Agreement with the Homes and Communities Agency (HCA) under the 2011-15 Affordable Homes Programme, and receives grant funding for new delivery, it will also need to take into account the expectations and monitoring arrangements inherent in that agreement. The HCA delivery model is actively designed to:

...be more flexible with providers using existing assets to help reduce the amount of public funding needed to deliver new supply.⁵

Development is therefore an intrinsic part of the wider asset management strategy, within its own four-year time horizon, and there is an explicit expectation that landlords will generate resources to maximise this new supply.

To do this they will have to:

4 See www.tenantservicesauthority.org/server/show/nav.14649.

5 *2011-15 Affordable Homes Programme – Framework*. HCA, 2011

- analyse turnover rates and potential ‘affordable rents’⁶ to assess the potential increase in their income stream by converting existing rented stock to ‘affordable rents’;
- prepare portfolios of vacant properties for disposal that can be submitted to the Tenant Services Authority (TSA) for consent, to subsidise the new development.

The regulator’s detailed monitoring of the delivery of these programmes is a factor that boards need to bear in mind in their asset management strategy.

Key considerations for the board

As we have discussed, as managers of an independent business a board needs to set its own objectives in response to residents’ priorities, the social and economic context, the financial circumstances and the asset management needs (including the risks presented by their stock). Asset management strategies should therefore be aimed at effective service delivery and improvement, both for customers and for the long-term benefit of the business.

Asset management strategies are essential to direct the best use of resources to ensure an effective and efficient organisation. As part of this the board needs to use the AMS to assess the potential to release resources to achieve its overall objectives, and it will need to consider:

- the range of products the organisation will offer based on local needs and markets;
- stock rationalisation through disposal of stock if it is no longer fit for purpose or is inefficient to manage; transfer of stock to better placed landlords, or the acquisition of stock from other landlords;
- where releasing the equity from the assets might best meet their aims;
- future investment in new homes and/or sustainable neighbourhoods;
- analysis of performance issues such as voids and turnover rates;
- level of revenue that needs to be generated from asset management for development purposes;
- appropriate targets for energy-efficiency improvements in the existing stock.

To make effective decisions on these factors, the board will need to understand both:

6 ‘Affordable rent’ is the term which the HCA uses to describe near-market rents, to distinguish them from social rents.

- the long-term performance of the property portfolio overall;
- those properties or groups of assets that exceed or fail to meet performance thresholds.

To do this the organisation will need to have a clear understanding of ongoing property costs and of local market conditions in areas where they have stock. This will require a strategic planning process involving systematic information gathering, clarification of organisational direction, the clear establishment of priorities and understanding of risk.

Boards therefore need to ensure that their strategy delivers:

- *Effective stock investment*: a stock investment programme designed to keep all properties to the required standards (including meeting carbon reduction targets).
- *Active asset management*: identifying properties that have a poor social, economic or environmental performance, because of low demand or high costs, and either improving them or replacing them with properties that are fit for purpose.
- *Support for wider objectives*: being clear where and how asset management is supporting objectives such as new development or the organisation's wider community activities.

To achieve these aims, an effective strategy needs clarity in the way it is constructed and implemented.

In summary, an effective asset management strategy should:

- define the organisation's values and strategies;
- determine how these translate into products and standards;
- understand and take account of the policy environment;
- ensure that residents' views have real influence;
- reflect local markets;
- understand and assess the potential risks involved;
- understand and assess the performance of the stock;
- embrace both social and environmental sustainability;
- be based on option appraisal and financial modelling to optimise performance;
- provide an affordable strategy that links clearly to the business planning process.

What should be in an asset management strategy?

Appendix 1 suggests key headings within an asset management strategy. The sections below provide additional detail.

Context – risk, prioritisation and strategy

The current financial climate together with the changes in the grant-funding regime and the regulatory framework mean that boards will need to have clear priorities in providing direction to the executive. Boards will need to consider a range of issues that have a direct impact on management of the assets, including:

- The extent to which the organisation wants to risk being involved in developing with reduced grant – or with no grant at all – at higher rents; and as part of this, the risks inherent in higher rents in the context of the government's welfare reforms.
- The likely views of local authority partners if the key to continued development is a combination of higher rents on new lets, changes to tenure arrangements, stock rationalisation and (potentially) property disposal.

- The local markets in which the organisation operates – expressed in terms of information on key aspects such as types of housing demand, property prices, prevailing rent levels and current allocations policies.
- The geographical areas in which it operates, and whether they should change – given local authority views, changing opportunities and local market considerations.
- The need for a strategy to secure asset-related revenue streams – for example, updating rent arrears and void management policies.
- The balance between maximising the margin on housing and asset management activity for development cross-subsidy, on the one hand, and reinvesting that surplus in service improvement or property improvement, on the other.
- The level of ‘product mix’ for the business in the future and how value for money is assessed by product and by service area.
- The parameters for how deciding how the landlord would seek to dispose of property that is not contributing sufficiently to overall financial performance.
- How the risk of service failure or of customer dissatisfaction will be managed effectively.

Not only must boards consider and decide on these challenging issues, they also have a duty to assess and effectively manage the risks involved in the courses of action they choose.

Considerations for boards to balance:

- meeting local needs;
- selling outmoded or inefficient stock;
- selling properties to release equity;
- investing in new homes;
- investing in existing homes;
- investing in sustainable communities;
- cushioning against risk.

Links with business and financial planning

Boards must ensure that the business plan, strategic financial plan, risk management strategy and the asset management strategy are not constructed in isolation, but are developed jointly

to ensure robust interaction between the investment needed by the stock and the resources available.

Indeed, these planning tools must be developed (or revised) in a coordinated manner. In practice, each interacts with the others in a complex way and any changes in one could have a significant impact on the others.

The business plan which is approved by the board on an annual basis will need to take into account any active asset management decisions, including transfers and disposals. It will therefore need to reflect:

- changes in income;
- changes in expenditure;
- receipts from transfers and disposal;
- recycling of net receipts of transfers to general purposes;
- recycling social housing grant for permitted purposes;
- recycling of net receipts of disposal into development.

In order to be fully assured that the business plan stays robust, boards will need to regularly review it, with full and appropriate sensitivity testing.

For those landlords developing new homes under the *2011-15 Affordable Homes Programme – Framework* we stated earlier the need for development and asset management to become much more integrated. Historically, funders have been prepared to lend at up to 80-85 per cent of the value of social rented homes because of the low risk associated with renting at significantly less than market price. They have traditionally lent at lower loan-to-value ratios to providers of market rent housing. They will keep the risks under review. This would mean that landlords wishing to develop may be compelled to invest more capital up-front in new properties or reinvestment schemes to compensate. This may also mean that there is a stronger case for boards to consider void sales of both poorer performing properties and those of greater value to generate capital as part of an asset management strategy, and hence place a greater reliance on sales income, with the associated risk.

Maximising value and planning for specific levels of surplus will therefore become more crucial, both in terms of creating a cushion for the landlord's risk profile and for planning to meet its wider social objectives.

The role of the board:

- overall responsibility to ensure that the AMS is consistent with the organisation's aims and fully integrates with the business plan;
- approve the draft AMS and have overall 'ownership' of the asset management strategy;
- scrutinise and approve an annually updated AMS and undertake periodic reviews;
- ensure there is a systemic link from the business plan to the AMS so that they do not get out of line in future;
- ensure that the organisation's risk map takes full account of the AMS.

The importance of standards

Setting the standards for the upkeep and improvement of housing stock is fundamental to business planning, and being clear to residents about what they can expect. There has been a great deal of emphasis in standard setting in recent years on meeting the Decent Homes Standard, and many boards have agreed 'Decency-Plus' standards which reflect residents' views and aspirations. These involve holistic standards, incorporating wider issues of social sustainability and the environment and energy agendas. Environmental standards are considered in more detail in Chapter 3.

The Department of Communities and Local Government (DCLG) *Review of social housing regulation*⁷ has said that the regulator:

...should set clear outcome-focused standards, to be complemented by more specific local offers agreed between landlords and tenants.

The key for landlords is to work with residents to identify the standards that they want to see and which provide value for money. This may involve a move away from a 'one size fits all' approach to an offer which provides choice for residents to meet their individual needs and expectations. This may mean that landlords offer a range of choices about the services

7 *Review of social housing regulation* DCLG, 2010.

provided and how they are delivered, within a broad standard. Boards must ensure that the standard they develop offers this flexibility, whilst also having measurable targets which are consistent with their objectives and business plan and are also capable of being put into practice and managed effectively. In doing so, there may be difficult decisions to be made, for example, there may be compelling reasons why different standards or approaches are appropriate for different geographical areas or for specific groups of residents.

When setting standards, it is also useful for boards to consider the need for common specifications of products between development and maintenance. If new schemes include products that are different from those normally specified for maintenance, there are could be difficulties (in cost and other resources) when items need to be replaced. However, when considering energy efficiency improvements new components and specifications may be closer to those used on new developments.

Value for money

It is essential to achieve value for money in asset management. On an operational level, this means that all landlords should strive to develop effective procurement arrangements which deliver the right balance between price, quality and service. Providers have also established a range of mechanisms to benchmark costs to routinely test the cost-effectiveness of their suppliers. There is an increasing body of good practice within the sector that providers can draw upon.

As a background to these processes, landlords should focus on building a ‘value for money culture’, where the consideration of costs and the effectiveness of the service is a routine part of decision-making at all levels. Having a systematic approach to the review of costs in relation to performance can be helpful here, in addition to the board setting clear targets to improve value for money.

But value for money is not solely about costs. The achievement of positive outcomes for customers is equally important. The Audit Commission’s approach to the evaluation of value for money, asked the question ‘Is the end product what customers want and is it delivered in the appropriate manner, to the required standard at an agreed cost?’⁸ and this is an equally useful reference for the board.

8 *Value for money within housing: Supplementary guidance*. Audit Commission, 2005.

Data and information technology

Up-to-date and robust information about the specific attributes and condition of the housing stock by property is needed to inform the business decisions we have described above. This is not an easy process. Data can be expensive to obtain and difficult to maintain and manage. The board will need to seek assurance that stock condition information can be drawn from surveys and analysed and reported on with other sources of financial and performance information to allow for ongoing monitoring of the investment programme, asset management options and repair trends. However, boards must be alert to receiving too much information. The collation and analysis of data should be limited to what is essential to inform the strategy.

Integrated property and financial systems will need to facilitate:

- prioritisation of capital improvement and repair requirements and planning cost-effective programmes of work to maintain the stock and deal with major repairs, relating this to the business plan;
- identification of properties that do not comply with the agreed standards or may be in danger of contravening statutory obligations;
- assessment of energy-efficiency ratings against agreed standards and potential costs of achieving the standards;
- identification of properties that have poor performance, challenging characteristics or may become surplus to requirements;
- identification of the assets which are likely to remain basically the same, and therefore just need repair and component replacement, those that will need substantial upgrading or should be sold, and those which are high-performing and could provide significant value if sold;
- access to basic information in the event of disposals;
- wider neighbourhood sustainability indicators, such as figures on antisocial behaviour, employment and crime in order to inform strategic planning.

The full set of information comprises an asset register, which should be maintained and used as a decision support tool. The board does not, of course, need to see the asset register, but it needs assurance that it is in place, and able to fulfil the tasks just mentioned.

Issues for the board to consider:

- taking overall responsibility to approve standards that are:
 - affordable – ie, they can be funded within the business plan
 - based on residents' requirements and views
 - consistent with the vision and values of the landlord;
- setting appropriate authorisation levels;
- publicising agreed service standards;
- developing an implementation and monitoring framework to ensure delivery;
- scrutinising and approving annual updated standards and periodic reviews;
- continually evaluating the service standards and adapting them to reflect customer feedback and changing business requirements;
- having effective procurement strategies;
- routinely monitoring value for money through benchmarking reports;
- ensuring the maintenance of sound data about assets, through periodic internal audit.

Who does what?

Respective roles of boards and executives

Providers need to think through the organisational implications of their asset management strategies. This needs to take into account issues around skills, physical resources and staffing requirements. Boards also need to consider delegation to ensure the responsibilities for carrying out the strategy are owned by the parts of the organisation with the authority and resources to deliver.

It is essential that responsibility for the AMS is clearly located. Landlords are developing new ways to deliver asset management and, given the higher profile of asset management together with repairs and maintenance, there is an increasing tendency to create a director-level post. The post-holder may or may not also hold responsibility for development activities.

The need for professional property skills at executive level is mirrored at board level. It is important that boards should ensure, wherever possible, that their membership includes sound

asset management and business skills and experience. In order to ensure appropriate focus on expenditure and performance management, some boards also allocate specific portfolios such as asset management and repairs to board members. This can be a means of using and building the skills and experience of board members through shadowing and supporting the service, but it is important that a balance is maintained and that board members do not become directly involved in operations.

The involvement of residents and stakeholders

Landlords need to engage with residents in ways that are seen as valuable both to residents and to the organisation. The board must ensure that both the AMS and key aspects of the repairs and maintenance service are developed by drawing upon tenants' detailed knowledge of and opinions about the homes and environments where they live.

There are significant business advantages from involving residents in these activities. The National Housing Federation publication *Your place or mine?*⁹ found that successfully involving residents resulted in better overall outcomes including:

- greater choice for residents;
- higher standards of service and finish;
- a more customer-focused approach to contract management and monitoring;
- more 'right first time' work;
- easier complaints management;
- improved relationships between staff and residents;
- better team working and learning from the process;
- higher customer satisfaction and a better organisational reputation.

What residents value most can be summarised in three points:

- the landlord is clear what it will do and when it will do it;
- the landlord does it when it says it will;
- the resident is kept fully informed throughout the process.

9 *Your place or mine? Resident involvement and property services*. National Housing Federation, 2008.

The report *Making voices count*¹⁰ suggested that landlords should ask these questions in relation to resident service standards and resident scrutiny:

- Do you have a range of mechanisms for residents to actively scrutinise the service?
- Do you see complaints as a major source of information to be used in assessing the service being provided?
- If so, do you have mechanisms in place to link complaints to scrutiny?
- How do you ensure that residents' views are fed back fully into service delivery?

Training or capacity-building to support residents who are involved in scrutinising and developing landlord performance is also valuable. It is a key element in empowering and developing skills and confidence for tenants and can, in turn, enhance the culture of the organisation.

Landlords need to closely monitor changes in the profile of the people they house. A changing demographic profile – for example, where individuals are ageing, families are growing larger or households are becoming smaller – will all impact on the aspirations and expectations of those residents and in turn affect asset management. The board should seek assurance that the landlord has effective mechanisms in place for the analysis of data collected on or from residents and to undertake robust customer profiling.

The recent changes linking development funding more directly to decisions about rents and services make the views of residents particularly important. If rents are to increase and the nature of a landlord's housing offer to change as a result of new asset management approaches and shorter tenancies, then the board should consider residents' views in advance of the changes. This might include consideration of how the extra income raised is to be used.

It is also important that landlords engage with residents about energy efficiency and their particular concerns. Resident involvement is vital to the success of scheme to improve energy efficiency and to tackle fuel poverty and these are dealt with later in Chapter 3.

Leaseholders

Board members should also ensure compliance with the specific legal requirements for advising and consulting leaseholders and for recovering allowable costs for repairs and

¹⁰ *Making voices count*. TSA, 2010.

improvements from them. This includes gaining assurance that officers have taken into account what is permissible under the lease and that appropriate processes are followed.

It is particularly important that landlords have:

- information systems able to identify and apportion costs for individual leaseholders;
- detailed arrangements for consulting leaseholders that satisfy legal requirements, including consultations on costs for which they will be charged;
- arrangements to serve the correct statutory notices on leaseholders in the correct timescales.

If the legal requirements are not correctly followed then there are risks of delays to the contracts and costs may not be recoverable from leaseholders. Board members should ensure that consultation with leaseholders is undertaken at the earliest possible stage to allow detailed liaison about how they will pay their apportioned costs. There will be similar considerations when energy efficiency improvements, such as Green Deal works, are being proposed by landlords.

Commissioning consultants

It may be appropriate for the board to commission external advice from consultants in the development of the AMS. Consultants can provide expert skills and knowledge and also provide additional resources to support the landlord's staff.

Consultants need to be technically competent and the board will need to ensure that references are sought and that a selection process is undertaken. In doing this, there are a number of key issues for the landlord to consider. As with the procurement of any goods and services, the key to ensuring the most appropriate consultant for any particular service is the provision of a clear brief setting out the basis for the project:

- Clarity about the work involved – a clear statement describing the project and the scope of services required. This should provide information on the aims and objectives of the project, resources and timescales.
- A description of the commissioning process, eg, tender (single stage or two stage such as an invitation to tender or a pre-qualification questionnaire) or negotiation, together with details of the tender process/instructions to tenderers.

- The technical requirements that the consultant has to deliver. This should include details such as project planning, formulating and evaluating options etc.
- A series of questions designed to enable the consultants to set out how they would deliver the project, their experience of undertaking similar works, their approach to consultation, the interface with the clients' resources, their timescale and – importantly – what added value they will bring.
- The evaluation criteria and the methodology for selection. Boards will need to agree the evaluation split between price and quality.
- A fee proposal – this could be a staged lump sum paid against milestone achievements, a percentage payment based on the overall value of the work undertaken or an hourly rate. It is important that the board is clear about the fee structure to be used so that each consultant is bidding on a 'like-for-like' basis.

Chapter 2

Turning the strategy into action

The organisation and planning of repairs and maintenance

There are three main elements to the repairs and maintenance service:

- **Responsive repairs** (sometimes referred to as reactive or day-to-day maintenance) involve mainly small-value works needed to deal with wear and tear, accidental or deliberate damage or the effects of weather. They may be resident- or landlord-driven. They are unpredictable, normally undertaken as a single item of work and are funded from rental income.

Responsive repairs usually represent the service through which landlords interact most frequently with residents. In addition, residents have very different views on repairs and the demographic profile of residents can have a significant bearing on expectations. It is a significant item of revenue expenditure for the board to monitor. Achieving value for money and high levels of customer satisfaction by delivering a consistent, cost-effective and efficient repairs service is therefore a difficult task, but should be a priority objective for the board.

Responsive repairs are usually more expensive to procure and are resource and time intensive for both the contractor and the landlord. Wherever possible, landlords try to avoid responsive repairs by maximising the number and range of repairs undertaken through planned maintenance.

- **Planned and cyclical maintenance** are large-scale programmes of work to a property or a number of properties, organised proactively by the landlord. Planned and cyclical work is an essential part of asset management since the overall aims are generally to:
 - maintain property in good condition;
 - tackle any items that might cause discomfort to residents;

- minimise the number of day-to-day repairs required.

Programmes usually fall into three categories:

- work designed to ensure compliance with regulations and the law, for example, gas and asbestos regulations;
- work needed at regular intervals to ensure the integrity of the fabric of the building and that it still meets residents' needs, for example, cyclical redecoration, lift and fire equipment maintenance and checks;
- work to replace components that have a limited life, for example, window and bathroom replacement.

However, programmes may also be designed to undertake improvements. Many of these works would, in principle, justify a higher rent: for example, installing central heating or a shower. Major retrofit work (for example, external wall insulation) is likely to be a component of improvement programmes.

- **Void management** is an essential process aimed at minimising the time taken between one resident leaving and the next moving in. There are financial and social issues to consider as void properties rapidly deteriorate, provide no rental income, can attract vandalism, have a negative impact on the local community, can affect the landlord's reputation and thwart the delivery of the basic objective of meeting housing need. At the same time, when a void occurs so does the opportunity to carry out more significant work, including component replacement and energy-efficiency improvements.

Each board must therefore approve, monitor and review an effective voids process which provides absolute clarity about who is responsible for each element of the process and the sequence of the works involved. A void process must be appropriate to the circumstances, budget, property type and location of the landlord.

Delivering a successful repairs and maintenance service

For each of these three elements, an effective service inevitably involves a balance between time, cost and quality. There are many ways of delivering a good service which take these factors into account. The board should always bear their strategic priorities in mind and work with the executive to design a repairs and maintenance service to meet them.

Whilst there is no single formula for organising and delivering a successful repairs service there are some features which tend to be shared by the best ones:

- clear procurement and strong contract management;
- good communication with residents;
- information systems which provide effective repair reporting and ordering;
- staff trained and with the support needed to deliver the service;
- analysis of data to understand questions of quality and cost;
- simplified processes which minimise administrative costs;
- sustained efforts to reduce demand for repairs;
- clear requirements to achieve continuous improvement of the service;
- understanding of the capabilities of the contractor/service provider.

The sums of money involved and the impact of service failures mean that effective risk management is an essential part of successful delivery.

Increasingly, landlords are moving away from services which set out priority repairs categories and targets. This is partly due to concerns that the targets become ends in themselves at the expense of the views of the customer and at a cost to the organisation. More fundamentally, it is a response to the regulatory change requiring boards to develop a delivery structure which meets local needs.

Boards should therefore focus on creating systems which ensure consistency in the delivery of common repairs but at the same time allow for tailored responses to the individual characteristics of their residents, and allow for the completion target of a repair to differ depending on particular circumstances. For example, a more customised service may be required where displaced floorboards create an emergency for a person who is in a wheelchair. This approach means that the board must be assured that the organisation knows who its customers are and their requirements, and have structures to measure resident satisfaction and gain customers' views.

Right first time or a first time fix?

Boards considering either 'right first time' or a 'first time fix' objective will need to be clear about what they want to achieve. Some landlords focus on *completion in one visit* whilst others focus on *ensuring that every job is done correctly*. The aim of both 'right first time' and a 'first

time fix' is to improve resident satisfaction and reduce costs by avoiding numerous visits and processes.

- 'Right first time' means the extent to which repairs, replacements or new installations are completed on time and are defect-free over a prescribed period of time. Effort is put into monitoring and preventing mistakes in order to redo fewer jobs, with the cost which that involves.
- 'First time fix' refers to the completion of a repair at the first visit to a customers' home.

Achieving either objective means having clear appointment systems and getting the right person to the job. It also requires clean and clear communications mechanisms and smart stock controls.

This approach is not always simple. Boards need to consider practicality and cost, which may include incentivising the operatives to stay in the property until the work is done. Not all repairs lend themselves to being dealt with in one visit. Some will require the work to be 'measured up' and others will require multiple trades. The board will therefore need to be realistic and not expect that all repairs can be completed in a single visit.

However defined, this approach has clear implications for target times allocated to jobs. Removing – or having more flexible – target times for each repair reduces the pressure on operatives to get the repair done quickly rather than well. Given the point made earlier about repairs being a balance between time, cost and quality, landlords have to consider how far they can go in freeing up the 'time' element and what that means for their monitoring arrangements.

Maintenance staff

Ensuring that operatives have the right level of support from the centre and receive proper training is crucial. If the service is contracted out, the board should consider what it expects from the contractor in terms of the role of its staff.

Landlords should consider how salary and incentives are balanced against the strategic objectives of the service. Traditionally, operatives have received a bonus related to the number of jobs done and the value of each job within the schedule of rates. The potential problem is that this emphasises doing the job quickly rather than well. Some landlords have developed customised services with different payment and appraisal systems based on a number of factors including technical skills, customer service skills and time taken over jobs.

Other issues to address include the multi-skilling of operatives to allow them to complete a range of work in one visit. Some landlords also organise operatives to work in localised areas. This has the advantage of staff getting to know the area, the types of property and the residents, and of residents becoming familiar with the maintenance staff.

There are key issues around job and cost control. The more reliance is put on the operative the more consideration has to be given to control issues. When an operative is working to a schedule of rates, his or her role and its supervision are straightforward. If the operator is given more responsibility, landlords need adequate checking and control systems.

The procurement strategy

All boards should approve a procurement strategy which describes their procurement practice and approach. It is the principle means by which asset management and repairs and maintenance services are delivered.

There is no ‘best method’ for procurement, it is a question of each landlord working out the best procurement arrangements to suit its profile, strategy and priorities and the type of work involved.

This is a complex area but there are a number of key considerations for the board to take into account. (However, detailed issues of contract management and procurement processes are the subject of the National Housing Federation book *Contract management*.)

What and how to procure?

Be clear about what exactly are the works and services to be procured. The board needs to have determined and evaluated what type of organisation will deliver the service and whether:

- responsive repairs, voids and servicing will be a separate contract or part of a larger, all-embracing ‘asset management’ package;
- the work will be delivered through a direct labour organisation, external contractors, a shared services arrangement or joint venture.

For example, front-line administration and call-handling for a responsive maintenance service could be dealt with in house; through a contractor’s call centre, or the entire service could be handed over to a contractor – limiting the involvement of the landlord to the management of the contract.

The board needs to consider, with advice from its staff, the method of procurement best suited to the type of work being contracted and the service to be delivered. This requires a clear understanding of:

- the expected duration of the contract or contracts;
- the level of risk involved;
- capacity within the business plan over a number of years.

In addition, in defining the service to be delivered it is crucial that this includes a level of challenge for improving the service and reviewing current practices. Residents have an important perspective on the procurement process, particularly in terms of the contractor(s) selected, given that they will be working in their homes and neighbourhoods. Boards should ensure that residents are fully involved in the whole process of selection of contractors and the ongoing monitoring of the work. It is important that the board develops a formal framework by which it receives and takes account of resident feedback on the performance of the contractor.

Key issues to consider when making these decisions are:

- risk management;
- deliverability;
- the need to change and improve the service;
- the nature and type of work involved;
- the timescales and project milestones required;
- value for money.

Which procurement route to take?

Boards will have to determine whether to take a traditional approach to contracting-out particular services, or whether to have a ‘partnering’ approach.

Partnering is a management approach used by two or more organisations to achieve specific business objectives by maximising the effectiveness of each participant’s resources. It moves away from the traditional adversarial contractor-client relationship.

To be effective, partnering should involve a long-term contract and be of a scale that covers the initial costs of devising new and potentially more efficient ways of working. Key processes include:

- agreeing the objectives of the parties involved;
- establishing effective ways of working;
- achieving continuous improvement;
- sharing information in an open way about such things as risks, challenges and solutions.

The benefits of partnering identified by the National Audit Office in 2005 included value for money, improved productivity and health and safety, reduced construction costs and legal claims and improved whole-life value.¹ But there are risks involved in partnering and the board will need to decide whether to hand over to an external body the delivery of the service which has most impact on its customers. Boards must also consider the landlord's ability to effectively define and manage its 'arms length' partnering role. Monitoring and reporting are also key considerations. Having clear roles, responsibilities and an appropriate professional relationship are crucial.

A back-up plan is needed to cover the possibility of the client or contractor exercising a break clause, of the partnering process failing or – in the worst case – the contractor's business failing, for example, through liquidation. Managing this risk means ensuring robust scrutiny of the contractor's financial position as part of the procurement process and also that the landlord should have agreed a contingency plan to deliver the repairs and maintenance service should there be an issue with the partnering arrangement.

Boards must be commercially orientated to effectively assess the benefits and the risks involved in partnering agreements. If losing control of the service is a real concern then traditional contracting may be the best way forward.

Joint venture company/limited liability partnership: forming a joint venture company with a private sector partner to undertake part or the whole of the repairs service has the advantage of bringing in private sector management expertise and transferring some risk. Its main advantage, however, is that if the joint venture is VAT-grouped with a housing association

1 *Improving Public Services through better construction*. National Audit Office, 2005.

registered provider then the landlord may be able to take advantage of VAT savings on labour costs whilst gaining the benefits of outside contractor involvement and expertise.

The same questions need to be asked about this as are asked about partnering. One further disadvantage of this approach is the initial start-up costs, and therefore a joint venture should only be considered as a long-term option.

Direct Labour Organisations (DLOs): Many landlords deliver the repairs and maintenance through an in-house workforce – a DLO – rather than through private contractors.

The key *advantages* of a DLO are:

- opportunity for any profits to be reinvested;
- VAT savings on labour;
- direct control of the operatives – the most visible face of the landlord;
- operates within the values and ethos of the landlord;
- can be used as a benchmark against which to compare the performance of private contractors;
- offers opportunities to employ and train local people.

The *disadvantages* of a DLO are that:

- it requires a regular flow of work;
- value for money is relatively untested through competition, and benchmarking data is limited;
- there is the risk of financial losses.

Should a landlord decide to procure repairs and maintenance through a DLO there are a number of requirements, including:

- A trading account to provide accurate monthly monitoring and reporting of income and expenditure and facilitate financial control.
- A long-term business plan linked to the wider AMS and landlord's business plan, which sets out the aims and the financial parameters within which the DLO will operate.

- Rigorous performance management, including cost and income benchmarking against local markets. This should also include clear client-side indicators such as a benchmarked measure of rates, regular market testing through external validation or through the DLO tendering for work from others where appropriate, and transparent overhead accounting as part of the trading account.

These processes should ideally be led by a service-centred business manager with commercial and technical experience.

EU procurement rules

A key aspect of the procurement process is whether the contract is subject to EU procurement rules.

These regulations set out the legal framework for public procurement. They apply when public authorities and utilities seek to acquire supplies, services or works through contracts above certain price thresholds.

EU procurement rules are subject to frequent change, driven by evolving European and domestic case law, European Commission communications, new and revised directives and amendments to the existing UK regulations. It is therefore vital that landlords take proper professional advice – if they do not employ their own procurement specialist – to ensure they keep abreast of changes.²

² See also *Guide to the EU procurement rules: 2nd edn.* National Housing Federation, 2007.

The importance of energy efficiency and environmental sustainability

In addition to meeting the expectations of residents and the demand to increase housing supply, landlords need to consider current standards of energy efficiency and determine appropriate improvements as part of their AMS. These energy efficiency improvements should provide affordable warmth and deliver carbon reduction strategies. These impose additional burdens that will draw upon the landlord's resources but potentially provide only a limited return. Boards therefore need to integrate the strategic decisions they make in this area with their asset management strategies.

The Climate Change Act 2008 set legally binding targets on government and seeks to strengthen the institutional framework to respond to climate change. At the same time the Energy Act 2008 updated energy legislation to reflect the availability of new technologies and introduced measures such as feed-in tariffs which offer financial support for low-carbon electricity generation. The Energy Act 2011 will build on these measures to further promote energy efficiency in homes and businesses, and to secure low-carbon energy supplies and fair competition in energy markets.

The most significant environmental target adopted by the UK government is the reduction of carbon dioxide emissions by at least 80 per cent, compared with a 1990 baseline, by 2050. This is the statutory target, but the Department of Energy and Climate Change (DECC) has suggested that the reduction in emissions from the housing stock should be as close as possible to 100 per cent. The Committee on Climate Change has set an intermediate target of reducing emissions by 34 per cent from 1990 levels, by 2020, and this is the focus of current national policy.

At least 80 per cent of the current housing stock is expected still to be in use in 2050 and beyond. The reduction targets are therefore very challenging, requiring a step change in the energy performance of existing dwellings in particular. The impact on housing management and improvement is considerable, involving new funding regimes and delivery mechanisms such as the Green Deal and the new Energy Company Obligation.

Corporate sustainability strategies are being adopted by landlords which embrace both the environmental performance of their housing stock and environmental aspects of their organisation and its activities. The AMS should be consistent with these policies, and should incorporate household energy strategies tackling greenhouse gas emissions, mitigation of fuel poverty and the delivery of affordable warmth. Landlords might also consider other environmental issues such as reducing water usage, increasing recycling and adapting buildings to likely climate change.

The board should ensure that there are adequate data on the energy efficiency of the stock (usually measured by its Standard Assessment Procedure (SAP) rating). This will enable the organisation to plan cost-effective ways of delivering programmes of work to meet environmental and sustainability strategies as an integral of the asset management strategy. The board should also:

- Ensure repair and maintenance is undertaken in a sustainable way (whether by in-house staff or contractors), including operatives' travel and transport; the use of environmentally sound and responsibly sourced materials and products; careful and efficient use of materials, and of resources such as energy and water; and the reuse, recycling or safe disposal of waste.
- Incorporate 'opportunistic' energy-efficiency measures (eg, draught stripping or ground floor insulation) in repair and maintenance programmes.
- Use suitably trained repairs and maintenance operatives who visit dwellings to assist with the collection, checking and updating of energy data, so that energy efficiency analyses (at stock level and of individual dwellings) can be kept up to date.
- Draw upon and update the outcomes of Energy Performance Certificates (EPCs) when homes are relet. EPCs provide standardised information on energy use and carbon dioxide emissions and include a recommendation report about what could be done to improve energy performance. This information should influence planning whenever component replacement or improvements (including any relevant void work) are undertaken. EPCs should also be updated to reflect any energy-efficiency improvements which have taken

place. However, relets also provide the opportunity for more substantial Green Deal assessments when an EPC is being updated.

A corporate commitment to environmental standards means it is necessary to ensure that repair and maintenance contractors understand and work to the standards. This may mean negotiation with contractors and offering training in the standards – boards should consider the resource implications of doing this.

It is also important that the management of repair and maintenance includes an environmental monitoring function to track the sustainability of the programme. Monitoring should cover the use of materials, energy and water, the procurement and correct installation of materials and products, and waste minimisation and disposal. Challenging but realistic targets should be set by the board and corrective action should be taken if these are not met. Landlords should also consider how and when residents may need advice and guidance on how to use new products in order to monitor and minimise their energy use.

How the board can monitor whether the strategy is working

It is important that the board has members with sufficient business and technical experience to avoid damaging failure within the AMS and repairs and maintenance service. Part of this expertise is developing a joint understanding and awareness of the issues that ensure success and the trends that might cause difficulties. Boards will need to ensure that they have sufficient information to monitor all aspects of the service. This includes agreeing a robust performance management framework that continually tests service performance and improvement.

This role requires a careful balance between detailed scrutiny and the review of high-level data. A key issue is to have as few performance indicators/measures as possible, commensurate with managing performance. Some landlords have such a wide range of measures that there is a danger of the board losing its focus on what is important.

Measuring performance

As a foundation, the board needs to agree a set of indicators to track the performance of the repairs and maintenance service – clearly defined, high-level data showing overall performance and making comparisons with other landlords, together with qualitative information to assess (and challenge) how the service is delivered.

The data should include, but not be limited to:

- Performance measures to assess actual delivery against the AMS and repairs and maintenance plans. Key performance indicators in this area include:
 - average void costs;

- void turnover and relet periods;
- percentage of repairs where an appointment was made and kept;
- percentage of repairs completed at first visit;
- average time from repair first reported to work completed;
- average number of repair orders per property etc.

Indicators can be broken down by area, property type, etc for more detailed analysis.

- Formal reports on progress against the investment plans – including detail of variances in programme and/or spend.
- More detailed indicators specifically geared at monitoring and analysis of a particular service, for example, faults reported accurately, reports of problems after work is supposedly finished etc.
- Customer insight outcomes, providing information on customers’ characteristics and preferences.
- DLOs – typical areas of focus should be income per operative, transport costs, number of jobs per day, average cost per repair, overheads and profit.
- Customer feedback from AMS and repairs programmes, including complaints and compliments.
- Updates on stock condition survey information, measures of neighbourhood sustainability and environmental sustainability.

Ultimately boards cannot demonstrate value for money solely by measuring their own performance. They need to consider benchmarking or some other external means such as independent audit.

In developing performance reports to monitor the success of the strategy, boards should ask themselves these questions:

- How will we measure achievement against the outcomes we and our residents require?
- What information do we need to provide for residents and other stakeholders?
- How will the performance measures be used to challenge performance?
- How can we build on what we already have?
- How will we evaluate success?

Managing risk

To decide the best use of their assets, landlords have to assess management costs and risks. Examples of this include monitoring void rates, taking different approaches to housing management and meeting different requirements for renewing fixtures and fittings. They have to do this property by property, and over time as the market changes.

Boards should also ensure that their approach to asset management links with audit and risk management. Aspects of asset management such as property disposals and responsive repairs should be long-standing items on the strategic risk register, with regular reporting to the audit committee on management of the risks. The internal audit programme should include a regular verification and review of the 'golden thread' from the business plan to stock condition survey and the key links in between. This work and recommendations arising should be reported through the audit committee to the board. This will support a formal continuous-improvement culture in the asset management and repairs services.

Having in place a rolling programme of specific internal audit reviews of individual elements of the asset management strategy will also provide greater in-depth assurance to the board that staffing and management control arrangements are working satisfactorily.

Budget and value for money assessment

Boards should be aware that the void and responsive maintenance budgets are the most difficult for any landlord to control. Their unpredictability is due to events that cannot be insured against, such as exceptionally bad weather. Close monitoring by the board is therefore vital to

ensure that the budget is managed throughout the year. Whilst contingency plans can be put in place against the risk that expenditure does exceed budget, in practice this means monthly review and evaluation. This process is not simply about ensuring that overspend does not occur, it is about having control of the spending process to achieve a balanced budget.

It is important that cost information is produced both at a high level for benchmarking purposes, but also so that it can be linked to individual properties and particular repair categories. This allows for the detailed analysis necessary against a number of variables including property types, locality and type of work. Performance indicators used by many landlords are average cost per repair, cost per property etc.

Boards also need to monitor the costs of their contracting relationships. This should involve clear information on client costs, the costs to clients of managing the contract, contractor costs.

A clear and consistent policy on the allocation of overheads is also vital to effective financial management.

Cost information should be routinely analysed and compared with other performance measures to consider the value for money of what is being done.

Gaining and responding to residents' views

Boards should utilise a variety of sources of information, particularly the evidence of residents' views. This might be obtained by drawing upon the increasing range of resident engagement techniques within the sector as well as the more traditional methods of post-inspection and satisfaction surveys.

There is also increasing use of the more detailed resident scrutiny mechanisms that are developing within the social housing sector in response to co-regulatory demands. Resident scrutiny is part of the co-regulatory ethos. The principle that a landlord will direct, account for, monitor, assess and modify its own behaviour and performance by placing residents' priorities, views and engagement with relevant processes at their heart. Resident scrutiny panels draw upon existing resident involvement activities (for example mystery shopping, tenant inspectors and service review panels) and enhance this through greater coordination – building capacity, influence and impact.

As scrutiny has developed within the sector, it is clear that asset management and maintenance issues are a frequent concern for residents. Some organisations now have arrangements where contractors directly report on maintenance issues to the scrutiny panel. These meetings do not replicate the monitoring arrangements that the provider's staff carry out, but ensure that contractors hear, first-hand, the views and concerns of service users. The aim is to effectively reality-check the delivery of the service.

It is important that where customer feedback is gathered residents should be told how it will be used to influence the landlord's work.

An important element is complaints. Landlords should ensure that they have appropriate complaints and compensation procedures and that the board responds to the lessons learnt from analysis of complaints. Many organisations are developing mechanisms for robustly analysing complaints and feeding them into their performance management regimes.

Equality issues

The board must have regard to the landlord's duty to promote equality of service delivery and aspire to fair outcomes in all aspects of their work. Although each landlord may have its own approach, the overall aim of an equality and diversity policy must be to ensure that individuals are treated fairly, regardless of their age, disability, gender, race, religion or belief, sexual orientation or being transgender.

The key issues in the monitoring role are complying with the law and relevant regulations and understanding residents via key profile information that is used to improve the service.

The Equality Act 2010 places a proactive duty – the Single Equality Duty – on all public bodies to take positive action to promote equality under the 'seven strands' (age, disability, etc) indicated above. The Homes and Communities Agency and the Tenant Services Authority are public bodies and pass on these duties to registered providers of social housing. Under the Act, such bodies have a range of obligations, including the need to:

- promote equality of opportunity between disabled people and other people, and between older people and other people;
- take account of a disabled person's disabilities, or the needs of older people, even where this means treating disabled people or older people more favourably than other people;

- promote positive attitudes towards disabled people and older people;
- encourage participation by disabled people and older people in public life.

In addition, it is unlawful for service providers, whether independent or public, to treat someone less favourably because of their disability, age or other characteristics reflected in the seven strands, and they must make ‘reasonable adjustments’ for them, such as offering extra help or changing the way they provide their services.

A key instrument for addressing inequality is the approach to aids and adaptations, which should be captured in a policy.

Boards must also ensure that customer services linked to the delivery of the repairs and maintenance service take into account individual residents’ needs. For example, there should be a way of systematically noting and actioning provision for repairs where a female resident might prefer a woman to be present, where there are specific language needs or a requirement for communications to facilitate hearing or sight impairments.

Issues for the board to consider:

- The approval and implementation of an up-to-date, formal, published, equality policy with the aim of ensuring equality of treatment for all customers;
- Recording and monitoring the ethnicity, gender and disability of customers to assess whether they are treated fairly in accordance with the equality policy;
- A policy for the approach to aids and adaptations;
- That the service is delivered in a sensitive, responsive and accessible manner.

A proactive board

The board should also consider compiling an agreed ‘tool box’ of responses should an issue come to light which requires its focussed attention. This could involve a ‘task and finish’ group of board members who are able to commission bespoke work, for example, an independent review of the service or its constituent parts, or more detailed analysis of value for money.

The board may also ask the tenant scrutiny body to undertake a dedicated review, for example, of the quality of a particular element of the service. Some boards are also providing their residents with much more detail on the service through an annual performance report linked to wider feedback on performance against agreed local standards.

The role of internal audit could be another mechanism for the board to consider; some landlords now focus on rolling reviews of performance and value for money.

This more proactive governance of service outcomes will become even more important under the new regulatory regime, where less external inspection means that the board must seek its own rigorous assurance of service quality.

A summary of the responsibilities of the board

Board members have a difficult task in balancing their responsibilities in relation to managing risk, making decisions about their stock and operational activity which make good business sense; meeting the demands of co-regulation and taking into account the views of their different stakeholders and those of potential and future tenants.

A robust asset management strategy should drive decision making in relation to the range of products and services offered by the landlord and identify the resources potentially available to deliver this activity. The board will need to understand the performance of the property portfolio, have a clear understanding of on-going costs and of local market conditions. As we have described, this will require a coordinated and strategic planning process.

It is therefore vital that board members fully understand the need for effective asset management within their broader governance role. The following 20 questions serve as a useful prompt for each element of this guide and provide a means by which the board can ensure an appropriate focus on asset management matters:

- 1 Does the organisation have clear and agreed corporate values and strategic objectives?
- 2 Are the corporate plan, financial and business plan, risk strategy and asset management strategy developed jointly?
- 3 Has the board agreed the extent of its appetite for risk and the scope of its activity?
- 4 Are corporate values and objectives translated into measurable targets?
- 5 Has the board agreed how these objectives have been translated into the products and services that the organisation will provide?
- 6 Are there agreed standards in place to support the delivery of these products and services?

- 7 Does the board fully understand and take account of the wider housing policy environment and the local markets in which it operates?
- 8 Have residents' views influenced the development of the products and services?
- 9 Does the board track the demographic of its current residents and potential residents?
- 10 Does the board have a clear strategy and targets for social and environmental sustainability in each of the areas in which it operates?
- 11 Does the board have an agreed approach to procurement, contract management and testing value for money?
- 12 Does the board have access to robust information about the performance of the housing stock within local markets in terms of demand, resident satisfaction, sustainability and neighbourhood standards, community cohesion and diversity issues?
- 13 Does the board have robust, up-to-date data on the condition of its housing stock?
- 14 Is a comprehensive asset register maintained?
- 15 Does the board understand the housing investment programme and other management and maintenance costs of the housing stock at a local level?
- 16 Does the board have a clear picture of the income streams associated with the housing stock at a local level?
- 17 Is the board assured that the organisation's information systems facilitate effective management and monitoring of the repairs and maintenance service?
- 18 Is there an agreed approach to monitoring and reviewing the impact of the asset management strategy and repairs and maintenance services?
- 19 Has the board agreed an option appraisal framework for any asset groups with performance below expectations?
- 20 Has the board agreed a performance improvement framework?

Asset management strategy – suggested content

1 Introduction

This should cover the context for the strategy:

- The background to the strategy and its purpose
- The link to corporate objectives
- Any regulatory issues – compliance with standards, etc.
- A statement about resident and stakeholder involvement in the strategy
- Links to business plan
- Risk assessment and management
- Details of the strategy review and renewal process – governance requirements, monitoring and controls.

2 Information on specific issues

Demand and sustainability issues:

- Regional housing strategies and local housing markets
- Levels of demand, including voids and turnover
- Demand for different products including ‘affordable rent’ products taking into account housing benefit limits and affordability to local households
- Resident satisfaction

- Sustainability and neighbourhood standards
- Community cohesion and diversity issues
- Housing development strategy and its impact on asset management.

Specific stock condition information: an overview section followed by:

- Stock condition survey details
- Any local standards
- A 30-year cost profile
- Analysis of progress towards the Decent Homes Standard
- Information on the energy efficiency and environmental strategy, health and safety, aids and adaptations
- Summary of priorities for five-year investment plan
- Summary of procurement strategy
- Responsive and cyclical repairs strategy
- Details on any challenging stock holdings.

Economic analysis: an overview section followed by:

- Impact of 'affordable rents'
- Impact of capital and revenue expenditure
- Details of any low or high value properties
- Performance of different property types or products
- Analysis combining the financial and neighbourhood sustainability factors
- Policies for improving performance
- A candidate list for option appraisal for poorly performing assets (you may wish to define how option appraisal is undertaken)
- Details of other non-housing assets (eg, garages, shops etc.).