

asset management investment

Tuesday 10th September - Ward Hadaway Offices, Leeds

The background of the entire image is a dark grey field filled with various financial and investment-related terms in a light grey, sans-serif font. These terms are arranged in a way that they appear to be floating or layered, creating a sense of depth. Some of the visible words include 'INTEREST', 'LONG', 'PERFORMANCE', 'CAPITAL', 'GAIN', 'INVESTMENT', 'STRATEGY', 'GROWTH', 'VISOR', 'PORTFOLIO', 'STOCK', 'VALUATION', 'TRUST', 'PRICE', 'MAGNIFICATION', 'MONEY', 'INVESTMENT', 'STRATEGY', 'GROWTH', 'VISOR', 'PORTFOLIO', 'STOCK', 'VALUATION', 'TRUST', 'PRICE', 'MAGNIFICATION', 'MONEY'.

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Chair's Welcome and Introduction

Steve Douglas

Co-Chief Executive

Altair

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Regulator of Social Housing – Asset Management

**Richard Peden,
Director of Regulatory Operations,
RSH**

#NHCam19



Regulator of
Social Housing

Regulation – an update

Richard Peden

Director of Regulatory Operations

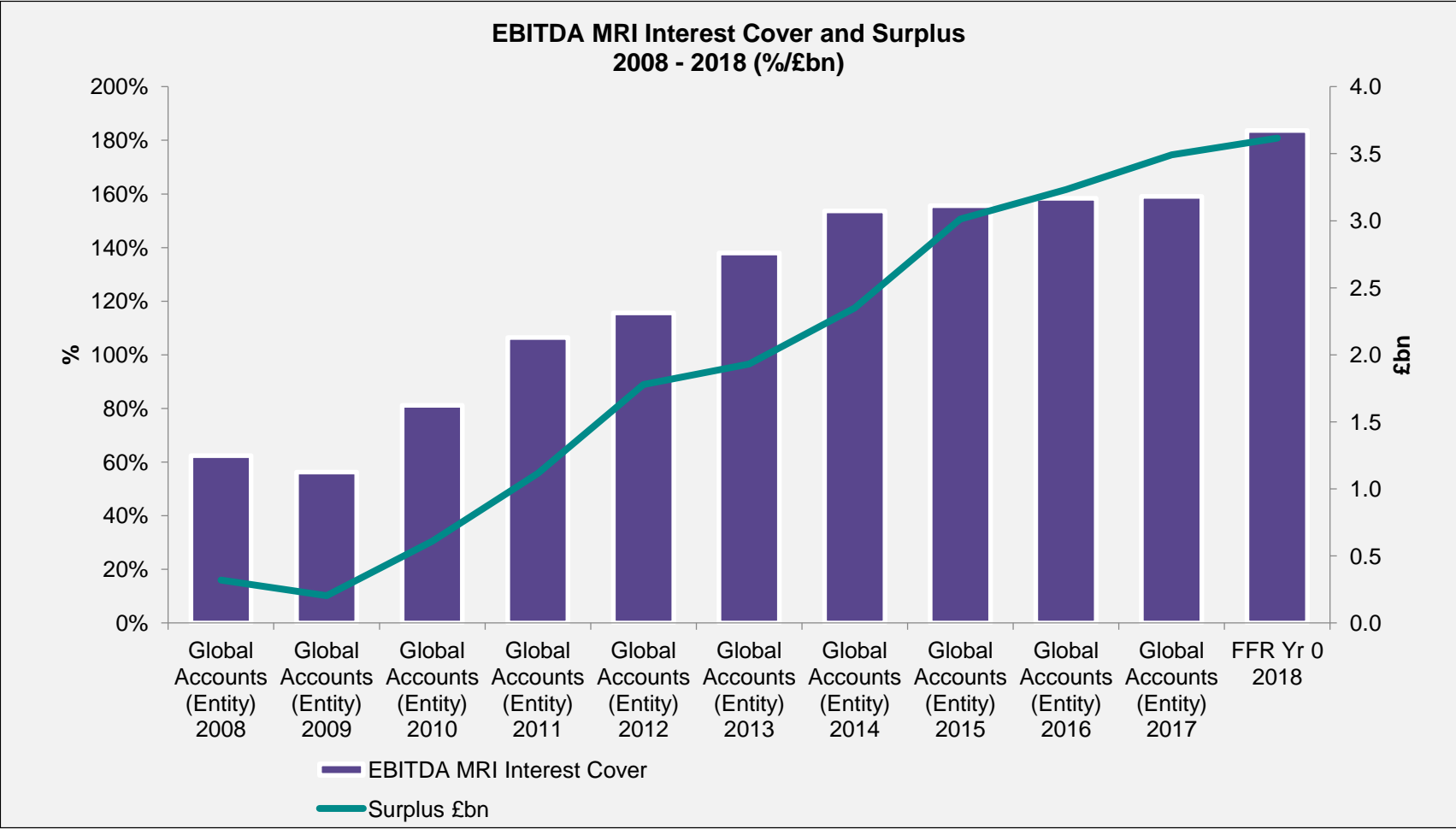
September 2019



Overview

- Development of the sector
- Our expectations
- How we regulate
- What we find

Where is the sector now?



The sector is segmenting

Sector changes



- 14 largest association groups (40k+ homes) own >33% of the sector's stock
- 54 providers (15k+ homes) own 65% of sector stock



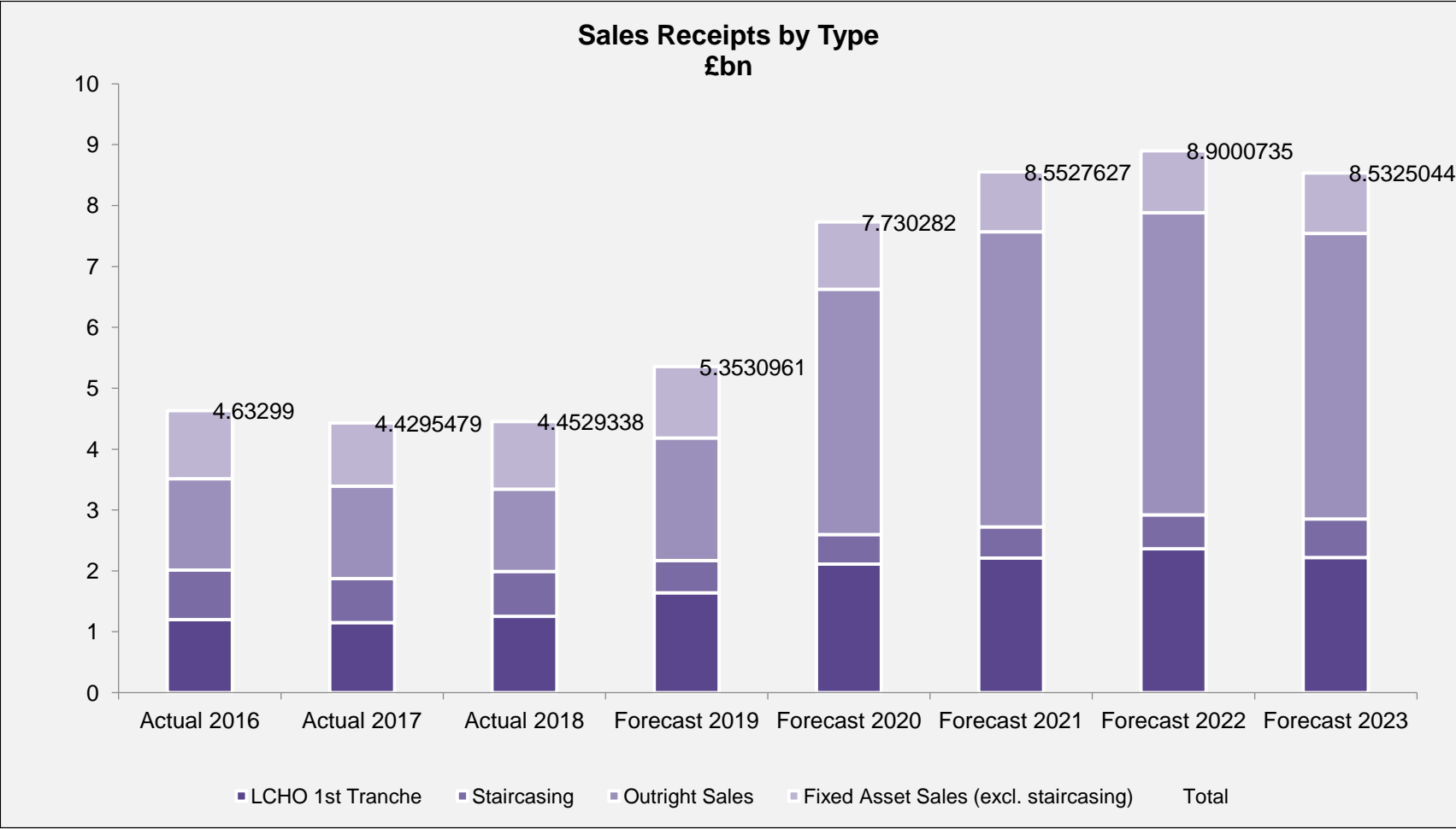
- More pro-cyclical
- 20 providers account for 72% of market sales turnover

Questions for the regulator

- How to evolve targeted regulation in line with our risk-based approach?

- Seeking assurance that boards can manage their risks and deliver their objectives
- Using our data and analysis in publications to inform the sector

Sales receipts by type



What does this mean for your organisation?

Surviving economic uncertainty:

- Understanding assets and liabilities
- Stress testing
- Mitigations
- What would you really do in extremis?

RSH will seek positive assurance more frequently from those organisations where the impact of a governance or financial failure would be the greatest

Value for Money - Balancing trade-offs

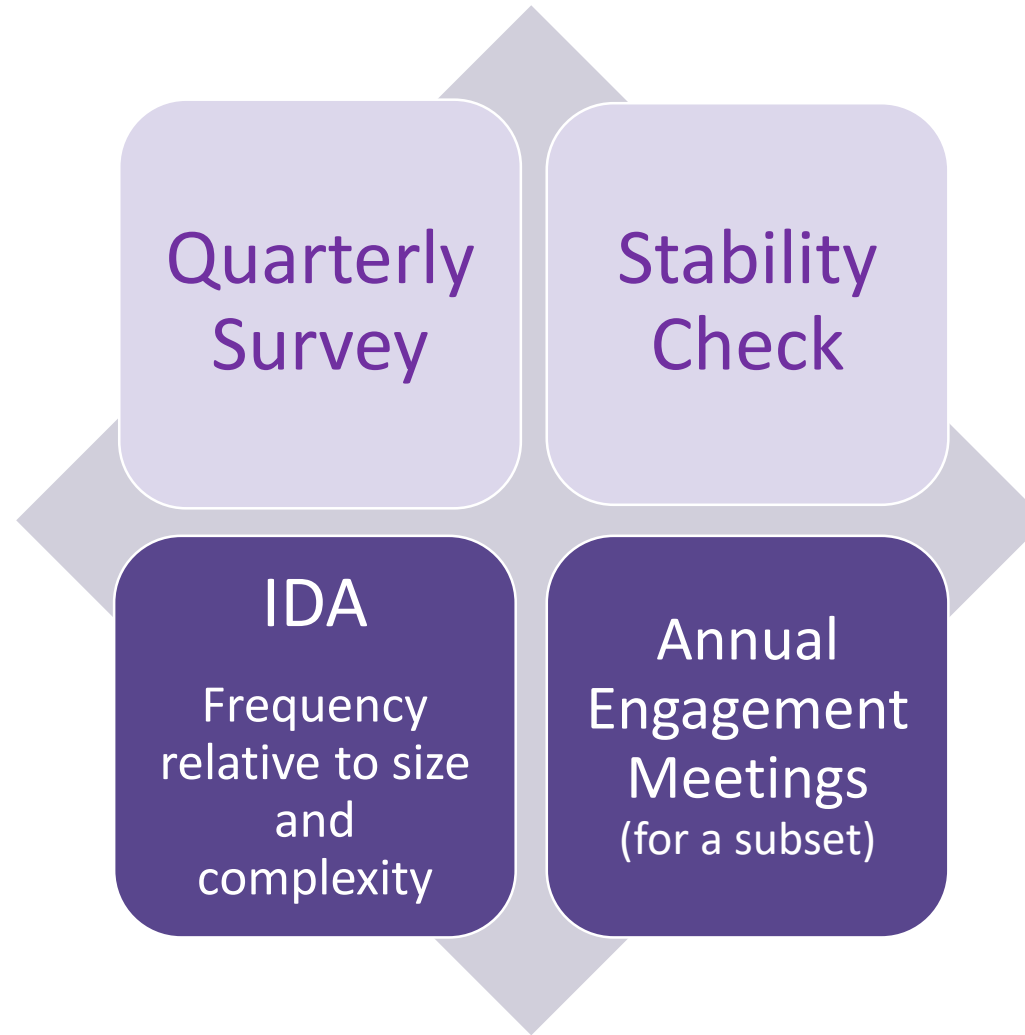


What does it mean for the regulator?

Regulation will continue to evolve and respond to the challenges in the sector:

- More regular IDAs for the largest and more market facing or risky organisations
- More capacity to engage with the new entrants
- Better use of our data to inform our understanding of risk in the sector
- Continued focus on the management of risks by providers within IDAs
- More questions on whether providers really understand the value they exist to create and how transparent and accountable they are for its delivery

The planned regulatory engagement model



In-Depth Assessments

- Not fundamentally changing
- IDAs remain bespoke pieces of work tailored to the provider
- Moving forward we have a more detailed understanding of providers to help scope future IDAs
- Frequency of IDAs will differ depending on the size and complexity of providers

Annual engagement meetings

- Linked to size and complexity
- Undertaken between IDAs
- Likely to be aligned with stability check work
- Driven by:
 - Business plans
 - Sector issues relevant to the registered provider
 - Need to understand developing strategies and emerging risk profiles

Consumer regulation approach

- Our role doesn't include systematically assessing all providers' compliance
- We do not have a role in resolving individual disputes between landlords and tenants

BUT this does not mean we don't do consumer regulation!!

- All referrals are looked at and considered
- Sifted and where not within remit eg not social housing they are signposted
- Referrals from tenants, MPs, third parties as well as internal referrals from colleagues engaging with providers and from media / high profile cases
- Focus on whether there is evidence of a systemic failure by a provider
- Take action where we judge that there has been a breach of a consumer standard which has caused or could cause serious detriment.
- Regulatory engagement, feedback and links to governance

Consumer regulation

Our work in 2017/18:

- 543 referrals to Regulatory Referrals & enquiries (RRE) team
- 204 considered by consumer regulation panel (CRP)
- 77 investigations with increasing complexity and duration. Often alongside governance and other regulatory engagement
- 5 Regulatory Notices published where finding of breach of consumer regulation and serious detriment

Our work in 2018/19

- 501 referrals – slight decrease from last year
- 220 considered by CRP – a slight increase
- 128 investigations – a significant increase
- 6 Regulatory Notices published
- Continue to see increasing proportion of self-referrals and referrals through regulatory engagement.

Read the Regulatory Judgements

Some recent issues:

- Stress testing - still
- Data quality
- Openness with the regulator
- Disposal of tenanted stock
- Health and safety



Regulator of
Social Housing

Any questions?

Maxine Loftus

Assistant Director Regulatory Operations

May 2019



Health and Safety Post-Hackitt – Implications for Asset Management

Delroy Beverley,
Director of Construction - Repairs and Maintenance Services,
Nottingham City Homes

Shaun Kelly,
Head of Technical and Compliance,
Altair

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Hackitt Implementation

Shaun Kelly

Head of Technical and Compliance - Altair

10th Sept 2019

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Ministry of Housing,
Communities &
Local Government

Building a Safer Future

Proposals for reform of the building safety
regulatory system

A consultation

Building a Safer Future

Independent Review of Building
Regulations and Fire Safety:
Final Report

Steering Group on Competence
for Building a Safer Future

RAISING THE BAR
INTERIM REPORT

Improving Competence
Building a Safer Future

There is a lot going on

- **Hackitt Review** – Independent Review of Building Regulations and Fire Safety
- **Building a Safer Future** - Proposals for reform of the building safety regulatory system - Consultation
- **Competency Steering Group** – Raising the Bar – Interim Report
- **Building Safety Bill** - Government's response to the Hackitt Review
- **Building Safety Bill** - Government's response to the Building Safety Bill
- **Dutyholder** - what it means in practice
- What needs to be put in place
- Knowledge base, expectations of contractors and supply chains

Building Safety Consultation

- Proposals for reform of the building safety regulatory system
- Aligns with roles set out in CDM 2015
- Sets scope of the new regime
 - Multi-occupied residential buildings of 18 metres or more in height
 - All buildings where people sleep – NHF risk based approach needed

Building Safety Consultation

- Clear responsibilities for dutyholders throughout design, construction and occupation
- Stronger resident voice ensuring concerns are never ignored
- New regulator with oversight of the new regulatory regime
- Strengthened enforcement and sanctions

Responsibilities

- Contractors
- Residents
- Residential Accommodation Operator
- Dutyholder / Accountable Person
- Colleagues
- Regulator
- Building Safety Manager



- Individual 'natural person' or legal entity
- Where discharged by a legal entity
 - single accountable person at board level
 - NHF – or Senior Management level
 - identified as having responsibility for building safety
- Shift from corporate to personal liability throughout building lifecycles

Dutyholder - person changes

- Design and construction
- Occupation
- Building's life cycle – Accountable Person
- Demonstrate managing risk through 3 gateways
 - Pre Planning - Fire Statement
 - Pre Construction - Compliance
 - Pre Occupation – Signoff and Handover



Dutyholder in Occupation

- Accountable Person - During Occupation
 - Legally responsible for reducing fire and structural risks
 - Licensed – CSG recommendation
 - Register Buildings for certification and comply with certificate
 - Ensure risks are actively managed
 - Manage the Safety Case
 - Reporting – Mandatory occurrences
 - Resident Engagement Strategy
 - Appoint Building Safety Manager/Coordinator

Building Safety Manager/Coordinator

- Day to day management of building safely
- Promote openness, trust and collaboration with residents
- Licensed - CSG
- Competency requirements set in CSG Report
- No one person has all the expertise
 - Communicator
 - Data manager
 - Quality manager
 - Technical insight



Safety Case - Fire and Structural Safety

- Comprehensive description of the building
- Plans for proactive management of Life Critical Risks for safe occupation
- As Built Information
- Evidence gained through regular inspection, reviews and maintenance of the building
- Safety management system in use

- Evidence of continuous improvement over time
 - living document referencing up to date versions of supporting evidence
- Mandatory Occurrence Reporting (mechanism)
 - RIDDOR/CROSS
- Emergency preparedness (business continuity plan)
 - Fire Emergency File
 - appropriate actions to mitigate hazards and minimise incidents by avoiding or reducing frequency or consequences of hazards

- Evidence that legislation, requirements, standards and policies applicable have been met or complied with
 - Record of inspections
- Reference to other documents –updated annually by BSM
 - Resident Engagement Strategy

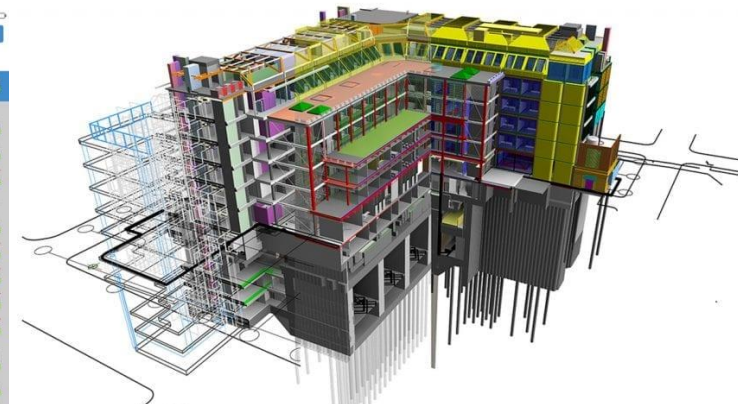
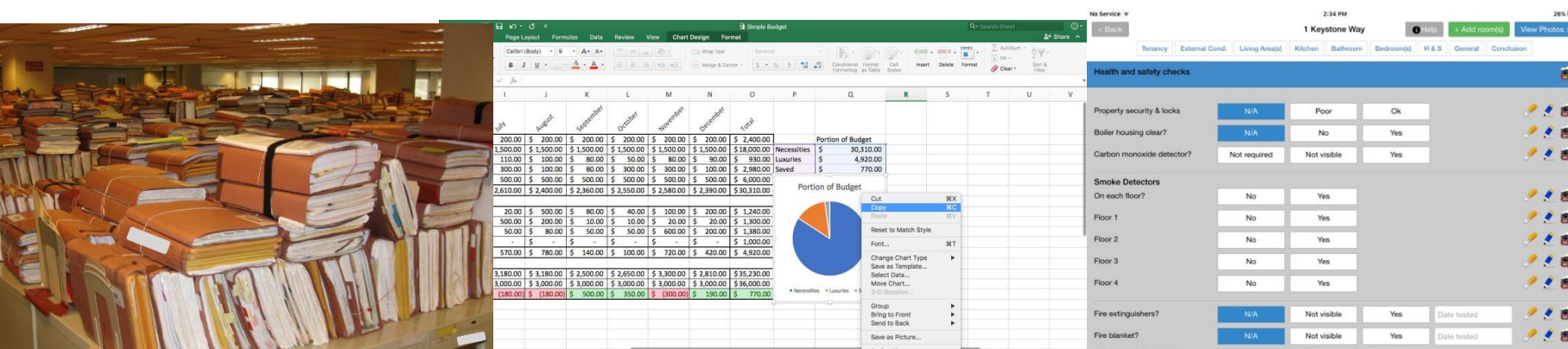


Golden Thread - Managing Digital Records

- Construction to Disposal and handing on
- Key Dataset
- New Build
- In Occupation
- Managing Data



- What are your information knowns and unknowns?
- 'DIGITAL' new or existing systems
- BIM
- Ongoing - Keeping it up to date – Process
- Contractors – Key part of the process



- CSG – Raising The Bar - August 2019
 - developing role and remit of an overarching competence body
 - Coherent and consistent approach to raising and overseeing competence standards
 - Supporting delivery of competent people working on HRRBs.
- Clear competencies
 - Project Managers
 - Procurement Professionals
 - Fire Risk Assessors
 - Building Safety Managers

Steering Group on Competence
for Building a Safer Future

RAISING THE BAR
INTERIM REPORT
Improving Competence
Building a Safer Future

Competence

- Not point in time – continual learning
- National register for roles
- National competence standards
- Robust assessment frameworks



- Levels of competence should be maintained and subject to CPD
- Suitable management systems required within the workplace to monitor competence and record CPD annually
- RAO, Accountable Person, BMS – Licensed
- National Database for building information

- Resident Engagement
 - Proactively provide information
 - Clear route of escalation
 - Info and engagement strategy requirements set out
- Requirement on residents to cooperate with Accountable Person / BSM
- Access – NHF calling for new rights of statutory access

- Significant changes ahead
- Regulation in force 2021
- Staged implementation
- Start preparing



Considerations

- Governance
- Responsibilities
- Impacts
- Processes - Management Systems
- Systems - Software
- Safety Case Production
- Managing digital information
- Resourcing the new process
 - Competencies at all levels



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Thank you

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The Hackitt Review

Implications for Asset Management

Delroy Beverley CCMi MIOd
**Director of Construction, Repairs
and Maintenance Services**
Nottingham City Homes





Nottingham - an overview



- 329,000 citizens
- 27,000 council homes
- Ranked 8th most deprived in England (2015 IMD)
- $\frac{1}{3}$ of super output areas in the city are in the worst 10% nationally
- 34.2% of children and 25.8% of people aged 60 and over are affected by income deprivation.
- More 16-64 year-olds claim some form of benefit than regionally and nationally.
- High levels of child poverty exist - around $\frac{1}{3}$ of children and young people live in workless households.





Nottingham City Homes



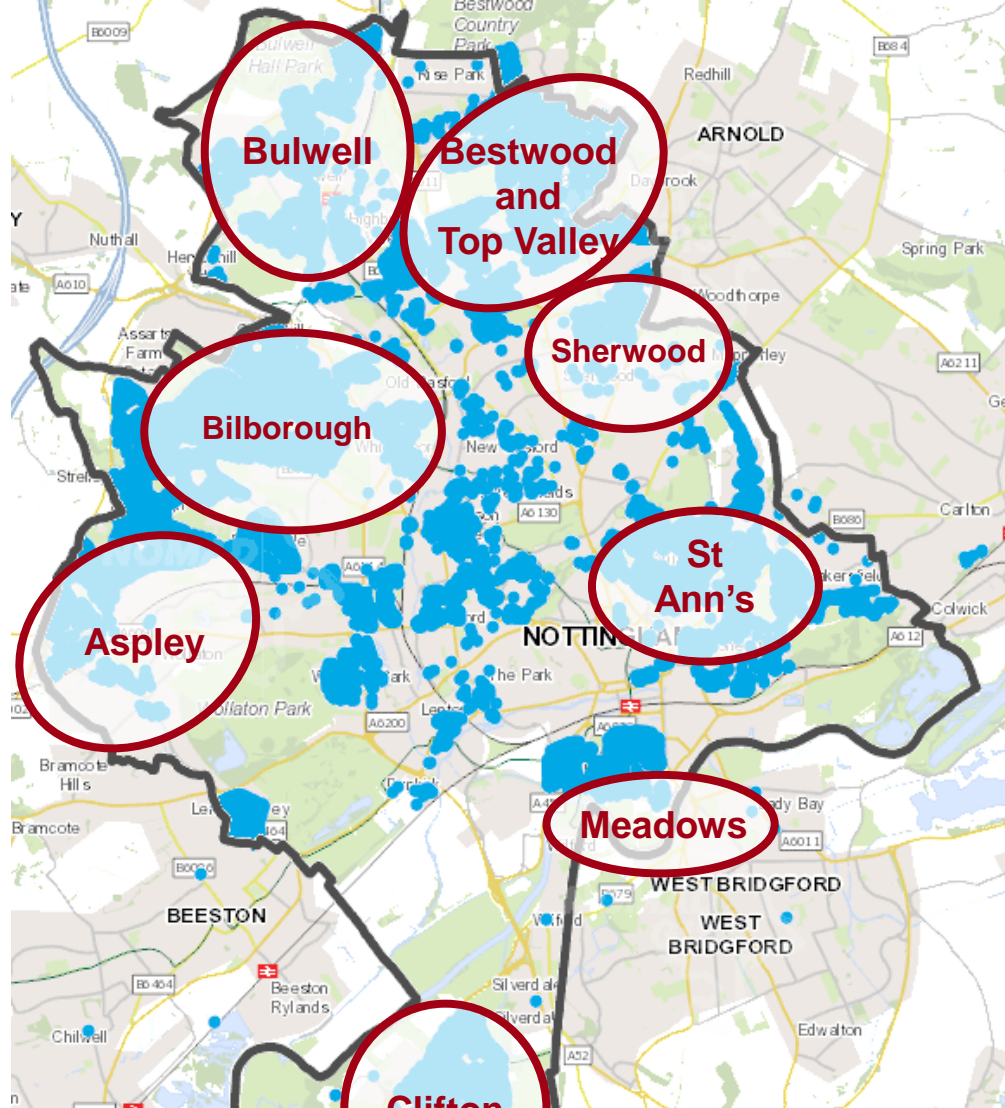
UKHA Landlord of the Year 2018

ALMO to Nottingham City Council

Committed to creating homes and places
where people want to live

UKHA Landlord
INSIDE 2018 of the Year





Nottingham's council estates





Our Stock



- 27,000 homes
- 20% of Nottingham's households
- 1,000+ leasehold properties and properties owned by other landlords
- 13 high rises (1,500 homes)
- 65 independent living communities
- 1,250 low rises
- 90 houses converted to flats
- First new build extra care scheme opens 2 September



The Past ...



- 14/06/17: Grenfell fire
- 27/06/17: Expert panel
- 10/07/17: Industry response group
- 10/12/17: Grenfell Tower inquiry
- 18/12/17: Hackitt interim report
- 17/05/18: Hackitt final report
- 29/11/18: Ban on combustible cladding





Hackitt Review



- 10 main sections
- 53 recommendations (14 around design, construction and maintenance)
- Focus on fit-for-purpose legislation
- Main areas for social housing include safety cases and FEFs, building safety managers, resident engagement, building information and competence.





Our actions post-Grenfell



- Reviewed and independently verified all FRAs
- Published all FRAs online
- Involved residents, employees, Fire and Rescue Services (FRS) and councillors
- Delivered high rise safety days
- Established Block Champions
- Installed sprinklers, tannoy and intercoms
- Carried out an independent check of gas services
- Implemented sterile corridor policies
- Developed the High Rise Living programme
- Amended new build specifications.





Current challenges



- Compliance management structure
- Responsibility for HRRBs (and other flats)
- Asset information
- Keeping residents engaged
- Review of high rise emergency plans and FRS information
- Statutory Undertakers
- Leaseholders
- Fire doors





How we manage fire safety



- Fire Risk Assessments
- Fire Safety Group
- Support from Nottinghamshire FRS





Ongoing Issues

- Low rise
- Leaseholders
- Fire doors
- Utilities





The future...



Questions?



Stock Rationalisation

**Kevin Williams,
Director of Asset and Growth Strategy,
The Guinness Partnership**

**Phillip Johnson,
Director,
PDA Asset Management Ltd.**

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Stock Rationalisation

Philip Johnson
Associate Director - Altair
Tuesday 10th September 2019



Insert an image relevant
to your presentation here

- Chartered Building Surveyor
- 30 years working in the sector – R,V, C, C and PM
- Asset Management Consultant
- Altair
- Board Member of LYHA - ARC
- Capital & Investment Committee at Accent
- Operational and Strategic

■ History

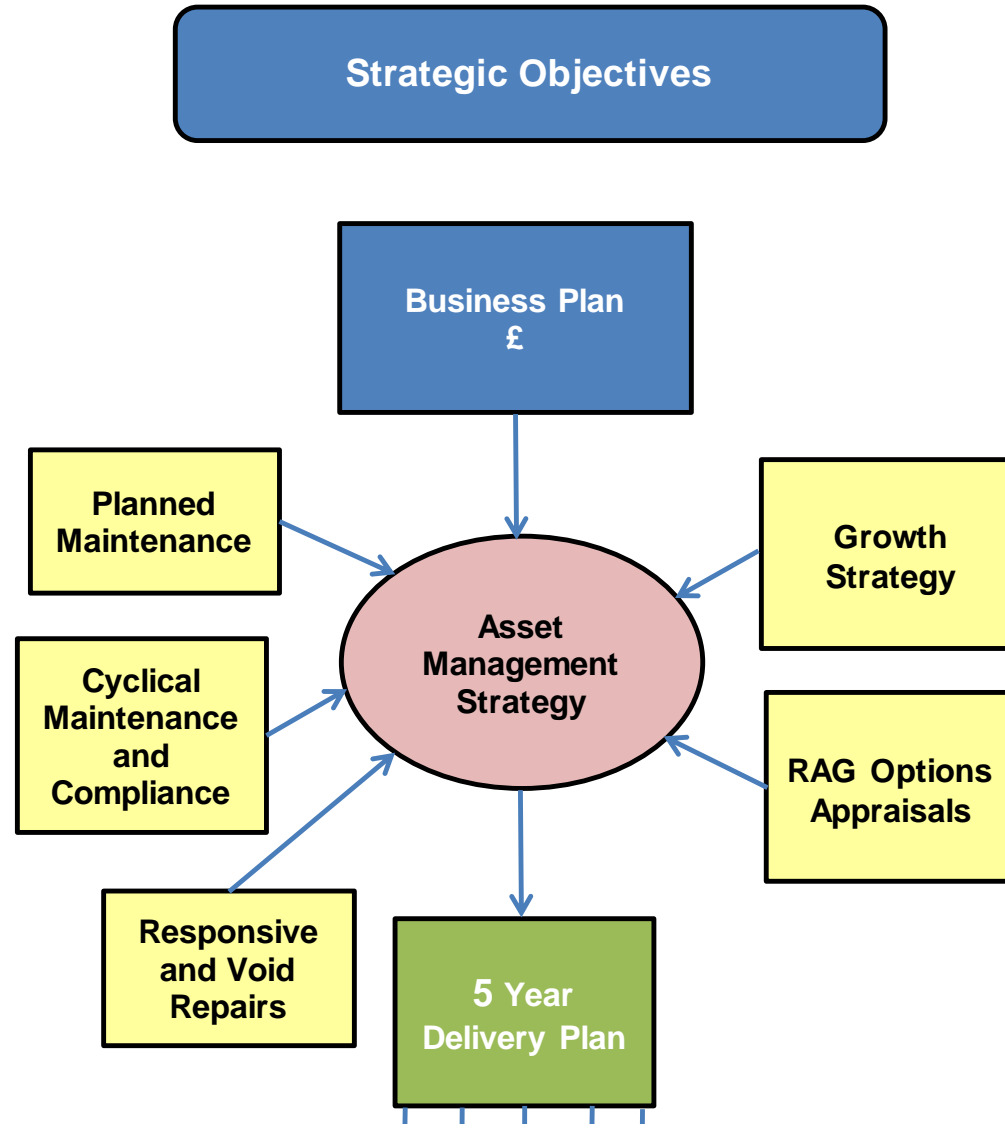
- 2008 HC – Rationalisation of HA Stock: a Guide and Toolkit
- Intended to improve HA efficiency to release funds
- Popular
- Approx 30,000 properties and £2bn
- CIH Visionary Leadership in Housing through stock rationalisation, 2008
- Liverpool CC LIFE model – Lead, Influence, Follow, Exit
- Riverside and Community Seven. SD – others?

- What do we mean?
 - Selling stock – out of the sector
 - Selling stock – within the sector
 - For-profit RPs?
 - Swaps and Management Agreements
 - Not RTB
 - Mini-stock transfers

- What is the aim?
 - To improve the Business Plan position
 - Maximise our capacity for investment in new better quality SH
 - To increase the average NPV of the stock
 - To recognise Core and Non-Core stock
 - Active Asset Management Strategies linked to Development and Investment Strategies
 - To help identify underperforming stock and services (TSS)
 - in order to do more – build, maintain and invest

Stock Rationalisation

- Asset Management Strategy – Board approved
- Higher priority – property or people
- Greater interest and understanding of the impact
- Requires Exec Team buy-in. Cross-cutting all teams
- Rent Cut
- Fuel poverty, Green agenda, Climate Change
- NPV – the variables and assumptions



Selling Stock – RP to RP

- Reasons – to sell and to buy
 - Core and Non-Core
 - Location, management costs
 - Property types
 - Condition and investment requirements
 - L4L, improvements, SAP – 65/70/75 – DHS2
 - Cost limits?
 - Merger or refocus
 - 100/200 lots by LA - general needs or older persons housing?

- Soft market testing
- Expressions of interest
- Appoint solicitors – title review, local searches, 3rd P consents, removal of charges, etc
- Data collection and sharing
- **Consultation with Tenants**
- Tender period
- Bidder Selection
- Due Diligence
- Exchange of Contracts
- **Formal Consultation**
- Completion

Risks and Mitigations

- Emotional attachment
- Costs
- Reputation
- No bids/low bids
- Staff concerns
- Objections from Residents
- Regulatory failure
- Service deterioration
- Governance failure

Selling Stock – out of the sector

- What is the PR message?
- Research suggests 6 x more new sub-market housing has been provided (3y/150)
- High value properties
- North/South divide
- Vacant possession, charges, grants, loans, restrictions
- Rehousing/Voids
- Worries – Stakeholders, LA relationships & Private Landlords

Swaps and Management Agreements

- Stock swaps
 - Pioneers, but difficulty getting balance and agreement
 - Need driving
 - Too much detail, treacle
- Management Agreements
 - Need to consider VAT
 - Ownership is unchanged
 - Consider loan agreements
 - Can be administratively burdensome

Other considerations

- Sales to for-profit RPs – growing sector, are we comfortable?
- Sales to non-RP investors?
- Keyworker housing
- Shared ownership – Chancellor's recent statement

- Strategic approach is needed
- Not opportunity-led
- Effective resources and high-level sponsorship
- Thorough DD
- Strong financial evaluation – WDSLLike
- Good communications - 360

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- Any Questions?

Stock rationalisation

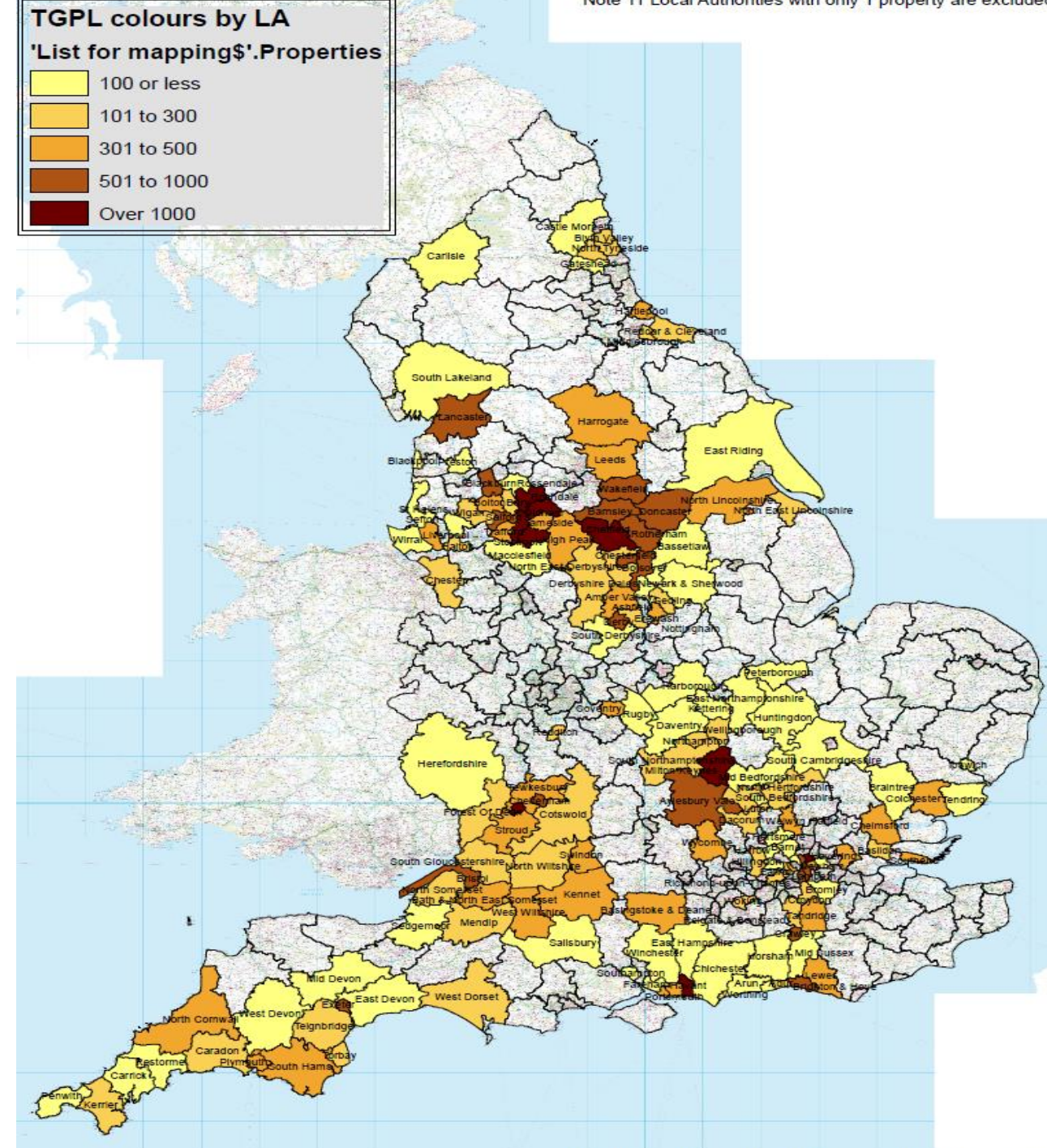
**Great service, great homes
and a great place to work**

A bit about us

- Founded in 1890 by philanthropist Sir Edward Guinness with a donation of £200,000 to set up the Guinness Trust in London.
- He wanted to improve people's lives and create possibilities for them - 129 years later and that's what we're still about today
- Asset base with a market value in excess of £10bn
- EUV-SH in excess of £3.5bn
- 3,000 colleagues
- A customer service led organisation
- Strategic partner with Homes England and GLA. Developing at least 20,000 homes over the next 10 years.

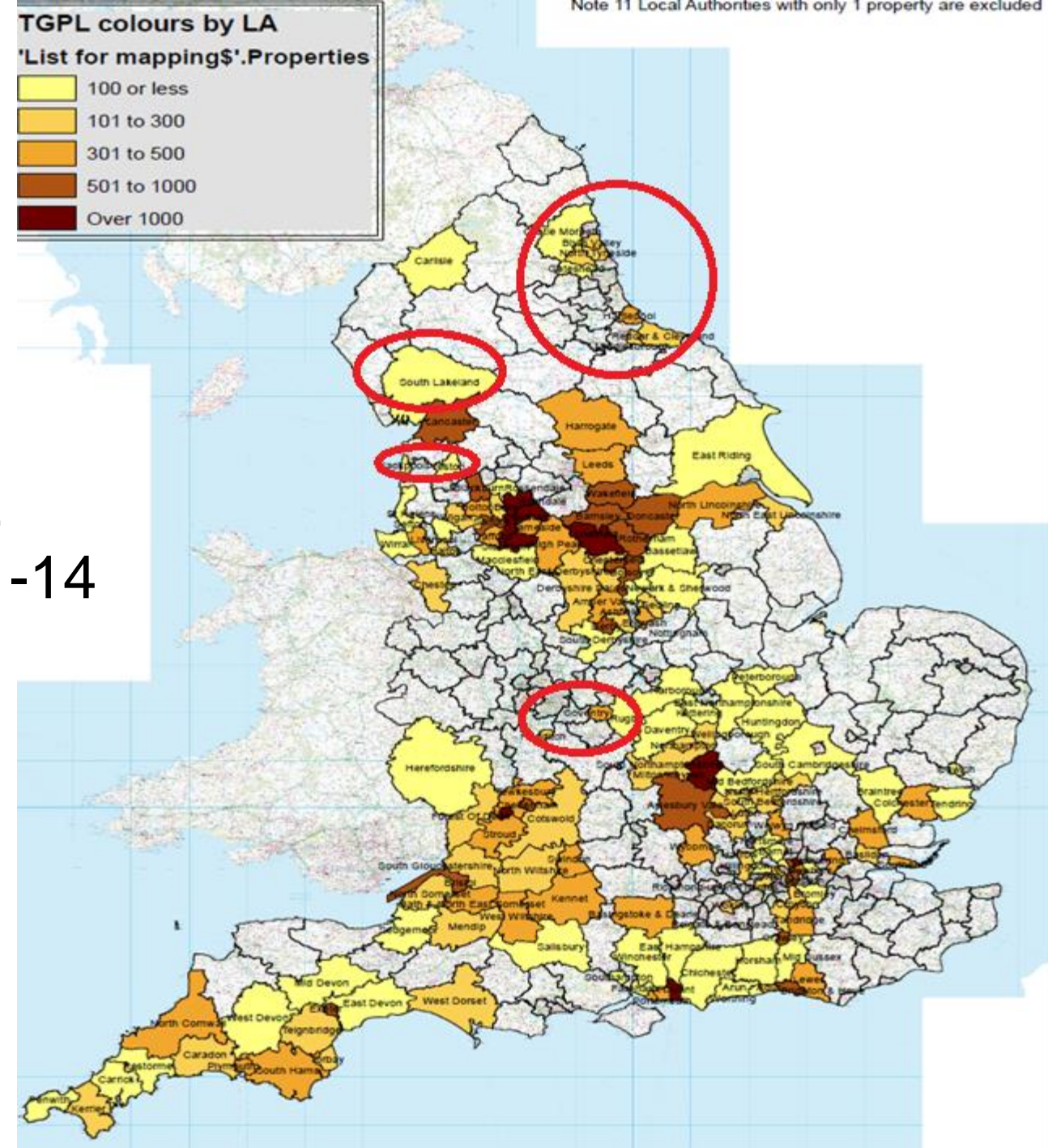
Guinness 3 years ago

- 65,000 homes
- 174 Local Authorities
- 8 LAs with over 1,000 homes
- 67 LAs with under 100 homes



Guinness Today

- Over 66,000 homes +1,000
- 150 Local Authorities -24
- 10 LAs with over 1,000 homes +2
- 53 LAs with less than 100 homes -14



Our Footprint Strategy



Our Footprint Strategy

Overarching Strategy supplemented by Asset Optimisation Strategy and Development Strategy

Has four key aims:

1. Focus our growth programme
2. Consolidate our operating footprint
3. Improve financial efficiency of operating cost model
4. Remove/address under performing assets

All with a view to increasing our development capacity

Has three key work streams:

1. Seek to acquire/build homes in a more focussed manner, helping densification
2. Divest where others may be better placed to manage
3. Undertake option appraisals on all identified underperforming schemes



Our Footprint Strategy in action

- Last year we completed the sale of 1,900 homes across the North East, Coventry, Redditch and South Lakes to local Housing Associations
- Significant capital receipt and surplus – already reinvested into our development pipeline (over 2,000 plots acquired/onsite)
- Key enabler to increasing our development programme to over 2,000 homes per annum (at least 20,000 over next 10 years)
- Void disposal programme – 130 dispersed properties, low NPV, largely sold to FTBs
- Completed the acquisition of tenanted homes from Notting Hill Genesis
- Completed 41 full option appraisals:
 - Divested 17 schemes
 - Redeveloped 3 schemes
 - Agreed major refurbishment of 8 schemes
 - No specific action required for 13 schemes



Swaps

- Currently progressing a large scale stock swap with Paradigm
- Over 3,000 homes and assets would transfer between parties
- Reduces TGP operating LAs by 6
- Increases our density within London
- Increases PHs density within their existing areas



A bit more detail on stock rationalisation

- Our main stock rationalisation project last year included over 1,300 homes in the North East, 315 homes in Coventry and 191 homes in Redditch.
- The homes were generally good quality and cash generative
- Peripheral to main geography – disproportionate impact on operating costs
- Concluded we should see if other providers were better placed to own the homes and deliver services to customers
- Informed customers and colleagues of our intention to seek a new landlord at the start
- Prepared a very detailed data room
- Engaged customers in key questions for bidders and had customers on the selection panel

A bit more detail contd.

- Quality first - very important.
- A complete exit was a priority – no islands!
- Competitive tension
- Great outcome – 3 purchasers
- Bumps in the road....
- Customer consultation
 - Letters
 - F2F
 - Drop in sessions in each LA
 - Dedicated email and webpage
 - CRM
- Very positive feedback from customers and the Regulator on our approach
- A successful conclusion!

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Top tips

- Understand that each purchaser will have different drivers
- Dedicated project management resource is essential for large scale projects
- Bring the business along with you – you will need them!
- Be realistic with timescales
- Expect the unexpected
- Found out a lot about our own organisation – capture the lessons learned

Thank you

RSH Panel

**Anna Furlong,
Head of Regulatory Framework,
Regulator of Social Housing**

**Angela Connelly,
Senior Regulation Manager,
Regulator of Social Housing**

#NHCam19



Regulator of
Social Housing

Asset Management

Angela Connolly
Senior Regulation Manager

Anna Furlong
Head of Regulatory Framework

September 2019



Policy Context for Social Housing




Ministry of Housing,
Communities &
Local Government

Building a Safer Future
Proposals for reform of the building safety
regulatory system

A consultation

How do stakeholders see the sector?



The obligatory Brexit slide...

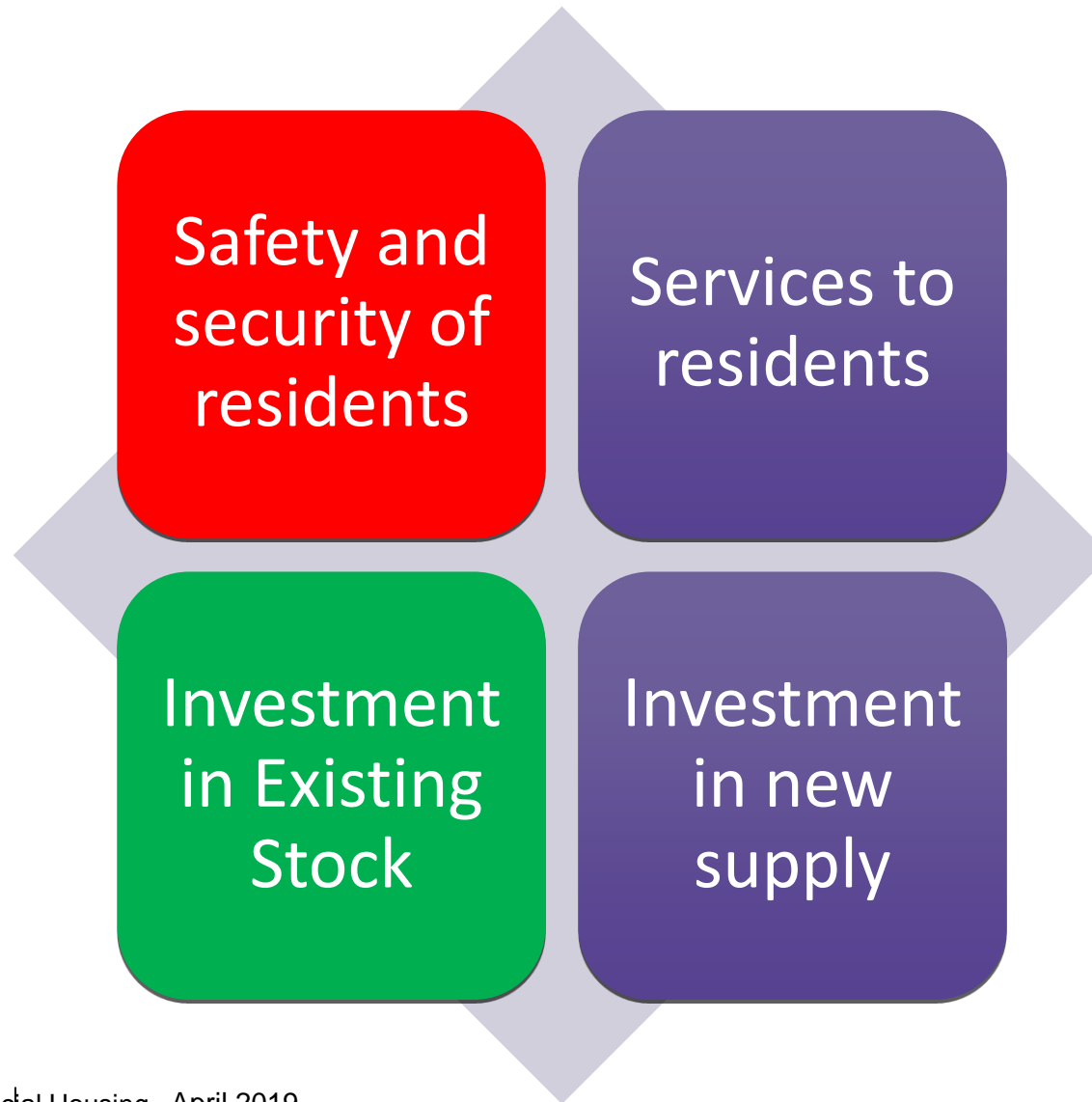


Political uncertainty



- Do the right thing
- Understand your asset base
- Boards: strategic decisions about trade offs
 - VFM, existing stock, new supply
- How to you explain your strategic choices to your stakeholders?
- Balance spend on existing stock vs new supply

Balancing trade-offs



Global Accounts 2018



- Investment in new housing supply and existing stock increased in 2018 from the previous year.
- Total investment of £12.5bn represents an 8% increase on 2017.
- The sector invested £10.8bn in new housing supply (predominantly social housing, but also properties for sale and for market rent).
- It also spent £1.7bn on capital improvements to existing stock.
- **Expenditure on repairs and maintenance of existing social stock was £5.0bn, a 3% increase compared to 2017.**

Sector Risk Profile 2018



It is vital that providers understand the level of investment in existing stock that is required to meet the Home Standard, and that this is reflected in their long-term business plans. A well-integrated, strategic approach to asset management, based on a good and up to date understanding of stock condition, helps providers to avoid the long-term financial problems associated with underinvestment in stock.

Financial Risk



- Poor condition stock could become difficult to use as security, limiting investor appetite
- Poorly maintained or understood stock could require substantial increases in repair or remedial expenditure, leading to financial distress

Tenant Safety



Key regulatory requirements of the **Home Standard** are compliance with the Decent Homes Standard and statutory health and safety requirements.

- Poorly maintained or understood stock is more likely to fail health and safety expectations.
- Stock is more likely to fall below minimum standards if poorly understood and maintained.

Reputational Risk



- G&FV Standard - Registered providers should ensure that they manage their businesses and their risks in such a way that they do not negatively impact on the reputation of the sector.
- While DHS compliance is a useful guide, it is not necessarily a good measure of what public opinion would consider acceptable.
- Expectations and political pressure are increasing in this area.
- Increased focus on tenants following the Green Paper is likely to increase number of poor quality stock cases identified.

Stability Check



- The work of our economics team means that we have a broad understanding of an adequate provision for major repairs
- Outliers in our FFR data set - where the level of spend appears to be low we are likely to seek additional assurance.
- Business plan - narrative rationale supporting the level of forecast investment. Particularly significant changes in profile.
- Stock profile which may explain the figure e.g. a large proportion of stock with no repairing obligation.
- Where our follow-up desktop work does not provide us with the assurance that we are seeking, then we will follow-up directly with providers.

In Depth Assessments (IDAs)



- As part of the IDA we want to understand how the board gets high level assurance on stock condition data. The areas we focus on include:
 - the proportion of properties which have been fully assessed for DHS compliance through **stock condition surveys**
 - If there has been any **independent validation** or audit of stock condition data
 - If projected expenditure is low, **how the board obtains assurance** that the business plan is sufficient to retain properties at DHS

Lunch And Refreshments

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Strategic Asset management – Just in Time and use of technology

George Paterson,
Director of Property Services,
Together Housing Group

Matt McCormack Evans,
Principle Consultant,
Altair

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NHC - Asset Management Seminar

Technology and Strategic Asset Management

Matt McCormack Evans
Principal Consultant, Altair



Introduction

- Drivers and appetite for change in the sector
- How technology is changing the sector and will continue to do so
- Technology and asset management
- Challenges and barriers



1 Drivers and appetite for change



Drivers for change



Appetite for change

While fewer landlords are currently in the process of implementing a change programme than were in 2016, there has been a significant increase in the proportion of landlords in the process of planning for change.

	2016	2018	Change	
Yes, we are currently implementing our programme	65%	59%	-6%	Just over 5% of landlords consider themselves 'Innovators'
Yes, we are currently in the process of planning our programme	29%	39%	+10%	
No, we are not planning for or implementing a programme	6%	2%	-4%	

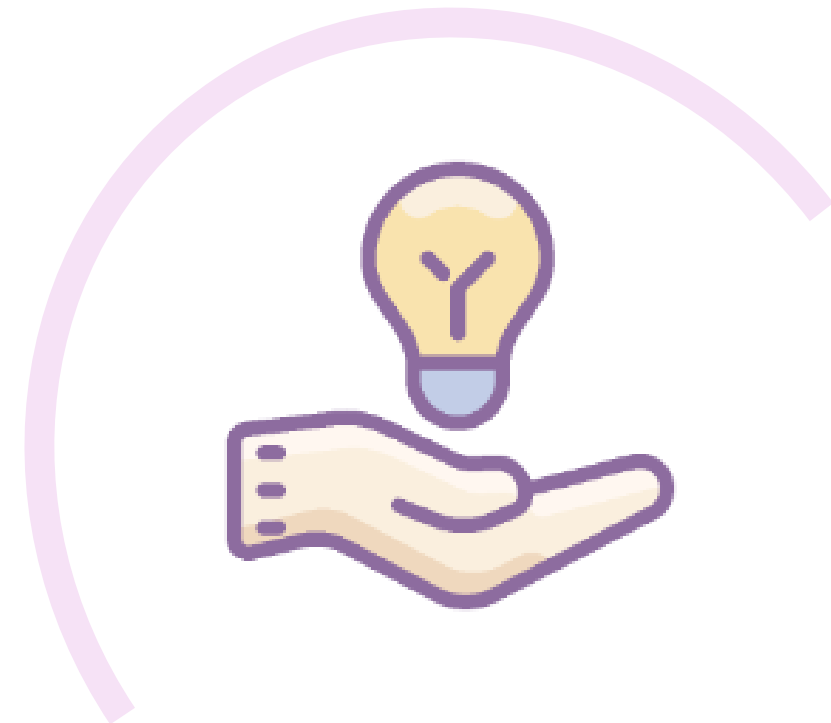
2 How technology is changing housing



Housing and digitalisation

Housing providers remain interested in a wide variety of transformation initiatives, including a strong appetite for digitalisation and embracing modern technology:

- **82%** of providers expressed interest in shifting customer contact online
- **76%** expressed interest in shifting internal and some external service delivery online
- **20%** expressed interest in exploring the use of artificial intelligence to improve housing service delivery and efficiency



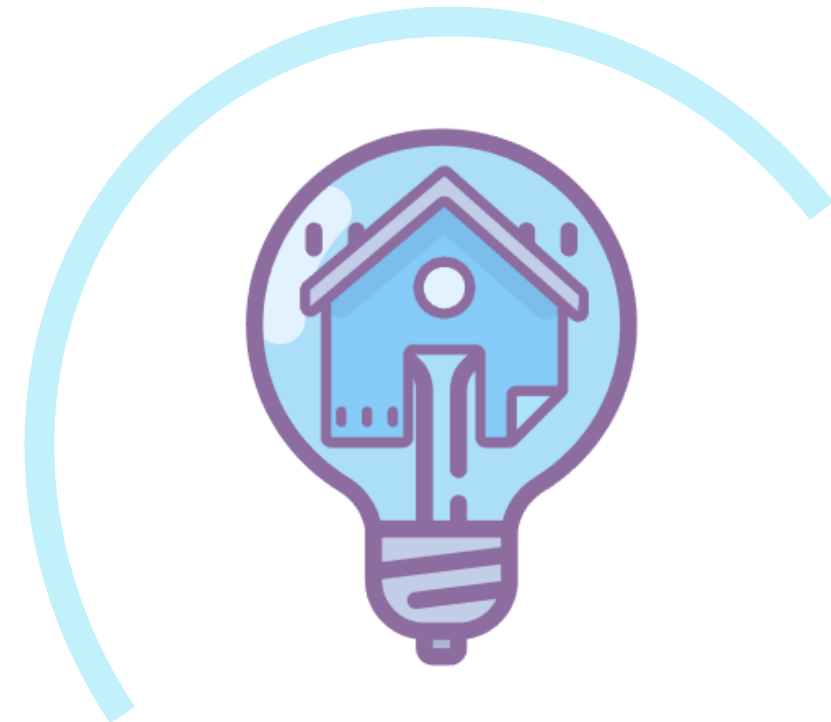
Smart homes

Modern technology has the potential to genuinely transform housing service delivery and the relationship between providers and customers.

Providers are embracing digitalisation to varying extents, but there are individual examples of true innovation.

Smart Home technology

A small number of providers are trialling 'smart technology' installed in homes – for example, motion sensors in the homes of vulnerable residents. Collected data is analysed and used to predict and prevent incidents (i.e. falls). A parliamentary report has estimated that such technology could save the NHS £2.5bn per year.



Artificial Intelligence and housing

Outside of the sector, technologies are being developed which could be utilised by housing providers.

Artificial intelligence (AI) and increasingly sophisticated text-to-speech applications could have implications for how providers interact with their customers.

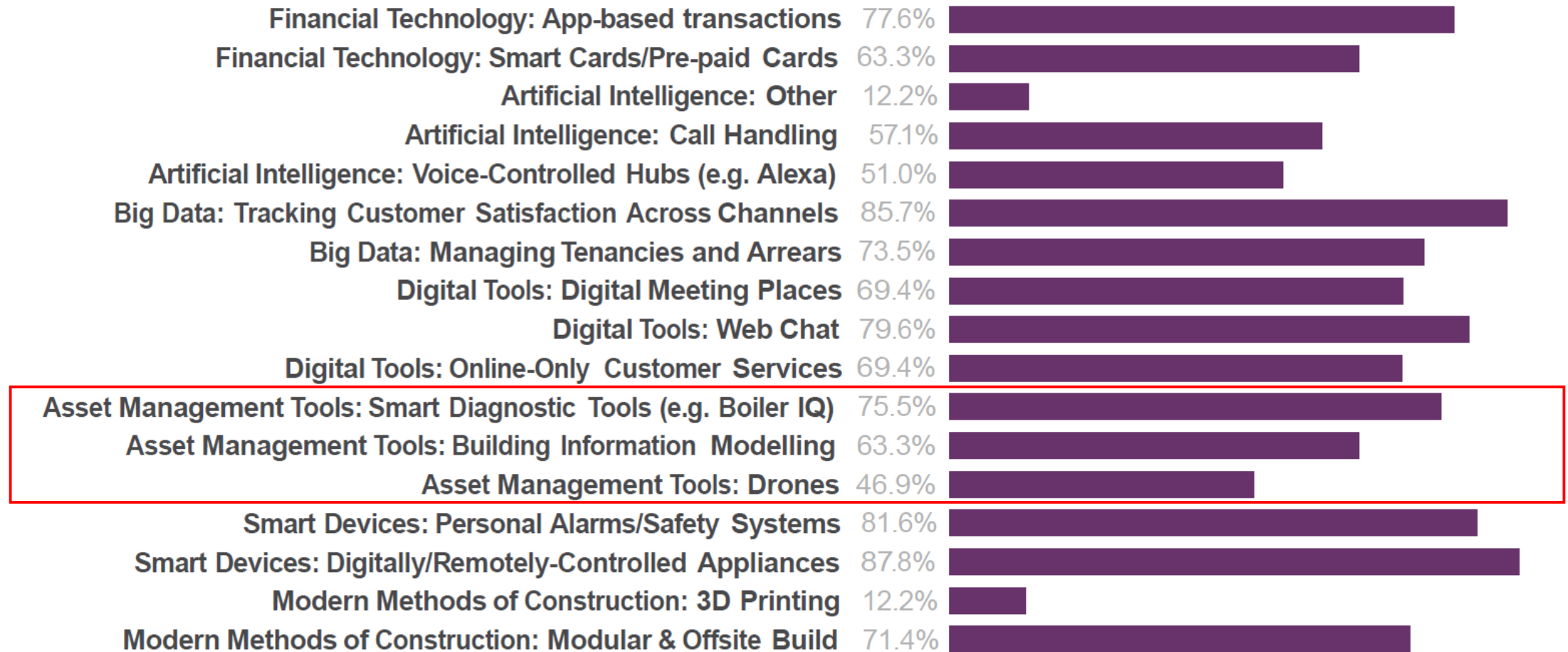
Google Duplex

Google Duplex is a project from Google enabling users to make appointments with businesses over the phone without having to take time to speak on the phone themselves; instead, Google's human-sounding AI makes the call on the user's behalf.

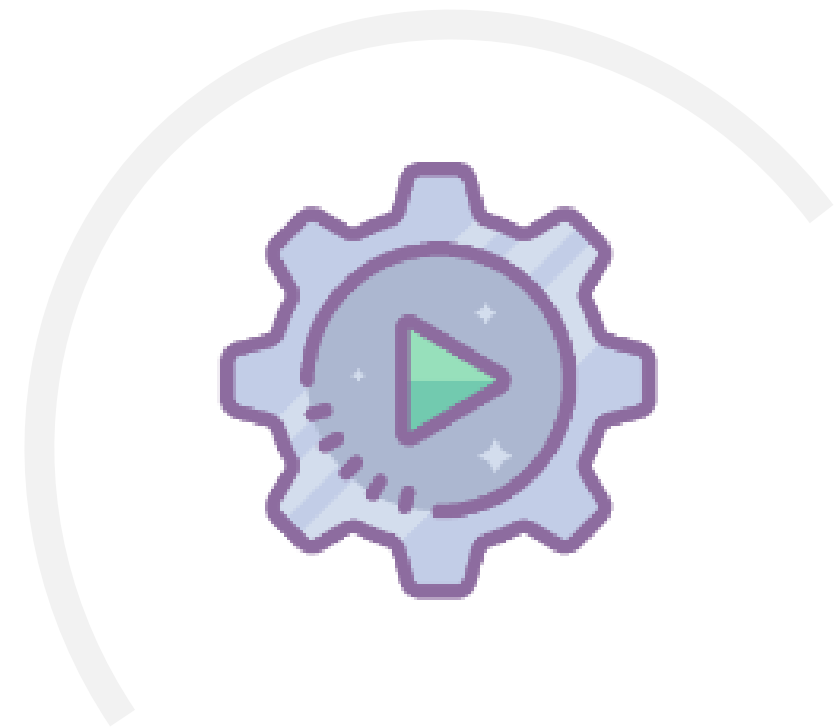


"Hi, I'm calling to book a women's haircut for a client."

Expectations about technology by 2025



3 Technology in strategic asset management



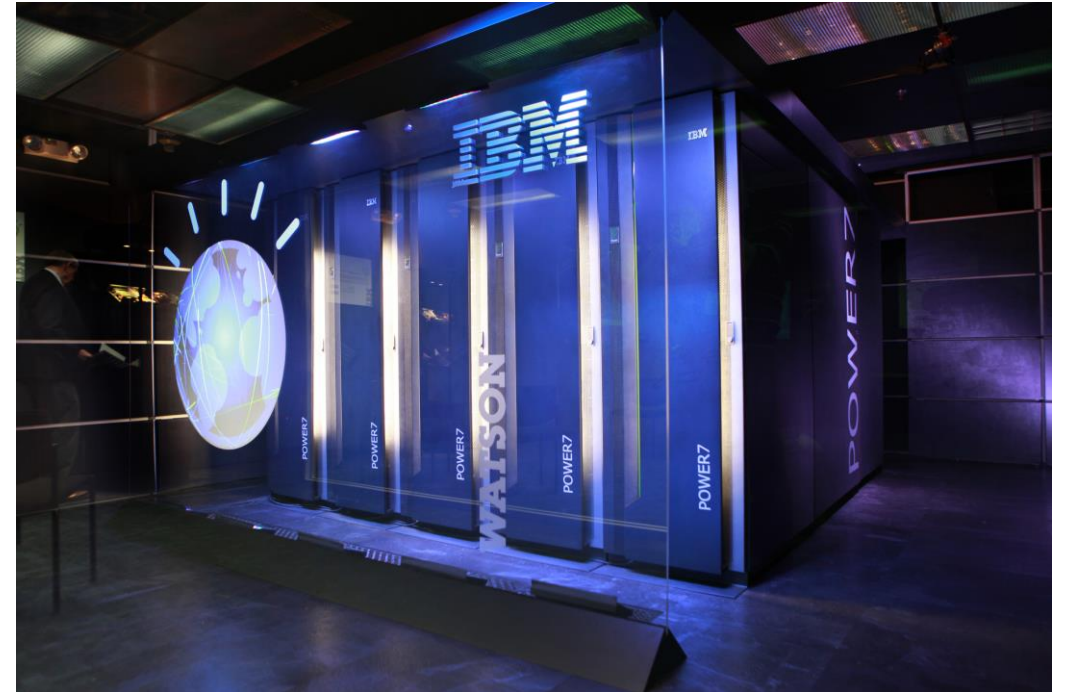
Smart asset management

The proliferation of 'smart' devices in homes and the creation of an 'Internet of Things' could have far-reaching applications in the housing sector.

Opportunity in designing and building 'smart' homes with modern technology baked into the design.

Smart asset management

IBM's Watson programme utilises a wide range of data and insight coupled with artificial intelligence to provide **advance warning** of problems with assets to reduce unplanned repairs and increasing operational efficiency, utilising sensors built into assets' design.



Robotics and asset management

Modern technology also has the potential to empower providers to undertake efficient and non-disruptive activities in existing properties.

In-situ insulation

Q-Bot has developed a robotic device which can install insulation on the underside of a suspended floor **without the need to temporarily relocate the residents**. A typical home can be insulated in 1 – 2 days using this method.

Q-Bot is also able to survey and digitise buildings using a 3D mapping system and AI data processing, enabling the cost-effective creation of detailed floorplans and property records.



4 Challenges and looking forward



Challenges

While technological advancements offer far-reaching possibilities in relation to asset management and housing in general, there are a host of challenges which have prevented widespread adoption:

- Sector structure
- Absence of a 'burning platform'
- Regulatory and sector conservatism
- Absence of competition and market forces
- Cost of failure
- **Getting the fundamentals right first**



Data and asset management

Swift access to accurate data is becoming fundamental to an organisation's ability to perform efficiently.

Underpinning any effective asset management approach is robust and accurate **asset data**.

- 70% of businesses still use manual techniques to locate and track assets – leading to unplanned downtime and inaccurate data
- The rise of 'digital twins' - BIM
- Enables early fault detection and predictive maintenance
- Augmented/virtual reality technology will bring further benefits



AssetCore

- A web-based asset data management tool, designed to be a collaborative solution to support all asset-related transactions and processes
- Utilises a sector-defined data structure to promote the standardised capture and sharing of asset-related information and documents
- Provides immediate visibility of an organisation's legal and financial interest in its asset portfolio
- Gives housing providers the ability to share up-to-date information and documents with stakeholders and service providers
- Ultimately empowers housing providers to increase liquidity, reduce risk and generate cost efficiencies



Key Messages

- The sector is not generally innovative and is being left behind by advances in other industries
- Customer expectations and changes in the sector will drive future transformation and change
- There are opportunities for significant and impactful change across all housing functions, including asset management
- The most impactful way to improve asset management and prepare for future change, is by focusing on collecting and analysing data on your assets





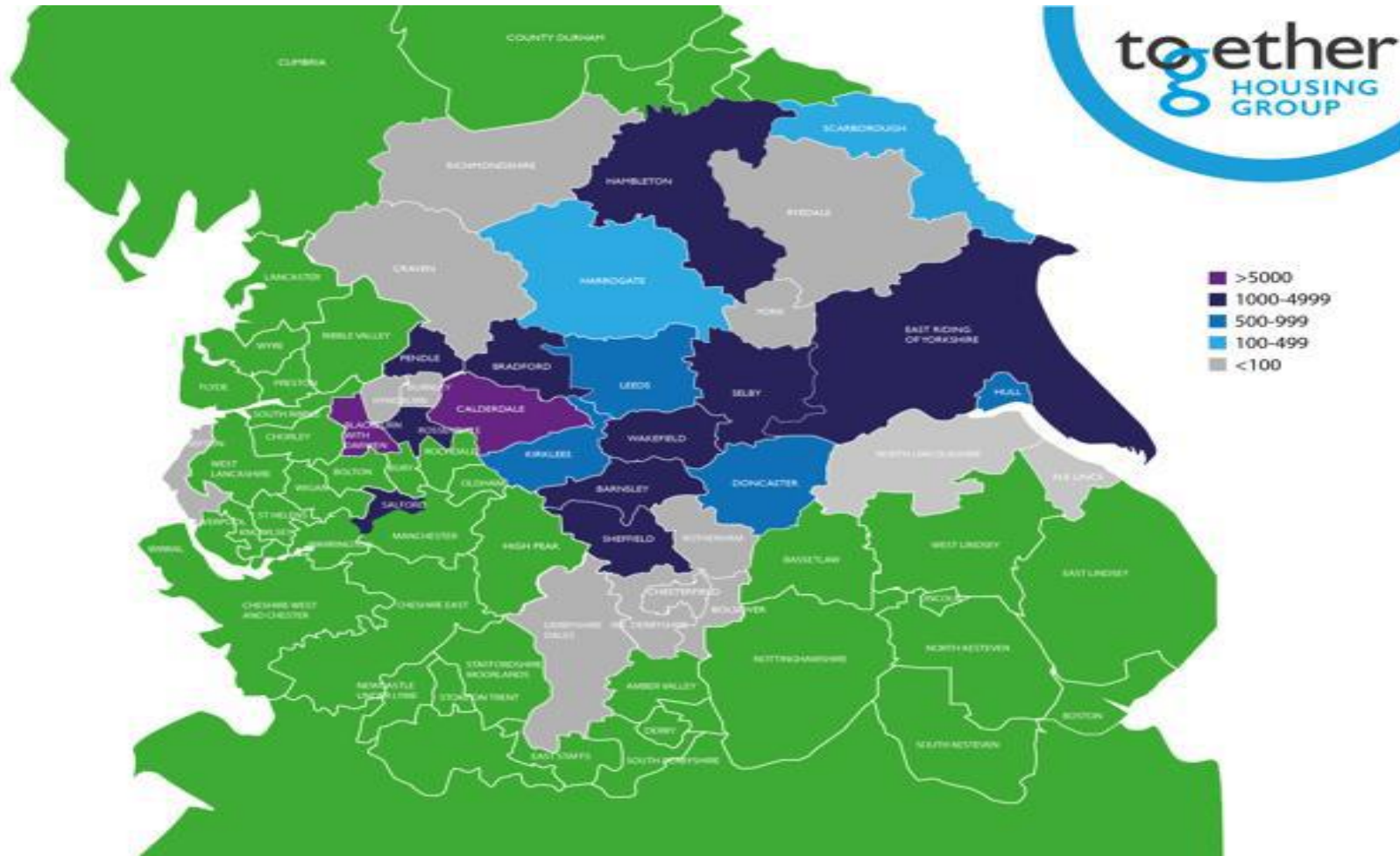
Thank you

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HOW DO YOU SOLVE A PROBLEM LIKE ASSET MANAGEMENT

George Paterson
Together Housing

Stock Location - Together Housing Group



Background: Together Housing Group

- Formed in 2011 now has 37,000 homes mainly in Yorkshire and Lancashire (M62 corridor) – across the Pennines.
- Four LSVT and one traditional association formed the Group – and between 2001-2011 most of the stock has had significant investment as part of **Decent Homes** programmes.
- **Asset Management Strategy – predominantly based on Decent Homes, Component Replacements.**

Old Asset Management Strategy – based on Component Replacements



What changed?

- **PFI Salford** – go live date September 2013
- **Rent Reductions / Financial Pressures**
- In 2015/16 – response to 1% rent cuts - strategy to reduce annual costs by **£20 million by 2020** with a £10 million contribution to savings from Property Services.

Grenfell Tower Fire – June 2017

- World Changer – fire safety now top priority
 - Hackitt Review – significant focus on Health & Safety
- Less Money to Spend + More Work to do =
Something has to change.**

Step 1 – Active Asset Management Strategy (2015)

THREE KEY THEMES:

CORE

KITCHENS
BATHROOMS
WINDOWS
DOORS

ACTIVE

HEATING
ROOFING
COMMUNALS
EXTERNALS

STRATEGIC

NPVs
POOR KPIs
OPTION
APPRAISALS

Core Investment – Check Data

KEY FACTORS AROUND THE NEW APPROACH:

- **Kitchens, Bathrooms, Windows and Doors** – popular items
- **Stock Condition Data** is the starting point and **validation inspection** of all properties undertaken prior to tender / start on site. This is essentially an update on our stock condition. **Only essential works** completed
- It led to a **reduction in spend of around £5 million per annum** based on work not required / rescheduled – monies freed up for **Strategic Investment**

Core Investment



Active Investment

Heating

No full heating replacement programmes.

Heating systems and boilers replaced on a reactive basis by in house team.

Electrical

Full testing programme -test and do electrical works required through the inspection regime.

Mix of external and in house works.

Roofing

No roofing programme as such.

Based on survey at validation and data from repairs on where issues are.

Impact Of New Active Approach

- Implementation of additional validation surveys have provided reassurance that works are not required
- **No dip in customer satisfaction** or increase in complaints due to planned investment works not being done
- **New focus on Strategic Investment** to tackle worst performing stock
- **Increased focus on Fire safety** as a result of changes emerging from the Grenfell Tower Fire
- However – need to monitor work on **Roofing** as it will fail in the future

Impact Of New Active Approach



Strategic Investment – DATA is key

OBJECTIVES

- Identify properties / schemes / areas that require a **fundamental assessment of their long term viability** – and develop a coordinated response
- **Develop a greater understanding of the housing market** and the short, medium and long term implications for stock
- **Holistic approach** – not just stock condition, need to consider service performance, finance position e.g. cost to the business, and see the “big picture”.

Strategic Investment



How We Measure Stock Performance

BESPOKE SOFTWARE – different versions available.

- We use stand alone software called **INSIGHT**
- Two different measures:
 - **Service Performance** – based on a cocktail of housing and repairs data to give a measure of “difficult estates”
 - **Net Present Value (NPV)** – economic calculation over 30 years of spend required and income collected on each estate
- Create overall **ranking for each estate** (**Red**, **Amber**, **Green**)
- **Scores reviewed every 6 months It can sometimes back up gut feelings” and can also challenge pre-conceptions too.**

Sustainability Measures

RAG RATING ON SERVICE PERFORMANCE IN LINE WITH KPIS
FOR TOGETHER HOUSING:

Turnover

Abandonment and
evictions

% under
occupation from

Rent arrears


SAP

Void Loss

ASB levels

Information / Insight


INSIGHT TOOL



Tells you
what you
(should)
already
know



Helps
decision
makers:
officers,
leadership
team, board
members



Justifies
decisions:
decisions
based on
factual
evidence, KPIs
and Net
Present Values

Sustainability and Financial Viability is a Priority for Us

- STRATEGIC INVESTMENT GROUP bids
- Options appraisals
- Void performance
- Neighbourhood plans
- Stock disposals

SIG Dashboard	Y&H	Calderdale	Lancs	Total
Ongoing Options appraisals	0	4	1	5
Consider for Options appraisal	0	1	4	5
Approved Mini SIG projects	8	5	3	16
Approved major SIG projects	0	2	2	4
Demolitions	0	0	62	62
Ongoing Neighbourhood Plan	7	9	13	29

Stock Rationalisation - these flats are not an asset to Together.. Under option appraisal



Stock Rationalisation - these flats have now been demolished to create a development site



GRENFELL – JUNE 2017



Mixenden high rise – June 2017



Mixenden High Rise – JANUARY 2018



Mixenden High Rise – June 2018



Mixenden High Rise – May 2019 – one block sold to developer. Sprinklers to be fitted.



Stock Rationalisation - these flats are not an asset to Together. Sold to Developer.



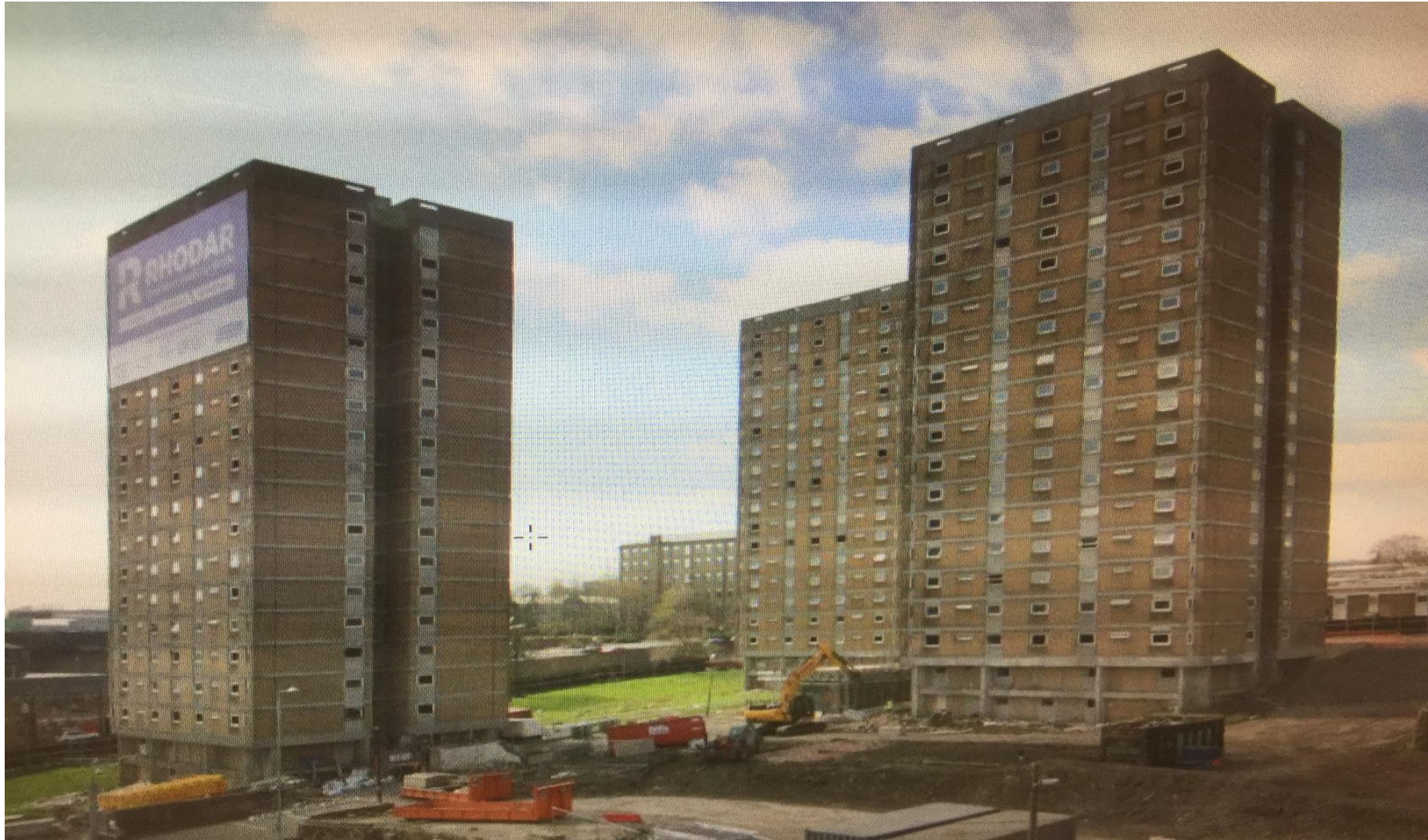
Stock Rationalisation - these flats are not an asset to Together but may be to ALB.



Stock Rationalisation – Crib Lane Flats



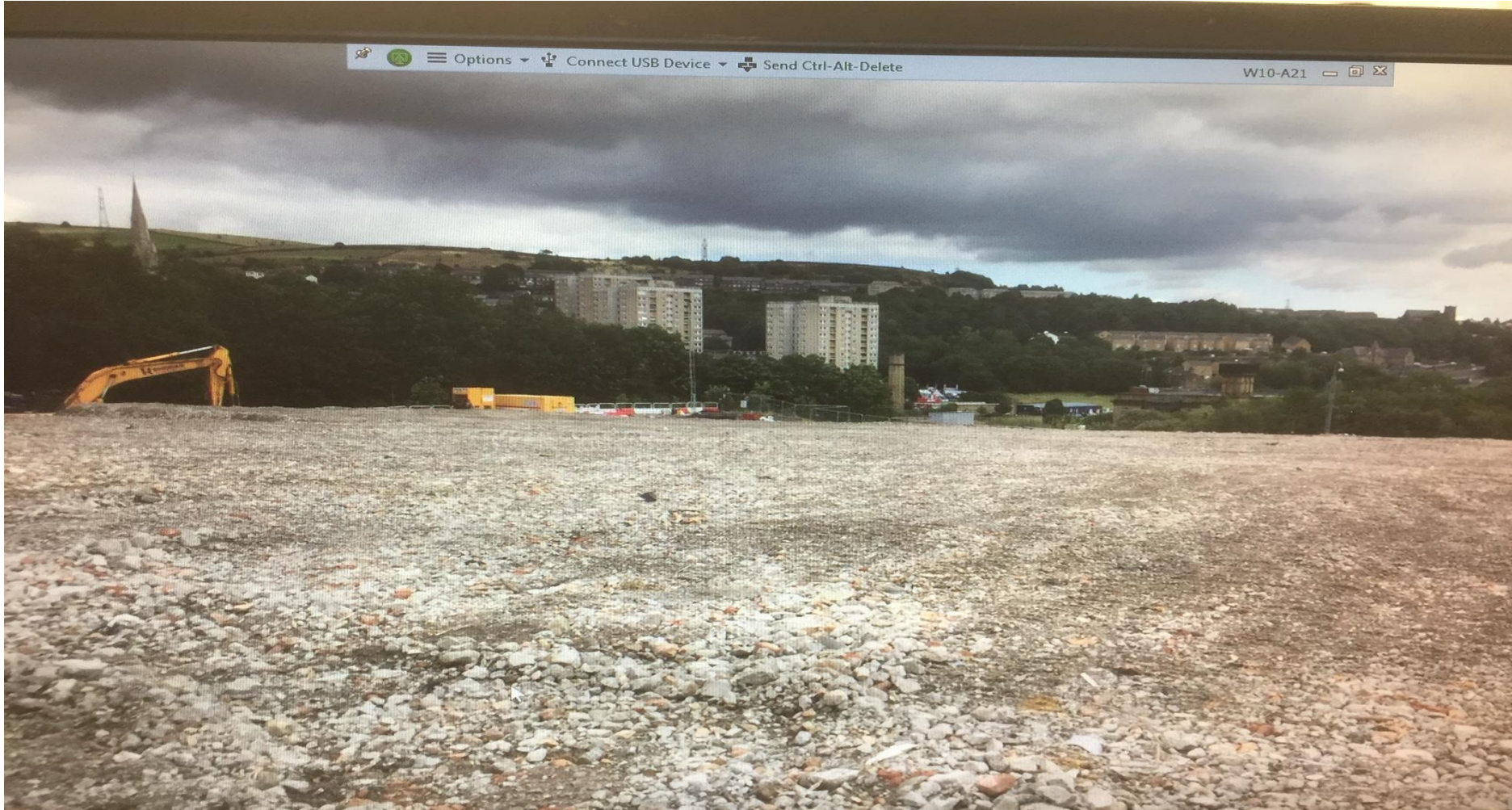
Stock Rationalisation – major asbestos removal and demolition project.



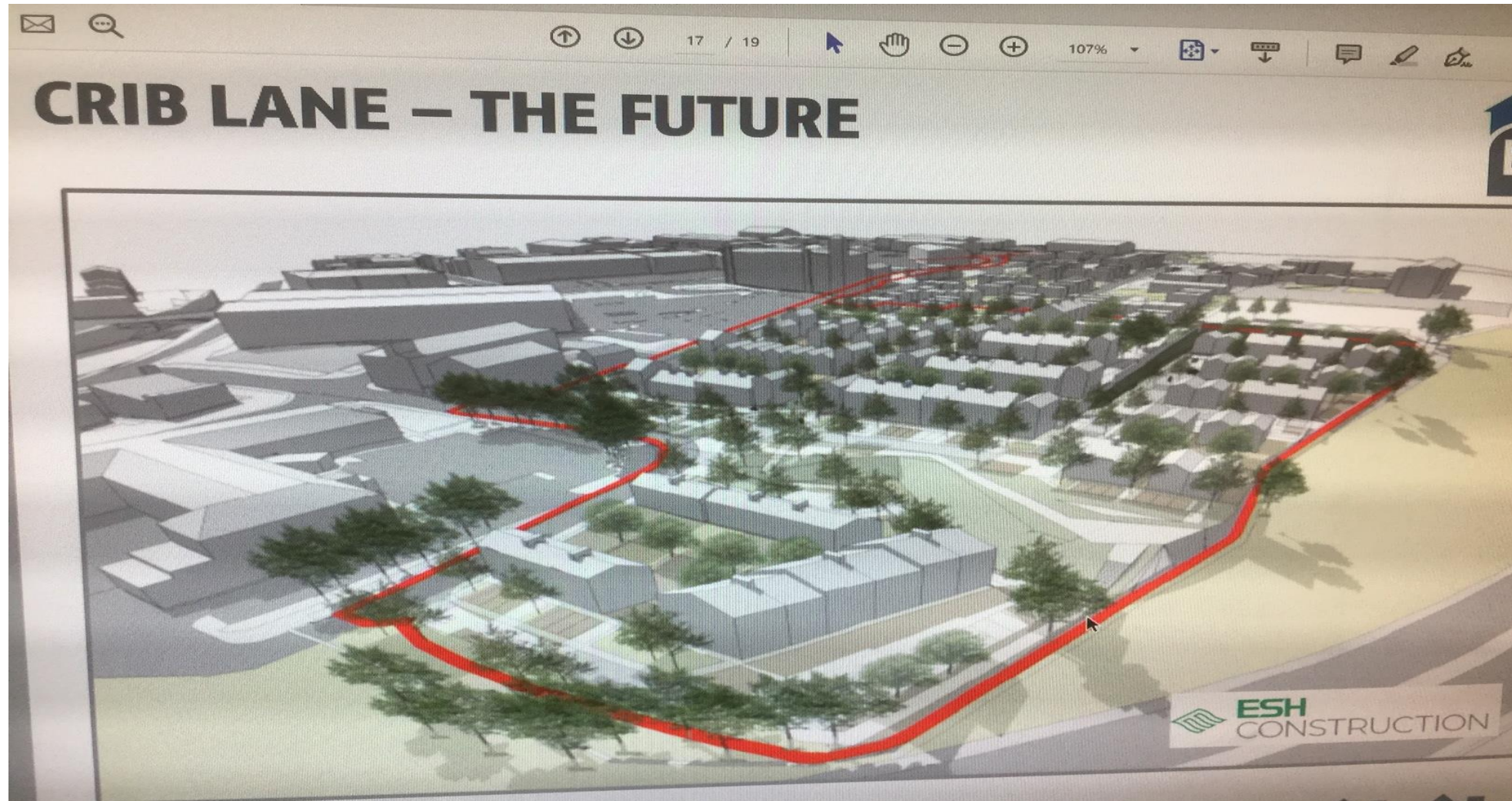
Stock Rationalisation - these flats are not an asset to Together.



Stock Rationalisation - these flats are not an asset to Together.

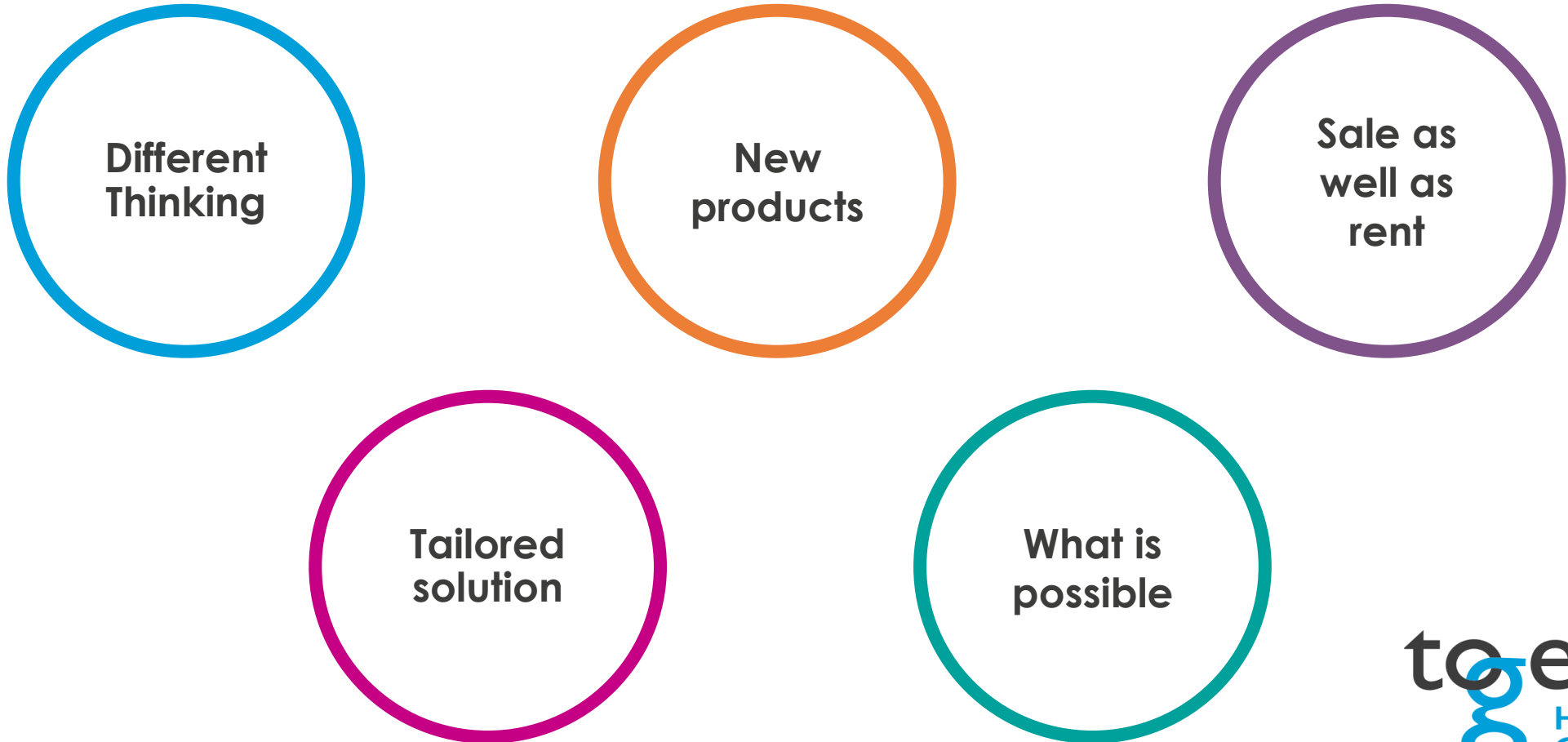


Stock Rationalisation – new build site.



Strategic Partnerships

CALDERDALE TOGETHER HOUSING INVESTMENT PARTNERSHIP



Strategic Partnership - Outputs

- **13 sites identified** – 6 from Together Housing and 7 from CMBC
- **645 new homes to be built** – mixture of affordable rent, shared ownership and market sale
- **5 year** construction programme
- **5 Together Housing estates to be demolished** at a cost of circa £7.2m – funded from the overall programme financial viability
- **Significant regeneration** within Calderdale – economic and environmental benefits
- Popular, **new, mixed tenure estates created** on sites that are currently under performing

Strategic Investment – Working Together



What next?

- **Fire Safety** - Retro-fitting sprinklers to High Rise
- **Energy Investment** – GSHP, some Gas Connections, LED, solar panels with battery storage.
- **Supported Housing** – long term future? Bedsits?
- **Commercial activity** - to support social housing by outright market sale, shared ownership.
- **High Rise Strategy** – future of high rise blocks – 50+ year old now – 30 year Business Plan...2049???

Conclusions

- Simple asset management replacement schemes are no longer appropriate
- Active asset management – particularly for inhouse DSOs makes perfect sense – and can be cost- effective
- Poor performing stock needs radical thinking – stock condition is only one element of an asset management strategy
- Working in Partnership – both internally amongst teams, and with key external stakeholders will bring better results.

Conclusions (2)

- High Rise is a problem – fire safety, services, long term future, needs strategic thinking
- Energy – carbon footprint, use of gas in high rise – and beyond 2025, renewables – GSHP, ASHP
- Stock Rationalisation – bedsits v bungalows
- Customers of the Future – what is the Vision for our Homes and Communities?

The End



Thank you

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together
HOUSING
GROUP

Homes (Fitness for Human Habitation) Act 2018 – Six Months On

John Murray,
Head of Social Housing Group,
Ward Hadaway

#NHCam19

Homes (Fitness for Human Habitation) Act 2018

What's going on?

September 2019

John Murray Head of Social Housing Group Ward Hadaway

1. Introduction

- » The Problem: the new disrepair claims market
- » The Legal Framework: Existing and New Legislation
- » How to avoid/reduce/respond to complaints and claims

Claimant Lawyers: the New Breed

- » CFA/No win no fee law firms based out of area (c/f Legal Aid firms)
- » Get clients by leafletting estates/FaceBook
- » “surveyors” list what they consider to be disrepair.
- » No win no fee contracts, keeping clients on board by terrifying them about paying back costs if they lose
- » Appear to have little or no interest in compensation levels
- » Exaggerate costs
- » Litigate aggressively
- » Rely on landlords being dis-organised to win claims
- » Pre Action Disclosure applications if time limits are missed.

2. How claims are currently made

- » Disrepair Claims in the County Court
 - » Breach of contract
 - » S11 Landlord and Tenant Act 1985
 - » S4 Defective Premises Act 1972
 - » Counterclaims in possession proceedings
- » Environmental Protection Act 1982
- » Housing Health and Safety Rating System: Housing Act 2004

Homes (Fitness for Human Habitation) Act 2018

- » When the Act is fully in force (March 2020), all relevant tenancies will contain an inalienable, implied covenant that they are:
 - » (a) fit for human habitation at the time the lease is granted or otherwise created or, if later, at the beginning of the term of the lease, and
 - » (b) will remain fit for human habitation during the term of the lease.

- » Criteria: regard shall be had to condition in respect of following matters:
 - » repair
 - » stability
 - » freedom from damp
 - » internal arrangement
 - » natural lighting
 - » ventilation
 - » water supply
 - » drainage and sanitary conveniences
 - » facilities for preparation and cooking of food and for the disposal of waste water;
 - » in relation to a dwelling in England, **any prescribed hazard**;
- » and if, **and only if**, it is so far defective in one or more of those matters that it is **not reasonably suitable for occupation in that condition**.

- » (2) In subsection (1) “prescribed hazard” means any matter or circumstance amounting to a hazard for the time being prescribed in regulations made by the Secretary of State under section 2 of the Housing Act 2004.
- » (3) The definition of “hazard” in section 2(1) of the Housing Act 2004 applies for the purposes of subsection (2) as though the reference to a potential occupier were omitted

- » S.10(2) - this currently means the list of 29 HHSRS hazards

- » 1 Damp and Mould Growth
- » 2 Excess Cold
- » 3 Excess Heat
- » 4 Asbestos (and manufactured mineral fibres)
- » 5 Biocides
- » 6 Carbon Monoxide (CO) and fuel combustion products
- » 7 Lead
- » 8 Radiation
- » 9 Uncombusted Fuel Gas
- » 10 Volatile Organic Compounds (VOCs)

Homes (Fitness for Human Habitation) Act 2018

- » 11 Crowding and Space
- » 12 Entry by Intruders
- » 13 Lighting
- » 14 Noise
- » 15 Domestic Hygiene Pests and Refuse
- » 16 Food Safety
- » 17 Personal hygiene, sanitation and drainage.
- » 18 Water Supply
- » 19 Falls associated with Baths
- » 20 Falling on Level Surfaces

Homes (Fitness for Human Habitation) Act 2018

- » 21 Falling on Stairs etc.
- » 22 Falling Between Levels
- » 23 Electrical Hazards
- » 24 Fire
- » 25 Flames and Hot Surfaces
- » 26 Collisions, Cuts and Strains
- » 27 Explosions
- » 28 Position and Operability of Amenities
- » 29 Structural Collapse and Falling Elements

- » Definition of 'hazard' at Housing Act 2004 s.2(1) as revised by s.10(3):
 - » “hazard” means **any risk of harm to the health or safety** of an actual occupier of a dwelling or HMO which arises from a **deficiency** in the dwelling or HMO or in any building or land in the vicinity (whether the deficiency arises as a result of the **construction of any building, an absence of maintenance or repair, or otherwise**)."
- » key issue
 - » whether or not dwelling is 'reasonably suitable for occupation'
 - » Having regard to s10 list

- » Excluded from Landlords' responsibility (1)
 - » unfitness caused by
 - » tenant's failure to behave in a tenant-like manner or resulting from the tenant's breach of covenant (s.9A(3)(a)).
 - » landlord not obligated to rebuild or reinstate the dwelling in the case of destruction or damage by fire, storm, flood or other inevitable accident.
 - » landlord not obligated to maintain or repair anything the tenant is entitled to remove from the dwelling.

- » Excluded from Landlords' responsibility (2)
- » landlord is not obligated to carry out works or repairs which, if carried out, would put the landlord in breach of any obligation imposed by any enactment (whenever passed or made) - e.g. breaching planning permission, or listed building consent, or conservation area requirements
- » Where works require the consent of a third party (eg, a superior landlord or freeholder, a neighbouring leaseholder or owner, or a council) and landlord has made reasonable endeavours to get that consent, but it has not been given

» Summary

- » Housing Disrepair Protocol will have to be amended
- » Damages : in line with housing disrepair claims.
- » Major impact is the ability of a tenant to compel a landlord to carry out improvements
- » No longer possible to ignore claims based solely on condensation dampness where there is no disrepair; opens up a new area for argument over condition vs. lifestyle

Homes (Fitness for Human Habitation) Act 2018

» Summary

- » Asset investment strategy should be reviewed
 - » Improved insulation
 - » Improved heating
- » Record Keeping:
 - » Train call centre staff of importance of language
 - » Standard letters
 - » Confirming no access
 - » Confirming inspection results
 - » Record what is seen of lifestyle

THANK YOU

FOR ATTENDING THIS EVENT



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