

Problem Solving in the Existing Stock ***Gateways in the Asset Management Process*** **The Toolkit**

Dave Smith

Managing Director

London Region

Wates Construction Ltd

Paul R Greenwood

Best Practice Director

United House Ltd

Agenda

- Working Group introduction
- Research process and outputs
- Key improvement areas
 - Stock Condition Surveys
 - Asset Management Process
 - Funding
- Toolkit Demonstration
- Q&A

Members of the Working Group

Dave Smith (Chair)	Managing Director	Wates Construction
Jeffrey Adams	Group Chief Executive	United House
Ann Bentley	Operations Director	Bucknall Austin
Krystyna Blackburn	Project Director	The Housing Forum
Andy Brewin	Partnering Business Manager	ICI Paints
Colin Dawes	Asset Strategy Manager	Kensington & Chelsea TMO
Mike Gaskell	Commercial Sales Director	Asset Manufacturing
Paul Greenwood (Facilitator)	Best Practice Director	United House
Judith Harrison	Director	The Housing Forum
Tim Keogh	Director of Property Services	Hounslow Homes
John Kiely	Director	Savills
John Magress	Strategic Development Manager	Inspace
Jim Martin	Senior Partner	Martin Associates
Farooq Mohammed	Head of Property Services	Home Group
Kevin Neville	Ass Director of Property Services	Aldwyck Housing Assoc
Lee Parkinson	Director of Supply Chain Mgt	Wates Construction
Paul Reader	Group Marketing & Business Dir.	EPS Projects
Gordon Ronald	Director Operational Support	Harvest Housing Group
Katie Saunders	Partner	Trowers and Hamlins

Focus of the Working Group

- The affordable homes sector
- Knowledge accumulated recently by industry leaders
- Recent developments in partnering, frameworks, collaborative procurement, and other integration initiatives
- Lessons from exemplars in PFI, ALMOs and other social sector stock
- Create models for best practice solutions
- Highlight cost savings achievable if barriers removed
- Scope a research project to develop improvement models

Research Process and Outputs

The Initial Survey

- Identify the most important issues and/or barriers to improvement of existing stock
- Clients and supply chain organisations involved in 'Decent Homes'
- Segregated by organisation type/implementation route:
 - ALMO
 - LSVT and RSL
 - PFI
 - Stock Retention

Survey Questionnaire

1, The Impact of National/Local Factors

Consider, for example:

- KLOE 3, Stock investment and asset mgt
- KLOE 32, Value for money
- Annual efficiency targets
- DHs target of 2010
- Other issues (please specify)

2, Asset Management Strategy

Consider, for example:

- Planning horizon/timescales
- Stock condition surveys
- Programming and pre-planning
- Active management
- Value management
- Other issues (please specify)

3, Delivery Solutions

Consider, for example:

- Identification of necessary skills
- Sourcing necessary skills
- TUPE
- Migrant labour (language/communi
- Other issues (please specify)

4, Procurement & Contractual Framework

Consider, for example:

- Timescale drivers
- Pre-planning
- Partnering
- Supply chain integration
- Contract form
- Other issues (please specify)

5, Collaborative Procurement

Consider, for example:

- Other issues

Please specify consortia

6, Resident and Community

Consider, for example:

- Consultation
- Involvement
- Training/facilitating for involvement
- Trade-offs between involvement and I
- Other issues (please specify)

7, Performance and Value

Consider, for example:

- Annual Efficiency Statement
- Value measurement
- Financial performance
- Non-financial performance
- Other issues (please specify)

8, Additional Value

Consider, for example:

- Unforeseen outcomes
- Use of savings
- Other issues (please specify)

Survey Questionnaire

- THE ISSUE - for your organisation
- What were the drivers?
- How did you approach this?
- What key processes were involved?
- What were your targets/benchmarks?
- What has been achieved?
- What worked well?
- What problems arose and how were they overcome?
- Are there any unresolved barriers/constraints?
- How would you do things differently next time?

Research Analysis

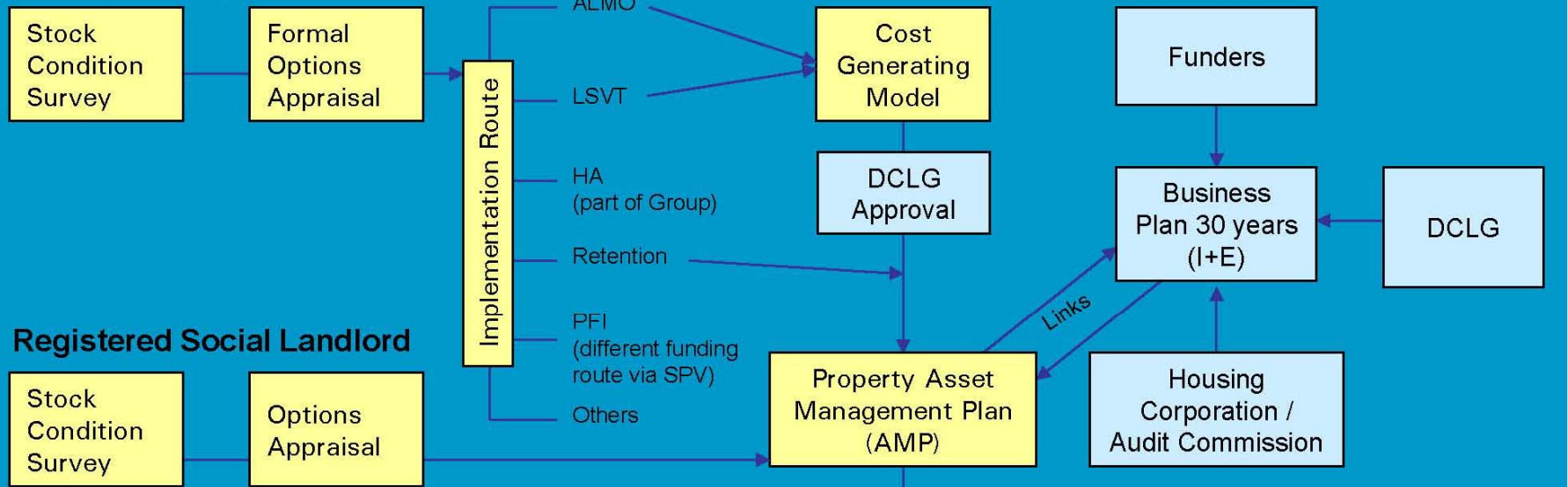
- Identified *key* barriers to improving existing stock for consideration by workshop groups:
 - Asset Management Strategy
 - Stock Condition Survey
 - Funding
 - Procuring Consultants Contractors and Supply Chain
 - People

The First Workshop

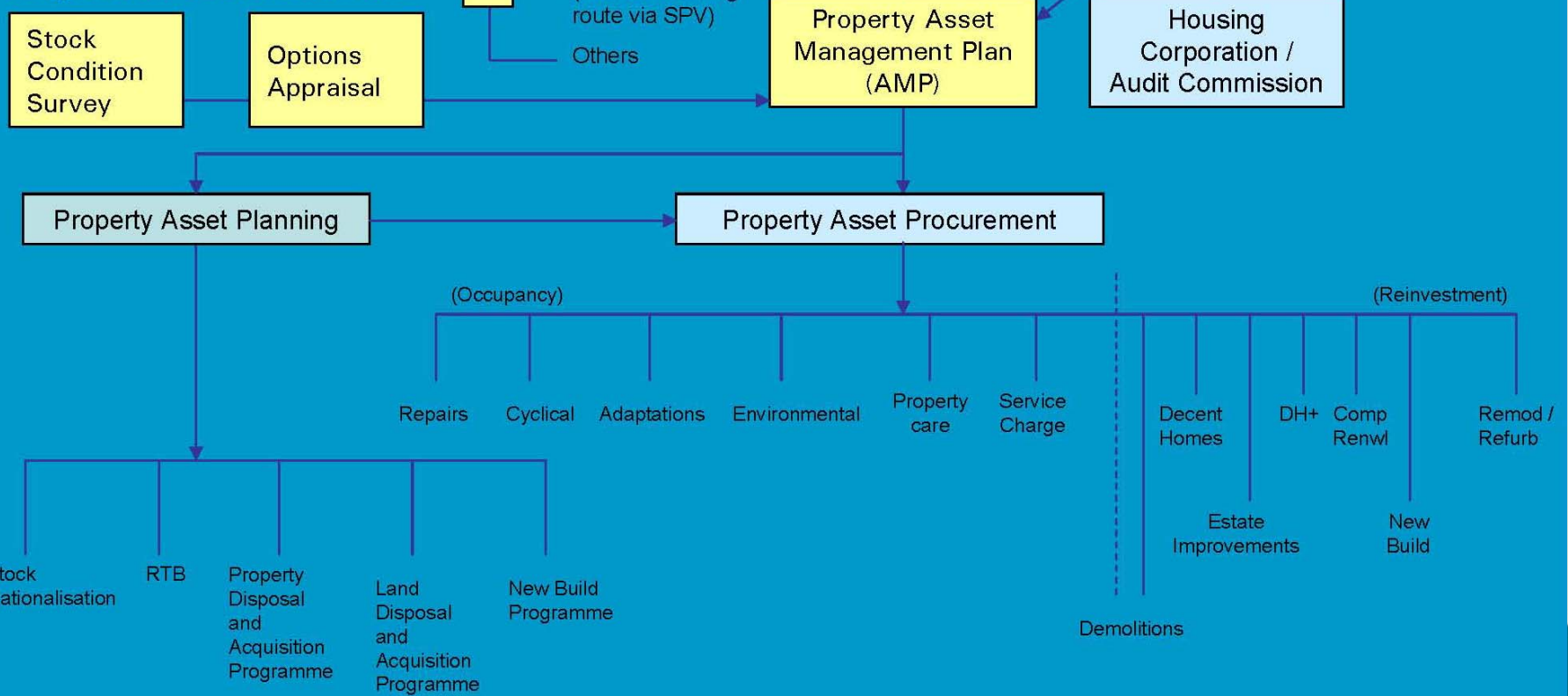
- 40 cross-discipline experts
- Workshop groups examined in detail:
 - *Asset Management Strategy*
 - *Stock Condition Survey*
 - (Funding)
 - Procuring Consultants Contractors and Supply Chain
 - People
- Captured ideas
- Identified exemplar organisations for case studies

Development Framework

Local Authority



Registered Social Landlord



Outputs

- Interim Report
- Web based toolkit
- Recommendations for Government



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A movement for change and innovation in the construction industry

The Housing Forum has established itself as the only cross sector organisation covering all aspects of housing construction: private, public, and social sectors and their supply chains. It provides a member network of innovators who share knowledge and experience through its demonstrations portfolio and its ad hoc working groups.

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Author: Colm Quinn

The Housing Forum is now taken bookings for its 2007-2008 series of Regional Conferences - "Visions for Sustainable Housing Solutions in the Regions"

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13 February 2007

The Carbon Challenge

Author: Gareth Rowe

On 7th February 2007 Communities Secretary, Ruth Kelly, unveiled a new international challenge for housebuilders to design and build flagship zero-carbon and low carbon communities.

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Resources

Housing Forum Partnering Toolkit



This toolkit is a practical best practice procurement web-based toolkit - an easy to use reference and guide for all social housing clients to assist in Decent Homes and Sustainable Community objectives and targets.

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Supply Chain Integration Diagnostic Toolkit

The Housing Forum Supply Chain Integration Diagnostic Toolkit has been



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'Gateways in the Asset Management Process' Toolkit

Gateways in the Asset Management Process

Introduction

Dave Smith, Chair of the Working Group

With so much in the news in recent years about the new homes industry – the designated growth areas, the number of new homes required and the various new technologies for producing them, it is not surprising that the importance of regenerating and maintaining the existing stock of dwellings, as well as increasing its sustainability, often seems to be forgotten within the construction industry as a whole. No wonder those of us who work in this area feel as though we have chosen the 'Cinderella' service, especially when there is an existing stock of some 26million dwellings and only 160,000 new ones are built each year!

The Housing Forum has, however, focussed on this part of the industry throughout all of its seven years with a series of publications on encouraging improvements focussing on process – Partnering and Supply Chain Management, backed by research as well as the practical experience of almost 100 demonstration projects.

The government set out its strategy for achieving the Decent Homes target for social housing tenants in 2003. This, combined with the increasing use of PFI in housing, the creation of ALMOs, as well as the Gershon efficiency agenda, have led to several structural changes within this sector of the industry.

In mid 2005, the Housing Forum therefore decided to set up a new working group to look at the issues arising from these changes. Our remit has been to investigate the barriers which still exist to improved performance and increased quality outputs, as well as to examine the lessons that can be learned



Case Studies

- Covering:
 - Linkage between asset management, capital and repairs
 - Exploring best practice
 - Differences and similarities between implementation routes
- Clients include:
 - Colchester Borough Homes
 - Glasgow HA
 - Hounslow Homes
 - Broomleigh HA

More SCS and AMP examples required



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Asset Management Case Studies


[Strategic Partnering in Colchester - Colchester's Decent Homes Programme](#)

A partnership between Colchester Borough Homes and Inspace Partnerships to deliver both major works projects and Decent Homes programmes, whilst also incorporating all responsive repairs.

[A Strategic Approach to Procuring a Large Scale Investment Programme](#)

A case study on the procurement strategy behind Glasgow Housing Association's investment programme.

[Partnering with Contractors - Hounslow Homes Decent Homes Programme](#)

A case study of Hounslow Homes' partnership with three main contractor - United House, Lovell Partnerships and Balfour Beatty - to deliver its Decent Homes programme.

[Repairs & Maintenance Partnering, Bromley](#)

The purpose of this project is to develop a long-term strategic partnering arrangement between Broomleigh Housing Association and Geoffrey Osborne Ltd. to deliver a responsive repair and maintenance service to 8,000 social housing properties in the Bromley area including emergency repairs and work to empty properties but excluding gas heating.

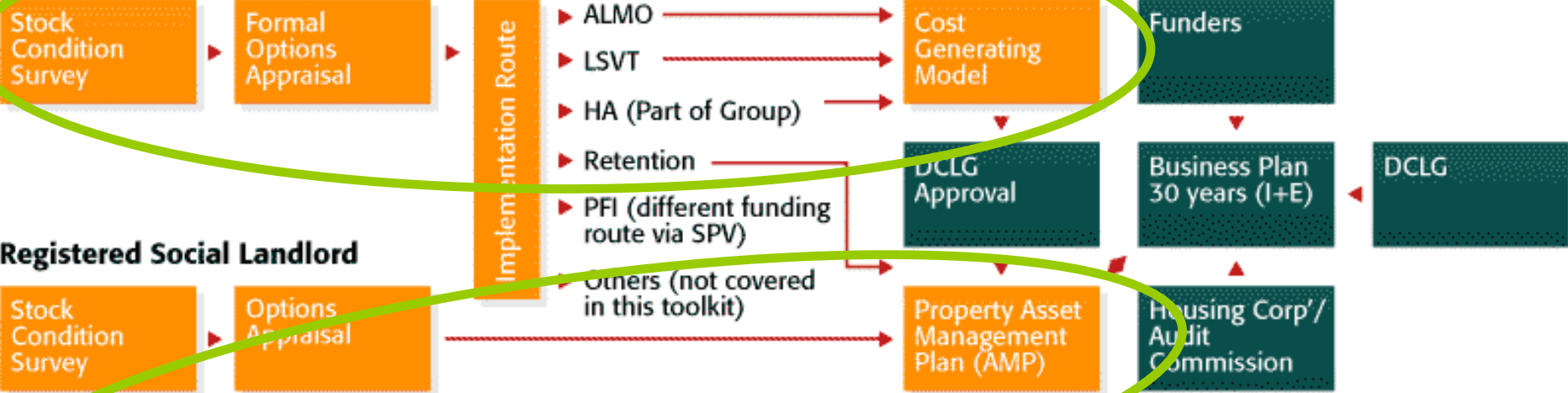
We would welcome any suggestions of projects covering the entire asset management cycle for consideration as further case studies. Please contact Colm Quinn (details below).

[Further Support and Guidance](#)

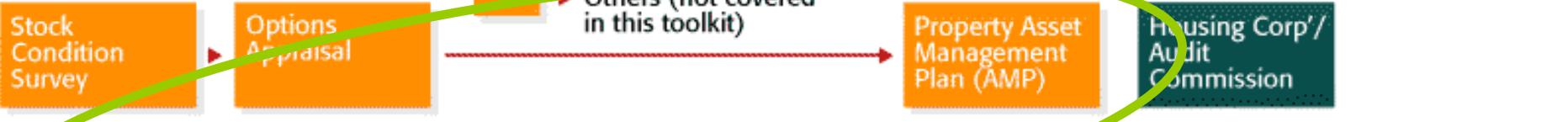
Key Improvement Areas

The Asset Management Process

Local Authority



Registered Social Landlord



Stock Condition Surveys

Local Authority

Stock
Condition
Survey

Formal
Options
Appraisal

Implementation Route

- ▶ ALMO
- ▶ LSVT
- ▶ HA (Part of Group)
- ▶ Retention
- ▶ PFI (different funding route via SPV)
- ▶ Others (not covered in this toolkit)

Cost
Generating
Model



The Housing
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CONSTRUCTING EXCELLENCE

Stock Condition Survey Problems

- Lack of understanding of the purpose of the SCS
- Poor briefing leading to wrong set up and basis for assessment
- Badly designed sample - too small, too complicated
- Common misconception that SCS will produce an address list for investment
- Inflexible interpretation of results
- SCS not same as a contractors pre work survey – secondary surveys undertaken
- Surveys not always used to inform work programmes
- Database not user friendly or fit for purpose
- Life cycle problems

Stock Condition Survey Solutions

Key recommendations for clients and surveying managers

- Develop a more accurate brief
- Promote better understanding of the purpose of the SCS
- Ascertain the level of complexity
- Understand the limitations
- Use skilled surveyors who are familiar with the process
- Develop a methodology to ensure a consistent approach
- with clear and concise survey design
- Flexible interpretation of results for modelling purposes
- Different requirements for LSVT, ALMO, retention, PFI



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'Gateways in the Asset Management Process' Toolkit

Stock Condition Survey



Checklist contents

- [Purpose and Scope](#)
- [Timing/Timescales](#)
- [Survey Brief](#)
- [Other Gateway Items](#)

Purpose and Scope

The Stock Condition Survey (SCS) is the basis asset management strategy, and is used to ascertain the condition of the stock and predict its future investment and maintenance requirements. It is the most comprehensive source of information about the asset

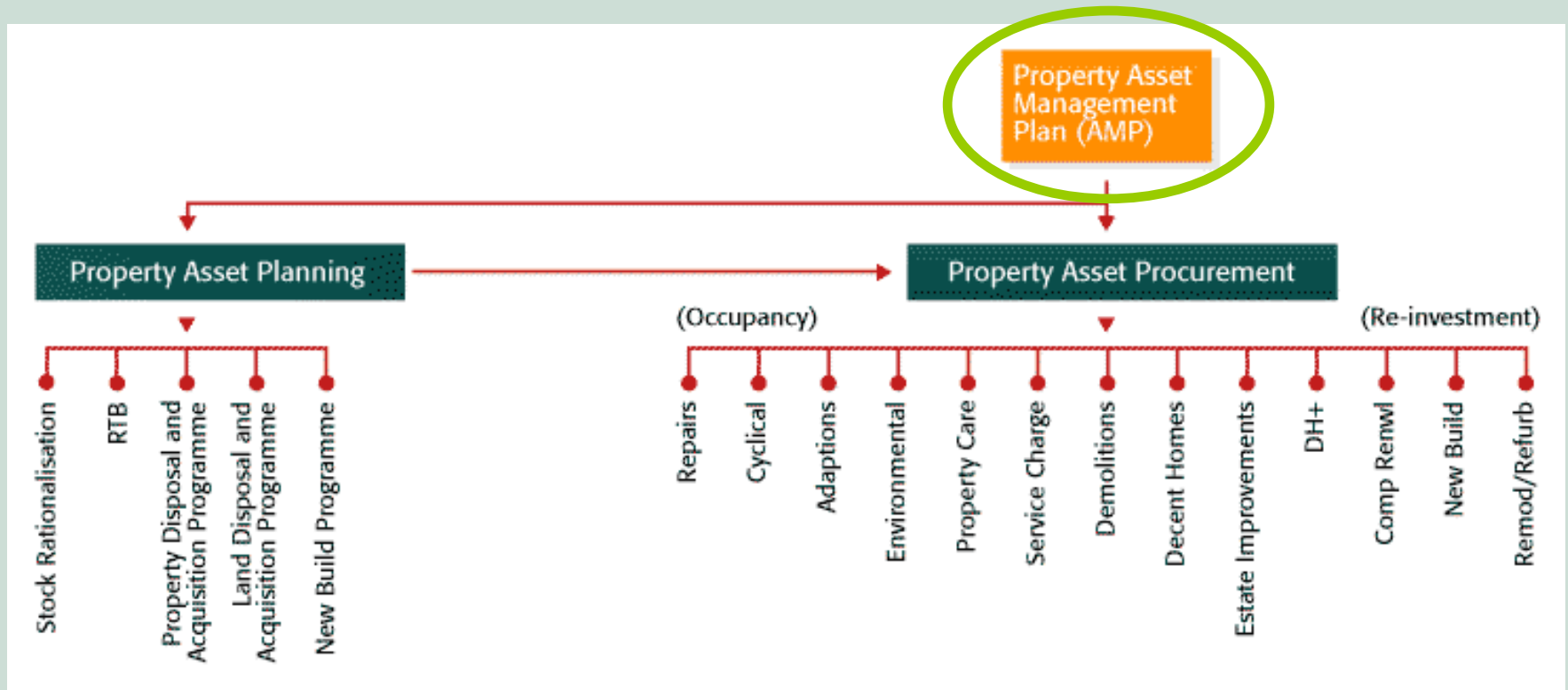
The survey brief provides the basis for the SCS and dictates the type of survey undertaken.

Timing/Timescales

Often three years before the 'Options Appraisal' for a housing stock solution, see below.

Typical duration two years.

Asset Management Planning



Asset Management Planning Problems

- Asset management seems to mean all things to all people
- Often undertaken in almost reverse order
 - SCS → procurement → investment planning → works
→ asset management plan
- Tends to focus on investment programmes
- Limited understanding of the links between the various components of an AMS
- Valuation and financial aspects not understood
 - Funding limitations
- Heavy reliance on IT
- Link between capital and revenue not always practiced
- Shortage of appropriate skilled resources

Asset Management Planning Solutions

- Better understanding of the components of asset management
- Develop more standardised approach to asset management strategy and planning
- Asset management solution should inform business plan - rather than be developed from it
- Determine the time frame
 - vary between different types of organisation



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Property Asset Management Planning



Checklist contents

- [Purpose and Scope](#)
- [Timing/Timescales](#)
- [Planning Inputs](#)
- [Other Gateway Items](#)

Purpose and Scope

The purpose of asset management planning is to ensure a sustainable approach to the management of the housing asset, based upon a whole life approach which ensures a stable or reducing cost of long-term management.

Timing/Timescales

Typical duration two to four years from the time that data becomes available (requires SCS, OA, etc).

Planning Inputs

Funding Issues

- Investment models (LSVT, ALMO, PFI, Stock Retention) have different funding streams
- Uncertainty over ALMO funding makes long term planning difficult
- LSVT able to take a longer term view
 - Better asset management approach
- PFI carries higher risk to private sector therefore higher initial cost
 - Longer term approach
- ALMO and Retention geared to DHS +5% sustainability
- PFI and LSVT usually larger budgets to cover non-DHS work

Toolkit Demonstration



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Comments or Improvement Ideas?

Colm Quinn

QuinnC@constructingexcellence.org.uk

Q&A