



Asset Management Strategy

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1 Introduction

Our Corporate Plan sets a priority to provide quality, well-maintained homes that are fit for the future. The Asset Management Strategy outlines Cobalt Housing's (Cobalt's) approach to achieving this. At the heart of our Asset Management Strategy we aim to invest not only in our assets but our wider communities. This approach will ensure we create thriving communities where our customers want to live. The Asset Management Strategy aligns with our strategic purpose where:

'Everyone deserves somewhere to call home; a place to make their own, feel safe and secure and set down firm foundations. The right home will help people to live well, realise their potential and achieve the things that are important to them'.

The Strategy will also support our mission of:

'providing quality places to live, and support to those who need it, we play our part in developing thriving communities where people are proud to live and can be their best'.

2 Strategic Context

In developing our Corporate Plan, we set ourselves a fundamental priority 'to provide quality, well-maintained homes that are fit for the future'. Our aim is to invest in our homes and neighbourhoods to keep them attractive, well-maintained, safe and secure. The strategy aims to make a positive contribution to the sustainability of our homes and neighbourhoods, maximising opportunities for local people.

The Asset Management Strategy underpins how we invest in our homes and neighbourhoods to ensure we provide suitable accommodation in communities that meet the aspirations of our customers both now and in the future.

External Factors

The Green Paper 'A new deal for Social Housing', was released in August 2018 and sets out a new vision for social housing. The paper talks about providing a safe and decent home, which is fundamental to a sense of security, more specifically it refers to tackling stigma and celebrating thriving communities. In line with our approach to asset management we need to consider the fundamental principles of The Green Paper including:

- Ensuring resident safety - Government are seeking to bring forward implementation of the recommendations on tenant involvement from Dame Judith Hackitt's Review of Building Regulations and Fire Safety. This will include a programme of support for tenants to engage landlords in issues of building safety.
- Decent Homes Standard - Government will consider whether the Decent Homes standard provides adequate safety and standards for social tenants
- Government is asking for views on whether minimum standards recently introduced for privately rented housing should also apply to social homes
- Celebrating thriving communities - the paper seeks views on investing in community initiatives and events, like street parties, and on how to share positive stories of social housing residents and their neighbourhoods.
- Embedding good customer service and neighbourhood management – the paper seeks views on supporting the professionalisation of housing teams and to develop a performance indicator to understand service improvement and social value.
- Promoting good design – the paper seeks views on how planning guidance can support good design in the social sector, and how to involve residents in design.

Internal Factors

Key to delivering a successful asset management function requires sufficient funds to deliver on our commitments. Alongside this we must ensure our asset remain fit for our current and future customer base.

3 Links to Cobalt Business Plan Strategic Objectives

The Asset Management Strategy supports our strategic priority to:

To provide quality, well maintained homes that are fit for the future

The strategy supports our growth aspirations and development strategy. A key principle is that any development decision will complement and enhance our current asset portfolio.

Our aim is that:

We invest in our homes and neighbourhoods to keep them attractive, well-maintained, safe and secure.

Active Asset Management

Historically traditional asset management has been characterised by the assumption that registered providers retain and maintain all their stock in the existing layouts in perpetuity, with an emphasis on tracking component (kitchens, bathrooms, etc) lifecycles and replacing them at the end of their agreed lifecycle. It has been about focusing on the delivery of work programmes and meeting promises to achieve agreed standards.

Fundamentally 'active asset management' is a process which enables the Cobalt to understand which assets work best in the longer term (over 30 years) and which assets don't, this will be used when considering future investment decisions.

Compliance

Cobalt recognises its responsibilities and obligations for property compliance and considers this a business critical function; necessary to safe guard the well-being of residents, staff, operatives and other stakeholders. We also understand our obligations for property compliance when set in the context of regulation, legislation and approved codes of practice.

New policies and procedures are in place for all key areas of property compliance: including gas safety, electrical safety, fire safety, asbestos management and water hygiene. These policies clearly set out Cobalt's obligations under the relevant regulation, legislation and/or approved codes of practice and what we will do in order to comply with these obligations.

Repairs

Cobalt appreciates the importance of the repairs and maintenance service to customers and will always carry out its contractual repair obligations as a landlord. We currently deliver our maintenance services by 2 partner contractors. With both contracts due to expire in 2019/20 a full options appraisal will be undertaken to consider how we deliver the service in the future.

Alongside this Cobalt Plus provide an in-house maintenance service to its customers. The review will include an analysis of the benefits and efficiencies of the in-house service.

Void Management

As part of our approach to void management we will ensure that high cost voids are reviewed as part of our active asset management approach. This will allow us to determine the most appropriate action to ensure that our assets are viable and fit for the future.

Decent Homes

Cobalt is committed to ensuring all homes which are occupied by customers continue to remain fully compliant with the Decent Homes Standard. Compliance with the Decent Homes Standard will continue to be assessed as part of Cobalt's approach to gathering stock condition data information and any remedial works will be carried out where decent homes failures are identified. As part of our approach we will look to agree with our customers the Cobalt Plus Standard with a view to launching in 2020.

Stock Condition

We have recently procured the PIMSS asset management system and are in the process of transferring our stock data to the system. Our stock condition data is based on 47% asset data and is used for future profile of capital spend. Within our business plan we have allocated £283M over the next 30 years to maintain our assets.

Energy Efficiency

We will continue to invest in 'energy efficiency' measures and initiatives that will reduce the incidence of fuel poverty for residents through annual investment programmes. The ongoing requirement to provide an Energy Performance Certificate with every new tenancy serves as an important opportunity to collect energy data on the stock, so that measures and initiatives can be fully considered on a property by property basis or modelled on a programmed basis.

Cobalt stock currently has an average SAP rating of 71.1. As part of our commitment to energy efficiency and fuel poverty we will assess all properties with a Band F or Band G energy rating during the 2019 financial year and undertake a range of energy related measures to reduce fuel poverty for our customers.

From April 2020 all properties will need to have a SAP rating of band E or above prior to reletting.

Neighbourhood Plans

Our work around assets needs to support our purpose and mission. It must also support our Neighbourhood Plans which are designed to analyse the overall position and performance of each neighbourhood, using information across key service areas to identify issues. Plans will be developed with residents and partners to address any needs. The Plans will also contribute to reviews of future investment, growth and our approach to wider regeneration to create thriving neighbourhoods.

4 Our Vision for Asset Management

Our vision for asset management is that we invest in our homes and communities to provide neighbourhoods where our customers want call home and feel safe and secure and set down firm foundations. We understand that the right home will help people to live well, realise their potential and achieve the things that are important to them.

Our investment will ensure that our homes receive a top quartile repairs service that meets our customers needs. This will be supplemented by planned investment that delivers value for money whilst making our homes fit for the future.

5 Links to Value for Money

There are financial pressures and challenges ahead, which is acknowledged in our Corporate Plan, but Cobalt's costs are competitive in comparison to alternative local offers and we have the financial capacity to support major investment in new and existing homes.

Our Business Efficiency Strategy outlines the expectations to deliver value for money by having purpose and objectives agreed in light of stakeholder expectations; making the best use of our assets and resources available to deliver expected standards of service and achieving the required outcomes and impacts in both financial and social value.

Maintaining and upgrading homes is by far the biggest spend area for Cobalt, so it is crucial that the we make decisions about how to invest money in line with the Corporate Plan and have clear thinking about value for money. In order to do this, we need understand how assets perform financially over the life of the business plan. For Cobalt it's important to know which assets produce a surplus and most importantly, which ones that don't. This will then give us an informed understanding of the asset base and its inherent value, both financially and socially.

In delivering an efficient asset service we need to consider our membership of procurement consortia to drive value into our construction and support costs. Consideration on how we deliver our asset services should not only focus on the initial capital costs but also the on-going management costs of our homes.

6 Strategic Objectives

In order to deliver the strategy a number of strategic objectives have been developed:

- To ensure the value of the Cobalt's assets are maintained and increased to support future loan facilities and borrowing.
- To ensure that value for money remains at the heart of every asset management decision through our approach to active asset management and procurement.
- To ensure that all homes maintained meet the 'Decent Homes Standard' as a minimum.
- Develop the Cobalt Plus Standard with customers and implement in 2020.
- To ensure our assets are fit for the future needs of our customers.
- To provide a repairs and maintenance service that is comparable if not better than our peers.
- To provide an investment service that enhances our assets and provides a quality home to our customers.
- To ensure adherence to all regulatory, legislative and approved codes of practice in relation to property compliance.
- To invest in energy efficiency measures and initiatives that will reduce the incidence of fuel poverty for our customers.
- To contribute to the achievement and maintenance of sustainable communities in line with our Neighbourhood Plans.

7 Development and Consultation

98.7% of our tenants expressed the desire for Cobalt to demerge from the group structure, many because they felt they would receive better local services from an independent Cobalt. The Asset Management Strategy will ensure that this is the case.

As part of any future asset proposals we will consult with residents and stakeholders to ensure that the work we do supports our customer base and futureproofs our assets. In most instances the consultation will be targeted to our affected customers.

8 Strategic KPIs and Hard Targets

As part of our KPI reporting to board a number of measures have a direct impact from our asset management service. These include:

- Overall satisfaction with the standard of customer care received from Cobalt
- Gas Servicing - Properties without a valid LGSR
- CORE Relet Time
- Rent lost on General Needs empty properties

Alongside the above we have a suite of KPI measures that focus on property compliance, repairs and satisfaction in service delivery. Further key KPI measures that will focus on asset activity include:

- Average SAP rating
- % of Cobalt homes that meet the Decency Standard

9 Risk Management

Risk		Management and Mitigation
Risk Register Ref: ST 01	Risk: Asset Management “Inadequate asset management leads to a decline in stock condition and/or failure to maximise our return on assets”	Detailed knowledge of stock and its stock condition needs. Business plan resources and property improvement plans clearly linked to robust stock condition data. Asset performance evaluation tool in place.

Do we wish to include operational risks around compliance etc

10 Board Assurance of Delivery

Board will receive assurance in respect of asset management activity as a result of the following measures:

- KPI reporting on asset activity
- KPI reporting in property compliance
- Update reports on expenditure in respect of repairs, voids and capital works
- Homes and Neighbourhoods Committee updates on asset management activity

11 Links to Other Key Documents

Corporate Plan 2018 - 2023

Development Strategy 2018

Business Efficiency Strategy 2017

Financial Regulations 2017