



**Asset Management
Strategy**

2017 - 2024

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2. EXECUTIVE SUMMARY

We will be investing in the region of £1.3 billion in repairing, maintaining and improving the diverse range of assets we own and manage across the Midlands over the next 30 years. Our five year investment plan will see investment of around £183m between the years 2017 and 2022.

We use a number of metrics to assess the performance of our assets in terms of efficiency, costs, return and value. We use this data to inform our appraisal of alternative investment options for every asset then flag up our decisions within our asset register. This ensures we take the best course of action through our five year investment plans to maximise the return and value of our assets, which could be to maintain, improve, redevelop or dispose.

This Strategy supports the delivery of our Corporate Plan and responds to the challenges we face. A key element of our Corporate Plan is our ambitious growth aim. We will reinvest returns from our assets in building new homes and maintaining and improving our existing homes - we call this approach 'profit for purpose'. This Strategy also supports our development programme by influencing the design and specification of new build homes, identifying redevelopment opportunities, gearing up to maintain a more diverse range of housing products, working across a larger geographical area and improving properties and neighbourhoods surrounding new developments.

Securing efficiency and value for money permeates throughout this Strategy. Our investment plans will be delivered using a Programme Management Office approach and we will reduce unnecessary costs and waste through value engineering.

This Strategy is customer-focused and seeks to reduce fuel poverty through our approach to energy efficiency, maximise social value gains, support channel shift and respond to customer insight.

The outcomes of this Strategy will support our intention to be a landlord for life, providing high quality homes and a range of tenures across the Midlands, that offer value for money to us and our customers, which are maintained through an efficient asset management service.

3. INTRODUCTION

This Asset Management Strategy sets out our strategic approach to asset management, which is aligned to our Corporate Plan 2017- 2024.

We aim to provide high quality homes for our customers. This goes beyond maintaining and improving them and includes ensuring that we get the best value from them.

This Strategy is aligned with other key strategies to ensure we deliver the ambitions set out in our Corporate Plan and where appropriate, generating a return that we can reinvest into providing high quality homes and services for our customers.



Our approach to asset management will focus on pro-active stock optimisation, where we actively seek to get the best value from our assets. This means we will invest in maintaining the vast majority of our properties whilst actively redeveloping, regenerating or disposing of properties where they no longer meet the needs of our customers, are unviable to maintain or could be redeveloped into many more high quality new build homes.

4. UNDERSTANDING OUR ASSETS

ASSET PORTFOLIO

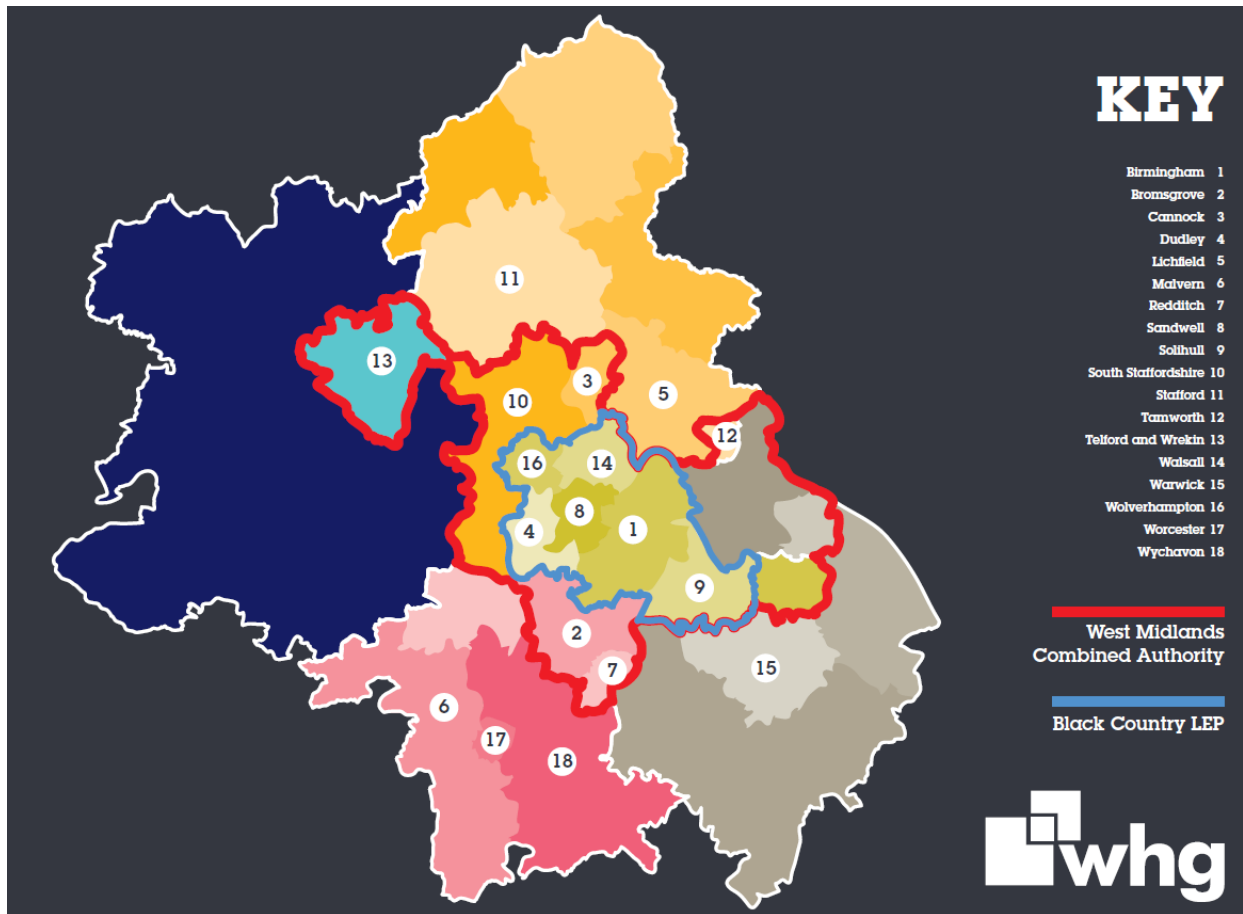
As of 31 March 2017, our asset portfolio consisted of:



It also includes:

- communal areas we are responsible for maintaining;
- neighbourhoods where we operate – including paths, fencing, retaining walls and unadopted roads;
- other buildings - such as garages and play areas;
- land we own; and
- stewardship and management of our freehold responsibilities.

The map below shows the geographical distribution of our assets within the Midlands, although the bulk of our properties to be maintained are in Walsall.



Asset register

Information on our asset portfolio is recorded on our electronic asset register, which is regularly updated with information on stock condition.

Stock condition information

In order to understand the condition of our property portfolio and update our asset register, we:

- undertake a five year rolling stock condition survey;
- commission a valuation check from independent surveyors every five years;
- update our stock condition by analysing repairs and maintenance history; and
- listen to our customers as they are best placed to know the condition of their homes and neighbourhoods.

Our asset register information is the basis of our appraisal of the best course of investment action for our assets.

Investment requirements

The condition and investment needs of our properties reflect that we brought many ageing properties at transfer. The table below shows the key maintenance works required in our properties.

Works	Influences			
	Stock condition	Repairs analysis	Customer feedback	Neighbourhood planning
Roofs	←————→			
Elemental lifecycle replacement		←————→		
Communal refresh		←————→		
Internal plastering		←————→		
Improvement to external environment	←————→			

Business Plan

Our Business Plan is regularly updated with the latest investment requirements of our assets.

The table below is from our Business Plan 2017. It allows for a five year investment plan between 2017 to 2022 of £183.4m and an overall asset investment of £1270.7m over the next 30 years. It is broken down by work category into five year periods and reflects rent reduction savings and the latest valuation survey undertaken in early 2017.

Works Category	Years 1 To 5	Years 6 To 10	Years 11 To 15	Years 16 To 20	Years 21 To 25	Years 26 To 30	Totals
Major Works	£ 67,785,971	£ 111,364,130	£ 130,159,750	£ 161,207,540	£ 78,989,785	£ 75,991,075	£ 625,498,251
Response Maintenance	£ 25,862,623	£ 25,862,623	£ 25,862,623	£ 25,862,623	£ 25,862,623	£ 25,862,623	£ 155,175,738
Void Maintenance	£ 35,555,525	£ 32,836,110	£ 32,836,110	£ 32,836,110	£ 32,836,110	£ 32,836,110	£ 199,736,075
Asbestos	£ 4,253,245	£ 1,325,225	£ 1,325,225	£ 1,325,225	£ 1,325,225	£ 1,325,225	£ 10,879,370
Cyclical Maintenance	£ 49,893,942	£ 45,893,942	£ 45,893,942	£ 45,893,942	£ 45,893,942	£ 45,893,942	£ 279,363,652
Total	£183,351,306	£ 217,282,030	£ 236,077,650	£ 267,125,440	£ 184,907,685	£ 181,908,975	£1,270,653,087
Per Annum	£ 36,670,261	£ 43,456,406	£ 47,215,530	£ 53,425,088	£ 36,981,537	£ 36,381,795	£ 42,355,103

The investment requirements of this Strategy will be reflected in the next Business Plan update – see the section on ‘Impact on the Business Plan forecasts’.

MEASURING PERFORMANCE

Key performance indicators

We use a range of Key Performance Indicators to measure the performance of our assets and our repairs and maintenance service.

Efficiency metrics

We have embraced the use of efficiency metrics to check we are delivering an effective approach to asset management and an efficient repairs and maintenance service. These include return on capital employed and the ratio of responsive repairs compared to planned maintenance spends.

Costs

We use the Global Accounts and unit cost analysis provided by the Social Housing Regulator to compare our maintenance and major repair costs and performance against the wider housing sector. Our unit costs measures show we were approaching upper quartile cost (high cost) for maintenance and major works in 2015/16. A success measure within our Corporate Plan is for all operating costs to be at least median quartile, including maintenance and major repair costs, by 2024.

Our use of notional accounts reporting helps us assess the cost and productivity of response maintenance works and we use this to improve the efficiency of our Home Maintenance Service.

Return

We will measure the financial return from our assets through:

- **Net Present Value** (known as NPV) – this compares income against expenditure over 30 years
- **Yield** – this is rental income as a percentage of the capital expenditure required to maintain an asset, the higher the yield the better the return

- **Return on assets** - this is an accounting measure that compares the value of investing in our assets against the amount of interest that would have to be earned over the same period

Value

We measure the value generated by our assets through:

- **Open market valuation** – this is the value our assets are worth on the open market value
- **Book value** – this is another accounting measure that builds in depreciation costs
- **Existing use value** – this values our properties based on their existing tenure, as social housing
- **Social value** – this is the value and impact of our maintenance work beyond the financial returns and includes the improvements we make to the lives of our customers and the neighbourhoods they live in, including the value from being charged below market rents
- **VFM gains** - these are real cost and efficiency savings we make from paying the lowest costs, getting good prices through strong procurement and the effective management of our costs, programmes of work and systems
- **Value engineering** – savings generated and elimination of waste through the planning and design phases of maintenance works.

5. OUR AMBITIONS AND CHALLENGES

AMBITIONS

In our Corporate Plan we have set out our ambition to deliver five strategic aims and a set of success measures by 2017 and 2024. Within the following five strategic aims the following success measures will be **delivered** through the projects identified within this Strategy:

Strategic aims:

- *Delivering high quality homes and services for our customers*
- *Be an exceptional place to work that attracts, develops and retains talent*
- *Grow and expand our services, our reach and our range*
- *Promote health and prosperity where we can make a difference*
- *Deliver a strong business, fit for today and prepared for tomorrow*

Relevant success measures:

By 2020: ● *A solution will be in place to deal with the 200 most expensive to maintain homes each year*

- By 2024: ● *100% of our homes will have an EPC of D and above*
- *Every home will have a current Property "MOT"*
 - *We will be a "Landlord for Life" providing homes to suit customers' needs*
 - *We will be known as a provider of quality homes and services across the Midlands*
 - *Fuelgood energy will be powering 50% of our homes*
 - *We will have external accreditation of our services where there is a demonstrable business benefit*
 - *10% efficiency in capital investment will be delivered through a five year programme*
 - *Technology will be used across the business to drive down cost, eliminate waste and improve the customer experience*

This Strategy will also **contribute** towards achieving numerous other success measures within the Corporate Plan, the Development Growth Strategy and our Housing Strategy.

CHALLENGES

The table below sets out other challenges we face that are addressed by this Strategy. We have used a PESTLE framework to categorise these.

Political	<ul style="list-style-type: none"> • Changing national housing policy - focused on 'fixing the broken housing market' and moving subsidy away from new social housing to intermediate and market tenures with less maintenance requirements • Deregulation – this offers greater flexibility in the disposal and management of our assets
Economic	<ul style="list-style-type: none"> • Largely ageing housing stock - expensive to maintain or improve, inefficient to heat and do not meet the expectations of our customers • Construction cost inflation - rising labour costs due to a skills shortage, inflationary pressures increasing the price of building materials and likely to be further exacerbated by Britain leaving the EU
Social	<ul style="list-style-type: none"> • Keep customer informed – customer insight tells us they want to know what works are happening to their home and when • Reduce fuel poverty – to benefit customers and improve tenancy sustainment
Technological	<ul style="list-style-type: none"> • Tipping point – establish the optimum time to implement new technology that can be fitted retrospectively into existing properties
Legal	<ul style="list-style-type: none"> • Compliance - meet legal, regulatory and HSE requirements
Environmental	<ul style="list-style-type: none"> • Sustainable neighbourhoods – maintain and improve the condition of the physical environment to promote the sustainability of neighbourhoods and deliver improvements identified within Neighbourhood Plans • Energy efficiency – deliver national targets for energy rating of landlords and carbon reduction

6. DELIVERING OUR AMBITIONS

This section sets out the strategic plans to deliver our ambitions and meet our challenges; framed using the five strategic aims from our Corporate Plan.

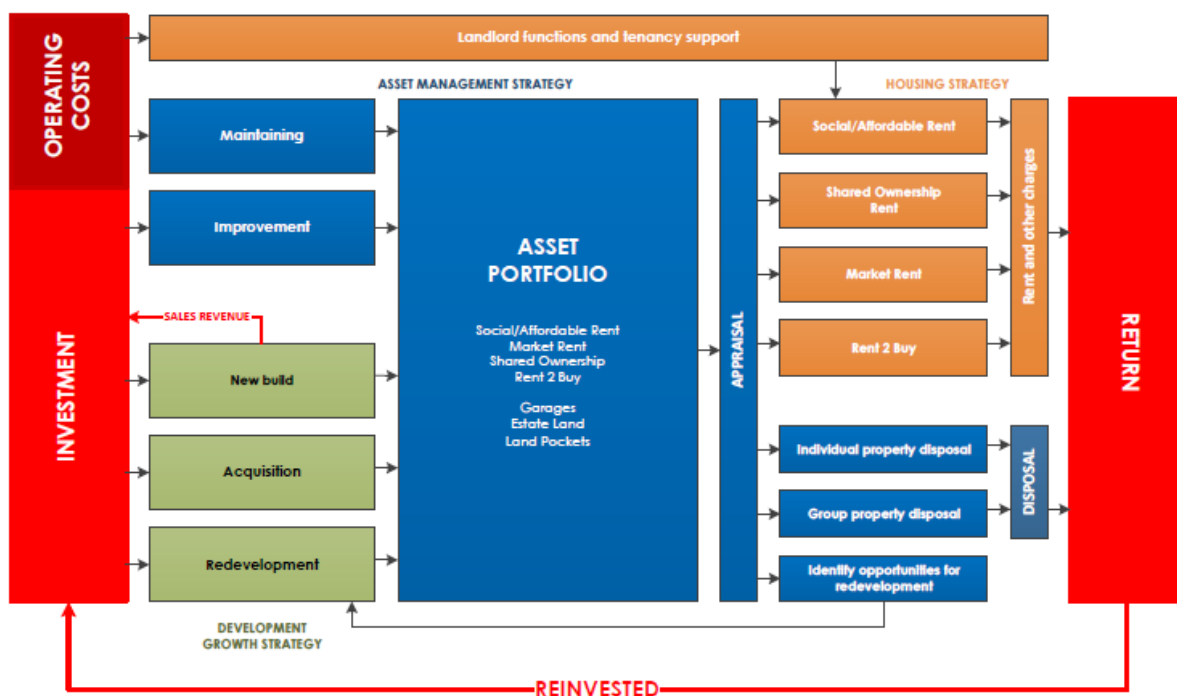
Strategic integration

To deliver our strategic aims will require changes in the way we are structured, how we operate, the skills required within our business and the way we work in partnership with other organisations. This Strategy is aligned with and supports the delivery of our:

- **Development Growth Strategy 2017-21** – there will be different specification and maintenance service requirements from expanding our property numbers, geographical coverage and housing tenures; and
- **Housing Strategy** – supporting tenancy and neighbourhood sustainability, including meeting the needs of customers throughout their lifetime.

Profit for purpose

The model below shows how we make returns that are reinvested into running our services, maintaining and improving our homes and building and acquiring new homes – we call this '**profit for purpose**'. The blue boxes show how this Asset Management Strategy plays a key role in generating returns.



STRATEGIC AIM 1: DELIVERING HIGH QUALITY HOMES AND SERVICES FOR OUR CUSTOMERS

Stock optimisation

In order to deliver high quality homes for our customers we will pro-actively appraise all of our assets, not just those that become empty or difficult to let. The appraisal will inform our decision on the best course of action for each asset we own to maximise their value to our customers and the financial return for our business. We call this stock optimisation.

Best course of action

To support stock optimisation, we will develop a methodology to appraise the best course of action for each of our assets. This will appraise:

- **feedback** from customers, the community and key local stakeholders – through customer insight and contact with local stakeholders;
- the **condition** of the property – based on stock condition information, including its repairs and maintenance history;
- the long term **performance** of the asset – consisting of the likely maintenance and improvement costs, financial return and value generated (see 'Measuring the performance' section);
- **demand** for the property – using market intelligence to establish the needs and demands from current and future customers;
- viability of the **location** – our Development Growth Strategy established 'priority areas' for growth where a cluster of properties offer us cost and operational efficiencies and deliver a positive customer experience; and
- opportunities for **redevelopment and regeneration** – where redevelopment would allow us to "densify" and build more high quality homes on the same site, which could be part of a regeneration scheme; and
- potential for **disposal** – we sell a small number of properties and plots of land each year.

The outcome of an appraisal will inform our consideration of alternative investment options and ultimately our decision on the best course of action for each property or piece of land we own. The investment options are:

- retain, maintain and improve – this could include a change of tenure;
- redevelop or regenerate; and
- disposal.

Responsive and void maintenance

We will retain and maintain the vast majority of our properties as they are in a good condition, financially viable, are in demand from customers and in priority areas for growth. We may also retain properties that are costly to maintain but meet other requirements.

We will maintain our properties and neighbourhoods to our agreed standards and policies. We will deliver our **Repairs Policy**, which sets out how we will provide a high quality Home Maintenance Service to our customers. This includes how customers can report a repair, how we prioritise repairs and our aim to complete repairs right first visit.

We will maintain our properties and neighbourhoods to our **Great Homes and Neighbourhoods Standard**. This sets out the overarching standards for a great home and neighbourhood and incorporates and exceeds the Government's Decent Homes Standard.

We will deliver our **Empty Home Policy** and bring every home we let up to our **Lettable Standard where we are retaining the asset**.

We will review responsive and void maintenance policies, standards and specifications within the lifetime of this Strategy to ensure we continue to provide cost-effective services that deliver a positive customer experience.

Property MOTs

We will undertake a programme of property MOTs, which is where we will visit a customer on a mutually agreed date to inspect the stock condition and undertake any remedial repairs.



Corporate Plan success measure: Every home will have a current Property "MOT"

We will explore how we can further utilise this opportunity to carry out safety checks, update our customer contact and profiling data and provide customers with a range of advice to help them sustain their home.

Planned and cyclical maintenance

We will continue to make a significant investment in improving our properties to ensure we provide high quality homes for our customers.

We will improve our properties and neighbourhoods to meet our Great Homes and Neighbourhoods Standard, which includes meeting the Government's Decent Homes Standard as a minimum. We will also review our **Cyclical and Preventative Maintenance Policy**, standards and specifications within the lifetime of this Strategy to ensure we continue to provide a cost-effective maintenance service that delivers a positive customer experience.

Five year investment plans

We package together our cyclical and planned maintenance programmes, servicing and safety checks into our **five year investment plans**. We will communicate our investment plans to customers so they are aware of improvement or replacement projects being undertaken.

New 1-5 year investment plan based on this Strategy

The five year investment plan for 2017-22 represents a total investment of around £120m for asset management. It prioritises the following work and is based on the latest stock condition information and feedback from customers:

- **properties with the greatest maintenance needs** - we will prioritise investment work in properties identified as being in the poorest condition and with the greatest maintenance investment needs
- **health and safety** - we will maintain and carry out regular checks to ensure the health and safety of our customers and colleagues, such as gas, electrical and fire safety checks
- **lifecycle elemental replacement** - we will undertake elemental replacement and refurbishment programmes so our properties meet the Decent Homes Standard, such as kitchen and bathroom replacements
- **energy efficiency works** - we will undertake energy efficiency programmes so all of our properties have an energy rating of D or above
- **neighbourhood improvements** – we will improve the physical environment in line with our Neighbourhood Plans
- **completion of existing major works programmes**



Corporate Plan success measure: 100% of our homes will have an EPC of D and above

The table below shows a breakdown of the investment plan for the next five years and sets out some of our priorities over the period.

Works Category	Expenditure	Commentary
Responsive Repairs	£ 17,266,198	Introduce new performance drivers around appointments and right first visit - moving away from historical priority classifications. Reduce overall target time to complete repairs.
Programmed repairs	£ 7,637,860	Implement more proactive property maintenance regimes via property MOT's linked to the top 200 most expensive properties to maintain.
Cyclical Gas	£ 1,258,250	Condense the gas servicing programme to within the summer months to allow introduction of 'same day/ next day' response for boiler/ heating breakdowns during Winter.
Cyclical Electric	£ 1,243,482	Electrical condition reports (ECR) per property will be undertaken every 5 years (previously 10 years); this initiative will be fully embedded within three years.
Cyclical Projects (FRA & AA)	£ 2,060,985	FRA work will continue in its proactive manner accommodating legislative changes immediately. Efficiency gains will reduce contracted services and introduction of an in-house K&B team.
Voids Maintenance	£ 20,184,755	Void maintenance performance is a key driver to achieve low void rent loss. Ongoing performance, efficiency monitoring and innovative methods of work will contribute towards achieving this.
Asbestos	£ 2,207,020	We will continue to manage this service in line with compliance requirements and aim to undertake the majority of this work with our in house teams.
Colleague Costs	£ 57,660,560	
TOTAL MAINTENANCE	£ 109,519,110	
Kitchens	£ 1,328,361	Move to refurbish rather than full replacement specification as we move into 'second renewals'. If carcasses are sound then refurbish by replacing worktops, doors, draws and sink units only.
Bathrooms	£ 924,144	Move to refurbish where possible. W/c and basins last longer than baths normally these can be refurbished/ recycled either in situ or via recycling within the stores operation.
Plastering (call offs)	£ 2,000,000	Develop integrated working arrangements with repairs teams that identify where it would be economic to replaster rooms or whole houses and include as part of a customer something for something offer.

Electrics	£ 1,930,564	Capitalising on the 5 year electrical tests now being undertaken we will be able to monitor repairs and replacements more accurately. We will experience increased work from the test programme but will move to upgrading consumer units instead of complete rewires.
Heating	£ 10,258,328	Look to extend warranty periods and selection of boilers with longer life expectancy combined with battery technology or equivalent water heating back up to reduce hot water demand.
Roofs / External Envelope	£ 12,080,000	Continue with policy of reroof when necessary (as opposed to lifecycle) but need to recognise increasing numbers will need replacing as life cycles have been greatly extended already. Develop waste and recycling opportunities within the stores operation.
Windows and Doors	£ 4,950,175	Develop double glazing unit replacements to windows on a 10 year cycle replacement and extending upvc frame life expectancy by 5 to 10 years depending on environmental condition.
Cyclical Block Refresh	£ 4,238,000	This second pass of cyclical refresh will need less extensive works, generate higher specification of material to create a longer life expectancy.
Energy Efficiency Projects	£ 13,950,000	Project E,F & G - identify properties that are E,F & G rated and develop programme to deliver energy efficient measures subsidised through remaining ECO 2 & 3 funding (this includes completion of current energy efficiency programme). Use advanced technologies such as battery technology, smart metering and monitoring equipment. Train SCS team to undertake EPCs.
Asbestos Management	£ 1,000,000	Utilise wherever possible our own in house teams
Neighbourhood Projects	£ 7,875,000	Create meaningful projects that address community health and safety issues as a priority and enhance customers immediate environment and to work with other whg service areas to create efficiencies and sharing of budgets to maximise their impact. Potential to utilise and develop in-house labour to create cost effective programmes of work.
Hamilton and Woodall Houses	£ 1,776,000	Specific project to look at removal of gas supplies to 2 remaining high rise blocks. Capitalise on improved insulation to the blocks and associated ECO funding.
Consultancy & Contingency	£ 4,643,681	Contingency to allow flexing of programmes for unforeseen or new requirements (e.g. fire regulation changes).Procure specialist design and consultancy advice to support PMO.
Colleague Costs	£ 6,070,010	
TOTAL PLANNED	£ 73,024,263	
OVERALL TOTAL	£ 182,543,373	

Redevelopment opportunities

Through the options appraisal process we will identify redevelopment and regeneration opportunities where it would increase the density of properties and provide many more new high quality homes on the same site.

Disposal

Stock condition and other information show there is currently no need for large scale disposal of properties or land during the lifetime of this Strategy. Our focus is on substantially growing our asset portfolio.

We will however explore small scale disposal options where our appraisal shows this is the best course of action. These will be properties that we cannot redevelop or regenerate and likely to be older properties with high repair and maintenance costs that no longer meet the needs of customers.

We will also review our requirement to provide garages and how we make best use of, or dispose of, our garage sites. This is in recognition of the high void rates we have in some garage blocks and where garages are rented, many are used for storage rather than parking cars.

We will not dispose of an asset without fully considering all other viable investment options or a change of tenure. We will develop a **disposal methodology** to ensure that we:

- take the best course of action to support or determine a decision to dispose of an asset;
- adhere to all legal, regulatory and charitable requirements;
- undertake the necessary consultation with affected customers and local stakeholders where a potential disposal involves tenanted properties; and
- offer for sale to our customers through porting under the Right to Buy or Right to Acquire in the first instance before we auction the property on the open market. (If the VRTB pilot takes place in the West Midlands).

STRATEGIC AIM 2: BE AN EXCEPTIONAL PLACE TO WORK THAT ATTRACTS, DEVELOPS AND RETAINS TALENT

We are committed to being a great employer that recognises our colleagues play a key role in our success.

Shortage of skilled labour

We have identified a challenge of rising labour costs due to a skills shortage within the construction and maintenance industry, which is likely to be further exacerbated by Britain leaving the EU.

We will focus on retaining our best colleagues and attracting new talent through:

- **apprenticeships** – where we develop our own talent;
- **training and development** – we will focus on expanding the skills of our trades colleagues through relevant training and development; and
- **reward and recognition** – we will develop a reward and recognition scheme that is flexible enough to respond to industry-wide challenges; and
- **making working at whg fun!**

Mobile working

We will ensure our colleagues will be equipped with the right technology to ensure they can operate in a mobile capacity throughout the Midlands region.

STRATEGIC AIM 3: GROW AND EXPAND OUR SERVICES, OUR REACH AND OUR RANGE

Supporting our growth aim

We aim to build 1,250 new homes by 2021 and own or manage 30,000 homes across the Midlands region by 2024.

Our ambitious growth aim goes beyond building or acquiring additional homes to being a regional housing business that offers a greater range of housing products. This requires us to make significant changes to the way we operate, the skills we need within the business and the resources we need to deliver it. To achieve this level of growth, it is likely to involve some form of merger and acquisition and asset management considerations would be paramount in any proposal being considered.

We will support the growth aim by:


- **influencing the design and specification** – to ensure new properties deliver lower long term management and maintenance costs and build in opportunities to generate commercial income, such as through energy generation
- **seeking redevelopment opportunities** – by appraising the best course of action we will identify redevelopment opportunities where we can build high quality new homes at an increased density
- **maintaining a diverse range of housing tenures** - we will review our repair and maintenance standards, policies, specifications and service requirements to reflect a more diverse range of housing tenures with differing maintenance responsibilities and customer expectations
- **repairing and maintaining properties across the Midlands** – as we further expand the geographical spread of our properties we will review how best to meet our changing repairs and maintenance requirements



Corporate Plan success measure: We will be known as a provider of quality homes and services across the Midlands

- **supporting neighbourhood sustainability** – we will update our Neighbourhood Plans and review the maintenance investment needs of existing properties and neighbourhoods that surround new developments

- **being a landlord for life** – we aim to meet the housing needs of customers throughout their lifetime by offering the right housing tenures and services at the right time. This will include:
 - adapting, converting or remodelling a property to meet the changing needs of a customer, for example an increasingly vulnerable customer or a growing family;
 - changing the tenure of a property to meet customer needs;
 - supporting a managed move to another property that better meets their specific needs – this maybe voluntarily, or on a compulsory basis as their property is being redeveloped; and
 - through the sale and marketing of our homeownership products and market rent.

	<i>Corporate Plan success measure: We will be a “Landlord for Life” providing homes to suit customers’ needs</i>
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We will develop a stewardship model for our mixed tenure developments to encourage positive behaviours in our communities and to ensure sustainability. We will use this method to discharge our freehold responsibilities.

STRATEGIC AIM 4: PROMOTE HEALTH AND PROSPERITY WHERE WE CAN MAKE A DIFFERENCE

We are already much more than just a provider of homes. We deliver a wide range of projects designed to improve the health, wellbeing and prosperity of our customers. Providing people with a well maintained and warm home is often the first step to improving their circumstances, giving them a sense of security and safety which allows them to raise their aspirations.

Aids and adaptations

We will work in partnership with local authorities to provide necessary adaptations to help customers continue to live independently in their home, such as:

- grab rails and lever taps;
- improve ease of access into and around a home, including accessibility ramps and stair lifts; or
- prevent slips, trips, falls or other injuries and avoid people ending up in hospital, such as providing wet rooms.

Reducing fuel poverty

Our Energy Strategy sets out our holistic approach to energy efficiency and reducing fuel poverty. Our key priorities include:

- **E, F and G programme** – we will improve the energy efficiency of our properties with an energy rating of E, F and G
- **partnership working** – we will increase the take-up of Fuelgood, our low cost energy tariff provided exclusively for us by The Co-Operative Energy, sign-post customers in fuel poverty to money and health advice. We will work in partnership with a range of regional and national energy partnerships



Corporate Plan success measure: Fuelgood energy will be powering 50% of our homes

- **maximising external funding streams** – we will seek to maximise external funding for energy efficiency measures through ECO3 and other regional, national and European grants

- **use of innovative technologies and energy generation** – we will explore the optimal time to change specification and use innovative technologies that reduce energy and heating costs or generate energy, for example when it becomes cheaper to use alternative heating systems rather than gas
- **communal heating** – we will run efficient communal heating systems in our blocks to provide affordable heating to our customers

STRATEGIC AIM 5: DELIVER A STRONG BUSINESS, FIT FOR TODAY AND PREPARED FOR TOMORROW

Essential IT development

We will improve and develop to our IT systems and equipment to support the delivery of this Strategy, including effective mobile solutions through our Dovetail Project.

IT led projects and changes to our systems in 2017-19 are essential for successful delivery of this Strategy as they will enable us to establish the metrics and tools for appraisal and support modern programme management techniques.

Financial management

This Strategy is supported by robust financial management and effective governance arrangements to ensure all expenditure is within approved budgets and our five year investment plan is built into our Business Plan. To achieve this, we have put in place:

- strict budgetary and cost controls;
- regular auditing;
- specialist independent advice; and
- a Programme Management Office approach.

Impact on the Business Plan forecasts

The revised investment requirements as a result of delivering this Strategy will be incorporated into the next revision of the Business Plan.

The table below shows the positive movement in our Business Plan over the last three years and reflects our reducing long term maintenance expenditure. We will build on our record of becoming more efficient and effective to continue to reduce expenditure where appropriate, as we have by reducing our five year investment plan expenditure by a further £800K and we have reflected this in our Business Plan forecasts.

Works Category	Years 1 To 5	Years 6 To 10	Years 11 To 15	Years 16 To 20	Years 21 To 25	Years 26 To 30	Totals
Business Plan 2015 Total	£212,058,353	£209,281,575	£192,014,487	£249,141,307	£217,412,401	£205,639,959	£1,285,548,082
Business Plan Oct 2015 Total	£194,558,030	£206,781,575	£189,514,487	£246,641,307	£214,912,401	£203,139,959	£1,255,547,759
Business Plan 2016 Total	£196,893,130	£209,116,675	£191,849,587	£248,976,407	£217,247,501	£205,475,059	£1,269,558,359
Business Plan 2017 Total	£183,351,306	£217,282,030	£236,077,650	£267,125,440	£184,907,685	£181,908,975	£1,270,653,087
next revision for new strategy	£182,543,373	£ 217,282,030	£236,077,650	£267,125,440	£184,907,685	£ 181,908,975	£1,269,845,153

Move away from annualised budgets

We will seek to add flexibility into annualised budgets and use three year rolling forecasts to remove the 'use it or lose it' pressures from the annual budgeting cycle.

This will allow value for money decisions regarding procurement packages and 'just in time' replacements to drive the expenditure profile.

Cost-effective asset management strategy

We will ensure this strategy is cost effective over the long term, which puts the right pressure on us to decide the best course of action for our assets, our customers and our neighbourhoods.

Generating commercial income

We will explore the potential to generate commercial income from:

- Home Maintenance Services - offering a maintenance service to leaseholders and shared owners on a pay-as-you-go basis;
- Fuelgood - energy sales to customers through the low cost Fuelgood tariff provided through Co-operative energy;
- Surefire - a service provided in partnership with Surefire Management Services Limited that delivers energy saving retrofit schemes in homes and businesses to make them warmer, more efficient, cheaper to run and more environmentally friendly; and

- photovoltaics panels and other micro-generation of electricity - can be used to power homes directly, via a battery or generate income from sales and Government incentives.

Value for money

We will be efficient in delivering this Strategy, driving down costs and constantly seeking value for money.

Efficiency

We will seek to secure efficiency savings through:

- **tackling the most expensive properties to maintain** - we will identify the top 200 most expensive properties to maintain each year, investigate the reason for this and resolve them, which might be through a maintenance or housing management solution.



Corporate Plan success measure: A solution will be in place to deal with the 200 most expensive to maintain homes each year

- **a Programme Management Office approach** - to ensure improvement programmes are delivered efficiently
- **value engineering** – by reducing unnecessary costs and waste at the planning and design phases, such as standardising specifications
- **package work** - will make it more attractive to contractors who will give a more competitive price and scaffolding only required once
- **using robust and sustainable materials** – saves on cost of failures
- **ensuring guarantees and warranties are enforced** - ensures that the value in the original price is realised
- **repair or refurbish elements** – where it is possible and economic compared to replacement, such as only replacing doors and work tops in a kitchen refit

- **an optimum time to undertake works** – doing the right improvements at the right time
- **strong and effective procurement practices** – securing the best value from contractors by balancing quality, price and risk in the evaluation
- **a partnership approach** – working with good quality contractors and suppliers
- **innovation of materials and delivery** – exploiting new technology and innovative delivery models, where it will improve our efficiency
- **channel shift** – improved efficiency of reporting and diagnosis through a customer portal
- **waste and recycling opportunities** – reducing waste costs and exploiting recycling opportunities
- **benchmarking** – compare against others to identify savings, efficiencies and gain an understanding of costs
- **offering customer and community choice** – mutually agreeing the timing and specific works to their homes and neighbourhoods



Corporate Plan success measure: 10% efficiency in capital investment will be delivered through a five year programme

Costs

We will continue to analyse and compare our repair and maintenance costs against the wider housing sector. We use this learning to reduce our operating costs throughout the lifetime of this Strategy, which will help us control costs amid significant inflationary pressures on the cost of skilled labour and materials.

In addition to other measures mentioned elsewhere, we will continually seek to reduce the cost of repairs and maintenance through:

- robust contract management;
- a one-off saving in major works expenditure in 2017/18;
- controlling costs within our in-house Direct Labour Organisation, called

Home Maintenance Services; and

- establishing a financial cap on repair costs per property that will trigger intervention action with customers to reduce high repair costs.

Maximise social value

We will seek to maximise the social value and impact we obtain from investing in our assets and will report it as a key outcome measure. Our key contribution to social value is through charging subsidised social housing rents.

Our Social Value in Procurement Policy ensures there are social value requirements on contractors within all tender documents. We will also explore ways to maximise social value within the planning and design phases of all projects within this Strategy.

Exploiting new technology

We will invest in new technology that can be used across the business to drive down cost, eliminate waste and improve the customer experience. We will trial the use of new technology that we can incorporate into our new build properties and retrofit into our existing properties so all customers benefit from them.



Corporate Plan success measure: Technology will be used across the business to drive down cost, eliminate waste and improve the customer experience

We will explore and implement new technology as appropriate, such as:

- using Building Information Modelling to create 3D digital representations of our properties to inform our stock condition information and support the efficient tendering for programmes of maintenance work
- using modern materials and methods of installation
- providing smart technology in properties
- integrating smart energy meters to help customer better understand and manage their energy consumption
- using affordable battery technology to power homes and heating systems
- generating renewable energy from solar panels, ground source heating, air source heating pumps, turbines and hydrogen cell
- use nanotechnology within building materials and components that can insulate, protect, self clean, inhibit the growth of mould and mildew, provide longevity and lower repairs and maintenance costs

- using drone technology where it would be a cost-effective diagnostic or information gathering tool


Optimal time to implement

When trialling new technology we will seek to identify the optimal time to implement it. For example, we will monitor the advancement in battery technology to heat and power our properties and introduce it when economic to do so from a business and customer perspective.

Quality assurance

Our external accreditations demonstrate we are delivering a high quality repairs and maintenance service to our customers. We will seek further external accreditation where it is relevant and there is a demonstrable benefit.

We will continue to develop our quality assurance processes, ensuring that we achieve high quality services. These will be audited accordingly and use the 'best in market' as our minimum standard.

	<i>Corporate Plan success measure: We will have external accreditation of our services where there is a demonstrable business benefit</i>
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We will ensure we have the best asset offer in the local market place through regular benchmarking against other housing providers.

Channel shift

We will improve our customer online experience by providing:

- the ability to book and manage repair appointment times;
- improved repairs diagnosis through the use of customer scripts;
- access to detailed information on current and future planned works; and
- links to self help online videos so customers can carry out minor repairs.

Customer insight

We know through the use of regression analysis of satisfaction data that the repairs and maintenance service has a significant influence on our overall customer satisfaction, which is why we collect and analyse a range of customer insight and feedback. We will continue to use the learning from insight to improve the customer experience of our repairs and maintenance service.

7. IMPLEMENTATION

As a business, we have a great track record of delivering our commitments. Below is a matrix that shows how we will deliver our ambitions and challenges through projects identified within this Strategy – the dots show where a project is contributing to delivering our ambitions and responding to our challenges.

Projects	Ambitions and Challenges										
	Supporting the growth aim	Ageing property portfolio	200 most expensive homes to maintain	An EPC of D or above	Property MOTs	Be a 'landlord for life'	Provide quality homes across the Midlands	50% of homes powered by Fuelgood energy	Obtain external accreditation	10% efficiency in capital investment	Exploit new technology
Review policies, standards and specifications	●	●		●	●	●	●		●	●	
Implement IT improvement projects to provide metrics and appraisal tools	●	●	●	●	●	●	●	●	●	●	●
Create Customer Days for Property MOTs and stock condition surveying, plus maximise the use of the customer visit			●	●	●	●	●				●
Deliver the 5 year investment plan	●	●		●		●	●			●	●
Calculate performance metrics and undertake appraisals	●	●	●	●	●		●			●	●
Enhanced mobile working solution		●	●		●				●	●	●

Identifying opportunities for redevelopment	●	●	●			●	●	●		●	●
Review Home Maintenance Services operating model, including skills legacy			●		●	●	●		●		●
Produce an Energy Strategy, including a Fuel Poverty Policy	●	●		●		●		●	●	●	●
Improve online offer			●		●	●		●			●
Deliver a culture shift and succession planning	●		●		●	●		●		●	●
Integrate with business support function	●		●			●		●	●		●
Embedding Programme Management Office approach	●	●		●		●	●	●	●	●	●
Implement revisions to budget setting	●		●	●						●	
Secure cost reporting and benchmarking improvements			●						●	●	
Review Neighbourhood Plans	●	●				●	●				●
Pilot and Implement new technology innovations		●		●	●	●	●	●		●	●

8. KEY OUTCOMES

THIS ASSET MANAGEMENT STRATEGY WILL ENSURE WE:

- measure the financial performance of our assets;
- deliver our ambitious aims;
- respond to the inherent challenges we face;
- maintain and improve our properties and neighbourhoods;
- support our growth aim; and
- deliver what we say we will.

Approved by	whg Board, October 2017
Review date	October 2020
Strategy owner	Corporate Director, Business Strategy and Assets
Strategy author	Strategy and External Affairs Manager