Holistic Asset Management: The Performance Standard

Tier 3 & Growth Tier 2 AHBs

Dublin: 11th April 2019

Susanna Lyons Head Of Regulation



Agenda:



- Regulation & the Performance Standard
 Susanna Lyons, Regulation Office
- People: The Tenant Joe Sullivan, Waterford City & County
- Property: Asset Management Paul Isherwood, Director NIHE
- Performance: KPI's, Oversight & VFM
 Neil Bolton, Campbell Tickell
- Panel Discussion: Q&A Joe Sullivan, Paul Isherwood, Neil Bolton, Grainne Johnson



Regulatory Focus



Our mission is to protect AHB assets and safeguard the interests of their current and future tenants by regulating for a well governed, well managed and financially viable sector.



Role of Regulation



- Provide Assurance to Tenants, Boards, Government & Potential investors & the AHB Sector
- **Demonstrate** a stable and well-regulated Sector
- **Safeguard** tenants and public investments
- Facilitate investment in Social Housing by growing confidence in the Sector
- Contribute to the overall sustainability of the Sector

What do we look for...



✓ Good Governance

- Fully functioning Boards
- Skills, expertise & diversity
- Strategic direction & oversight
- Risk Management
- ✓ Financial Management
 - Financial Viability
 - Strategic & Business Planning
 - Detailed Financials & Forecasting
- Performance Management
 People
 - o Property
 - Performance



Regulatory Framework

Evolution of Regulation



- Voluntary Regulatory Code: July 2013
- iRC & Regulation Office established: Feb 2014
- Financial Standard: July 2015
- Funding Eligibility: Circular 15/2016
- Governance Standard: Dec 2017



• Performance Standard: Dec 2018

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regulation office

Circular 15/2016

'From 1 January 2017, in addition to the requirement to have signed up to the Code, those AHBs that are able to demonstrate commitment to and engagement with both the VRC and the Financial Standard and Assessment Framework, having undergone a <u>satisfactory assessment</u> as part of the annual assessment process by the Regulation Office will be considered eligible for funding under the above schemes'

Local Authority oversight is crucial....Commissioning V Regulation

Regulatory Framework: VRC +





ISSUED: DEC 2018

ISSUED: JULY 2015

ISSUED: NOV 2017

Today's Focus: The Performance Standard

The Performance Standard

- Grainne Johnson
 - Performance Manager
- Extensive Collaboration with the AHB Sector & Key Stakeholders
 - Working Groups
 - Survey's & Consultations
 - ICSH Forums
 - Housing Agency
 - RTB
- Campbell Tickell
 - Greg Campbell, Jon Slade, Kathleen McKillion & Neil Bolton

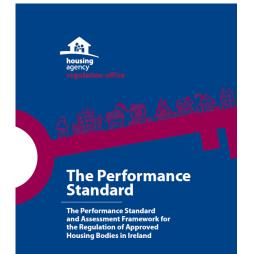


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Performance Standard

- Purpose to define and set a standard for essential service performance
- Captures the arrangements for the
 - Tenancy management
 - Housing management
 - Asset management
 - Other tenant facing services



Know your People, Know your Homes



Performance Standard



It all about:



PEOPLE









Its key to remember...



- AHBs are subject to existing legislative, statutory and compliance requirements.
- It is the primary responsibility of the Board and/or Staff to identify, understand and comply with these statutory obligations.
- Use the Standard as roadmap to success

Tenant & Property Management is underpinned by existing Legislation

Overview



PEOPLE	PROPERTY	PERFORMANCE
Policies	Health & Safety	Performance Management Indicators
Income Management	Repairs & Maintenance	Value for Money
Communication	Void Management	Management & Maintenance Costs
Allocations & Lettings	Stock Condition Surveys	Integrated Operational & Financial Planning
	Sinking Fund Provision	
	Asset Register	
	Asset Management	

Holistic Asset Management





THANK YOU

E: regulation@housingagency.ie Ph. 01 656 4170

www.housingagency.ie/regulation

housing agency regulation office Housing Agency Regulation Office The Performance Standard People

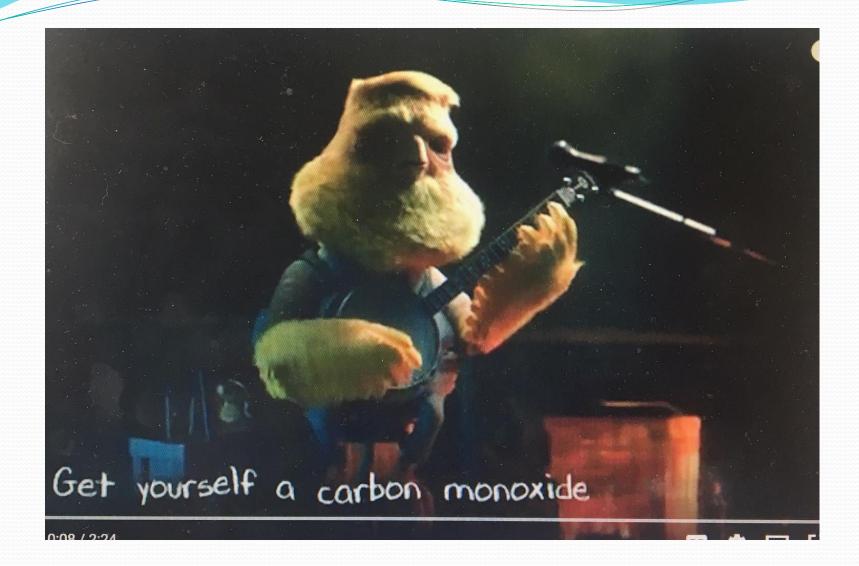
The Importance of the Tenant

Tenant Service Policies

Tenant Communication and Engagement

Allocations and Lettings

Income Management



Tenant Service Policies

Tenancy Agreement

56 Articles Rent Property Conduct Termination

- Tenancy Handbook FAQs
 Safety Fire Safety Maintenance Rent Estate Management ASB
 Ventilation Refuse collection Waste
- Tenant Responsibilities
- Council's responsibilities
- Complaints procedure

Tenant Service Policies

- Tenant Purchase scheme
- Inspections Planned maintenance Emergency
- Fire Safety in the Home
- Anti Social Behaviour policy

Definitions Estate management Complaints procedure ASB checks Legislation Prevention

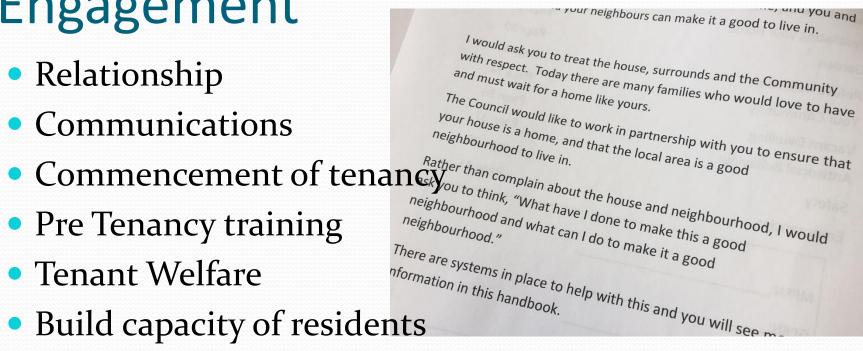
• All Policies to be available and accessible

Tenant Communication and

Engagement

- Relationship
- Communications

- Tenant Welfare
- Build capacity of residents
- Improve the estate and the wider community
- Music Sport the Arts
- Estate enhancement projects



(Case study)

Allocations and lettings

- Allocation Scheme
- Special needs
- Time on List
- Choice Based lettings
- Transfers
- Succession to tenancies
- Permission to reside
- Inspections Planned maintenance
- Void management House Rent Optics Knock on
- Systems for monitoring and managing stock
- Stock reconciliation Audit

Income Management

- Information
- Payment methods
- Household Budget scheme
- Rent Payment card
- On Line Payments
- Standing order through banks

- Communication methods
- eMail Text Facebook Etc.
- SKY
- Arrears policy
- MABS
- Denying services

When It goes wrong - Case Study



- Sustainable Neighbourhood development
- Consultation
- Remedial works Showrooms
- Musicians Artists Art Classes
- Mother and toddler groups isolated
- Sport
- Soccer against racism Integration
- Food festival diff cultures own food English classes
- Capacity building for residents association
- Treasurer Chair etc.
- Allotments became social Hubs 4 diff estates
- Training facility employment
- Teenagers NEETS Neither in Education Employment or training
- Treo Bikes mechanics Greenway
- Gardai Safe Cycling Course health drug use
- Painting scheme themselves
- Special CE scheme for Recovering drug users 15 places Planters
- Cant read or write ETB took on Studying for Leaving cert
- Buy in
- Community Council Whole Neighbourhood
- Don't Parachute in services Tenants know what they need

- Relentless Communication
- Services Fair Transparent Consistent
- Ensure all Policies Clear Relevant Accessible
- Continuous monitoring and improvement in service delivery
- Extreme Example
- RESPONSIBILITY EMPOWER BUILD

• ENJOY THE JOURNEY



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Holistic Asset Management: The Performance Standard



Property: The Importance of Asset Management

Paul Isherwood – Director of Asset Management Northern Ireland Housing Executive 11th April 2019

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The N.I. Housing Executive

- Established in 1971 as NI's comprehensive strategic housing authority
- Inherited 150,000 properties from predecessors
- Stock peaked at c.200,000 in late 1970s
- 118,000 dwellings sold to sitting tenants
- 79,000 new homes built
- New build programme transferred to Housing Associations in late 1990s
- Current stock = circa 86,500
- Annual maintenance & investment programme of £185m







Asset Management Strategy

- Ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation
- Seeks to align the asset base with the organisation's corporate goals and objectives
- Sits alongside other high level strategies People, IT, Procurement, Accommodation etc.
- Provides strategic direction for operational activities







Asset Management Strategy

- Stock Condition Survey provides information on the condition of the stock and what type & cost of investment is required to achieve and maintain the required standard of housing
- Asset Performance Evaluation provide information on whether investment represents value for money in terms of assets future financial and social sustainability:
 - Identifies drivers of performance
 - Challenges the need to invest in all stock
 - Key to effective asset management by enabling critical decisions of where and in what to invest







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The building blocks

- Asset Register (Appropriate IT System)
- Asset Data
- type, condition, costs, value, need
- Investment Standard
- Compliance/H&S/landlord obligations, emerging policy/direction, other things we would like to do?
- Investment decisions methodology
- Age, condition, sustainability, asset performance
- Timescale
- Funding





Out-workings of the Strategy

- Investment Plan
- Option Appraisals programme
 - Regeneration
 - Conversion
 - Demolition
 - Sale
 - Transfer
- Acquisition programme
- New build programme







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Asset Performance Evaluation

Financial

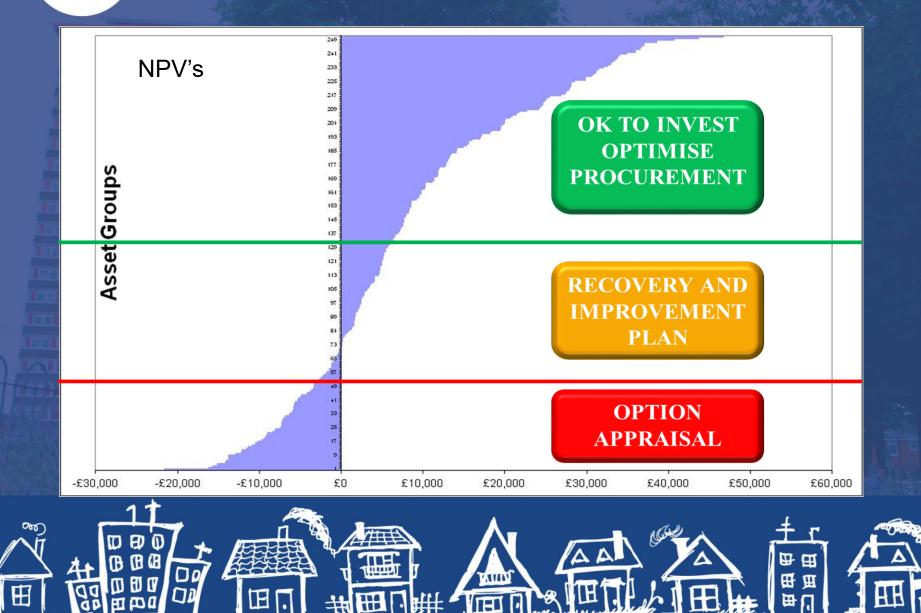
 30 year NPV of projected costs and income (i.e. repairs/ investment/management vs rents/service charges)

Non-Financial

- Weighting & Scoring of indicators reflecting our objectives
 - Better homes: housing demand, Fuel Poverty, house sales
- Quality services: under occupation, arrears, turnover, resident satisfaction
- Vibrant Communities: satisfaction, community engagement, ASB, deprivation, access to services
- Creates a matrix which provides a directional tool for decisions about future action







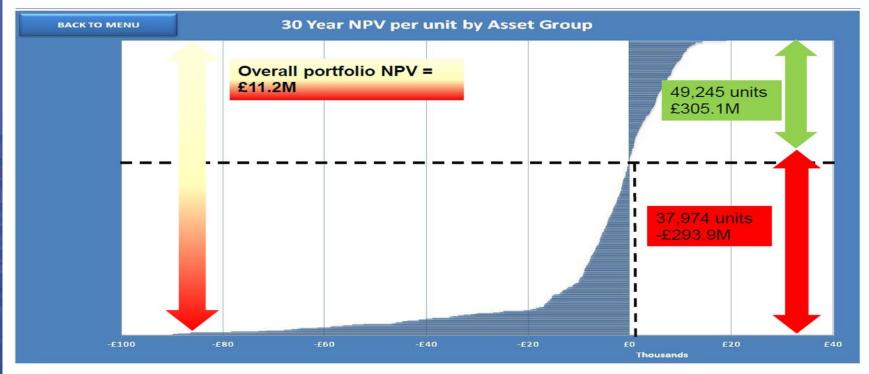


Asset Management

Housing Executive

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NPV Range - Overall



Source: Savills APE May 2015

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Asset Management

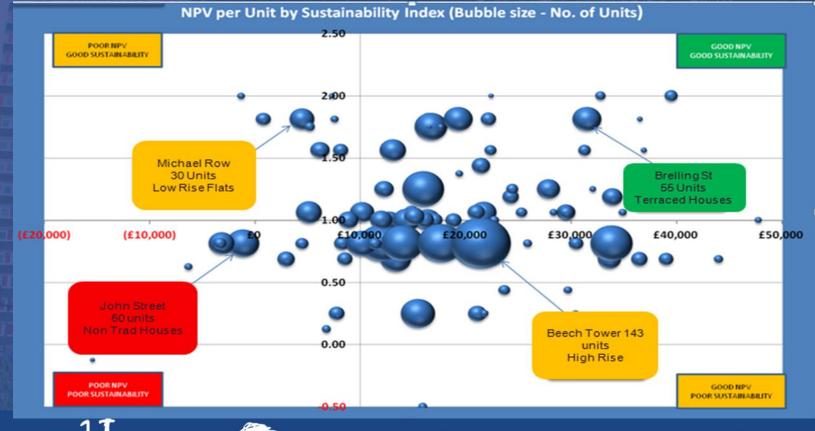


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Asset Performance Matrix



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Stock Condition Survey



- Frequency on Five Year Cycle (Externally Validated)
- Can Use in House or Contracted Resource
- Can be Based on % of Archetypes
- Data Collected from Predefined Survey Strategy on Key Elemental Components
- Must Have Provision For Storage & Updating of Data





Asset Register



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Configuration	Management Group	G350					•	Last Surveyor	Siobhan Magill					-
EcoHomes														
Energy	Type Description	House					•	Last Survey Date	08/04/2019					15
Energy Performance Certificate	Parent Asset							Next Survey Date	<dd mm="" yyyy=""></dd>					15
Forecasting	House Name													
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Housing Quality Standard (HQS)	Address	299 Albertbridge Ro	ad											
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Asset Register



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Asset Register

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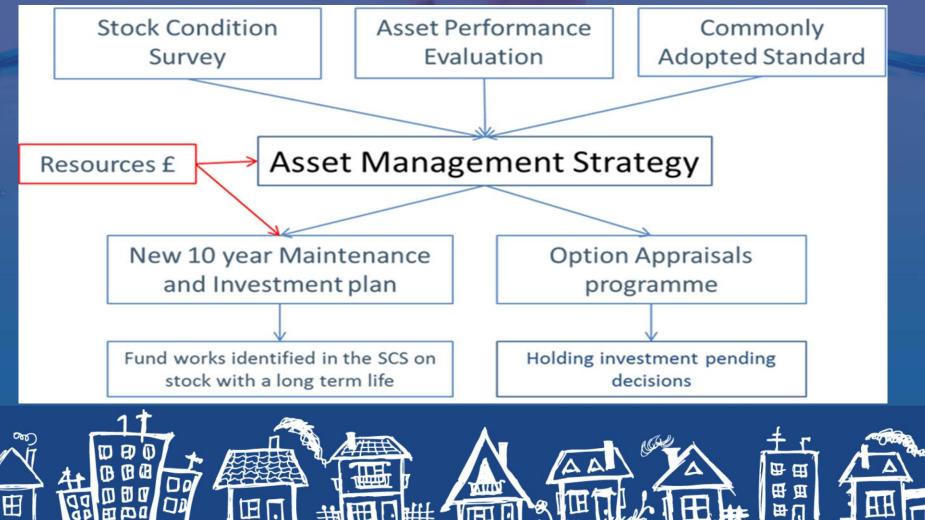
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Investment & Sinking Fund Housing Executive

Implementing an Investment Strategy





Investment & Sinking Fund Housing Executive

30 Year Investment Requirements

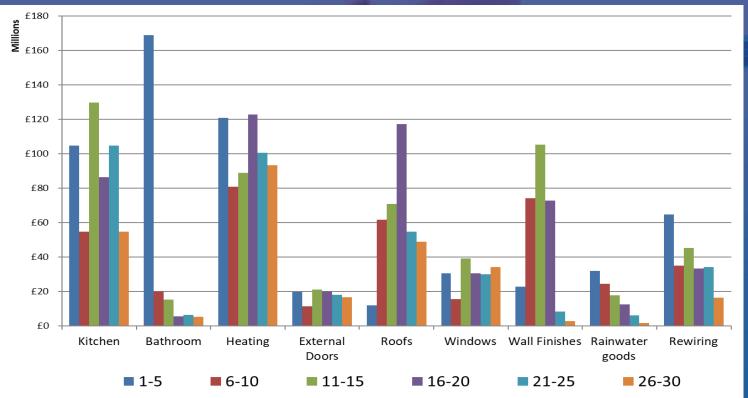
		S	ummary of All	Costs			
Description	Years 1 to 5	Years 6 to 10	Years 11 to 15	Years 16 to 20	Years 21 to 25	Years 26 to 30	Total
Programmed Renewals	£935,347,695	£585,199,868	£727,895,668	£633,706,093	£461,824,173	£354,779,098	£3,698,752,594
Tower Block Structural	£35,390,335	£0	£1,078,405	£0	£1,078,405	£0	£37,547,145
Tower Block M & E	£1,979,000	£3,576,900	£1,563,500	£2,502,800	£2,407,500	£1,536,300	£13,566,000
Related Assets	£12,199,992	£10,807,525	£8,976,716	£8,450,787	£7,396,132	£7,006,079	£54,837,230
Environmental Improvements	£43,729,500	£43,729,500	£43,729,500	£43,729,500	£43,729,500	£43,729,500	£262,377,000
Response/Cyclical/Void	£325,832,461	£325,832,461	£325,832,461	£325,832,461	£325,832,461	£325,832,461	£1,954,994,765
Painting and Repairs	£96,523,500	£65,594,250	£65,594,250	£65,594,250	£65,594,250	£65,594,250	£424,494,750
Asbestos	£15,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£40,000,000
Fire Related Work	£10,000,000	£5,000,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£25,000,000
Aids and Adaptations	£31,501,258	£31,501,258	£31,501,258	£31,501,258	£31,501,258	£31,501,258	£189,007,548
Grand Total	£1,507,503,741	£1,076,241,762	£1,213,671,757	£1,118,817,148	£946,863,678	£837,478,945	£6,700,577,032
Total per Annum	£301,500,748	£215,248,352	£242,734,351	£223,763,430	£189,372,736	£167,495,789	£223,352,568





Investment & Sinking Fund Housing Executive

Investment Requirements By Elements





housing agency regulation office

Investment & Sinking Fund Housing

Financial Modelling

- Income from Rent, Loans & Other Sources
- Payment of all overheads e.g. debt, salaries, accommodation, development projects etc.
- Investment Monies Available
 - Response
 - Voids
 - Cyclical
 - Planned
- Future Investment Required Based on SCS





Health & Safety



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Compliance

- Understand what your Statutory and Regulatory Requirements are
- Appropriate Polices and Procedures in place
- Key Roles and Responsibilities Clearly Identified
- Appropriate Training to Duty Holders
- Ensure Regular Reporting to Board/SMT along with Risk Level
- Relevant Systems in Place to Monitor Performance & Contractors and Audit of Compliance
- Relevant Budgets



Health & Safety

Housing Executive

Compliance Report: Summary Graphs 2018/19





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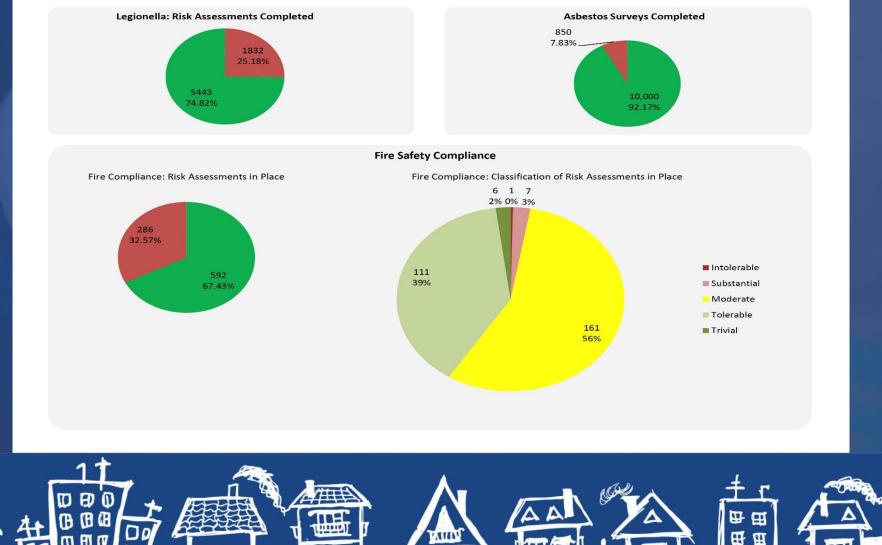
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Health & Safety



Compliance Report: Summary Graphs 2018/19

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Repairs & Maintenance



- Repairs & Maintenance Polices & Procedures
- Tenant Engagement/Consultation & Commitments
- Service Standards
 - Response Maintenance
 - Cyclical Maintenance
 - Planned Maintenance
- Annual Investment Plan
- Procurement Strategy
- Contract Monitoring
- Regular Reporting, Budget Management





Void Management



- Have a Robust Void Policy & Procedures in Place
- Agree Void Letting Standard
- Have Appropriate Void Repair Categories
- Be Proactive when a Property is Terminated with Notice
- Have Weekly Void Meetings With Contractor
- Prioritise Voids to Reduce Loss of Rental Income
- Monitor Rent Loss and Key to Key Times
- Do as Much Work when the Tenant is in
- Allocate Appropriate Budget and Monitor on Weekly Basis





Risk Management



Asset Risks

- Funding
- Procurement
- Contractors
- Compliance
- Staffing







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Social Heart with a Business Head



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Asset Management



Final Thoughts

- Importance of understanding the information
- Need to maintain and manage the data
- Regularly review the underlying assumptions (3 years)
- No underestimating the challenges in changing course
- Important to have the right people with the right skills in the right place
- Include the Tenants in your Decision Making
- Don't lose sight of why we're doing this Maintaining Our Assets & Building Sustainable communities



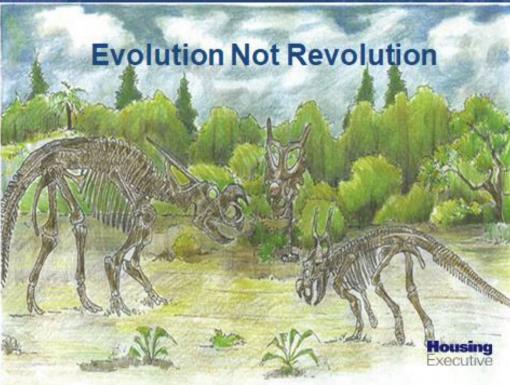


Asset Management



Final, Final Thoughts!!!







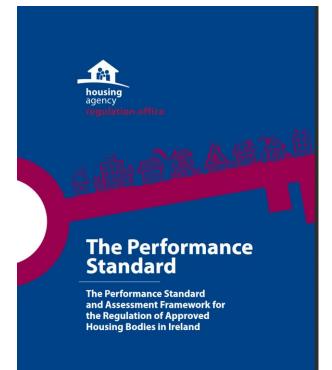


Performance

Neil Bolton

Associate – Campbell Tickell

11th April 2019



Performance

Performance Management

Value for Money

M&M Costs

Planning and Oversight

3.4 Performance

3.4.1 Performance Management Indicators

What the Performance Standard expects (in summary)	Current Requirement	2019
Performance management framework	\checkmark	
A range of key performance indicators	\checkmark	
Performance Management reports	\checkmark	
Performance data that is accessible for tenants and any other stakeholders		\checkmark

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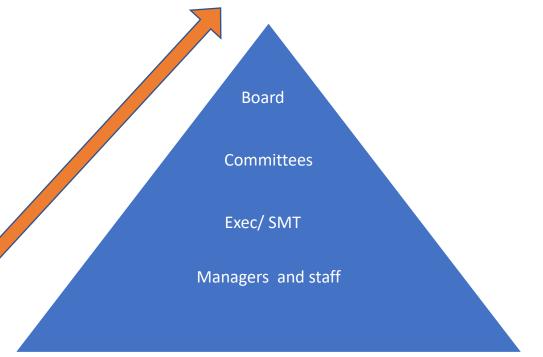
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3.4 Performance					
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What the Performance Standard expects (in summary)	Current Requirement	2019			
Performance management framework	~				
A range of key performance indicators	\checkmark				
Performance Management reports	\checkmark				
Performance data that is accessible for tenants and any other stakeholders		\checkmark			

- What are you measuring?
- Why are you measuring?
- What's important to the Org?
- What's important to your customer?
- Can you demonstrate actions taken?



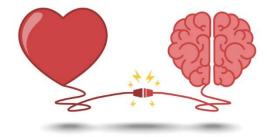
3.4.2 Value for Money				
What the Performance Standard expects (in summary)	Current Requirement	2019		
Value for money policy		\checkmark		
Evaluation of both the cost and quality of services through the use of agreed measures		\checkmark		
An approach to procurement that delivers the greatest long-term benefits to the organisation		\checkmark		
Regular monitoring and reporting of performance in achieving VFM objectives		\checkmark		

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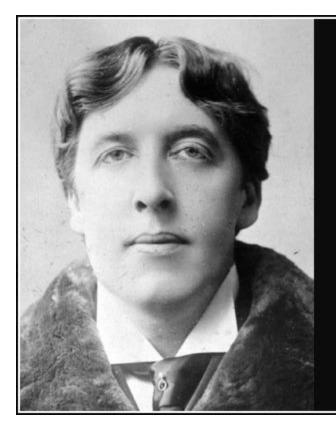
'Make the important measurable not the measurable important'

'What gets measured, gets managed'

3.4.2 Value for Money		
What the Performance Standard expects (in summary)	Current Requirement	2019
Value for money policy		\checkmark
Evaluation of both the cost and quality of services through the use of agreed measures		\checkmark
An approach to procurement that delivers the greatest long-term benefits to the organisation		\checkmark
Regular monitoring and reporting of performance in achieving VFM objectives		\checkmark







What is a cynic? A man who knows the price of everything and the value of nothing. And a sentimentalist, my dear Darlington, is a man who sees an absurd value in everything, and doesn't know the market place of any single thing.

Oscar Wilde

AZQUOTES

The approach is not intended to be revolutionary. Rather it is about ensuring VFM is a continuous process that enhances our performance, optimises use of our assets and improves our resource utilisation. Moreover, it guides all areas of operation by enabling colleagues across Choice to ask if we are doing the right things, the right way and for the right reasons.

Michael McDonell, CEO, Choice Housing

3.4.2 Value for Money		
What the Performance Standard expects (in summary)	Current Requirement	2019
Value for money policy		\checkmark
Evaluation of both the cost and quality of services through the use of agreed measures		\checkmark
An approach to procurement that delivers the greatest long-term benefits to the organisation		\checkmark
Regular monitoring and reporting of performance in achieving VFM objectives		\checkmark

- Approach has to be right for you
- Lots of UK examples on line
- Developing an awareness/ understanding.....a VFM *overlay* to all that you do
- How do you currently determine VFM?What's the baseline
- Review priorities (volume? value? Importance?)
- What's your plan and how are you going to measure it over time?
- Its not just about operations

3.4.3 Management and Maintenance Costs		
What the Performance Standard expects (in summary)	Current Requirement	2019
System to ensure pro-active monitoring of management and maintenance costs	\checkmark	
Ability to analyse and report on various management and maintenance costs	\checkmark	
System to ensure that management and maintenance cost forecasts are used when assessing the feasibility of new business and development opportunities		\checkmark
A system to enable separate reporting of housing management and maintenance costs		\checkmark

3.4.4 Planning and Oversight for Larger and Developing Organisations		
What the Performance Standard expects (in summary)	Current Requirement	2019
Management of operational costs whilst ensuring consistent service standards		\checkmark
System to demonstrate consideration of additional resource requirements in line with future growth targets		\checkmark
The ability to maintain and improve service standards during any sustained growth		\checkmark
Monitoring that enables action on service delivery areas		\checkmark
IT and other support systems that are reviewed regularly to ensure they remain fit for purpose		\checkmark