

A guide to the Trust's Asset Management Strategy

What is asset management?

Our main assets are our homes. Asset management describes how we manage our homes to make sure that they meet the needs of our residents now and in the future.

It includes the management, maintenance and improvement of our existing homes, as well as the development of new homes and the disposal of homes that no longer meet resident requirements.

Why do we need a strategy?

We manage an incredible range of homes, from small studio flats to large detached homes; from listed Georgian flats to brand-new, energy-efficient houses; from one storey bungalows to multi-storey blocks; from general needs family housing to supported housing; from individual rural homes to high-density, city-centre housing; from social rented homes to leasehold and shared ownership properties.

Although we are a registered charity, we are also a multi-million pound business; we need to take a commercial approach to managing the homes, without compromising our social purpose, so you get value for money.

Apart from the development of new homes, we spend most money on the repair, maintenance and improvement of our existing homes. In 2010/11 we intend to spend over £18million on this equating to over 54 pence of every pound spent by the Trust.

We need to take a long-term, planned approach to managing these 'assets'. The strategy sets out a framework for us to achieve this.

Developing the strategy

We start by understanding our stock. A property that is performing well would be one where over a reasonable length of time, rent more than covers the costs of managing and maintaining that home.

To assess this, we consider many things including:-

- Current condition of the home.
- Need for repairs and future investment.
- Do people want to live in them or not?
- Void loss
- Costs of managing the home
- Predicted rent levels

What did we discover?

We surveyed our stock in 2009. The **stock condition** survey showed the vast majority of our homes were in good order and it was clear to see where we had invested over £112 million over the last 10 years.

95% of homes now meet the Government's 'decent homes' standard - a minimum standard which all social housing must reach by December 2010. Five percent of our homes do not currently reach the standard because of problems with radon gas. We are now putting this right.

From 1999 – 2009 we focussed on delivering the promises we made to tenants before the stock transfer from B&NES council. This was targeted at improving homes. The 2009 survey showed that we need to invest more in **the estate environment**, such as fences, paths and communal areas. Our Better Places programmes will over time seek to address this. The plans will be published in December 2010.

We have also used the 2009 survey findings to develop new, **five-year programmes** for key building work, such as replacement kitchens, bathrooms, wiring, windows, doors, chimneys and roofs.

We know that the **long-term costs** of managing certain types of homes are likely to exceed the income we receive from rent. This effectively means that certain properties are being subsidised indirectly by the rents we receive from tenants of other homes. We also found properties with high turnover and isolated cases of low demand.

Although this was not the case for most of our homes, there were enough properties to have an impact on our long-term financial position. As our modelling was carried out by using a sample of each type of property within each of our 15 neighbourhoods, we now need to do some more detailed work to look at how we can address that poor performance. This is known as an **options appraisal**.

The 'bigger picture'

There continues to be strong demand for affordable housing in the South West, particularly in the areas where the Trust operates. As well as managing our existing homes, we are committed to building new homes to meet the local housing need.

So what is our strategy?

- INVESTMENT
Deliver our five-year investment programmes using long-term partner contracts to achieve good value for money.

- OPTION APPRAISALS

Carry out a programme of options appraisals for those properties where the management/ maintenance costs are too high or demand is low.

- **SHELTERED HOUSING**
Review our sheltered housing stock to make sure that it is delivering what people need.
- **'SOMER STANDARD'**
Develop a property standard, agreed with the residents of the Trust.
- **HEALTH AND SAFETY**
Ensure resident and staff safety through the development and delivery of a health and safety strategy.
- **SCHT REPAIRS TEAM**
Develop the capacity of our own in-house trade staff, to increase the range of the work they provide, subject to this being value for money in the cost and quality of the work.

INVESTMENT

We are currently using the stock condition survey findings to develop a long-term contract for new kitchens, bathroom and electrical work, for the whole of Somer Housing Group (the Trust, Redland Housing Association and Shape Housing Association). The Trust is already in a similar, long-term partnered contract with Connaught to deliver new and replacement heating systems.

We will develop a new cyclical maintenance contract to replace our current painting programme. In response to our survey findings, we will introduce a more comprehensive specification to cover a wider range of works including fencing and paths.

For all of our programmes, we will consider the best procurement option for us, including joint procurement with other housing providers through a local consortium known as 'Westworks', as well as individual contracts.

OPTIONS APPRAISALS

The highest priority will be to look more closely at properties which are costing us more to maintain than we get in rent and which we know don't meet the requirements of our customers. We will develop a programme of appraisals for individual properties starting with those with the highest income shortfalls.

SOMER STANDARD

As part of our approach to investing in our homes, we need to agree a standard for our homes with our residents. This is important as it will ensure consistency for all our residents.

HEALTH AND SAFETY

It goes without saying that we need to make sure there is an ongoing focus on health and safety for our residents. In managing our homes, we need to respond to repairs with health and safety implications in a timely manner, carry out servicing and safety checks at regular intervals, ensure all our contractors work in a safe way, and carry out maintenance improvements to prevent the occurrence of possible risks.

The approach to managing all these areas will be brought together under a new approach to health and safety.

OUR REPAIRS TEAM

We currently have an internal trade team of more than 70 staff, ranging from painters and decorators, electricians, plumbers and gas engineers to multi-skilled trade staff. They carry out over 90 per cent of all our property repairs, as well as some minor and planned replacement and improvement works. Through a redesign of the way we carry out our repairs, we are confident that we can increase the capacity of our teams to undertake a wider range of works without increasing our resources. We have already started to do this, and as we look at other areas, we need to understand our costs and demonstrate that there is added value in us delivering these additional services, rather than using an external contractor.

Strategy review

The strategy will be reviewed with residents annually.