



## INNISFREE HOUSING ASSOCIATION

October 2020

Asset Management Strategy 2020-2025

# ASSET MANAGEMENT STRATEGY 2020-2025

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## EXECUTIVE SUMMARY

1. Innisfree's Asset Management Strategy is a strategic framework which outlines how we will manage, maintain and invest in our housing assets. Our short-term focus is on what we are going to do over the next five years but this strategy will provide the platform to enable us look at our longer term aims.
  - 1.1 The strategy outlines how we intend to deliver best performance of our assets through investment, retention, disposal or conversion of use. It outlines how we will maintain our assets appropriately whilst achieving better value for money, meeting increasing levels of resident expectations, ensuring compliance with our statutory, legal and regulatory obligations and delivering a more environmentally sustainable asset base in the process.
  - 1.2 The Asset Management Strategy demonstrates clearly that Innisfree recognises that well maintained, managed, sustainable and financially viable properties are fundamental to ensuring we meet the expectations and aspirations of our residents as well as discharging our regulatory requirements.

## OPERATING CONTEXT

- 2 There are a wide range of factors affecting the housing association sector, and many of these have a bearing on our approach to Asset Management.
  - The Government's Rent Policy for housing associations directly affects the rental income available to us and consequently the resources available for our asset management activities.
  - The Regulator of Social Housing has a regulatory framework which needs to be considered in our approach to asset management, including in value for money and to protect social housing assets.
  - Fire Safety requirements are likely to continue to change as a response to the Grenfell Tower fire
  - With the impact of both Covid-19 and Brexit on the economy, the affordability of housing, both rents and the cost of energy and other utilities, will be even more important to residents
  - The experience of lockdown in response to Covid-19 has led to new thinking about how we use our homes, and what spaces and amenities we need
  - There are rising expectations about the environmental sustainability of existing homes, with the challenge of the high cost of retrofit. This is particularly relevant given the long term nature of our assets and the UK's legal requirement to achieve net zero carbon emissions by 2050.
  - New technology for homes is becoming more widely available and our residents may increasingly expect that they could benefit from some aspects of this

## More locally for us in London:

- The continued high demand for homes and the relatively high cost of providing new homes, makes more difficult our ability to balance the way we use our resources overall between building new homes and investing in our current homes.
- Changes in the infrastructure of the areas in which we have our homes, with some major transport changes (Crossrail etc) and large developments (Old Oak Common), may affect the demand / lettability of our homes

## STOCK PROFILE – OUR HOMES

3 We currently operate across 12 London boroughs and our assets consists of low-rise purpose built blocks of flats, shared houses, houses and flats on schemes and consortium estates with other landlords, flats in converted street properties, together with a mix of individual street properties.

3.1 The following table provides more detail on our stock profile and will be updated on an annual basis.

Borough	No in the Borough	Bedsits	1 bed	2 bed	3 bed	4 bed	% of stock
Brent	304	11	150	76	34	8	52.7%
Camden	115	0	34	31	38	12	19.9%
Haringey	49	0	8	23	16	2	8.5%
Hammersmith	44	16	6	15	7	0	7.6%
Enfield	24	0	0	24	0	0	4.2%
Ealing	17	12	0	0	4	1	2.9%
Lambeth	7	0	0	0	7	0	1.2%
Harrow	5	0	0	0	5	0	0.9%
Lewisham	5	0	0	2	3	0	0.9%
Hertsmere	3	0	0	0	1	2	0.5%
Islington	3	0	0	0	3	0	0.5%
Hillingdon	1	0	0	0	1	0	0.2%
	<b>577</b>	<b>39</b>	<b>198</b>	<b>171</b>	<b>119</b>	<b>25</b>	<b>100.0%</b>

The breakdown of units is as follows:

- 10 Schemes / estates consisting of 67 houses.
- 29 Purpose built blocks consisting of 306 flats
- 26 converted street properties consisting of 88 flats
- 1 Sheltered scheme consisting of 25 flats
- 6 Shared houses consisting of 39 rooms
- Individual street properties

- 3.2 Most of our homes remain in high demand, with relatively low turnover and good reletting performance.
- 3.3 We have identified our 6 shared houses for continued review, both in terms of the re-let turnover/maintenance cost, but also in terms of the level of social value they generate.
- 3.4 Over the four years following the approval of the 2016 asset management strategy we invested significantly in our homes, upgrading key property components consisting of kitchen and bathroom replacements, boiler /heating upgrades, window/door replacements and roof renewals.

## WHAT WE AIM TO ACHIEVE BY 2025

- 4 This high-level set of objectives is intended to demonstrate the progress we aim to make over the next five years.
- We will improve our data systems and data quality
  - The expectations of residents about asset management will be clearly captured
  - Improvements to the liveability of residents' homes will be evident
  - Our approach to procurement and Value for Money will be developed in a way proportionate to our scale
  - Homes will continue to be maintained to a safe and quality standard
  - Compliance with all statutory and regulatory requirements will continue to be a high priority
  - We will update our approach to fire safety as the results from the Grenfell Tower Inquiry inform regulations and best practice
  - We will demonstrate an improvement in the sustainability of our homes and practices
  - We will review the use of new technology in residents' homes

## HOW WE'LL ACHIEVE OUR OBJECTIVES

### STOCK CONDITION DATA

- 5 Our approach to investment in maintenance and stock improvement is centred on the assessment of asset information. This assessment is based on information held on our stock condition database and is supplemented by local management knowledge.
- 5.1 Accurate stock information and good data systems are key to the delivery of sound asset management, with reliable and accurate information being absolutely critical to the operational delivery of stock improvements. The Pyramid Housing Management System is the primary asset database used by Innisfree for relevant data storage and reporting functions.
- 5.2 We have been using some external consultancy to review our systems and the specificity of the data we hold, and we will continue with this approach.
- 5.3 We hold component, property and asset survey information data information on our properties. This information is based on a stock condition survey undertaken in 2010 which has been updated and refreshed over time using results of property inspections throughout the years. This currently forms the baseline data used to develop programmes and reinvestment plans for the stock, based on standard elemental lifecycles.
- 5.4 To refresh this data, a rolling programme of stock condition surveys is proposed, setting a target for surveys on 100% of all properties, with 80% having stock data that is less than 5 years old. By 2025
- 5.5 To meet this target, stock condition surveys will be undertaken to target both a representative sample of stock and areas of identified data weakness and uncertainty. Following the initial surveys, a proportion of stock will then be surveyed annually.
- 5.6 The stock condition surveys will capture Decent Homes Standard and Energy Performance (SAP and EPC ratings). This data, along with resident feedback on the quality of their home will inform our investment programme.

### RESIDENT EXPECTATIONS AND LIVEABILITY

- 6 We achieve a high level of overall tenant satisfaction (92% for the year ending March 2020) but it is some time since we specifically gathered satisfaction ratings for the quality of a tenant's own home. This may be a useful measure to gather in the future to understand the effect of the Asset Management Strategy.
- 6.1 We will use our new Tenant Engagement Project to bring us greater understanding of our resident's expectations about asset management generally, including the establishment of a new Innisfree Standard, by Q2 2021/22. This will include how we meet the range of needs of our residents, including

for example, the cost of running their home and any need for aids and adaptations. We will continue to gather detailed feedback on all investment works, taking learning into future projects.

- 6.2 As we explore innovations around liveability and new technology, we will try to engage residents with specific interest and experience to inform the work we deliver, for example, we look to discuss Thermal Comfort, heating and cooling to get a fresh insight.
- 6.3 We will survey all residents Q3 2020/21 to get a refreshed measure of their satisfaction with their home.

## SAFE, QUALITY HOMES AND COMPLIANCE

- 7 We pride ourselves on the personalised approach we take in delivering our investment works and we will continue to operate in this way, with a greater emphasis on hearing the impact of this approach for residents.
  - 7.1 Connecting to our new Tenant Engagement Project, we will review our Innisfree Standard with residents and assess what improvements we can make, within the resources available.
  - 7.2 We are committed to ensuring that residents are able to live independently and safely in their homes for as long as possible and we are committed to working with our external local authority partners to plan and facilitate the provision of aids and adaptations to achieve this
  - 7.3 We will continue to treat compliance as a high priority and the Board have agreed to set a target for attaining Substantial Assurance in our next annual Internal Audit review. Our target remains 100% compliance with all legal and regulatory requirements.

We will review all emerging findings on Fire Safety from the Grenfell Inquiry and associated guidance, with a view to adapting our practices at Innisfree to meet the standards of the Fire Safety Bill and Building Safety Bill.

## SUSTAINABILITY OF OUR HOMES

- 8 We want to ensure our future sustainability and in doing so we will not simply look at the life cycle of components but also take account of current and future running costs, affordability, the impact on our residents and the environmental sustainability of the asset.
  - 8.1 We will continue to evaluate the energy efficiency of all of our properties. The new stock condition surveys will identify homes with the lowest Standard Assessment Procedure (SAP) and Energy Performance Certificate (EPC) ratings. The lowest performing homes will be prioritised in the planned investment works programme and potentially in decisions to remodel or dispose.

- 8.2 Through the stock condition surveys and the tenant engagement project we will determine the best options for improving the efficiency of our homes to deliver cost savings and alleviate fuel poverty for our residents.
- 8.3 The broader programme to deliver energy efficiency upgrades on existing homes will include:
- A Rated energy efficient condensing boilers
  - Energy efficient UPVC windows and doors
  - Energy efficient heating systems
  - Dual flush toilets
  - Lower flow taps
  - Loft insulation
- 8.4 Our current average SAP rating for our homes is 68, compared to a sector average of 66 and we will establish an approach to be able to drive an improvement in that average value. We have set a target to reach an average SAP rating of 70 by 2025, which is consistent with the EPC C-rating. As we improve our stock condition survey data we will review this target to be more aspirational, within the overall resources available to us.
- 8.5 In response to the Clean Growth Strategy, we will also introduce new targets for energy efficiency, we will aim for the average EPC C-rating across our stock by 2030.
- 8.6 As we gather refreshed data on SAP and EPC ratings, we will set out a table of performance bands for our properties to help us target low performing homes for investment and potentially in decisions to remodel or dispose.
- 8.7 These energy efficiency improvements support the Government's target to bring all greenhouse gas emissions to net zero by 2050. Decarbonising our homes is not only essential in tackling climate change, it also contributes towards cost savings for our residents and helps combat fuel poverty.
- 8.8 We will explore opportunities to retrofit our homes using PAS2035 specification. We will seek out opportunities for grant funding and partnership working when appropriate to meet decarbonisation targets.
- 8.9 Our Development Strategy ensures that future opportunities meet the high sustainability standards set out in current Building Regulations. We will provide the most economically viable and sustainable new homes that can be achieved within available budgets.

## REVIEW THE USE OF TECHNOLOGY IN OUR RESIDENTS HOME

- 9 We will explore the potential of digitally enhanced homes and will pilot smart home technology, one in which residents are engaged and empowered.
  - 9.1 Broadband is fundamental to the use of remote technologies and we will assess the potential for introducing broadband services into our blocks and schemes.
  - 9.2 This will allow us to explore both the liveability gains for our residents as well as more efficient management of our components.

## PLANNED INVESTMENT

- 10 Long term projections for investment and maintenance costs have been made based on component life forecasts in the Stock Condition Survey to ensure that they are affordable and can be fully funded from agreed budgets. The 30-year Business Plan sets out expenditure of £23m, with an allowance for inflation.
  - 10.1 Our current stock investment plan has been modelled over a ten year period, using existing asset data to ensure we meet our current investment demands.
  - 10.2 This plan is based primarily on component anniversary dates and has subsequently been adjusted to ensure a more balanced spend profile over the life of the plan.
  - 10.3 This investment demand has been incorporated within the ten-year financial model (table below) and is used to inform future budgets and financial planning over the period ensuring that the stock investment plan remains affordable.

Year	Planned cost of investment works £000's	Year	Planned cost of investment works £000's
2020/21	575	2025/26	633
2021/22	585	2026/27	645
2022/23	596	2027/28	658
2023/24	608	2028/29	671
2024/25	620	2029/30	685

- 10.4 The additional data collected as part of this proposed Asset Management Strategy will further inform the financial model to ensure that we are delivering investment to the right assets at the optimum time, and will allow us to review the ten year plan, if required, to deliver a more balanced spend profile.

## PROCUREMENT AND VALUE FOR MONEY

- 11 The majority of our maintenance and investment works are carried out by a small number of local contractors.
- 11.1 As well as traditional tendering exercises, we have also been able to use procurement frameworks for some works and have also undertaken market testing exercises. We will continue to use those mechanisms and will assess one additional Procurement Framework provider.
- 11.2 Our 2019 Internal Audit Deep Dive into Asset Management noted the robust process for developing and delivering the programmes of works at Innisfree, so we will continue to operate this, enhanced by improved stock condition data.
- 11.3 The active exploration of collaboration on Asset Management with the group of BME London landlords has led to a firm proposal for an approach to Compliance activity. We will assess this proposal for Innisfree.

## DISPOSALS

- 12 The geographic spread of our homes is also a consideration for us. At the request of the Board we have identified a list of properties that may be suitable for disposal (Appendix 2), with the first consideration being those properties in one of the areas where we have fewer than 10 homes.
- 12.1 Before any disposal is progressed, a full review will be carried out to ensure the disposal fits our strategic, financial, and social objectives. A review would consider a number of points including resident impact (if not void), financial benefits such as the level of surplus on disposal and impact on local authority relationships. With social housing such a precious asset, the careful consideration of a review will ensure any disposal can be clearly justified and highlight any risks that need to be considered when the disposal is progressed. We will also consider the potential to invest in a property in order to maximise its value at the point of disposal.
- 12.2 One trigger for considering a disposal review would be if a property fails to meet our own quality standards and may only be able to be brought up to that standard with a disproportionate level of investment.”
- 12.3 In line with our Development Strategy, proceeds from disposals, where appropriate, will support the delivery of development projects.

## DELIVERING THE STRATEGY

- 13 The Operations Director is responsible for the implementation and delivery of the Asset Management Strategy with the support of the Maintenance Contracts Manager. The Operations Team support the aims of the strategy as all work closely with current and prospective tenants, contractors and stakeholders.
- 13.1 An Asset Management Delivery Plan (Appendix 1) sets out how we will deliver the objectives of the Strategy, and this identifies progress planned each year.
- 13.2 An annual review of the Asset Management Action Plan, considered by the Board, will allow the Strategy to evolve over the five-year period, responding to external and internal drivers.
- 13.3 Internal assurance will come from monthly consideration at SMT, with quarterly reviews feeding into the Board Performance report.
- 13.4 Progress with the Plan will be kept under ongoing review with residents, with that activity being a significant element of the new Tenant Engagement Project.
- 13.5 Residents will be surveyed to measure their satisfaction with their home and the current satisfaction surveys for the repairs service will continue to inform service delivery.
- 13.6 Benchmarking with other housing associations will be undertaken to help evidence the effectiveness of the Strategy.
- 13.7 As required, Internal Audit resources, and other independent assurance, will be used during the life of the Strategy.
- 13.8 The risks of delivering the Strategy will be effectively managed in line with our Risk Management Framework, with headline risks being escalated to the Strategic Risk Register.

## CONCLUSION

- 14 In conclusion, we will actively monitor and evaluate how our assets are performing in order to target resources effectively. The Tenant Engagement Project will bring us a greater understanding on how our asset management can meet the needs and expectations of our residents, whilst remaining affordable to Innisfree.
- 14.1 The delivery of this Strategy will be informed through improving Stock Condition Survey data and supported by the 30-year Business Plan in the longer term.



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