

Asset Management



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Integrated Asset Management

Scotland's Housing Festival

Presented to:
Scotland's Housing Festival

Presented by:
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INVESTORS IN PEOPLE™
We invest in people Platinum

Integrated Asset Management

SHR Recommended Practice



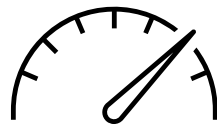
What do we Mean by Integrated Asset management?

How do we measure asset performance?



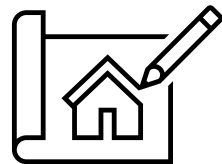
SHR Recommended Practice on Integrated Asset Management

2020 review findings
Principles based approach
What's in the 2023 Guidance?



Developing an integrated asset scoring model

Building an asset database
Key asset performance indicators
Asset performance scoring system



The importance of good data

What we're seeing in the Scottish social housing sector
Why data quality is important

Operating Context: Key Asset Management Drivers

1



Housing system operation & response

- Housing to 2040
- Affordable housing target
- Housing emergency

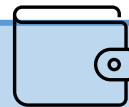
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Operating model pressures & evolution

- Employee cost pressures
- Channel shift & digitalisation
- Operating model efficiency

3



Cost of living pressures

- Rent affordability
- Energy crisis
- Rising household costs

4



Economic & inflationary impacts

- Inflation rate volatility
- Interest rate uncertainty
- Construction inflation

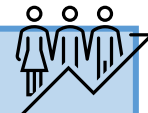
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Energy/climate change

- Heat in Buildings Strategy
- Fabric first
- Net zero

6



Demographic & consumer change

- Soaring demand
- Slower turnover
- Consumer attitudes

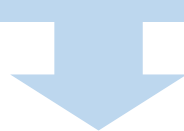
What do we mean by integrated asset management?

Integration of 3 key planning processes to determine if assets are fit for purpose



Service planning

Customer impact and performance of assets



Does the housing stock meet the needs & aspirations of tenants?

Do we manage it effectively & efficiently?



Financial planning

Return on investment and business plan impact



Does any part of the housing stock cost more than we collect in rent?

Can we afford to manage, maintain & invest in our housing?



Investment planning

Costed, affordable maintenance & improvement plan



Do we have a long term costed plan for the repair and maintenance of the housing stock?

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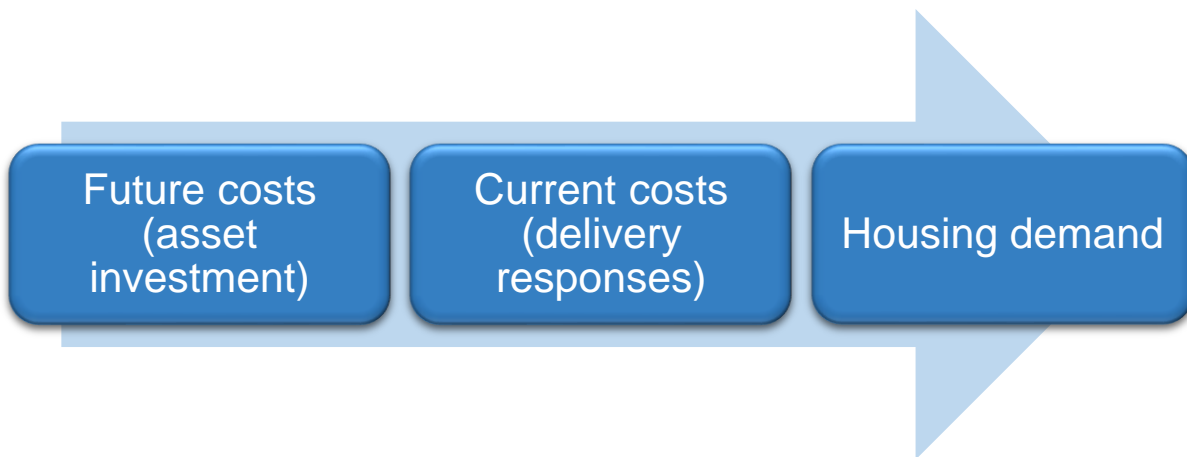
How do we evidence if assets are fit for purpose?

Three key drivers of
asset insight

**If future costs are high, current
costs are high and demand is low...**

Should we continue to invest?

Can we afford to invest?



From Strategic to Integrated Asset Management

Social landlords' ability to deliver good services is dependent on making the most of the homes they own



Not just as good places to live, but as the assets on which the whole organisation is built



Social landlords should think about the finance that is connected to its homes:

In rent that flows in from homes as assets

In costs that flow out in management, maintenance, investment

This involves managing a complex range of interconnections, spread over time

These 'interconnections' reflect different elements of asset performance e.g. running costs, condition, finance, health & safety, customer, demand, place

The outcome of one element could impact on another...

Insight on what drives asset performance can help inform decisions on investment & improvement

Integrated asset management involves the ability to balance and manage the interconnections between rent, management, maintenance and other performance elements to assess if continued investment is worthwhile

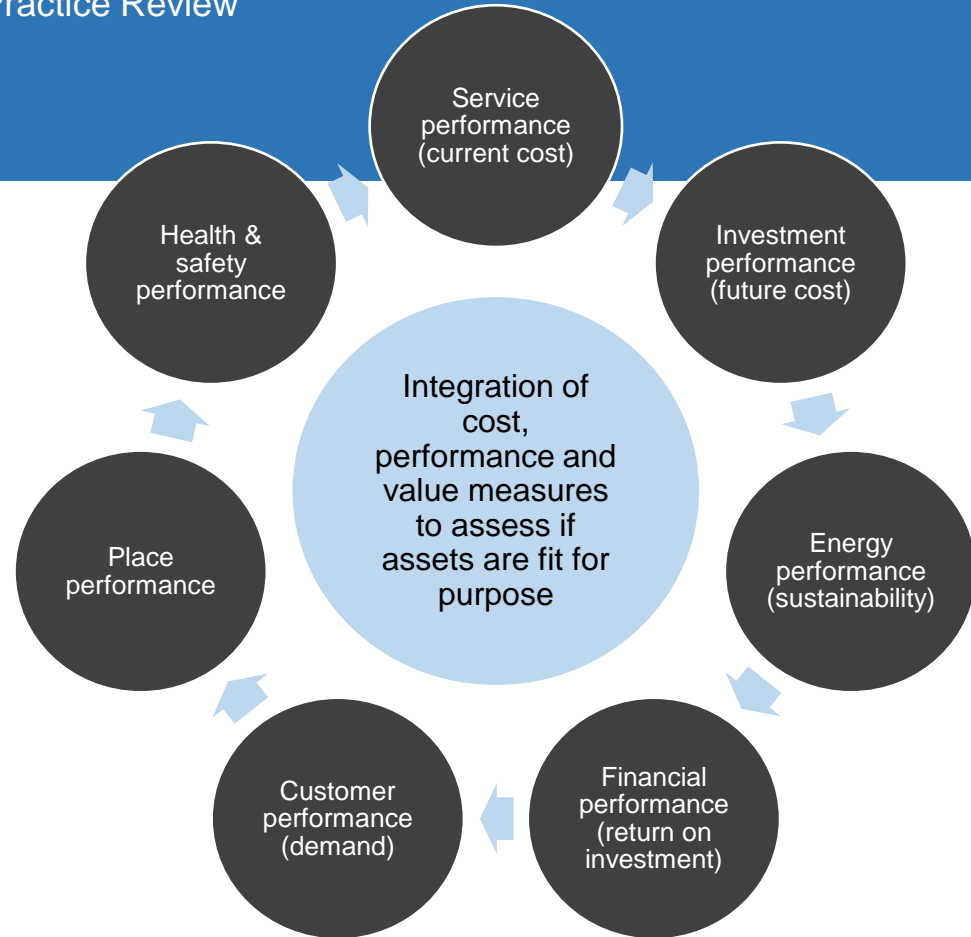
Measuring asset performance

An integrated approach to asset management focuses on every aspect of asset performance to establish if continued investment is sustainable.

The performance of assets should be assessed from a demand, management, financial, technical and strategic perspective to assess if they are fit for purpose now and in the future

If an asset is fit for purpose, it should be:

- managed efficiently and generating demand (service and customer performance)
- in good condition with a costed, affordable maintenance programme (investment performance)
- making a positive contribution to the landlord's business plan (financial performance)
- delivering value and amenity (energy and H&S performance)



Principles Based Approach to Recommended Practice

Principle 1:



Governing bodies and committees lead the strategic response to asset management and should be assured that assets are managed effectively

Principle 2:



Social landlords should have a comprehensive understanding of their assets

Principle 3:



Social landlords should develop an approach to understanding their assets

Principle 4:



Integrated asset management outcomes should be understood and used as evidence to inform future investment decision

Principle 5:



Social landlords should use the integrated asset management outcomes to inform their asset management strategies

Measuring asset performance – The key questions

There are interconnections across all areas of asset performance and the outcome of one area could impact on another

- investment or a lack of investment may impact on service delivery and customer demand
- service delivery performance may impact on the viability of the stock and financial planning
- financial management may have an impact on rents and service delivery decisions

Service performance



Do we manage our housing assets effectively & efficiently?

Investment performance



Do we have a costed, affordable plan for the repair and maintenance of the housing stock?

Financial performance



Can we afford to manage, maintain & invest in all of our housing stock?
Does any part of the housing stock cost more than we collect in rent?

Customer performance



Is there demand for our housing stock?
Does the housing stock meet the needs & aspirations of tenants?

Energy performance



Do our homes achieve positive energy ratings?
Does any part of the housing stock cost more to meet energy standards than we collect in rent?

Place performance



Do our neighbourhoods strengthen the relationship between people and place?
Are our homes connected to local amenities, services and transport?

Health & Safety performance

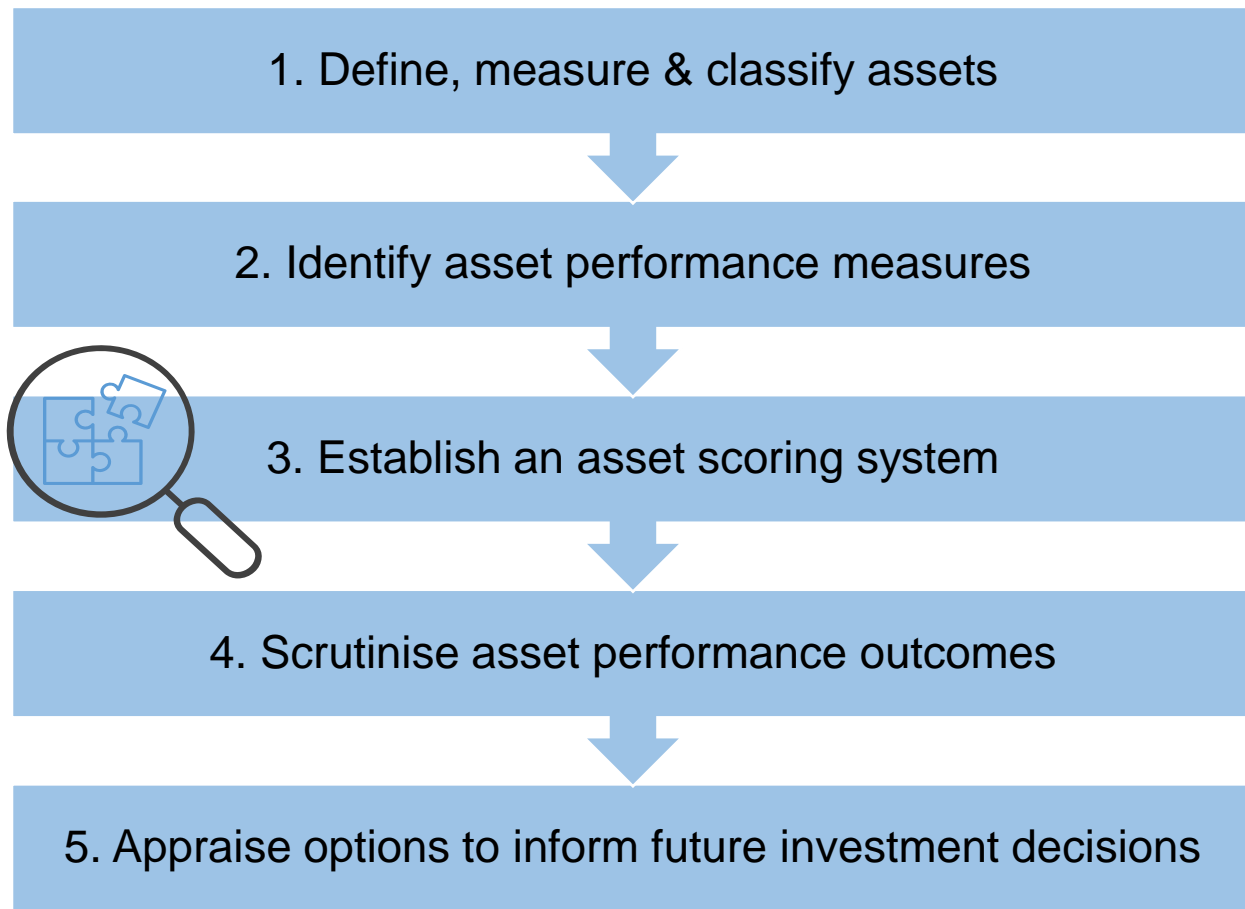


Does any part of the housing stock pose greater risk to tenant and resident safety than normal?
Can we afford the costs of Health & Safety compliance in all assets?



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Integrated Asset Management

The 5 Steps to developing an integrated asset management model



Defining, Measuring & Classifying Assets

Social landlords gather as much intelligence on their asset portfolio as possible to construct a comprehensive asset database, which details and classifies assets from a general, technical, operational, financial and customer perspective

Service performance

- Void rent loss
- Management costs
- Response repair costs
- Void repair costs
- Cyclical investment

Investment performance

- Internal component costs
- External component costs
- Non-traditional investment costs
- Mixed tenure costs
- 10-30 capital costs

Financial performance

- Net present value (return on investment)

Customer performance

- Turnover
- Refusals
- Demand – WL : Turnover ratios
- Accessibility
- Quality/satisfaction rating

Energy performance

- EPC rating
- Energy investment costs
- Net zero/decarbonisation costs

Place performance

- SIMD indices
- Environmental costs
- Place scores (PLACE standard)
- Digital connectivity

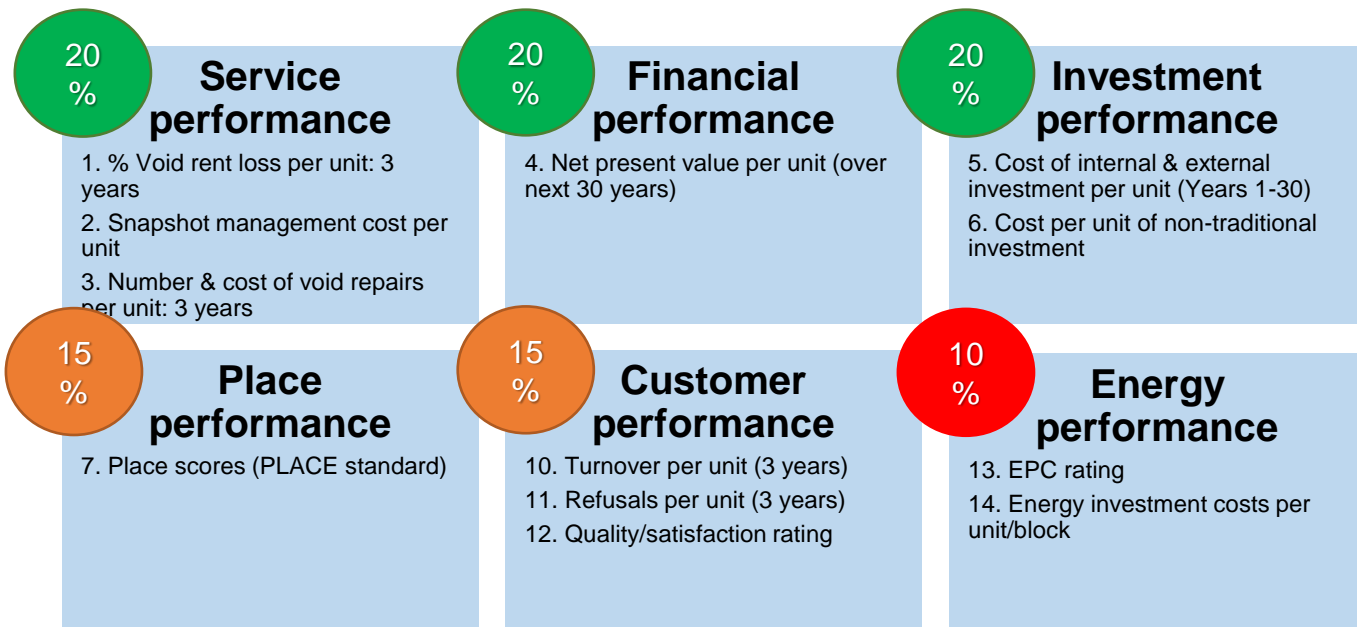
Health & Safety performance

- Health & safety risk rating
- Health & safety compliance costs



Identify asset performance measures

From a comprehensive asset database, a smaller number of key performance indicators should be collectively agreed to be used as the basis for assessing whether housing assets are fit for purpose



Key performance indicators should centre on factors that are more narrowly focused on asset performance, while general indicators ensure that wider social and economic factors are considered.

Landlords may also choose to rank key indicators in terms of relative importance in driving performance outcomes or in delivering investment or corporate priorities.

Establish an Asset Scoring System

Scoring benchmarks and parameters should be agreed for each of the key indicators, informed by considering a range of measures including maximum, minimum, average and quartile performance benchmarks

Devise a simple scoring system



1

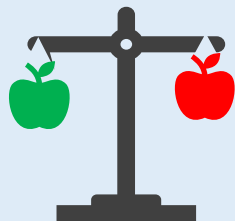
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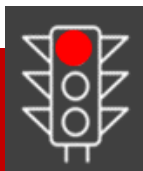
Benchmark scores for each indicator:
(1) Average local parameter
(2) Scottish average



Outcome system: Red/Amber/Green
Traffic lights applied to each asset group
to define most sustainable assets

Scrutinise Asset Performance Outcomes

Red Assets



What is the impact of red assets on the sustainability of the whole housing asset base?

Can we address performance issues through investment or improvement interventions to minimise negative impacts?

Amber Assets



What is the impact of amber assets on the sustainability of the whole housing asset base?

Can we target investment or improvement interventions to ensure amber assets

- Do not turn red?
- Turn green?

Green Assets



What is the impact of green assets on the sustainability of the whole housing asset base?

Can we target investment or improvement interventions to ensure green assets retain their performance status in the future?

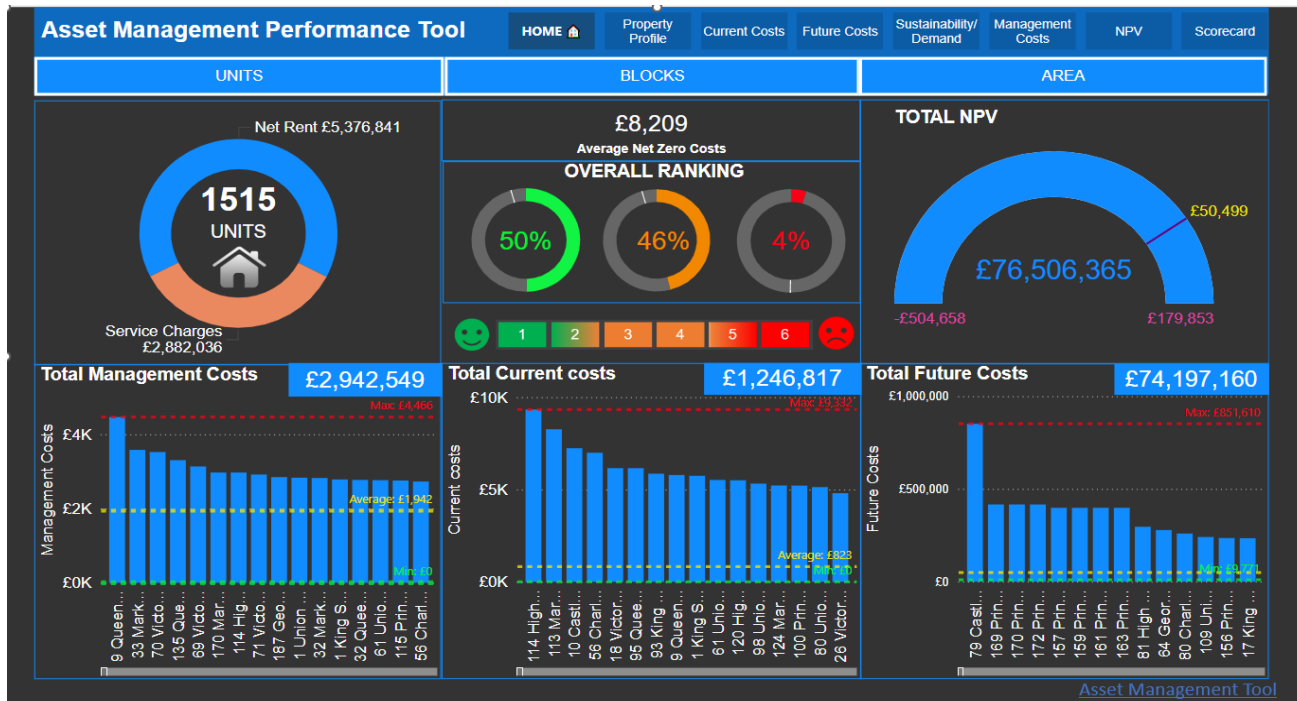
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Bringing it all Together - Data Visualisation



Data visualisation tools such as PowerBI enables analysis of asset performance scores and outcomes without need for reliance specialist software

Allows landlords to understand integrated asset performance drivers and extent to which they are controllable/uncontrollable



Appraise Options to Inform Future Investment Decisions

| Investment Option | AMP Assessment Outcomes | Investment Option | AMP Assessment Outcomes |
|--|--|----------------------|---|
| Status Quo: Continue as current asset profile | Green Assets: On going demand for current housing form Building is sustainable & fit for future | Change of Tenure: | Red Asset: Low demand for this form of housing but demand from owner occupiers |
| Remodel asset/ accommodation type | Green/Amber Asset: Ongoing demand for assets in are but lack of demand for the accommodation type Building can be remodelled & is financially viable | Demolition | Red Asset: Low demand for current form of housing, no demand for area High % of mixed tenure stock |
| Change use: Convert Client Group/ | Amber/Red Asset: lack of demand from current client group Building is in good condition & suitable for conversion | Demolition/New Build | Red Asset: Low demand for current form of housing, High demand area and new build development option more cost effective than remodelling. High % of mixed tenure stock |
| Implement interventions for reducing management costs and improving efficiency | Green/Amber/Red Assets with high management cost and poor service performance scores and financial scores | Disposal/Market sale | Red Asset: Low demand for this form of housing /High value land or building Potential to reinvest in more sustainable options High % of mixed tenure stock |

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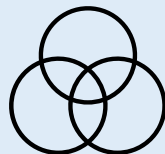
Data Quality & Why it Matters

Currently working with 5
social landlords who
collectively own 39,000
social housing units

2 decades of asset
management and
financial business
planning projects across
Scotland has revealed
common data quality
issues



Lack of current, credible
costed 30-year property
investment data (including
net zero costs)



Data linkage across
multiple data sources and
systems poor



Gaps in quality assurance
or maintenance of core
asset performance
datasets



Gaps in data insight or
analysis on financial
impact of investment plans
or management costs



Limited customer
engagement in asset
quality, demand or place
scoring insights



Fragmented data sharing,
assembly and
maintenance across
functional housing teams

Questions?



Sincere thanks for your attention

CIH - Scotland's Housing Festival 2025

Integrated Asset Management
A Practical Example

5th March 2025

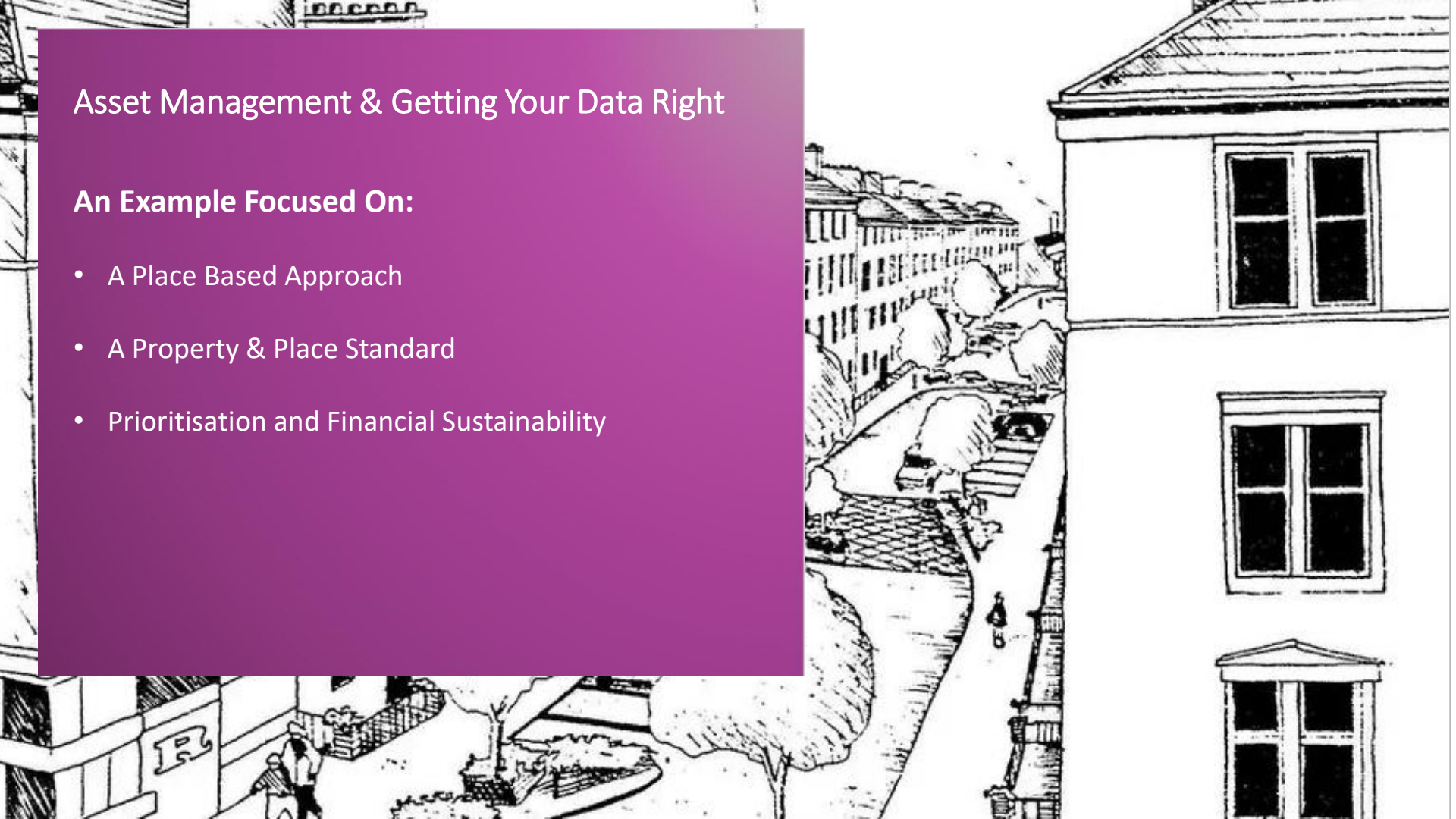
Andrea Paterson Frank Boyle

indigo**house**

Asset Management & Getting Your Data Right

An Example Focused On:

- A Place Based Approach
- A Property & Place Standard
- Prioritisation and Financial Sustainability



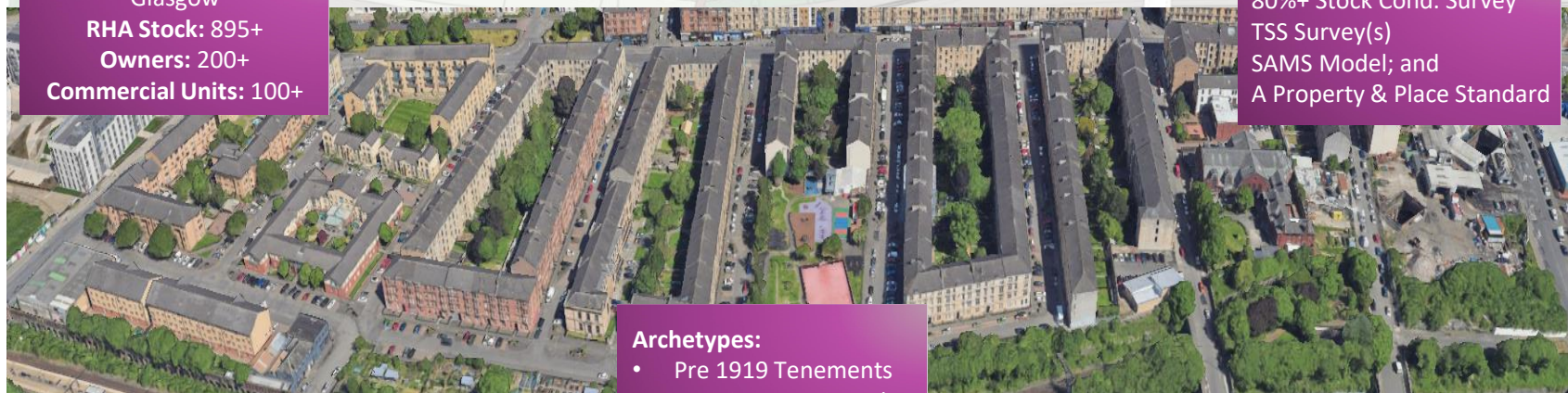
A Practical Example – Reidvale HA

2



Location: East End of Glasgow
RHA Stock: 895+
Owners: 200+
Commercial Units: 100+

Key Data Components:
80%+ Stock Cond. Survey
TSS Survey(s)
SAMS Model; and
A Property & Place Standard



Archetypes:

- Pre 1919 Tenements
- 1 Retirement Complex
- Post 1980 "new build"



We need to take a step back and take the necessary steps to fully understand:

- The days of just replacing components are now gone, we must take a wider perspective and embrace the complexity that comes with it.
- The current performance and **long-term sustainability of our Asset Base, from both a financial and non-financial perspective**, to promote a shared understanding.
- **The financial envelope we are working with, to ensure our investment is channelled into the correct stock.** The approach over the next decade is likely to involve a shift from full retention and investment in all existing stock.
- **Working with key stakeholders** - and understanding their environments - will be business critical.

A Practical Example - Developing a Property & Place Standard

2

SHR/Legislative Property Standards:

SHQS
Tenant Safety
EESHS2/SHNZS

Performance Standards:

ARC Indicators
Operational Indicators

Current Service Standards:

Stock Condition Survey
Planned Investment Levels
Cyclical & Repairs Service



Tenants Priorities for The Properties They Live in:

Tenant Sat. Surveys
Snap Polls – Via Cx
ED&I Assessments

All Residents Priorities for The Place They Live In:

Tenant Satisfaction
Surveys
Snap Polls – Via Cx

What Level of
Standards Can we
Afford to Sustain?
30yr Plan Scenarios

Baselining & Prioritising

Strategic Asset Management System (SAMS)

2

RHA Property & Neighbourhood Data

- Stock List (inc. Owners)
- Void Data by Property
- Repairs Data by Property & Block
- Cyclical Data by Property & Block
- Planned Investment Data by Property & Block
- SHQS Data by Property & Block
- EPC Data by Property
- SIMD Data by Datazone

Financial & Non Financial Performance & Prospects

- Financial Valuation
- RAG Assessment

Property & Place Profiles

- Identifies Stock Performance
- Risk Profile
- Helps drive better data driven decision making



Integrated plans from property to landlord wide strategy

If You Can't Measure It, You Can't Improve It

Establish the Long-Term Viability of Our Assets

Establish Long-Term Partnerships (LA's, RSL's, SG, Contractors)

Establish Long-Term Investment Plans That Are Based on Solid Data



How Can We Make the Most of What We Have?

How Can We Help Other RSL's & LA's?

How Can We Ensure the Sector Thrives in the Longer Term?

Good Data Equals Improved Prospects

Where are you on your data journey?





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Thank You



Asset Management



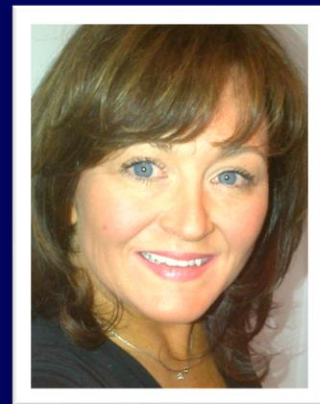
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Lunch break

Time to network and speak to your
exhibitors



Health Inequalities: How do we bridge the gap



Sally Thomas
Chief executive,
Scottish Federation of
Housing Associations



Scott MacLeod, Albyn
Housing



Craig Gurney
Senior lecturer (urban
studies and social
policy), University of
Glasgow

Tenants together

Scotland's tenant participation
and engagement network

www.tenantstogether.scot



Tenants Together
Scotland





Tenants Together
Scotland

Tenants together

Our Mission Statement

We are **a national network of tenants** committed to empowering **the tenants of today and tomorrow**, ensuring their **voices are heard and influence decisions** within the **Scottish social housing sector**, to **protect tenants' rights and make a difference**.



Tenants Together
Scotland

WHO

AUDIENCE

WHAT

WHERE

WHY



Tenants Together

Health Inequalities – The Questions we need to ask?



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- **How can we ensure every person in Scotland, regardless of their income or postcode, has access to the resources that promote good health?**
- **How we address the deep-rooted inequalities that continue to impact those living in social housing?**



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Key Factors in sorting the crisis:

- Quality of Housing
- Overcrowding
- Mental Health & Homelessness
- Poverty
- Access To Healthcare



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Tenants Together

The steps we can take together:

- Tenant Led Approach to Housing Standards
- Damp and Mould Enforceable Standards
- Nationwide Fuel Poverty Plan
- Greater Green Space and Community Facilities
- Better Transport links for Rural Tenants



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Scotland



Tenants Together

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**OF ALL THE FORMS OF
INEQUALITY, INJUSTICE IN
HEALTH IS THE MOST
SHOCKING AND INHUMANE.**

– MARTIN LUTHER KING, JR.



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Scotland

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