

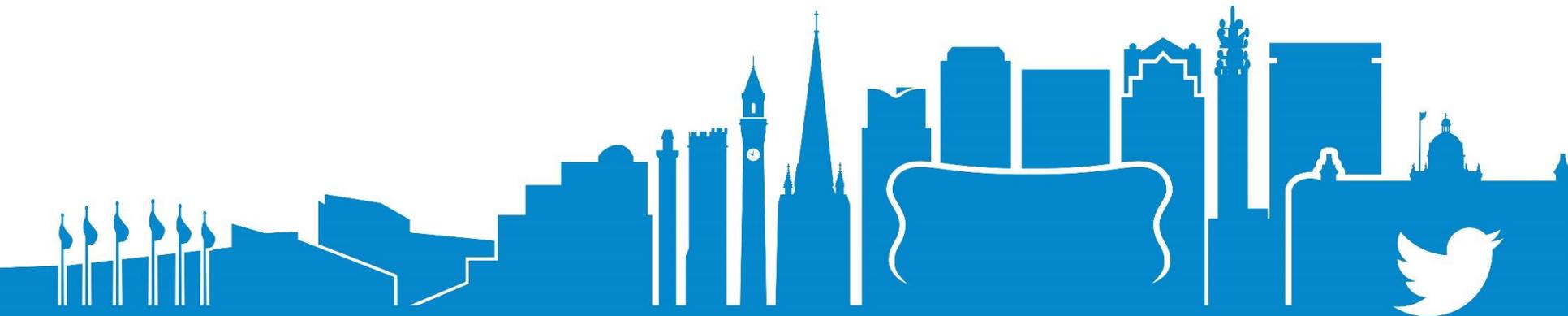
Workshop 3B:

Unlock the full potential of your asset portfolio

Speaker: Mark Astbury, FRICS CIHCM (Ridge and Partners LLP)

Chaired by: Karen Cannon

Room: Surrey Room



Introduction

Practical steps to improve Asset Management
with reference to the commercial sector

Definitions

- ISO55000:2014 defines asset management as the:

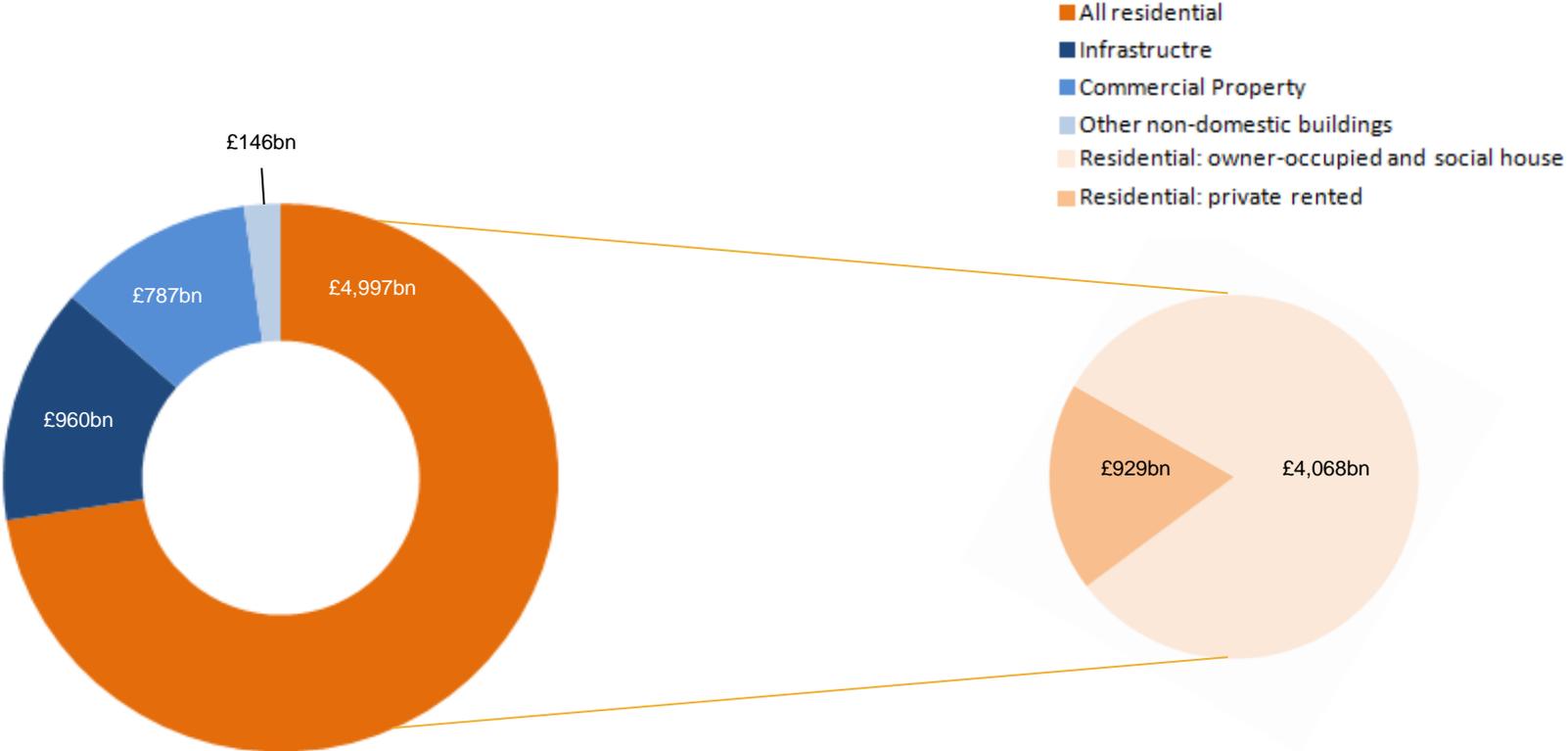
“coordinated activity of an organisation to realise value from assets”

“Asset management is a key part of business planning which connects, at a strategic level, decisions about an organisation’s business needs, the deployment of its assets, and its future investment needs.”

Commercial Property Asset Management

- UK stock of commercial property £787bn in 2014
- 15% increase from £687bn in 2013
- Represents 10% of national net wealth
- Private rented residential property a further 12% (£929bn)
- Stock provides 7.35bn square feet of space

How does this compare to residential?



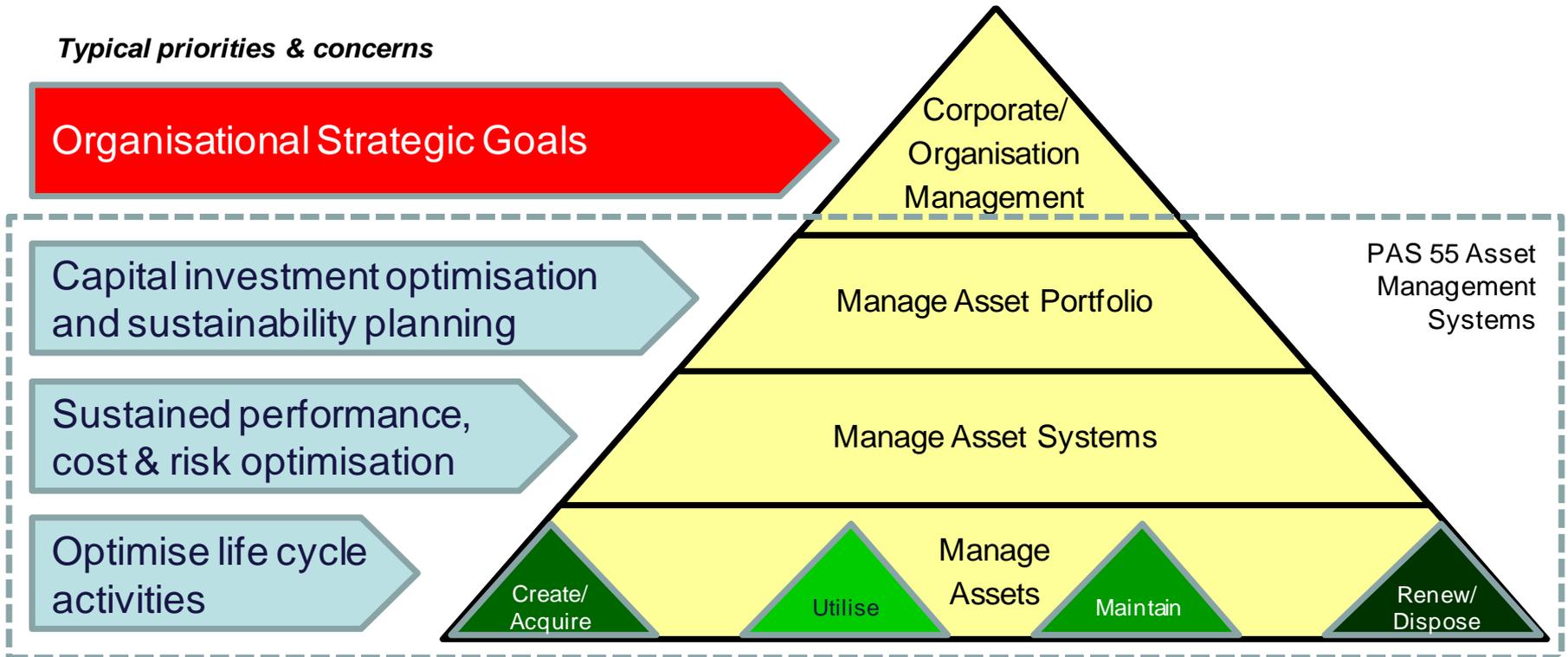
Source: PIA, Property Data Report 2015

Drivers

- Major capital asset
- Property typically 2nd/3rd largest revenue cost (e.g. offices rents at £15bn, 7% vs Employment £208bn)
- Historically under managed – non-performing resource rather than an asset
- Better returns demanded from property
- Solutions can gain competitive advantage – reduced costs, location, tenure, quality and configuration
- Working practices and space requirements
- Business rates burden, increasing 3% p/a

Priorities and Concerns

Typical priorities & concerns



Source: IAM 2006

Key Principles

1. Line of Sight

- Align investment on assets with the objectives of that organisation
- Recognise, accommodate and align risk of ownership with the organisations goals
- Changing working practices and space requirements

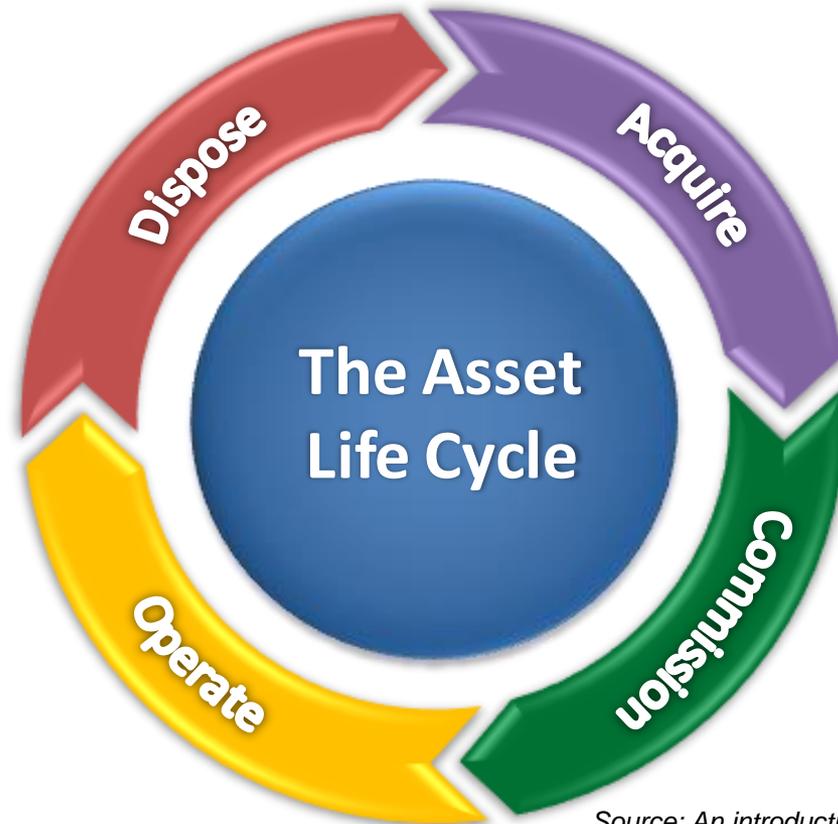
2. Capital vs Life Cycle Costs

- Specification/quality to reduce maintenance LCC

Key Principles

3. Asset Life Cycle

- It is not all about maintenance



Key Principles

4. Quality Management

- Asset Management should be subject to scrutiny through quality processes

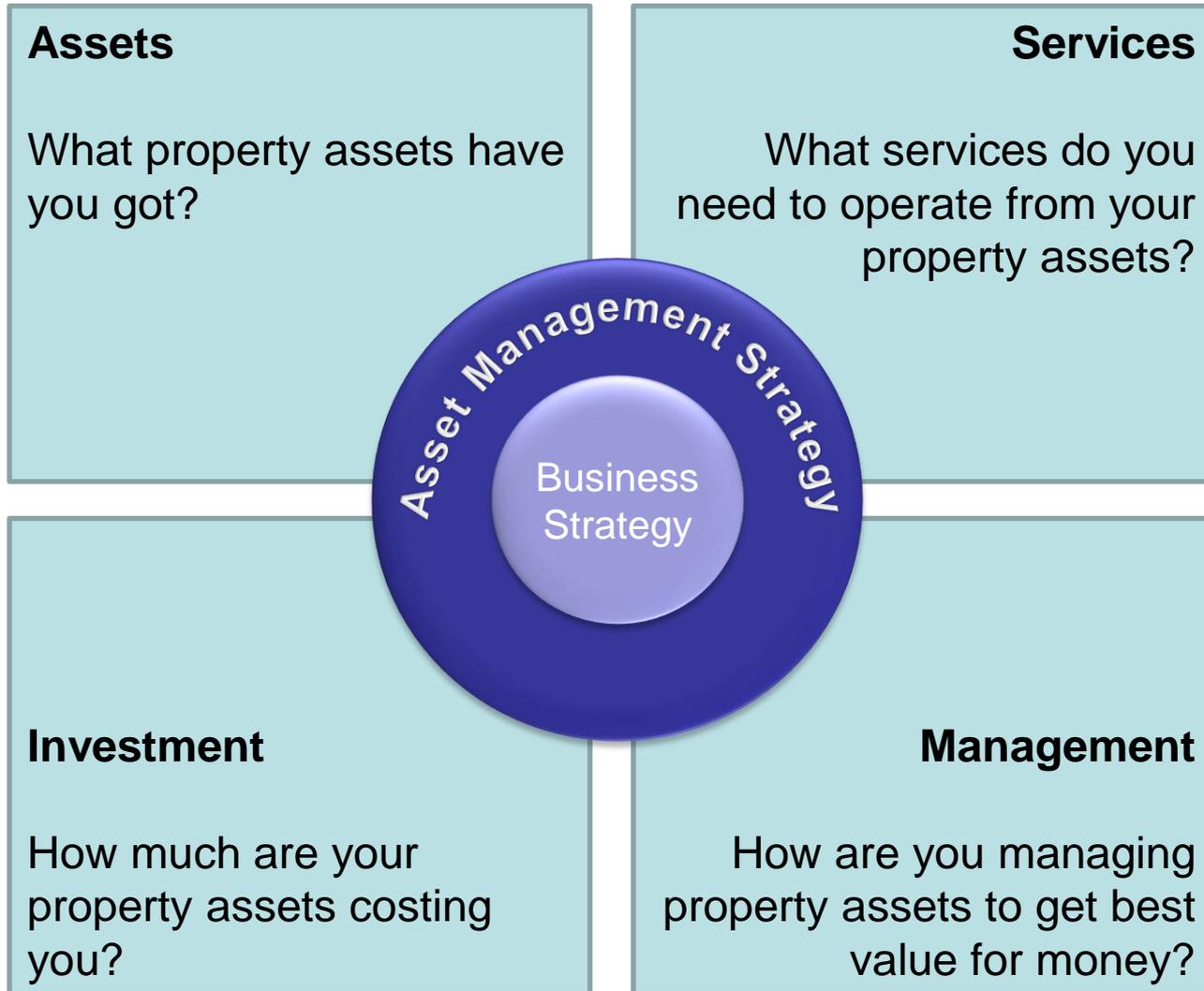
5. Stakeholders

- Should not be just property managers but include HR, Finance, Service, Planning, Design, Operations, Management, Marketing etc.

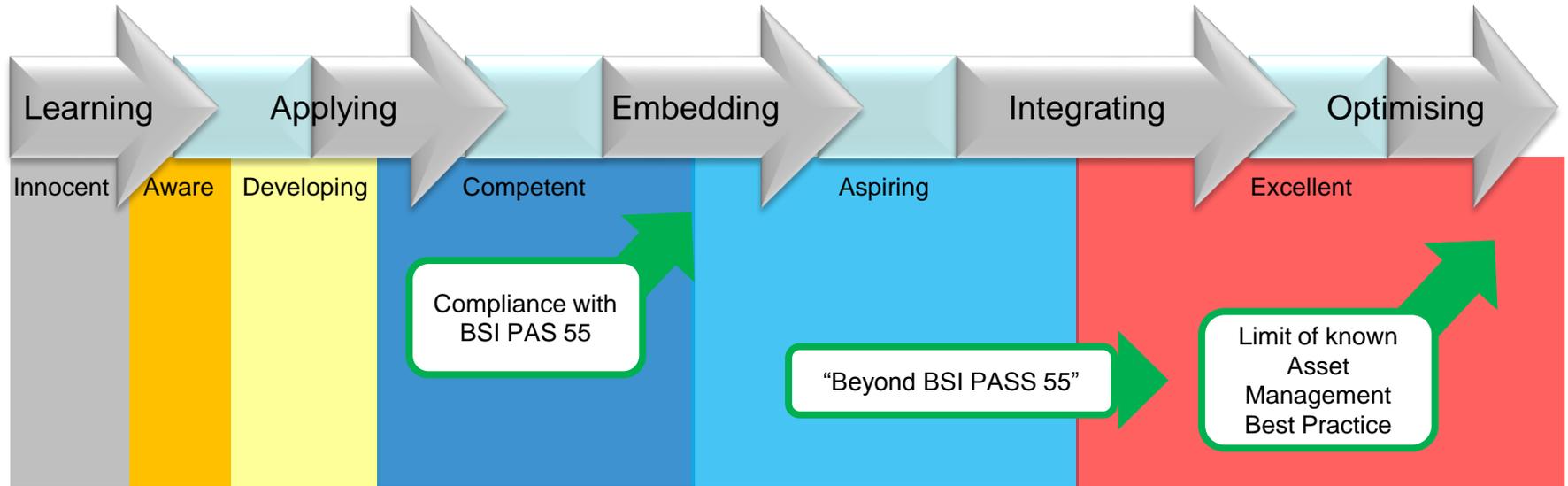
6. Stock Data

- Know the portfolio and record and maintain robust data to inform investment decisions and business plans
- What is Core (operational) and non-core stock?
- Associated costs clearly identified?

In Summary



Asset Management Maturity



Source: IAM – Richard Davis

Where are you now?

Sound Familiar?!

- Recent paper on asset management in housing
‘Working together to redefine asset management’
Richard Medley, CIH, November 2015

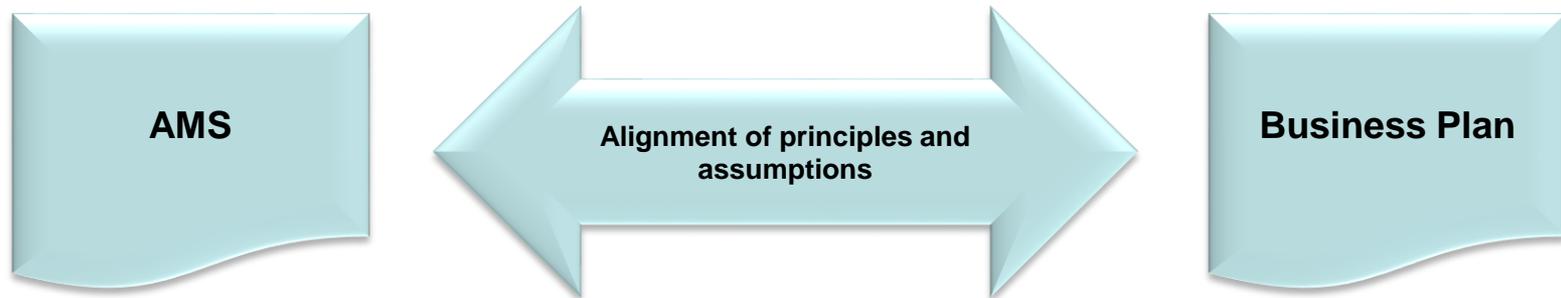
A ‘whole new ball game’ with a 9 point agenda:

1. Getting Everyone ‘on-board’
2. Location, location, location
3. Broadening horizons
4. Data, data, data
5. Performance assessment
6. Options Appraisal
7. Programmes and procurement
8. The right strategy and actions
9. Equipping the profession

Source: Working together to redefine asset management, CIH, November 2015

The Role of the Asset Manager

- Development of the Asset Management Strategy



- Development Investment Plans/Programmes of Work
- Oversee the delivery of programmes of investment
- Manage and develop resources (people)
- Manage and mitigate risk
- Collate and maintain stock data

Aligned with our best practice approach



Practical Steps

- Review stock data and validate
 - Regular address list conflicts
 - Blocks and flats
 - % of actual vs cloned data
- Analysis of stock investment requirements
 - 30 year cost tables
 - Defined 'Standards'/Sustainable
 - Affordable levels
- Asset performance
 - Viability Modelling (cost/demand/NPV)
 - Related assets (e.g. garages)
 - Investment in performing assets

Practical Steps

- Business plan alignment
 - Affordability
 - Assumptions/alignment with costs/SCS
 - Remove duplication/double counting
- Option Appraisal
 - Red/Amber assets from Viability
 - Retain/Refurb/Remodel/Redevelop/Dispose
 - Need/Use – rental strategy
- Procurement
 - Elemental renewals vs Estate approach
 - Aligned Strategy
 - Frameworks/consortiums – VFM?
 - In-house/outsourced/WOS/JV's/CSV's etc

Conclusion

- Commercial and Housing Asset Management based on similar principles
- Stock data core to any strategy
- Understand performance
- Life after Decent Homes
- Wider breadth of skills for Housing professionals in the Asset Manager Role.

Thank you – Questions?



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