**Future perspectives on asset management systems**

By way of introduction, the National Housing Federation’s recently-published book, ‘Managing the assets – A guide for housing associations’, states, “Central to a landlord being able to make plans for the continued good management and improvement of its assets is having good quality information on those assets. This information will provide a framework for acquiring and maintaining knowledge of the physical make-up and condition of the stock.”

Mervyn Jones, director of portfolio management for housing at Savills and co-author of the Federation’s book, said, “The basic requirements of an asset management system are a database to hold the results of stock condition surveys and a fully-integrated asset register containing all information about the stock and supplemented by various planning tools.”

**Supporting asset management strategies**

An AMS of some kind is fundamental to almost every housing provider’s core business strategy, even if the AMS is merely a set of spreadsheets. But how should an AMS support and strengthen the way in which a housing provider manages its assets?

Martin Gladwin, head of asset management, Plus Dane Group, said, “Starting with basic issues such as a full asset register, attribute register, sample stock-condition survey and energy data, the AMS should give housing providers a clear and auditable record of their housing portfolio, how it currently performs and how it is expected to perform in future.”

However, an AMS shouldn’t be considered as a standalone application; it has the potential to give a better perspective on almost all areas of the business.

Rob Hewes, director, Keystone Asset Management Solutions, said, “An AMS allows companies to take a wider view of the stock, not merely collecting stock condition data and using it to project forthcoming costs, but also assess the stock against a variety of quality standards, determining energy efficiency, and carrying out viability and sustainability assessments which can underpin disposal decisions or investment priorities.

Scott Wise, head of asset management strategy, Places for People, added, “We are using dynamic data to enhance our approach to asset and investment planning, and the impact of installing our AMS has been more profound than we expected, for example allowing us to move from ad-hoc planning to evidence-based planning.”

Furthermore, Dales Housing reported that since it had started using an AMS, in this instance from PIMSS Data Systems, the data used to create its programmes of work is now so accurate that it no longer needs to draw down significant additional funds for contingencies.

**Is your AMS really necessary?**

As mentioned earlier, spreadsheets and basic databases are still sometimes used for asset management but unless the housing portfolio is very small and very homogeneous, the time and resources needed to manage the asset data will almost certainly exceed the cost of a dedicated AMS.

John Worsfold, managing director, In4systems, said, “Although some companies still function on spreadsheets, with consequent issues around repeated data entry and validation among other areas, there is no real alternative to an AMS.”

Gladwin added, “Most housing providers will have a large number of properties spread across a wide geographic area, of multiple construction types and ages. It is very difficult to understand how any housing provider of such size and complexity could operate effectively and efficiently without an AMS.”

Although there is a middle ground between the low-key options of Excel and Access and a full-blown AMS, in the form of the asset management modules often available for existing housing management systems, this approach can fail to deliver either the apparent cost-savings of spreadsheets or the functionality of a proper AMS.

Martin McDonnell, managing director, PIMSS Data Systems, said, “Some housing management systems have an asset management module, but they are generally low in functionality. The better option is to link a fully-featured AMS to the housing management system so that property data is shared across the entire business as a valuable information source.”

Asset management also extends beyond internal processes and activities. Hewes said, “The other consideration is that using Excel or Access makes it very hard for housing providers to show auditors and inspectors that they have a robust, reliable, and sustainable approach to business planning.

“You have to prove that you are using a system such as Excel or Access, and provide the evidence to the regulator. However, an AMS can prove that this is the case, and that the data has been changed, updated or validated.”

Jacky Eimermann, head of asset management, Watford Community Housing Trust, explained that an AMS should not only underpin the business strategy around areas such as major works, responsive repairs and planned maintenance, voids and disposals, it should also enable forward planning and scenario modelling for stock appraisals.

**Business & IT influences for AMS adoption**

The reasons behind individual housing provider’s decision to base their asset management strategy on a dedicated AMS range from ‘step changes’ in operational circumstances, such as stock transfers or mergers and acquisitions, to the need to take a more integrated view of their assets with respect to activities such as future investment planning, regulatory compliance, and scheduling major programmes of work.

McDonnell said, “In our experience, some of the main business drivers for an AMS usually include mergers or stock transfers (resulting in the need to move to a single source of stock data), the completion of a major stock survey and the subsequent data analysis, accurate data and evidence around Decent Homes initiatives and other regulations, and improved financial management.”
Jones from Savills added, “Some of the catalysts for the adoption of an AMS are the need to forecast demand for major repairs and improvements over 30 years or more, identify properties that do not comply with agreed standards or might contravene statutory obligations, the identification of properties which may become surplus to requirements, and prioritise capital improvement and repair programmes.”

**Functional requirements**
Most AMS have an incredibly wide range of functionality, particularly from the perspective of housing providers considering the migration from spreadsheets for their asset management. While by no means an exhaustive list, some of the standout functionalities and characteristics include:

- Software as a service/web-based delivery model for ease of deployment, training and support and (usually) lower costs;
- Advanced database functionality to allow the AMS to act as the single repository of all information relating to each asset;
- In-built support/integration with commonly-used housing and finance management systems;
- Scenario planning and ‘stress testing’ to let you model the future impact of different strategies and decisions;
- Support for component accounting and SoRP;
- Contractor management and service records management;
- Environmental impact metrics to inform investment decisions;
- Data collection and validation for field-based workers using handheld devices.

McDonnell from PIMSS Data Systems said, “As well as the main functional attributes of the AMS, don’t forget to take into account your supplier’s commitment to constant improvement as asset management is an area of constant legislative change.”

Gladwin from Plus Dane Group added, “The basic functions should include an asset register, stock condition data, property attributes, and an asbestos register. It is also very important to ensure that the reporting tools are flexible enough to allow the housing provider to query their data in any way they want without having to go through detailed and complex report-generation processes.”

**Application integration**
For an AMS to deliver its expected benefits, it needs to integrate with, and share data from, other core business applications, such as housing management and finance systems. In the past, this has often been achieved through data replication between systems but over time this results in problems around data synchronisation.

Hewes said, “Integration with the existing housing management system has long been the ‘holy grail’ for an AMS. Keeping the AMS data current is a primary objective, and with planned and responsive works usually managed by the housing management system, the completion of these works needs to efficiently update the associated stock condition data in the AMS. Equally, once planned programmes have been derived in the AMS, it is important that these are made available to the users of the HMS, to answer resident enquiries and to alert repairs operatives to the existence of future plans when raising responsive repair orders.”

Worsfold from In4systems added, “An AMS should interface fully and bi-directionally with all key systems. For example, warranty details passed to the HMS (if the reactive function is carried out there) should prevent housing providers paying for repairs when the installer should pick up the bill. At the same time, when a component is replaced reactively, it should be removed from the maintenance plan, and vice versa.”

From a housing provider’s perspective, Eimermann said, “Rather than building often costly and lengthy interfaces and links, we have approached the problem slightly differently. We require our contractors to provide information in a format that can be loaded into both our AMS and our finance system.”

**SoRP compliance & component accounting**
As we have covered frequently in recent issues of Housing Technology, component accounting and compliance with the April 2012 deadline for the Statement of Recommended Practice (SoRP) will mean that the volume of assets in most housing providers’ asset register will increase by around 7-8 times. This will have a significant impact on almost every housing provider’s AMS as well as how finance and asset management teams work together.

Jones said, “The introduction of component accounting means that annual accounts and management accounts should reflect more accurately the reality of asset management. Perhaps more importantly, financial records will need to be improved to provide better management information to support asset management decisions. It also means that finance and asset management teams should work more closely together, using common and hopefully integrated management systems.”

Hewes added, “As component accounting makes its presence felt, it is clear that auditors will expect asset managers and finance managers to work together, and to use common data, and to adopt a consistent approach. In other words, unless the business plan and balance sheet have been prepared using the same component lives and costs, auditors will have difficulty in signing off the company’s accounts.”

**Good data matters**
How important is the accuracy of the data stored in an AMS? Not surprisingly, the consensus is that it is absolutely vital that the data is as accurate and up-to-date as possible, particularly given the scale and longevity of some of the activities undertaken based on decisions made using the AMS. As both Eimermann from WCHT and Worsfold from In4Systems said, “Rubbish in, rubbish out.”

Wise from Places for People said, “Good data is vital for business planning purposes. It’s the fundamental purpose of the system to hold accurate data, provide evidence-based returns and to ensure that complex
Future perspectives on asset management systems

Continued from previous page

National programmes of work can be centrally-costed, managed and disseminated to the wider business.”

Savills’ Jones explained, “Housing providers must maintain good information about the assets they hold. Without accurate data, they can’t produce credible long-term business plans, obtain valuations for loan security or balance-sheet purposes, work out market rents to derive Affordable Rents under the new HCA framework, or even produce regulatory reports.”

Watch out for pitfalls

All implementations of business-critical IT applications have risks associated with them; from the initial product and supplier selection process, through specification and implementation, to roll-out and end-user adoption. For the most part, these risks can be mitigated through good project management, executive buy-in, sensible timescales and realistic funding models, so what are the pitfalls to look out when deploying an AMS?

The most common pitfalls are a combination of being too ambitious in specifying what the AMS should do and trying to collect more asset data than is necessary. Gladwin from Plus Dane said, “The most common mistake is over-specifying the AMS at the start; there is little point in buying a very advanced AMS, of which only 10 per cent of its functionality will ever actually be used. It is usually difficult and time-consuming for non-IT staff to adapt to new software and this is more likely with an over-specified AMS.”

Keystone’s Hewes added, “During the AMS evaluation process, stay focused on what is important to you and don’t become distracted by superficial or exciting functionality that is ultimately likely to be irrelevant or rarely used. Furthermore, don’t collect more detail than is necessary for your expected level of planning; defining too much detail will make it almost impossible to keep the system up-to-date, endangering the wider asset management strategy.”

Worsfold from In4systems added, “Make sure you allow enough time for data cleansing and validation, and never underestimate the need for training to ensure widespread and effective adoption.”

Measuring the success of your AMS

Having implemented an AMS, it is naturally important to regularly review its operational and financial impact, the first step of which is to ensure that it’s actually being used effectively.

Hewes from Keystone said, “The primary objective of an AMS is to give the housing provider a strategic business planning tool so the ultimate indicator of success is whether they do make use of it for this purpose. Ultimately, as one of our customers said, ‘The biggest change is that we can now set budgets based on asset management requirements, and not the other way around. Other housing provider’s asset teams can be given a budget and then have to work out how to spend it, usually in a very inefficient way’.”

In the short term, the AMS will free up internal resources from repetitive, manual and error-prone processes, such as duplicate data inputting, and allow asset information to be closely integrated with all day-to-day activities. This might mean answering tenant queries faster and more accurately, giving field-based workers and surveyors direct access to asset data on handheld devices to improve productivity, or more cost-effective grounds and maintenance contracts through more accurate tender documentation.

McDonnell from PIMSS Data Systems said, “Two of our customers identified savings of at least £40,000 in the first year of implementation and another increased the number of surveys that could be completed by one surveyor from five per day to 15 per day using handheld devices and the ability to update data directly into the asset management system.”

And taking a longer view, the intelligent use of an AMS will ensure that property developments and dispersals can be better planned and costed, stock transfers, mergers and acquisitions can be modelled and ‘stress tested’ to achieve optimum outcomes, and regulatory compliance becomes easier.

Conclusion

Discounting the use of Excel spreadsheets and Access databases for asset management, an AMS should give housing providers a clear and auditable record of their housing portfolio, but only if the AMS is based on accurate and timely data.

It shouldn’t be considered as a standalone application; for an AMS to deliver its expected benefits, it needs to integrate with, other core business applications. The result is a better perspective on all areas of the business.

SoRP will affect all housing providers’ asset management strategies, with a consequent effect on their AMS, increasing the number of assets in their registers by almost ten times.

Finally, avoid collecting unnecessary data, and don’t be too ambitious when deciding what your AMS should do.

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