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**Sector:** Housing  
**Asset owner:** InCommunities and Magna Housing



## Introduction

### Description of assets in study

Affordable housing assets serve families, individuals and vulnerable adults who cannot afford market rent or home purchase.

In the UK, there is approximately 4 million such homes managed by over 1,500 registered providers.

These assets range in age from 100+ years old to newly built properties that encompass different construction types and methods. Despite these differences, they are all managed the same. Our objective is to demonstrate the advantages to adopting ISO 55001 for better asset management practices and increased consistency across the sector.

### When was the activity carried out?

Since 2019, we have been working with Magna Housing, enhancing their understanding, competence, and awareness of industry standards. In 2022, one of our team members was seconded to Magna to assist with data management, analyse ongoing activities, create optimum investment plans and contribute to their Strategic Asset Management Plan (SAMP) development.

Additionally, since the summer of 2023 we were commissioned by InCommunities to support the development of their SAMP. This was internally approved in April 2024.

### Why was the activity carried out?

There is growing concern that much of the nation's current housing stock is ageing and fails to meet standards. Despite growing fines for maladministration from regulatory bodies, little action has been taken to improve the situation. The sector tends to adopt a reactive approach, responding with repairs and maintenance over a strategic asset management philosophy.

Considering the total asset worth of approximately £650 billion, there is a lack of understanding regarding value. This stems from the sector's non-profit driven nature, which results in an underutilisation of asset value.

For instance, a small housing provider with 5,000 homes could generate around £25 million in annual rent income. However, without a clear asset management system, this investment often focuses on new construction, or patching up existing stock.

We've engaged with numerous housing providers and found a general lack of understanding about asset management. The sector needs clear direction to help recognise the importance of a systematic, strategic approach to managing their homes.

Remarkably, when we ask many housing providers if they have even heard of ISO 55001, all respond with a resounding "no, and we don't need it anyway."

## Terminology

Affordable Housing, Social Housing, Council Housing = Homes rented to people in housing need.

All terms are used interchangeably, they all have the same definition generally, but just might result in slightly different tenancy agreements, or rents charged.

Registered Provider = Provider of affordable housing which is a registered social landlord or other body registered as a provider of social housing.

Also referred to as “Housing association” or “Housing provider”, historically all registered providers were “not-for-profit” or “charitable” organisations, but many now have a “for profit” arm of the business and may build market sale homes that can be re-invested into the social housing portfolio.

## **Description of activity**

### **Methodology**

Drawing on experience from other sectors, we’ve applied the 6 box framework with Magna Housing and the new 10 box framework with InCommunities.

Despite offering free gap assessments to encourage organisations to understand their asset maturity, there has been minimal uptake. This highlights a general lack of awareness or willingness to change existing approaches.

Additionally, we have collaborated with Asset Wisdom (AWE) to create a housing specific E-learning platform. As well as hosting webinars and participating in conferences.

Our approach emphasizes communicating the benefits to housing professionals who may not be familiar with asset management terminology. Overcoming this language barrier is our initial challenge as we strive to explain the advantages of ISO 55001 alignment and the risks associated with not adopting it.

We tend, therefore to not be too prescriptive in our methodology.

### **References**

We often refer people to the IAM Big Picture when we first discuss ISO 55001 with them.

## **Risk types**

Risk management and risk awareness within the housing sector remain limited. This is evident from increasing media attention and unfortunate incidents of fatalities in homes due to inadequate management. While organisations maintain risk registers, the risks identified often focus more on business-related aspects rather than the assets themselves.

## **Risk management process**

As mentioned earlier, the housing sector lacks robust risk management processes typically found in other industries. Our goal is to increase awareness of asset-related risks and educate the sector on quantifying and factoring risk when making decisions.

## **Tools used**

We've developed a housing decision support tool that allows users to maintain a component library, create assets using those components and calculate the lifecycle costs for both components and assets. The system also features a risk and social value library, enabling users to incorporate risks and social benefits to their asset management.

The tool includes various business cases, helping users determine the optimal approach for a property based on different decision criteria. Current decisions within the sector are based solely on Net Present Value (NPV) or Payback period. Whereas our system performs more dynamic calculations, including Internal Rate of Return (IRR), Equivalent Annual Cost (EAC), risk costs and social value generated, providing whole-life cycle costs across a determined planning horizon.

## **Costing**

Applying basic asset management principles, we've introduced novel cost techniques and methods to the housing sector. By leveraging housing data, assessing risks and considering benefits, we've supported informed decision-making.

Our analysis of replacement cycles, incorporating cost data and risk assessment, has prompted these organisations to view their cost data more strategically.

## **People**

At Magna Housing, our work has been directed by the executive level and has involved collaboration with various business roles. We've closely engaged with the CEO, Director of Sustainability and Investment, Head of Asset Investment, Sustainability Business Partner, Energy & Retrofit Coordinator, Data and Governance, Responsive Repairs Manager, Head of Customer Experience, maintenance operatives and trade staff.

Whereas, with InCommunities, our efforts have been more focused. We've worked closely with the Director of Assets and their Change Business Partner to create the Asset Management Policy and SAMP, ensuring alignment with the strategic direction.

## **Evaluation**

### **What was the main output of the activity?**

The most significant outcome currently is that the two organisations are now aware of and actively seeking alignment with ISO 55001. At Magna, valuable business insights have captured the interests of those initially sceptical about this approach. Collaboration between departments has improved, fostering alignment throughout the organisation – from top to bottom and across departments. This transformation stems from the new Executive Leadership structure, which is based on the IAM 6-box framework.

Financially, Magna has seen an increase in NPV for new developments and a reduction in maintenance spending per home. Analysis reveals that 22% of assets account for over 80% of all response maintenance costs, providing crucial data to inform decision-making.

The introduction of a new asset management language and approach has been embraced by all members of the business as evidence of the analysis and insights comes to the forefront. InCommunities SAMP has received board approval and is now being implemented across the organisation, leading to a cultural shift and enhances understanding of the assets among staff.

### **Validation**

In both cases, neither organisation has sought independent verification or validation. The most significant validation lies in witnessing the culture change and increased awareness about their role as asset managers.

InCommunities' SAMP has received approval by their Executive and Non-Exec Boards. Additionally, they were invited to speak about their journey at the IAM conference in London in November 2024, while they also look to become the first ISO 55001 certified housing provider in the UK.

While not directly asset management validation, an original piece of work with Magna Housing, involved analysing data comparing whole life costs (WLC) of traditional versus off-site manufacture for building and maintaining homes. This report was instrumental in decisions by the organisation, leading to testing off-site construction on five new housing sites. The innovative and collaborative approach was recognised with awards from Constructing Excellence South West and subsequently the regional award in the same category. This evidence highlights the industry's embrace of using data-driven decisions to understand WLC costs.

### **Outcome**

Our initial goal was to raise awareness of ISO 55001 within the housing sector. However, as previously mentioned, resistance to change persists throughout the industry. Regulators and government bodies tend to prioritise new build targets, leaving little guidance on managing existing assets.

We expect that the positive outcomes observed at Magna and InCommunities will eventually establish ISO 55001 as best practice within the sector. We firmly believe that adopting a more systematic approach to asset management is essential for enhancing longevity and efficiency, and ultimately benefits business models. But housing professionals will not simply take our word for this; they are looking for evidence of the benefits.

Our commitment remains focused on promoting the advantages of strategic asset management. By increasing awareness of this previously untapped market with the IAM, we hope to raise the profile of a sector much in need of an industry standard and cross sector learning.

Based on our experience with the sector, it appears that the IAM language and focus often cater to technical assets and engineering backgrounds. We recommend or hope that when establishing new Sector Specific Groups, there could be one specifically for sectors that are new to the standard or new to strategic asset management?