

## 1. Introduction

In 2012, the Scottish Housing Regulator (SHR) published Strategic Asset Management Recommended Practice (SAMRP). In producing the practice guide, our aim was to assist RSLs and local authority housing services to review and develop their approach to strategic asset management.

Due to significant changes in the operating environment over the seven-year period since its publication, we now require to update the recommended practice ensuring it continues to be relevant and reflect the issues, obligations and challenges currently faced by social landlords in Scotland. To achieve this, we commissioned Arneil Johnston to carry out a review of the SAMRP, identifying where existing material could be revised, supplemented, scaled back or withdrawn. The review is informed by analysis of current Scottish (and UK) operating environments and reflects housing sector practice, emerging innovation and main priorities.

To test review findings, we are launching a survey in March 2020 to identify the views, expectations and recommendations of Scottish social landlords on how recommended practice on asset management could be improved, supplemented or restructured. It questions how the practice guide could offer greater relevance, clarity or opportunities for continuous improvement. Feedback from RSLs and local authority housing services will then inform and update a revised SAMRP. This briefing sets out the findings and recommendations of the desk-based review, to be tested through survey questions.

## 2. SHR SAMRP Review

Arneil Johnston was commissioned by the Scottish Housing Regulator in November 2019 to carry out a comprehensive desk-based evaluation of the Strategic Asset Management Recommended Practice to assess and identify:

- relevance to current asset management practice in the Scottish social housing sector;
- updates to take account of recent recommended practice on tenant and resident safety;
- gaps in recommended practice material; and
- new or emerging asset management issues or challenges which should be addressed by the recommended practice guide.

**Key findings from the desk-based review concluded that recommended practice on asset management should be updated to offer greater relevance and more clarity on how to:**

### ***Asset management philosophy and approach***

- execute an effective asset management planning and review cycle;
- achieve a more holistic approach to asset management detailing recommended tools, processes, systems, strategy and delivery planning techniques; and
- bring the right people together from across each organisation to make holistic asset management decisions, detailing who typically could/should be involved in decision making and analysis.

### ***Tenant and resident safety***

- comply with the tenant and resident safety duties and obligations of social landlords including recommended practice advice on landlord compliance management, monitoring and quality assurance processes; and
- enable Governing Bodies to ensure compliance with tenant and resident safety obligations including more clarity on duties and minimum assurance levels.

### ***Assessing asset performance***

- assess asset performance including details of how social landlords should assemble and integrate data to provide a more holistic view of asset performance;
- assess the performance of assets from a customer perspective, including good practice principles on how housing market assessments should influence analysis of asset demand; and
- apply intelligence of asset performance to enable risk identification, management or mitigation.

**Data management and analysis**

- achieve effective data and information management, detailing the typical data inputs (i.e. indicators of asset performance) and analysis techniques which provide insight and information on asset performance.

**Business planning and viability assessment**

- integrate asset management scenario testing with 30-year business planning projections and analysis; and
- assess the financial viability of property investment proposals (considering both planned and response maintenance) to review the viability of housing assets.

**Option appraisal**

- use asset management intelligence to identify and appraise of future options, including testing the long-term viability of investment aligned to analysis of housing market operation.

**Strategic response**

- utilise evidence to inform asset management delivery plans and priorities within a wider strategy aimed at improving the overall sustainability of housing assets; and
- monitor and evaluate the impact of asset management improvement actions, ensuring effective delivery through successful procurement and contract management.

### 3. Key recommendations

Key recommendations arising from the review findings that should inform an updated recommended practice guide, include a need to:

- set out a clear purpose and scope for the recommended practice guide focused on an asset management philosophy that ensures assets are sustainable and remain fit for purpose;
- provide a more conclusive and clear definition of what we mean by asset management; focused on the concept of taking a 'holistic' approach which aligns service planning, business planning and investment planning to assess asset performance;
- offer good practice principles for achieving a holistic approach by outlining typical partnership, planning, risk management, delivery tools and techniques; and
- set out a principles-based framework to implementing a holistic approach to asset management structured around the following six recommended practice principles:
  1. Principle 1: Building the intelligence: defining, measuring and classifying assets;
  2. Principle 2: Asset performance analysis;
  3. Principle 3: Integrated performance scoring;
  4. Principle 4: Assessing integrated outcomes;
  5. Principle 5: Option appraisal; and
  6. Principle 6: Strategic response.