

Guest Editorial

Value for Money and Assets Management in housing

Introduction

During the UK government's Comprehensive Spending Review in November 2015, the Chancellor announced that the government is committed to a £6.9bn housing investment programme showing just how housing is a high priority now. Housing Associations are required to build thousands more homes for people at all levels of the housing market. In addition, the Chancellor announced that rents in social housing would be reduced by 1% a year for the next four years resulting in a 12% reduction in average rents by 2020/21. The policy change has been criticised by many social landlords predicting a reduction in housing investment (Grove, 2015). While Value for Money (VfM) has always been a key area of focus in the housing sector, the current economic climate makes it even more important that the housing sector adopt a more sustainable asset management approach that deliver social, economic and environmentally friendly quality homes. WM Housing Group (2015) argues that Value for Money (VfM) is about being resource efficient in planning, managing and operation of the business. VfM is an issue of growing importance across the social housing sector that involves a better understanding and performance improvement of the assets through better decisions (Jones and Wilson, 2014). Sustainable procurement processes are important in promoting good performance and value for money culture in the housing sector.

Following a consultation in September 2017 by the Homes and Communities Agency, the Regulator of Social Housing has issued a new Value for Money (VfM) Standard and a supporting Code of Practice for all private registered providers (RPs) of social housing effective 1 April 2018. The new standard, which seeks to improve accountability, consistency, comparability and transparency, defines VfM as "maximising outcomes as well as controlling costs" (Regulator of Social Housing, 2018a). The new standard sets out the specific reporting requirements expected of RPs. VfM should be considered across the whole business through enhance economy, efficiency and effectiveness in the delivery of the organisation's strategic objectives. The new standard requires RPs to demonstrate the delivery of VfM to stakeholders by ensuring that optimum benefit is achieved from resources and assets. Again RPs must annually

publish evidence in the statutory accounts to enable stakeholders to understand the provider's performance against its own VfM targets. The VfM standard requires RPs to report their performance against 7 metrics in their annual accounts; these include percentage of reinvestment, new supply delivered, Gearing, Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover, Headline social housing cost per unit, percentage of Operating Margin and Return on capital employed (ROCE) (Regulator of Social Housing, 2018b).

The Chartered Institute of Housing (2015) Working together group on asset management defines Asset Management as: *“managing the housing stock in a way that contributes to neighbourhood sustainability, delivering value for money by optimising the balance between cost, quality and utilisation, all within the organisation's own context”*.

Asset management in the housing sector should ensure maximum value from assets through a better understanding of the stock in order to achieve maximum financial returns. A good asset management plays a vital role in influencing the environmental, economic and social wellbeing and the quality of life of people in the local community (SHR, 2012). A sustainable asset management that delivers value for money should ensure maximum value to the customers at the minimum possible costs. The adoption of Life cycle costing approach in the management of housing assets when selecting building component could enhance the delivery of VfM. Again, procurement decisions should be made on the basis of the added social benefits. The ever increasing pressure on the budgets of social housing providers has put pressure on any operational areas which impact on the predictability of rental income. Improving efficiency of the voids process is an operational area that could also improve the achievement of VfM in the housing sector.

This Special Issue

The theme for this special issue is *“Value for Money and Assets Management in Housing”*; the issue presents original empirical research of current issues relating to the delivery of VfM in managing assets in the housing sector. The special issue is based on contributions from authors' response to an open call for papers; the papers went through a very rigorous double-blind review process. It started with 17 submitted abstracts through 11 full papers, to 7 accepted papers.

The first paper, “*Stimulating growth and improving the delivery of housing microfinance interventions: an analysis of critical demand factors*” is by Francis Kwesi Bondinuba, Alex Opoku, Degraft Owusu-Manu, and Kenneth Appiah Donkor-Hyiaman. The paper examines the critical demand barriers and how to develop and improve the design and delivery of Housing Microfinance (HMF) interventions in the low-income housing market in Ghana. It adopts a focus-group discussion strategy to examine the constraints to the demand for HMF among low-income groups’ in Ghana.

The second paper by Alex Opoku and Peter Guthrie is “*The social value act 2012: current state of practice in the social housing sector*”. This study explores the current practices towards unlocking social value in the housing sector through the adoption of the Social Value Act 2012. The Social Value Act seeks to ensure that public sector procurement deliver added value in terms of social, economic and environmental outcomes. The study adopts quantitative research methodology through a survey with 100 housing professionals charged with the delivery of social value outcomes in the social housing sector in England. The results of the study reveal that, there is a low level of understanding of the Social Value Act 2012 among professionals in the social housing sector.

James Boothman, Nigel Craig, and James Sommerville on the other hand present the third paper, “*UK housing developers five star rating: fact or fiction?*” The purpose of the paper is to explore how the data collected by the HBF/NHBC surveys is used in practice to improve the service provided to the customers, the transition of any changes into practice and the overall management of the customer satisfaction process by the builder. A Qualitative approach to the research was adopted and the findings from the interviews provide an indication of the views from a range of private/speculative house builders relating to the areas of customer satisfaction and the ratings provided through industry based surveys. The findings provide evidence that the house building industry is not fully engaged with the HBF five star related concepts and that they provide a differing level of service in relation to customer satisfaction.

The fourth paper, “*Employment requirements in Swedish construction procurement-institutional perspectives*” by Daniella Petersen and Anna Kadefors explore the use of employment requirements and its organizational implications in Sweden, and to suggest a possible theoretical approach for studying this phenomenon in the future. The paper is based on written sources describing influential Swedish cases where employment requirements have been used, as well as on interviews with central actors in industry and society. The results show an increased use of employment requirements, and the construction industry may currently be experiencing the initial stages of a process of institutional change. This implies that a traditional logic, where value is perceived as a function of the cost and quality of the physical product, is increasingly co-existing and competing with logic where social value plays an important role.

The fifth paper, “*Housing information modelling for BIM-embedded housing refurbishment*” by Ki Pyung Kim and Sungho Kenneth Park identify BIM input datasets within a BIM-embedded housing refurbishment process and enabling construction professionals to utilize BIM as an information management platform for housing refurbishment projects. A hypothetical case study using BIM tools for a housing refurbishment project is adopted to identify BIM input datasets to create a housing information model within a BIM system. Reliability of the research outcome is examined by conducting a comparative analysis between existing and simulated research outcomes. This research identifies essential BIM input datasets during the early design phase. The importance of a well-integrated housing information model containing accurate as-built condition, cost and thermal performance information is essential to utilize BIM for housing refurbishment.

The sixth paper, “*Valuing sustainable change in the built environment: using SuROI to appraise built environment projects*” is submitted by Anthony Higham, Catherine Barlow, Erik Bichard, and Adam Richards. The paper aims to assess the strengths and weaknesses of Sustainable Return on Investment (SuROI) to determine its suitability as a means through which social value can be predicted in line with public procurement directives and the Social Value Act, whilst at the same time as fitting the developer’s business model and CSR commitments. Using a multi case design, findings from a comprehensive evaluation of three major housing-led mixed use regeneration developments are presented. The three case study locations were selected on the

basis of the developer's strong commitment to place-making and social sustainability. Together with a strong strategic desire to reposition their organisation away from the traditional business as usual profit led model. Whilst the Social Return on Investment methodology is applicable to the charity sector, its use in the built environment is highly questionable. When applying the model to the mixed-use housing projects, the authors identified a number of technical limitations to the model, inter alia a lack of suitable proxies and especially proxies relating to the built environment for the valuation of identified outcomes.

The final paper, "*ICT-based system for Malaysian residential maintenance projects - literature review*" by Zul-Atfi Ismail presents a review of recent publications on the topic of residential maintenance systems which also takes into consideration on the public buildings, due to their same maintenance requirements and processes. Most maintenance organisations are still implementing conventional methods rather than fully integrated ICT to manage the information database on maintenance of residential building. The significant factor to select an ICT is much more advantageous than just a way to improve interfirm communication and cooperation on maintenance management processes and able to perform the task needed without stressing the budget. ICT could be a pillar of fundamental importance for the implementation of an effective and efficient maintenance management on residential building and facility. The findings reveal the need for ICT tools and techniques specific to the needs of reducing poor service delivery, inadequate financial, poor maintenance plan and maintenance backlogs.

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