



AN
AWARD
WINNING
YEAR



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Welcome to
our 2014/15
Corporate
Annual
Report

*Front Cover: Magda (Employment Project Co-ordinator) and
André (Community Investment Officer)*

Above: Jimoh (IT Support Analyst)

An Award Winning Year

This year we are marking 25 years of Hexagon. With a rich and varied history there is much to celebrate. We've come a long way over those 25 years; we now provide homes to 4,100 people compared to just 1,358 back in 1990. Also worth celebrating this year is the number of awards we've received for our homes, green credentials and employee engagement.

Securing funding from the Innovation Grant, awarded to us in May 2014, has led to us developing an innovative peer mentor program to support people with mental health needs. The Athena Project supports residents out of supported living and into independent living.

In July 2014 we were awarded first place by the Opinion Research Corporation (ORC) International for having the highest level of employee engagement in the country. Furthermore, the Hexagon Academy achieved a Silver standard from Fair Train and we are now a recognised quality provider of work placements. We've recently been awarded a prestigious Investors in People 'GOLD' award. There's never been a better time to work for Hexagon, and we're pleased that so many staff are proud and happy to work here.

The Paynes and Borthwick scheme, offering affordable living in a stunning and normally expensive location, won Silver awards in both the 'Best Apartment Scheme' and the 'Best Brownfield Development' in the What House? Awards 2014.

Hexagon were announced, in November 2014, as one of only six housing associations in the UK to be awarded the gold rating for sustainability by SHIFT. This is a fantastic achievement that brings together years of hard work to improve sustainability across our stock and within our own offices.

Hexagon is committed to providing sustainable, safe, secure, and affordable homes to our residents whilst offering value for money and a work environment that exceeds expectations. We think these awards go a long way to demonstrating that the hard work is paying off.

We would like to offer a very big thank you to our staff, our Board, and all of our stakeholders, especially our residents for their valued contributions to our success over the past year.

*Tom McCormack, CEO
Roy Coulter, Chair*



Athena Project gets the Green Light



Hexagon have been working with Southwark Council, and local health services using the Innovation Grant funding awarded to us in May 2014, to develop an innovative program to support people with mental health needs.

The Athena Project is a peer mentoring service delivered by people with personal experience of mental health issues. Mentors are trained by the Athena Project over a 9 week period, gaining the skills to help those who require support to move out of assisted living and into independent living and then the wider community.

The grant from Southwark Council aims to stimulate local organisations to create and develop self-sustaining projects that support the introduction of personal budgets. Personal budgets are about giving people choice over the care they receive.

Southwark Council see a need to provide support to those suffering from mental illness who are currently in supported living but with the right support could move into their own accommodation.

This is where the Athena Peer Mentors come in; they will support people to move out of supported living and help with day to day issues such as paying the bills, reporting repairs, getting to know their local area, finding groups and activities to get involved in and meeting new people.

We anticipate that by Autumn 2015 34 people will have completed the training, with more courses planned for next year.

The project will not only benefit those looking to move from supported living into their own homes, but it is also providing employment opportunities for

individuals who, due to previous mental health illness may have found it difficult to find employment, and who want to put their experience to good use, turning something considered sometimes as negative, into a positive.

*John
(Peer Mentor Project Co-ordinator)*





The first Athena Mentors presentation awards March 2015
(L-R) Ian, Garry, Desola, Tom McCormack, John, Catherine and Chris

Case Study: Garry Ellison

Garry has finished the 9 day training and is now being paid to be a peer mentor. Here he talks about how he's found the project so far.

"As someone who has made the challenging shift from supported living to living independently in my own flat, I can feel the potential of the Athena mentoring project and the project's mission to help people move from supported living into much more independent living settings. I certainly believe there is a need for the mentoring service as I still see people in supported living wanting to move forward, but hindered by self-doubt and fear.

What I've got from the Athena Project so far is a deeper understanding of community development concepts and I've felt my scope broaden as I gain more insight into what we can do to be more effective in helping those using mental health services in our communities who still struggle with some of life's challenges like managing moods and adopting healthy coping strategies; strategies that might help build resilience and allow an acceptance of inevitable change rather than 'staying stuck' while constantly resisting it.

Our team so far are all very enthusiastic about mentoring people in the community and we have all got to know each other and the projects facilitators quite well in the last few months. We now have much more confidence in ourselves and our fellow team members and look forward to working together in the field, so to speak. I hope that we continue to refine our methods and practices over time with the view to being of maximum use to those we will be working with."

Garry Ellison, Athena Mentor

"We now have much more confidence in ourselves and our fellow team members and look forward to working together in the field."

Award Winning Homes from Hexagon

Hexagon have continued to build more new affordable homes, with a total of 83 new homes offered for rent and 11 for shared ownership recently completed. We've taken on exciting and innovative projects, with a focus on sustainability. We've also been awarded for our efforts with not one, but several awards.

Paynes and Borthwick

Hexagon has recently celebrated success with the Paynes and Borthwick Scheme, affordable living in a stunning and normally expensive location. The redevelopment of a prime riverside site in Greenwich, won Silver awards in both the 'Best Apartment Scheme' and the 'Best Brownfield Development' in the What House? Awards in November 2014.

The whole development comprises of 257 attractive riverside apartments built on the site of a former factory building, which has been tastefully restored, retaining much of its old façade. 44 of these apartments were made available to Hexagon to let at traditional target/social rent levels. These include 20 one-bedroom, 16 two-bedroom and 8 three-bedroom units, some of which are wheelchair accessible. All the apartments are

spacious and designed to a high specification. Heating and hot water is provided by a centralised boiler system, thus reducing residents' fuel bills and CO₂ emissions.

All apartments are now fully let and as you can see from Angeline's quote, residents are benefitting from this award-winning scheme.



"It's been a good experience. It's great to be near the water and the view from our building is great."



Angeline moved in to Canterbury House in March 2014

Foxley Road

Another development that Hexagon has been fortunate to have a part in this year, is the Foxley Road development. These shared ownership homes completed in December 2014, all to a high specification, include modern kitchens and bathrooms, high ceilings and lots of space. All homes were sold by June 2015.

The building's setting is unique, in a suburban area, but still in London. It attracted a lot of people and sold well, with its interesting design and desirable location.



Malvern House, Foxley Road

Jo completed purchase in December 2014



Case Study

Jo has moved over 40 times in her lifetime, and in 1996 was homeless, living in a hostel with her young son. Jo has always worked (Jo qualified as a midwife in 2002) and had aspirations of having a home of her own, but with no savings, Jo never thought this was possible. But with hard work and the opportunity of a shared ownership scheme with a 5% deposit, this dream has become a reality.

"The biggest relief is not having to move anymore. Buying my flat has been a very positive experience."

Update: Drake House

Hexagon's refurbishment of Drake House, 549 Lordship Lane, East Dulwich, received a RICS Award in the category of building conservation and an Award from English Heritage. The English Heritage 'Angel Awards' recognises those who have saved historic buildings which make an important contribution to local and national history, safeguard the nations heritage and contribute towards the local community. Hexagon was delighted with this recognition.

For the future

At the end of March 2015, Hexagon completed the building of another 11 houses for Shared Ownership. Park View is a collection of just three and four bedroom homes set within a gated enclave off Clifton Road, Welling. These modern homes have been designed to maximise

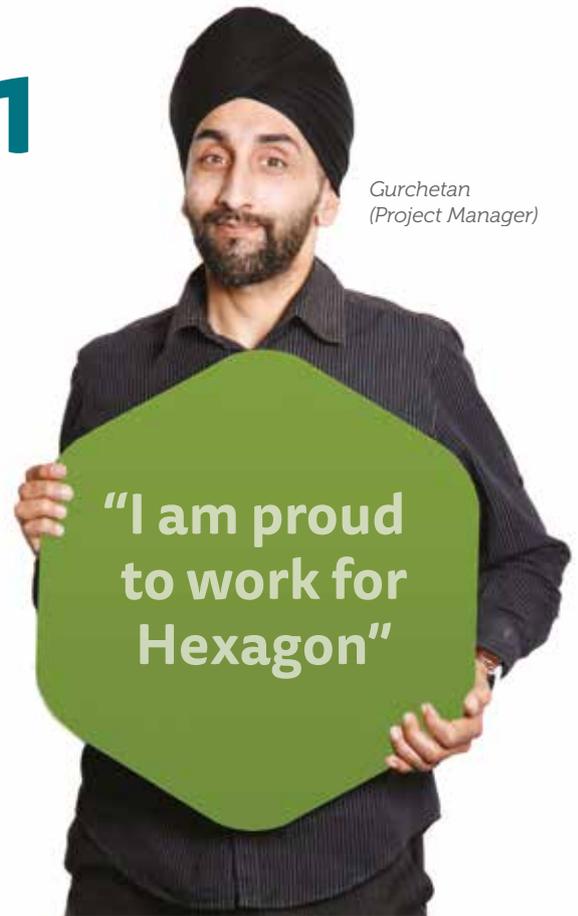
both space and light. An unusual development for Hexagon, being able to offer 3/4 bedrooms, we envisage there will be high demand for these attractive looking, affordable homes. We are due to complete in 2015/16 on another 143 homes for rent and 22 for shared ownership.



Park View, Clifton Road

Hexagon, no. 1 for Employee Engagement

Gurchetan
(Project Manager)



Hexagon has always, and will always be committed to being a people led business, with highly motivated employees that feel listened to and appreciated. We run a number of initiatives to improve upon and maintain these high levels of employee engagement and satisfaction.

ORC Award

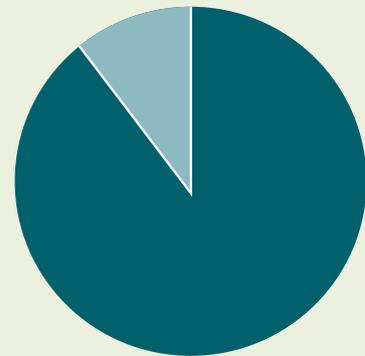
Everyone at Hexagon is immensely proud of our latest achievement. In July 2014 we were awarded first place by the Opinion Research Corporation (ORC) International for having the highest level of employee engagement. The award was made out of 200 UK organisations, including 43 housing associations.

“I would recommend Hexagon as a good place to work”

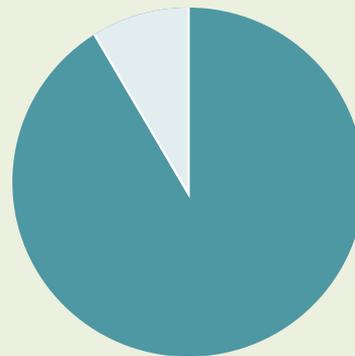
Our most recent staff survey results were very positive, including:



An employee engagement index of **88%**



90% of our employees are proud to work for Hexagon



92% would recommend Hexagon as a good place to work



96% are committed to Hexagon's Goals

There are a number of initiatives that help Hexagon to excel in our employee engagement; we continuously seek and act on feedback from our staff.

Stop, Start, Continue

We ask staff what should we stop doing, start doing and continue doing.

Instant Intranet recognition

Our intranet system allows us to regularly share communications with our staff, about improvements being made and staff achievements. Managers can quickly praise members of staff, this is a great instant way of recognising someone's good work, and celebrating their success.

Back to the Floor

Managers are randomly selected to go into other departments, to understand the every day challenges facing other teams. This improves visibility of managers, and their insight into other teams' needs and feedback.

Investors in People Gold

In June 2015, Hexagon was awarded the Investors in People 'Gold' award under the Choices Framework launched by Investors in People in 2009. This achievement puts Hexagon amongst the top 7% of IIP recognised organisations.

Employee of the Year

In November 2014, we introduced our "Employee of the Year" award and our first winner was Administrator Marjana Pierre. This award is voted by peers and based on staff demonstrating Hexagon's key values, excellent customer service, and going above and beyond.

Pictured: Marjana Pierre receiving her award from Tom McCormack



Improvements are Ongoing

Hexagon is always looking at creative ways of engaging our staff and making Hexagon an employer of choice. We have a variety of incentives, including cheaper rates at the gym, a computer service for equipment, software and hardware, paid back through salary sacrifice.

The ORC Survey will run again in December 2015, and we are confident we have what it takes to come out on top again.

Hexagon Academy awarded the Fair Train Silver Quality Standard

Hexagon Academy, our flagship employability programme, achieved a Silver standard from Fair Train and we are now a recognised quality provider of work placements. Fair Train is a charity who run a nationally accredited scheme which recognises the high quality work experience opportunities provided by employers.

Over the last five years, the voluntary work placements provided through the Hexagon Academy, have helped 138 tenants to gain experience and new skills and 60% of them then moved into a paid position. This includes 16 tenants who are now employed directly with Hexagon on either a part time, full time or temporary basis.

Placements arranged through the Hexagon Academy have been in the fields of customer service, business administration, health & social care and construction.



Pictured: Delores and Magda receiving the Fair Train Award

We offer a tailor made service built around the needs of each individual resident to support them on their journey into employment.

We offer our residents help with:

- Creating or updating a CV
- Interview tips and skills
- Work placements, work tasters and work experience
- Completing application forms
- Work related courses and training
- Job search
- Careers advice, information and guidance
- Building your confidence



Pictured (l-r): John Burton CBE, Chair of Sustainable Homes; Jon Cross, Property Services Director; Rumana Khair, Stock Improvement Manager; and Rachel Jones, HR & Facilities Officer

Hexagon SHIFTs to GOLD!

On 26th November 2014, Hexagon were announced as one of only six housing associations in the UK to be awarded the gold rating for sustainability by SHIFT (Sustainable Homes Index for Tomorrow).

Hexagon has been striving for improved sustainability across our stock and within our own offices, for many years now, and we have continually improved on our SHIFT index, being awarded bronze 6 years ago and silver 3 years ago.

Out of the 6 companies awarded Gold, Hexagon is the smallest, we don't have a designated department looking after our sustainability plan, unlike some of the larger organisations, but instead we have achieved this endorsement by adopting a company wide ethos on sustainability and our commitment to this is ongoing.

Andrew Eagles, Managing Director of Sustainable Homes, which administers the scheme, said: "These awards are all about recognising progress and achievement in improving the quality of residents' homes. Hexagon should be proud of the strides they are taking to improve - especially at the moment when cash from the government is so limited."

With a combination of the existing asset management strategy and our sustainability strategy, Hexagon are looking for value for money whilst improving the green credentials of our stock, investing where possible to meet both of these strategies, whilst still achieving good value for money.

What is SHIFT?



SHIFT is the UK housing sector's sustainability benchmarking panel: an independent body established by Sustainable Homes, in partnership with the Department of Energy and Climate Change (DECC); the Environment Agency; the Homes and Communities Agency (HCA); Mayor of London; UK Green Building Council and the World Wide Fund for Nature (WWF).

Further work is being done with residents, to enable them to tackle possible fuel poverty, help them to make their homes more efficient and to save money on utility bills; perhaps through switching suppliers. Work has been and continues to be carried out on homes to ensure they are more energy efficient, so that tenants are not paying above the odds for fuel.

Hexagon have recently introduced Green Champions - in our beacon homes - these are people who are interested in green issues and can work within their communities to raise awareness of the work being done and improvements being made. Hexagon continue to work with GroundWork providing winter warmth packs and visits to assess properties and suggest improvements.

What is GroundWork?

GroundWork is a charity that provides training, reduces energy use and waste. They work in communities across the country, offering practical support to people - often those most at risk of fuel poverty - that helps them to make their homes more environmentally friendly and cheaper to run.



Improvements we make:

- Draught proofing
- New windows and doors
- LED light bulbs
- Energy monitors with real time displays
- Water saving devices
- Reflective radiator panels



All of Hexagon's new build homes meet the expected Level 4 of the Code for Sustainable Homes, but Hexagon do go above and beyond that by aspiring to all newly built homes / developments to have:

- SAP rating of at least 85 (A SAP Rating is a way of comparing energy performance of different homes - it results in a figure between 1 and 100+, 100 representing zero energy cost and anything over means you are exporting energy). The higher the SAP rating, the lower the fuel costs and the lower the associated emissions of carbon dioxide.
- Residents to be given 1 year's membership of a local car club, where there is one available within a reasonable distance i.e. 1 mile
- Provide at least 1 charging point for an electric car
- Reduce excessive solar gain

This winter we worked in partnership with the environmental charity, Groundwork, to offer 100 residents our special Stay Warm pack which contains:

- a snuggle fleece
- a microwave-able hot water bottle
- thermal socks and hand warmers
- a thermos mug
- CO₂ monitor and temperature gauge

“Hexagon should be proud of the strides they are taking to improve - especially at the moment when cash from the government is so limited.”

Andrew Eagles, Managing Director of Sustainable Homes



Nathaniel (Customer Services Advisor)

Sound Finances

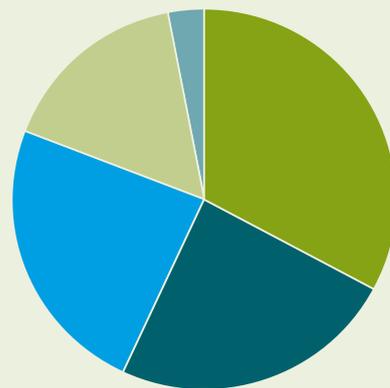
During the year, Group turnover increased by 16% from £26.2m to £30.3m. This is because of a 125% increase in income from first tranche shared ownership sales, combined with a 10% increase in income from letting social housing.

Operating costs increased by 7% from £15.8m to £17.0m. The operating margin before the effect of first tranche shared ownership sales increased from 35.4% to 36.0%. Net financing costs were 9% higher at £4.0m, and £3.1m (2014: £1.8m) was realised through a combination of staircasing sales of shared ownership properties and the sale of housing properties which were uneconomic to repair. The surplus for the year increased to £9.1m from the previous year's £7.0m.

Reserves currently stand at £53.1m. The Board has adopted a policy of using the cash generated by its reserves to fund the improvement and development of housing stock, thereby reducing interest costs and enabling rents to be kept at affordable levels.

The Group spent £20.8m on acquiring and developing properties in the year, of which £6.4m was funded through capital grants.

How every £ of rent was spent



Planned maintenance and home improvement programme	33%
Responsive repairs	24%
Interest on loans	24%
Housing management and tenant participation	16%
Community development	3%



“The Group spent £20.8m on acquiring and developing properties in the year”

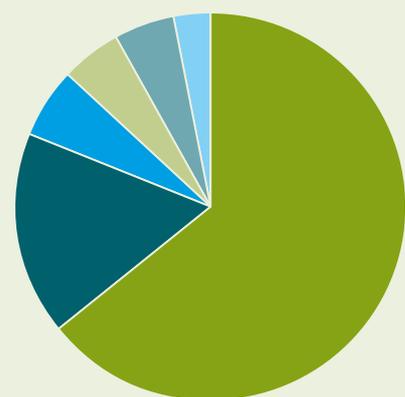
Income and Expenditure Accounts

For the year ended 31 March 2015	2015	2014
	£000s	£000s
Turnover	30,336	26,204
Cost of sales	(3,300)	(1,459)
Operating costs	(17,020)	(15,848)
Operating surplus	10,016	8,897
Interest receivable	23	3
Interest payable and similar charges	(4,001)	(3,659)
Surplus on sale of properties	3,104	1,793
Surplus for the year before tax	9,142	7,034
Taxation	(21)	(5)
Surplus for the year after tax	9,121	7,029

Balance Sheet

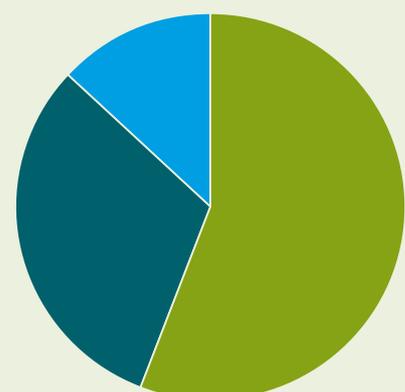
As at 31 March 2015	2015	2015	2014	2014
		£000s		£000s
Fixed assets				
Housing properties				
Cost		453,780		437,300
SHG and other grants and receipts		(246,297)		(243,831)
Depreciation		(20,989)		(18,602)
		186,494		174,867
Non housing fixed assets		2,621		2,710
		189,115		177,577
Current assets				
Properties developed for sale	3,593		4,401	
Debtors	3,822		1,751	
Cash and term deposits	9,913		3,407	
	17,328		9,560	
Less: Creditors				
Amounts falling due within one year	(8,888)		(6,245)	
Net current assets/(liabilities)		8,440		3,314
Total assets less current liabilities		197,555		180,891
Creditors				
Amounts falling due after more than one year		144,444		136,901
Reserves				
Revenue reserves		53,111		43,990
		197,555		180,891

Turnover Breakdown



General needs	19,628	65%
Low cost home ownership lettings and sales	5,081	17%
Supported housing	1,772	6%
Nursing homes	1,495	5%
Agency managed	1,544	5%
Other	816	3%
Total	30,336	

Balance Sheet Funding



Grants	246.30	56%
Loans	134.27	31%
Reserves	55.81	13%
Total	436.38	

The Hexagon Board

In September 2014, the Board said goodbye and thank you to Erhire Akpovrare and Matt Campion who had served on the Board for 10 and 4 years respectively.

The results of the Tenant Board Member elections were announced at the September 2014 AGM and this confirmed Rosalind Watson's place on the Board for a three-year term. Adenike Williams completed a three-year term in September 2014 as an elected Tenant Board Member and left the Board with our thanks and appreciation.

Ruth Chambers and Martin Large joined the Board in September 2014 following an open recruitment process and have responsibility for the areas of Human Resources and Value for Money respectively.

The Board



Debbie Bankole-Williams
Vice Chair



Ruth Chambers
(Joined September 2014)



Roy Coulter
Chair of the Board



Kellie Elmes
Tenant Board Member



Dermot Finn
Tenant Board Member



Jeanette Kenyon



Martin Large
(Joined September 2014)



Ian Mansell
Vice Chair



Tom McCormack
Chief Executive



Gaius Vincent
Tenant Board Member



Rosalind Watson
Tenant Board Member
(Joined September 2014)



Ian Watts
Chair of the Audit &
Risk Committee

The Executive Team



Jon Cross
Property Services
Director



Kerry Heath
Development &
Regeneration Director



Tom McCormack
Chief Executive



Chris Melville
Operations Director



Phil Newsam
Finance & IT Director

Name	Length of Service	Employer	Occupation
Debbie Bankole-Williams ¹ Vice Chair	3 years, 4 months	MCCH	Executive Director of Finance & IT
Ruth Chambers	6 months	Self-employed	Campaign & Public Policy Consultant
Roy Coulter, Chair ²	4½ years	n/a	Retired
Kellie Elmes ^{1,3}	1½ years	Self-employed	Holistic Massage Therapist
Dermot Finn ^{2,3}	2½ years	Self-employed	Microsoft Web Application Developer
Jeanette Kenyon ²	1½ years	Self-employed	Property Development Consultant
Martin Large ¹	6 months	GLE Group	Chief Executive
Ian Mansell ^{1,2} Vice Chair	6½ years	Self-employed	Management consultant
Tom McCormack	3½ years	Hexagon Housing Association	Chief Executive
Gaius Vincent ³	3½ years	Self-employed	Production Manager
Rosalind Watson ³	6 months	n/a	Retired
Ian Watts ^{1,2}	1½ years	Paragon CHG	Managing Director

¹ Audit & Risk Committee; ² Remuneration Committee; ³ Tenant Board Member

Hexagon

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