

Hexagon

Asset Management Strategy

2017 - 2021



Hexagon Housing Association

Asset Management Strategy

2017 - 2021

Contents

<i>Context</i>	2
<i>Statement of Aims and Objectives</i>	3
<i>Property Portfolio</i>	4
<i>Asset Information</i>	7
<i>Active Asset Management</i>	8
<i>Repairs, Maintenance and Stock Improvement</i>	11
<i>Greening the Stock</i>	17
<i>Development Potential on Existing Estates</i>	18
<i>Challenges and Risks</i>	19
<i>Actions</i>	21

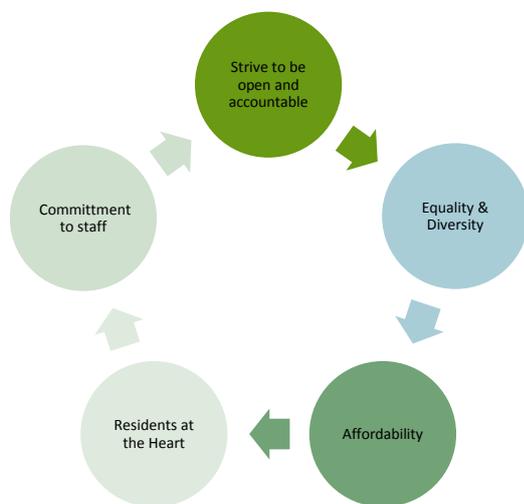


CONTEXT

Hexagon’s Asset Management Strategy is a strategic framework within which we will manage, maintain and invest in our housing assets. It aims to deliver investment in our existing properties, stock improvement, planned maintenance and responsive repair programmes, in a structured and sustainable way to meet the needs and aspirations of our residents.

The Asset Management Strategy covers all rented and leasehold stock, owned or managed by Hexagon. It includes all building components, all delivery methods from major capital projects to responsive repairs.

The strategy is based on Hexagon’s key values:



Fostering equality of opportunity and embrace diversity in everything we do.

Committed to ensuring affordability of all our homes and services.

Striving to be open and accountable to our customers and partners.

Placing the interests of our residents at the heart of what we do.

Valuing our staff and are committing to them achieving their true potential



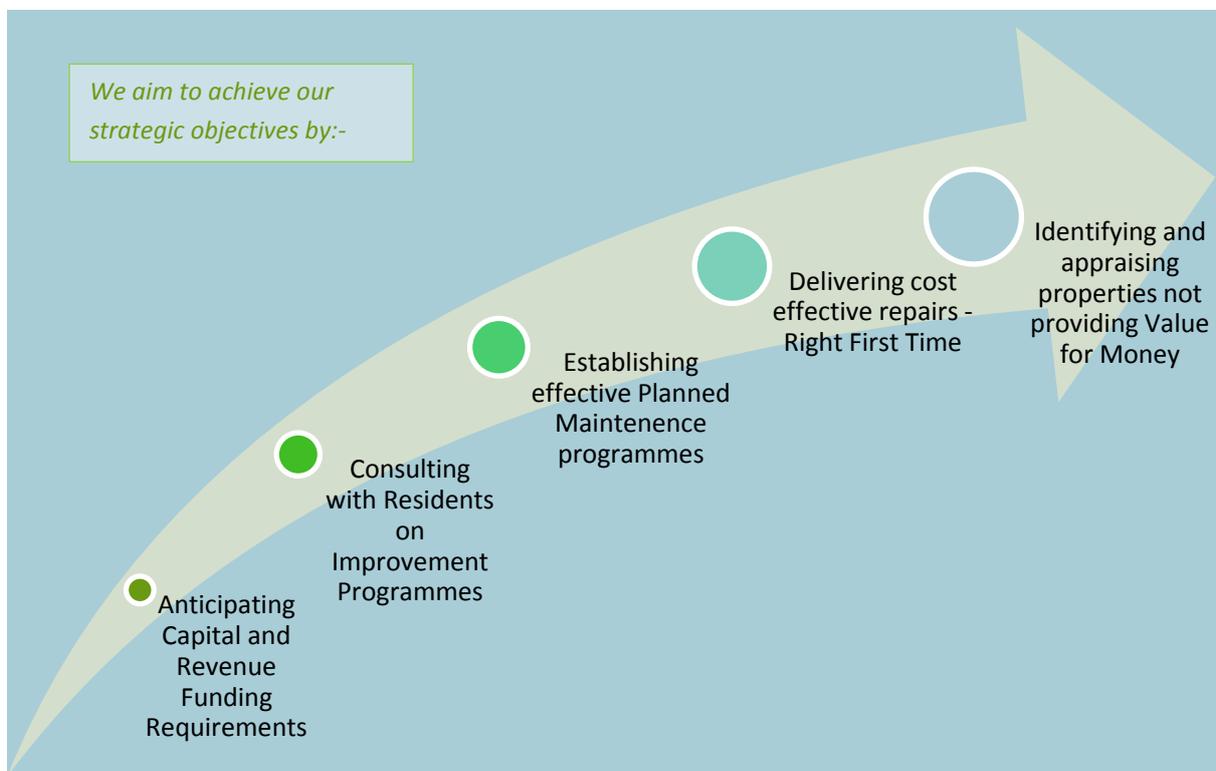
Akintaro House SE8

Statement of Aims and Objectives



We aim to achieve our strategic objectives through effective operational management by:

- ✿ Keeping our Stock data up to date and effectively managing the Asset Management database
- ✿ Optimise Capital Investment and Planned Maintenance to minimise Revenue funded repairs.



- ✿ The Asset Management Strategy to be regularly reviewed to ensure it is remains fit for purpose.



*David Collick
Property Services Director*

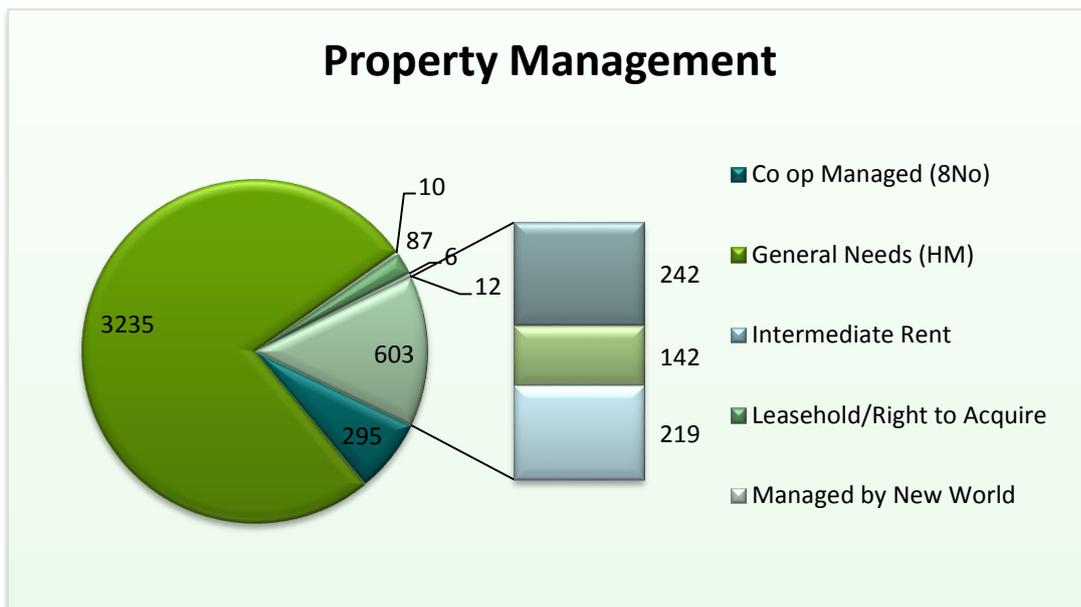
Property Portfolio

Hexagon own and manage a wide range of residential buildings and their related assets. They are located in 9 Local Authority areas mainly in the Greater South London area, and predominately in the 5 boroughs of Bexley, Croydon, Greenwich, Southwark and Lewisham.

Some properties are owned by Hexagon but management services are provided by others. The majority of homes are general needs rented flats or houses, with an increasing number of shared ownership and leasehold properties. Additionally there are schemes offering supported housing, directly and agency managed, with one remaining residential care home.

There are a wide range of original construction ages with over 55% of properties built since 1990 and more than a third of the portfolio built before 1910.

The tables below provide a snapshot of Hexagon’s housing property portfolio as at January 2017.



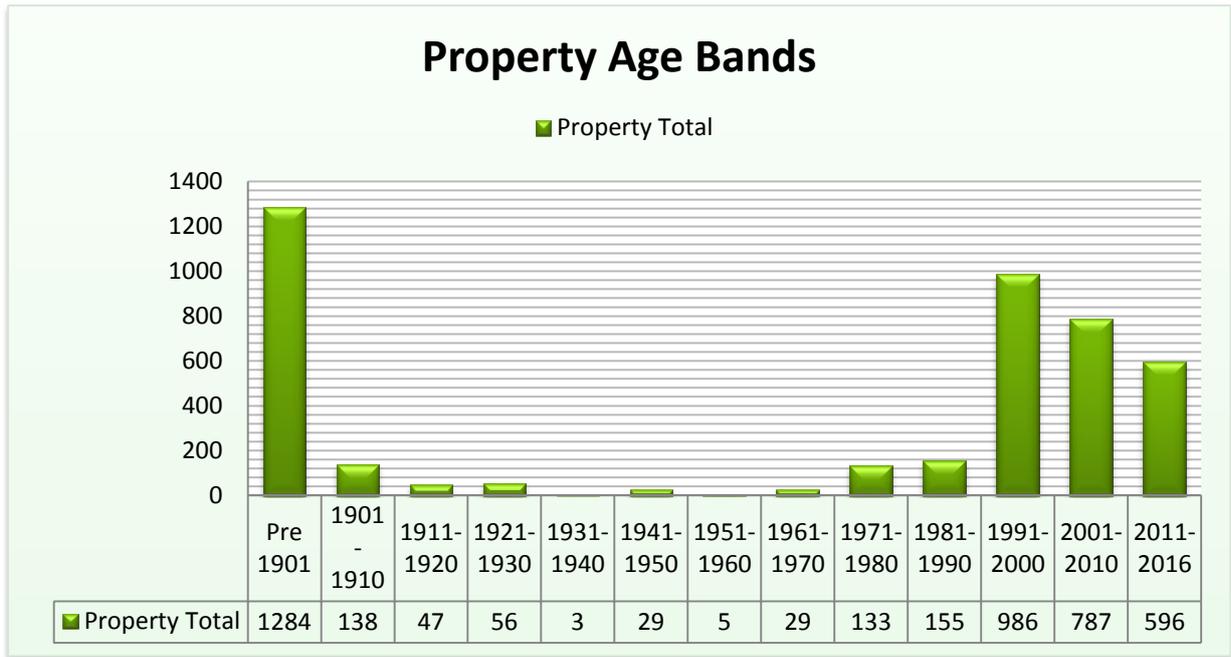
Devonshire Road



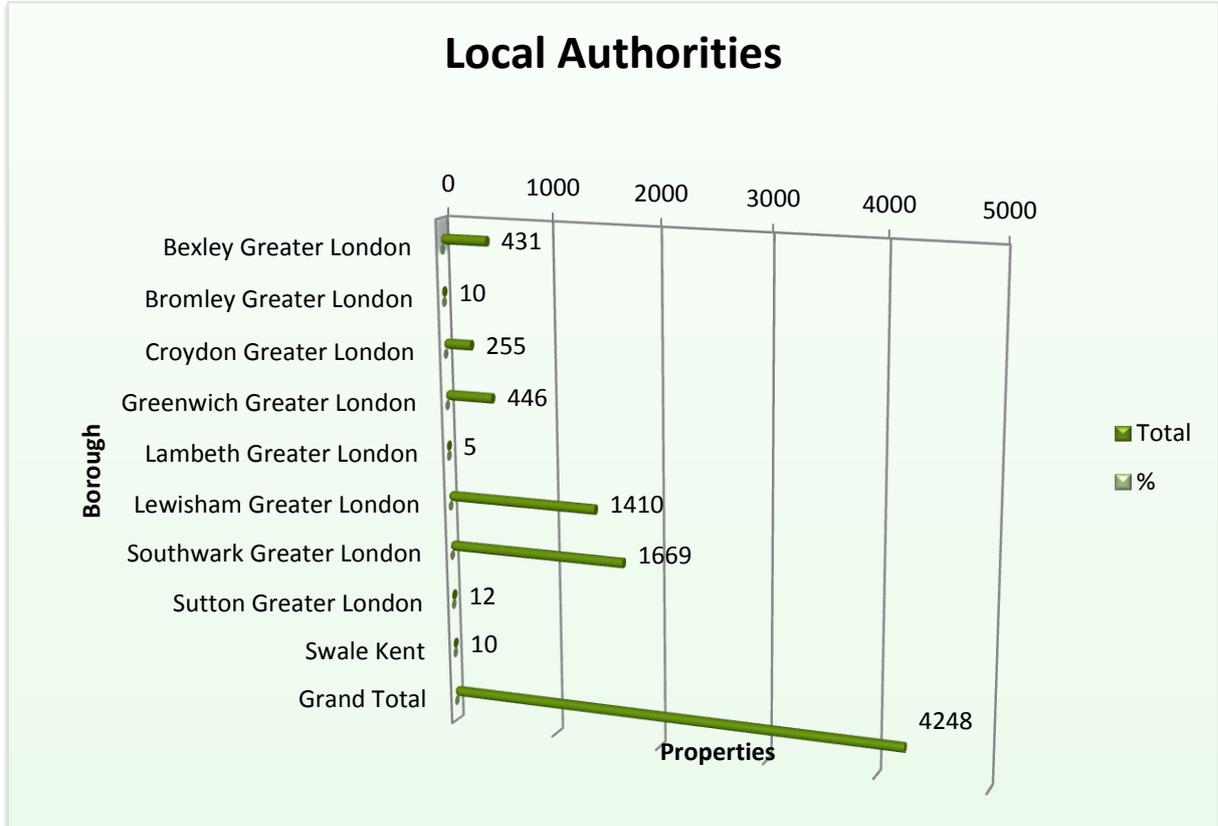
Algernon Road

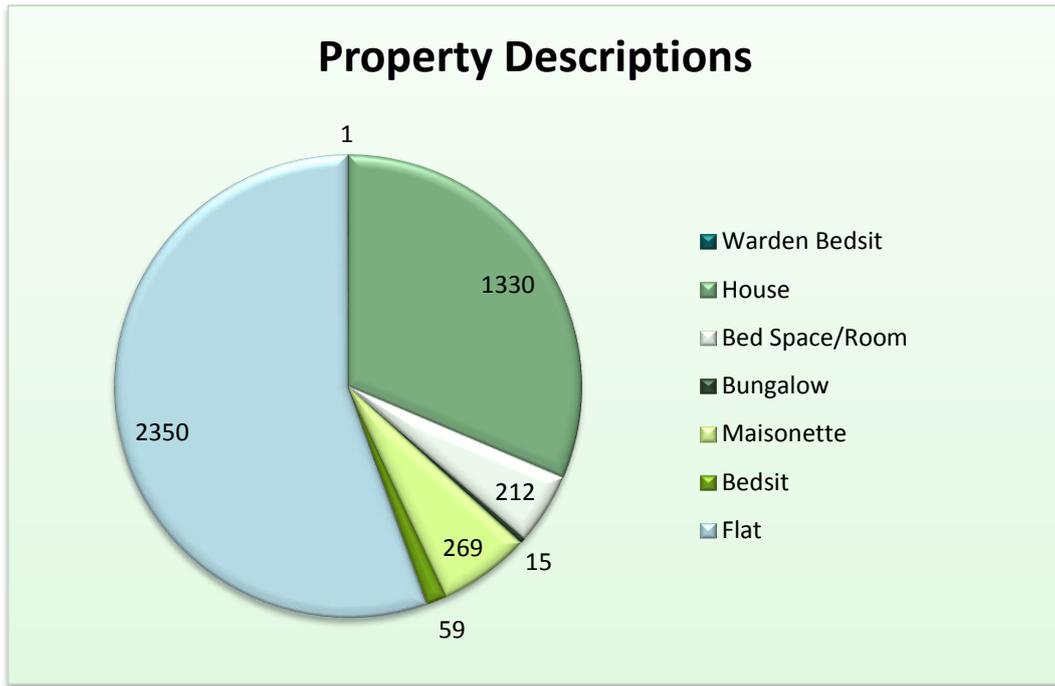


Abbotts Close



The data source for information about our property portfolio is held in the asset management database, LifeSpan, which derives the core address data from the current housing management system, Genero.



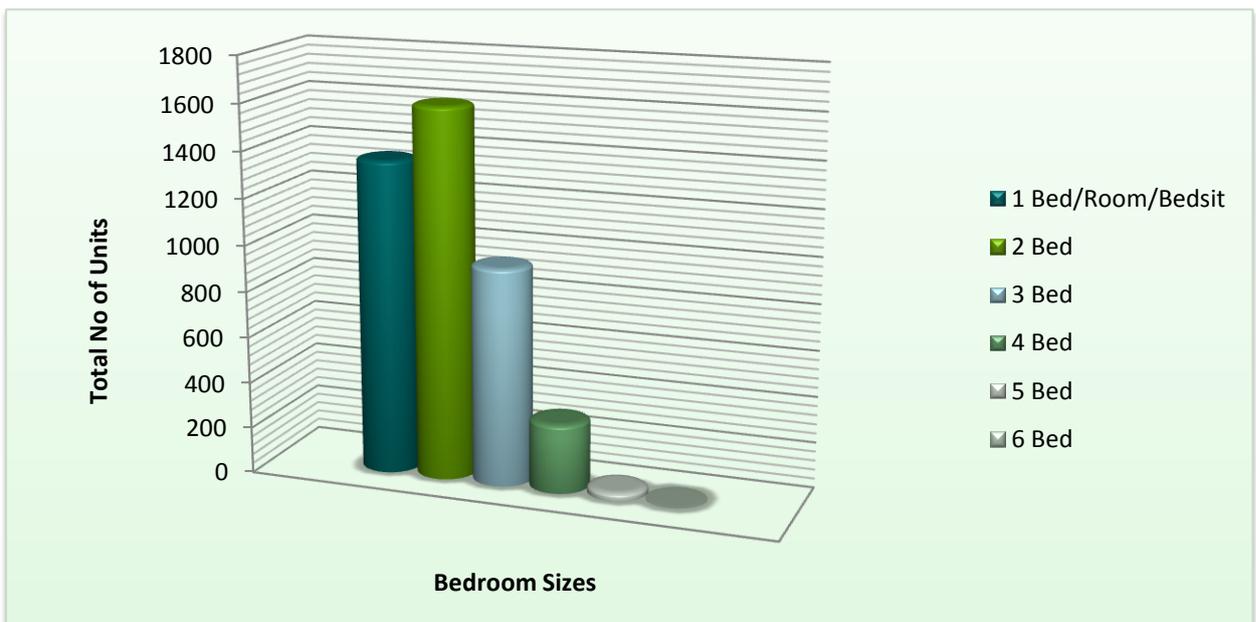


Britannia Close DA8



Jerningham Road SE14

Table below shows the breakdown of stock by bedroom numbers



Asset Information

Our approach to investment in maintenance and improvement is centred on the assessment of asset information. This assessment is based on our stock condition database, supplemented by local management knowledge and professional assessment.



We have good information on our properties with 99% of properties having property and asset survey information populated. This information is based on surveys carried out over the last 10 years. Maintaining all surveys at less than 5 years has proved difficult, due to no, or refused access.

To ensure good quality up to date survey and property information, and a cost effective value for money based solution, to plan future investment requirements this strategy sets a target for surveys on 99.5% of all properties, with 80% less than 5 years old.



Balfour Street SE17



Adelaide Avenue SE4

Active Asset Management

The regulatory expectations of registered providers have always included several aspects which require an understanding of the organisation's assets.

In the last few years a much greater emphasis has been placed on the value for money standard, and a large part of this emphasis has focussed on driving more value from our assets.

We consider what investment is required to maintain the portfolio in good condition and offering the amenities our residents increasingly expect or require.

To achieve this we are using a new financial software tool to assist in investment decisions.

The future investment, of repairs, voids, planned maintenance and improvement works, together with management costs, are balanced against the income stream, to ensure that the properties provide a positive financial return.

This tool allows appraisals to be carried out on all our properties to establish their 'return' and assist with investment and strategic decisions on the future of our properties.



Concrete House SE22



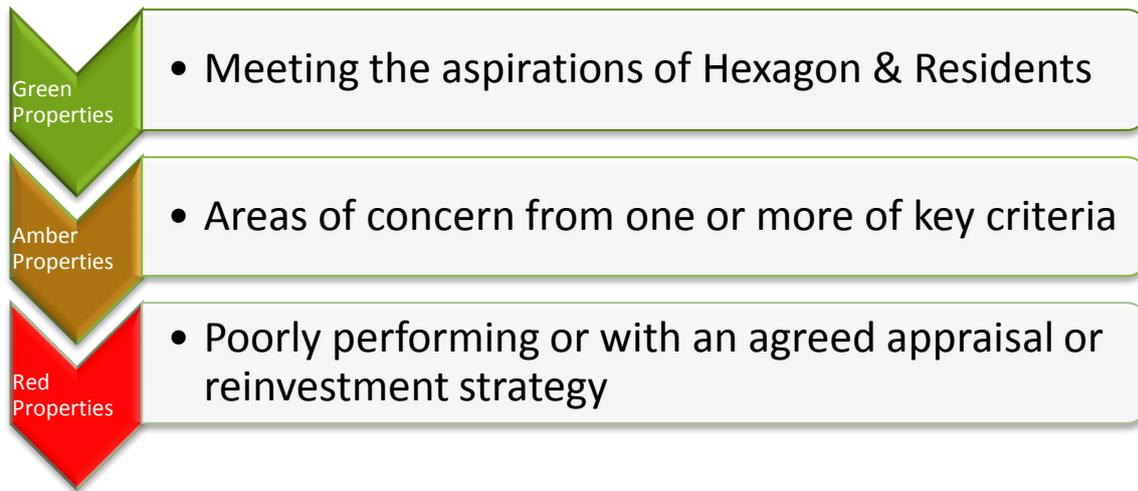
Gordon Road SE15

This will also assist with our void property process, which will enable quicker decisions on whether a property is, or remains, financially viable for re-letting once repair or improvement works are carried out.

Some of our buildings can only achieve good modern standards with high levels of investment, such that the investment required may not offer good value. In addition, there is pressure on us to consider whether, sometimes, we might obtain better value by selling a property in order to re-use the funds invested in it to support a new development.

We will classify our properties using a RAG (or red, amber, green) 'traffic light' system, to indicate the overall value of the property to Hexagon. This would provide important information when we are considering whether to maintain, improve, remodel or appraisal of properties.

Properties would be classified into the traffic light system as follows:



The Key Aim is to ensure that the properties meet:



Where a full asset appraisal is required this will consider the issues highlighted and evaluate a range of options available for the future of the property. The options may include all or some of the following:

- *Maintain the property*
- *Improvement to specific areas, or whole parts, of the property or management requirements*
- *Refurbishment or Redevelopment*
- *Tenure changes (Shared Ownership/Market, Intermediate or Affordable Rent)*
- *Disposal – transfer, swap, or sale*

We would consider disposal in cases where:

- *Properties require significant investment to repair or modernise*
- *Properties do not provide the type or style of accommodation required by our residents, making them difficult to let*
- *Properties are difficult to manage*
- *Properties do not form part of the key strategic objectives of the organisation*



Properties highlighted as potential for disposal that are occupied will require

detailed consultation with residents to discuss options together with their own requirements and aspirations. This may mean that disposal is deferred or cancelled depending upon individual circumstances.

Repairs, Maintenance and Stock Improvement

Implementing effective maintenance to the structure, fabric and services installations of our assets

It is also recognised that property maintenance is regarded as one of the most important aspects of our customer service.



Responsive Repairs and Maintenance

Un-planned, ad-hoc repairs responding to resident's requests

A mix of emergency response and lower priority repairs

Works involving minor aids and adaptations to properties for people with a range of disabilities



Statutory Inspection, Servicing, Maintenance and Compliance

Heating Maintenance and Landlords Gas Safety Record (LGSR)

*Periodic Electrical Inspection and upgrades
Asbestos Management*

Water Hygiene Management

Lift Servicing and Repair

Fire Risk Assessment / remedial actions



Void Property repair, service and redecoration

Carrying out repairs and decorations to meet our minimum letting standard

Cyclical Maintenance

External cyclical redecoration and associated pre-decorative repairs

Redecoration of internal communal areas and associated repairs



Stock Improvement and Planned Maintenance

Major component / elemental renewal (e.g. Roof coverings, windows and external doors, kitchens, bathrooms, electrical systems, heating systems)

Works involving major aids and adaptations to properties to improve mobility

Quick win energy Improvement works



Estate Environmental Works

Hard and soft landscaping, grounds maintenance and enhancement, tree management

Estate regeneration / remodelling work



Major Unplanned Repairs

Structural repairs

Dampness remediation

Timber infestation treatment



Major Improvements

Remodelling

Extensions / alterations

Energy Improvements and performance enhancing works (e.g. extensions, external wall insulation)



Repairs & Maintenance

Hexagon has new contracts that commenced in 2016, based on NHF schedule of rates for repairs, maintenance and voids.

The aim is to create long term arrangements with these contractors that achieve sustainable improvements in performance, customer satisfaction and value for money.

Experience has shown that when residents are proud of the quality of their home and their local environment, satisfaction rises. If the requested responsive repairs are delivered in a timely manner, dealt with on the first visit and of good quality, satisfaction with repairs should rise.

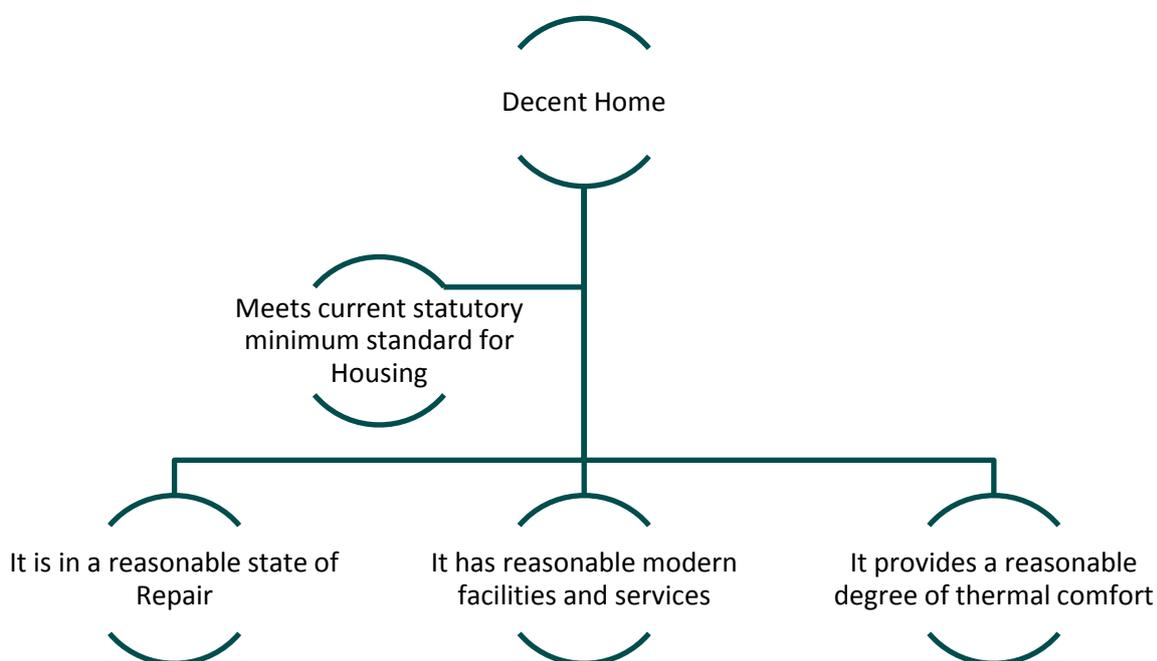


Stock Improvement & Planned works

We aim to put in place stock improvement and planned maintenance programmes, for the buildings we manage, to maintain Hexagon’s housing stock and improve the living environment for residents.

We will maintain properties to continue to meet the Decent Homes standard and enhance this standard to reflect the needs and aspirations of residents, whilst ensuring Value for Money.

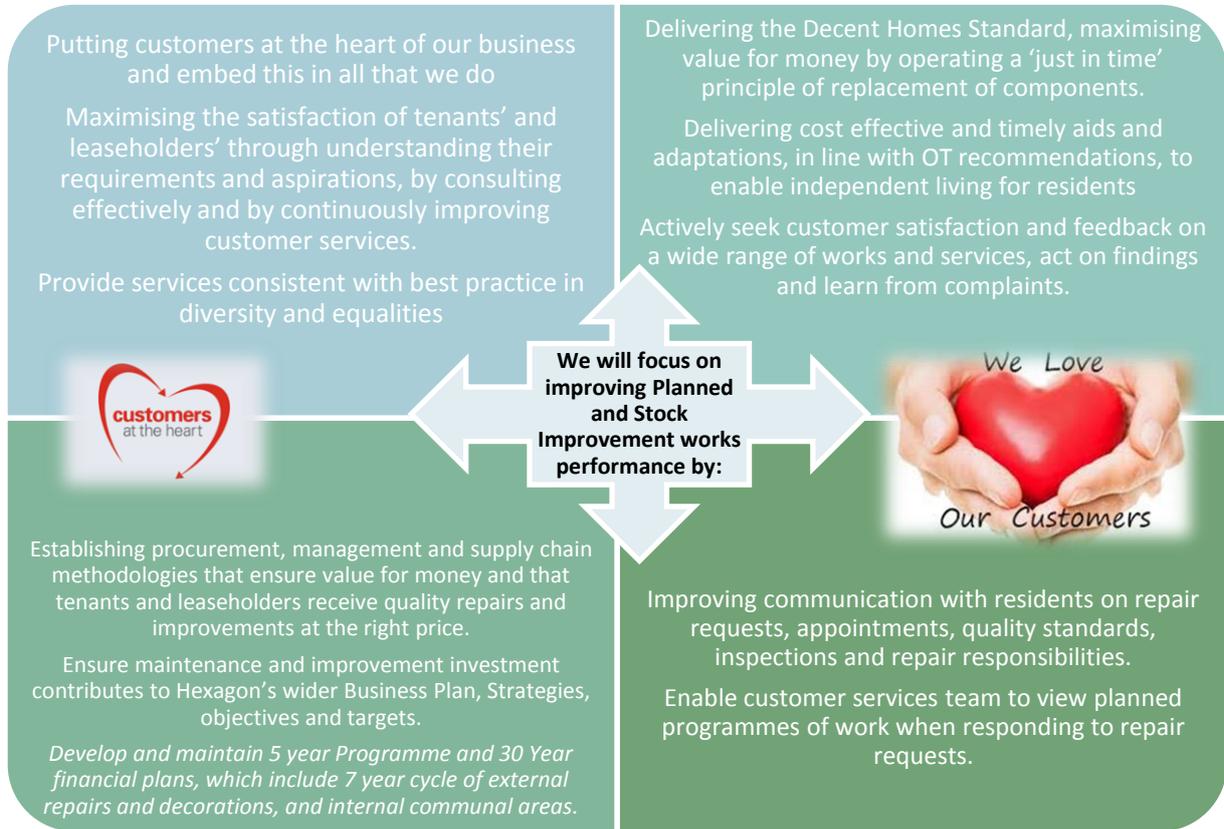
A Decent Home is defined by meeting the following four criteria:



Programmes are established from the surveys and other data held within our Asset management systems. Physical inspections are carried out in advance of planning detailed programmes to confirm condition. Adjustments are then made to reflect the extent of works or when properties are included within the programme and to smooth expenditure year on year.



Specifications of work are linked to the standards set within our development programme, repairs and void work to ensure consistent standards across our portfolio. Residents have choices of colour schemes for internal finishes where appropriate.



Statutory Inspection, Servicing, Maintenance and Compliance

In recent years there has been an increase in statutory housing compliance legislation and best practice requirements placed upon registered providers of social housing. This in turn places significant safety and maintenance obligations on Hexagon to ensure compliance in a number of key areas.

The health and safety of residents, staff, operatives and visitors to any properties or other buildings managed or owned by Hexagon is of paramount importance and we need to have robust systems and processes in place to meet these obligations.

In order adhere to these statutory and best practice areas we will need to demonstrate compliance and keep records on our housing, including gas servicing and LGSRs, asbestos management, fire risk assessment, electrical testing and water hygiene:

In order to meet these compliance obligations we will focus on:



Managing Housing Compliance by reflecting Industry Best Practice.

Ensuring our Compliance strategies, policies, procedures and other supporting documents are 'fit for purpose', accessible and in a format that is easy to understand and execute.



Maintaining all relevant documentation and records to support our compliance activity and evidence follow-on actions are completed and 'closed down'

Ensuring staff, contractors and other partners are clear about their roles and responsibilities for managing compliance.



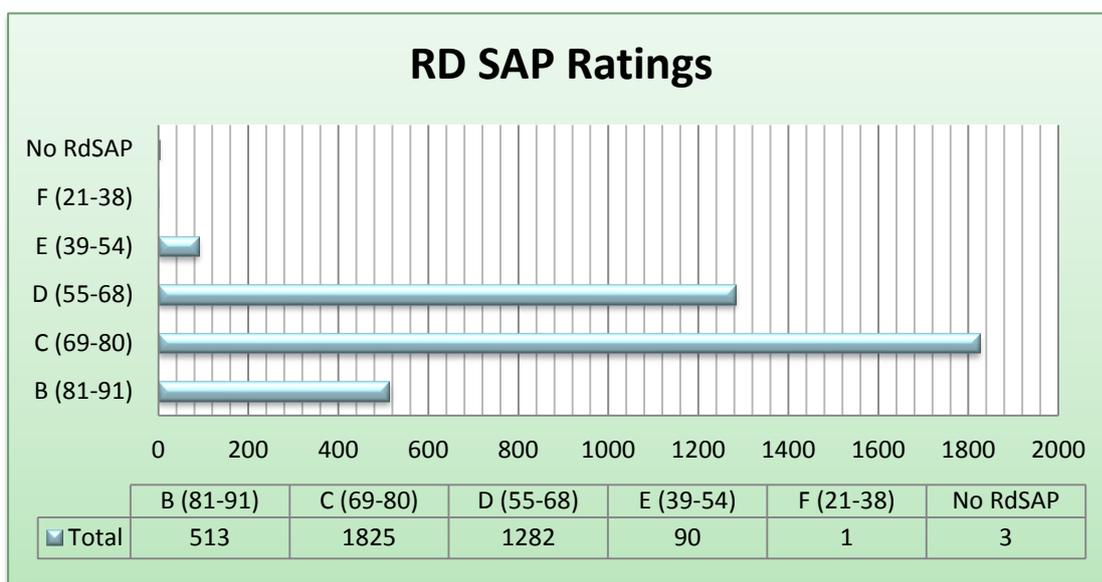
Robust Inspection based approach to pro-actively identifying risks and actions.

Establishing procurement, management and supply chain methodologies that ensure value for money and that tenants and leaseholders receive quality services at the right price.

Greening the Stock

With the Climate Change Act 2008, the UK Government set a target of reducing CO2 emissions by 80% by 2050. It is estimated that UK’s housing stock produces around 27% of all carbon emissions. Fuel costs and inefficiently heated or insulated housing also contribute to ‘Fuel Poverty’ particularly for households with low income.

As at January 2017 there are 771 Hexagon properties that are below 65 SAP and the estimated cost to bring these to that level of energy efficiency is in the region of £4.7m. 434 properties require in excess of £5,000 to reach that level with some estimated to be in excess of £20,000. A further 40 properties do not have a clear solution to reach 65 SAP due to construction restrictions and will require more substantial analysis to assess their viability. The estimates and analysis have been undertaken from the SAP and EPC (Energy Performance Certificate) information as a desk top exercise so solutions need to be made on a detailed property by property basis.



Elements such as new windows, roofs, boilers and heating systems can make improvements in the energy efficiency of the property.

We will also create a SAP “65 ready” category, where additional improvements, such as loft, wall or roof insulation can be carried, leaving a property below 65 SAP, but ready to achieve the target, when, for example, the boiler or windows are due to be upgraded.

Development Potential on Existing Estates

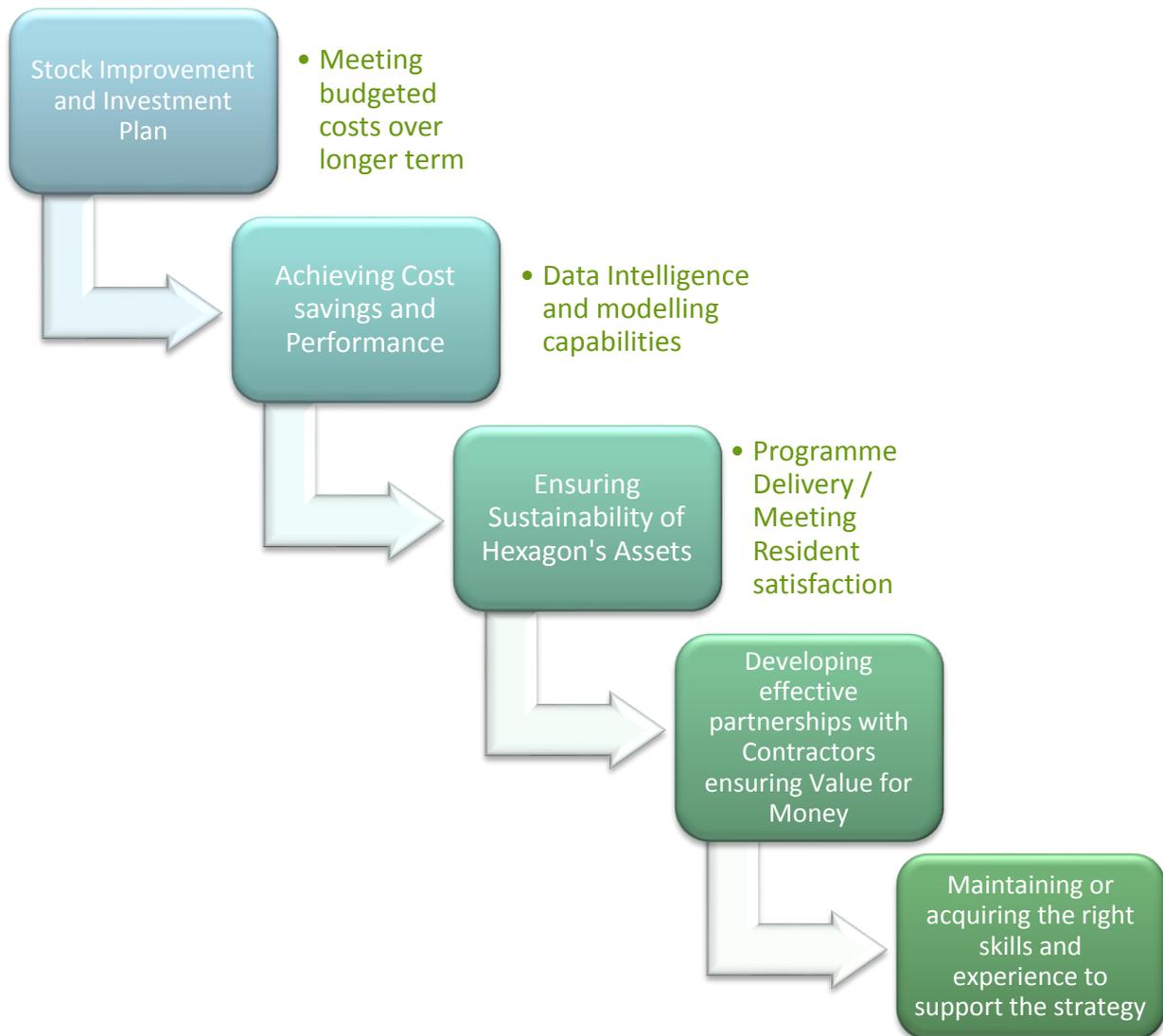
The price of land in and around London can represent around 40% of the total cost of building a new home. In order to support the Development Strategy and our ambitions to provide new homes for low cost rent and shared ownership, we may be able to identify areas of land, or other development opportunities, within our existing estates and wider property portfolio without the upfront land costs.



Herbert Bayer House

Challenges and Risks

There are significant challenges and risks to the strategy being successfully achieved. Key amongst these include



Hexagon's Values:



We foster equality of opportunity and embrace diversity in everything we do

We strive to be open and accountable to our customers and partners



We are committed to ensuring affordability of all our homes and services

We place the interests of our residents at the heart of what we do



We value our staff and are committed to them achieving their full potential

ACTIONS

<u>Property Portfolio Actions</u>	<i>Timescale:</i>
<i>New Housing Management System to integrate with Lifespan.</i>	<i>October 2018</i>
<i>Review Lifespan asset management system</i>	<i>November 2019</i>

<u>Asset Information Actions</u>	<i>Timescale:</i>
<i>99.5% of properties with property and asset information</i>	<i>December 2020</i>
<i>80% of Property and asset survey information less than 5 years old</i>	<i>Annually</i>

<u>Active Asset Management Actions</u>	<i>Timescale:</i>
<i>NPV Asset Appraisal Tool in place</i>	<i>Q1 2017/18</i>
<i>NPV outputs to Board for full portfolio</i>	<i>Annually from September 2017</i>
<i>Disposal of properties uneconomic to maintain, repair or improve</i>	<i>On-going</i>

<u>Repairs & Maintenance Actions</u>	<i>Timescale:</i>
<i>Meet contractual targets for satisfaction -</i>	
<i>Customer Satisfaction with repairs - 88%</i>	<i>March 2018</i>
<i>Customer Satisfaction with repairs - 89%</i>	<i>March 2019</i>
<i>Customer Satisfaction with repairs - 90%</i>	<i>March 2020</i>
<i>House mark target for Performance & Value for Money (Currently Poor performance & average value for money)</i>	<i>March 2019</i>
<i>To – Good Performance & average value for money</i>	
<i>House mark target for Performance & Value for Money - (Currently Poor performance & average value for money)</i>	<i>March 2021</i>
<i>To– Good Performance & Good value for money</i>	

<u>Stock Improvement & Planned works Actions</u>	<i>Timescale:</i>
<i>All properties meet Decent Homes Standard</i>	<i>Annually</i>
<i>Deliver Stock Investment Programme in accordance with business objectives and financial plan</i>	<i>Annually</i>

<u>Statutory Inspection, Servicing, Maintenance and Compliance Actions</u>	<i>Timescale:</i>
<i>Implement and maintain robust KPI's, systems and processes to ensure Hexagon's continued compliance</i>	<i>April 2017 & monthly thereafter</i>
<i>Maintain comprehensive Health & Safety policies & procedures</i>	<i>On-going</i>

<u>Greening the Stock Actions</u>	<i>Timescale:</i>
<i>Develop and implement a strategy to improve the thermal insulation and performance of properties below 65 SAP.</i>	<i>March 2018</i>
Costed programme of works in place to target investment of properties below 65 SAP	<i>March 2018</i>
Average SAP rating benchmark comparison (London Associations) – Quarter 2	<i>March 2021</i>

<u>Development Potential on Existing Estates Actions</u>	<i>Timescale:</i>
Carry out a review of 6-8 Estates to identify whether Development opportunities exist within land we already own	<i>May 2017</i>
Working with the New Business team, assess the viability of any development opportunities arising from the pilot estate review	<i>October 2017</i>

<u>Challenges and Risks Actions</u>	<i>Timescale:</i>
Identified risks will be incorporated in the risk register and maintained on a regular basis	<i>June 2017 and on-going</i>

Hexagon

Hexagon Housing Association

130 – 136 Sydenham Road

London

SE26 5JY

Tel: 0208 778 6699

Fax: 0208 676 7811

Web: www.Hexagon.org.uk



/HexagonHA

