



**BUILDING HOMES
MAKING PLACES
ENHANCING LIVES**

ASSET MANAGEMENT STRATEGY 2018 - 2021



FOREWORD

Sir Peter Dixon, Chair of the Board



There is nothing more worthwhile than providing homes for people who need them. For me, having a decent home provides a firm foundation for greater wellbeing. How well we maintain the quality of our homes is fundamental to the fabric of our society. Within this Asset Management Strategy, I'm delighted to see the continued focus on safety, service quality and efficiency. Equally important is our commitment to affordable warmth, a sustainable environment and employability and training opportunities.

A word from the Chair and Vice Chair of Resident Strategy Group

Working alongside the team on this strategy has been a real pleasure. A truly collaborative effort from start to finish, we're more than satisfied it will serve Optivo and its residents well.



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Introduction and operating environment

Formed in May 2017 Optivo is a major 44,000 home, housing organisation, with a turnover in excess of £300 million, operating in London, the South East and the Midlands. We work with residents, local authorities, and partners to meet housing need, and to create safe, sustainable communities for our residents. We also help residents make the most of their lives through jobs, training, financial and digital inclusion. Effective asset management underpins so much of what we do and is essential to achieving our Strategic Plan objectives.

Within the body of this document, the term "assets" refers to all our homes and offices, including home ownership and commercial properties such as student accommodation and hostels.

Where we use the term "resident" we are referring to tenants, leaseholders and lessees.

Finally, where we refer to our costs and the drive for value we are including within that our approach to both the costs of service provision but also the costs in use, i.e. the daily cost to our residents of running our homes and, equally important, keeping our service charges as low as possible.

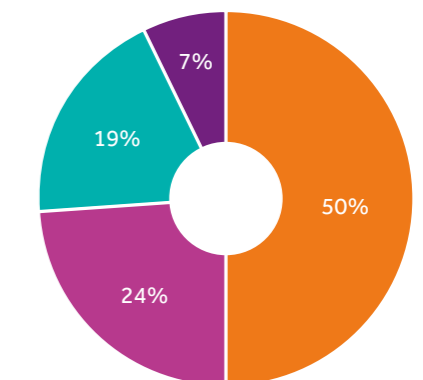
Our homes are well-maintained having benefitted from ongoing improvement programmes, consistently meeting the standards set by the Regulator of Social Housing and its predecessors.

Optivo homes include:

	London	Kent	Sussex	Midlands	Optivo
General Needs	67%	87%	83%	49%	67%
Retirement Housing (HOPs)	8%	3%	10%	38%	8%
Supported	4%	3%	0%	0%	2%
Home Ownership	21%	7%	7%	13%	13%
Commercial*	51.5%	0%	36.8%	11.7%	10%
Total homes	19,753	7,632	9,392	2,706	44,015

*Commercial includes student, key worker, market rented and care homes

Location of our homes



- London
- Kent
- Sussex
- Midlands

This is a time of unprecedented challenge and opportunity for housing associations. The demand for our housing products is high with many of our residents facing new financial pressures following the introduction of universal credit and other welfare reform initiatives. The Government has committed to building one million homes by 2020 and recognises housing associations will be essential if this target is to be met. Fixing the Broken Housing Market, the most recent Housing White Paper, praised the sector's recent record for housebuilding and put measures in place to build upon this. From 2021 we'll be building 1,500 new homes each year. To achieve this it is essential that we find innovative ways to deliver our asset management services as cost effectively as possible whilst maintaining the excellent levels of service we have agreed with our residents.

The government still has reservations about the efficiency of the sector and sees improvements as essential to release additional resources for housebuilding. With our maintenance expenditure representing such a large area of spend and with the condition and safety of our resident's homes a key driver of satisfaction, this asset management strategy will be fundamental to our future success.

This strategy outlines our approach to asset management during a period of integration and transformation. Our 30-year financial plan and reinvestment programme sets out how we'll invest to make sure our residents remain satisfied with their homes and our offices continue to perform well.

We'll sustain our investment and continue to work with our residents to define our service standards. These standards will make sure we protect our assets, ensure that our homes continue to meet our regulator's latest Standard, keep our residents safe, and maintain consistently high levels of resident satisfaction.

Our asset management objectives

In accordance with our corporate objectives, our Board, residents, staff and partner contractors have all helped us to jointly develop this strategy. The three strategic asset management objectives underpinning this strategy are:

- Making the best use of our assets
- Keeping our residents safe with easy access to our social impact initiatives
- Providing Sector Leading Services

Consistent with our Strategic Plan there are three cross-cutting themes running through this strategy - value for money, co-creating with residents and valuing our people.

We will outline what this means and how we will achieve these objectives in the following pages of this strategy.

Our asset management strategy is supported by a detailed financial plan based on our stock condition data. We review our Financial Plan and our investment programme each year and we anticipate spending on average annually:

- £16.2m for Responsive Repairs (incl. DLO)
- £5.5m for void works
- £8.8 m for cyclical works and servicing
- £7.6m for compliance/health & safety
- £15.4m for planned works
- £26.6m for major capital works.

This means for our residents we will annually replace:

- Over 1800 kitchens and bathrooms
- New windows and doors to over 1300 homes
- Heating upgrades to over 1000 homes
- Over 550 electrical installation upgrades
- Over 100 full roof replacements

By the end of this strategy:

- Over 96% of residents will be satisfied with their last repair
- Over 98% of residents will be satisfied with planned improvements carried out to their home
- 100% of our homes and estates will remain compliant in terms of satisfactory fire, electrical, asbestos, water, lift, gas and play area safety certification.
- 100% of our homes will be compliant with the latest standards set by our Regulator
- 5400 homes will receive kitchen and bathroom upgrades
- 3900 homes will be installed with new double glazed windows and modern front doors
- 3000 homes will receive heating upgrades
- 1650 homes will receive electrical upgrades
- 300 homes will have their roof covering replaced
- We will complete an office rationalisation programme
- We will achieve Gold status from SHIFT - Sustainable housing index for tomorrow.

Keeping our residents safe with easy access to our social impact initiatives

Keeping our residents safe in their homes is top of the agenda for our Board, residents and staff. It's also top of the Government's agenda. To achieve this we will:

- Work with resident repair panels to develop and implement planned and cyclical standards
- Implement a programme of cyclical repairs and improvements
- Integrate our health and safety processes, systems and information
- Provide transparent information to residents on our health and safety performance
- Continue to offer adaptations, in partnership with local authority partners, to enable residents to live independently
- Apply and deliver social value obligations in work contracts with supply chain partners
- Work with partner businesses to maximise voluntary social value and giving back opportunities
- Proactively apply recommendations contained within Dame Judith Hackitt's review in response to the Grenfell Tower tragedy.

Listening to and working with residents on safety is crucial and integral to the improvements we'll make. Glen Cady Chair of our Resident Strategy Group supports this and says:



"Resident safety and security is top of the agenda for the Resident Strategy Group. Residents feel safe and secure when they are listened to and are able to influence the services they receive. We welcome Optivo's commitment to providing sector leading services, strong governance and investment in information technologies. By bringing people and data together we'll be able to scrutinise Optivo's response to residents' safety concerns."

We will integrate all of our key compliance databases along with our stock data into one single database linked to our key reporting framework by March 2019. Future transformation will see this system developed into a mobile platform, providing real time reports. Our asset management compliance team will manage and audit all of our key compliance areas. They will ensure procedures are followed and actions completed to set timescales and standards.

Our Health and Safety Forum will monitor all compliance data each quarter. Our Resident Strategy Group and Strategic Board will receive regular reports to give them oversight.

Residents will be able to access key data about their homes online via MyAccount and the Asset Portal. We will continue to work with our residents via our local repairs panels to review and introduce additional measures to ensure our residents feel safe within their homes. For example, delivering an Optivo-wide Resident Safety Awareness programme.

We'll continue to support our residents to live independently in their homes through adaptations and the use of assistive technologies. Old and new technologies will sit side by side: sensors as well as grab rails can be equally useful in helping a resident to maintain their independence. We remain committed to providing an in-house Equipment and Adaptations service, working alongside our Local Authority partners.

Working with our Local Repair Panels and in consultation with our neighbourhood teams, we will continue to develop our planned modernisation, maintenance and cyclical programmes. We will look at areas in addition to compliance to ensure our residents feel safe and comfortable within their homes. Reflecting feedback from our residents we'll specifically develop our key replacement standards such as modern composite front doors to incorporate the provision of simple and effective safety measures such as security chains

and viewers. We will review and where appropriate improve lighting and install door entry systems.

As well as improving our homes and services we can also help to improve lives by creating opportunities. This is underpinned by our social impact strategy that has been designed to transform lives with support for:

- Skills, jobs and enterprise
- Health & wellbeing
- Improved futures.

Our asset management investment decisions, business and supply chain partnerships are a significant platform to create opportunities for our residents. In every project or job we do there is potential to create opportunities. To ensure we maximise social impact opportunities in asset management we will:

- Apply and deliver social value obligations in work contracts with supply chain partners
- Work with partner businesses to maximise voluntary social value and giving back opportunities.

Together we'll create opportunities such as:

- Skills, training and unpaid work placement
- Paid trainee work placements or access to apprenticeships
- Training to help residents to prepare and compete for job roles and work opportunities
- Workforce support including coaching and mentoring
- Giving back support for Optivo and our Fresh Visions charities.

Providing Sector Leading Services

Providing sector leading repairs and maintenance services means consistently delivering high levels of satisfaction while delivering value for money. To achieve this we will:

- Continue to design and co-create our service with our residents, staff and partners
- Embed a service excellence culture in our asset management service
- Train, develop, and value our people so they are productive and deliver high quality, consistent customer service
- Implement a dynamic scheduler initially for our London region by December 2018 and by the end of this strategy, nationally
- Communicate improvement programmes and maintenance information to our residents via our MyAccount portal. This will enable our residents to view and select a range of choices available to tailor future home improvement works, such as new kitchens and bathrooms to their own design, layout and colour scheme, by December 2018
- Further improve our MyAccount portal by April 2020 to view more specific key data in relation to their homes
- Exploit new technology to drive efficiency and satisfaction. We aim to invest in the latest boiler technology to pre-determine when components are likely to fail and repair them before they go wrong. We will also continue to research and, where appropriate, implement a range of sensor technologies to adopt an innovative and pre-emptive approach to how we'll maintain homes in the future.

Within our Strategic Plan we have set an ambitious service target (Net Promoter Score). To achieve this we must ensure residents are happy to promote us and are satisfied with their homes and repair service. Reflecting residents' views and our core customer offer we'll:

- Make it easy to use our service
- Do what we say we'll do
- Be clear about when we'll do it
- Listen to customers to improve what we do
- Ensure staff are respectful and happy to help.

Our Resident Governance structure provides an effective way to truly improve our property and asset management services. We work as a team with members of our Local Repairs Panels, discussing all issues and suggestions. We jointly establish key messages and actions which in turn are sent up through Resident Strategy Group and, if necessary, on to Strategic Board.

We'll be clear about both our own and our residents' repair responsibilities and empower them to undertake more routine home maintenance where appropriate to help us to focus our resources effectively.

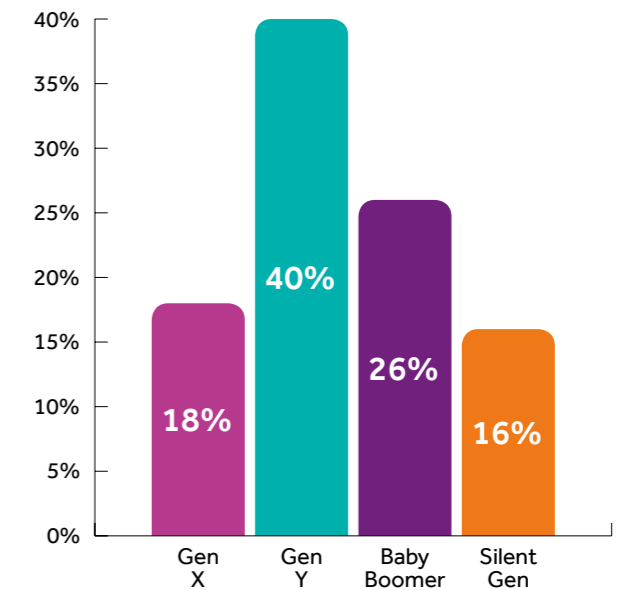
Our repairs customer satisfaction is consistently over 96% and our improvement programme consistently achieves satisfaction levels over 98%. During our integration and transformation programme and while we seek to reduce our cost per property, we are committed to maintaining high resident satisfaction.

Over the course of this strategy we will measure customer satisfaction with our services both in real time (using dedicated teams and integrated technologies) and approximately one week after a repair or improvement is completed. This dual approach will help resolve residents issues as they arise, preventing frustrations from escalating into formal complaints. And we'll also pick up a more considered view of the complete service received by telephoning our residents a week later; their responses filtering through to our Net Promoter Score. We will continue to develop systems to monitor our live operational performance; enabling us to respond when corrective action is required.

We have implemented new responsive repairs standards, developed with our residents, including advice on what our residents should expect and how our operatives should behave within our residents' homes. We will review our planned works and cyclical standards by July 2018. These new standards will define the standard of work we'll deliver and will advise residents what to expect before, during and after the work is completed.

We have a growing wealth of information on our services, residents and assets. We will use this insight to take evidence-based decisions. Our residents demographic by age profile is detailed below. During this strategy we will use this information to influence the ways in which we communicate with our residents and to design our appointment systems and major works programmes. For instance, our "Generation Y" residents (born 1977 – 1995) have told us they would prefer more online services whilst our Silent Generation (born prior to 1945) still prefer direct communication.

We recognise the need to create both digital and non-digital communication channels for our residents. As more and more of our residents adopt digital channels, we will collect information to assist us in tailoring our services in the future.



This live data, along with new technology, will be fundamental to truly transform our repair services.

Our new dynamic scheduler for our repair services will not only provide a more interactive appointment system, it will also optimise the most suitable technician in terms of location and skill-set to attend and complete repairs within our agreed timescales. This system will also ensure all of our technicians have the correct equipment and materials to complete the reported repair, ideally during their first visit. The dynamic scheduler incorporates a Job Jeopardy Notification System escalating the need for Corrective Action to our key officers via our mobile platform. Overall performance is measured separately by our Customer Service Centre.

A trial of a smart thermostat is underway. The trial is examining whether the device can:

- 🏠 Monitor boiler performance
- 🏠 Reduce residents' energy bills
- 🏠 Address high humidity levels – a key cause of condensation and mould.



Once our systems are integrated, we will expand our research and implement new technologies to deliver a pre-emptive service residents are proud of and would recommend to others. We are currently exploring the benefits of using 3D cameras to create virtual reality tours of empty properties and to validate the condition of our homes at the point of letting. The ability for our prospective residents to view available homes online will be more convenient and should help us to improve our lettings time. In addition, validating the condition of our homes prior to letting will strengthen our ability to recharge residents who damage or neglect their homes. We are already reviewing the use of smart boilers to deliver real-time performance information and to pre-empt component failure. In the future we will look at bar-coding to speed up stock replenishment and the benefits of linking a coding system to each of our homes and key components. Such a system could enable our residents to quickly access our repairs portal by simply using a smart device to identify the code on any identified component within their home.

Extending mobile working will enable staff to work more efficiently too. Currently in use across our estate services, health and safety compliance and voids teams, by December 2019 we plan to equip all our surveyors and technicians with a mobile device able to access all of our key systems. This will allow them to access property repair history and to order a repair remotely; not just more efficient but a milestone in transforming our service offer too.

We are keen to explore the use of assistive technologies to facilitate bespoke planned maintenance programmes. One such example could be the use of drones to identify gutters which need clearing regularly because of their proximity to trees. We will do this in the third year of the strategy.

Our Board and residents have asked us to investigate the number of homes which are digitally-enabled. By the end of this strategy, we will have researched and developed a plan to ensure as many of our homes have a secure network to facilitate the safe collection of data from smart thermostats, boilers etc...

To enable us to deliver our services more efficiently we will ensure all of our staff are trained appropriately. We are aware our asset management team and contractors work in our residents' homes every day and are a key part of the public face of Optivo. Our contract and performance management frameworks will ensure all our staff and contractors promote our CORE values and service standards. We will embed our service excellence culture, delivering a cultural immersion programme from April 2018 to March 2021.

Our values

- C**ustomer Focused
- O**ne Team
- R**espect
- E**nthusiastic

Making the best use of our assets

Our asset management strategy is supported by our 30-year financial plan and maintenance standards, setting out what, when and how we'll invest in our homes. Maximising value for money is implicit in every decision we make and everything we do. We will be transparent and able to demonstrate to ourselves, our residents, regulators and future partners we are driving and delivering efficiency across all of our asset management services. Our strategy is to balance cost versus quality and our residents' expectations. We'll aim to reduce our costs per unit while maintaining high levels of customer satisfaction.

To achieve this we'll:

- ◆ Work with our residents to review key materials, standards and choices offered within our improvement programs
- ◆ Use intuitive, real time and integrated technology to drive improvement and efficiency initiatives
- ◆ Continually improve our stock condition data to inform our future investment plans
- ◆ Incorporate Building Information Modelling (BIM) data into our systems to enable us to obtain valuable insight and tools to more efficiently plan, design, construct, and manage our homes in the future
- ◆ Continually evaluate the demand, use and financial performance of our homes to strategically optimise the use of our assets and to support our disposals policy via a detailed option appraisal process

- ◆ Review the performance and effective use of our office spaces, ensuring they support our service delivery plans, our staff's needs, offer value for money and support our energy and environmental targets
- ◆ Procure well using a blend of direct service teams and external providers
- ◆ Invest in improving the energy efficiency of our homes
- ◆ Achieve Sustainable Homes (SHIFT) Gold standard
- ◆ Build new homes where we can provide services effectively and efficiently
- ◆ Fully implement our Soft Landings* initiatives to learn and continually improve the standard and performance of our new homes
- ◆ Implement a combined compliance database and monitoring system linked to our corporate reporting tool
- ◆ Create a self-auditing compliance support team
- ◆ Deliver a common approach to each compliance area with a specific Management and Operating Plan.

The integration of our existing compliance databases is underway and is our top priority for the first year of this strategy. One common system will enable us to effectively monitor and manage all of our key compliance risks together in one system assisted with live reports provided by our corporate reporting tool. This information will be available to our front line services via our customer services database and our mobile platforms. An automated live feed will also update our Health and Safety Scorecard in real time to consistently provide a live picture of performance.

* Soft Landings is a client/resident liaison initiative designed to improve the quality of our new homes at handover.



The accuracy of our stock condition data is essential to efficiently inform our future planned investment programmes. Initially we will re-inspect approximately 20% of our homes each year to maintain good quality data for this purpose. This percentage will reduce as we become more confident in the quality of our data to adequately evaluate the performance of our homes.

We will ensure that our asset management resources are sufficient to meet our current and future residents' housing needs in terms of the type, location and standard of their homes. Our homes are in high demand and we'll work hard to make sure this remains so in the future. Together with our residents we will understand their priorities for future investment and encourage them to actively help us to transform our services by attending and contributing at our procurement and testing panels and contractor performance review meetings.

When we build new homes we'll make sure these are in places where we can deliver services effectively and efficiently. Our asset management team will work with our Development, Operations and Commercial Services teams to inform our future development strategy. For all our new developments, we will continue to roll out Soft Landings.

A key aspect to improving the overall performance of our portfolio is using asset data to make intelligence-led decisions. The implementation of our Active Asset Management tool, planned for June 2019, will facilitate a new strategic approach to asset management. By analysing the performance of our homes we will spend our money wisely and achieve a return on every investment. We will monitor key drivers such as:

- ◆ Internal Rate of Return (IRR) for each of our homes
- ◆ Net Present Value (NPV) for each of our homes
- ◆ Average number of visits undertaken to our homes per annum
- ◆ Actual number of visits to each of our homes
- ◆ Void Rates
- ◆ Maintenance Costs per Unit
- ◆ Rent Loss



All homes will be vacant at the point of sale and will be at a price not less than the value supported by a RICs qualified valuer.

On occasions, despite a property meeting this criteria, we may decide not to dispose of it if there is a potential advantage to our continued ownership.

The data collected will be used to evaluate the future viability of our homes or groups of homes. Where potential poor financial performance is identified, a detailed Options Appraisal will be carried out in line with our Disposals Policy, to review and recommend the most viable option to implement, which may include remodelling, tenure change or disposal.

We'll consider disposal of our homes when they become void, where they are not located within our core operational areas as defined within our growth strategy, or where they are difficult to let or require a high level of future investment which is disproportionate to anticipated rental income.

Where disposal is recommended for a home or a group of homes, and the home(s) meet one or more of our Disposals Criteria, we will act in accordance with government regulations as well as our own Operating Regulations and Delegated Authorities.

Procuring new contracts or expanding our direct labour services affords us an opportunity to drive efficiency. In September 2017 we started a new repairs and maintenance contract within East Sussex using our Alliance Framework. We expect to utilise this framework and to commence a new contract within our Kent region by April 2019. Following a Value for Money review of our Direct Labour Organisation (DLO) we plan to expand the service across our London stock, providing a great level of service at reduced cost from September 2018 onwards. As our main concentration (22,070 owned and managed) of our homes are in our London region, savings will be significant: in excess of £1.7 million per annum.

Environmental sustainability is also part of our wider asset management agenda. Our aim is to achieve SHIFT Gold award by October 2020. SHIFT is the sustainability standard for the housing sector and is backed by Government. The SHIFT assessment measures how we are doing against over 50 environmental criteria, including CO2 emissions, water use, landfill waste and response to climate change covering every aspect of our work. A new Energy and Sustainability strategy for Optivo (2018 – 21) will set out an ambitious programme to reduce our impact on the environment, reduce resident utility costs and deliver a more efficient organisation.

The strategy will include commitments to:

- ◆ Provide energy performance and energy advice
- ◆ Improve waste management
- ◆ Adapt homes to climate change
- ◆ Influence our suppliers
- ◆ Manage our operations in a sustainable way
- ◆ Embed a commitment to sustainability within everything we do as a team

Lastly it is vital our offices continue to perform well and meet our business needs. During the first year of this strategy, we will carry out a rationalisation review and assessment of their location, condition, energy efficiency and suitability. This will ensure our office infrastructure benefits both our staff and residents and supports us in managing our homes into the future.



Summary

Effective asset management is a key component to our ability to provide and maintain great homes and excellent services. It determines whether our residents are likely to recommend us and is pivotal to improving efficiency in our business. We believe residents can help us to achieve our asset management goals and so they are essential to delivering success. We also believe asset management is more than just bricks and mortar and by using our influence, we can create jobs and training opportunities to enhance lives. As a newly merged organisation we are in an integration and

transformation period. This strategy will take us to March 2021 by which time we will be taking a more predictive approach to asset management; we will have ensured residents continue to be safe in their homes, and we will have sustained high customer satisfaction levels while improving efficiency.

All of the actions contained in this strategy can be found in the Action Plan that follows in Appendix One under the relevant themed heading.



Action Plan - Keeping our residents safe with easy access to our social impact initiatives

	2018-19	2019-20	2020-21
Work with resident repair panels to develop and implement planned and cyclical standards	■		
Implement programme of cyclical repairs and improvements	■	■	■
Integrate our health and safety processes, systems and information	■		
Provide transparent information to residents on our health and safety performance	■		
Offer adaptations, in partnership with local authority partners, to enable residents to live independently	■	■	■
Apply and deliver social value obligations in work contracts with supply chain partners	■	■	■
Work with partner businesses to maximise voluntary social value and giving back opportunities	■	■	■
Proactively apply recommendations contained within Dame Judith Hackitt's review	■		



Action Plan - Providing Sector Leading Services

	2018-19	2019-20	2020-21
Design and co-create our service with residents, staff and partners	[Progress bar]		
Embed a service excellence culture across our asset management service, including works to deliver our Planning to be Brilliant and 20/20 Programmes	[Progress bar]		
Train, develop, and value our people so they are productive and deliver high quality, consistent customer service (including delivery of Mary Gober Service Excellence and Park Simm Customer Friendly writing courses)	[Progress bar]		
Implement a dynamic scheduler called Service Connect initially into our London region	[Progress bar]		
Improve our My Account portal, so our residents are digital by choice. Make it easier to use and allow self-service. Offer more specific key data in relation to residents homes	[Progress bar]		
Communicate improvement programmes to residents via the customer portal; enable selection of resident choices for planned improvement choices, starting with kitchens and bathrooms	[Progress bar]		
Exploit new technology to drive efficiency and satisfaction.	[Progress bar]		



Action Plan - Making the best use of our assets

	2018-19	2019-20	2020-21
Implement programmes of planned improvements and cyclical works	[Progress bar]		
Work with residents to design and procure services	[Progress bar]		
Work with our residents to review key materials, standards and choices of our improvement programs	[Progress bar]		
Work with our development team to agree material specifications and standards; fully implement Soft Landings	[Progress bar]		
Implement an active asset management tool to help us to identify homes for option appraisal	[Progress bar]		
Strategically manage our assets to ensure they are performing well financially	[Progress bar]		
Continually improve our stock information to inform investment plans; incorporate BIM pilot data into our systems	[Progress bar]		
Use intuitive, real time and integrated technology to drive improvement and efficiency	[Progress bar]		
Procure well using a blend of direct service teams and external providers	[Progress bar]		
Invest in the energy efficiency and energy performance of our homes	[Progress bar]		
Implement a combined compliance database and monitoring system linked to our corporate reporting tool	[Progress bar]		
Create a self-auditing compliance support team	[Progress bar]		
Deliver a common approach to each compliance area with a specific Management and Operating Plan	[Progress bar]		
Review the performance and effective use of our office spaces, ensuring they support our service delivery plans, our staffs needs, offer value for money and support our energy and environmental targets.	[Progress bar]		

