

The Havebury Housing Partnership
Value for Money
Self-Assessment 2017

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- Note that all benchmarking data within the self-assessment refers to 2015/16 financial year and has not been adjusted.

Introduction

Havebury defines value for money as maximising resources available to deliver our core strategic objectives and benefit the community we serve. We recognise that it is not just about finding savings, but also making the best possible use of assets, maintaining quality consistent services and considering alternative delivery options where appropriate.

Havebury achieves value for money through: the company structure, sound financial/business planning and having effective procurement, performance management and scrutiny functions. We continuously review and improve efficiency by driving a strong focus on the strategic objectives throughout the business.

Havebury's value for money aspiration is to grow further as a regional landlord, whilst sustaining the current cost base. As such we will continuously improve efficiency and reduce expenditure per unit: maintaining a below average position, at the same time as aiming for top quartile performance wherever possible.

The overall responsibility for value for money at Havebury sits with the Strategic Board. The Board is proactive in championing the theme through the work we do. In forming this self-assessment it has reviewed in detail: cost per unit (CPU) compared to other providers, absolute costs of delivering services, performance benchmarking, progress

against the strategic action plan by objective and the efficiency/cost saving programmes in place.

Value for money is actively regulated by the Homes and Communities Agency (HCA). Their value for money standard sets out the specific expectations placed on registered providers.

The HCA recently consulted with providers on the future of value for money regulation, the outcome of which will see self-assessments replaced by a suite of efficiency measures for monitoring value and an expectation of boards to report annually their organisation's performance against its targets. Before a decision on a new standard is published however, the requirements of the current standard remain in force.

The Strategic Board has reviewed the structure of the Value for Money Self-Assessment to reflect Havebury's evolving approach to delivering and measuring value and the expected changes to regulation. This year's self-assessment is therefore designed around the five new sector scorecard themes supported by PlaceShapers, HouseMark, the National Housing Federation and now the HCA of:

- 1 business health
- 2 effective asset management
- 3 development - capacity and supply
- 4 outcomes delivered
- 5 operating efficiencies

Throughout the self-assessment a series of symbols identify the strategic objective(s) relevant to each section. A key to which is set out below.



Develop opportunities for Havebury tenants



Increase the supply of Havebury homes



Provide homes and services which people want



Create better, greener neighbourhoods and target fuel poverty



Be an effective well organised business, that delivers continuous improvement and excellent value

Havebury's Strategic Objectives: key to self-assessment symbols

Executive summary

Havebury's 2017 self-assessment demonstrates the Strategic Board's commitment to delivering real value for the residents and communities we serve. The revised format this year has helped Havebury to better reflect the evolving expectations around evidencing value, and best positions us for the forthcoming changes in regulation.

Havebury's proactive response to current and emerging sector challenges has been referenced throughout and we have set out the preparations made for the roll-out of universal credit (UC) and our response to mitigate the impact of the 1% rent reduction.

2016/17 was a successful year for Havebury, implementing new systems and key improvement programmes to ensure we are ready for greater future demand and the projected increase of units in management. Turnover increased to £35.0m from £33.6m in 2015/16 and despite an increase in depreciation, operating costs remained fairly static at around £22.6m. Operating margin therefore increased to 33.8%, 5.6 points greater than the sector median.

The first year of our cost reduction programme exceeded target, stripping out over £1m from budgets, resulting in lower management costs. Havebury's CPU in 2016/17 was £3,294, compared to £3,628 in the previous year and the sector median of £3,549. We also undertook the first phase of our 'First Focus' project, 'Right First Time', which reviewed and updated our customer point of contact options, including closure of the Haverhill office and improving the telephone service.

Havebury again made a significant contribution to new housing supply, spending £17.6m on development (net of grant received), and completing 178 units. As a proportion of stock owned, development units completed was 2.8%, almost two and a half times that of the sector median and maintains Havebury's position as a major developer.

It is expected Havebury's housing stock will increase by almost 20% over the next five years through the development of new units. This will be supported by the new company structure established in the last year, allowing Havebury to utilise surpluses from two new subsidiaries to further our charitable objectives and maximise new housing supply.

Our continued commitment to investment in Havebury's existing housing stock has helped to realise a significant increase in customer satisfaction. Customer satisfaction with the overall service provided is 93.4%, meaning Havebury tenants are amongst the most satisfied with their landlord in the social housing sector.

The self-assessment has met the requirement of the value for money standard as follows:

Enable stakeholders to understand the return on assets measured against the organisation's objectives - Throughout the self-assessment we have referenced the strategic objective(s) each value for money gain realised has benefited. Within the asset management section we have detailed how we regularly review our portfolio to ensure the return it generates (social and financial) is maximised.

Set out absolute and comparative costs of delivering services - in the business health and operating efficiencies sections we have set out the absolute and comparative costs of delivering services. Our CPU has fallen and the one area of high cost, major works, is in line with strategic objectives and is now forecast to reduce.

Evidence the value for money gains that have been and will be made and how these will be realised over time - The outcomes delivered section sets out progress made against our 2016 value for money action plan. The 2017/18 plan and how this enhances value is shown in the operating efficiencies section. Throughout the self-assessment we have detailed how our efficiency and improvement plans ensure Havebury is best prepared to manage the increase in units over the coming years.

1. Business health

Havebury's financial strength is critical to our ongoing commitment to delivering the strategic objectives. A track record of effective management, maximising our financial capacity and reducing operating costs, enables Havebury to invest more in new housing supply, existing housing assets, neighbourhoods and value added services such as our supported housing hostel, Tayfen House.

Financial statements



The last year was Havebury's most successful to date in terms of delivering our strategic objectives, implementing major change programmes and modernising our customer offer. We continued to invest more in our existing housing stock and commenced work on a series of new developments for affordable rent.

Net surplus for 2016/17 was £5.27m. Turnover increased from £33.55m in 2015/16 to £34.99m, with operating costs (inclusive of depreciation) also reducing slightly from £22,65m to £22.64m. This realised an operating margin for the year of 33.8%. Rent lost through void properties totalled £285k

(0.8%), a decrease from £314k in 2015/16. Income from first tranche shared ownership sales almost doubled on the previous year to £867k, with the number of units sold rising from six to nine and the average share purchased also increasing. In line with development completed during 2016/17, net assets increased from £270m to £289m owing to both greater total fixed assets of £287m and current assets of £2.7m.

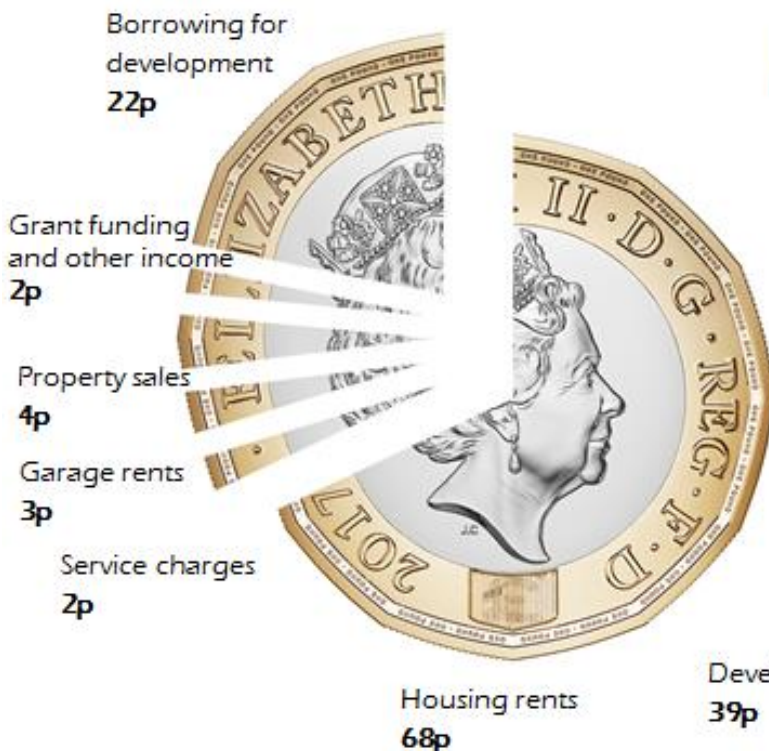
Absolute costs of delivering services



The graphic below shows where every pound of cash invested by Havebury came from in 2016/17 and how that was spent. Income is principally from housing rents (£30.98m), with a further £2.27m coming from garages and service charges. Property sales contributed £1.61m and an additional £10m was borrowed to fund development expenditure.

Havebury's absolute costs demonstrate a clear commitment to new supply and investment in existing properties, neighbourhoods, and services. The majority of expenditure (£17.62m) in 2016/17 was on the development of affordable housing. Interest paid on the related funding was included in finance costs of £6.03m. 14% of expenditure (£6.38m) was on corporate overheads.

WHERE CASH CAME FROM



WHERE CASH WAS SPENT

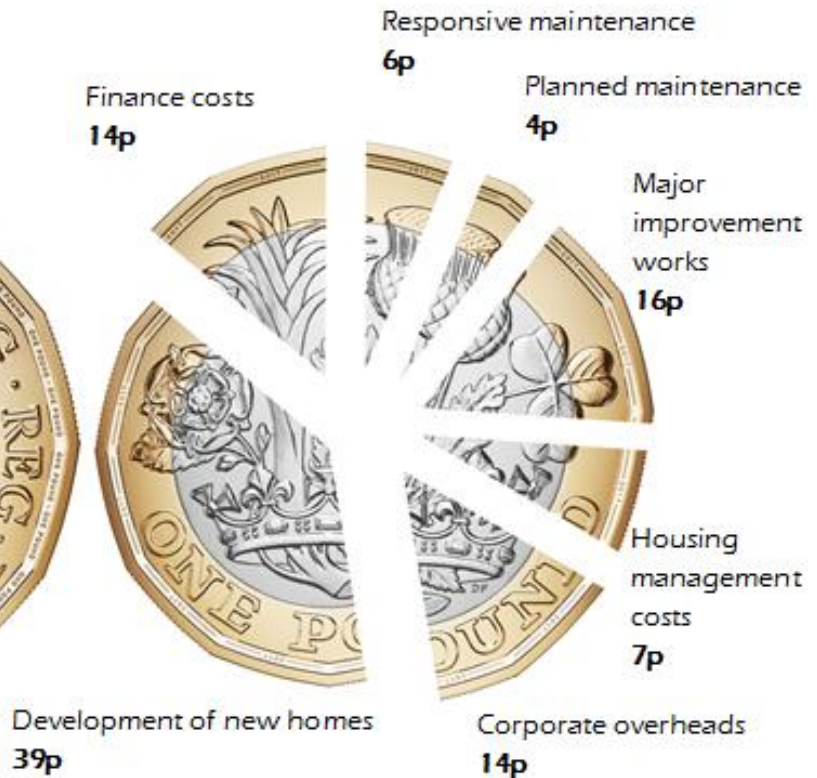


Table 1: Business health efficiency PIs	Havebury 2016/17	Havebury 2015/16	Sector median	PlaceShapers median	Peer group median
Operating margin	33.8%	31.7%	28.2%	28.3%	30.4%
Operating margin - social housing lettings	36.6%	33.3%	32.1%	32.1%	33.4%
EBITDA MRI % interest	174%	140%	177%	175%	158%

Havebury's programme of major improvements to housing accounted for £7.19m in 2016/17 with a further £4.67m (£1.8m planned, £2.9m responsive) being spent on maintenance. The remaining costs of £3.37m related to direct service provision of housing management.

Business health efficiency measures



The efficiency measures associated with the business health theme are operating margin, operating margin - social housing and EBITDA MRI (earnings before interest, taxes, depreciation and amortisation, major repairs included). Although a key indicator, Havebury is aware profitability is not the only measure of success. Whilst a high surplus is encouraging for lenders, it is important this does not come at the cost of delivering quality services.

Havebury's operating margin is healthy, being greater than that of the sector median, but within what we consider a suitable range for a provider of social housing with an aspiration to grow regionally, develop new homes and sustain value for money. The increase in operating margin is a result of greater turnover owing to new assets being added to the rent debit and shared ownership sales, plus a reduction in costs of over £1m.

EBITDA MRI is an approximation of cash generated, and presenting it as a multiple of interest shows the level of headroom on meeting interest payments on outstanding debt. EBITDA MRI % interest increased between 2015/16 and 2016/17 due to higher

turnover and lower expenditure. This generated around £3m more in cash than the previous year. The difference is exaggerated in comparison to operating margin as the latter includes depreciation as expenditure, (which increased from £4.7m to £5.6m), and ignores capitalised major works costs (which decreased from £4.6m to £4.0m). Havebury's 2016/17 result is similar to that of the sector and indicates we have greater headroom in meeting the existing debt than the majority of others in the peer group.

Responding to sector change



Due to the 1% rent reduction enforced from 2016, Havebury implemented a cost recovery action plan to remove expenditure without significant detrimental impact on front-line services. In its first year, Havebury has been successful in exceeding the targets set to sufficiently lower expenditure.

In addition to the above, the St Edmundsbury area is transitioning to full roll-out of UC in October 2017. We estimate there will be between 200 and 400 additional tenants directly receiving benefits by year-end. National research has highlighted the average arrears of new UC claimants is £618 per tenant, (Havebury's UC average arrears is currently £354). Alongside the housing benefits cap at local housing allowance rates, and other welfare reforms already imposed, this poses a significant risk to Havebury's future income. Havebury has however prepared carefully for the roll out and put in place an action plan and mitigation strategies.

2. Effective asset management

To Havebury, asset management is about making sound holistic decisions to determine the appropriate future of our housing stock, operational buildings and landholdings by taking into account social, financial, economic and demographic factors.

Asset management strategy



Our Asset Management Strategy 2016-21, seeks to achieve continuing value from the asset portfolio by carefully balancing its financial performance with the social and economic needs of customers. Its purpose is to ensure properties are maintained and modernised to a high standard, generate the maximum possible asset valuation, ensure demand is high to minimise loss of income through voids and that any investment realises social and economic returns.

The strategy is underpinned by a rolling five year stock condition survey programme that continuously refreshes the data held on each asset so that informed decisions around management, maintenance and retention/disposal can be made. Our new asset management IT system, Keystone, also improves the visibility of this data and increases Havebury's ability to carry out individual property appraisals.

Repairs and maintenance



As with any social landlord, responsive repairs engender the greatest reason for contact from residents. Research conducted by *HouseMark* suggests that by some margin, satisfaction with repairs and maintenance has the strongest positive correlation with a customer's general view of their landlord, over any other service. In essence, high levels of overall customer satisfaction can generally only be achieved alongside a quality repairs service.

For the majority of responsive repairs and void works Havebury employ direct labour (a DLO), and the team is popular and trusted amongst residents. Given its profile however, the service is one we review regularly, using best practice examples, benchmarking and sector data. In 2015, *HouseMark* produced analysis which found no relationship between providers with a DLO or those without, and improved performance/efficiency. This means the benefits of having a DLO or otherwise is specific to the individual circumstances, characteristics and management of the organisation concerned.

Our latest assessment found that under the DLO, Havebury's cost per property of repairs and voids was lower than the sector median as was the average cost per repair (£123 against the median of £127). Our most recent survey data also reveals satisfaction levels of around 95% and DLO performance compares favourably against other providers. We are satisfied that the DLO offers value over the alternative options and is therefore a model Havebury will retain subject to continued performance delivery.

Havebury opt to use contractors for most cyclical maintenance programmes and these works are procured by competitive tendering.

Major improvement works



In 2014 Havebury made an explicit decision to invest an additional £8 million in improving housing stock over four years. The investment was over and above that identified as being required by stock condition data, but has made a real difference to the quality of property Havebury offers to residents. In 2016/17 alone, improvement works included 596 kitchens/bathrooms, 186 rewires and 247 new heating systems.

The benefit of this work has already been realised and demonstrates real value. Customer satisfaction with their home has increased by over 10%, during the same period.

Sustainability



The current position on performance has meant that Havebury has been able to re-profile major repairs spend. This has helped mitigate the impact of the 1% rent reduction so that current service levels can be sustained or improved elsewhere. We do however remain committed in 2017/18 to delivering 400 new kitchens and bathrooms, 200 new central heating systems, new UPVC gutters and fascia to 200 properties, 100 electrical upgrades, and a number of properties will also be reroofed.

In addition, our clear target to reduce CO2 emissions by 20% and tackle fuel poverty, sees Havebury's key tasks over the next three years to be; improve insulation of single skin pre-war stock, develop a retrofit programme to enhance energy and environmental performance, seek grant funding to enable installation of more suitable heating in rural properties, develop an affordable warmth strategy and to continue to provide energy advice to residents.

Effective asset management efficiency measures



Although good, the ratio of responsive to planned maintenance is in part attributable to Havebury's significant major works improvement programme (revenue and capital). As the period of increased investment comes to an end the ratio will normalise. Havebury's effective asset management, based on detailed stock condition surveys, has resulted in reduced spend on repairs in favour of planned maintenance. The majority of maintenance will therefore continue to be carried out on a planned basis which has traditionally been considered most cost effective.

Return on capital employed (ROCE) demonstrates the return generated by a provider compared to its asset base. Havebury's ROCE is greater than that of the sector median and reflective of operating

margin being in a similar position. This demonstrates good performance when considered in light of Havebury's considerable investment in major repairs and strong rate of development activity.

Long term asset management



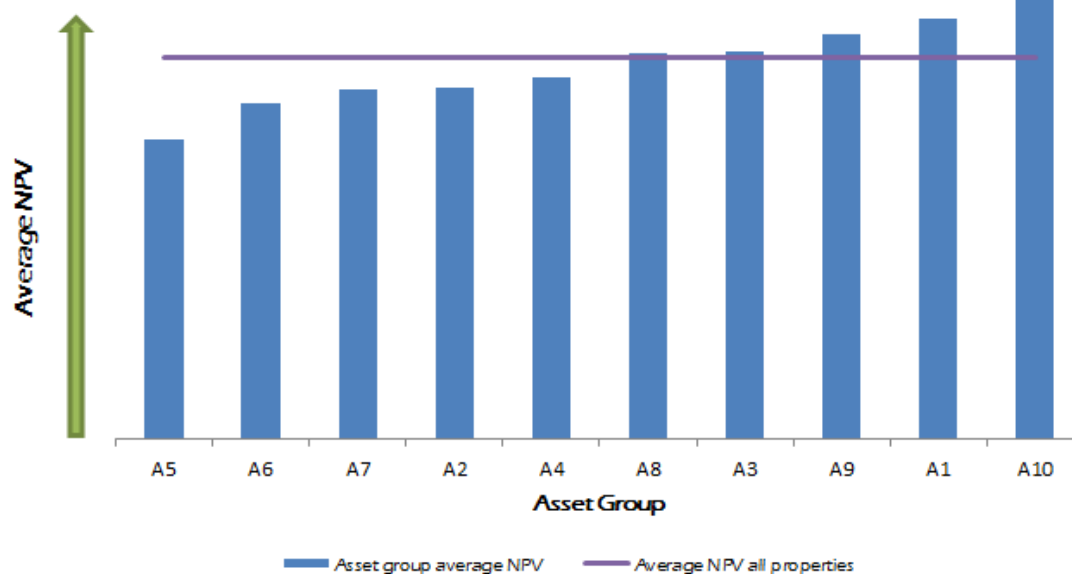
Havebury assesses stock performance regularly and views it as a critical part of long term asset portfolio management. The net present value (NPV) model is used for assessing each property, alongside a number of sustainability indicators such as local lettings demand, property location and dispersal, construction/design, plus several other housing management metrics.

Properties or groups of properties Havebury identify as having a poor NPV or score low sustainability ratings, are 'tagged' for potential disposal or further consideration when planning investment programmes. This assessment alone however, does not ultimately determine whether units are disposed or not. Even an asset, or group assets, with a negative NPV may still be beneficial to retain, particularly if it forms part of a greater stock holding Havebury wish to retain influence over, or the property type is in immediate demand. Equally those units with the highest NPV, could carry significant benefits of sale e.g. if located in a high value area and a sale could provide funds to increase the provision of affordable housing. Havebury therefore takes a very strategic approach to each decision.

As shown on the chart on the next page, even at the broadest level, net present value varies across Havebury's portfolio. It is therefore essential to ensure assets continue to offer current and future value to best meet strategic objectives. Where this ceases to be the case, Havebury will seek to find the most appropriate alternative delivery option, or consider properties for disposal to fund new development.

Table 2: Effective asset management efficiency PIs	Havebury 2016/17	Havebury 2015/16	Sector median	PlaceShapers median	Peer group median
Return on capital employed	4.28%	4.27%	4.07%	4.27%	5.01%
Occupancy	99.49%	99.52%	99.59%	99.65%	99.62%
Ratio of responsive repairs to planned maintenance	32%	38%	60%	59%	64%

Average net present value of Havebury properties by asset group



Procedure for disposals



The majority of disposals are undertaken as opportunistic sales and tend to arise as properties become void. Every void property is assessed for disposal using the criteria set out below:



For void properties assessed as potentially suitable for disposal, an information pack is prepared and presented to the board to either approve or reject the proposal. Those approved are sold on the open market in order to achieve the maximum sale value.

During 2016/17 there were eight property disposals, which after fees generated £1,508,343 of sales value. This is ring fenced for the development of new homes that will better meet local need and conducive to satisfying Havebury’s strategic objectives.

Two properties had significant levels of asbestos, meaning ongoing maintenance costs were unsustainable. Five required extensive works to bring them up to standard, of which one was in a high value area and therefore carried significant benefits of sale, and another two, their location (one being isolated from other Havebury stock, the other being very rural and not on mains drainage) was unsuitable. The final property was undesirable to potential tenants due to the remote location, its large garden being difficult to maintain and small living space.

In addition to the sales completed last year, a further two properties were identified for disposal when they become void due to high future repairs costs.

3. Development - capacity and supply

Development is the most effective way of increasing a provider’s social value. Assuming it is managed and maintained appropriately, the provision of good quality affordable housing has wide ranging benefits. The affordable housing provided by Havebury provides residents with high quality, stable accommodation from which to build successful lives, improve employment opportunities and facilitates social mobility.

Financially, development makes sense too. It has a positive impact on the surplus it is possible to generate and reinvest. Development fosters organic growth, helping to deliver better value for new and existing customers.

Development by Havebury

Havebury commenced development shortly after stock transfer and since 2004 has delivered over 1,000 new affordable homes. 45% of Havebury’s development activity has occurred in the last three years and 2016/17 was the most significant year to date in respect of completions. 178 units were handed over, 18 for shared ownership with the remainder to be let at affordable rents. A further 345 units are committed, for completion in 2017/18 and 2018/19 across 17 sites and seven local authority areas. As the graphic below demonstrates, Havebury’s business plan forecasts a 20% increase in managed stock over the next five years.

A full case study of one development is provided on page 12, however a few examples of other current

projects are set out below. All will transform underutilised sites to better meet local housing needs and in turn create substantial social value.

Lucky Break: Havebury purchased this site to provide 36 flats of mixed tenure to best meet housing needs in a central Bury St Edmunds location. Formerly housing several commercial ventures, part will be converted and the rest rebuilt.

Westbourne Court: was a hard to let sheltered scheme considered no longer fit for purpose. Completing the remodelling of one block, further consideration was given to redeveloping the site and an application has been made for 36 new one and two bed flats with a view to starting on site in January.

William Blake Court: Also a former sheltered scheme requiring significant modernisation. Due to its construction, remodelling, conversion or continued maintenance was not viable. Demolition was considered the best option for the site and work is now well underway to construct 15 new houses.

Company structure

During 2016/2017 a group structure was established and later in 2017, two new subsidiaries will commence trading. Havebury Homes Limited will begin a programme of home building for open market sale. Design & Build Services East Limited will undertake development on behalf of the parent company and Havebury Homes Limited. Surpluses from both subsidiaries will be utilised to further Havebury’s charitable objectives and maximise the number of new homes Havebury can provide.

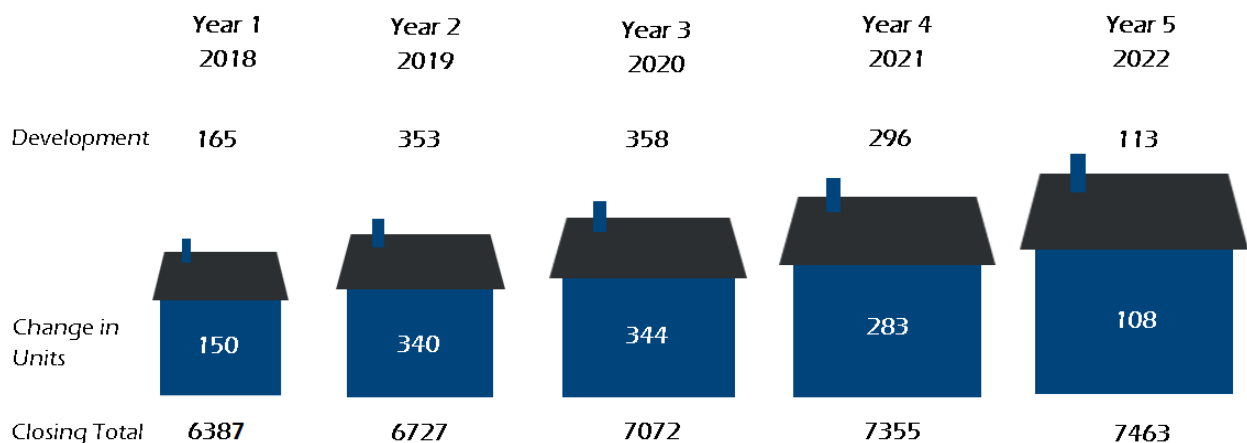


Table 3: Development efficiency PIs	Havebury 2016/17	Havebury 2015/16	Sector median	PlaceShapers median	Peer group median
Units developed (absolute)	166	164	70	56	59
Units developed as a % of units owned	2.58%	2.58%	1.12%	1.24%	1.25%
Gearing	55.3%	54.6%	49.3%	52.5%	61.7%

Development efficiency measures

The number of units developed demonstrates a provider's absolute contribution to the supply of new homes. Showing this as a proportion of stock puts development activity into the context of organisation size and allows the figure to be benchmarked against others. Both as a percentage of stock and in absolute terms, Havebury's development programme is significant, being almost two and half times greater than that of the sector median and satisfying the core strategic objective in increase the supply of Havebury homes.

Gearing shows the proportion of borrowing in relation to the size of a provider's asset base. If the ratio is low it could indicate there is greater leverage to borrow for development or new services, whereas if it is high it may be that too much borrowing has been taken on.

Whilst greater than the sector median, Havebury's gearing is not dissimilar to that of other similar providers within the PlaceShapers peer group. The position reflects the funding borrowed to develop more social housing and is indicative of Havebury sweating assets to do this. Another factor here is that large scale voluntary transfer providers generally carry greater debt than traditional housing associations. Gearing is likely to increase in 2017/18 as Havebury aim to have secured additional funding for development by November. The subsequent position against this measure however would not be unusual compared to providers similar to Havebury. Indeed the peer group median is over six percentage points greater.

Development policy

Havebury's development policy is in place to ensure the provision of new supply delivers future value and working closely with local authority housing strategy teams means that new development is designed to best meets local housing need.

Havebury focuses on affordable and shared ownership development, specifically of one and two bedrooms. By the end of the current (2015-18) affordable homes programme it is anticipated one and two bedroom properties will make up 55% of Havebury's stock. This compares to local demand of around 85% and therefore the policy to rebalance the shortfall between supply and demand for smaller properties, through our growth and disposals programmes, continues to be appropriate.

Ordinarily Havebury seeks sites for development within a one hour radius of Bury St Edmunds, but focuses primarily within St Edmundsbury, Forest Heath, plus the A11/A14 corridors. Exceptions to this are considered, but only where Havebury feels it can have significant impact, the site is large enough or there are other strategic factors.

All potential developments must accord with Havebury's appraisal model and the financial parameters set within. Schemes are considered viable if they show a positive NPV, pay back within 30 years and require subsidies which can be absorbed within the tolerances of our HCA bid (subsidies being defined as HCA grant, local authority grant, rent conversions, disposals cross-subsidy and surplus cross-subsidy). The overall programme viability, as well as analysis of individual schemes, is reported regularly to the Strategic Board. Havebury builds all new homes to the standards set by local authorities and any emerging national standards that take precedence. With a view to future value, design and materials are carefully considered to ensure ongoing repairs and maintenance costs are reasonable.

Development case study - White Hart Hotel, Mildenhall

The White Hart Hotel, a part grade II listed former public house and hotel, is situated in a prominent high street location within the conservation area of the small market town of Mildenhall. The hotel itself

closed for business circa 2012. The restaurant remained open, before closing entirely and standing empty for around six months. Following the success of a similar development close by, Havebury took the decision to purchase the White Hart Hotel as a potential development site in September 2015.

With the remodelling that comes with this type of venture, followed by a period of disuse and coupled with the restrictions of working with a grade II listed building sitting within a conservation area, the redevelopment of the site came with a number of challenges. However it was seen as an investment, not only by Havebury, but to the wider community as well, with the prospect of redeveloping the building, retaining its original beauty and bringing new life to this area of the town.



Working with architects familiar with Havebury's exacting standards a scheme design was proposed to redevelop the 935m² (0.093 hectare) site, comprising the renovation and conversion of the existing building and new build elements. The scheme provided 12 new dwellings, eight of which sit within the existing buildings with four new properties built to the rear of the site. With 302 people then on the housing needs register expressing a wish to live in the town, and 172 of these looking for one bedroom accommodation, the design proposals of 8 x 1 bed and 4 x 2 bed dwellings helped to meet this need and provided homes for up to 30 people.

Havebury's design team carried out extensive consultation with both the public and the local authority planning and strategic housing teams. As part of the design and consultation process, car parking was given full consideration, eventually providing a reduced level of parking of nine spaces for 12 dwellings. This was considered appropriate for the urban town centre location. The proposed layout utilised all available space, with the contractor working within a tight site with restricted

access and adjoining neighbours and businesses. The new dwellings made the most of the character and features seen throughout.

Havebury worked closely with well-known local builder Cocksedge Building Contractors to deliver the scheme. The White Hart development was twinned with another Havebury / Cocksedge Building Contractors new build development within the town to drive further efficiencies and gain the best value from the works. The site was highly constrained with access limitations from the High Street and existing residents and businesses all around. The contractor had to work closely with the neighbours to limit disruption and reached an arrangement with a neighbouring business to facilitate the movement of construction plant and deliveries on and off the site.

Havebury worked with an employer's agent (cost consultant) and the contractor to ensure works costs remained fair, reasonable and in balance with the outcome of regenerating a disused commercial property for residential use. While the delivery of the scheme was delayed due to the constraints of the site and the work associated with renovating and redeveloping an old building, the scheme handed over in May 2017. The development has turned a fast becoming eye sore into a freshly repaired and renovated building, bringing investment into the local economy by providing 12 much needed new homes.



Despite the challenges this development presented, it provided significant social value to the town, but also performs well financially too. With a positive NPV, the scheme repays within 28 years, well within the 35 year limit used for appraising development projects.

4. Outcomes delivered

2016/17 was an exceptional year for Havebury in respect of delivering service improvement and efficiency programmes, the outcomes of which continued preparations for our planned growth.

Tayfen House



Tayfen House is Havebury's direct access supported housing hostel, providing an essential service for the community. People may become homeless for many different reasons, but whatever the cause, specialist and professional support is essential to get lives back on track. Since 1998 Tayfen has provided accommodation for hundreds of homeless individuals and the service makes a significant contribution to Havebury's social value offer.

Tayfen is financed through rents, funding for the provision of support services, and is subsidised by Havebury through shared repairs and maintenance and central support services. In addition, 31 off site bed spaces with more limited support are provided within Havebury's housing stock to ensure we focus spaces in the hostel on those in greatest need. The creation of surpluses has enabled Havebury to subsidise this crucial part of our organisation.

In 2016/17 Havebury were successful in being awarded a two year contract (plus an optional further two years) by Suffolk County Council to provide Housing Support (HRS) for up to 50 homeless people. The contract helps to secure the future provision of services and enables them to reach further into the community.

Many of the people who come into the HRS service arrive with challenging issues affecting their lives. The facilities and support at Tayfen are designed to optimise access to training and employment opportunities, with the aim to help people move forward into a more positive future.

Last year Tayfen housed 40 homeless applicants, helped 19 clients to move on to suitable accommodation, supported 16 into training or employment and 22 in finding voluntary work or work experience.

Tayfen House case study

'Resident A' was referred to Tayfen House after being released from prison. Having a chaotic lifestyle and dependency on class A drugs and alcohol, he found socialising with other residents difficult and initially struggled to build an effective relationship with support workers.

Tayfen continued to provide support however, and resident A began to engage with staff, outside agencies such as Turning Point and attended AA/NA meetings. As part of the support plan, Resident A was also offered the opportunity to work on the social enterprise programme run between Havebury and Ground Control, our grounds maintenance contractor.

Overcoming some early anxiety about joining the programme, resident A thrived. He completed the eight week course, including achieving certificates for manual handling and awareness, a TQUK level two award in first aid at work and has applied to do the next course too.

Resident A has since left Tayfen House and now lives in supported accommodation within Havebury's housing stock. The aim being for resident A to sustain a general needs tenancy and enter paid employment, his journey through Tayfen services has already been really positive.

Welfare reform and employment support



During 2016/17 Havebury provided employment support to 57 individuals. This work included assistance with writing CVs, job searching and making applications as well as signposting to apprenticeship schemes, work experience, training and education courses.

Those seeking support either approached Havebury for assistance or were referred by our welfare and benefits, income or neighbourhood teams. Havebury's 'route to recovery' scheme, also highlighted tenants whom had recently lost their jobs, have vulnerabilities or are in supported housing but were ready to step back into employment.

Of significant risk to tenants' finances, and subsequently Havebury's income, is the ongoing welfare reforms and in particular the roll-out of Universal Credit (UC). Havebury's income team have been readying the organisation for our main operating areas switching to full service in October 2017. This work has included undertaking training, profiling tenants whom are most at risk and raising business awareness generally. We have also significantly developed our arrears policy, procedure and triggers, to ensure UC cases receive closer and specialist monitoring, and are in the process of preparing information packs for residents explaining the changes and providing details of support agencies.

Havebury recognise the challenge UC presents and has created its own bespoke calculator for measuring the likely impact and testing of different scenarios. Following the roll-out, Havebury is targeting to recover each account starting on, or switching to, UC within 39 weeks.

Performance and scrutiny function



Havebury is committed to supporting the tenant led performance and scrutiny panel in being effective at holding the organisation to account, and as a vehicle for service improvement. During 2015/16 the panel monitored operational performance and carried out detailed scrutiny reviews in areas such as responsive repairs and procurement. In addition, reviews of complaints management and the external painting contract were concluded. For 2017/18, and following a favourable report on the procurement function, the panel has planned to review overall contract management in addition to a review of Governance Arrangements already programmed.

To maximise its future impact, the panel has worked in partnership with Havebury to develop their approach to scrutiny and over the next year will implement some minor changes to how areas of the

business are identified for scrutiny and reviews carried out.

'Right first time' and Cx



After rigorous testing, in February 2017 Havebury implemented the new housing management system, Cx. In being an early adopter of the system we were able to enhance the value it offered the business in securing a lower price, but also enabled Havebury to play a key role in shaping its functionality and the look and feel for users.



























A full benefit realisation study will take place in due course, however the primary aims of Cx were to modernise our housing management IT in readiness for increased demand and units in management, better handle customer communications and provide a single repository for housing management information all staff can access. In addition Cx offers improved process management functionality, enhanced reporting and greater capacity for creating contractor interfaces and an online digital service for customers.

2016/17 also saw Havebury undertake further work on 'right first time', the first stage of our 'first focus' project. Following extensive research, data analysis and customer consultation the telephone interactive voice response (IVR) function was improved, the reception service revised and the underused Haverhill office closed. The changes have been successful in ensuring customers reach the services they require as quickly and efficiently as possible and have maximised the opportunity to resolve issues 'right first time'.

2016/17 action plan



The following table highlights the actions taken by Havebury during 2016/17, against the plan set out in the 2016 value for money self-assessment.

2016/17 action plan objective	2016/17 actions completed	
Evaluate and expand current gardening services with tenant involvement	17 Tayfen residents taken up work placement opportunities with grounds maintenance contractor throughout 2016/17	  
Partner with other organisations to create employment, work experience, apprenticeships and training opportunities that Havebury tenants can apply for	57 residents referred to Learning and Employment Team and supported in finding employment, training or getting 'work ready'	
Utilising grant funding from the HCA to deliver 427 new homes in the 2015-18 Affordable Homes Programme	215 new homes had been completed by the end of 2016/17 (year 2) and Havebury are on target to complete the programme (427 units in total) in 2017/18	
Identify potential development sites for evaluation on Havebury's own land	Sites identified at Barnadiston, Ixworth and on the Priors Estate. All sites in for planning or at pre-app stage.	 
Roll out neighbourhood visions to improve a minimum of three estates	Neighbourhood visions in place on five estates in 2016/17 including Clements, Mildenhall and Priors	 
Establish a tax efficient vehicle to build and develop outside of the AHP to reduce cost of developments	Group structure established and in 2017 the two new subsidiaries will commence trading	 
Implement the recommendations for the 'Right First Time' project	Phase one implemented, including revised reception service, enhanced IVR and closure of Haverhill office	 
Implement year one of cost reduction programme with £717,550 cost savings	Cost reduction programme implemented. Including additional underspends, saving of over £1m achieved	
Identify properties for disposal in order to generate a minimum capital of £1.5m to fund the AHP programme	Eight units disposed, generating £1,508,343 after fees	   
Implement year two actions of the IT strategy to release cost savings	Year two of IT strategy actions implemented. Savings identified include £12k pa from rationalisation of communication line and replacement of ISDN connections	
Replace existing storage heaters for a sheltered housing scheme to reduce tenants' energy costs	Alternative solution being investigated as tenders for original system proposed were in excess of budget. If proven suitable cost of alternative scheme is £260k lower.	  
Advise tenants on the potential of PV solar panel installations to take advantage of free energy	Advice provided to tenants as to how and when solar panels generate electricity and when best to use appliances. Guidance also offered to tenants on switching to more economic tariffs and a bulk buy scheme is also being investigated.	 
Explore options of providing alternative energy supplies for tenants to help reduce bills		
Develop a waste management strategy to coordinate and focus activity on reducing our current waste disposal costs. This will be achieved by improving recycling and	Strategy rolled out including lower costs for skips, less waste from Ground Control going to land fill, reviewing and disposing of unused bins. Saving £18,308	 

Outcomes delivered efficiency measures



Customer satisfaction is a useful measure of the quality of service being provided and whether it effectively meets the needs of residents. Havebury's overall customer satisfaction has increased from 87.9% to 93.4% over the last three years, with just 3% of tenants saying they are dissatisfied in the last survey. The timing of this improvement coincides directly with the additional £8m being committed to major works and ongoing

service improvement programmes. In addition, Neighbourhood Vision Plans to tackle local issues and coordinate investment have been rolled-out on five main estates.

Other than customer satisfaction, the two other 'outcomes delivered' efficiency measures are: pounds invested in new supply per pound generated and pounds invested in communities per pound generated. There is currently no benchmarking data available for these indicators and therefore will not be reported until later in the year.

Havebury performance



The table below sets out Havebury's performance over the last two years against some key measures that do not already form part of the sector scorecard. Also shown is how the results compare to other providers.

Havebury's tenancy turnover is lower than the majority of other housing associations. Whilst this measure is usually driven by a provider's operational environment, it nevertheless demonstrates strong levels of tenancy sustainment across Havebury's stock.

Average void time is above the median and slightly increased. This reflects a number of long term voids that were re-let towards the end of the year. Rent lost to voids has improved and is lower than the sector median, better reflecting actual performance in this area during 2016/17.

Performance on both current and former tenant arrears continues to be amongst the best in the

sector. Of note is that within the peer group, Havebury is the only provider whose main operating area will transition to full UC service in 2017/18. This is likely to impact the benchmarking position next time, however our favourable starting position is of benefit here. Havebury's ASB caseload is broadly in line with that of other similar providers and over 10 cases per 1,000 units lower than the sector median. The number of new cases reduced by 13% in 2016/17 compared to the previous year.

Customer satisfaction with the quality of home has increased by 5% and follows additional investment in improvement works. Repairs and maintenance satisfaction is just below average, however it has improved on the prior year and reflects the number of neutral responses received. The level of dissatisfaction expressed against this question is top quartile. Satisfaction that Havebury takes residents views into account is exceptionally high, something usually attributed to the culture of and organisation and supported by the low volume of complaints Havebury receive. 92% of residents feel that rent provides value for money, eight percentage points greater than the sector median.

Table 5: Performance benchmarking data		HHP 2016/17	HHP 2015/16	Sector median	Place- Shapers median	Peer group median
Tenancy turnover		6.0%	6.8%	7.7%	8.2%	7.0%
Average re-let time of standard voids		26	20	23	24	20
Rent loss due to voids		0.8%	1.1%	0.9%	0.9%	0.8%
Average days to complete repairs		9.5	5.9	8.8	8.5	8.6
Current tenant rent arrears (net of unpaid HB) as a % of debit		1.0%	0.9%	2.0%	1.9%	1.4%
Former tenant rent arrears as a % of debit		0.3%	0.4%	1.1%	1.0%	0.8%
New cases of antisocial behaviour per 1,000 units		34	39	45	43	35
Customer satisfaction with:	overall service provided	93%	90%	88%	88%	88%
	overall quality of home	89%	85%	86%	87%	86%
	neighbourhood as place to live	87%	85%	87%	86%	87%
	value for money for rent	92%	90%	84%	84%	84%
	repairs and maintenance	81%	79%	82%	83%	81%
	views taken into account	83%	77%	73%	73%	73%

Table 6: Operating efficiencies efficiency PIs	Havebury 2016/17	Havebury 2015/16	Sector median	PlaceShapers median	Peer group median
Headline social housing cost per unit	£3,294	£3,628	£3,549	£3,462	£3,457
Rent collected	100.39%	100.11%	99.70%	99.77%	99.70%
Overheads as a % of adjusted turnover	9.72%	9.82%	11.51%	12.05%	11.87%

5. Operating efficiencies

Over the last year, the first part of the 'Right First Time' element of Havebury's First Focus project was completed and has effectively streamlined and improved customers' initial contact experience. In addition Havebury's new housing management IT system, Cx, was implemented and is expected to provide significantly more flexibility to the business. The cost recovery action plan has also realised significant savings, helping to mitigate the impact of the 1% rent reduction, but also freed up cash to redirect toward strategic and customer priorities.

Operating efficiencies efficiency measures



The sector scorecard measures associated with the operating efficiencies theme are set out in the table above. As full roll-out of UC in October 2017 approaches, it is critical to maintain a positive starting point on income and rent arrears performance. For 2016/17 rent collection was again over 100% and continues to compare very favourably to other providers. The result was achieved following a strong focus from our income team to achieve a real terms cash decrease in rent arrears, and greater credit balances being held on rent accounts following a campaign to encourage tenants, particularly those affected by welfare reforms, to pay in advance.

Havebury's overheads as a percentage of adjusted turnover has reduced slightly, remains low against the sector and confirms that we have comparatively lean back office functions. Whilst there is always a balance to be struck between keeping overheads down and providing sufficient support to front-line services, Havebury are confident current expenditure is appropriate, particularly considering our appetite for growth and that it is already similar to that of much larger providers.

Headline social housing CPU is lower than the sector median and close to the upper quartile. This position is driven largely by management costs, which following savings identified through the cost recovery action plan, are now over 40% lower than that of the sector median. Maintenance costs are around £100 lower than the peer group (in theory those organisations with a similar stock profile) indicating this area of the business is fairly lean. Other costs appear low compared to others too, reflecting efficient back office functions and that Havebury's core function remains the provision of social housing services.

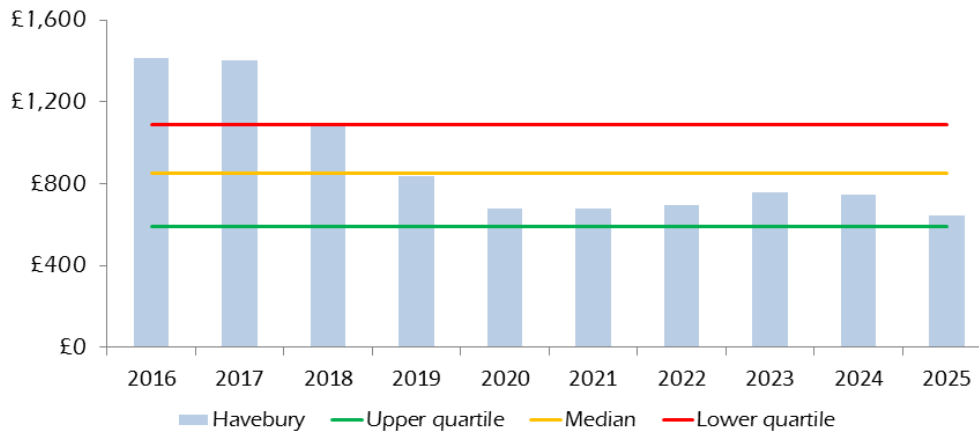
Major repairs profile



Havebury's CPU is greater than that of the sector median for major repairs. This position reflects the strategic objective to provide homes and services which people want and is attributable to the decision taken in 2014 to invest an additional £8m in improvement works.

Table 7: Cost per unit breakdown	Havebury 2016/17	Havebury 2015/16	Sector median	PlaceShapers median	Peer group median
Management CPU	£579	£840	£1,018	£975	£924
Service charge CPU	£313	£347	£372	£326	£347
Maintenance CPU	£899	£1,003	£982	£1,024	£991
Major works CPU	£1,401	£1,336	£809	£850	£900
Other costs CPU	£102	£102	£260	£231	£196

Major repairs cost per unit profile 2016-2025



The value the additional investment realised, means that expenditure on the function will reduce over the coming years. The chart above shows the major repairs profile to 2024/25 and how this compares to current CPU quartile data for the sector. CPU decreases sharply from 2017/18 and is close to the upper quartile by 2019/20.

Effective procurement



Havebury has an effective procurement function, recently being incorporated into the Finance Team. As part of this change the procurement process was reviewed to achieve a balance between central control and flexibility for the managers of varying contracts. All new contracts are set up by the Procurement Team to ensure consistency and a new suite of tender reporting templates is used to guarantee best value.

Havebury manages a total of 89 contracts, 16 of which were competitively tendered during 2016/17. The difference in cost between the first and second placed tenders was almost £575k, demonstrating the importance of having a procurement strategy in place. A further £32k was saved negotiating zero RPI increase in cost. The five major contracts retendered during the year were:

- Gas, Oil and solid fuel servicing and maintenance awarded to Aaron Services in an initiative to combine both commercial and domestic boilers, securing greater value and enhance service delivery
- Kitchen and bathroom installation awarded to the incumbent supplier at an 8% deduction on current schedule of rates
- Insurance contract (three lots) awarded to A J Gallagher, with a saving of £14k

- Telecoms contract procured in successful partnership with Freebridge Community Housing saving at least £11kpa.
- Heating replacement awarded to Aarons Services at 8% deduction on schedule of rates compared to incumbent supplier.

Achieving social as well as financial value from contracts is critical to Havebury. The award of the telecoms contract will achieve better connections for tenants, and our maintenance contracts provided new apprenticeships for four local residents during 2016/17.

First Focus



The First Focus project is essential to ensuring Havebury's front line service offer is effective in dealing with the challenges of welfare reform and can cope with the increase in demand as the number of units in management, and their dispersal, increases. In 2017/18, First Focus will encompass four key streams of work:

- Right first time: work on enhancing front line services will continue, undertaking specific service improvement, creating greater efficiency and consistency within our repairs and neighbourhood functions
- Customer intelligence: further data gathering and analysis to help mitigate the impact of welfare reforms. This will include assessing customer behaviour to understand better how services are accessed and ensure Havebury make best use of data already held
- Digital offer: build a bespoke digital offer, maximising the use of existing web services. Aspiration is that customers will be able to complete tasks such as mutual exchanges, tenancy changes and update their details
- Agile working: will be trialled so that staff can take services to residents and are able to complete tasks, previously only possible from an office, remotely

Budget(s)	2016/17 saving
Indirect salary costs, performance related pay, staff training and trade subscriptions	£490,738
Electrical testing / asbestos management	£136,652
Grounds maintenance	£135,879
Havebury news	£28,586
Haverhill depot	£23,000
Property insurance	£21,629
IT costs	£9,355
Other operational savings/efficiencies	£171,395
	£1,017,234

Cost recovery action plan (RAP)



In order to mitigate the loss in income as a result of the rent reduction, Havebury implemented a cost recovery action plan. The aim of the plan was to remove expenditure without significant detrimental impact on front-line services. The table above demonstrates the budgets against which the savings were found

Incorporating additional underspend against the budgets identified, we exceeded the revised recovery action plan target of £807k for 2016/17, achieving actual savings of £1,017k. On top of that already removed from budgets, a further £167k is forecast to be found in 2017/18, with the plan reducing expenditure between 2016/17 and 2020/21 by £6.3m. Havebury's positive and immediate response to finding savings and efficiencies

demonstrates commitment to the strategic objective of being an effective, well organised business that delivers continuous improvement and excellent value. In addition to the recovery action plan, Havebury encourage employees to identify and record additional value for money gains realised throughout the year. During 2016/17 staff found a further £100k as follows:

	One off	Ongoing	Total
Cost savings	£25,472	£16,668	£42,140
Contract negotiations	£2,366	£16,599	£18,965
New working practice	-	£42,114	£42,114
	£27,838	£75,381	£103,219

Value for money action plan 2017/18



The following sets out Havebury's value for money action plan for 2017/18. Against the actions we have identified precisely how each enhances value and the strategic objective(s) to which it relates.

2017/18 action plan objective	Anticipated value for money gain	
Undertake a benefits realisation study of the implementation of our new housing and asset management systems	Maximum value from new systems assured, easing pressure on resources as demand and units in management increase	
Review phase one of the 'Right First Time' project, part of First Focus	Positive impact is realised of changes made in 2016/17 on efficiency and the customer journey	
Undertake phase two of First Focus, to include: year two of 'Right First Time', customer insight gathering and analysis, building the new digital offer and trial agile working	Front line services remain fit for purpose as demand and units in management increase. Customer experience is enhanced and gains realised from services being more efficient	
Comprehensive review of procurement policies and procedures and contract management across the business	Assurance that value is achieved in the award of every contract. Consistency applied across the management of contracts so that value for money gains can be more easily identified and implemented	
Seek additional funding and refinancing in line with business plan and programme for development of new homes	Enables Havebury to fulfil its development forecasts, grow the business and reduce the annual cost of borrowing	
Ensure anticipated benefits of the new group structure are realised as Design and Build Services East and Havebury Homes Ltd. become fully operational	Maximise income to gift aid to Havebury, and support the development of additional affordable housing	
Review performance management and scrutiny functions in line with new Value for Money Standard and sector scorecard efficiency measures	Ensure performance management and scrutiny functions are as effective as possible at driving value and designed around current regulatory requirements	
Implement year two of cost reduction programme	Maintain and build on the cost savings achieved in 2016/17	



Inspiring Confident Communities

