



**THE HAVEBURY HOUSING PARTNERSHIP**

**Value for Money Statement**

**For the year ended 31 March 2019**

## VALUE FOR MONEY STATEMENT

### WHAT VALUE FOR MONEY MEANS TO HAVEBURY -

Providers are required to follow the Regulator of Social Housing's (RSH) Value for Money Standard. The standard requires Havebury to provide evidence in the statutory accounts to enable stakeholders to understand:

- performance against value for money targets and any metrics set out by the RSH, and how that performance compares to peers;
- measurable plans to address any areas of underperformance, including clearly stating where improvements would not be appropriate and the rationale for this.

This section therefore sets out Havebury's performance against the RSH's seven metrics: reinvestment, new supply delivered, gearing, EBITDA MRI, headline social housing cost per unit, operating margin and return on capital employed. In addition, a suite of Havebury's own measures of value for money set by the Board are reported. Benchmarking of each indicator has been carried out to compare performance to peers, using either the sector global accounts or HouseMark. Areas of underperformance, or where performance falls below the median range, have also been explained.

For Havebury, value for money is about maximising resources available to deliver the core strategic objectives and benefit the communities it serves. Value for money is delivered through Havebury's strong value for money culture, company structure, sound financial and business planning, and effective procurement, performance management, tenant scrutiny and governance functions.

Value is considered in the context of Havebury's charitable objectives. The provision of a variety of social housing products assists to relieve poverty and provide homes for persons in necessitous circumstances. Havebury's community focus on existing estates and in considering new developments helps foster homes and neighbourhoods for residents to thrive and the work of Havebury's income, neighbourhood and Tayfen Teams assist in maximising income, training and employment opportunities. As a developing housing association Havebury is actively involved in regeneration, building preservation and improvement of housing stock and the environment.

The development programme is set to increase available housing stock by around 20% by 2023. Havebury's core value for money objective is to achieve this without a proportionate increase to overheads. This organic growth, will steadily reduce costs per unit, enhance Havebury's business health, benefit financial performance and increase capacity.

During the year, 225 new homes were completed, 172 affordable rent and 53 shared ownership. Governance and performance management functions were reviewed and significant progress was made on Havebury's ongoing First Focus efficiency programme. Headline social housing cost per unit increased due to expenditure returning in line with planned operational budgets. Havebury's position however remains around that of the sector median and performance against the other value money metrics was favourable too.

The Strategic Board has overall responsibility for value for money and in their meetings throughout 2018/19 and in workshops and events outside of these, have regularly reviewed Havebury's value for money performance.

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### Meeting the standard

In addition to the reporting requirements of the Value for Money Standard, it also sets out required outcomes and specific expectations of registered providers. These are set out in the table below, together with a description of how Havebury met each aspect during 2018/19:

VfM Standard Element		2019 Evidence
Required outcomes - registered providers must:	clearly articulate their strategic objectives	Havebury's strategic objectives were reviewed in 2018 and are clearly publicised and communicated to staff, residents and other stakeholders. The strategic action plan for 2018/19 was set and monitored against the updated objectives, which also formed the basis for policy setting and decision making throughout the year. In setting the action plan focus was applied to improving value.
	have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders	Quantitative and qualitative measures of value in meeting the strategic objectives have been monitored throughout the year, against targets set by the Board. Annual reports on value for money performance are produced for involved tenants and the wider tenant/stakeholder population. A new performance management framework has been designed around the strategic objectives to measure performance and value against each.
	through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs	Throughout Havebury's vision, objectives and values there is a strong focus on meeting the needs of customers and developing new properties to meet local need. Havebury remains committed to delivering a range of accommodation and tenure types. The development policy seeks to shift the balance in available housing stock toward demand for one and two bedroom properties, however the programme includes larger properties also. During the year Havebury supplied 53 new shared ownership units. Havebury's Tayfen House supported housing service has continued to grow in 2018/19.
	ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	The asset management strategy ensures Havebury makes best use of its assets. In 2018/19 Havebury continued to review its asset base, disposing of properties no longer or less viable, allowing replacement with more fit for purpose housing. The ongoing 'First Focus' review seeks to drive improved efficiency and effectiveness in operational processes and better economy in helping front line services to be able to accommodate the increased demand from new units, without significantly increasing resources.
Specific expectations - registered providers must demonstrate:	a robust approach to achieving value for money - this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance	Havebury has a strong governance structure, which was reviewed externally during 2018/19. The Board regularly review performance and throughout the year in meetings and away days explore potential options to enhance the value Havebury offers. In 2018/19 Board reviewed phase two of Havebury's research into the affordability of rent products to inform future policy and the local authority's Tenancy Strategy. Havebury retains a G1/V1 rating from the regulator.
	regular and appropriate consideration by the board of potential value for money gains - this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures	The Board regularly assesses alternative delivery models using the form follows function principles. At present the current structure continues to offer best value for the business and tenants. Board has challenged Havebury's major repairs cost per unit position and work to review this started in 2018/19. Risk is reviewed regularly and in December the board appraised Havebury's position and mitigation plans against the regulators sector risk profile, updating the corporate risk map with a view to taking action if necessary.

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VfM Standard Element		2019 Evidence
Specific expectations - registered providers must demonstrate:	consideration of value for money across their whole business and where they re-invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case	On the basis of a favourable assessment by board of the risk/reward, Havebury established a new group structure in 2017. Havebury Homes Limited has commenced trading and in 2018/19 broke ground on it's first four development units for market sale. During 2018/19 the Board decided to scale back plans for developing homes for market sale due to the increased risk exposure following Brexit and impact on the housing market. It is anticipated that the gift aid receipts from the sale of open market units will be used to build additional affordable homes.
	that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets	In 2018/19 Havebury's performance management framework was reviewed. KPIs, including the RSH's VfM metrics, are organised by priority enabling a significantly wider suite of indicators to be reviewed using escalation triggers based on targets carefully set by the Board. Performance on individual KPIs 'rolls-up' to provide a RAG status for each strategic objective. The ability to evidence value was the key driver in prioritising each KPI.

### Performance against the Regulator of Social Housing's Value for Money Metrics

The RSH's value for money metrics are split into measures of economy, efficiency and effectiveness. The assessment set out below is therefore based on the same groups. Comparator data uses the 2017/18 global accounts, the 2018/19 global accounts will not be available until later in the year.

#### Economy - Headline social housing cost per unit

The cost per unit (CPU) metric enables providers to assess their expenditure in a format that can easily be compared to peers. The RSH's regression analysis indicates organisational and local environmental characteristics drive much of the variance seen between providers, however CPU is also reflective of efficiency and levels of investment, say in major repairs.

Havebury 2018/19		Havebury 2017/18	
£3,423		£2,970	
	Quartile 1	Median	Quartile 3
Sector	£3,013	£3,397	£4,474
PlaceShapers	£2,989	£3,272	£4,009
Peer group	£2,949	£3,230	£3,949

Havebury's headline social housing CPU increased by 15% between 2017/18 and 2018/19 with expenditure used in the calculation going up from £19.1 million to £22.5 million. The change was largely attributable to spend on maintenance and major repairs, and reflected prudent choices made by Board during the course of the year. Havebury struggled to find a contractor locally to carry out specialist health and safety work at Tayfen House, a heating contract was delayed and kitchens and bathrooms were found to be in better condition than originally thought. As a result, around £1m of expenditure planned for 2017/18 straddled 2018/19.

CPU remains around the sector median and is forecast to reduce over the coming years as Havebury continues to work towards growing its housing stock, without a proportionate increase in overhead costs.

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### Cost per unit by category of expenditure

	Havebury 2018/19	Havebury 2017/18	Sector median	PlaceShapers Median	Peer group median
Management	£659	£598	£974	£939	£936
Service charges	£385	£364	£389	£347	£378
Maintenance	£1,076	£945	£948	£997	£1,010
Major repairs	£1,170	£999	£720	£735	£744
Other costs	£133	£64	£245	£207	£198

The greater management cost per unit in 2018/19 is attributable to investment in health and safety, higher legal costs for tenancy matters, property insurance and investment in recruitment and IT. Higher legal costs are specific to Havebury's commitment to tenants to follow through on cases of antisocial behaviour, with some cases during the year requiring a barrister to defend. Expenditure on repairs and maintenance was greater in 2018/19 than in the previous year, being attributable largely to spend on health and safety, specifically electrical testing as Havebury transitions from a 10 to five year programme.

Expenditure on major repairs remains the key driver of Havebury's overall CPU position. Excluding major repairs, CPU in 2018/19 (£2,253) increased by £282 on 2017/18 (£1,971) but is quartile one compared to the sector (sector median = £2,625).

### Efficiency - Reinvestment

The reinvestment metric looks at the investment in properties (existing as well as new supply) as a percentage of the value of properties held. It provides important context when analysing surpluses, helping to demonstrate they are not being generated at the expense of increasing and improving the asset base.

	Havebury 2018/19	Havebury 2017/18		
	11.12%	8.97%		
	Quartile 1	Median	Quartile 3	
Sector	8.62%	6.03%	3.89%	
PlaceShapers	9.71%	6.47%	4.37%	
Peer group	10.74%	7.90%	6.41%	

Havebury's reinvestment is high compared to the majority of other housing associations demonstrating the ongoing commitment to make a significant contribution to new supply, whilst also maintaining the condition of existing units.

Reinvestment increased significantly in 2018/19 due to works to existing properties going up from £2.9 million to £4.0 million and development of new properties rising from £23.3 million to £32.0 million.

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### Efficiency - Gearing

The gearing metric is a measure of a provider's net debt compared to the value of its assets. Havebury is more highly geared than that of the majority of peers, reflecting Havebury's development programme and appetite for growth. Net debt relative to assets is healthy, falling within the median range of all three comparator groups.

Havebury 2018/19		Havebury 2017/18	
53.8%		53.1%	
	Quartile 1	Median	Quartile 3
Sector	53.1%	42.9%	33.2%
PlaceShapers	56.3%	43.6%	34.9%
Peer group	65.0%	57.4%	45.8%

The gearing metric has changed little between years. Whilst net debt has increased from £161 million to £178 million, the value of housing assets has increased proportionally as a result of new development.

### Efficiency - EBITDA MRI

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.

Havebury 2018/19		Havebury 2017/18	
154%		206%	
	Quartile 1	Median	Quartile 3
Sector	260%	206%	155%
PlaceShapers	254%	195%	159%
Peer group	268%	181%	145%

The change between years is attributable to greater capitalised major repairs spend and interest payable plus interest capitalised increasing from £8.0 million to £9.6 million. The position against peers, being lower than median, mirrors that of gearing and again illustrates Havebury's growth and development priorities.

### Efficiency - Operating margin

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 that this does not come at the cost of delivering quality services.

Havebury 2018/19		Havebury 2017/18	
31.2%		35.7%	
	Quartile 1	Median	Quartile 3
Sector	34.0%	28.9%	22.7%
PlaceShapers	34.8%	29.3%	23.3%
Peer group	35.4%	32.0%	27.8%

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Turnover increased from £36.4 million to £42.1 million in line with the development programme and first tranche shared ownership sales, although higher operating costs in 2018/19 resulted in a slight reduction in operating surplus. Havebury's operating margin remains healthy however, 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.

### Efficiency - Operating margin (social housing lettings)

Havebury 2018/19		Havebury 2017/18	
33.2%		36.8%	
	Quartile 1	Median	Quartile 3
Sector	37.1%	32.1%	25.6%
PlaceShapers	36.8%	32.8%	26.9%
Peer group	38.6%	34.8%	29.5%

Operating margin on social housing lettings mirrors that of the operating margin overall. Turnover increased, however operating surpluses reduced due to higher expenditure in 2018/19 compared to 2017/18.

### Efficiency - Return on capital employed

Return on capital employed (ROCE) illustrates the return generated by a provider compared to its asset base. Although operating surplus including gain/loss on disposal of fixed assets increased slightly year on year, total assets less current liabilities increased by a greater proportion leading to a slightly reduced ROCE.

Havebury 2018/19		Havebury 2017/18	
4.13%		4.46%	
	Quartile 1	Median	Quartile 3
Sector	5.38%	4.08%	3.32%
PlaceShapers	5.79%	4.12%	3.34%
Peer group	6.85%	5.10%	3.74%

Across all three comparator groups, Havebury's position is not dissimilar to that of the median and in line with performance against other metrics. When considered in light of the considerable investment in major repairs, strong rate of development activity and that how and when assets have been valued has a significant effect on this measure, Havebury's position is good.

### Effectiveness - New supply delivered

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.

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Havebury 2018/19		Havebury 2017/18	
3.43%		3.22%	
	Quartile 1	Median	Quartile 3
Sector	2.27%	1.16%	0.48%
PlaceShapers	2.42%	1.26%	0.60%
Peer group	2.41%	1.35%	0.58%

Both as a percentage of stock and in absolute terms, Havebury's development programme is significant, being over two and half times greater than that of the sector median and satisfying the core strategic objective to increase the supply of Havebury homes. Maintaining a strong rate of development is essential to Havebury's vision, purpose and value for money aspirations.

### Performance against Havebury's own value for money targets

In addition to the RSH's value for money metrics, performance against Havebury's own value for money indicators and a comparison to peers is set out below. The suite of measures is made up of sector scorecard indicators not already covered by the RSH's value for money metrics and others from level one of Havebury's performance management framework.

	2018/19 Result	2018/19 Target	Sector quartile 1	Sector median	Sector quartile 3
<b>Strengthen the business and social impact by building more homes</b>					
Units developed (absolute)	225	218	206	83	26
Units to be identified	277				
<b>Drive value through an efficient, sustainable and well run business</b>					
Rent collected	99.58%	99.40%	100.40%	99.80%	99.30%
CTAs (net of HB) as a % of debit	1.61%	1.80%	1.46%	2.25%	2.95%
Occupancy rate	99.21%	99.77%	99.65%	99.40%	99.00%
Rent loss from voids as a % of debit	1.23%	0.70%	0.53%	0.78%	1.15%
Ratio of responsive repairs to planned maintenance	40%	45%	46%	64%	82%
Overheads as a % of turnover*	9.51%	9.60%	9.66%	11.50%	13.62%
Asset cover	157%				
<b>Invest in homes and neighbourhoods to create places where people want to live</b>					
% of properties with a valid gas safety certificate	100.00%	100.00%	100.00%	100.00%	99.80%
Fire risk assessments overdue	0	0			
Fire risk actions overdue	0	0			
Customer satisfaction with area as a place to live	83.9%	87.0%	88.6%	85.4%	82.8%
<b>Provide good quality, accessible services that meet customer needs</b>					
Customer satisfaction with overall service provided	93.3%	93.0%	90.0%	86.0%	81.0%
New complaints received	124				
Customer satisfaction with repairs and maintenance	85.6%	87.0%	86.0%	81.0%	75.0%
<b>Invest in and value our people to continue to build a great organisation</b>					
Average days/shifts lost to sickness	7	5.5	7	9	11
% of staff happy at work	68%	68%			
% of staff who would recommend working at Havebury	79%	80%			

\*reported one year behind other metrics

Havebury maintains quartile one performance on overall customer satisfaction sustaining improvements seen in the STAR survey results in the previous year. Additional investment in improvement works in recent years has contributed directly to Havebury tenants becoming amongst the most satisfied in the sector. The First Focus project seeks to continue this trajectory, whilst improving efficiencies.



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Overheads as a percentage of turnover is quartile one. This indicates Havebury's back office functions are lean compared to the majority of other providers, in theory allowing for greater investment in front line or added value services. The ratio of responsive repairs to planned maintenance in part reflects Havebury's significant major repairs programme, however the quartile one position indicates Havebury has an efficient approach to repairs and maintenance, doing a greater proportion of work on a planned basis.

Work to encourage tenants, particularly those on Universal Credit, to pay in advance is reflected in the percentage of rent collected increasing to 100%. Whilst increased, Havebury outperformed its current tenant arrears target for 2018/19 based on the forecast impact of housing benefit cases transitioning to Universal Credit and maintains a quartile one position against this indicator.

Havebury maintains low levels of staff turnover and sickness rates. In 2018/19 a quarterly pulse survey of staff views was launched, with targets set to improve satisfaction levels.

### Areas of underperformance

#### Voids

2018/19 was a challenging year for Havebury on voids. In the early part of the year, ongoing technical difficulties with Havebury's new housing management system affected efficient management of the voids process. Peaks and troughs in volumes arising from new build handovers and local authority section 106 agreement restricted lettings also proved difficult to manage within existing resource. In addition, long term and difficult to let properties, particularly within sheltered housing, impacted staffing resource. In the second part of the year, performance improved with the team working through longstanding hard to let properties, trialling a new fully furnished 'show flat' to assist with letting sheltered housing. Positive practice observed at better performing organisations was implemented, additional staffing resource was allocated to the lettings team and improved processes implemented for dealing with new development handovers. Traditionally Havebury's spend on voids has been low and many of the issues driving performance, increased investment wouldn't necessarily resolve.

Although below the median due to new build properties being handed over but not let at year end, the occupancy rate is higher than at year end 2017/18. The improvements made are also being seen in average void times and a target of 30 days has been set for 2019/20, representing a significant improvement on performance in 2018/19 (49 days).

#### Major repairs and maintenance costs per unit

Havebury's major repairs cost per unit (£1,129) is over 50% greater than that of the majority other providers (sector median = £720). The position reflects a decision taken in 2014 to invest an additional £8 million to deliver the strategic objective to provide homes and services which people want. Although the period of additional expenditure is now complete, Havebury has maintained its commitment to invest in its existing housing stock, in line with stock condition survey reports.

The effect of the work has been realised in customer satisfaction with the quality of home increasing significantly from 79.5% to 89.6% during the same time (based on Havebury's annual STAR survey 2013 and 2018 results). Whilst Havebury's analysis suggests some correlation between LSVTs of a similar age and higher major repairs spend, the Board have challenged staff to revisit the spend profile for major repairs to ensure it delivers value.

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In 2018/19 work started on a cost and stock condition validation review. Havebury's stock condition is being validated and the cost of repairs and maintenance SORs, materials, replacement components and component life cycles assessed. Work is ongoing to process the results and programmes will be adjusted where appropriate.

### Customer satisfaction with area as a place to live

Customer satisfaction with neighbourhood reduced between 2017/18 and 2018/19 from 87.1% to 83.9%. Results varied significantly by area and so it is possible much of the change can be attributed to the survey margin of error. That said, work has been undertaken to understand why tenants are dissatisfied. Since, the antisocial behaviour policy has been reviewed, and Havebury continues to work closely with partner organisations to resolve broader neighbourhood issues. Many of the reasons for dissatisfaction identified were not neighbourhood management related, or outside of Havebury's direct control. The agile working aspect of the First Focus project will realise the benefit of staff being more visible on estates and better able to deal with issues proactively.

### EBITDA MRI % interest

EBITDA MRI as a percentage of interest has reduced and is lower than the sector median. The position is well within Havebury's loan covenant for the indicator however and reflects Board's risk and growth appetite to contribute significantly to new housing supply.

### **Development**

Key to Havebury's value for money strategy is its development programme. Good quality social housing provides families and individuals safe and secure homes from which to build successful lives. Where it is managed and maintained appropriately, social housing offers more than accommodation; it improves employment opportunities and facilitates social mobility. Development of new homes is the most effective method for increasing a provider's social value. In a climate where there are 1.1 million households on local authority waiting lists, 44% of whom are deemed to have a housing need which affords them a priority, Havebury's contribution to new housing supply is critically important.

Since stock transfer in 2002, Havebury has delivered over 1,400 new affordable homes. The programme has accelerated over the last four years, with 225 completions during 2018/19. In November 2017, Havebury successfully secured additional funding, providing capacity to deliver a further 1,352 new homes by 2023 and increase affordable housing stock by around 20%. During 2018/19 Havebury was successful in obtaining grant funding to build homes for social rent for the first time since the 2008/11 NAHP.

Havebury's limit of operation for development is a one hour driving time of Bury St Edmunds, although priority is afforded to the A14 and A11 corridors. 85% of demand from housing waiting lists within this area is for one and two bedroom properties. Whilst new development has helped, there remains an imbalance between this and local supply, with one and two bedroom properties making up just 60% of Havebury's housing stock. The development policy seeks to redress this as far as possible, with the majority of planned completions to 2022 being of one and two bedrooms. Lessons learned from saturating the market with flatted accommodation of this type means Havebury now seek greater variation in property type when planning schemes, with one and two bedroom houses being popular.

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The 225 units completed in 2018/19 were across 14 schemes. Payback ranges between 21 and 35 years, or 30 years on average. Total costs were £35.36m. 40 completions were part of Havebury's 2015-18 contracts with Homes England with the remaining 185 related to Section 106 acquisitions (156) and Land Led schemes (29). Tenure and property types consisted of 78 affordable rent one and two bed flats, 77 affordable rent one and two bed houses, 17 affordable rent three, four and five bed houses, 42 shared ownership one and two bed houses and 11 shared ownership three and four bed houses. Some of Havebury's key schemes started during 2018/19 included:

- Westbourne Court was a not fit for purpose sheltered scheme with a high void rate due to having shared bathroom facilities. It has been replaced with 17 age appropriate units and 19 shared ownership properties. The design of the rental units is future proofed, being suitable for a wide client base should local need change.
- York Road was a private mothballed development, started over 10 years ago that had become unattractive and attracted antisocial behaviour. Havebury's purchase of the site is enabling the development of 17 social rent units and has wider benefits to the area in putting it to use.
- Erskine Lodge (phase two) - development of this site was enabled only by Havebury's work in completing phase one. In ransoming land by providing access and accessing grant funding, Havebury has enabled the development of a further 10 units at social rents.
- Fentons - includes Havebury's first four properties developed for market sale and six shared ownership units. Following a significant archaeological find, the development has provided Havebury with an opportunity to engage with the local community.

### Asset management and disposals

Havebury's 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 tenants. 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. Havebury assesses stock performance regularly and views it as a critical part of long term asset management. The net present value (NPV) model is used for testing each property, alongside a number of measures of sustainability. Properties having a poor NPV or sustainability score are flagged for disposal or further consideration when planning investment programmes.

Disposals are predominantly undertaken as opportunistic sales and tend to arise as properties become void. During 2018/19 four properties were disposed via open market sale. This generated over £847k (almost £107k more than the initial independent valuation), ring fenced to fund additional development of new homes that will better meet local need. Of those disposed, each were of a size and location not in demand and the costs associated with bringing the property back to a lettable standard and/or anticipated future repairs costs meant retention was not viable.

In March, Havebury sold Blackbourne View, a sheltered housing extra care scheme in Ixworth. The Board decided to dispose of the scheme, transferring ownership and management to an organisation with expertise in managing extra care housing, providing care services for older people and who already operate in Suffolk. The sale generated £1.335 million.

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### First Focus

The First Focus project is fundamental to understanding Havebury's detailed operational transactional costs and activities in order to manage waste, low value activity and duplication. Its key drivers are to facilitate growth, deliver efficiency through transformation and improve the customer offer. The project is ensuring that methods of delivering operational housing and repairs services are lean, efficient and enable the capacity to deliver front line services to a larger and more dispersed stock:

- Right First Time - During 2018/19 the lean reviews of Neighbourhoods and Repairs services was completed. These modelled the additional resources required to support existing service offers for a larger and more geographically dispersed stock base, and identified over 13,000 hours of staff time that could be released to support growing into the growth without disproportionately increasing resources. This equates to a cost avoided of over £300k, where more will be achieved with the same resource. In 2019/20 the recommendations from the reviews will be implemented to realise these savings.
- Customer Intelligence: Havebury's Customer Insight Strategy was implemented during 2018/19 and included the modelling and testing of a series of service related hypotheses. Nudge activities were introduced, aimed at influencing customer behaviour to reduce service demand, which will continue to be tested and refined during 2019/20.
- Digital offer: During 2018/19 the repairs and rents modules of the MyHavebury digital offer were developed and tested. Following further testing with tenants and other stakeholders, the first release is due to be launched in the summer of 2019 with the aim to move 10% of all repairs and rent transactions online by the end of the financial year. During 2019/20 the tenancy, estates and terminations modules will also be developed and tested for a planned release early in 2020.
- Agile working: A trial involving Neighbourhood Advisors, Maintenance Coordinators and Rangers took place in 2018/19; this involved utilising new technology and revamped processes to undertake duties without the need to visit the office. It increased productivity by 12.5%. In 2019/20 an agreed approach to agile working will be developed, utilising the lessons learnt from the trials, and rolled out to other operational teams.

### Cx Benefits Realisation

A benefits realisation review of Havebury's new housing management system, Cx, was undertaken in 2018/19. Implementing Cx was crucial in modernising Havebury's service offer, improving the customer experience and facilitating growth. The review confirmed Havebury has been successful in fulfilling the objectives of the project and identified between £597k to £742k of capital costs avoided and between £342k and £367k of revenue savings. Moving to the new system helps to facilitate a direct reduction in CPU of £262 over the course of the current development programme to 2023. Without implementing Cx, outcomes of the First Focus project such as Havebury's digital offer and moving toward agile working would have been impossible.

### Procurement

Havebury continues to develop the procurement and contract management function to ensure contracts are delivered as tendered and quality maintained. This work has included adopting a standard approach to contract management and meetings and reviewing KPI requirements. In addition, a new finance system was procured in 2018/19 to be implemented in 2019/20 and will include a Purchase to Pay system. Together with Cx it will deliver consistency in making payment to suppliers, improving further the procurement and contract management process.

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Inclusive of development, Havebury manages 198 contracts, with a total value of £28.8m. 16 tenders were issued during 2018/19, including six contracts for new developments, two for IT, two for Finance and six across operational functions. The six development contracts included Lark Grange, Fentons Farm, Hethersett phase two, Needham Market phase two, woodland rise in Great Cornard and York Hill in Haverhill. These developments will create 139 new homes and include properties to rent and to sell.

Based on a specification developed with tenants, a new grounds maintenance contract was procured through the OJEU process and started in February 2019. The contract was awarded on both price and quality and included within the terms is a commitment to employ a minimum of one apprentice. It is anticipated that the contract will deliver additional value through enhanced service quality for both Havebury and residents paying service charges. Also in 2018/19, the Window cleaning contract was reviewed through a quotation process; this delivered a reduction in costs from £33k to £15k, providing direct savings to residents through lower service charges.

Examples of where ongoing contracts have delivered additional value included an apprentice with the heating contractor who completed their apprenticeship and is now a fully qualified gas engineer and has a permanent job within the company. The stores contract gives back 1% of profits; this has amounted to £18k over the last 3 years and is ring fenced for a community project in the future.

### **Added value services**

The creation of surpluses by driving value in operational and back office functions enables Havebury to subsidise key added value services, such as Tayfen House, employment and welfare benefit support and the provision of funding for tenant led improvement schemes.

Tayfen House is Havebury's supported housing hostel for single homeless individuals and is considered a crucial part of the organisation. In addition to the 19 beds in the hostel, there are 33 off site bed spaces in the local community, enabling residents within the service to build on their independent living skills. There are also six direct access dormitory beds in place for those who are at immediate risk of sleeping rough. The facilities at the hostel, and in particular the dormitory beds, have undergone significant structural improvement in the last year.

During 2018/19 Tayfen housed 108 homeless applicants, helped 17 residents to positively move on to suitable accommodation, and supported 27 residents into employment or work experience and 8 into training or education. In addition to those housed within the Tayfen service, Havebury is working with West Suffolk Council on the local response to the Government funded Rough Sleeper Initiative. Three beds have been available to this project since November with a fourth on line from the beginning of June.

Havebury's efficiency elsewhere in the business allows for investment in community projects and additional spend on tenant priorities. During 2017/18 £100k was allocated to the tenant's forum to spend on capital works. The panel opted to spend the budget on fencing repairs, reducing the waiting time from 18 months to six to eight weeks. In addition, £31k awarded in grants to groups attracted almost £197k in match funding for community projects such as a new scout hut, a church project, window replacement at a village hall and work to play areas. £54k was spent on neighbourhood improvement too, including a project to improve car parking, a drying area and a communal garden.

## VALUE FOR MONEY STATEMENT

### 2018/19 value for money action plan

As part of Havebury's 2018/19 Annual Delivery Plan, Havebury set out a number of value for money objectives. An update on each of these is shown below:

Value for Money Action	Expected Outcome	VFM Gain	2018/19 Outturn
<b>Strengthen the business and social value by building more homes</b>			
Havebury Homes Limited - Start and complete the first scheme at Fenton's farm of four units for market sale and achieve detailed planning/start on site for second scheme	20 market sale homes started on site and gift aid profit forecast of £1.25m for following year	Gift aid receipts used to develop new social housing and enhance Havebury's social value	Fentons Farm started on site, but due for completion October 2019. Due to re-assessment of risk/reward Board and current housing market, development for market sale scaled back
Partner of choice - Deliver new S106 homes purchased directly from private developers, maximising new funding facility. All units to achieve viability assumptions	Enter into contract and start on site on a minimum of 129 S106 units and achieve a minimum of 150 completions	Being established partner of choice maximises opportunities for S106 purchases	Completed 153 S106 units and started 234
Affordable Homes Programme - Complete remaining schemes at Wade House and Jokers. Bury Road, Thetford makes suitable progress	63 new affordable rented units are completed and a further 38 are forecast to complete the next financial year	Development of new social housing enhances Havebury's social value and positively impacts business plan	Jokers completed and Bury Road remains forecast to complete September 2019. Wade House delayed due to termination of contract
SOAHP - Deliver programme in line with Homes England contractual commitments	Achieve 73 grant funded starts and complete five grant funded shared ownership units		97 starts and 32 completions, although only one grant funded completion of shared ownership, the balance for affordable rent
Development programme - deliver growth at pace and cost in line with business plan to maximise the use of new funding facility	222 units achieve start on site; the sum of starts on Havebury Homes, SOAHP 2016-21 and S106 programme	Grant funding ensures viability of schemes, maximises Havebury's ability to develop new social housing and enhances Havebury's social value	335 starts on site achieved
Development funding - Seek additional funding from Homes England, local authorities and The Cambridgeshire and Peterborough Combined Authority to support the development programme	Through the receipt of new grant, additional affordable rent units delivered as part of the 2016-21 programme are financially viable		Significant new funding attracted from Homes England. In total an additional £3.27m above contract position
Disposals - Identify five units for sale	Generate £700k receipts to fund new homes programme	Generates income ring fenced to develop more suitable, better value homes	Four units sold on open market raising £847k. Blackbourne View sold raising £1.34m
<b>Provide good quality accessible services that meet customer needs</b>			
Digital offer phases one (core functionality) and two (additional functionality)	Core functionality for income and repairs complete	A further more efficient communication channel is established	Schedule changed to enable further testing prior to launch. Due date for phase one now 31/07/2019 and phase two 31/12/2019
First focus neighbourhoods - review neighbourhood and estate services, responsive and planned repairs	Identify ways of improving efficiency to deliver consistent neighbourhood and repairs services over a wider geographical area. Processes reviewed to enable digital services offer	Havebury is able to grow and service more units over a wider geographical area without a proportionate increase in overheads	Review phase complete. Consultation with employees on outcome of review completed. New staffing structure and recruitment commenced. Staff briefed on new ways of working and new processes and procedures. New contractual arrangements for technicians signed and extended working hours agreed
Tenancy sustainability training - Identify and introduce a tenancy training package for all first time tenants	Investigate e-learning for all new tenants to improve their ability to access online services and support their ability to manage tenancy	Tenancies are better maintained, more efficiently and with less intervention	Example training package identified, however no further work undertaken due to focus on improving voids performance
Universal credit - undertake an impact assessment of first six months of UC full service, considering implications for tenants and business plan	Informed response to the controllable risks of UC to minimise impact on rent arrears	Risk to income mitigated	Report on UC to operations committee on 30/04/2019
<b>Invest in homes and neighbourhoods to create places where people want to live</b>			
Vinefields estate improvement - engage consultant to consider options	Engage consultant to consider options and budget for improving property and estate at Vinefields	Viability of Vinefields as an estate improves	Due to additional work arising from fire safety surveys, project deferred to 2019/20
External wall insulation of cross wall units - undertake a programme of EWI to 60 cross wall units with single skin second floors	Improve the thermal efficiency of properties to reduce heating costs and tackle damp/condensation issues	Fewer issues/repairs raised regarding damp/condensation. Better energy efficiency improves value for residents	30 cross wall units received EWI. A further 30 to be complete in 2019/20
Energy efficiency measures for tenants - investigate and assess in-home devices which enable tenants to measure energy usage	Consider the trial of Switch device that regulates temperature and energy used to enable tenants to keep homes warm economically and reduce condensation issues	Better energy efficiency and awareness improves value for customers	No progress made as other projects have taken priority
Neighbourhood visions - develop and deliver neighbourhood vision statements	Ensure that estates are proactively managed to maintain quality and standard	Reduction in reactive type works to address issues. Better value for residents.	All neighbourhood vision statement actions have been implemented. Further review to be undertaken in 2019/20

## VALUE FOR MONEY STATEMENT

Value for Money Action	Expected Outcome	VFM Gain	2018/19 Outturn
<b>Drive value through an efficient, sustainable and well-run business</b>			
Civica Cx - Influence the development of Cx upgrades and deliver on phase two of the project. Undertake a review to assess benefits realised from Cx	Cx stabilises and improved working practices as evidenced through benefits realisation	Benefits realised from Cx enables Havebury to work more efficiently. Havebury is able to grow and service more units over a wider geographical area without a proportionate increase in overheads	Cx has benefitted from upgrades to improve performance and functionality. Phase two delivery on target. Work underway to improve user experience and streamline workflows. Benefits realisation undertaken with report to management team and Board
Pension strategy - continue to develop the approach to meeting all aspects of pensions responsibilities	A clear plan for meeting future pension need	Pensions strategy delivers improved long term value	Work planned for 2018/19 complete. Project is ongoing
Cloud migration phases one and two - migration of systems to The Cloud	All systems ready/able to be migrated	IT infrastructure delivers improved value and is fit for future	Phase one (migration of initial systems) complete. Cx and finance systems to be migrated as part of next upgrades
Agile working - pilot of new hardware to match new ways of working following First Focus review	Equipment and training provided to staff so that they can work agile	Havebury is able to grow and service more units over a wider geographical area without a proportionate increase in overheads	Technology tested and to be implemented as part of IT strategy for enhanced mobility 2019/20
Review of rent policy - undertake phase two of research, identified at company member away day, to assess the wider impact of affordable rent policy	Understand the affordability of rent products and provide evidence to shape policy and local authority Tenancy Strategy	Value maximised in providing the right rent products and maximise capacity for new development	Second phase of feedback presented at strategic planning event
<b>Invest in and value our people to continue to build a great organisation</b>			
Health and wellbeing - invest in health, wellbeing and resilience of staff through providing a range of resources for individuals and teams	A healthy, well supported and resilient employee team	Staff are resilient to change a varied workload, able to deliver key efficiencies and maintain quality services	Havebury continued to invest in Simply Health in 2018/19 and encouraged use of the scheme and provided mandatory resilience training for all staff. Two health and well-being awareness weeks were run
Staff engagement - improving communication by investing time and effort into channels such as The Hub and Edition (staff newsletter)	Greater employee engagement	Staff are engaged in on-going efficiencies and are equipped and well-informed to deliver improvements	Edition improved, website and The Hub to be updated 2019/20
Agile working - support agile working pilots with appropriate HR policies and employee guidance to ensure agile is fit for business needs	An agile framework that meets business needs	Havebury is able to grow and service more units over a wider geographical area without a proportionate increase in overheads. Staff are equipped for new ways of working	Agile pilot complete and new framework agreed by management team