

STRATEGIC REPORT

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. 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, 248 new homes were completed, 54 social rent, 126 affordable rent, 64 shared ownership and four for open market sale. Progress continued to be made on Havebury's ongoing First Focus efficiency programme and MyHavebury; Havebury's digital offer to residents for accessing services online was launched. Headline social housing cost per unit changed little and Havebury's position remains lower than that of the sector median. Performance against the other value money metrics was favourable too. In June, Havebury underwent an In-Depth Assessment, receiving a G1/V1 rating from the regulator, confirming its strength in governance and ongoing financial viability whilst continuing to maintain a significant development programme.

The Strategic Board has overall responsibility for value for money and in their meetings throughout 2019/20 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 2019/20:

VfM Standard Element		2020 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 2019/20 was set and monitored against the 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, designed around the strategic objectives to measure performance and value against each, was reviewed by board at each of its meetings and continued to evolve throughout 2019/20.
	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 64 new shared ownership units. Havebury's Tayfen House supported housing service has continued to grow in 2019/20.
	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 2019/20 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, confirmed by its G1/V1 rating following an In Depth Assessment in June 2019. The Board regularly reviews performance and throughout the year in meetings and away days explore potential options to enhance the value Havebury offers. In 2019/20 the Board started a review of its corporate plan to include how it continues to deliver value for money.
	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 its last review the current structure continued to offer best value for the business and tenants. The Board has challenged Havebury's major repairs cost per unit position and work to review this in detail was carried out in 2019/20. Risk is reviewed regularly and in December the board completed its annual appraisal of Havebury's position and mitigation plans against the regulator's sector risk profile, updating the corporate risk map with a view to taking action if necessary.

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VfM Standard Element		2020 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 and in 2019/20, Havebury Homes Limited completed its first four development units for market sale. Since creating the new structure, 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 2019/20 Havebury's performance management framework continued to evolve. 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 is the key driver in determining the priority each KPI carries within the framework.

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 2018/19 global accounts, the 2019/20 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 2019/20		Havebury 2018/19	
£3,461		£3,422	
	Quartile 1	Median	Quartile 3
Sector	£3,183	£3,695	£4,692
PlaceShapers	£3,131	£3,522	£4,242
Peer group	£3,020	£3,170	£3,284

Havebury's headline social housing CPU has changed little, with expenditure used in the calculation increasing from £22.5 million in 2018/19 to £23.5 million in 2019/20. Although slightly increased on the previous year, the 2019/20 outturn reflected Havebury's forecast trajectory, being lower than the budgeted position of £3,532. CPU remains below 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.

Planned investment in resourcing agreed by the Board in operational and support service functions resulted in greater management, service charge and maintenance costs per unit in 2019/20. The impact of which in future years should reduce as stock numbers increase. Contributing to Havebury's planned CPU trajectory are project such as First Focus and MyHavebury, the latter seeking to save over 6,000 staff hours per year by 2023.

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Cost per unit by category of expenditure

	Havebury 2019/20	Havebury 2018/19	Sector median	PlaceShapers Median	Peer group median
Management	£703	£659	£1,004	£968	£973
Service charges	£396	£385	£395	£365	£361
Maintenance	£1,124	£1,076	£1,013	£1,053	£1,009
Major repairs	£1,067	£1,170	£794	£828	£450
Other costs	£171	£133	£245	£225	£117

Expenditure on major repairs remains the key driver of Havebury's overall CPU position. Excluding major repairs, CPU in 2019/20 (£2,394) increased by £141 on 2018/19 (£2,253) but is quartile one compared to the sector (sector median = £2,928).

Higher 'other' costs relate to abortive development expenditure not capitalised and legacy charging costs.

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 2019/20		Havebury 2018/19	
	8.55%		11.12%	
	Quartile 1	Median	Quartile 3	
Sector	8.72%	6.24%	4.20%	
PlaceShapers	9.74%	6.72%	4.61%	
Peer group	9.82%	6.66%	4.67%	

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.

After increasing significantly in 2018/19, reinvestment reduced to levels more comparable to 2017/18. Development of new properties was £6 million lower in 2019/20 (£26.0m) than in 2018/19 (£32.0m) and there was a slightly smaller capital works programme (£3.4m in 2019/20 compared to £4.0m) in 2018/19. The value of Havebury's asset base, used as the denominator in the reinvestment calculation, also increased by £23 million with addition of new properties.

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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 its development programme and appetite for growth. Net debt relative to assets is healthy, falling around the quartile 1/2 boundary of all three comparator groups.

Havebury 2019/20		Havebury 2018/19	
54.0%		53.8%	
	Quartile 1	Median	Quartile 3
Sector	53.9%	43.4%	32.6%
PlaceShapers	56.8%	44.1%	35.6%
Peer group	55.8%	50.9%	40.7%

The gearing metric has changed little between years and is relatively high compared to the sector due to Havebury's LSVT origins. Whilst net debt has increased from £178 million to £191 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 2019/20		Havebury 2018/19	
159%		154%	
	Quartile 1	Median	Quartile 3
Sector	238%	184%	139%
PlaceShapers	218%	186%	144%
Peer group	247%	201%	142%

The increase in EBITDA MRI % interest reflects a smaller capital programme in 2019/20. The position against peers, being lower than the 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.

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Havebury 2019/20		Havebury 2018/19	
29.0%		31.2%	
	Quartile 1	Median	Quartile 3
Sector	30.8%	25.8%	20.0%
PlaceShapers	32.0%	26.7%	20.6%
Peer group	38.9%	32.2%	29.4%

The lower operating margin in 2019/20 compared to 2018/19 is attributable to increased operating costs due to investment in resourcing and the last year of the 1% rent reduction. 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 2019/20		Havebury 2018/19	
30.3%		33.2%	
	Quartile 1	Median	Quartile 3
Sector	34.6%	29.2%	23.1%
PlaceShapers	34.3%	29.6%	24.6%
Peer group	39.7%	36.4%	30.8%

The change in operating margin on social housing lettings mirrors that of the operating margin overall. Turnover on social housing lettings increased as a result of the letting of new properties, however operating surpluses reduced due to higher expenditure in 2019/20 compared to 2018/19.

Efficiency - Return on capital employed

Return on capital employed (ROCE) illustrates the return generated by a provider compared to its asset base. The reduced ROCE in 2019/20 relates to the lower operating margin noted above and increased value of total assets less current liabilities, due to new development completions.

Havebury 2019/20		Havebury 2018/19	
3.40%		4.13%	
	Quartile 1	Median	Quartile 3
Sector	4.74%	3.76%	3.02%
PlaceShapers	4.82%	3.67%	3.01%
Peer group	5.18%	3.69%	3.17%

Across all three comparator groups, Havebury's position within the third quartile is consistent with performance against other metrics. When considering the significant 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 in line with expectation.

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Effectiveness - New supply delivered (social housing units)

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.

Havebury 2019/20		Havebury 2018/19	
3.59%		3.43%	
	Quartile 1	Median	Quartile 3
Sector	2.49%	1.43%	0.57%
PlaceShapers	2.47%	1.49%	0.63%
Peer group	3.18%	2.41%	1.32%

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 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.

Effectiveness - New supply delivered (non-social housing units)

Non-social housing new supply delivered reflects four units completed for open market sale by Havebury in 2019/20.

Havebury 2019/20		Havebury 2018/19	
0.06%		0.00%	
	Quartile 1	Median	Quartile 3
Sector	0.13%	0.00%	0.00%
PlaceShapers	0.07%	0.00%	0.00%
Peer group	0.00%	0.00%	0.00%

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.

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	2019/20 Result	2019/20 Target	Sector quartile 1	Sector median	Sector quartile 3
Strengthen the business and social impact by building more homes					
Units developed (absolute)**	244	299	229	93	30
Units to be identified	154	191			
Drive value through an efficient, sustainable and well run business					
Rent collected	100.07%	99.41%	100.37%	99.78%	99.21%
CTAs (net of HB) as a % of debit	1.75%	1.99%	1.60%	2.17%	2.92%
Occupancy rate	99.11%	99.52%	99.70%	99.49%	99.02%
Rent loss from voids as a % of debit	0.94%	0.77%	0.60%	0.84%	1.19%
Ratio of responsive repairs to planned maintenance	61%	52%	49%	66%	90%
Overheads as a % of turnover*	9.93%	9.60%	10.43%	11.78%	14.20%
Asset cover	152%	148%			
Invest in homes and neighbourhoods to create places where people want to live					
% of properties with a valid gas safety certificate	100.00%	100.00%	100.00%	100.00%	99.99%
Fire risk assessments overdue	1	0			
Fire risk actions overdue	7	0			
Customer satisfaction with area as a place to live	84.7%	88.5%	87.4%	85.2%	82.0%
Provide good quality, accessible services that meet customer needs					
Customer satisfaction with overall service provided	93.5%	93.0%	89.0%	85.4%	80.6%
New complaints received	129				
Customer satisfaction with repairs and maintenance	86.1%	87.0%	85.1%	80.5%	73.0%
Invest in and value our people to continue to build a great organisation					
Average days/shifts lost to sickness	9.0	7.0	7.2	8.9	10.5
% of staff happy at work	70%	83%			
% of staff who would recommend working at Havebury	61%	72%			

*reported one year behind other metrics

** units developed (absolute) is a sector scorecard measure. Four units developed for sale by subsidiary are excluded

Havebury's performance on overall customer satisfaction is quartile one. Sustained investment in improvement works has contributed directly to Havebury tenants becoming amongst the most satisfied in the sector. Ongoing efficiency and service improvement programmes seek to continue this trajectory, whilst reducing costs per unit. Overheads as a percentage of turnover is quartile one. This indicates Havebury's back office functions are lean compared to most 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 but indicates too that Havebury has an efficient approach to repairs and maintenance, doing a significant 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 being over 100%. Whilst increased, Havebury outperformed its current tenant arrears target for 2019/20 (based on the forecast impact of housing benefit cases transitioning to Universal Credit) and maintains a favourable position against this indicator compared to peers. Havebury maintains low levels of staff turnover and has average rates of sickness. The new post of Assistant Director of People and Organisational Development has responsibility for increasing staff satisfaction levels and developing an organisational development strategy.

Areas of underperformance

Voids

Challenges experienced in 2018/19 around peaks and troughs in volumes of new build handovers and local authority section 106 agreement restricted lettings proving difficult to manage within existing resource continued into 2019/20. Long term and difficult to let properties, particularly within sheltered housing impacted average re-let time too. Traditionally, Havebury's spend on

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voids has been low and many of the issues driving performance, increased investment wouldn't necessarily have resolved. Changes implemented towards the end of 2018/19 and into 2019/20 however, including additional staffing resource and implementing positive practice observed at other organisations had some impact in improving performance.

Further development of processes and closer performance management of voids and allocations achieved significant gains later in the year. Although the impact of COVID-19 affected Havebury's occupancy rate at year-end, in February and March 2020 the number of properties void was at its lowest for several years and targets for average re-let time and void rent loss were achieved.

Major repairs and maintenance costs per unit

Havebury's major repairs cost per unit (£1,062) is 1/3 greater than that of the majority other providers (sector median = £794). The position reflects Havebury's commitment to invest in its existing housing stock, in line with stock condition survey reports.

The effect of this work has been realised in customer satisfaction with the quality of home increasing significantly from 79.5% to 88.0% (based on Havebury's annual STAR survey 2013 and 2019 results). Whilst Havebury's analysis suggests some correlation between LSVTs of a similar age and higher major repairs spend, in late 2018/19 Board challenged staff to revisit the spend profile for major repairs to ensure it delivers value.

In 2019/20 work was completed on a cost and stock condition validation review. Havebury's stock condition was validated and the cost of repairs and maintenance SORs, materials, replacement components and component life cycles assessed. The outcomes of this piece of work are being used to inform Havebury's new asset management strategy to be delivered from 2021.

Customer satisfaction with area as a place to live

Although increased slightly on 2018, customer satisfaction with area as a place to live is lower than the sector median. Many of the reasons for dissatisfaction are not neighbourhood management related, or outside of Havebury's direct control and results varied significantly by estate. In January a targeted plan for further investigation and improvement was created with progress being reported on a regular basis to Operations Committee.

Agile working rolled out as part of Havebury's First Focus project is realising benefits of staff being more visible on estates and better able to deal with issues proactively. Also, Havebury's revised antisocial behaviour policy means antisocial behaviour complainants are now kept better informed on case progress and outcomes. Coupled with the lag time of these improvements being reflected in customer opinion, the indicator is based on an annual survey and therefore the impact of these improvements is not expected to be seen until the next STAR survey in Summer 2020.

EBITDA MRI % interest

EBITDA MRI as a percentage of interest has increased but 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 completions

Social housing development completions in 2019/20 (244) were 55 units behind the annual target of 299. The shortfall relates to two schemes falling out of year and carried over into 2020/21.

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Havebury however, remains on course to complete its current programme to 2023, and the 244 completions represent the highest number of annual completions to date. Both in absolute terms and as a percentage of stock Havebury is a top quartile performer in delivering new supply. There were an addition four units completed for market sale during the year in the subsidiary.

Staff sickness and satisfaction

Employee satisfaction fell in 2019/20 and was below target and average sickness levels increased. 'Appreciative inquiry' sessions took place with staff in December to provide the Leadership Team with greater intelligence from teams across the business where engagement has reduced the most. A new Assistant Director of People and Organisational Development is now in post and is tasked with leading Havebury through cultural change.

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 1.2 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 almost 1,700 new affordable homes. The programme has accelerated over the last five years and 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%. 244 units were completed in 2019/20, the highest annual number of completions to date. In 2019 Havebury was successful in obtaining grant funding to build homes for social rent for the first time since the 2008/11 NAHP with £14.0m of grant secured for social rent units in 2019/20.

In 2019/20 Havebury completed an in-term review of its Development Strategy. To ensure maximum efficiency in delivering future housing management and repairs services, the updated strategy refocuses Havebury's limit of operation to traditional heartlands, transport corridors and consolidating in areas where stock is already managed.

85% of demand from housing waiting lists locally is for one and two-bedroom properties. Whilst new development has helped, there remains an imbalance between this and local supply, with properties of this size making up just 60% of Havebury's housing stock. The development strategy continues to seek 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, however, means Havebury now seek greater variation when planning schemes.

The 248 units completed in 2019/20 were across 14 schemes. Payback ranges between 17 and 37 years, or 28 years on average. Total costs were £28.8m. 156 completions related to Section 106 acquisitions and 88 to grant funded land led schemes. Tenure and property types consisted of 31 social rent one and two-bed flats, 19 social rent one and two-bed houses/bungalows, four social rent four-bed houses, four affordable rent one-bed flats, 96 affordable rent one and two-bed houses/bungalows, 26 affordable rent three and four-bed houses/bungalows, 28 shared ownership one and two-bed flats, 24 shared ownership one and two-bed houses/bungalows and 12 shared ownership three-bed houses/bungalows.

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Some of Havebury's development schemes in 2019/20 included:

- Bury Road, Thetford (Amulet Close) - land was purchased in 2015 after an extended period of disuse. Works included an extensive programme of decontamination of the former gas works site and urban regeneration. Completed in Summer 2019 the scheme offers an attractive mix of accommodation types at social rent
- Lucky Break, Tayfen Road, Bury St Edmunds (Hops Court) - a dense brownfield town centre development offering eight social rent and 28 shared ownership homes. The scheme involved demolition, remediation, new build and repurposing/renovation of two Victorian warehouses. Shrewd use of space and exploiting acute changes in ground level maximised dwelling numbers on the site. The scheme incorporates the largest and highest value flats of a Havebury development scheme to date
- Fentons Farm, Great Whelnetham (Stanningfield Road and Hambrook Close) - After a significant archaeological find on the site, works progressed throughout 2019/20. Completing late 2019 the site delivered six shared ownership homes and Havebury's first four homes for market sale
- Highbury Road and Ashwell Road - Four shared ownership homes completed on underutilised estate land owned by Havebury and a disproportionality large rear garden a long-standing tenant was struggling to manage. Bundling the two smaller schemes together enhanced viability, was more attractive to the contractor and offered economies of scale
- School Corner, Barnardiston (Lillypad Cottages) - Two units offering home ownership opportunities in a rural location which proved very popular. Built on a large side garden of a property already owned by Havebury
- Havebury office conversion (High Street, Haverhill) - Office space converted into two social rent homes brought much needed smaller accommodation to the town centre

In addition to the above, in 2019/20 works recommenced following the termination of the original contract at Havebury's Wade House, Stowmarket site, attracting additional grant funding to deliver 38 social rent flats on the site of a disused local authority care home.

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. The Asset Management Strategy is scheduled for review in 2020/21.

Disposals are predominantly undertaken as opportunistic sales and tend to arise as properties become void. During 2019/20 five properties were disposed via open market sale. This generated over £860k (£30k 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.

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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 2019/20 the new operating models for repairs and tenancy and estates were launched. These saw a proportionately lower increase in staffing resources compared to the stock and geographic growth planned. All operational processes were reviewed, redesigned and analysed against the efficiency targets set. This identified that over 16,000 hours in repairs, and over 3,000 hours in tenancy and estates could be saved once the redesigned processes were implemented. Some were implemented in 2019/20, with the remainder planned for 2020/21.
- Customer Intelligence: As part of the implementation of its Customer Insight Strategy, Havebury continued to introduce nudge activities, aimed at influencing customer behaviour to reduce service demand. This included encouraging more appropriate use of bin stores and cigarette bins as well as staff 'nudging' customers toward accessing services through MyHavebury. A behavioural insights project was also started to better understand how best to provide services to customers. The work has realised greater interest of service managers in using data to review services and improve value and efficiency in processes.
- Digital offer: In 2019/20 Havebury launched phase one and two of MyHavebury, allowing tenants to access services, including repair reporting, checking account balances, making payments and updating contact details, through a new application; channel shifting contact from less efficient methods.
- Agile working: During 2019/20 agile working was implemented in a number of teams, using lessons learned from the 2018/19 trials. This meant that staff who predominantly undertake work in tenants' homes and on estates could do so without the need to visit the office at any point during the working day. This has been achieved through revamping processes, embracing mobile technology and developing guidance to support agile and remote working practices. We estimate that it has increased productivity by 12.5%. In 2020/21 scheduling software to further support the efficient deployment of our agile workforce and reviewing other roles and services that may be suitable for agile delivery will be implemented.

MyHavebury

Following extensive development and testing, in 2019/20 Havebury launched the repairs and rents modules of its MyHavebury application. This allows customers to access services online to report repairs, make and amend repair appointments, check account balances, make payments and update their contact details. The application has been successful in channel shifting customer contact away from less efficient methods and offers customers 24/7 access to services.

By year-end, targets for channel shift to My Havebury were achieved, realising planned efficiency gains. In January, February and March, 591 (10%) of the total 5,682 repairs reported were done so via MyHavebury. 43% of card payments were made using the application. In addition, customers with a MyHavebury account updated their contact details more often than they would otherwise. MyHavebury is crucial to Havebury meeting its key value for money objective, to achieve the planned growth without a proportionate increase to overheads and phases three (tenancy and estates and tenancy terminations) and four (non-tenant access for reporting issues and power of attorney) will be launched in 2020/21.

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Procurement

Havebury continues to develop the procurement and contract management function to ensure contracts are delivered as tendered and quality maintained. This has included adopting a standard approach to contract management, contract meetings and reviewing KPI requirements. Work has been carried out across the business to introduce KPIs and service credits within key contracts, plus a compliance element for upcoming tenders. This will ensure that suppliers are consistently meeting the standards required of them with a mechanism for addressing any performance that falls short.

A supplier assessment was introduced in 2019/20 to ensure that all suppliers submitting a tender are suitable in key areas around compliance, health and safety and financial standing. This is to be expanded to include suppliers obtained through the quotation process in 2020/21.

The finance system was upgraded during 2019/20 and a new Purchase to Pay system was successfully implemented. The combined functionality of the Purchase to Pay system and the Housing Management system (Cx) has provided consistency in making payment to suppliers, improving further the procurement and contract management process. The functionality has also enabled the end-to-end payment processes to be carried out remotely, which has brought significant business benefit. In addition, the upgrade has provided a number of efficiencies within the Finance Team owing to the improved functionality.

Inclusive of development, Havebury ended the year with 151 live contracts. 31 new contracts were procured during 2019/20, including a development framework agreement that consists of two lots: employer's agent and principle designers and architects and planning consultants. The framework aims to provide consistency across these areas of the business in terms of cost and service delivery. Social and added value has also been included and assessed as part of the procurement exercise. Other tenders include six across operations functions, ranging from taxi services to re-roofing contracts and the internal audit contract.

A new contract for the servicing of fire alarms and associated equipment was procured via the OJEU process and commenced in September 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.

Examples of where ongoing contracts have delivered additional value included training sessions provided by our legal services provider in areas such as tenancy matters to leases and home ownership topics. The stores materials contract gives back 1% of profits and is allocated to community projects on an annual basis.

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, underwent significant structural improvement in 2019. In 2019/20 the service

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expanded to include a bed space for service users working with the 180 Probation Team. This offers prolific offenders who have exhausted all other housing options a base from which to receive 'wrap around' support covering work and training and mental health.

During 2019/20 Tayfen housed 117 homeless applicants, helped 28 residents to positively move on to suitable accommodation, and supported 7 residents into employment or work experience and 4 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. An additional fourth bed was made available to this project during 2019/20. Havebury also continues to work closely with Womens Aid in providing refuge space for women with complex vulnerabilities fleeing domestic abuse.

In 2019/20, £64,194 awarded by Havebury in grants to groups attracted almost £283k in match funding for community projects such as new toilet facilities at a village hall, community hub and church, new heating/cooling system at a community centre, children's football team kit, Church building improvements, setting up of a preschool facility, assisting a bowls Club to purchase their bowling green and refurbishment of a resource centre. Also, an underspend on environmental improvements allowed for two grants to local food banks of £5,000 each to be made to assist families affected by COVID-19.

2019/20 value for money action plan

As part of Havebury's 2019/20 Annual Delivery Plan, Havebury set out a number of value money objectives. An update on each of these is shown below:

Value for Money Action	Expected Outcome	VfM Gain	2019/20 Outturn
Strengthen the business and social value by building more homes			
Havebury Homes Limited - Complete and sell four market properties at Fentons Farm	£178k of profit delivered	Gift aid receipts used to develop new social housing and enhance Havebury's social value	Units completed although three out of four were unsold at year-end. HHL Board to consider options in relation to unsold properties in 2020/21
Affordable Homes Programme 2015/18 - Complete remaining schemes at Bury Road, Thetford and Wade House	72 additional affordable rent homes completed	Development of new social housing enhances Havebury's social value and positively impacts business plan	Bury Road, Thetford completed and converted to social rent. New contractors appointed for Wade House and works recommenced
Affordable Homes Programme 2016/21 and S106 completions - deliver programme in accordance with contractual arrangements	Minimum of 59 starts and 227 completions		Exceeded target: 141 starts and 244 completions. Land led starts however were down against forecast with a number of schemes delayed into 2020
Shared ownership programme - complete and successfully sell shared ownership properties in line with Homes England contract and business plan assumptions	68 sales generating £5.3m of income		Sales in 2019/20 was 44, generating income of £4m. Sales lower than budget owing to delay in completion of Hops Court and the ongoing delays in the sale of HOLD units. Shortfall carried over to 2020/21
Partner of choice - continue to deliver S106 properties across Havebury's operating area in accordance with Development Strategy	124 Section 106 properties procured		Exceeded target with 135 S106 units in contract in 2019/20
Disposals - identify properties for sale that are not suitable for letting	Generate £500k receipts to fund new homes programme	Generates income ring fenced to develop more suitable, better value homes	Five units identified and sold during 2019/20 generating £860k
Invest in and value our people to continue to build a great organisation			
Board recruitment - induction and smooth transition to new Chairs and recruitment of additional Board and Committee members	Continuity of governance structure and skills gaps filled	Board and committees remain equipped to deal with future challenges. Continuity of approach to value for money is maintained and enhanced	Vacancies originally identified were filled and seamless transition to new Chairs achieved
Governance review and action plan - execute the governance review action plan	All recommendations set out in the governance review action plan are implemented	Governance arrangements enhanced allowing Board and committees to best fulfil their responsibilities including in maintaining oversight and delivery of value	Recommendations implemented and review is now an annual process as required by the governance policy
Organisational development - work with specialist support to develop an organisational development plan	Plan agreed for implementation in 2020/21	Havebury's workforce and staffing structure is equipped to manage its planned growth and future challenges in a manner which fosters best value for money	Action carried over to 2020/21 following appointment of Assistant Director of People and Organisational Development in late 2019/20

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Value for Money Action	Expected Outcome	VfM Gain	2019/20 Outturn
Drive value through an efficient, sustainable and well-run business			
MyHavebury - test, launch and promote MyHavebury in line with First Focus Steering Group approved roadmap	10% of customer transactions moved online	Customer interaction shifted to better value channels	Phase two of MyHavebury launch completed. 591 (10%) of 5,682 repairs between 01/01/2020 and 31/03/2020 reported via MyHavebury. 43% of card payments during the same period made via MyHavebury
Agile working - develop suite of policies and procedures to support new ways of working	Benefits of agile working realised	Agile working represents increased value in delivering services more efficiently and to a more dispersed stock	New policies and procedures were implemented October 2019
Procurement - full review of procurement policies and procedures	Procurement strategy approved	Business requirements are met and value maximised in procurement and contract management	Work ongoing and carried forward to 2020/21. Due to complete July 2020
Risk management - overhaul of risk assessment process and reporting	System implemented and reporting approved by Board	Havebury is able to most effectively and efficiently manage and respond to existing and emerging risk	New process implemented September 2019 and is working successfully
Performance reporting - produce a company wide performance management framework	Framework articulated and in place for reporting to Board and committees	Havebury's value for money performance is reported, monitored and clearly articulated to Board. Areas of underperformance can be quickly addressed	The performance framework has experienced several iterations but is now stable, although it will always be dynamic as business risk and needs change
Civica Cx - streamline workflow processes to ease use and implement a system of employee feedback	Improvement in employee satisfaction	Improved functionality of Havebury's housing management system allows employees to work more efficiently	Work to support and improve effectiveness of Cx completed March 2020 with a 'service desk' approach set up to monitor and capture staff feedback. Further upgrades and improvements scheduled for 2020/21
Provide good quality accessible services that meet customer needs			
First Focus Customer Strategy - next generation customer strategy covering: tenant voice, customer service standards, customer engagement and insight	New First Focus strategy approved by Operations Committee	Havebury has a strategy for generating best value from its approach to customer interaction and engagement	Carried over to 2020/21 due to scale and level of engagement required
First Focus neighbourhoods - implement outcomes of review of neighbourhood services	New services offer being delivered and performance and efficiency benefits realised	Havebury is able to grow and service more units over a wider geographical area without a proportionate increase in overheads	New operating model for the Tenancy and Estates Team completed March 2020, with further enhancements and developments scheduled for 2020/21
First Focus repairs - implement outcomes of review of repairs services	New repairs scheduling system implemented and new service offer being delivered. Performance and efficiency benefit realised		Carried over to 2020/21 due to integration issues between Cx and new scheduling system. Implementation anticipated May 2020
Welfare reform/income management - planned and strategic approach in place to respond to the impact of Universal Credit and growth in housing stock	Income and void performance targets met/exceeded	Services managed efficiently and income maximised	2019/20 income and arrears targets met. Void performance improved significantly over 2019/20. Average re-let time and void loss targets achieved February and March 2020
Invest in homes and neighbourhoods to create places where people want to live			
Vinefields estate improvement - engage consultant to consider options	Consultant engaged to consider options and budget for improving property and estate at Vinefields. Option appraisal completed	Viability of Vinefields as an estate improves	Updated feasibility study conducted in-house during 2019/20 with longer term review to be considered as part of wider regeneration plan and new asset management strategy. Carried over to 2020/21
Energy efficiency measures for tenants - identify stick with EPC ratings of F, G or H and develop a plan to raise EPC rating to a minimum of E	Plan submitted to Operations Committee for approval with an estimate of costs and likely timescales	Value for money for rent enhanced for tenants by reducing energy costs	Report presented to Operations Committee October 2019, however wider review of investment to be undertaken as part of update to Asset Management Strategy in 2020/21
External wall insulation - undertake a programme of insulation works on cross wall homes with single skin stories	Up to 60 properties insulated		28 properties externally insulated during 2019/20. A further 49 properties internally insulated and re-clad using Cedral cladding - upgrading thermal and fire rating performance