



THE HAVEBURY HOUSING PARTNERSHIP

Report and consolidated financial statements

For the year ended 31 March 2021

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ASSOCIATION INFORMATION

FCA registration number:	7648	
	The Havebury Housing Partnership is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014	
Regulator for Social Housing registration number:	LH4339	
Office:	Havebury House, Western Way, Bury St Edmunds, Suffolk IP33 3SP	
Strategic Board Chairman	Ian Mashiter	
Strategic Board Vice Chairman	Mark Webster	
Strategic Board Directors	Clive Gardner Michael Sheren Mark Webster Kym Hudson Clive Springett Adam Colby Nikki Stonebridge	
Chief Executive	Andrew Smith	
Director of Operations	Jenny Spoor	
Director of Resources	Marie McCleary	
Company Secretary	Marie McCleary	
Director of Development	Scott Bailey	
Bankers/Funders	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP	The Royal Bank of Scotland plc Housing Finance 9th Floor 280 Bishopsgate London EC2M 4RB
	Lloyds Bank Plc 10 Gresham Street London EC2V 7AE	The Bank of New York Mellon London Branch One Canada Square London E14 5AL
Principal Solicitors	Capsticks 1 St George's Road Wimbledon London SW19 4DR	
Auditors	RSM UK Audit LLP Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB	

CHAIR'S STATEMENT

This year's report covers a period starting just a couple of weeks into the first COVID lockdown, up to April 2021 when the first cautious easing of government restrictions took effect. So we have lived with COVID restrictions, and a very different working environment, through the full 12 month period.

As a reminder, that includes closure of Havebury House (with all of our people either working from home or out and about safely delivering emergency services, save for a very limited office presence from early 2021), restrictions on entry to tenants homes to deal with repair and maintenance, and slowdown of our development activity as contractors introduced COVID-compliant working, and dealt with supply chain difficulties and shortages or, like many, suspended operations altogether. Dealing with COVID did of course take attention away from Brexit - with the transition period finally running out on 31st December 2020 - but Brexit only added to problems with labour and materials in construction and building when services resumed.

Against that background, one might have expected the key metrics by which we measure Havebury's performance to have taken a significant hit. However, I am very pleased to say that - viewed overall - the business has performed very well over the past year and we are in a good position to face 2021/22. Our financial performance remains strong, and we are also addressing the additional funding we need to deliver our new Corporate Plan aspirations and re-financing some existing debt in 2021. Despite the disruption of COVID, you will see that the accounts show a surplus of £3.8million before movements in reserves. We have achieved all of our funders' covenants and delivered an EBITDA of 177%.

You will notice the "very bottom line" includes the adverse movement in the actuarial valuation of the, now closed, defined benefit pension scheme. These changes result from revised actuarial assumptions primarily relating to inflation, salary increase rate and changes in the discount rate. The board has a pension strategy in place and regularly monitors our liabilities relating to this pension scheme.

Our strong position reflects a range of measures and inputs over the past 12 months, but above all it is a tribute to all our people, who have done a great job to maintain our service levels; and not just to keep us on an even keel, but also to take the business forward, and I would like to focus here on some of the work being done in that area.

First, we have drafted, discussed, refined, and published our new Corporate Plan - drawing on input from members, tenants, staff, and advisors, all through online meetings and consultation. The plan sets out our strategic objectives for 2021 - 26, summarised as follows

- Being a great landlord
- Developing new affordable homes
- Investing in our existing homes and communities
- Playing our part in addressing climate change
- Building a great team
- Remaining a thriving business.

Under the heading of "Being a great landlord" we have launched our new tenant engagement and customer strategies - reflecting the outputs of the National Housing Federation's work on Together with Tenants, and ensuring we meet the standards set by the Social Housing White Paper. Here we value the input of our Tenants Forum, and the Performance and Scrutiny Panel - and as mentioned below we are keen to build on their work and involve a wider group of tenants in our work.

CHAIR'S STATEMENT (CONTINUED)

On the development front, although COVID has delayed some projects in the last year, we have committed to delivering 250 new homes per year, up to 2028, in the new Corporate Plan.

We will however balance our output of new homes with investment in our current stock - committing £6m in the coming year to improving existing homes; and as we look to play our part in addressing climate change, working to upgrade all our homes to meet EPC C by 2030, and moving towards net zero carbon targets. That work falls mainly under the Operations team, and here we were sorry to see our Operations Director Anita Jones leave us in July 2020. It is a compliment to our talented team that Anita went to join Freebridge HA as Chief Executive and we welcomed Jenny Spoor who is proving an able successor to Anita as Operations Director.

Over the last year we have also brought forward our People and Organisational Development Strategy. This builds on eight key pillars, ranging from organisational culture, learning and development to engagement and wellbeing. This work has come to the fore during the pandemic as we work in new ways that have helped create a blueprint for the future of work at Havebury.

Our governance framework, and all the members who contribute to it, remain in good heart, and have adapted well to conducting all meetings on-line through Teams. Within the first four weeks we did make some changes to our procedures, including giving a group of four Directors (the chair of the board and the 3 Committee chairs) the authority to take decisions if necessary and expedient, but this was used only a handful of times before we felt able to revert to our normal decision-making structure.

The challenge for the next year is to recruit new members, particularly as four Board Directors retire in October 2022 (Clive Gardner who chairs Operations Committee, Clive Springett who chairs Audit and Risk, Michael Sheren and me). We also need to recruit more Tenant Members - to get involved in various areas and to develop their knowledge and skills in order that they can take on roles throughout our governance framework. Work is in hand to meet those recruitment needs, and - importantly - to establish a more diverse group of non-executive members who better represent the communities we serve.

As we look back over the year, it is remarkable how - right through the organisation - we have turned our operating model on its head and adapted to home and flexible working assisted hugely by our investment in technology, and channels such as myHavebury. And we have not just maintained the status quo over the year - just surviving - but we have thrived! And in a sense this disruption to our business may prove positive - we have learnt new ways of operating which we will take forward into a re-styled business model, rather than a return to business as usual.

So we have come through the past year in very good shape - but we should not ignore the fact that the past year has been a very challenging time, which has called for a great deal of hard work and flexibility from everyone involved in the business. And in closing I would like to place on record my thanks to all our people and tenants who give time and energy to the business, and all our Directors and Committee members for their support. Thanks are due to everyone for a great team effort which has allowed us to make notable progress over the last 12 months, and to face the future with confidence.

DocuSigned by:

Ian Michael Mashiter

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Ian Mashiter
Chairman

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The group comprises The Havebury Housing Partnership ('the Association'), and its two subsidiary undertakings, Havebury Homes Limited and Design & Build Services East Limited (dormant) (together 'the group').

The group's principal activity is the management and development of affordable housing in Suffolk and its neighbouring counties.

The Association operates three key business streams:

- housing for rent, primarily by families who are unable to rent or buy at open market rates
- supported housing and housing for older people
- low-cost home ownership, primarily shared ownership

As well as managing over 6,900 properties, the Association develops new affordable housing under the Homes England Shared Ownership Affordable Homes Programme (SOAHP).

The Association also provides non-social housing services, in particular garages for rent. However, the Association's focus is its social housing activities and these are expected to continue to constitute over 90% of its activities by turnover.

During 2016/17 a group structure was established and during 2018/19 Havebury Homes Limited started on site with its first four homes for market sale, these were completed in November 2019, with the first property being sold in December 2019. By the end of the 2020/21 financial year all properties had been sold. Design & Build Services East Limited is currently dormant. Any surpluses from both subsidiaries are utilised to further Havebury's charitable objectives.

BUSINESS AND FINANCIAL REVIEW

The Board is pleased to report a surplus for the year of £3.70m (2020: £3.94m). We have continued to invest more in our existing housing stock and undertake a series of new developments for affordable rent and shared ownership.

Turnover for the year was £42.12m (2020: £42.14m) and was principally income from lettings. The increase in income reflects the increase in property numbers year on year, including the 134 (2020: 248) properties that were completed during the course of the year. The total property number was 6,913 (2020: 6,793). Rent losses through void properties totalled £785k (2020: £327k) which represents 2.1% (2020: 0.9%) of the rent and service charges receivable. Income from first tranche shared ownership sales was £3.1m (2020: £4.1m).

The increase in operating surplus to 29.66% (2020: 29.02%) reflects the impact on income levels due to COVID and underspend on major repairs due to the limitations resulting from the various lockdowns during the year. There has been an increase in the housing properties depreciation charge to £6.384m (2020: £5.971m). Expenditure of £1.72m (2020: £3.42m) was capitalised in respect of improvement works. This expenditure is expected to continue in the coming years in line with the business plan and stock condition survey forecasts.

STRATEGIC REPORT

The Statement of Financial Position indicates Total assets less current liabilities of £385m (2020: £368m) owing to an increase in total fixed assets of £18.6m to £375.4m (2020: £356.8m) in line with the developments that were completed during the year. Net current assets have decreased to £9.9m (2020: £11.2m).

During 2020/21 36 shared ownership units were sold and a further 14 are awaiting sale, reflected in the Properties for Sale balance of £6.4m (2020: £6.9m). The sales are forecast to complete in the first two quarters of 2021, 1 unit is part of a HOLD (Home Ownership for Long term Disabled) scheme and has been let to the future purchasers whilst the lease is finalised.

To fund the ongoing development programme an additional £10m was drawn from existing facilities during the year. The total drawn debt is now £208.5m (2020: £198.5m).

At the start of April 2021, we had 2,164 accounts with UC claimants (1,642 last year). There was an acceleration of new claims for UC during the year due to the COVID-19 pandemic hitting hard in March 2020. We have set a target to assist UC claimants to reduce any arrears that arise from the claims process in 39 weeks, and achieved this in 62%, (58.7% last year) of the time. We have continued with extra welfare advice staffing this year to assist with this work and to administer the tenant forum COVID-related hardship fund which has also continued this year.

The average Havebury UC debt has fallen from £298 to £200 by the end of the year. We have monitored the impact this has had on the overall arrears figure and predicted an increase from 1.75% of collectable rent (net of HB owed) to 2.7% by the end of 2020/21; the actual performance achieved was 1.83%. The target for the new financial year outturn has been set at 2.1% reflecting the continuing uncertainty relating to continuing government financial support through furlough. The Department of Work and Pensions is aiming to migrate all working age claimants to UC by 2023. We will monitor this closely and have continued our membership of local forums.

STRATEGIC REPORT

The group's five-year Statement of Comprehensive Income accounts and Statement of Financial Positions are summarised below:

For the year ended 31 March	GROUP 2021 (£'000)	GROUP 2020 (£'000)	HHP 2019 (£'000)	HHP 2018 (£'000)	HHP 2017 (£'000)
Statement of Comprehensive Income					
Total turnover	42,116	42,139	42,054	37,595	34,992
Operating surplus	12,491	12,227	13,100	13,618	11,827
*Surplus for the year transferred to reserves	3,700	3,939	5,268	6,813	5,268
Statement of Financial Position					
Housing properties	372,076	353,198	330,622	302,501	282,489
Other fixed assets	2,752	2,989	3,075	3,110	3,461
Intangible assets	534	615	471	481	541
Fixed assets	375,362	356,802	334,168	306,092	286,491
Net current assets/(liabilities)	9,874	11,169	3,579	6,976	2,701
Total assets less current liabilities	385,236	367,971	337,747	313,068	289,192
Loans (due over one year)	213,537	202,992	185,865	169,734	156,271
Pensions liability	9,538	4,331	6,093	3,436	3,680
Other long-term liabilities					-
Deferred income grant	28,208	25,579	17,065	13,782	10,614
Reserves					
: revenue	47,092	48,208	41,117	38,068	29,932
: revaluation	86,861	86,861	87,607	88,048	88,695
: total	133,953	135,069	128,724	126,116	118,627
	385,236	367,971	337,747	313,068	289,192
Housing properties owned at year end:					
Social housing	6,677	6,560	6,394	6,307	6,150
Non-social housing	236	233	168	117	87
	6,913	6,793	6,562	6,424	6,237
Statistics:					
Operating surplus as % of turnover	29.66%	29.02%	31.15%	36.22%	33.80%
Surplus for year as % of income from lettings	9.80%	10.93%	14.95%	19.92%	15.74%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.47%	1.98%	2.44%	1.22%	0.90%
Rent arrears (current arrears as % of rent and service charges receivable)	2.4%	2.65%	2.56%	2.34%	2.25%
Liquidity (current assets divided by current liabilities)	1.84	2.06	1.31	1.76	1.26

STRATEGIC REPORT

PERFORMANCE AGAINST KEY OBJECTIVES

Objectives and Strategy

Our vision is “creating Homes and Communities”.

Our values are

- Respecting
- Engaging
- Fair

These values reflect Havebury, where we respect our colleagues, tenants and stakeholders. Where we are prepared to engage with our stakeholders to deliver strong vibrant communities and where we are ready to roll up our sleeves and work collaboratively with others to deliver better outcomes. Engaging also reflects our ‘ask’ of our colleagues to be engaged in our organisation, demonstrating accountability and ownership. To push ourselves to try something new, expand our knowledge and deliver more. Underpinning all of this is our deep-rooted sense of fairness, our commitment to social justice, to ensuring equality of access for all, not judging others and being balanced and measured in all our dealings.

Senior Management and the Board have developed a series of key performance indicators (KPI's) to monitor performance against these objectives. These targets, some examples of which are detailed in the table below, are reviewed annually by the Board in order to support our commitment to continuous service improvement:

	2020/21	2019/20
EBITDA MRI (using cash interest paid)	187%	158%
Asset cover	147%	152%
Net debt per unit	£31,866	£29,234
Current tenants' rent arrears as a percentage of rent due	2.4%	2.7%
Rent loss as a result of voids as a percentage of rent due	2.3%	1.1%
Proportion of income attributable to housing benefit	25.3%	28.8%
Percentage of social housing stock at affordable rents	23.9%	23.2%
Tenants eligible for right to buy	2,045	2,109
Number of Right to Buy sales	6	13
Percentage of workforce member of Local Government Pension Scheme	30%	36%

*The five year trend on Surpluses transferred to reserves reflects increased interest payments as Havebury continues to invest in additional affordable homes in the communities we serve.

STRATEGIC REPORT

OUR OBJECTIVES

During the year the Board reviewed our Strategic Objectives as described in the Chairman's Report. For 2020/21 our objectives were as follows

- Strengthen the business and our social impact by building more affordable homes
- Provide good quality, accessible services that meet customer needs
- Invest in homes and neighbourhoods to create places where people want to live
- Drive value through an efficient, sustainable and well-run business
- Invest in and value our people to continue to build a great organisation

Whilst our development activity was constrained by the various Lockdown restrictions due to COVID-19 and some schemes due to complete in the year will now be finished in 2021/22, we did deliver 134 new homes. 36 of these homes were sold on a Shared Ownership basis.

One of our key objectives this year was to ensure safe working practices and maintain our customer service standard to deliver business as usual to all tenants accessing our services. We did this by adapting our service to provide a remote but accessible service using digital and telephony channels. A key enabler for this to facilitate this was the continued roll out of the myHavebury App.

During 2020/21 we **invested** over £2.6 million in **existing homes**, this was much lower than the amount we had planned to invest (£5m) as our activity was constrained by Lockdown restrictions. We plan to carry out the works over the next two financial years, the priority this year was replacement of central heating systems. The Community Investment Group did not receive many applications this year though we plan to make this budget available next year in order to support our communities throughout the pandemic and beyond.

Our Value for Money self-assessment later in this report sets out our performance against our objective to drive value through an efficient, sustainable and well-run business.

Havebury's key resource is our **people** and during the year we have focussed on their safety, both in providing an enhanced level of Personal Protective Equipment (PPE) for those of our team dealing with emergencies during and between lockdown restrictions. Engagement with our teams has been a key focus particularly as we all adjusted to working from home where possible. During the coming year we look forward to implementing our People and Organisational Development Strategy which we developed throughout this year.

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 us 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 our 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 our own measures of value 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 us, value for money is about maximising resources available to deliver our vision and objectives, to the benefit of the communities we serve. Value for money is delivered through our strong value for money culture, sound financial and business planning, effective procurement, performance management, tenant scrutiny and governance functions.

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

Our new Corporate Plan target to deliver 1,250 new homes by 2026, was agreed by our board during the year. Our core value for money objective is to deliver this, whilst maintaining median costs, and achieving or working towards top quartile performance. The organic growth will positively impact our economy, enhance our business health, benefit financial performance, and increase capacity to build more homes in future. During 2020/21, 134 new homes were completed, 53 for social rent, 60 affordable rent and 21 shared ownership.

In response to the COVID-19 pandemic we quickly adapted to our people working remotely and made significant adjustments to services to maintain their delivery, whilst complying with Government restrictions. Our headline social housing cost per unit reduced by 9% on the previous year due to some work programmes being paused, although this was offset to some extent by increased investment in, for example, recovery of the repairs backlog arising from the first lockdown.

The Strategic Board has overall responsibility for value for money and continued to review our value for money performance throughout 2020/21. At the start of the year and with support from HouseMark forecasts, we reviewed some of our targets to reflect the likely impact of the pandemic. Our performance against these, and particularly in comparison to peers, was positive. Emerging from the pandemic, in March 2021 Board approved a new Corporate Plan, including a refreshed vision, values and strategic objectives, setting our direction to 2026. Against each objective we have set a number of key value for money performance indicators to be tracked throughout the life of the plan. A link to which is provided [here](#) or can be found at www.havebury.com/2021/04/20/our-corporate-plan-2021-2026/.

STRATEGIC REPORT

WHAT VALUE FOR MONEY MEANS TO HAVEBURY

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 we met each aspect during 2020/21:

VfM Standard Element		2020/21 Evidence
Required outcomes - registered providers must:	clearly articulate their strategic objectives	In consultation with stakeholders and tenant feedback a new corporate plan was launched in March. The refreshed vision, values and strategic objectives are clearly publicised and promoted to our teams, tenants and partners. The new corporate plan is available on our website, and has been promoted through social media and the tenants' magazine
	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	Targets set by the Board against quantitative and qualitative measures of value for each strategic objective were monitored at each of their meetings throughout the year. Reports on value for money are produced annually for tenants/stakeholders. Each of the refreshed strategic objectives have explicit measures of value defined, around which our wider performance management framework is designed
	through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs	Throughout our vision, objectives and values there is a strong focus on meeting the needs of tenants and developing new properties to meet local need. We remain 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 we completed 21 new shared ownership units. Our Tayfen supported housing service continued to provide a full service despite the challenging circumstances Covid-19 presented.
	ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	In 2020/21 we continued to review our asset base, disposing of properties no longer viable and allowing replacement with more fit for purpose housing. Our new Asset Management Strategy, scheduled for review in 2021/22 will determine the first steps in our response to meeting 2030 environmental targets and set out to gain maximum value from our ongoing and additional investment in existing housing stock. Our 'First Focus' review concluded, driving improved efficiency and effectiveness in operational processes, work which will continue through delivery of a new Customer Services Strategy.
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	We have a strong governance structure, confirmed by our G1/V1 rating. The Board regularly reviews value for money performance and throughout the year in meetings and away days explore potential options to enhance value. In 2021 the Board approved a new corporate plan with defined value for money metrics against each objective.
	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	Board regularly assesses alternative delivery models using the form follows function principles and at the last review the current structure continued to offer best value for the business and tenants. Discussed at their Strategic Planning day in 2020/21, Board remain committed to independence and we are working closely with the other four members of the Independent East group of providers to explore developing potential areas of shared service and collaboration. Risk is reviewed regularly and on an annual basis Board appraises our position and mitigation plans against the regulator's sector risk profile, updating the corporate risk map with a view to taking action if necessary.

STRATEGIC REPORT

WHAT VALUE FOR MONEY MEANS TO HAVEBURY

VfM Standard Element		2020/21 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	On the basis of a favourable assessment by board of the risk/reward, we established a new group structure in 2017 and in early 2021/22, Havebury Homes Limited completed the sale of four market sale units. Board will continue to consider opportunities as they arise, however development of units for market sale is not afforded priority in the new corporate plan. Gift aid receipts from the sale of the open market units has been ring-fenced to fund 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	Explicit measures of value are defined in the new corporate plan, around which our wider performance management framework is designed. 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.

STRATEGIC REPORT

WHAT VALUE FOR MONEY MEANS TO HAVEBURY

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 of our performance below is benchmarked against the latest release of global accounts, relating to the financial year 2019/20. As such, comparison is affected by the impact of COVID-19 on income and expenditure and therefore reference is drawn to the original budgets for 2020/21 and 2021/22 where appropriate.

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 2020/21		Havebury 2019/20	
£3,136		£3,461	
2019/20 quartiles	Quartile 1	Median	Quartile 3
Sector	£3,335	£3,835	£4,864
PlaceShapers	£3,211	£3,620	£3,211
Peer group	£3,169	£3,339	£3,555

Headline social housing CPU has reduced by 9%, with expenditure used in the calculation decreasing from £23.5 million in 2019/20 to £21.7 million in 2020/21. Despite investment in additional resource to recover the repairs backlog arising from the first lockdown, the change in CPU is attributable to repairs and maintenance programmes and other operational projects being paused whilst Government restrictions were in place, and our wider response to the pandemic took priority.

CPU is quartile one compared to the 2019/20 global accounts; however, it is expected that all other providers will have experienced a similar reduction in expenditure. Reprofiting of 2020/21 investment programmes into future years, and the challenges arising around asset management and achieving net zero carbon will realise an increase in CPU over the coming years. In addition, we have budgeted for a conscious increase in establishment in order to respond to new legislation and greater regulation around building and fire safety and other outcomes of the social housing white paper such as enhanced emphasis on complaints handling and listening to the tenant voice. A number of restructures, including of our People and Finance Teams were undertaken in 2020/21 to modernise the workforce to support delivery of the new Corporate Plan. Both the original 2020/21 and 2021/22 budgets represent increases on 2019/20 but maintain our quartile two position and overall target of median costs.

STRATEGIC REPORT

WHAT VALUE FOR MONEY MEANS TO HAVEBURY

Cost per unit by category of expenditure

	Havebury 2020/21	Havebury 2019/20	Sector 2019/20 median	PlaceShapers 2019/20 median	Peer group 2019/20 median
Management	£698	£703	£1,062	£998	£981
Service charges	£404	£396	£441	£370	£394
Maintenance	£1,121	£1,124	£1,107	£1,155	£1,071
Major repairs	£725	£1,067	£813	£812	£543
Other costs	£188	£171	£238	£198	£139

Historically, the significant major repairs programme has been the key driver in our position compared to peers, excluding which overall CPU is typically quartile one. In 2020/21 however, aids and adaptations, major repairs and planned works and servicing budgets were underspent. Whilst servicing contracts on gas, oil, lifts etc continued in order to maintain health and safety compliance; revenue and capital improvement works and cyclical maintenance programmes such as external painting were paused to adhere to Government guidelines and maintain the health and safety of tenants and our teams by minimising long-term contact and the risk of spreading the virus.

Spend on voids was below budget due to the cessation of all non-emergency contractor works at the beginning of the year, as was direct service provision owing to fewer reactive grounds maintenance works. The suspension of legal action against tenants and underspends on other ad-hoc and tenant focused budgets due to the pandemic, resulted in direct housing management costs being £425k less than budget.

Conversely, direct expenditure on responsive maintenance was greater than the full year budget by almost £600k. This was due to investment in additional resource to recover repair backlogs and higher spend on Personal Protective Equipment (PPE). These additional costs will continue into the next financial year, though to a lesser extent.

STRATEGIC REPORT

WHAT VALUE FOR MONEY MEANS TO HAVEBURY

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, demonstrating surpluses are not being generated at the expense of investment in new and existing properties.

Havebury 2020/21		Havebury 2019/20	
6.80%		8.55%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	10.04%	7.22%	4.86%
PlaceShapers	10.65%	7.86%	4.76%
Peer group	8.43%	7.81%	3.87%

Typically, our reinvestment is high compared to most other housing associations demonstrating our ongoing commitment to make a significant contribution to new supply, whilst also maintaining the condition of existing units. In 2020/21, development of new properties was £3.3m lower (£22.7m) compared to 2019/20 (£26.0m) due to fewer completions as a result of the pandemic. Works to existing properties reflected less capital expenditure due to programmes being paused and reprofiled into future years, reducing from £3.4m in 2019/20 to £1.7m in 2020/21.

In the context of the pandemic our reinvestment is below the 2019/20 global accounts median. However, the original 2020/21 (9.22%) and 2021/22 (8.65%) budgets reflect our usual position towards the top of quartile two.

Efficiency - Gearing

The gearing metric is a measure of a provider's net debt compared to the value of its assets. Our net debt relative to assets is healthy, falling in quartile two compared to the sector/PlaceShapers, in part due to our LSVT origins. We are also more highly geared than most of our immediate peers, reflecting the development programme and appetite for growth.

Havebury 2020/21		Havebury 2019/20	
53.5%		54.0%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	54.7%	44.0%	33.0%
PlaceShapers	55.4%	44.0%	35.7%
Peer group	56.2%	52.5%	40.5%

Additional drawdowns of £10m to fund the development programme contributed to net debt increasing by £8.5m to £199.2m. Drawdowns were less than anticipated due to the building industry shutting down during the first lockdown and the delay created to planned starts. Gearing has changed little between years due to the value of fixed assets also increasing in line with new development completions.

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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. The change in EBITDA MRI % interest reflects a slight increase in operating surpluses and a smaller capital programme, with EBITDA MRI increasing from £14.8m in 2019/20 to £17.2m in 2020/21. Whilst outturn is still around the sector median, our 2019/20 result better reflected our typical position, mirroring that of gearing and again illustrating our growth and development priorities.

Havebury 2020/21		Havebury 2019/20	
176%		159%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	227%	170%	126%
PlaceShapers	220%	180%	129%
Peer group	236%	198%	147%

Efficiency - Operating margin

Although a key indicator, we are 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.

Whilst operating margin has changed little between years, the 2020/21 outturn is greater than our original budget of 23.7%. Lower expenditure during the year, attributable to the pause in some repairs and maintenance programmes and other projects meant that surpluses were higher than anticipated, albeit negated to some extent by less turnover than was originally budgeted from shared ownership receipts.

Havebury 2020/21		Havebury 2019/20	
29.7%		29.0%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	28.6%	23.1%	18.1%
PlaceShapers	28.7%	23.8%	18.6%
Peer group	34.4%	29.0%	26.1%

Being quartile one, operating margin remains healthy 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.

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Efficiency - Operating margin (social housing lettings)

Havebury 2020/21		Havebury 2019/20	
33.3%		30.3%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	32.3%	25.7%	20.8%
PlaceShapers	31.7%	25.8%	21.9%
Peer group	37.6%	30.9%	25.2%

The increase in operating margin on social housing lettings reflects our lower expenditure in 2020/21 compared to 2019/20. Coupled with an increase in turnover in line with rent increases and new development units being added to the rent roll, surpluses from social housing lettings increased by £1.5m from £11.1m in 2019/20 to £12.6m in 2020/21.

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 2020/21 relates to the increased value of total assets less current liabilities, due to new development completions proportionally outweighing the slight increase in operating surplus.

Havebury 2020/21		Havebury 2019/20	
3.27%		3.40%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	4.44%	3.40%	2.56%
PlaceShapers	4.47%	3.42%	2.52%
Peer group	4.66%	3.68%	3.38%

Our position around the sector median is consistent with performance against other metrics. When considering our typically 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, our 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 2020/21		Havebury 2019/20	
1.94%		3.59%	
2019/20 quartiles	Quartile 1	Quartile 2	Quartile 3
Sector	2.40%	1.47%	0.67%
PlaceShapers	2.29%	1.44%	0.78%
Peer group	3.54%	2.02%	1.41%

Delays to development completions arising from closure of the building industry during the first lockdown resulted in a lower outturn against the new supply delivered metric. Even in this context however, completions during 2020/21 remain well above the 2019/20 sector median.

Both as a percentage of stock and in absolute terms, our development programme is typically significant. Our original 2020/21 (238 units - 3.40%) and 2021/22 (272 units - 3.84%) targets, being around two and half times greater than that of the sector median and satisfying one of the core strategic objective of developing new affordable homes. Maintaining a strong rate of development is essential to our Corporate Plan and value for money aspirations.

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Performance against Havebury's own value for money targets

In addition to the RSH's value for money metrics, performance against our 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.

	2020/21 Result	2020/21 Target	Sector 19/20 quartile 1	Sector 19/20 median	Sector 19/20 quartile 3
Strengthen the business and social impact by building more homes					
Units developed (absolute)	134	155	263	113	39
Units to be identified	125	0			
Drive value through an efficient, sustainable and well run business					
Rent collected	100.18%	98.80%	100.57%	100.05%	99.59%
Current tenant arrears (net of HB) as a % of debit	1.83%	2.70%	1.75%	2.31%	3.10%
Property occupancy rate	98.72%	99.40%	99.50%	99.22%	98.87%
Rent loss from void properties as a % of debit	2.28%	1.87%	0.56%	0.80%	1.16%
Ratio of responsive repairs to planned maintenance	0.99	0.57	0.50	0.66	0.92
Overheads as a % of turnover*	11.70%		11.25%	12.87%	14.72%
Asset cover	147%	147%			
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%	99.98%	99.78%
Fire risk assessments overdue	0	0			
Fire risk actions overdue	14	0			
Customer satisfaction with ASB case handling	85.9%	75.0%	90.9%	74.2%	66.0%
Customer satisfaction with area as a place to live	84.7%	85.5%	86.9%	83.8%	80.0%
Provide good quality, accessible services that meet customer needs					
Customer satisfaction with overall service provided	93.5%	93.0%	88.4%	84.9%	79.0%
New complaints received	105				
Customer satisfaction with repairs and maintenance	94.4%	91.0%	93.6%	90.0%	85.8%
Invest in and value our people to continue to build a great organisation					
Average days/shifts lost to sickness	5.2	7.0	7.8	9.4	11.0
Staff turnover	15.6%	10.0%	11.9%	16.4%	21.3%
Employee Net Promoter Score	45				

* reported one year behind other metrics

As a result of refreshed benchmarking data not yet being available, the table above compares our performance data for 2020/21 to the HouseMark quartiles for 2019/20. This produces some inconsistencies due to the effect of the pandemic on 2020/21 results, however where this is the case it is identified in the commentary below, which also draws on alternative sources of assurance.

Although a general satisfaction STAR survey was not carried out in 2020/21, satisfaction with the overall service provided was included as a question in an engagement preference consultation. Whilst strictly not undertaken according to STAR methodology, the result (90%) confirmed our quartile one position. Sustained investment in improvement works has contributed directly to our tenants being amongst the most satisfied in the sector.

Overheads as a percentage of turnover is below the median. This indicates that back-office functions are lean compared to most other providers, in theory allowing for greater investment in front line or added value services.

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In the context of the pandemic, income collection has been a real success story in 2020/21. Supported by HouseMark forecasting, we revised our arrears target up to account for the expected impact of COVID-19 on tenants' ability to pay their rent and an accelerated transition to universal credit as a result. Proactive work by the Income Team and extension of furlough however, meant that arrears did not substantially increase and the debit balance at year-end was around £60k lower than 2019/20. We do continue to anticipate some further challenges though, once furlough ends and the full impact of COVID on the economy crystalises.

Compared to the 2019/20 HouseMark quartiles, our income collection performance is quartile two. Recent benchmarking with immediate peers shows that most other providers experienced an increase in arrears, and it is therefore likely that once more up to date quartile data becomes available, our position will improve. Following detailed process and tenant scrutiny reviews, customer satisfaction with antisocial behaviour case handling increased significantly from 54% in 2019/20 to 86% in 2020/21. It is hoped this will have a positive impact too on customer satisfaction with area, which although above the median, is the only STAR satisfaction measure not top quartile.

Whilst some activity was paused, delayed or experienced additional challenges at the start of the first lockdown, from July we were able to report to the regulator that all key compliance and emergency repair responsibilities had returned to an albeit adjusted, state of business as usual. At the end of year, 100% of properties had a valid gas safety certificate and there were no fire risk assessments outstanding. A small number of fire risk assessment actions were overdue owing predominantly to a national shortage of appropriate replacement fire doors creating longer lead times.

Turnover of people increased in 2020/21 following restructures of the People, Finance and Development Teams to modernise our approach and facilitate delivery of the new Corporate Plan. Despite these changes however, turnover remained below the sector median. Improvements in sickness levels were attributable to home working and more flexibility around working patterns, introduced at the beginning of lockdown. A happiness index survey at the start of the year produced a net promoter score of 45, falling within the accepted 'good' range.

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Areas of underperformance

Ratio of responsive to planned maintenance

Due to some major works and planned maintenance programmes being paused during the pandemic, the ratio of spend on responsive to planned maintenance increased to 0.99 and is quartile four against 2019/20 benchmarking data. The original 2020/21 (0.57) and 2021/22 (0.60) budgets are similar to that of the previous year and position us in quartile two, reflecting that under normal circumstances we have an efficient approach to repairs and maintenance, doing a significant proportion of work on a planned basis.

Voids

Development of processes and closer performance management of voids and allocations achieved significant gains in 2019/20 with the number of properties void at its lowest for several years in February and March 2020. A pause in lettings during the first lockdown however, created a backlog of empty properties, with only direct lets for exceptional circumstances taking place during this time. We finished the year behind the projected profile to recover the backlog by year-end due to peak numbers of terminations during autumn, new builds continuing to hand over and allocation of properties to individuals with increased support needs (requiring more work to ensure the tenancy is sustainable).

Although quartile four for rent loss to voids and occupancy rate against the HouseMark 2019/20 quartiles, recent benchmarking with immediate peers demonstrates our performance is consistent with sector trends and that most other providers have faced similar difficulties. Additional resources have been added to the team and West Suffolk Council have been supporting us to shortlist applicants and advertise properties to maximise resource to sign-up new tenants. Over the latter stages of 2020/21, there was significant improvement in the number of voids and rent lost due to properties being empty, with a full review of voids and allocations scheduled for 2021/22 to improve performance further.

Development programme

The target for development completions was revised from 238 units to 155 due to the closure of the building industry during the first lockdown. We finished the year 21 units behind the revised target with units previously forecast to complete before March experiencing further delays, instead handing over in early 2021/22. All were section 106 units at two schemes: Station Road - Fordham and Kingsfleet - Thetford. Units to be identified finished behind target due to some schemes becoming unrealistic to complete by the end of the 2023 programme, with the shortfall planned to be made up with other units in pipeline. Even against 2019/20 quartiles, our 2020/21 outturn for development completions, both in absolute terms and as a percentage of stock, places us above the median. With all other developing providers having experienced similar issues during the year, we are confident of regaining a top quartile position once refreshed benchmarking data is released.

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Development

Key to our value for money strategy is the 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, our contribution to new housing supply is critically important. Since stock transfer in 2002, we have delivered nearly 1,800 new affordable homes. The programme has accelerated over the last six years and in November 2017, Havebury successfully secured additional funding, providing capacity to deliver a further 1,352 new homes by 2023. Our new Corporate Plan commits to delivering circa 250 new units per annum.

81% 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 61% of our housing stock. We continue to seek to redress this as far as possible, with the majority of planned completions being of one and two bedrooms. To ensure maximum efficiency in delivering future housing management and repairs services, the current development strategy refocuses our limit of operation to traditional heartlands, transport corridors and consolidating in areas where stock is already managed. Of the units completed in 2020/21, 88% were in our heartlands of West Suffolk or Babergh Mid-Suffolk.

During the year, 134 development units were completed across 10 schemes, a significant achievement given the disruption caused to the building industry due to COVID-19. Of the 134 completions: 53 were land-led grant funded and 81 were section 106. In terms of tenure, 21 were for shared ownership and 113 (of which 100 were of one or two bedrooms) for rent. We continue to be successful in obtaining grant funding to build homes for social rent. Of the rented units completed in 2020/21, all 53 of our land led developments were let at a social rent.

Some of our development activity in 2020/21 included:

- Westbourne Court, Haverhill (Gibberds and Ruffles House) - completion of the redevelopment of sheltered accommodation on elevated land to the corner of Wratting Road and Millfields Way. The works included the demolition of the existing building, retention of an existing occupied section and construction of two new blocks of flats for social rent: providing 19 general needs units and 17 age-appropriate units for an over 55 age group
- York Road, Haverhill (Canterbury House, Grantchester Housing and The Gardens) - the completed scheme utilised Havebury owned land to unlock the development site for 17 much needed social rent homes procured as a package deal with Freshwater Estates
- Twinwood, Chettisham, Ely - start on site of a 24-unit mixed tenure development comprising 10 social rent and 14 shared ownership units; scheduled for completion Winter 2021.

In addition to the above we commenced bidding for Homes England grant funding for the new AHP 2021-26. Two early bids were successful, which enabled a start on site for the Broad Meadows, Walsham le Willows development.

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Asset management and disposals

The Asset Management Strategy 2016-21 sought to achieve continuing value from the asset portfolio by carefully balancing its financial performance with the social and economic needs of tenants. Underpinned by a rolling five-year stock condition survey programme that continuously refreshes the data held on each asset, the strategy facilitated informed decisions around management, maintenance and retention/disposal. Disposals are predominantly undertaken as opportunistic sales and tend to arise as properties become void. Properties having a poor net present value (NPV) or sustainability score are flagged for disposal or further consideration when planning investment programmes.

During 2020/21 two properties were disposed via open market sale. This generated £313k (£58k 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.

Recommendations made in the Hackitt Report following the Grenfell Tragedy, the introduction of new powers for the Health and Safety Executive and the introduction of new fire safety and building safety legislation continue to significantly impact on both the management of assets and investment decisions into the future. Although the details are presently unknown, the Social Housing White Paper sets out proposals to enhance the Decent Homes Standard. In addition, the Government target to achieve net zero carbon by 2050 and EPC C for social housing stock by 2030 will require significant investment. An additional provision of £64m, over and above existing planned programmes, has been made in our business plan to begin to meet these emerging challenges. Our new Asset Management Strategy scheduled for review in 2021/22 will determine the first steps in our response and set out to gain maximum value from our ongoing and additional investment in existing housing stock.

First Focus

In 2020/21 our First Focus project to understand in detail our operational transactional activities and minimise low value activity and duplication concluded. Its objective was to increase capacity by ensuring methods of delivering housing and repairs services were lean and efficient. The project had four streams:

- Right First Time - New operating models for the Repairs and Tenancy and Estates Teams were launched following analysis, review and redesign of operational processes.
- Customer Intelligence - A series of service-related hypotheses were modelled and tested. Nudge activities were introduced to influence customer behaviour and reduce service demand. A behavioural insights project to understand how segments of customers interact with our services continued through 2020/21, with the initial aim of increasing myHavebury sign-ups and usage. The process offering a scientific means for analysis and review of future services too.
- Digital offer - myHavebury was launched in 2019/20, allowing tenants to access services online, channel shifting contact from less efficient methods.
- Agile working - Utilising mobile technology and following successful trials, agile working was implemented across operational teams meaning 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, saving travel time and increasing productivity.

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myHavebury and digital

In 2020/21, we introduced new functionality to myHavebury to reflect our channel shift ambitions from less efficient methods, allowing tenants to terminate their tenancies online as well as reporting fly-tips, abandoned vehicles and grounds maintenance issues on our land using a map. We have opened up myHavebury to non-tenants to allow such reporting from members of the public and our teams can now use myHavebury to report issues when they are on our estates. We also implemented DocuSign and integrated it with the communications engine in our Civica Cx housing system to facilitate electronic signatures on documents, which has been invaluable during the pandemic.

We have continued to build on our success in the first year of myHavebury. As at 31st March 2021, we had 3,228 myHavebury users signed up representing 42% of households having at least one myHavebury user account, a figure we anticipate will reach 50% by October 2021. myHavebury is being used to make 72% of card payments and report 15% of repairs. Our roadmap for 2021/22 covers a better payment experience for users, including the option to save card details for customer convenience, support for the new 3D Secure 2 card authorisation process which will become mandatory from September 2021, tenancy changes from sole to joint, or joint to sole, applications for simple mutual exchanges and the reporting of anti-social behaviour. At the end of 2020/21, we were averaging savings of over 50 hours per week. We expect to see the efficiencies increase as we nudge tenants to the platform and introduce new functionality to increase transactional volumes.

Over the last two years we have invested in technology to simultaneously protect against cyber security attacks and facilitate more efficient and agile working practices by moving key systems to Cloud. In addition, we are implementing a risk management system, incident reporting and procurement software in 2021/22.

Procurement

Our procurement and contract management function continues to develop and in 2020/21 a strategic review was conducted. The new strategy will deliver transformational changes over the next 18-24 months. Consideration within the strategy was given to the activity of all teams and their relationship with partners, suppliers, and other stakeholders. The strategy's key objectives around collaboration, contract management and source-to-contract technology will act as catalysts for delivering improved efficiency, effectiveness, risk mitigation, consistency, engagement, and ultimately, value for money benefits. Performance management of procurement activity plays an important role in continuously ensuring value. Establishment of key metrics, as the strategy is implemented, will be fundamental to measuring, managing, and reporting performance. An initial procurement scorecard is in development, covering areas such as contract performance, supply base, and risk management, and will evolve to include a full suite of strategic, operational and transactional metrics.

Third party risk mitigation throughout the contract lifecycle continues to be a significant focus and improvements introduced over previous years have been enhanced and developed further. Third parties providing goods, services or works are monitored for risk management purposes, with automatic alert triggers providing early warning indicators of any financial distress. A full year of benefits from the upgraded finance system and new Purchase to Pay system was realised in 2020/21, driving further efficiencies for the business. The combined functionality of the Purchase to Pay system and the housing management system (Cx) has provided consistency in making payments to suppliers and enabled the end-to-end payment processes to be carried out remotely. The latter being of significant advantage during the pandemic.

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Despite COVID-19 impacting on procurement activity, as well as how procurement was conducted, 19 new contracts were procured during 2020/21. Inclusive of development, we ended the year with 102 live contracts. Activity included procurement of two contracts via OJEU processes, for materials and electrical inspections and rewiring. The new materials contract transforms the repairs service delivery model to improve responsiveness. Offering the best long-term value, and on top of the indirect savings from an improved service, the appointed supplier's price was 2.1% lower than the average tendered. The contract also includes the recruitment of an apprentice. Procurement of the electrical inspections and rewiring contract (tendered as two lots) consisted of two stages. An initial 18 contractors submitted responses for assessment against minimum suitability and quality criteria. Stage 2 included the six highest scoring contractors, submitting formal tender responses. The resultant value benefit derived from the tender for lot one and lot two was 27.5% and 4.8% respectively, against the average tendered sums.

Added value services

The creation of surpluses by driving value in operational and back-office functions enables us 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 a 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. A further bed space is available for clients working with the 180 Probation Team, which offers prolific offenders, who have exhausted all other housing options, a base from which to receive 'wrap around' support. In addition to those housed within the Tayfen service, we work with West Suffolk Council on the local response to the Government funded Rough Sleeper Initiative and provided four beds to this project during 2020/21. Also with West Suffolk, we provide refuge space for women with complex vulnerabilities fleeing domestic abuse.

The pandemic, driven by the ban on evictions and fewer move-on options being available during lockdowns, resulted in a reduction in turnover through the Tayfen service. It was also necessary to be more selective on referrals, to reflect realistic management of the building whilst staff were lone working and the increased risk presented by COVID. Working closely with the commissioner (Suffolk County Council) and by quickly adapting however, service continuity and 24-hour staffing was maintained, with support managed remotely. Despite the additional challenges, Tayfen housed 55 homeless applicants during the year, helped 24 residents to positively move on to suitable accommodation, and supported 9 residents into employment or work experience and 3 into training or education. At the start of the pandemic it was possible to make room for those covered by the national 'everyone in' project by offering existing users direct lets into suitable accommodation within our general housing stock.

2020/21 was another successful year for our community investment initiative. From a community investment grant budget of £50k, £49k of grants were awarded to a variety of groups working within our area of operation. This attracted £152k in additional match funding and provided support including improvements to local toilet facilities, community field access paths, allotment sheds, cricket facilities and a contribution to a Town Centre Manager post in Haverhill. In direct response to the pandemic, a £5k donation was made to two foodbanks and £40k was provided as a COVID-19 hardship fund. Payments up to £250 were made to any tenant directly impacted, through for example, provision of food vouchers, support with arrears or replacement of white goods. Throughout lockdown, we made contact with all vulnerable tenants and those over 65 to offer support if required.

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2020/21 value for money action plan

As part of our 2020/21 Annual Delivery Plan, we 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	2020/21 Outturn
Strengthen the business and social value by building more homes			
Homes England Shared Ownership Affordable Homes Programme 2016-21 - Deliver programme in accordance with our contractual commitments	Minimum of 80 starts and 148 completions amended to minimum of 78 and 50 completions.	Development of new social housing enhances our social value and positively impacts the business plan	Forecasted target met - starts over by ten, but these had originally been counted as S106 until grant was confirmed.
S106 Housing Delivery Programme - Continue to operate as a partner of choice for private housebuilders and deliver against our corporate objective of 1352 new homes by March 2023	Minimum of 85 starts and 90 completions of S106 homes amended to minimum of 72 starts and 102 completions.		Completions down against forecast by 21 units as these fall into first two quarters of 2021/22. Starts reduced by 10 units from Q3 as these received grant and therefore included in grant funded targets as above.
Shared Ownership Programme - Complete and sell shared ownership properties in line with Business Plan assumptions	Minimum of 64 sales and £4.9m income from shared ownership receipts amended to 40 units and £3.1m	Shared ownership offers a more accessible home ownership product to the communities in which we operate and assist in making development schemes viable. Receipts from first tranche sales and staircasing are reinvested	The target was amended from the original budget of £4.9m to a target of £2.3m in Q1, but revised back up to £3.4m and 40 units in Q3. The final sales figure for 2020/21 was 36 units with a sales value of £3.1m
Security Values - Obtaining better security value for HHP stock to facilitate the next 5 year Development Plan	Increase HHP's borrowing capacity	Increasing our borrowing capacity facilitates the next stage of the development programme enabling us to provide more low cost housing to further enhance our social value	Work to complete this project has started however owing to the pandemic, other work has had to be prioritised and this will extend into 2021/22
Provide good quality accessible services that meet customer needs			
MyHavebury Enhancements/Upgrades - Further evolution of the application to support channel shift toward more efficient means of customer contact	New functionality available for users; reduced demand on frontline services; more efficient processes; resident engagement throughout testing and deployment	Customer interaction shifted to better value channels	Integration with repairs scheduling system (Connect), tenancy terminations and reporting of grounds maintenance issues made available through MyHavebury. 42% of households have an account with 72% of card payments and 15% of repair requests now being made through the application
Fixed Term Tenancy Review - To complete a review and generate an options appraisal on the future use of fixed term tenancies (FTT) in conjunction with tenants and staff	Review presented to Board with options to consider the future use of FTT	Removal of waste from processing of FTTs to free up resource for value activity and help absorb higher demand arising from increase to housing stock	Abolition of FTTs was approved on basis of review and legal advice. Current FTTs will be phased out and all new tenancies will be assured.
Customer Services Strategy - The development and adoption of a next generation Customer Services Strategy	Strategy including legislative changes linked to Social Housing White Paper and adoption of Together with Tenants Charter approved.	Successful implementation will enhance the customer experience, maintain compliance and top quartile customer satisfaction	Consultation with tenants undertaken during January 2021, shaping our new Resident Engagement and Customer Strategies. Following which strategies were developed for approval in early 2021/22 after launch of new corporate plan
Invest in homes and neighbourhoods to create places where people want to live			
Future Funding of Tayfen House - Consideration for future funding requirements of Tayfen House following cessation of HRS funding post 2021 and new tender/bid process	Financial modelling; options appraisal of future funding options; engagement with key partners and stakeholders; evaluation of social impact of scheme	Continuity of key value added service	Contract with Suffolk County Council extended to March 2022. Procurement rolled over to 2021/22
HHP's Asset Management Future - Data collection, analysis and appraisal in preparation for new Asset Management Strategy	Comprehensive suite of data and information in place to inform new Asset Management Strategy and wider consultation on with identified short, medium and long-term investment options/priorities.	Strategy ensures maximum value is achieved from our asset base and tenants' value for money for rent is maintained/enhanced	Some progress on the identification of housing typologies has been made, although the scope and remit of this project has been extended to cover our path to zero carbon. Restructure of the Assets Team to facilitate delivery of the new corporate plan has created a short-term delay whilst new roles are recruited and current roles address Covid-19 priorities. Project added to 2021/22 plan
Recommencement of capital works - Rephasing commitments over future years following pause to Improvement works during the pandemic	Future year programmes re-profiled to allow for delay in planned improvements during 2020/21	Intelligent reprofiling of delayed improvements ensures best value in recovery and maintenance of the quality of tenants' homes	Latterly in 2020/21 focus was on improvements to voids to stay covid safety. Reprofiling into 2021/22 balances available resources and uncertainty over delivery (legacy of pandemic). Longer term links to review of Asset Management Strategy planned for 2021/22

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Value for Money Action	Expected Outcome	VfM Gain	2020/21 Outturn
Drive value through an efficient, sustainable and well-run business			
Telephony System Review - Review of telephony system to check it meets business need	Review completed with options for system going forward	Telephony system is fit for purpose and fosters efficient service for staff and customers	Review complete with outcome of upgraded system to be implemented 2021/22
Void standard and stabilisation in void performance - Review the current void standard and voids process in consultation with residents and improve/recover performance	Void standard reviewed and any changes implemented. Performance recovered to pre-pandemic position	Income loss due to voids minimised. Balanced void standard delivers best value and quality homes for new tenants	Number of empty properties at end of year improved, but revised voids target not met. With support of additional resource, recovery now set to complete in early 2021/22. Void standard reviewed by scrutiny panel in 2020/21, however full review of standard and process deferred until 2021/22.
Community Investment Strategy - Development of a Community Investment Strategy	Working with CEIC strategic approach to Community Investment developed, Ensuring greater social value/impact and clear success criteria	Improved/maximum value gained from investment in community projects	Due to priorities arising from the pandemic, deferred to the 2021/22 plan
Materials Contract - Retender of materials contract to reflect and respond to restructured Repairs service and wider business needs	New contract awarded providing improvements in access to, supply of and financial reconciliation of materials	Improvement realised in the responsiveness and efficiency of the repairs services, improving value and the customer experience	Materials contract successfully retendered and mobilised and is live from 01/04/2021. On top of the indirect savings from an improved service, the appointed supplier's price was 2.1% lower than the average tendered.
Repairs Standard and Realised Improvements in Repairs Performance - Conclude repairs transformation, across both internal and sub-contractor work streams. Recovery of routine repairs backlog arising from first lockdown	Efficiencies and savings associated with repairs transformation and implementation of Connect scheduling system realised. Backlog recovered in a timely manner as set out in recovery plan	Efficiencies realised in our highest demand service area, allowing for focus on value activities and ability to service a growing asset base	Connect software successfully introduced for responsive repairs and tenancy and estates activity. Appraisal of benefits to performance to be carried out once impact of the pandemic and repairs backlog cleared
Rent arrears and rent policy - development of rent policy and minimising effect of Covid-19 on rent arrears for tenants and business model	Rent policy for 2021/22 increase developed and impact on the business plan modelled. Rent arrears minimised during and after the pandemic through increased frontline advice and support, redeployment of resource, targeted campaigns, liaison with key stakeholders and services and scenario planning for rent arrears categories. Plans established to address wider poverty challenges.	Income maximised, tenants supported and tenancies sustained, potential present and future hardships minimised	Rent policy approved December 2020 following consultation and modelling through business plan. Arrears reduced during 2020/21 in contrast to most peers. Clear messaging and sustained targeted support worked to prevent arrears. Hardship fund in place to support tenants directly affected by pandemic with food vouchers, support with arrears or for example, replacement white goods
Invest in and value our people to continue to build a great organisation			
People and Organisational Development Strategy - A new top level culture, people and organisational development vision, strategy and programme to deliver a modern structure and workforce to facilitate delivery of the new corporate plan	Strategy approved and implemented. People Team is fit for purpose. Learning and development programme supports developing effective leaders. People processes and activities digitally transformed. Long term programme of activities in place to ensure a function which adds ongoing value	Modern, talented, skilled, valued and supported workforce able to deliver new corporate plan effectively and efficiently	Strategy approved. Restructured People Team now delivering the roadmap and addressing first immediate priorities around the future of work post pandemic. Roadmap for delivering strategy continues into future years
Performance Management - Review the current paper driven approach to performance appraisals	Method providing broader ongoing feedback in place, which supports individual development and aligns to strategic objectives		Process modified in light of pandemic. Full review now scheduled for 2021/22
Outsourced Recruitment - Work with Goodman Mason to transform talent acquisition and onboarding	Full value is gained from talent acquisition, building long term talent pipelines and succession planning. Presence maximised across talent and social media platforms		Significant number of posts successfully recruited to in 2020/21 and salary benchmarking (applied from 01/04/2021) conducted. Work will continue on these actions into 2021/22.
Pay and Reward Strategy - Define a total reward package which supports the People and Organisational Development Strategy	A transparent total reward strategy which puts in place clarity around job levels, fairness in pay through benchmarking and communicates the full value of benefits, including pensions, in a reward statement		

STRATEGIC REPORT

RISKS AND UNCERTAINTIES

IDENTIFYING AND EVALUATING KEY RISKS

The Association's risk management framework, setting out the Board's attitude to risk in the achievement of its objectives, underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The Executive Directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. All new development schemes are subject to approval from the Project Appraisal Risk Committee (PARC) and existing developments are reported in detail to the Strategic Board.

Risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Association, are reported to the Strategic Board at each meeting together with action taken to manage the risks, including assessments of key controls, and the outcome of the action.

Coronavirus Pandemic

The global pandemic has had a significant impact on the risk environment in which Havebury delivers services to tenants. Since the beginning of lockdown in March all services had been suspended other than emergency repairs. At the time of writing this report plans are in place for remobilising services to tenants, works to properties and compliance checks.

The economic impact of the pandemic is not yet clear and whilst interest rates remain low, inflation is starting to increase and the costs of the support that the Government has provided are known; uncertainty remains as to how the deficit will be repaid, the impact of quantitative easing and the impact on our tenants personally and their ability to pay their rent.

Havebury's initial response to the situation included:

- Strengthening of immediately available liquidity.
- Established an Emergency Team to meet daily, now meeting weekly.
- Mobilising our teams to remote working.
- Establishment of a COVID-19 weekly dashboard.
- Strategic Board delegated authority to Chairs of Board and Committees with terms of reference and a sunset date and authority to review any commitments exceeding a defined financial threshold and to review monthly financial performance. This meeting to take place every two weeks.
- Strategic Board considered a revised forecast for 2020/21 financial year and stress tests on the agreed 30-year business plan for 2020/21.

STRATEGIC REPORT

Principle Risks and Uncertainties

At the start of the 2020/21 business year, in response to the COVID crisis, an immediate review of Risk Registers was undertaken by Leadership Team and a separate risk register created for COVID 19 risks alongside the uprating of risks impacted by COVID 19. This new risk profile and COVID register were scrutinised by the Audit and Risk Committee and subsequently reported through to Strategic Board. The registers were regularly reviewed and reported throughout the year and that continues in the new year.

SUMMARY OF CONSEQUENCES	SUMMARY OF MEASURES IN PLACE
Key risk: Economic Uncertainty	
<p>Changes in the global and national economic environment such as interest rates, inflation and house prices could have an adverse impact on the long-term financial viability of Havebury</p>	<p>The measures in place to manage this risk are as follows:</p> <ul style="list-style-type: none"> Initially in response to the Coronavirus pandemic, every two weeks, a meeting of Chairs of Committees and Board took place with delegated authority to review commitments over specified financial thresholds. Subsequently delegations reverted to Strategic Board when our operating environment had settled into a new normal. Continued regular testing of the business plan has been and continues to be undertaken to reflect contemporary economic forecasts. This stress testing informs decision-making and facilitates a rapid response to changes as they arise. We continue to monitor potential implications of Brexit on our financial performance and forecasts in addition to any impact on our ability to secure materials. The Board has established clear financial Golden Rules in the form of buffers against financial targets and covenant requirements, and these thresholds remain in place during the current crisis The Treasury Plan sets out the liquidity requirements and thresholds to ensure sufficient cash is available to meet business needs. Cashflow and covenant compliance is reported to Board each quarter.

STRATEGIC REPORT

Key risk: Health and Safety and Fire	
Ineffective management of health and safety compliance could lead to the death or serious injury of residents or staff.	<p>The measures and actions in place to manage this risk are as follows:</p> <ul style="list-style-type: none"> • An overarching Health & Safety Policy is in place clearly setting out the roles and responsibilities of Board Members, managers and staff members. • In response to lockdown and the associated reduction in operational activities, the Leadership Team has established a weekly dashboard including performance against tenant facing health and safety compliance indicators to identify any emerging issues to be urgently addressed • An extensive review of operating procedures and risk assessments, for our people conducting repairs and delivering face to face services, was undertaken and is reviewed at each change in government guidelines relating to Coronavirus. Provision of appropriate Personal Protection Equipment alongside regular self-testing for the virus were a key part of our mitigations to ensure both tenant and team safety. • During 2020/21 we appointed a Compliance Analyst who conducted an in-depth audit on Fire Safety. This role has been created to provide an additional level of mitigation and assurance on all aspects of tenant facing health and safety. The next area for review is Gas safety Compliance. All action plans are overseen by an executive director. • In 2020/21 Havebury conducted extensive audits and inspections of properties with timber cladding, external balconies and stairwells, strengthening mitigations where appropriate. • A formal process recording near miss, incident and accident reporting is in place. • The Health, Safety and Wellbeing Group oversees employer health and safety obligations. The group is chaired by the Director of Resources and meets quarterly. During the current pandemic this group is meeting monthly. • The Health & Safety Manager is responsible for monitoring health and safety legislation generally and implementing appropriate changes within the organisation. We provide health & safety training for all employees, including regular fire safety drills and checks. • The internal audit service conducts regular compliance checks across key health and safety areas, during 2020/21 audits were undertaken on Employer Health and Safety and Asbestos and Legionella/water safety testing.

STRATEGIC REPORT

Key risk: Shared Ownership Sales	
<p>Deterioration in the housing market could reduce the planned surplus from sub-market home ownership, including first tranche sales and staircasing could have an adverse impact on the business plan and cashflow</p>	<p>The measures in place to manage this risk are as follows:</p> <ul style="list-style-type: none"> • There are 8 trigger monitoring measures reviewed monthly by Executive Directors and Quarterly by Strategic Board • The newly established Development Committee has strengthened oversight of development activities • Appraisals are based on prudent assumptions • Shared Ownership forecasts and cashflows are reviewed against plan and stress tested • A range of mitigation options are in place • A clear escalation process clearly sets out the actions to be taken in the event of a crystallisation of this risk • The potential impact of lockdown and changed economic environment of this risk on financial performance was deemed to be significant and as such the risk profile was escalated at the start of the year. During the year demand has remained high for this product, particularly houses, and sales are progressing well. The risk score was reduced in the last quarter although it remains on our top ten list due to continued economic uncertainty.
Key risk: Cyber Security	
<p>Ineffective ICT arrangements to prevent cyber security breaches could lead to data loss, damage to reputation and sanctions from the Information Commissioner</p>	<p>Cyber security risk has been a particular focus for the business this year not least because of the additional risks posed by remote working. The Audit and Risk Committee conducted a “Deep Dive” into this area during the year to establish the scope and scale of risk, the assurances and mitigations in place to guard against an attack but also how we would recover in the event of one. The key mitigations for this risk are as follows</p> <ul style="list-style-type: none"> • An Information Security Framework is in place • Compliance with the Cyber Essentials self-assessment and this coming year we are upgrading to Cyber Essentials Plus which includes external validation. • Penetration testing of our network including remote access capabilities • The first objective of our ICT and Digital Strategy 2021-25 is “responding to increasing cyber security threats”. • Anti-Virus and ransomware detection on all devices • Mimecast email security <p>Systems and patches updates are applied as they become available</p>

STRATEGIC REPORT

Key risk: Third Party Failure	
<p>The failure of a contractor or supplier could lead to significant loss of service to customers or the inability to deliver major schemes or projects. Completion of these schemes or projects being likely to have a negative financial impact</p>	<p>The key measures in place to manage this risk are as follows:</p> <ul style="list-style-type: none"> • The procurement process involves pre-contractual financial checks to determine the financial robustness and resilience of suppliers • All suppliers have a monthly credit check undertaken • A detailed register assessing the risk of contracts not being delivered as a result of Coronavirus has enabled the business to focus on contracts with most exposure • The contract process is reinforced with on-site inspections where relevant • Development Committee have introduced a measure to ensure that Havebury is not disproportionately exposed to the failure of a single contractor • For major projects, independent expert confirmation is sought that the contractor has the capability to complete the contract within the agreed timescale
Key risk: Meeting Environmental Legislation targets	
<p>The government has set ambitious strategies both for Social Housing, to meet EPC 'C' by 2030, and for the country to meet net zero carbon targets by 2050, requiring significant investment, resources and skills. Prescriptive legislation may be introduced and the sector is likely to benefit from innovation, grant funding and reducing costs, however much of this remains unclear.</p>	<p>The measures and actions in place to manage this risk are as follows:</p> <ul style="list-style-type: none"> • Commissioned an external review of our asset base to provide a gap analysis and to inform our strategy. • Financial provision in our 30-year business plan for additional investment from 2025. • Currently developing an Asset Management Strategy which determine our approach and more detailed action plan. • Accurate stock condition information is essential to this planning and we received a substantial assurance rating in a recent audit into this area. • Much is unknown and yet to be determined however we have equipped ourselves with information and garnered appropriated expertise to inform our planning.

STRATEGIC REPORT

CAPITAL STRUCTURE AND TREASURY MANAGEMENT

The Association financed its development programme from its own reserves during the year and £10m net was drawn down from available facilities. At year end Association borrowings amounted to £208.5 (2020: £198.5m), with the ability to draw a further £61.5m (2020: £71.5m).

LOAN FACILITIES AND LIQUIDITY

As at 31 March 2021 the Association had four committed loan facilities totalling £270m (2020: £270m). This consisted of a £85m (2020: £85m) bilateral loan facility with Barclays with drawn funding of £85m (2020: £85m), a £50m (2020: £50m) bilateral undrawn loan facility with RBS, a £75m bilateral loan facility with Macquarie, with drawn funding of £75m (2020: £75m) and a £60m facility with Lloyds with drawn funding of £48.5m (2020: £38.5m).

The actual amount drawn down from these loan facilities is as follows (this is before taking into account the effective interest adjustment):

Maturity	2021 £m	2020 £m
Within one year	-	-
Between one and two years	58.5	-
Between two and five years	-	48.5
After five years	150.0	150.0
	<u>208.5</u>	<u>198.5</u>

INTEREST RATE RISK MANAGEMENT

The Association finances its operations through a mixture of retained surpluses and bank borrowings. The Association's exposure to interest fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

The Association's treasury policy is to keep between 60% and 90% of its borrowings at fixed rates of interest. As at 31 March 2021, 76.7% of the Association's borrowings were at fixed rates (2020: 80.6%). Further details on the profile of borrowings can be found in note 22. The fixed rates of interest range from 1.86% to 5.05% (2020: 1.86% to 5.05%).

Gearing, calculated as total loans less cash as a percentage of tangible fixed assets, was 51.8% by 31 March 2021 (2020: 52.3%).

LIQUIDITY RISK

The Association seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. In addition to drawn borrowings, the Association has £61.5m (2020: £71.5m) of undrawn committed facilities.

STRATEGIC REPORT

CREDIT RISK

The Association's principal credit risk relates to tenant arrears. This risk is managed by providing support to eligible tenants with their application for Housing Benefit and to closely monitor the arrears of self-funding tenants. The Welfare Reform and resulting changes to the benefits system has been identified as a key risk to the Association, and the teams continue to assess the impact of these changes.

COMPLIANCE WITH LOAN COVENANTS

EBITDA MRI and net debt per unit are measured monthly and reported quarterly to the lenders. For the year end 31 March 2021 all loan covenants were met.

FUTURE DEVELOPMENTS

A key influence on the timing of borrowings is the rate at which development activity takes place. The Board has approved plans to spend nearly £31m during the next financial year to develop affordable housing as we continue to invest in the area. This will be funded from the loan facilities and grants from Homes England. Undrawn loan facilities of £61.5m are available under existing arrangements, which fully fund our business plan.

The Association continues to assess the impact of welfare reform policies on its business plan and intended future developments. Other initiatives will be developed over the next year to assist our tenants in dealing with changes to housing and other benefits.

STATEMENT OF COMPLIANCE

In preparing this Strategic Report and Board Report, the Board has followed the principles set out in the Statement of Recommended Practice: Accounting by registered social housing providers 2018 (SORP).

REMUNERATION OF BOARD DIRECTORS

Association Members receive a payment for their work following benchmarking advice from a sector consultant working to national guidelines. Both individual and collective Association Member performance is appraised annually with the objective of enabling the Board to ensure that it is fit for purpose.

STRATEGIC REPORT

The table below shows the salaries paid to Association members during 2020/21 and 2019/20:

Association Members	2020/21 Salary	2019/20 Salary
D McKenzie, Chairman - Strategic Board - retired	-	£5,238
I Mashiter - Chairman from October 2020 (HHP member and HHL Chairman to October 2020)	£11,000	£8,381
L Adams, Chairman - Operations Board (retired)	-	£2,619
C Springett - Chairman - Audit and Risk Committee	£7,000	£4,786
R Everitt, Chairman - Audit & Risk Committee (retired)	-	£2,619
C Gardner - Chairman - Operations Committee	£8,000	£5,024
MD Sheren	£4,000	£4,000
HE Thomas (resigned)	-	£3,375
M Webster - Chairman - Development Committee	£7,000	£5,500
K Harris	£4,000	£4,000
C Herries - (retired)	-	£1,332
T Pinter	£5,500	£3,000
AJ Oxborrow - (resigned)	-	£3,000
M Tutton	£4,000	£4,000
R Hayhurst - HHL	£4,000	£4,000
P Basford	£4,000	£1,000
W Bryant	£4,000	£2,333
S Burton	£4,000	£2,333
A Colby	£5,000	£2,625
J Foster	£4,000	£1,000
K Hudson	£5,000	£2,625
J Harkness	£4,000	£2,333
N Stonebridge	£4,500	£2,333

DocuSigned by:

Ian Michael Mashiter

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Strategic Board Chair
Ian Mashiter

DocuSigned by:

Marie McCleary

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Company Secretary
Marie McCleary

Date: 27 July 2021

REPORT OF THE BOARD

The Board of Havebury is pleased to present its report together with the audited financial statements of The Havebury Housing Partnership (Havebury), a charitable society registered under the Co-operative and Community Benefit Societies Act 2014, for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Details of Havebury's principal activities, its performance during the year and factors likely to affect its future development are contained within the Strategic Report, which precedes this report.

Compliance with the RSH Governance and Financial Viability Standard

As required by the Accounting Direction, the Board has completed an annual self-assessment of our compliance with the Governance and Financial Viability Standard. As part of this review, the Board have considered legal compliance through identifying, with legal advice, all applicable legislation our teams have self-assessed against this schedule and provided evidence to support their assessment of compliance. Health and safety compliance has been specifically monitored through the management reporting of compliance with specific areas of legislation impacting on the business. With regular management reports on data protection, we confirm compliance with new data protection legislation while continuing to improve alignment of our policies and procedures with good practice. Following this review the Board can confirm compliance with the Governance and Viability Standard with no qualifications. In addition, the Board carries out a yearly self-assessment against the RSH Economic and Consumer Standards to ensure that we are compliant and that any plans for continuous improvement are documented.

The Board has adopted the HQN Form Follows Function Toolkit to guide its approach to future opportunities for collaborative working.

Compliance with the NHF Code of Conduct and NHF Code of Governance 2015

We have complied with the NHF Code of Governance and the NHF Code of Conduct as evidenced by an annual self-assessment with the Codes which is reported to the Strategic Board. The NHF launched a new Code of Governance in 2020 and Havebury's Board adopted that new code in December 2020 and it is the standard to which it will self-assess its governance arrangements and processes during 2021/22. We have already conducted a gap analysis against the code and have identified an action plan to ensure compliance with the new code. The key areas for action include

Strengthening how the Board receives more meaningful insight into tenant's concerns and ensures that the governance arrangements are more representative of the demographic profile of our tenant base. In May 2021 the Board approved a new Tenant Engagement Strategy which addresses these aspects of the gap analysis.

The Board has agreed to change the maximum tenure to six years to all appointments from 1st January 2021 and to existing members in their first and second terms.

Amend the Governance Policy to include a documented process for Board members to raise concerns.

REPORT OF THE BOARD

Governance

Havebury has a G1/V1 rating and remains committed to continuously reviewing and improving its governance arrangements to ensure they are fit for purpose while maintaining a Board with the necessary skills and experience to determine the strategic direction of the organisation. Our V1 rating is supported through quarterly business plan stress testing incorporating scenarios that include serious changes to the housing market. Havebury remains committed to upholding the highest standards of governance and works within the requirements of the Code of Governance to this end. We undertake a review of the effectiveness of our Boards and individual Board member appraisals annually. Our governance arrangements are reviewed externally every three years and this review is due later in 2021. Recommendations for improvement identified through these processes are documented in our Governance Improvement Plan, which is monitored by the Strategic Board. We regularly assess the skills required to oversee our business activities, along with our board recruitment and succession plan, in order to ensure that our Boards remain fit for purpose and consist of individuals with the right expertise.

Covid-19 has impacted our business during the financial year, in light of its far reaching and ongoing implications, measures put in place are set out below. These were introduced to help ensure business continuity, provide additional oversight and assurance to our Board, and to support our staff and tenants during the Covid-19 crisis:

- introduction of home working for all our people where possible and provision of the highest level of PPE for our people carrying out emergency works
- adaptation of KPIs to give Board members additional real-time information on all areas of the business
- dynamic risk register to capture all Covid-19 related risks
- revisions to the business plan and stress testing scenarios revisions to 2020-21 budget
- record of all decisions taken outside of policy/ procedure/standing order and likely impact on other areas of business

Whistleblowing

We Group operate a whistleblowing policy. There were no reported instances of whistleblowing in the period.

Strategic Board

This Board is the ultimate governing body of the Group. It comprises up to 9 non-Executive Directors and meets quarterly for formal business meetings. It holds Board Away Days at least twice a year with the other parts of the governance structure to come together to discuss wider strategic issues. During 2020/21 we approved a new Corporate Plan in addition to increasing tenant membership of our Operations Committee. Our Board and Committee members receive remuneration to compensate them for the time they devote fulfilling their role and the valuable contribution they make. Remuneration has also helped to attract the skills that the Board requires. Members are drawn from a broad range of professional, lived experience and business backgrounds to ensure there is an optimum mix of skills and expertise present on our Board and Committees. We are also keen there is a tenant voice in our decision making and at the time of writing have one tenant Strategic Board member, four tenant places on Operations Committee and one tenant place on each of our other Committees. The Strategic Board delegates some of its responsibilities to the Group Audit and Risk Committee, the Operations Committee, the Remuneration and Governance Committee and the Development Committee. These Committees have clear terms of reference and delegated authority, which are set out in the Group Standing Orders and the Group Delegation Scheme. They report back to the Board regularly and, where necessary, their recommendations are fully considered and approved. These Committees are chaired by a non-executive member of the Strategic Board and have a Groupwide remit. Matters which fall outside of the remit of these Committees and need consideration outside of the formal Board meeting may be dealt with on an ad hoc basis by a Task and Finish Group, comprising of both non-executive and executive directors.

REPORT OF THE BOARD

Group Audit and Risk Committee

The role of this Committee is to oversee the work of both the internal and external audit function and to oversee the risk management framework and internal control framework for the Group. The Committee reviews the audited financial statements for all parts of the Group and recommends them to the Strategic Board for approval. It submits an annual report on internal controls to the Strategic Board. Through the reports it receives, the Group Audit and Risk Committee gains comfort that the Group has appropriate systems of internal control and is able to comply with the RSH's expectations in this area.

Operations Committee

The role of this Committee is to provide assurance to the Strategic Board on the performance, quality and value for money of all services provided to Havebury Housing Partnership homes and tenants. This includes housing services, customer services, resident involvement, asset management, repairs, community investment and support services.

This Committee also takes the lead role for providing assurance to the Strategic Board that legal and regulatory requirements are being met in the areas of all health and safety compliance, safeguarding and equality and diversity.

Remuneration and Governance Committee

The Remuneration and Governance Committee oversees the remuneration of staff, board and committee members. It is also responsible for ensuring that the organisation achieves good standards of governance alongside compliance with regulatory standards across the organisation and its governance structures.

Development Committee

The role of this Committee is to oversee the delivery of the Development Strategy and development programme. The Committee approves development schemes and scrutinises the delivery of the development programme to ensure programme targets and quality standards are maintained.

MANAGEMENT ARRANGEMENTS

The Executive Directors are the Chief Executive, Director of Resources, Director of Operations and Director of Development. They hold no interest in Havebury's shares and act as executives within the authority delegated by the Board. The Executive Directors served throughout the year. Company insurance policies indemnify Board Members and Officers against liability when acting for Havebury.

SERVICE CONTRACTS

The Chief Executive and the other Executive Directors are employed on the same terms as other staff, their notice periods ranging from three to six months.

PENSIONS

The Executive Directors are members of the Aviva Group scheme, a defined contribution scheme. They participate in the scheme on the same terms as all other eligible staff.

OTHER BENEFITS

The Executive Directors are entitled to other benefits such as the car allowance.

REPORT OF THE BOARD

EMPLOYEES

We recognise that the success of our business depends on the quality of our managers and staff. It is the policy of Havebury that training, career development and promotion opportunities should be available to all employees.

We are committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in retention of employees who become disabled whilst employed by Havebury.

The Board is aware of its responsibilities on all matters relating to health and safety. Havebury has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

GOING CONCERN

Havebury's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. Havebury has in place long term debt facilities (including £61.5m of undrawn facilities at 31 March 2021), which provide adequate resources to finance committed reinvestment and development programmes, along with Havebury's day to day operations. Havebury also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, and having received a supporting Going Concern paper which included additional analysis and commentary, the Board has a reasonable expectation that Havebury has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

CONTROL ENVIRONMENT AND INTERNAL CONTROLS

The processes to identify and manage the key risks to which Havebury is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of experienced executive Directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

The Board's responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness is set out in the internal controls assurance statement below: The Group Board is ultimately responsible for ensuring the Group establishes and maintains a system of internal control appropriate to the business environment in which it operates. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

REPORT OF THE BOARD

The key elements in exercising control include:

- 1) Board approved terms of reference and delegated authorities for Audit and Risk, Operations, Development and Remuneration and Governance committees
- 2) Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- 3) Robust strategies and business planning processes, with detailed financial budgets and forecasts
- 4) Formal recruitment, retention, training and development policies for all staff
- 5) Established authorisation and appraisal procedures for significant new initiatives and commitments
- 6) Robust treasury management, which is subject to external review each year
- 7) Regular reporting to the appropriate committee on key business objectives, targets and outcomes
- 8) Board approved whistle-blowing and anti-theft and corruption procedures
- 9) Board approved fraud procedures, covering prevention, detection and reporting together with recoverability of assets
- 10) Regular monitoring of loan covenants and requirements for new loan facilities
- 11) Annual review of Regulator of Social Housing 'Economic and Consumer Standards'.

The Board confirms that it has a strategy and procedure for anti-fraud and corruption. The system of internal controls is ongoing and has been in place for the year to 31 March 2021 and up to the date of approval of the annual report and financial statements.

The Board recognises its responsibility for the system of internal control and for reviewing its effectiveness. The Board confirms that all necessary actions are taken to remedy any significant failings or weaknesses which may have been identified during the year through Internal Audit Reports and other independent reviews.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives Audit & Risk Committee quarterly reports and meeting minutes. The Audit & Risk Committee has received the annual report of the internal auditor and has reported its findings to the Board. The Board confirms no weaknesses were found in the internal controls for the year ended 31 March 2021 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in this report. The Internal Audits carried out during the year and associated assurance ratings were as follows:

Audit	Assurance level provided
GDPR Compliance	Significant
Risk Management	Significant
Shared Ownership Sales, Reporting and Strategy	Significant
Business Planning	Significant
Health and Safety Compliance Employer	Reasonable
Health and Safety Compliance Tenant - Focus on Asbestos and Legionella	Significant - Asbestos Significant - Legionella
Key Financial Controls - Payroll, Financial Regulations, Cashflow and Covenants	Significant
Contractor/Supplier Management	Interim Reasonable
Review of Covid-19 Response and Business Continuity	Significant
Asset Management Programme and Decent Homes	Significant
Follow-up Previous Recommendations	Good Progress

REPORT OF THE BOARD

Statement of the Board's responsibilities on Internal controls assurance

The Board is responsible for preparing the Financial Statements and Annual Report in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Provider (RP) and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is appropriate to presume that the RP will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the transactions and which disclose, with reasonable accuracy at any time, the financial position of the RP and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2020. It has general responsibility for taking reasonable steps to safeguard the assets of the RP and to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that the Strategic Report includes a fair review of the development and performance of the business and the position of the Association and its subsidiaries included in the consolidation, together with the disclosure of the principal risks and uncertainties they face. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board is responsible for the maintenance and integrity of the Group's website.

INFORMATION AND REPORTING SYSTEMS

Financial reporting procedures include detailed budgets for the year ahead and a long-term business plan. These are reviewed and approved by the Strategic Board and monitored throughout the year by the Strategic Board. Quarterly performance reports are prepared for the Operations Committee and Strategic Board. The Strategic Board, Audit & Risk Committee and Operations Committee meet regularly and receive other reports on Business-Critical Indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The outcomes of these reviews have been reported to the Board throughout the year. In the light of the current economic climate the Board has decided to continue to review the business plan at every meeting.

MONITORING ARRANGEMENTS

Regular management reporting on control issues provides assurance to successive levels of management and to the Strategic Board. It is supplemented by regular reviews by internal audit, which provides independent assurance to the Strategic Board via the Audit & Risk Committee. The arrangements include a rigorous procedure, monitored by the Audit & Risk Committee, for ensuring that corrective action is taken in relation to any significant control issues.

REPORT OF THE BOARD

FRAUD

A formal written policy dealing with detected, suspected or attempted fraud is in place and is reviewed by the Board on a rolling 3-year cycle. All such frauds are reported to senior financial management for investigation and reported to the Audit & Risk Committee, and in the case of frauds exceeding £1,000, to the Regulator of Social Housing. A formal Fraud Register is maintained that is signed off annually by the Chair of the Audit & Risk Committee. The Chair of the Audit & Risk and all other Committees report back to the Board at the next Board following the Committee meeting. In the year, there were no detected, suspected or attempted frauds that resulted in financial or reputational loss to Havebury. There are no significant failings or weaknesses identified in the review.

AUDITORS

The Board reappointed the auditors RSM to undertake the 2020/21 audit. The directors approved the provision of all information required by RSM to undertake the audit.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 28 September 2021.

The report of the Board was approved by the Board on 27 July 2021 and signed on its behalf by:

DocuSigned by:

Ian Michael Mashiter

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Strategic Board Chair
Ian Mashiter

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAVEBURY HOUSING PARTNERSHIP

Opinion

We have audited the financial statements of Havebury Housing Partnership (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated and Partnership Statement of Comprehensive Income, the Consolidated and Partnership Statement of Changes in Reserves, Consolidated and Partnership Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2021 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAVEBURY HOUSING PARTNERSHIP (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 42, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAVEBURY HOUSING PARTNERSHIP (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and the Association operate in and how the group and the Association are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inquiring of management whether the company is in compliance with these law and regulations.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974 and Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAVEBURY HOUSING PARTNERSHIP (CONTINUED)

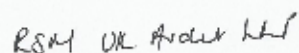
The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

The engagement partner on the audit resulting in this independent auditor's report is Laragh Jeanroy.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB

14 September 2021

Date: ~~27 July 2021~~

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

		2021		2020	
		Group	Association	Group	Association
	Note	£'000	£'000	£'000	£'000
Turnover	3	42,116	41,390	42,139	41,750
Cost of Sales	3	(3,104)	(2,425)	(3,189)	(2,850)
Operating Costs	3	(26,521)	(26,519)	(26,723)	(26,721)
Operating Surplus	3,5	12,491	12,446	12,227	12,179
Surplus on sale of housing properties	6	121	121	279	279
Interest receivable	7	5	62	29	91
Interest payable	8	(8,917)	(8,917)	(8,596)	(8,636)
Surplus before taxation		3,700	3,712	3,939	3,913
Taxation		-	-	-	-
Surplus for the financial year		3,700	3,712	3,939	3,913
Actuarial (loss)/gain in respect of pension scheme		(4,816)	(4,816)	2,406	2,406
Total comprehensive (loss) / income for the year		(1,116)	(1,104)	6,345	6,319

The results related wholly to continuing activities.

The notes on pages 52 to 81 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 27 July 2021 and signed on its behalf by:

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 Strategic Board Chair
 Ian Mashiter

DocuSigned by:

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 Company Secretary
 Marie McCleary

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 Audit and Risk Committee Chair
 Clive Springett

STATEMENTS OF CHANGES IN RESERVES

For the year ended 31 March 2021

Group

	Revaluation Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Balance at 1 April 2019	87,607	41,117	128,724
Surplus for the year	-	3,939	3,939
Actuarial gain in respect of pension schemes	-	2,406	2,406
Transfer from revaluation reserve to income and expenditure reserve	(746)	746	-
Balance at 1 April 2020	86,861	48,208	135,069
Surplus for the year	-	3,700	3,700
Actuarial loss in respect of pension schemes	-	(4,816)	(4,816)
Balance at 31 March 2021	86,861	47,092	133,953

Association

	Revaluation Reserve £'000	Income and Expenditure Reserve £'000	Total £'000
Balance at 1 April 2019	87,607	41,134	128,741
Surplus for the year	-	3,913	3,913
Actuarial gain in respect of pension schemes	-	2,406	2,406
Transfer from revaluation reserve to income and expenditure reserve	(746)	746	-
Balance at 1 April 2020	86,861	48,199	135,060
Surplus for the year	-	3,712	3,712
Actuarial loss in respect of pension schemes	-	(4,816)	(4,816)
Balance at 31 March 2021	86,861	47,095	133,956

The notes on pages 52 to 81 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 March 2021

		2021		2020	
		Group £'000	Association £'000	Group £'000	Association £'000
Tangible Fixed Assets					
Housing properties	11	372,076	372,076	353,198	353,198
Other tangible fixed assets	12	2,752	2,752	2,989	2,989
		374,828	374,828	356,187	356,187
Intangible Assets	13	534	534	615	615
Total Fixed Assets		375,362	375,362	356,802	356,802
Current Assets					
Stock	15	-	-	193	193
Properties for Sale	16	6,423	6,089	6,923	5,941
Debtors	17	1,015	1,339	2,811	3,808
Cash at bank and in hand		14,256	14,248	12,267	12,217
		21,694	21,676	22,194	22,159
Deferred income falling due within one year	23	(267)	(267)	(258)	(258)
Creditors: amounts falling due within one year	18	(11,553)	(11,532)	(10,767)	(10,741)
Net current assets		9,874	9,877	11,169	11,160
Total assets less current liabilities		385,236	385,239	367,971	367,962
Creditors: amounts falling due after more than one year					
Net pension liability	9	9,538	9,538	4,331	4,331
Deferred income - grant	23	28,208	28,208	25,579	25,579
		251,283	251,283	232,902	232,902
Capital and Reserves					
Non-equity share capital	25	-	-	-	-
Revaluation reserve		86,861	86,861	86,861	86,861
Income and Expenditure reserve		47,092	47,095	48,208	48,199
Retained Funds		133,953	133,956	135,069	135,060
		385,236	385,239	367,971	367,962

The notes on pages 52 to 81 form an integral part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 27 July 2021 and signed on its behalf by:

DocuSigned by:

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 Strategic Board Chair
 Ian Mashiter

DocuSigned by:

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 Company Secretary
 Marie McCleary

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 Audit and Risk Committee Chair
 Clive Springett

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

		Group	
	Note	2021 £'000	2020 £'000
Net cash generated from operating activities	27	<u>19,325</u>	<u>20,835</u>
Cash flow from investing activities			
Purchase and construction of housing properties	11	(22,189)	(32,840)
Purchase of other tangible fixed assets	12	(49)	(123)
Purchase of intangible assets	13	(31)	(214)
Proceeds from sale of tangible fixed assets	6	1,011	2,149
Costs relating to sale of tangible fixed assets	6	(911)	(1,109)
Proceeds from sale of Other tangible fixed assets		-	-
Grants received	23	4,173	8,105
Interest Received	7	5	29
		<u>(17,991)</u>	<u>(24,003)</u>
Cash flow from financing activities			
Interest paid		(9,345)	(9,265)
Loan drawdowns	22	10,000	17,000
		<u>655</u>	<u>7,735</u>
Net change in cash and cash equivalents		1,989	4,567
Cash and cash equivalents at beginning of year		12,267	7,700
Cash and cash equivalents at end of the year		<u>14,256</u>	<u>12,267</u>

NOTES TO THE FINANCIAL STATEMENTS

1 LEGAL STATUS

The Association is a charitable society registered under the Co-operative and Community Benefit Societies Act 2014. The Association is also a Registered Provider of Social Housing with the Regulator of Social Housing.

The Association's and Group's principal activity is the provision of social housing. There are two subsidiaries of the Association, Havebury Homes Limited and Design and Build Services East Limited. The principal activity of the subsidiary, Havebury Homes Limited, is the development of properties for open market sale on behalf of the parent Association, The Havebury Housing Partnership. Design and Build Services East Limited is a dormant company.

The Association is registered with the Financial Conduct Authority (FCA) and its office is based in Bury St Edmunds. The principal place of business is Bury St Edmunds, Haverhill and the surrounding villages. Havebury has expanded into other areas such as South Norfolk, Mid Suffolk and Cambridgeshire.

2 ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements of the Association are prepared in accordance with Financial Reporting Standard (FRS) 102 and the 2018 Statement of Recommended Practice (SORP) for registered Social Housing providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2020. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

Havebury Homes Limited forms part of the consolidated accounts. Design and Build Services East Limited is dormant. The Group accounts present activity in The Havebury Housing Partnership and Havebury Homes Limited.

Monetary amounts in these financial statements have been rounded to the nearest whole £1,000 except where otherwise stated.

The principal accounting policies are set out below and are in accordance with FRS 102.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Association have been prepared as required by SORP 2018 and incorporate, under the acquisition method, the financial statements of the Association and enterprises controlled by the Association (its subsidiaries) made up to the 31 March each year.

Subsidiaries are entities over which the Association has the power to govern the financial and operating policies to obtain economic benefit to the Association. Subsidiaries are fully consolidated from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

The Group has taken an exemption from preparing a statement of cash flows for the Association, as permitted under FRS 102.

NOTES TO THE FINANCIAL STATEMENTS

GOING CONCERN

The financial statements are prepared on a going concern basis. The Board has reached a conclusion about the ability of the organisation to continue as a going concern and has concluded that the organisation is a going concern.

The directors have come to this conclusion because of the financial position of the Group and Association. The Group has a surplus for the year of £3.7 million and a Statement of Financial Position showing total assets less current liabilities of £385.236 million. The business plans of the Group and Association help to forecast that the Group and Association will continue for the foreseeable future.

The Association also has access to funds in the form of bank loans which will provide cash for future expansion of the business in line with the Association's Homes England development programme 2021-2026. This programme will provide grant funding for schemes which will mitigate some of the cost of developments. The Association is developing homes for shared ownership as part of the Homes England 2021-2026 Affordable Homes Programme.

As at 31 March 2021 the going concern basis of accounting was considered to be appropriate for The Havebury Housing Partnership as no material uncertainties existed. The outbreak of COVID-19 in the early part of 2020 caused severe disruption to the global economy. The Havebury Housing Partnership has performed financial modelling to consider the ongoing impact of the COVID-19 outbreak on the reported results and forecast position and no issues were identified that would give rise to a going concern risk. Given the substantial liquidity the Havebury Housing Partnership has in place, the ongoing impact of COVID-19 should not cast any doubt on the ability of the business to continue as a going concern.

TURNOVER

Turnover comprises rental and service charge income receivable, income from shared ownership first tranche sales, income from open market sales, other services included at the invoiced value (excluding VAT) of goods and services supplied in the period, Supporting People grants and amortised Government grants.

Rental income is recognised from the point when it becomes due. Income from Shared Ownership first tranche sales and open market sales is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People grants are recognised as they fall due under the contractual arrangements with Administering Authorities.

HOUSING PROPERTIES

Housing properties are properties available for the provision of social and affordable housing and are principally available for rent and shared ownership purchase. Completed housing properties are stated at cost less accumulated depreciation, which is calculated per component of the property, and adjusted for impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of major capital improvements. Improvements are works which result in an increase in the net rental income, a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property within the business. Only direct overhead costs associated with new developments or improvements are capitalised. Other improvements and maintenance expenditure are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

SHARED OWNERSHIP PROPERTIES

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The expected first tranche proportion is classed as a current asset and included in Properties for Sale and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in Housing Properties at cost, less any provisions needed for depreciation or impairment.

SALES OF HOUSING PROPERTIES

The sale of properties under the Right to Buy scheme are treated as sales of fixed assets and not as properties developed for sale. The surplus or deficit arising on each sale is shown net of the share due to the Council and after deducting the carrying value of the properties and related selling costs.

PROPERTIES FOR SALE

Shared ownership first tranche sales and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, interest capitalised, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

INTEREST CAPITALISED

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on Government grants received in advance; or
- b) interest on borrowings of the Association as a whole, after deduction of interest on Government grants received in advance, to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the Statement of Comprehensive Income in the year.

GOVERNMENT GRANTS

Government grants are receivable from Homes England and are utilised to part-fund the capital cost of housing properties, including land costs. Government grants due from Homes England, or received in advance, are included as a current asset or liability respectively. Government grants received for completed schemes are treated as deferred income and represented as a liability on the Statement of Financial Position. Government grants received in respect of revenue expenditure are shown in the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Government grants are receivable by the Association in respect of all development schemes. In accounting terms, the gross cost of such development schemes is recognised in these financial statements as cost of construction when invoiced to the Association. On completion of such development schemes the Association has the liability for repayment of Government grants received from the Homes England, where this applies. In cash flow terms, only the net cost of development is recognised.

Government grants are subordinated to the repayment of loans, by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included on the Statement of Financial Position within Creditors.

Government grants are amortised at a rate of 1% per annum and recognised in income.

NOTES TO THE FINANCIAL STATEMENTS

OTHER GRANTS

Other grants receivable are in respect of revenue expenditure and are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

DONATED LAND

Land donated by local authorities and others is added to the cost of housing properties at the market value of the land at the time of the donation.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land is not depreciated. Depreciation is charged so as to write down the value of freehold housing properties other than freehold land to their estimated residual value, on a straight-line basis, over their estimated useful economic lives.

Major components are treated as separable assets and depreciated on a straight-line basis over their expected useful economic lives, or the lives of the structure to which they relate if shorter, at the following annual rates:

Structure	1.0%
Roofs	1.6%
Kitchens	5.0%
Bathrooms	4.0%
Central Heating	6.7%
Electrical Rewires	3.3%
Windows	4.0%
Doors	3.3%

A full year depreciation charge is provided in the year of acquisition with no depreciation charge provided in the year of disposal of assets.

IMPAIRMENT

An assessment is made at each reporting date as to whether there are any indications that a fixed asset (including housing properties) may be impaired, or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value in use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to reflect the asset's revised carrying amount (less any residual value) over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS

OTHER TANGIBLE FIXED ASSETS

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values on a straight-line basis over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other tangible fixed assets are:

Freehold office building	over 40 years
Stores building	over 5 years
Furniture, fixtures and fittings	10%
Computers and office equipment	25%
Motor vehicles, plant and equipment	20%

A full year depreciation charge is provided in the year of acquisition with no depreciation charge provided in the year of disposal of assets.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost, less amortisation. Amortisation is provided at a rate calculated to write off the cost, less estimated residual values, on a straight-line basis over the expected useful lives of the assets as follows:

Computer software	10%
-------------------	-----

A full year amortisation charge is provided in the year of acquisition with no amortisation charge provided in the year of disposal of assets.

STOCK

Stock is stated at the lower of the cost and net realisable value.

TAXATION

The Association is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014 registered with the FCA and with HM Revenue and Customs. Accordingly, the Association has no liability to corporation tax on its surplus.

VALUE ADDED TAX (VAT)

The Group is registered for VAT. The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset respectively. At the 31 March 2021 there was no liability.

LEASED ASSETS

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday year ends on 31 December each year and employees are entitled to carry forward 5 days of unused holiday. The cost of unused entitlement is recognised in the period in which employees' services are received.

NOTES TO THE FINANCIAL STATEMENTS

RETIREMENT BENEFITS

DEFINED BENEFIT

The Association participates in the Suffolk County Council Pension Fund (SCCPF) which is a defined benefit pension scheme which provides benefits based on final pensionable pay. The scheme falls under the Local Government Pension Scheme (LGPS).

The assets of the scheme are kept separately from those of the Association and are invested in independently managed funds. Contributions to the scheme are calculated as a percentage of pensionable salaries. The employer's contribution is charged to the Statement of Comprehensive Income during the period of the employee's pensionable service.

Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the Statement of Comprehensive Income over the average remaining service lives of current employees.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available funds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds, with terms and currencies consistent with those of the benefit obligations.

Gains or losses relating to the defined benefit pension scheme are recognised through the Statement of Comprehensive Income. The difference between interest income on plan assets and actual returns on plan assets is recognised in the Statement of Comprehensive Income.

DEFINED CONTRIBUTION

The Association also operates a defined contribution pension plan administered by Aviva. The pension costs for the year are charged to the Statement of Comprehensive Income as they accrue.

COMMUNITY INVESTMENT

The Association makes grants to specific community investment projects approved by the Neighbourhood Investment Panel and the Directors. The full amount of the grant is charged to the Statement of Comprehensive Income on approval and is shown as a current liability until drawn down by the agency. Grants received by the Association in connection with Community Investment projects are included in the Statement of Financial Position as a current liability on receipt and are recognised in the Statement of Comprehensive Income as the related expenditure is incurred.

INVESTMENTS

Investments are held at cost, less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised when the Association has a contractual obligation for the instrument. These are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial debt is classified as a financial instrument under Sections 11 and 12 of FRS 102 and should be accounted for as either basic or other. Depending on the type of instrument, there is a different accounting treatment. Financial debt classified as basic is accounted for using the amortised cost model, whereas debt categorised as other is treated under the fair value model, with movements flowing through the Statement of Comprehensive Income on an annual basis.

Where there is an option in a loan agreement for early repayment of the loan, FRS 102 does not stipulate whether the financial debt should be classified as basic or other. As per the loan agreement the organisation has the option to proceed with early repayment of the facilities.

Bank loans are held at amortised cost. The Association has a £270 million facility. £110 million is at variable rates of interest, including a revolving loan facility of £60 million of which £48.5 million has been drawn. The remaining £160 million is at fixed rates of interest and is fully drawn.

FINANCIAL ASSETS

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at transaction price.

The Association continues to recognise debtors until they are disposed or settled and to not measure financing transactions at present value. The decision has been taken because of the immateriality of the transactions.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of future cash flows discounted using the original effective interest rate. Subsequent reversals of impairment losses, that objectively relate to an event occurring after the impairment loss was recognised, are recognised in the Statement of Comprehensive Income.

FINANCIAL LIABILITIES

Creditors payable within one year that do not constitute a financing transaction are initially measured at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

The Association continues to recognise creditors until they are disposed or settled and to not measure financing transactions at present value. The decision has been taken because of the immateriality of the transactions.

BORROWINGS

Borrowings are initially recognised at transaction price, including transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

NOTES TO THE FINANCIAL STATEMENTS

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset is derecognised only when the contractual right to receive cash flow expires or is settled, or substantially all the risks and rewards of ownership have been transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell it entirely to an unrelated party. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

PROVISIONS

Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event where it is more than probable that an outflow of economic benefit will occur and can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

RESERVES

The Association establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties. Reserves of the Association represent the following:

- the Revaluation Reserve shows cumulative revaluation gains and losses in respect of land and buildings under the previous accounting policy of the Association, prior to the adoption of “deemed cost”;
- the Income and Expenditure Reserve shows cumulative gains and losses recognised in the Revenue Reserve.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined in the notes to the accounts. The items in the financial statements where these judgements and estimates have been made include:

BAD DEBTS

A provision is created for bad debts based on the age of rental arrears. Arrears in respect of former tenants and in respect of current tenants where the debt is over one year old are fully provided for (note 17). Arrears which are less than one year old are provided for at varying percentage rates.

NOTES TO THE FINANCIAL STATEMENTS

ACCRUALS

Accruals for certain items are estimated based on work completed but where no invoice has been issued at the reporting date and in subsequent weeks (note 18). Management are satisfied that estimates made are reliable and in line with expectations.

PENSIONS

Accounting estimates are made for the defined benefit pension scheme run under the LGPS. Critical estimates are made by experts and management are satisfied that results received are reliable (note 9).

IMPAIRMENT

Following an impairment review, a judgement was made by management that it was not necessary to recognise an impairment within the group's financial statements. Had such an impairment been necessary the loss would be recognised in the Statement of Financial Position.

CATEGORISATION OF HOUSING PROPERTIES

In accounting for housing properties in the financial statements all units have been classified as Property, Plant and Equipment (PPE) under section 17 of FRS 102 (note 11). Management have made the judgement that properties do not meet the definition of an investment property as per section 16 of FRS 102. This decision has been made because housing properties are used for charitable purposes rather than for capital appreciation.

USEFUL LIVES OF HOUSING PROPERTIES

The Association has made accounting estimates regarding the component life of the Association's housing properties. Components are depreciated over the useful economic life as detailed out in the notes to these financial statements (note 11). The accounting policy listed is in line with the capital replacement policy followed by the Association. As a result, management are satisfied that the accounting estimates are in line with other policies in place around the organisation.

COST ALLOCATION FOR MIXED TENURE DEVELOPMENTS

Where the Association has developed a mixed tenure scheme that incorporates general needs, shared ownership and open market sale units, a cost allocation is required to take place. Management have currently allocated costs on the basis of floor area across the units in the scheme (note 11).

Once the apportionment has been finalised, management will split the shared ownership element between fixed assets and current assets based on the proportion of the expected sales percentage. This value is in line with the current assumptions used for a development scheme appraisal which as at 31 March 2021 was 35% of the property. However, if the actual sales percentage is available management have made the decision to use the sales percentage as the best source of information. The amount which is held as a non-current asset is then depreciated using the same policy as all other fixed assets.

OPEN MARKET SALES

Open market sale surpluses of £243k (2020: £651k) have been transferred from surplus on sale of housing properties to the operating surplus within other social housing activities, to reflect that these sales form part of on-going and planned operations.

NOTES TO THE FINANCIAL STATEMENTS

3A TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities	2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	<u>37,754</u>	<u>-</u>	<u>(25,192)</u>	<u>12,562</u>
Other social housing activities				
Supporting People contract income	126	-	(126)	-
Development costs not capitalised	-	-	(1,174)	(1,174)
First Tranche Shared Ownership Sales	3,122	(2,355)	-	767
Open Market Sales	<u>313</u>	<u>(70)</u>	<u>-</u>	<u>243</u>
	<u>3,561</u>	<u>(2,425)</u>	<u>(1,300)</u>	<u>(164)</u>
Non-social housing activities				
Community Initiatives	-	-	(27)	(27)
Overage Income	56	-	-	56
Gift Aid Received from subsidiary undertaking	13	-	-	13
Other Intragroup transactions	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
	<u>75</u>	<u>-</u>	<u>(27)</u>	<u>48</u>
 Association activities	 41,390	 (2,425)	 (26,519)	 12,446
Intragroup transactions	(19)	-	6	(13)
Subsidiary company	<u>745</u>	<u>(679)</u>	<u>(8)</u>	<u>58</u>
Group activities	<u>42,116</u>	<u>(3,104)</u>	<u>(26,521)</u>	<u>12,491</u>

NOTES TO THE FINANCIAL STATEMENTS

3A TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (CONTINUED)

Continuing activities	2020			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	36,566	-	(25,485)	11,081
Other social housing activities				
Supporting People contract income	170	-	(170)	-
Development costs not capitalised	-	-	(988)	(988)
First Tranche Shared Ownership Sales	4,100	(2,641)	-	1,459
Open Market sales	860	(209)	-	651
	5,130	(2,850)	(1,158)	1,122
Non-social housing activities				
Community Initiatives	-	-	(78)	(78)
Overage Income	54	-	-	54
	54	-	(78)	(24)
Association activities	41,750	(2,850)	(26,721)	12,179
Intragroup charges	(11)	2	4	(5)
Subsidiary company	400	(341)	(6)	53
Group activities	42,139	(3,189)	(26,723)	12,227

NOTES TO THE FINANCIAL STATEMENTS

3B TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (CONTINUED) PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2021				2020	
	General Housing £'000	Supported Housing and Housing for older people £'000	Shared Ownership £'000	Other £'000	Total £'000	Total £'000
Social housing lettings						
Rent receivable net of identifiable service charges	32,391	1,666	769	1,312	36,138	34,884
Charges for support services	-	-	-	-	-	-
Service charges receivable	286	774	84	89	1,233	1,146
Net rental income	32,677	2,440	853	1,401	37,371	36,030
Amortised government grants	205	-	-	-	205	173
Other income	144	24	5	5	178	417
Turnover from social housing lettings	33,026	2,464	858	1,406	37,754	36,620
Expenditure on social housing lettings						
Management	(2,522)	(19)	(23)	(2,262)	(4,826)	(4,773)
Services	(1,301)	(1,321)	(24)	(148)	(2,794)	(2,692)
Routine maintenance	(5,686)	(248)	(14)	(391)	(6,339)	(5,652)
Planned maintenance	(1,293)	(83)	(9)	(22)	(1,407)	(1,979)
Major repairs expenditure	(3,017)	(182)	(8)	(82)	(3,289)	(3,826)
Bad debts	(145)	-	(6)	13	(138)	(385)
Property lease charges	(14)	-	-	2	(12)	(11)
Depreciation of housing properties	(6,243)	-	(144)	-	(6,387)	(5,971)
Impairment of housing properties	-	-	-	-	-	(196)
Operating costs on social housing lettings	(20,221)	(1,853)	(228)	(2,890)	(25,192)	(25,485)
Operating surplus on social housing lettings	12,805	611	630	(1,484)	12,562	11,135
Void losses (within Net rental income above)	785	-	-	-	785	327

NOTES TO THE FINANCIAL STATEMENTS

4 ACCOMMODATION IN MANAGEMENT AND DEVELOPMENT

Group and Association

At the end of the period the number of properties in management for each class of accommodation was as follows:

	2021 No.	2020 No.
Social housing:		
General housing		
- social rent	4,667	4,607
- affordable rent	1,658	1,576
Supported housing and housing for older people	349	374
Intermediate rent	3	3
	<u>6,677</u>	<u>6,560</u>
Shared ownership	235	230
Association Total owned	<u>6,912</u>	<u>6,790</u>
Outright sale	1	3
Group Total owned	<u>6,913</u>	<u>6,793</u>
Accommodation in development at the year end	<u>336</u>	<u>324</u>

5 OPERATING SURPLUS

This is arrived at after charging / (crediting):

	2021 Group £'000	2021 Association £'000	2020 Group £'000	2020 Association £'000
Depreciation of housing properties	6,387	6,387	5,971	5,971
Depreciation of other tangible fixed assets	286	286	209	209
Amortisation of intangible fixed asset	71	71	81	81
Impairment of housing properties	-	-	196	196
Gain on disposal of housing fixed assets	(121)	(121)	(279)	(279)
Operating Leases	107	107	111	111
External auditor's remuneration (including VAT where applicable):				
- for audit services	39	34	37	31
- for non-audit services relating to continuing activities	3	3	4	4
Internal auditors' remuneration (including VAT where applicable)	<u>31</u>	<u>31</u>	<u>19</u>	<u>19</u>

NOTES TO THE FINANCIAL STATEMENTS

6 SURPLUS ON SALE OF HOUSING PROPERTIES

	2021		2020	
	Group £'000	Association £'000	Group £'000	Association £'000
Disposal proceeds	1,011	1,011	2,149	2,149
Right to Buy: Share to Council	(372)	(372)	(950)	(950)
Carrying value of fixed assets	(473)	(473)	(864)	(864)
Administrative costs of sale	(45)	(45)	(56)	(56)
	<u>121</u>	<u>121</u>	<u>279</u>	<u>279</u>

7 INTEREST RECEIVABLE

	2021		2020	
	Group £'000	Association £'000	Group £'000	Association £'000
Interest receivable and similar income	5	62	29	91
	<u>5</u>	<u>62</u>	<u>29</u>	<u>91</u>

8 INTEREST PAYABLE

	2021		2020	
	Group £'000	Association £'000	Group £'000	Association £'000
Bank Loans and overdrafts	9,285	9,285	8,883	8,883
Pension	103	103	152	152
Other fees and commissions	429	429	543	543
	<u>9,817</u>	<u>9,817</u>	<u>9,578</u>	<u>9,578</u>
Interest payable capitalised on housing properties under construction (note 11)	(658)	(658)	(764)	(764)
Interest payable capitalised on properties for sale (note 16)				
- Shared Ownership	(242)	(242)	(178)	(178)
- Outright sale	-	-	(40)	-
	<u>8,917</u>	<u>8,917</u>	<u>8,596</u>	<u>8,636</u>
Capitalisation rate used to determine the amount of finance costs capitalised during the period	<u>4.28%</u>	<u>4.28%</u>	<u>4.65%</u>	<u>4.65%</u>

NOTES TO THE FINANCIAL STATEMENTS

9 EMPLOYEES

	2021 No.	2020 No.
Total number of employees	<u>223</u>	<u>213</u>
Average monthly number of employees of the group and Association, by directorate, expressed in full time equivalents:		
Chief Executives	10.6	10.7
Resources	34.1	35.0
Operations	131.1	120.2
Development	<u>16.0</u>	<u>13.5</u>
	<u>191.8</u>	<u>179.4</u>
	£'000	£'000
Employee costs:		
Wages and salaries	7,385	6,700
Social security costs	677	628
Other pension costs	<u>1,135</u>	<u>1,337</u>
	<u>9,197</u>	<u>8,665</u>

The Association's employees are members of one of two employee pension schemes, these being the Suffolk County Council Pension Fund (SCCPF) or the money purchase scheme administered by Aviva. The SCCPF is now closed to new employees who have the option of joining the Aviva administered scheme.

Suffolk County Council Pension Fund (SCCPF)

The SCCPF is a multi-employer scheme with more than one participating employer, which is administered by Suffolk County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2021.

The main actuarial assumptions used in the valuation were:

Salary increases	1.0% per annum
Future pension increases	8.0% per annum

NOTES TO THE FINANCIAL STATEMENTS

9 EMPLOYEES (CONTINUED)

Contributions

The employer's contributions to the SCCPF by the Association for the period ended 31 March 2021 were £545,000 (2020: £567,000) and the employer's contribution rate has been fixed as 24.2% of pensionable pay until 31 March 2021. The estimated employer's contributions for the year to 31 March 2022 will be approximately £545,000.

Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on an FRS 102 basis were:

	31 March 2021 % per annum	31 March 2020 % per annum
Discount rate	2.00%	2.30%
Rate of increase in salaries	3.55%	2.60%
Rate of increase in pensions in payment	2.85%	1.90%

Mortality assumptions

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2021	2020
Male	22.1 years	21.9 years
Female	24.5 years	24.1 years

The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:

	2021	2020
Male	23.2 years	22.7 years
Female	26.4 years	25.6 years

Amounts recognised in the Statement of Financial Position:

	2021 £ '000	2020 £ '000
Fair value of Employer's Assets	42,900	35,929
Present value of Funded Liabilities	(52,438)	(40,260)
Net Liability	<u>(9,538)</u>	<u>(4,331)</u>

Amounts recognised in the Statement of Comprehensive Income of the defined benefit schemes are as follows:

	2021 £ '000	2020 £ '000
Current service cost	833	1,059
Net interest on the net defined benefit pension liability	103	152
Employer contributions, gain/(loss) on curtailment and gain/(loss) on settlement	(545)	(567)
Actuarial (loss)/gain	<u>(4,816)</u>	<u>2,406</u>
	<u>(4,425)</u>	<u>3,050</u>

NOTES TO THE FINANCIAL STATEMENTS

9 EMPLOYEES (CONTINUED)

Changes in the present value of the defined benefit obligation:

	2021	2020
	£ '000	£ '000
Defined benefit obligation at 1 April	40,260	44,254
Service cost	833	1,059
Interest Cost	926	1,069
Contribution by scheme participants	149	156
Actuarial (gains)/losses	11,222	(5,459)
Benefits paid	(952)	(819)
Defined benefit obligation at 31 March	52,438	40,260

Changes in the fair value of plan assets:

	2021	2020
	£ '000	£ '000
Plan assets at 1 April	35,929	38,161
Interest Income	823	917
Return on assets	6,406	(3,053)
Contribution by employer	545	567
Contribution by scheme participants	149	156
Benefits paid	(952)	(819)
Plan assets at 31 March	42,900	35,929

Return on plan assets:

	2021	2020
	£ '000	£ '000
Return on plan assets	6,406	(3,053)

Major categories of plan assets as a percentage of total plan assets:

	2021	2020
Equities	69%	66%
Bonds	22%	22%
Property	8%	10%
Cash	1%	2%

Money Purchase Scheme

There was £41,278 outstanding as at the 31 March 2021 (2020: £nil) relating to the money purchase scheme. The total contributions paid for the financial year were £445,935 (2020: £315,661).

NOTES TO THE FINANCIAL STATEMENTS

10 BOARD, EXECUTIVE DIRECTORS & LEADERSHIP TEAM - GROUP AND ASSOCIATION

The Leadership Team of Havebury are considered to be the key personnel.

	2021 £'000	2020 £'000
Total remuneration of Leadership Team	802	839
Aggregated amount of Leadership Team pension contributions	82	86
	<u>884</u>	<u>925</u>

Amounts paid to the Leadership Team total £883,520 (2020: £925,000). The Leadership Team is made up of five Assistant Directors and four Executive Directors, including the Chief Executive. Eight of the Leadership Team are members of the money purchase scheme and one is a member of the LGPS.

The Chief Executive is the highest paid Executive Director. The emoluments paid to the Chief Executive were £136,714 (2020: £138,186). The Association made pension contributions on behalf of the Chief Executive of £13,525 (2020: £15,472).

The emoluments paid to the highest paid Non-Executive Director, the Chairman of the Strategic Board, were £11,000 (2020: £8,831). Total remuneration paid to Non-Executive Directors during the period amounted to £89,825 (2020: £78,489). Expenses reimbursed during the period to Non-Executive Directors amounted to £940 (2020: £4,399).

The full-time equivalent number of staff (including directors) who received emoluments in the following bandings, including employer's pension contributions, were:

	2021 No.	2020 No.
£60,001 to £70,000	3	3
£70,001 to £80,000	3	1
£80,001 to £90,000	2	2
£90,001 to £100,000	3	1
£100,001 to £110,000	2	-
£110,001 to £120,000	-	2
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	1	-
£150,001 to £160,000	-	1
£170,001 to £180,000	<u>1</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

Group and Association

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership properties held for letting £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2020	356,062	19,798	20,783	3,737	400,380
Additions	-	15,250	-	7,433	22,683
Reclassification	1,701	-	(1,701)	-	-
Transfer from stock for reclassified assets (note 16)	895	-	(47)	-	848
Works to existing properties	1,720	-	-	-	1,720
Interest capitalised (note 8)	-	441	-	217	658
Disposals	(1,395)	-	(140)	-	(1,535)
Schemes completed	14,360	(14,360)	1,920	(1,920)	-
At 31 March 2021	373,343	21,129	20,815	9,467	424,754
Depreciation					
At 1 April 2020	(46,556)	(200)	(426)	-	(47,182)
Charged in year	(6,244)	-	(143)	-	(6,387)
Disposals	876	-	15	-	891
At 31 March 2021	(51,924)	(200)	(554)	-	(52,678)
Net book value					
At 31 March 2021	321,419	20,929	20,261	9,467	372,076
At 31 March 2020	309,506	19,598	20,357	3,737	353,198

A full valuation of the properties was undertaken at 31 March 2014 and upon adoption of FRS 102 this has been used to determine the deemed cost. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Since then completed housing properties are stated at Historical Cost.

The Board has carried out an impairment review in accordance with FRS 102 of individual fixed assets and income generating units. The review took account of void rates for different categories of stock, geographical and environmental issues, current operating position and the carrying value, compared to value in use. Following this review, the Board concluded that no impairment charge was required for the year. In the prior year, the Group recognised an impairment loss of £196,000 in relation to the Haverhill Office redevelopment, which is included within general needs housing stock. This scheme was impaired due to the carrying value being higher than the fair value as at 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (CONTINUED)

Group and Association	2021 £'000	2020 £'000
Expenditure on works to existing properties		
Amounts capitalised	1,720	3,422
Amounts charged to Statement of Comprehensive Income	4,697	5,805
Total expenditure on works to existing properties	<u>6,417</u>	<u>9,227</u>
Total Interest Capitalised		
Amounts capitalised at 1 April 2020	4,676	3,912
Amounts capitalised in year (note 8)	658	764
Amounts capitalised at 31 March 2021	<u>5,334</u>	<u>4,676</u>

12 TANGIBLE FIXED ASSETS - OTHER

Group and Association

	Freehold offices £'000	Furniture fixtures and fittings £'000	Computers and office equipment £'000	Motor vehicles, plant and equipment £'000	Total £'000
Cost					
At 1 April 2020	3,739	1,188	943	386	6,256
Additions	-	17	30	2	49
Disposals	-	-	-	(176)	(176)
At 31 March 2021	<u>3,739</u>	<u>1,205</u>	<u>973</u>	<u>212</u>	<u>6,129</u>
Depreciation					
At 1 April 2020	(1,348)	(672)	(879)	(368)	(3,267)
Charged in year	(158)	(85)	(34)	(9)	(286)
Disposals	-	-	-	176	176
At 31 March 2021	<u>(1,506)</u>	<u>(757)</u>	<u>(913)</u>	<u>(201)</u>	<u>(3,377)</u>
Net book value					
At 31 March 2021	<u>2,233</u>	<u>448</u>	<u>60</u>	<u>11</u>	<u>2,752</u>
At 31 March 2020	<u>2,391</u>	<u>516</u>	<u>64</u>	<u>18</u>	<u>2,989</u>

The Association's freehold office property was valued by FPD Savills, Chartered Surveyors, in October 2011 on a Market Value basis. The full valuation of the property was undertaken in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The property was valued at £1.8m.

NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE FIXED ASSETS - OTHER (CONTINUED)

The Board has considered the valuation and has recognised that the valuation does not fully take into account the location and design of the premises which are of specific benefit to the Association. The Board has no intention to dispose of the properties in the foreseeable future and is therefore satisfied that the valuation of freehold office properties at cost less depreciation is appropriate.

13 INTANGIBLE ASSETS

Group and Association

	Software £'000
Cost	
At 1 April 2020	882
Additions	31
Disposals	(41)
At 31 March 2021	<u>872</u>
Amortisation	
At 1 April 2020	(267)
Charged in period	(91)
Disposals	20
At 31 March 2021	<u>(338)</u>
Net book value	
At 31 March 2021	<u>534</u>
At 31 March 2020	<u>615</u>

14 INVESTMENTS

The Association has an interest of £1 in a subsidiary called Havebury Homes Limited, registered in England. The subsidiary is currently active and wholly owned. The financial year end is 31 March 2021.

	2021 £'000	2020 £'000
Havebury Homes Limited		
% of ordinary shares held	100%	100%
Capital and reserves at 31 March	-	13
Profit for the year	<u>-</u>	<u>30</u>

The Association has an interest of £1 in a subsidiary called Design & Build Services East Limited, registered in England. The subsidiary is currently dormant and wholly owned. The financial year end is 31 March 2021.

	2021 £'000	2020 £'000
Design & Build Services East Limited		
% of ordinary shares held	100%	100%
Capital and reserves at 31 March	-	-
Profit for the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

15 STOCK

Group and Association

The materials contractor changed with effect from 1 April 2021 so all stock held on 31 March 2021 was returned to the retiring materials contractor on that date. Therefore, the association held no stock as at 31 March 2021 (2020: £192,567).

16 PROPERTIES FOR SALE

	2021		2020	
	Group £'000	Association £'000	Group £'000	Association £'000
Shared Ownership				
Interest capitalised (note 8)	242	242	178	178
Other development costs	6,695	6,695	5,670	5,670
Transfer (to)/from fixed assets for reclassified assets (note 11)	(848)	(848)	93	93
	<u>6,089</u>	<u>6,089</u>	<u>5,941</u>	<u>5,941</u>
Outright Sale				
Interest capitalised (note 8)	-	-	40	-
Other development costs	334	-	942	-
	<u>6,423</u>	<u>6,089</u>	<u>6,923</u>	<u>5,941</u>

17 DEBTORS

	2021		2020	
	Group £'000	Association £'000	Group £'000	Association £'000
Loan to Subsidiary Undertaking	-	335	-	1,000
Rent and service charges receivable	1,311	1,311	1,373	1,373
Less: Provision for bad and doubtful debts	(840)	(840)	(822)	(822)
Other debtors	69	63	582	579
Less: Provision for bad and doubtful debts	-	-	(224)	(224)
Prepayments and accrued income	475	470	1,902	1,902
	<u>1,015</u>	<u>1,339</u>	<u>2,811</u>	<u>3,808</u>

Under FRS 102 there is a requirement to account for service charge monies that are receivable. There has been no adjustment in the 2020 or 2021 figures.

NOTES TO THE FINANCIAL STATEMENTS

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group £'000	2021 Association £'000	Group £'000	2020 Association £'000
Trade creditors	597	597	2,123	2,120
Rent and service charges received in advance	777	777	961	961
Other taxation and social security	198	198	3	3
Other creditors	713	713	1,043	1,043
Accruals and deferred income	9,268	9,247	6,637	6,614
Total Creditors due within one year	11,553	11,532	10,767	10,741

Payments to creditors

The Association's payment policy is to pay purchase invoices within 28 days of receipt, or earlier if alternative payment terms have been agreed.

In accordance with FRS 102 a holiday pay accrual has been posted within Accruals and deferred income of £125,714 (2020: £92,671).

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group £'000	2021 Association £'000	Group £'000	2020 Association £'000
Bank Loans (note 22)	213,425	213,425	202,963	202,963
Recycled Capital Grant Fund (note 21)	112	112	29	29
Creditors due after more than one year	213,537	213,537	202,992	202,992

20 DISPOSAL PROCEEDS FUND

Group and Association

	2021 £'000	2020 £'000
At 1 April	-	296
Net sale proceeds recycled	-	-
Withdrawals	-	(296)
At 31 March	-	-

NOTES TO THE FINANCIAL STATEMENTS

21 RECYCLED CAPITAL GRANT FUND

Group and Association

	2021 £'000	2020 £'000
At 1 April	29	42
Grant proceeds recycled	83	29
Withdrawals	-	(42)
At 31 March	112	29

22 BORROWINGS

Group and Association

	2021 £'000	2020 £'000
Debt payable after more than one year:		
As at 31 March	213,425	202,963

	2021 £'000	2020 £'000
Debt payable after more than five years:		
Repayable by Instalments	75,000	75,000
Repayable other than by Instalments	75,000	75,000
Total repayable	150,000	150,000

The bank loans are secured by fixed charges on individual properties and they bear interest at floating rates (linked to LIBOR) and fixed rates. The floating rate arrangements are quarterly or six-monthly interest rates linked to LIBOR. The unexpired term of fixed rate arrangements range from 2 to 32 years. The weighted average interest rate on all drawn loans at 31 March 2021 was 4.28% (2020: 4.65%).

Bank loans are held at amortised cost. During the year £15.0 million was drawn down and £5.0 million was repaid by the Association.

At 31 March 2021 the Association had undrawn loan facilities of £61.5 million (£11.5m Lloyds and £50m Royal Bank of Scotland); 2020: £71.5 million (£21.5m Lloyds and £50m Royal Bank of Scotland).

NOTES TO THE FINANCIAL STATEMENTS

23 DEFERRED CAPITAL GRANT

Group and Association

	2021 £'000	2020 £'000
As at 1 April	25,837	17,235
Capital grant received	4,173	8,105
Grant receipts accrued	(1,249)	670
Capital grant recycled	(83)	-
Capital grant amortisation	(203)	(173)
As at 31 March	28,475	25,837
Capital grant to be released within one year	267	258
Capital grant to be released in more than one year	28,208	25,579

Social Housing grants are repayable in the event of the disposal of the related property. When this occurs, the total original grant is repayable and this comprises the unamortised balance together with the amortised amount. At the end of the year, the total amount of Social Housing grant potentially repayable was £29.3m (2020: £26.4m).

24 FINANCIAL INSTRUMENTS

The carrying amount of the Group and Association's financial instruments at 31 March 2021 were:

	2021		2020	
	Group £'000	Association £'000	Group £'000	Association £'000
Financial Assets				
Debt instruments measured at amortised cost	563	889	2,326	3,323
Financial Liabilities				
Debt instruments measured at amortised cost	224,669	224,648	213,211	213,184

Financial liabilities excluding trade creditors

The Group and Association's financial liabilities were all sterling denominated. The interest rate profile of the Group and Association's financial liabilities, before loan issue costs at 31 March was as follows:

	2021 £'000	2020 £'000
Fixed rate	160,000	160,000
Floating rate	48,500	38,500
	208,500	198,500

The maturity profile of debt is shown in note 22. The fixed rate financial liabilities have unexpired fixed periods ranging from 2 to 32 years and a weighted average fixed rate of 5.16% (2020: 5.16%). The floating rate financial liabilities comprise bank loans that bear interest at rates based upon the three month and six month LIBOR.

NOTES TO THE FINANCIAL STATEMENTS

25 SHARE CAPITAL

	2021 £	2020 £
At 1 April	12	12
Shares issued	-	-
At 31 March	12	12

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member that person's share is cancelled and the amount paid up thereon becomes the property of the Association.

26 CAPITAL COMMITMENTS

Group and Association	2021 £'000	2020 £'000
Capital expenditure commitments are as follows:		
Expenditure contracted for but not provided in the accounts	27,817	22,391
Expenditure authorised by the Board, but not contracted	24,224	33,126
	52,041	55,517

Capital commitments will be financed through borrowings which are available for draw-down under existing loan arrangements. These existing loan arrangements amount to £61.5 million of undrawn borrowings which will be utilised to fund the Development Programme of 1,352 homes by March 2023. 60% of this programme has been delivered at the financial year end. As part of the Development Programme, Havebury will contract with Homes England to deliver homes under Continuous Market Engagement (CME).

Government grant under the Homes England programme will be utilised to part fund the commitments of the development programme. Government grant received will be allocated on a per scheme basis and is directly received by the organisation. The CME currently has £23.4m allocated across 398 units, 330 being within the Shared Ownership Affordable Homes Programme, with the remaining 68 under the 2021-26 Affordable Homes Programme. Additional grant will be bid for as schemes are identified.

Havebury will fund developments through a disposals programme from open market sales which will allocate £9,000 per unit as agreed with Homes England. Open market sales are identified by conducting a financial appraisal on a property and assessing if it is financially viable to complete works and rent the property out.

NOTES TO THE FINANCIAL STATEMENTS

26 CAPITAL COMMITMENTS (CONTINUED)

Operating leases

The payments which the Group and Association is committed to make under operating leases are broken down as follows:

	2021 £'000	2020 £'000
Land and buildings		
Within one year	11	11
Within two to five years	45	45
Over five years	1,021	1,032
	<u>1,077</u>	<u>1,088</u>
Office equipment		
Within one year	9	9
Within two to five years	2	3
	<u>11</u>	<u>12</u>
Motor Vehicles		
Within one year	46	91
Within two to five years	59	101
	<u>105</u>	<u>192</u>

27 CASH FLOW FROM OPERATING ACTIVITIES

	Note	2021 £'000	2020 £'000
Surplus for the year		3,700	3,939
Adjustments for non-cash items:			
Depreciation of housing properties	5,11	6,387	5,971
Depreciation of other tangible fixed assets	5,12	286	209
Impairment losses on tangible fixed assets	3B,11	-	196
Pension costs less contributions payable	9	288	492
Right to Buy overhead		(27)	(29)
Amortisation for Intangible assets	5,13	71	81
Grant amortisation	23	(286)	(173)
Gain on disposal of housing fixed assets	5,6	(121)	(279)
Interest payable	8	8,917	8,596
Interest receivable	7	(5)	(29)
		<u>19,210</u>	<u>18,974</u>
Working capital movements			
Decrease / (Increase) in Properties for outright sale	16	742	(1,383)
Decrease / (Increase) in Stock	15	193	(37)
Decrease / (Increase) in Debtors		551	(349)
(Decrease) / Increase in creditors		<u>(1,371)</u>	<u>3,630</u>
Net cash inflow from operating activities		<u>19,325</u>	<u>20,835</u>

NOTES TO THE FINANCIAL STATEMENTS

28 ANALYSIS OF CHANGES IN NET DEBT

Group

	At 1 April 2020 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2021 £'000
Cash and cash equivalents:				
Cash	11,572	2,292	-	13,864
Overdrafts	-	-	-	-
Cash equivalents	695	(303)	-	392
	<u>12,267</u>	<u>1,989</u>	<u>-</u>	<u>14,256</u>
Borrowings:				
Debt due within one year	-	-	-	-
Debt due after one year	(202,963)	(10,000)	(462)	(213,425)
	<u>(202,963)</u>	<u>(10,000)</u>	<u>(462)</u>	<u>(213,425)</u>
Total	<u>(190,696)</u>	<u>(8,011)</u>	<u>(462)</u>	<u>(199,169)</u>

29 RELATED PARTIES

Group and Association

Related parties include those in a position who can influence decision making.

During the year to 31 March 2021, there was one tenant member (2020: one) who served on the Board as Strategic Board Director and received emoluments for their service to the Association as part of the monthly payroll of £4,500 (2020: £3,643).

Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. There were no other transactions with Strategic Board members. Aggregate rent paid in the year was £4,985 (2020: £4,180). At 31 March 2021 rental arrears of the Strategic Board members amounted to £nil (2020: £nil).

During the period to the 31 March 2021, one Borough Councillor (2020: one) served consecutively as Strategic Board director and received emoluments for their services paid as part of the monthly payroll amounted to £3,500 (2020: £2,393). In 2020/21, one Borough Councillor who served on the Strategic Board, also served on the Audit & Risk Committee and as such their emoluments in relation to that role is shown under the Audit and Risk Committee section of this note below.

All transactions with the Councillor are on normal commercial terms and the Borough Councillor is not able to use their position to their or the Council's advantage. There were no other transactions with the councillor during the financial year (2020: one) amounting to £nil (2020: £66.15) and no outstanding balances due (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS

29 RELATED PARTIES (CONTINUED)

During the period to the 31 March 2021, two tenants (2020: two) served on Operations Committee and received emoluments for their services to the Association as part of the monthly payroll of £9,500 (2020: £7,000).

Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. During the financial year the Association entered into no transactions with Operations Committee members (2020: none). Any transactions are completed on normal commercial terms and there is no outstanding balance 31 March 2021 (2020: £Nil). Aggregate rent paid in the year was £9,330 (2020: £9,217). At 31 March 2021 rental arrears of Operations Committee members amounted to £Nil (2020: £41.61).

During the period to the 31 March 2021, one Borough Councillor (2020: two) served as Audit and Risk Committee member and received emoluments for their service paid as part of the monthly payroll amounting to £7,000 (2020: £4,786).

All transactions with the Council are on normal commercial terms and the Borough Councillors are not able to use their position to their or the Council's advantage. There were no other transactions with the councillors during the financial year amounting to £Nil (2020: £66.15) and no outstanding balances due (2020: £Nil).

During the period to 31 March 2021, one tenant member (2020: one) served on the Audit and Risk Committee and received emoluments for their services to the Association as part of the monthly payroll of £4,000 (2020: £4,000).

Their tenancy is on normal commercial terms and they are not able to use their position to their advantage. There were no transactions during the year. Aggregate rent paid in the year was £4,915 (2020: £4,901). At 31 March 2021 rental arrears of the Audit and Risk Committee member amounted to £Nil (2020: £Nil).

The Association has not recognised provisions for any outstanding balances and as a result there is no expenditure recognised for any related parties as at 31 March 2021.

During the year, the following transactions occurred with Havebury Homes Limited, a wholly owned subsidiary of Havebury Housing Partnership:

	2021 £'000	2020 £'000
Professional fees recharged to Havebury Homes Limited	13	59
Salary costs recharged to Havebury Homes Limited	5	27
Loan interest charged to Havebury Homes Limited	58	62
Loans issued	50	200
Loans repaid	715	200
Loan balance outstanding at 31 March	<u>335</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS

30 POST BALANCE SHEET EVENT

During July 2021 it has become apparent that there are some development units which will not be taken on upon completion. Costs have been accrued under the terms of the contract that are unlikely to require payment, therefore we are anticipating a release of these costs in the 2021/22 financial statements. We have not disclosed any more details than this because of the terms and conditions of the contract that is in place. This is a non-adjusting post balance sheet event.