THE HAVEBURY HOUSING PARTNERSHIP

Value for Money Statement

For the year ended 31 March 2021

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/.

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Meeting the standard

In addition to the reporting requirements of the Value for Money Standard, it also sets out required outcomes and specific expectations of registered providers. These are set out in the table below, together with a description of how 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.

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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.

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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. Reprofiling 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.

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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.

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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 53 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 trance 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 owning 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 being 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 Masson 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		