



Havebury
Housing Partnership

VfM Statement

For the year ended 31 March 2022

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 core value for money objective is to deliver our new build commitments outlined in the corporate plan, whilst maintaining median costs, and achieving or working towards top quartile performance. The organic growth will positively impact on economy, enhance our business health, benefit financial performance, and increase capacity to build more homes in future. During 2021/22, 180 new homes were completed, 64 for social rent, 51 affordable rent and 65 shared ownership.

Refinancing completed in December, cancelled a £50m, undrawn bank facility for which the rates were no longer competitive and replaced it with a £150m private placement. The interest saving across our business plan achieved through the refinancing was £18.9m.

Whilst a median position was retained, headline social housing cost per unit increased due to major works programmes building back closer to full capacity over the year, projects restarting having been paused in 2020/21 whilst Government restrictions were in place and our wider response to the pandemic took priority, and some of the additional investment to recover the repairs backlog arising from lockdowns continuing into 2021/22.

The Strategic Board has overall responsibility for value for money and continued to review our value for money performance throughout 2021/22. Against each objective we have set a number of key value for money performance indicators to be tracked throughout the life of our corporate plan. A link to which is provided here or can be found at www.havebury.com/2021/04/20/our-corporate-plan-2021-2026/.

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 2021/22:

VfM Standard Element		2021/22 Evidence
Required outcomes - registered providers must:	clearly articulate their strategic objectives.	Our vision, values and strategic objectives are clearly publicised in our Corporate Plan and are communicated to our teams, tenants and partners. The corporate plan is available on our website, and was promoted through social media and the tenants' magazine at its launch in March 2021.
	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 our 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 strategy 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 65 new shared ownership units and of our 115 rental completions, 64 are let at a social rent. Our Tayfen supported housing service continues to provide accommodation and support for single homeless individuals.
	ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.	Our new Asset Management Strategy 2022-2026, determines the first steps in our response to meeting 2030 environmental targets and sets out to gain maximum value from our ongoing and additional investment in existing housing stock.

VfM Standard Element		2021/22 Evidence
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 2021/22 the Board undertook a specific workshop to review our value for money performance and forward projections for maintaining median costs and achieving top quartile performance.
	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.	Discussed annually at their Strategic Planning day, Board remain committed to independence. We however work closely with the other four members of the Independent East group to share knowledge and experience, support each other in the delivery of our individual corporate strategies and to explore opportunities to work better together. During 2021/22 Independent East members worked to identify areas of potential collaboration/shared learning around internal audit, health and safety, resident involvement, people and culture, development, asset management and performance benchmarking. 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. In 2021/22 Board approved a refreshed risk management framework and updated risk appetite statement.

VfM Standard Element		2021/22 Evidence
Specific expectations - registered providers must demonstrate:	consideration of value for money across their whole business and where they re-invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.	On the basis of a favourable assessment by board of the risk/reward, 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 current 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.	Against each strategic objective, explicit measures of value are defined in our corporate plan, around which our wider performance management framework is designed. KPIs, including the RSH's VfM metrics, against targets carefully set by the Board are reviewed at each of their meetings and continuously within the business. In 2021/22 we commenced work on reviewing our performance management framework, establishing a more formal process for dealing with areas of underperformance and enhancing links through the KPI suite, annual delivery plan and risk register to offer a more rounded view of performance and achieving value in delivering our strategic objectives.

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 2020/21. As such, comparison is affected by the impact of Covid-19 on income and expenditure and therefore reference is also drawn to prior year performance where appropriate. Red/Amber/Green indicates the position of our 2021/22 outturn against the 2021/22 budget, set to align with our strategic objectives.

The allocation of overhead expenditure, lower than that budgeted for 2021/22, has been reviewed this year to better reflect the functions where it is incurred, and has meant the CPU breakdown for 2020/21 has been restated. Following the exercise to fully review all overhead expenditure, it was considered that the previous allocation did not fully reflect an appropriate allocation of the costs. The new apportionment only apportions overheads, whereas previously, management costs were also apportioned. To ensure that comparisons could be made to the prior year, the 2020/21 figures have been restated.

Red/Amber/Green indicates the position of our 2021/22 outturn against the 2021/22 budget, set to align with our strategic objectives.

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. Regression analysis conducted by the RSH indicated 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 2021/22		Havebury 2020/21 (Restated)	Havebury 2020/21
£3,690	●	£3,143	£3,136

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	£3,212	£3,731	£4,760
PlaceShapers	£3,154	£3,529	£4,230
Peer Group	£3,048	£3,280	£3,590

Headline social housing CPU has increased by 17%, with expenditure used in the calculation increasing from £21.7 million in 2020/21 to £26.1 million in 2021/22. Despite outturn being below budget due to lower major repairs and overhead costs, the increase is attributable to major works programmes building back closer to full capacity over the year, projects restarting having been paused in 2020/21 whilst Government restrictions were in place and our wider response to the pandemic took priority, and some of the additional investment to recover the repairs backlog arising from lockdowns continuing into 2021/22.

CPU is below the 2020/21 median; however, our original budget (£3,830) would have placed us in quartile three. This reflects a conscious increase in establishment in response to new legislation and greater regulation around building and fire safety, plus other outcomes of the social housing white paper such as enhanced emphasis on complaints handling and listening to the tenant voice. To modernise the workforce and support delivery of our new corporate plan, restructures of the People and Finance Teams completed in 2020/21 are reflected in our 2021/22 expenditure with the filling of key vacancies in our Operations Directorate taking effect from 2022/23.

The sector quartile data indicates that other providers also saw a reduction in CPU in 2020/21 and it is therefore expected that even with our increased investment, a below median cost position will be maintained in future years, in line with our value for money objective.

Cost per unit by category of expenditure

	Havebury 2021/22	Havebury 2020/21 (restated)	Havebury 2020/21	Sector 2020/21 median	PlaceShapers 2020/21 median	Peer group 2020/21 median
Management	£945 ●	£859	£698	£1060	£1,022	£1,018
Service Chargers	£426 ●	£399	£404	£435	£368	£397
Maintenance	£1,283 ●	£1,134	£1,121	£1,108	£1,151	£1,044
Major repairs	£874 ●	£598	£725	£717	£712	£672
Other costs	£162 ●	£153	£188	£211	£181	£162

Historically, our 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, major repairs programmes were paused during lockdowns and whilst spend increased in 2021/22, expenditure was again lower than budget due to programmes building back to capacity.

As expected, some of the additional expenditure on repairs and maintenance to recover backlogs arising from lockdowns continued into 2021/22, together with outturn reflecting our conscious investment in building and fire safety, and costs over and above that budgeted incurred during the year on scaffolding, asbestos reinstatement works and heating repairs.

The allocation of overhead expenditure, lower than that budgeted for 2021/22, has been reviewed this year to better reflect the functions where it is incurred, and has meant the CPU breakdown for 2020/21 has been restated.

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 2021/22		Havebury 2020/21 (restated)	Havebury 2020/21
5.95%		6.80%	6.80%

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	8.18%	5.77%	3.98%
PlaceShapers	8.39%	5.93%	3.94%
Peer Group	7.08%	5.55%	3.93%

Typically, our reinvestment is above the median of other providers demonstrating our ongoing commitment to make a significant contribution to new supply, whilst also maintaining the condition of existing units. The lower reinvestment in 2021/22 reflects the lag in development pipeline created by the pandemic, and continued underspend against the major repairs programme. Once both programmes are back to full capacity, we expect reinvestment to increase, however both 2020/21 and 2021/22 outturns, maintain our quartile two position.

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 and reflecting the development programme and appetite for growth.

Havebury 2021/22		Havebury 2020/21 (restated)	Havebury 2020/21
46.4%		46.9%	53.5%

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	53.3%	43.9%	32.9%
PlaceShapers	54.7%	45.5%	35.9%
Peer Group	57.4%	53.2%	40.6%

Gearing has changed little between years due to net debt increasing from £199m to £206m, proportionally in line with the increase in value of fixed assets from £424m to £446m.

Efficiency - EBITDA MRI

EBITDA MRI is an approximation of cash generated and presenting it as a multiple of interest shows the level of headroom on meeting interest payments on outstanding debt.

Havebury 2021/22		Havebury 2020/21 (restated)	Havebury 2020/21
145%		176%	176%

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	248%	183%	134%
PlaceShapers	246%	187%	145%
Peer Group	245%	167%	143%

The change in EBITDA MRI % interest reflects a decrease in EBITDA MRI from £17.2m to £14.9m. This is primarily as a result of repairs and maintenance expenditure beginning to return to more typical levels, which has contributed to a reduction in the operating surplus used in the calculation from £12.5m to £11.2m. Interest also increased from £9.8m to £10.3m, due to additional debt being drawn down. Outturn being below the sector median illustrates our growth and development priorities.

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. The decrease on the previous year is attributable to costs increasing after programmes/projects having been paused during lockdowns in 2020/21 and therefore more expenditure being incurred in 2021/22.

Havebury 2021/22	Havebury 2020/21 (restated)	Havebury 2020/21
24.2% 	28.9%	29.7%

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	28.2%	23.9%	18.1%
PlaceShapers	27.9%	24.3%	19.5%
Peer Group	34.0%	32.0%	26.1%

Being around the median, operating margin is healthy and within what we consider a suitable range for a provider of social housing with an aspiration to grow regionally, develop new homes and sustain value for money.

Efficiency - Operating margin (social housing lettings)

Havebury 2021/22	Havebury 2020/21 (restated)	Havebury 2020/21
26.6% 	32.5%	33.3%

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	32.6%	26.3%	22.2%
PlaceShapers	31.5%	26.3%	23.3%
Peer Group	40.4%	33.4%	26.4%

The lower operating margin on social housing lettings reflects our increase in expenditure compared to the previous year. Similarly to overall operating margin, outturn is around the median.



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 2021/22 relates to the slightly increased value of total assets less current liabilities, and albeit greater than budget, lower operating surplus.

Havebury 2021/22	Havebury 2020/21
3.09% ●	3.27%

2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	4.19%	3.33%	2.72%
PlaceShapers	4.51%	3.32%	2.88%
Peer Group	4.44%	3.72%	2.96%

Our position in quartile three towards 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.

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 2021/22	Havebury 2020/21
2.54% ●	1.94%












2020/21 quartiles	Quartile 1	Median	Quartile 3
Sector	1.97%	1.31%	0.54%
PlaceShapers	1.98%	1.32%	0.58%
Peer Group	1.89%	1.56%	0.92%

The lag effect of the pandemic impacted on development completions during 2021/22 with 92 fewer units completed than originally budgeted, which are now scheduled to complete in quarter one of 2022/23. The delays are consistent however with those felt across the sector and compared to the 2020/21 quartiles (also impacted by Covid-19) we are a top quartile developer.

Both as a percentage of stock and in absolute terms, our development programme is significant, satisfying one of the core strategic objectives of developing new affordable homes. Maintaining a strong rate of development is essential to our Corporate Plan and value for money aspirations.

Performance against Havebury's own value for money targets

In addition to the RSH's value for money metrics, performance against 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. Red (Q4), Amber (Q3), Yellow (Q2), Green (Q1) indicates the position of our 2021/22 outturn against the 2020/21 quartiles.

	2021/22 Result	2021/22 Target	Sector 20/21 quartile 1	Sector 20/21 median	Sector 20/21 quartile 3
Being a great landlord					
Customer satisfaction with overall service provided 	93.5%	93.0%	88.6%	84.9%	79.0%
New complaints received	120				
Customer satisfaction with last repair 	88.6%	93.0%	93.0%	88.4%	82.3%
Developing new affordable homes					
Social housing units developed (absolute) 	180	272	236	87	26
Units to be identified	17	0			
Investing in existing homes and communities					
% of properties with a valid gas safety certificate 	99.93%	100.0%	100.0%	99.83%	98.28%
Fire risk assessments overdue	0	0			
Customer satisfaction with ASB case handling 	78.1%	79.0%	88.0%	75.4%	62.4%
Customer satisfaction with area as a place to live 	84.7%	85.5%	87.0%	83.8%	80.0%
Playing our part in addressing climate change					
Average SAP rating 	73.9	74.3	73.4	72.0	71.0
% of homes EPC C or above	69.6%				
Building a great team					
Average days/shifts lost to sickness 	7.1	6.8	5.5	7.7	9.7
Staff turnover 	20.0%	15.0%	8.5%	11.6%	15.6%
% of staff who say Havebury is a 'Great Place to Work'	82%				
Remaing a thriving business					
Rent collected 	99.91%	99.25%	100.44%	100.0%	99.44%
Current tenant arrears (net of HB) as a % of debit 	1.96%	2.21%	1.41%	2.18%	3.02%
Property occupancy rate 	98.73%	99.52%	99.5%	99.23%	98.6%
Rent loss from void properties as a % of debit 	1.48%	0.97%	0.83%	1.22%	1.70%
Ratio of responsive repairs to planned maintenance 	0.88	0.70	0.56	0.73	0.99
Overheads as a % of turnover* 	12.64%		11.72%	13.64%	15.0%

* 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 2021/22 to the HouseMark quartiles for 2020/21. 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.

Due to the pandemic, a general satisfaction (STAR) survey has not been carried out since 2019/20. Satisfaction with the overall service provided was however included as a question in an engagement preference consultation in 2020/21, and whilst strictly not undertaken according to STAR methodology, the result (90%) confirmed our quartile one position. In 2021/22 we commenced a new STAR survey on a rolling monthly basis, producing a sample complying with STAR methodology over the course of a year. Early results collected through a combination of telephone and email surveys during quarter four, highlighted a drop in customer opinion, consistent with that seen across all sectors due to the impact of Covid-19. Notwithstanding this we have already established that the lower levels of satisfaction are in part reflective of our repairs and maintenance function not yet having fully returned to the levels of service we were able to offer prior to the pandemic. Sustained investment in improvement works has contributed directly to our tenants typically being amongst the most satisfied in the sector and as front-line staff work to address individual expressions of dissatisfaction from the survey, our wider focus remains on improving the repairs service. In addition, we are launching a cross organisational working group to conduct an in-depth review of satisfaction drivers and help highlight any other issues that require addressing.

We maintain our zero tolerance targets against our legal responsibilities for health and safety. 2021/22 saw us undertake an independent deep dive health-check of our tenant health and safety compliance functions, supporting routine compliance reviews of our approach to gas and fire safety, and start work to fulfil recommendations arising from these. At year-end there were four properties without a valid gas safety certificate, each attributable to access issues which were progressing through the legal process and all fire risk assessments were up to date.

Customer satisfaction with antisocial behaviour case handling narrowly missed our 2021/22 target, but we perform favourably against this indicator compared to most other providers. Our 2022/23 target has been set to achieve top quartile performance. Due to delays in the development programme average SAP rating did not meet our year-end target but improved slightly on 2020/21. Our new Asset Management Strategy sets the foundation for meeting our milestone targets in achieving EPC C by 2030.

In March we launched our 'Great Places to Work' staff survey the results of which were positive and meant that we achieved certification and are now working towards being accredited. Largely as a result of Covid-19 and cold/flu like symptom cases in Autumn/Winter, average days lost to sickness absence increased towards the end of the year but remains low compared to peers.

Rent arrears performance continues to be positive with performance exceeding our predictions for the increase in arrears attributable to ongoing universal credit transition and the effect of Covid-19 on the economy. Rent collected is close to the median although we expect this position to improve once comparison to the 2021/22 quartiles is available. 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.



Areas of underperformance

In 2021/22, we did not achieve some of our performance expectations, in large part due to the recovery, created by a backlog of repairs and void works following the pandemic, taking longer than anticipated and operational issues continuing. As such work to improve these service areas is ongoing, with targets having been set to regain our position as a top quartile performer as quickly as possible.

Ratio of responsive to planned maintenance

The ratio of spend on responsive to planned maintenance reduced on 2020/21 but remained above the median. This was attributable to the major repairs budget being underspent due to programmes building back to capacity after being paused in the prior year. Our budget however, places us in quartile two (and around the previous year's median), 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

Voids has presented an operational challenge through 2021/22. Prior to the pandemic significant gains achieved through development of processes and closer performance management meant that the number of properties void was at its lowest for several years. Whilst rent loss to voids and the number of properties empty is significantly improved on 2020/21, we have not yet fully recovered from the backlog the pause in lettings due to Covid-19 created. Coupled with increased demand early in the year and the challenge of managing the letting of new build completions, this meant that our 2021/22 targets around voids were not achieved. Ongoing efforts to streamline the lettings processes and changes we are making to the management of void works, are expected to realise gains in early 2022/23, with our targets set to achieve median performance by the end of the year and top quartile performance in 2023/24.

Staff turnover

Staff turnover in 2021/22 was 20%, reflecting 44 leavers during the year. The increase is consistent with the current market, and we expect other providers, once benchmarking data is available, to have experienced a similar shift. Sector analysis shows that 56% of people in housing are planning to move roles in the next six months. We have tackled this challenge through changing our terms and conditions, undertaking a review of reward and benefits in early 2022/23 and have the bi-annual salary benchmarking later in the year. Following a positive response to a new staff survey in March, we have recently been certified as a 'Great Place to Work' and are working towards accreditation.

Development programme

We finished 2021/22, having completed 180 units of our 272 target. The shortfall of 92 units related to 50 units at Boyton Meadows/Boyton Place, 18 at Kingsfleet, 2 at Twinwood, 16 at Rule Gardens and 6 at Meddler Stud. Delays in the completion of these units were attributable to the lag effect in pipeline as result of the pausing of the building industry during the pandemic and contractors restarting. Availability of materials and labour has also proved a challenge over the last year. Positively however the delayed units will all complete in the first quarter of 2022/23.

Refinancing

A critical value for money action for 2021/22 was our refinancing exercise which completed in December. Through the process we cancelled a £50m, undrawn bank facility for which the rates were no longer competitive and replaced it with a £150m private placement. The average overall weighted cost of this new funding being below 2.5%. Our business plan reflects the required investment to deliver our Corporate Plan, with investment in energy efficiency programmes for our existing homes, together with our development programme commitments. The proposal we presented to a range of potential funders reflected the most efficient funding structure to support the plan, including a £40m drawdown in October 2021 and 3 subsequent drawdowns over the next three years, with a final drawdown of £40m in October 2024, meaning that the holding cost of capital could more closely match the planned expenditure.

We had considerable interest from a range of funders and totalling over £300m, therefore had bids to consider which exactly met our required profile. Whilst one-year deferrals are relatively common, two and three-year deferrals are more unusual. Having received positive feedback on the strength of our presentation, achieving the deferrals has meant that we have realised even greater value from the refinancing exercise.

Our original business plan reflected all the £150m private placement as 30-year bullet repayments. We managed to benefit from competitive longer-term funding and achieved a range of terms from 30 to 40 years. Overall, the interest saving across our whole business plan, achieved through the refinancing was £18.9m. This saving will enable us to build more new homes in the future and contribute to our planned investment in our current stock. Whilst we had always intended to go out to the markets in Autumn 2021, our timing proved to be fortuitous as the funding environment has changed considerably since our completion, with rates now over one percentage point higher than that we obtained.

Development

Key to our value for money strategy is our 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 1.2 million households are on local authority waiting lists, 47% of whom are deemed to have 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 2,000 new affordable homes. The programme has accelerated over the last seven years and in 2017 we successfully secured additional funding, providing capacity to deliver a further 1,352 new homes by 2023. Due to the circumstances presented by the pandemic, this target was revised to 1,227 with the shortfall reprofiled into future years.

Following Covid-19 we continue to see Local Authority planning delays due to dependency on 3rd party and external consultee responses taking longer. Opportunities for land led schemes are becoming more limited too, with viability being an increasing challenge. Higher build costs have meant that some schemes it has not been possible to consider or have later become unviable. Other schemes we have been able to make work, albeit with time delays due to reappraisal.

In 2021/22 we revised the development strategy and updated our scheme viability assumptions, to allow for the changes in operating environment and unprecedented build cost inflation. The effect was a reduction in the anticipated number of units it was viable to complete from the original 250 in our 2021-2026 Corporate Plan. However, the revised assumptions and updated strategy continues to allow us to maintain 200 completions per year in our business plan, a positive response in increasingly difficult economic circumstances. Our revised strategy articulates how the customer voice is heard and influences improvement, how quality is managed and reviewed, future sustainability is considered at the approval stage, and technological progress is considered. In addition, it reflects government changes to the shared ownership programme and commits to prioritising development of units at a social rent over affordable rent. In an environment where incomes are becoming increasingly squeezed by the longer-term effects of Covid-19 and a cost-of-living crisis, social rent offers a better, more affordable product for those in need.

Reflecting a value procurement approach, a number of land-led schemes in our pipeline are 'land and build package' deals, with contractors with whom we have a positive track record. This gives us upfront cost certainty on land-led developments taking away the risk of having purchased a piece of land we are then unable to appoint a contractor to within our financial budget.

Around 80% of demand 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 59% of our rented stock. We continue to redress this as far as possible, with most planned completions in pipeline being of one or two bedrooms. To ensure maximum efficiency in delivering future housing management and maintenance services, the development strategy focuses our limit of operation to traditional heartlands, transport corridors and consolidating in areas where stock is already managed.

Of rented units completed in 2021/22, 83% were in our heartlands of West Suffolk or Babergh Mid Suffolk.

During the year, 180 development units were completed across 11 schemes, a significant achievement given the lag in pipeline caused by Covid-19. Of the 180 completions, 109 were land-led grant funded and 71 were Section 106. In terms of tenure, 64 were for shared ownership and 115 were for rent (of which 90 were one or two bedrooms). We continue to be successful in obtaining grant funding to build social rent units. Of the rented units completed in 2021/22, the majority (65) were grant funded and let at a social rent.

Some of our development activity in 2021/22 included:

- Wade House - 38 new homes completed following appointment of a new contractor. We secured additional grant to convert all units to social rent with some being used to accommodate households from the Afghan Citizens Resettlement Scheme.
- Orchid Fields - An attractive new scheme providing an affordable home ownership product in the overheated Cambridge market and consequently all 14 units were sold off plan. We secured additional grant to deliver all 10 rented units on the scheme at social rent.
- Pipistrelle Way - Similarly to Orchid Fields, provides an affordable home ownership offer in a village location in close proximity to Bury St Edmunds. In addition to the 25 shared ownership units on the scheme, 10 social rent units were completed with additional grant funding having been secured.
- Lark Grange (Bury St Edmunds) and Heather Gardens (Hethersett) - 23 Section 106 completions with major developer Taylor Wimpey with whom we have an ongoing positive relationship. A further 60 units were started on site during 2021/22, including 23 at Trimley, consolidating our existing stock holding in the area.
- Fairstead House - Start on site converting a 1970s office block and refurbishment of an historic flint cottage previously used for office accommodation, which will deliver 15 new units at an affordable rent in the centre of Thetford. In order to mitigate unprecedented build cost inflation and coupled with the risk posed by the refurbishment, we undertook a two stage tender whereby we appointed a contractor based on profit and overheads and a subsequent open book approach to the appointment of sub-contractor packages. This gave us greater transparency of costs and better oversight of quality.

We maintain our strong working relationship with Homes England, continuing to secure grant funding to deliver new homes at social rents. As a result, and working with a national developer, in 2021/22 we were able to bring forward a scheme at Old Newton, which will provide 47 family sized homes (27 shared ownership and 20 social rent).

Asset management and disposals

During 2021/22 we developed a new Asset Management Strategy for 2022-2026. The strategy sets out our vision to create high quality, safe and secure, affordable homes that are ready to meet the challenges of climate change and increasing expectations. It seeks to ensure our homes remain in demand, meet or exceed quality standards and are fit for the future, supporting a key element of our Corporate Plan to invest in homes and communities. Whilst initially focused on activities over the next four years, the strategy provides a foundation for a much longer-term approach to investment through improvement, regeneration and renewal. The need to meet stretching energy performance targets by 2030 and 2050, a renewed focus on how social landlords must place emphasis on the customer and provision of homes where they feel safe, new powers for the Health and Safety Executive, and enhanced fire and building safety legislation introduced following the Grenfell Tragedy are key drivers for the objectives we have set out. An additional provision of £64m, over and above existing planned programmes, has been made in our business plan from 2025 to begin to meet these emerging challenges, with opportunities for further funding being explored. To ensure value is achieved, we are immediately focused on improving our property insight and intelligence to enable us to make sound asset investment decisions and put in place well planned and integrated improvement programmes, taking a range of steps to improve efficiency and effectiveness so that our resources go further.

Currently, 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. In line with the action plan associated with the strategy however, in 2022/23 we will develop our wider asset investment model to review and manage our homes with proactive option appraisals for our poorer performing stock. This will provide a clear and consistent approach to identifying the best value future options, including conversion, rationalisation, redevelopment, regeneration or disposal.

myHavebury and digital

During 2021/22 we continued to build on value for money gains achieved through myHavebury. In successfully delivering its planned efficiencies to date, myHavebury remains crucial to our key value for money objective of top quartile performance and median costs. Based on transactional volumes through the application, and the staff time this would otherwise have occupied calculated through time-and-motion data, myHavebury is currently generating average savings of over 60 hours per week. Whilst this is positive, we know that sign-ups are beginning to saturate and our roadmap for 2022-2024, shaped by tenant consultation, seeks to introduce new functionality to further increase transactional volumes.

As of 31st March 2022, we had 4,161 myHavebury users signed up representing 50% of households having at least one myHavebury user account. myHavebury is now being used to make over 75% of card payments and report 20% of repairs. In 2021/22, we introduced new card payment functionality to support saving card details for customer convenience as well as being compliant with the new 3D Secure 2 card authorisation process, along with improvements to existing functionality. We embarked on a new user interface to improve the customer experience with a new look and feel, as well as better compatibility for mobile devices. New versions of our iOS and Android apps were released in March 2022.

Procurement

Our Procurement and contract management function continues its transformation journey and is now 12 months in to its 18-24 month programme. The strategy's key objectives around collaboration, contract management and source-to-contract technology act as catalysts for delivering improved efficiency, effectiveness, risk mitigation, consistency, engagement, and ultimately, value for money benefits.

Implementation of Source-to-Contract (S2C) technology neared completion in 2021/22, with go-live scheduled during May 2022, and more robust contract management and governance across the organisation was developed in conjunction with Operations departments. Performance management of procurement activity plays an important role in continuously ensuring value and during the year, a Procurement Scorecard of key metrics was introduced as an interim tracker prior to more robust reporting from the S2C solution once established. The interim scorecard, covering areas such as contract performance, supply base, and risk management, 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.

During 2021/22 18 contracts were either procured or extended. Inclusive of development, we ended the year with 102 live contracts. Activity included procurement of four contracts via OJEU processes (framework award or tender) for Cloud Telephony, Insurance, Cx Housing Management system and the Microsoft Enterprise Agreement.

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 continued to provide four beds to this project during 2021/22. Also with West Suffolk, we provide refuge space for women with complex vulnerabilities fleeing domestic abuse.

Tayfen housed 70 homeless applicants during the year, helped 52 residents to positively move on to suitable accommodation, and supported 30 residents into employment or work experience and 13 into training or education.

In 2021/22 £46k of grants were awarded to a variety of groups working within our area of operation. This helped to support projects including: Combat2Coffee - a veterans' coffee shop, restoration of Wickhambrook Memorial Social Committee's roof, replacement of a roadway at Coney Weston Bowls Club, improvements to a community field and the Queen Elizabeth II Playing Field in Bardwell, raising awareness of services offered to support adults with dementia in Haverhill by Memories are Golden, and replacement of Hundon Football Club's condemned changing facilities.

2021/22 Value for Money Action Plan

As part of our 2021/22 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	2021/22 Outturn
Being a great landlord			
Implement enhancements/ upgrades to the myHavebury application.	New functionality available for users; reduced demand on frontline services; more efficient processes.	Customer interaction shifted to better value channels.	Introduced new card payment functionality, embarked on an improved user interface, more compatible with mobile devices. Functionality added for tenant own improvements/alterations permission requests.
Develop a new tenant engagement strategy.	Data driven strategy that provides a wider menu of meaningful engagement opportunities for tenants to shape and influence our services.	Customer influence in decision making is strengthened, enhancing value outcomes for tenants.	Strategy and menu of engagement published, new Resident Engagement Officer post established and filled. Completion of strategy action plan ongoing.
Develop a new customer experience strategy.	Develop and data based customer strategy that reflects the changing needs of tenants, aligned to the Social Housing White Paper and Together With Tenants Charter.	Customer offer is fit for future and delivers services that meet the needs of tenants.	Strategy published and actions are progressing, linked to Tenant Engagement and Communications Strategies.
Review complaints policy and procedure.	Improved outcomes from tenants and better equipped to learn from service failure, ensuring compliance with the Complaints Handling Code and improved satisfaction.	Enabling continuous improvement of front line services through learning from complaints.	New policy and procedure adopted, with learning from complaints reported quarterly to teams, leadership team and the governance structure. Key learning outcomes around communication adopted.
Conduct a general satisfaction (STAR) survey.	Post pandemic customer opinion gauged, with detailed analysis facilitating learning and improvement opportunities from areas of dissatisfaction.	Enabling continuous improvement of front line services through learning from dissatisfaction. Enhancement of plans for further improvement/ recovery post pandemic led by tenant views.	New rolling approach to the STAR survey established. Teams responding to individual responses expressing dissatisfaction. Further analysis to be conducted once sample statistically significant.
Post pandemic recovery of repairs and service review, embedding of materials contract.	Repairs backlog arising from pandemic recovered, materials contract fosters effective delivery of repairs and service made fit for future demands.	An effective repairs service underpins overall customer satisfaction and delivers efficiency in an area of significant expenditure.	New materials contract improved and initial issues resolved, 'as is' position of repairs service established and work started on review of DLO.

Value for Money Action	Expected Outcome	VfM Gain	2021/22 Outturn
Developing new affordable homes			
Homes England grant funded affordable homes programme - minimum of 129 starts and 157 completions.	Programme delivered in accordance with contractual commitments.	Development of new social housing enhances our social value and positively impacts the business plan.	136 starts (15 grant funded and 121 section 106) and 180 completions (109 grant funded and 71 section 106). Pipeline affected by pandemic and build cost inflation, but shortfall in completion due in quarter one 2022/23.
Section 106 affordable home delivery programme - minimum of 62 starts and 115 completions.	Continued operation as a partner of choice for private housebuilders.		
Shared ownership programme - minimum of 49 sale and £3.9m of income from shared ownership receipts.	Shared ownership units completed in line with business plan assumptions.	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.	Targets exceeded. 61 sales, generating £6.4m of income.

Value for Money Action	Expected Outcome	VfM Gain	2021/22 Outturn
Invest in our existing homes and communities			
Future Funding of Tayfen House - Consideration for future funding requirements of Tayfen House following cessation of HRS funding post 2022 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.	Financial modelling completed and approved and framework tender submitted.
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.	New strategy created and presented for approval

Value for Money Action	Expected Outcome	VfM Gain	2021/22 Outturn
Playing our part in addressing climate change			
Identify and establish programme to fill gaps in asset data to support Path to Zero Carbon project.	Asset data complete and accurately reflects stock condition to enable effective building of the Path to Zero Carbon programme.	Energy efficiency programmes are targeted to best address properties with lower energy efficiency ratings, delivering our targets and savings for tenants.	Data position improved and new Asset Management Strategy approved, setting the foundations for our path to EPC C and net zero carbon.

Value for Money Action	Expected Outcome	VfM Gain	2021/22 Outturn
Building a great team			
Define and implement a total reward strategy, including salary benchmarking and review of employee benefits and flexible working arrangements.	Employee offer is competitive - retaining and attracting talent, ensuring workforce feels valued and, and utilising the benefits realised from a more flexible approach post pandemic.	Modern, talented, skilled, valued and supported workforce able and willing to deliver corporate objectives effectively and efficiently.	Review of pay and reward package, talent and succession planning and learning and development strategy started and will complete in 2022/23.
Work with recruitment partner to maximise talent acquisition and effective onboarding.	Full value is gained from talent acquisition, building long term talent pipelines and succession planning. Presence maximised across talent and social media platforms.		
Define long term approach to performance management, skills gap analysis and succession planning.	Long term approach to staff retention, employee development and internal promotion supports future resourcing.		

Value for Money Action	Expected Outcome	VfM Gain	2021/22 Outturn
Remaining a thriving business			
Obtain better security value to facilitate the next five year development programme.	Borrowing capacity increased to maximise the number of new affordable homes that can be delivered.	Development of new social housing enhances our social value and positively impacts the business plan. Cost of borrowing minimised.	Completed for existing funding.
Secure additional funding from capital markets to finance our corporate plan development aspirations.			£50m of undrawn bank facility for which rates no longer competitive cancelled and replaced with £150m private placement
Convert all loan products and funding agreements to SONIA as the basis for setting variable rates of interest.	A new more reliable basis for the calculation of the base rate for interest payments.		
Implement new controls as part of an improved IT security framework.	New security controls implemented and Cyber Essentials Plus Certification awarded, providing assurance controls are effective.	Risk of a cyber security breach and its potential financial cost minimised. Tenants protected.	All Information Security Framework and ICT Action plan actions completed. Cyber Essentials Plus Certification achieved.

The logo consists of the word "Havebury" in a large, bold, white sans-serif font, with "Housing Partnership" in a smaller, lighter white sans-serif font directly beneath it. Both are enclosed within a thin white oval border.

Havebury
Housing Partnership

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Havebury Housing Partnership is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014 (7648) regulated by the Regulator of Social Housing (LH4339). Registered office: Havebury House, Western Way, Bury St Edmunds, Suffolk, IP33 3SP. Havebury is also a member of the National Housing Federation.