



HAVEBURY HOUSING PARTNERSHIP

# Annual Report & Summary of The Value for Money Statement

2018/19



# A word from our chairman, Donald Mckenzie

2018/19 has been another strong year for Havebury Housing Partnership which has seen us continue to deliver against our key objectives ensuring the long term success of the business. This will be my last Chair's Statement and I am pleased to announce that Ian Mashiter who has been a Board Member at Havebury for 6 years, will take over the role of Chair. In October 2018, we also welcomed Andrew Smith as our new Chief Executive Officer following the retirement of Karen Mayhew

Our Tenants Forum and Performance and Scrutiny Panel remain at the heart of our work. This year the Tenants Forum played a central role in appointing a new contractor, idverde, for our grounds maintenance contract. Tenants were involved in scoping the brief, interviewing the contractors and assessing the bids. The Performance and Scrutiny Panel also completed their own Governance Review that fed into our wider external review of Governance.



**As we head towards the midway point of our 2018-22 Corporate Plan, we are well placed to deliver our targets. In the past year we have delivered 225 new homes which takes us well on our way to exceeding our target of 1,352 additional new homes by the end of the 2022/23 financial year.**

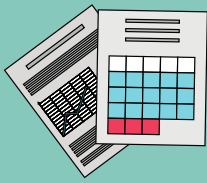


**We have had a strong year of operational performance. Despite the challenges of Welfare Reform, with many of our tenants moving to Universal Credit, we have worked hard to support tenancies whilst maintaining income rates.**



**As our sector responds to the tragic events at Grenfell we continue to evolve our approach to Health and Safety. We welcomed new staffing into Health and Safety to ensure we rigorously maintain compliance. The Board took the decision to increase investment in this area and we are in the process of moving all our electrical testing from a 10 to a 5 year cycle. This reflects our desire to maintain the highest standards in relation to health and safety for our tenants.**

I would like to conclude by saying that as I step down after nine years as Non-Executive Director and Chair, that it has been a real privilege to lead and be involved with Havebury. The organisation has grown in terms of unit numbers and financial strength. Our quality services and new homes are delivered by a great team whose drive, enthusiasm and dedication is clear in everything they do. It is with a real sense of sadness that I say goodbye and I would like to take this opportunity to thank all the staff, engaged tenants and my fellow Directors for all their efforts and support over many years. I will continue to follow the progress of Havebury and wish you all the best for what I am sure will be a successful future!



# Introduction to the Annual Report and value for money statement

The Regulator for Social Housing's Value for Money Standard standard requires Havebury to provide evidence annually to enable stakeholders to understand: performance against value for money targets and any metrics set out by the regulator, and how that performance compares to peers; measurable plans to address any areas of under performance, including clearly stating where improvements would not be appropriate and the rationale for this.

This report includes a summary of Havebury's Value for Money statement. For the full statement **[CLICK HERE](#)**.

Havebury measures its value for money performance against the seven value for money metrics and a suite of its own measures of value set by the Board. For Havebury, value for money is about maximising resources available to deliver the core strategic objectives and benefit the communities it serves. Value is delivered through Havebury's strong culture, company structure, sound financial and business planning, and effective procurement, performance management, tenant scrutiny and governance functions.

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

**This annual report sets out Havebury's achievements and performance in 2018/19 in the context of delivering value for money against its strategic objectives of:**



**Strengthen the business and our social impact by building more affordable homes**



**Provide good quality, accessible services that meet customer needs**



**Invest in homes and neighbourhoods to create places where people want to live**



**Drive value through an efficient, sustainable and well-run business**



**Invest in and value our people to continue to build a great organisation**

## Key financial statistics

	2018/19	2017/18
<b>Turnover</b>	£42,054k	£37,595k
<b>Operating Costs</b>	£24,768k	£22,608k
<b>Surplus</b>	£13,100k	£13,618k
<b>Properties owned</b>		
- Social housing	6,394	6,307
- Shared ownership	168	117



## Performance statistics

	2018/19	2017/18
<b>Overall customer satisfaction</b>	93.3%	93.3%
<b>Satisfaction with repairs</b>	85.6%	86.6%
<b>Rent loss to voids</b>	1.23%	0.65%
<b>Current tenant arrears</b>	1.61%	1.25%



# Strengthen the business and our social impact by building more affordable homes

Key to Havebury's value for money strategy is its development programme. Good quality social housing provides families and individuals safe and secure homes from which to build successful lives. Where it is managed and maintained appropriately, social housing offers more than accommodation. Since stock transfer in 2002, Havebury has delivered over 1,400 new affordable homes. The programme has accelerated over the last four years, with 225 completions during 2018/19. In November 2017, Havebury successfully secured additional funding, providing capacity to deliver a further 1,352 new homes by 2023 and increase affordable housing stock by around 20%. During 2018/19 Havebury was successful in obtaining grant funding to build homes for social rent for the first time since the 2008/11 National Affordable Housing Programme.

Value for money measures		Havebury result		2018/19 target	Other providers			2019/20 target
		2018/19	2017/18		Quartile 1	Median	Quartile 3	
VfM Metric	New housing supply delivered as a % of housing stock	3.43%	3.22%	3.32%	2.27%	1.16%	0.48%	4.35%
Havebury measure	New affordable housing units developed	225	207	218	206	83	26	297
Havebury measure	New affordable housing units to be identified (of programme to 2022/23)	277	457	New indicator	N/a	N/a	N/a	191

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



## What Havebury did in 2018/19

Started on site on four properties for market sale – the profits from which will be reinvested into social housing activities

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Attracted an additional £3.3 million of funding from Homes England for the development of new homes

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Completed the development of 225 new homes, 172 for rent and 53 shared ownership



## What Havebury will do in 2019/20

Complete and sell four market sale properties

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Complete the final 72 affordable rent properties of the 2015-18 affordable home programme

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Complete the final 72 affordable rent properties of the 2015-18 affordable home programme

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Identify properties for sale to the value of £500k to re-invest in building more suitable accommodation

## Provide good quality, accessible services that meet customer needs

In 2018/19 Havebury continued its work on the First Focus Project which is fundamental to understanding Havebury's detailed operational transactional costs and activities in order to manage waste, low value activity and duplication. Its key drivers are to facilitate growth, deliver efficiency through transformation and improve the customer offer. The project is ensuring that methods of delivering operational housing and repairs services are lean, efficient and enable the capacity to deliver front line services to a larger and more dispersed stock. The objectives of the project to date have been to develop a digital contact channel myHavebury, conduct lean reviews of neighbourhoods and repairs service to improve efficiency, improve customer intelligence to deliver the right services to those who need them and introduce agile working.

Value for money measures		Havebury result		2018/19 target	Other providers			2019/20 target
		2018/19	2017/18		Quartile 1	Median	Quartile 3	
Sector scorecard	Customer satisfaction with overall service	93.3%	93.3%	93.0%	90.0%	86.0%	81.0%	93.0%
Havebury measure	New complaints received	124	104	N/a	N/a	N/a	N/a	N/a
Havebury measure	Customer satisfaction with repairs and maintenance	85.6%	86.6%	87.0%	86.0%	81.0%	75.0%	87.0%

Havebury maintains quartile one performance on overall customer satisfaction sustaining improvements seen in the STAR survey results in the previous year. Additional investment in improvement works in recent years has contributed directly to Havebury tenants becoming amongst the most satisfied in the sector. Satisfaction with repairs and maintenance is close to top quartile too and the increase in complaints coincides with training for staff on how to properly identify and log expressions of dissatisfaction.

### What Havebury did in 2018/19



Undertaken an impact assessment of the implementation of Universal Credit so that implications for tenants and the business can be best managed

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Continued work developing myHavebury for resident to access services digitally

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Reviewed neighbourhood, estates and repairs service as part the First Focus project



### What Havebury will do in 2019/20

Test and launch MyHavebury so that residents can access services digitally

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Deliver a next generation customer strategy covering: tenant voice, customer service standards and customer engagement and insight

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Implement outcomes of neighbourhood and repairs first focus reviews and new service offers

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Develop a support service for tenants requiring greater assistance to effectively manage their tenancy

## Invest in homes and neighbourhoods to create places where people want to live

Havebury's Asset Management Strategy 2016-21 is underpinned by a rolling five year stock condition survey programme that continuously refreshes the data held on each asset so that informed decisions around management, maintenance and retention/disposal can be made. During 2018/19 four properties were disposed generating over £847k to fund additional development of new homes that will better meet local need. Havebury's efficiency elsewhere in the business allows for investment in community projects and additional spend on tenant priorities. During 2017/18 £100k was allocated to the tenant's forum to spend on capital works and £31k was awarded in grants to groups, attracting almost £197k in match funding for community projects.

Value for money measures		Havebury result		2018/19 target	Other providers			2019/20 target
		2018/19	2017/18		Quartile 1	Median	Quartile 3	
VfM Metric	Reinvestment	11.12%	8.97%	9.92%	8.62%	6.03%	3.89%	10.35%
Havebury measure	Percentage of properties with a valid gas safety certificate	100.00%	100.00%	100.00%	100.00%	100.00%	99.80%	100.00%
Havebury measure	Fire risk assessments overdue	0	0	0	N/a	N/a	N/a	0
Havebury measure	Fire risk actions overdue	0	0	0	N/a	N/a	N/a	1
Havebury measure	Customer satisfaction with area as a place to live	83.9%	87.1%	87.0%	88.6%	85.4%	82.8%	88.5%

The reinvestment metric looks at the investment in properties (existing as well as new supply) as a percentage of the value of properties held. Havebury's reinvestment is high compared to the majority of other housing associations demonstrating the ongoing commitment to make a significant contribution to new supply, whilst also maintaining the condition of existing units. Customer satisfaction with neighbourhood reduced between 2017/18 and 2018/19 from 87.1% to 83.9%. Since, the antisocial behaviour policy has been reviewed, and Havebury continues to work closely with partner organisations to resolve broader neighbourhood issues.

### What Havebury did in 2018/19



Provided 30 cross wall properties with external wall insulation



Implemented Neighbourhood Vision statement improvements across five estates

### What Havebury will do in 2019/20



Identify properties with the lowest energy performance ratings and develop plans to improve them



Undertake a programme of external wall insulation on cross wall homes with single skin second stories



Consider options for the improvement of property and environment of an estate in Bury St Edmunds



## Drive value through an efficient, sustainable and well-run business

The cost per unit (CPU) metric enables providers to assess their expenditure in a format that can easily be compared to peers. The increase between 2017/18 and 2018/19 was largely attributable to spend on maintenance and major repairs, and reflected prudent choices made by Board, meaning around £1m of expenditure planned for 2017/18 straddled 2018/19. CPU remains around the sector median and is forecast to reduce over the coming years as Havebury continues to work towards growing its housing stock, without a proportionate increase in overhead costs. Expenditure on major repairs remains the key driver of Havebury's overall CPU position. Excluding major repairs, CPU in 2018/19 (£2,253) increased by £282 on 2017/18 (£1,971) but is quartile one compared to the sector (sector median = £2,625).

Gearing is a measure of a provider's debt compared to the value of its assets. 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's position against both EBITDA MRI and gearing reflects its appetite for growth and is well within loan covenants. Havebury's operating margin remains healthy, being greater than that of the sector median, but within what we consider a suitable range for a provider of social housing with an aspiration to grow regionally, develop new homes and sustain value for money. Return on capital employed (ROCE) illustrates the return generated by a provider compared to its asset base. Havebury's position is not dissimilar to that of the median and in line with performance against other metrics.

Value for money measures		Havebury result		2018/19 target	Other providers			2019/20 target
		2018/19	2017/18		Quartile 1	Median	Quartile 3	
VfM metric	Headline social housing cost per unit	£3,423	£2,970	£3,397	£3,013	£3,397	£4,474	£3,311
VfM metric	Gearing (net debt as a % of value of assets)	53.8%	53.1%	54.4%	53.1%	42.9%	33.2%	57.0%
VfM metric	EBITDA MRI % interest (cash generated as a % of interest payments on debt)	154%	206%	160%	260%	206%	155%	143%
VfM metric	Operating margin	31.2%	35.7%	31.2%	34.0%	28.9%	22.7%	25.3%
VfM metric	Operating margin (social housing lettings)	33.2%	36.8%	N/a	37.1%	32.1%	25.6%	N/a
VfM metric	Return on capital employed (return generated as a % of value of assets)	4.13%	4.46%	N/a	5.38%	4.08%	3.32%	3.37%

. The agile working aspect of the First Focus project will realise the benefit of staff being more visible on estates and better able to deal with issues proactively. Overheads as a percentage of turnover is quartile one. This indicates Havebury's back office functions are lean, in theory allowing for greater investment in front line or added value services. The ratio of responsive repairs to planned maintenance indicates Havebury has an efficient approach to repairs and maintenance too.



Work to encourage tenants, particularly those on Universal Credit, to pay in advance is reflected in the percentage of rent collected increasing to 100%. 2018/19 was a challenging year for Havebury on voids. Performance improved in the second half of the year with additional staffing resource allocated to the lettings team. This led to a higher occupancy rate than at year end 2017/18 and lower average void times. A target of 30 days has been set for 2019/20, representing a significant improvement on performance in 2018/19 (49 days).

Value for money measures		Havebury result		2018/19 target	Other providers			2019/20 target
		2018/19	2017/18		Quartile 1	Median	Quartile 3	
Sector scorecard	Rent collected	99.58%	99.40%	99.40%	100.40%	99.80%	99.30%	99.41%
Sector scorecard	Occupancy rate	99.21%	98.96%	99.77%	99.65%	99.40%	99.00%	99.52%
Sector scorecard	Ratio of responsive repairs to planned maintenance	40%	43%	45%	46%	64%	82%	44%
Sector scorecard	Overheads as a % of turnover*	9.51%	9.30%	9.60%	9.66%	11.50%	13.62%	9.60%
Havebury measure	Asset cover (value of assets as a % of value of debt)	157%	143%	N/a	N/a	N/a	N/a	148%
Havebury measure	Current tenant arrears (net of unpaid housing benefit) as a % of rent debit	1.61%	1.25%	1.80%	1.46%	2.25%	2.95%	1.99%
Havebury measure	Rent loss from voids as a % of rent debit	1.23%	0.65%	0.70%	0.53%	0.78%	1.15%	0.77%

### What Havebury did in 2018/19

Delivered second phase of new housing management system implementation, offering greater efficiency

Tested technology to facilitate staff to work agile, more efficiently and maintain a greater presence on estates

Reviewed Havebury's rent policy to ensure Havebury can offer the right product and maximise capacity for the development of new homes



### What Havebury will do in 2019/20

Develop Havebury's approach to agile working so that staff can work more efficiently and have greater visibility on estates

Undertake a full review of policies and procedures to ensure value for money is maximised

Introduce a new, company wide performance management framework



## Invest in and value our people to continue to build a great organisation

Havebury's committed to attracting and retaining the best staff. It continues to invest in employee benefits and actively encourages staff training and development. With specialist consultants, an organisational development plan will be created in 2019/20.

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

Value for money measures		Havebury result		2018/19 target	Other providers			2019/20 target
		2018/19	2017/18		Quartile 1	Median	Quartile 3	
Havebury measure	Average day/shifts lost to sickness absence	7.3	7.1	5.5	7.0	9.0	11.0	7.0
Havebury measure	Percentage of staff happy at work	68%	New indicator	New indicator	N/a	N/a	N/a	72%
Havebury measure	Percentage of staff who would recommend working at Havebury	79%	New indicator	New indicator	N/a	N/a	N/a	83%

### What Havebury did in 2018/19



Continued investment in the Simply Health scheme

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Run two health and well-being awareness weeks and provided resilience training for staff

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Agreed new framework for agile and flexible working

### What Havebury will do in 2019/20



Implement new framework for agile and flexible working

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With specialist support create an organisational development plan

**FOR HAVEBURY'S FULL VALUE FOR MONEY STATEMENT, [CLICK HERE!](#)**