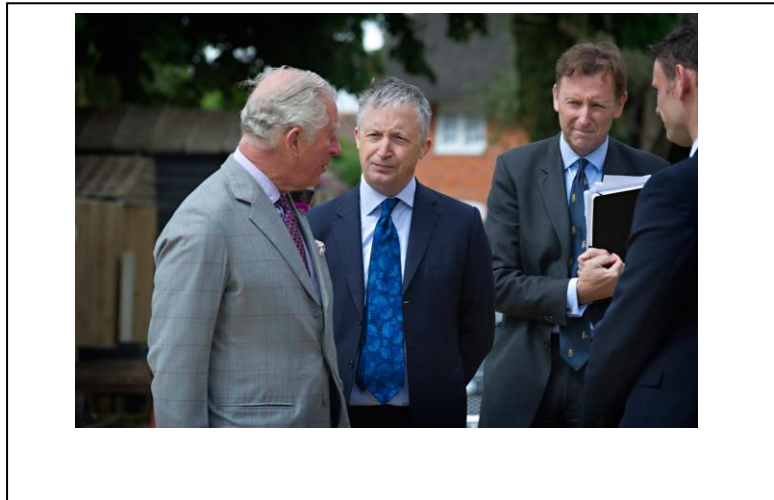


HASTOE CORPORATE PLAN 2020 - 2023



Hastoe
Group

FOREWORD

Ed Buscall, Chair of the Board, and Andrew Potter, Chief Executive

“ As the largest provider of rural affordable homes in England, Hastoe remains focussed on providing high-quality, energy-efficient, affordable properties for those living in the countryside. In 2020, we are maintaining a smaller than usual development programme in the light of ongoing regulatory reviews and continued economic and political uncertainty over COVID-19 and the UK's departure from the EU. However, we continue to innovate with our developments, such as the conversion of a historic Southwold cottage hospital in Suffolk into a community hub and 9 homes.

Over the past year, we have concentrated on improving services to our customers and improving the quality of our homes. We have reviewed our customer service strategy and, as part of this, we have created more opportunities to hear their views to ensure we are providing the services that our customers want. We have introduced more customer meetings with Board members and increased the number of phone-in days with the Chief Executive. Where we have been told that our services are lacking, we are working hard to improve them. Our customers have said they want a better repairs service, their homes upgraded and issues resolved quicker, so those have become our priorities. COVID-19 is changing the way that we engage with our customers, but we will ensure that we find new ways to listen.

We have focussed on our asset management strategy to ensure our existing homes are safe and are being well maintained. This review assessed running costs and has improved our understanding of our

future options. Our development strategy has been clarified so that all our schemes meet certain criteria to ensure their strategic fit and long-term viability. We have returned to working solely on affordable-led developments and moved away from market-led schemes.

We continue to invest in core systems and new technologies that support business improvement, increase efficiency and enable our customers to have greater access to online services. Since the emergence of COVID-19, the investment in these technologies has become even more crucial as we find new ways to engage and support our customers in this time of social distancing. Our internal assurances are also being tightened and while we said goodbye to three Board members, we also welcomed their replacements; a new resident Board member and two other members who bring a wealth of experience in their fields.

We were pleased to hear the new government's renewed commitment to the delivery of affordable housing and improving the design and standard of new homes; something Hastoe has long argued for and demonstrated the advantages of in the schemes it has produced. This coming year we plan to launch our Hastoe New Homes Standard, which will demonstrate how quality affordable housing can be built within a constrained budget and will reconfirm our position as the leading rural provider of high quality, energy efficient, sustainable rural homes.

”

WHO WE ARE

Established by the Sutton Dwellings Trust in 1962, Hastoe is a specialist rural housing association. We own and manage over 7,500 homes in almost 70 local authority areas. Our homes extend right across the south of England from Cornwall to Norfolk.

Since completing our first two rural housing schemes in Abbotsbury and Cerne Abbas in West Dorset in 1987, we have grown steadily to become the leading provider of rural affordable homes in England. However, as a large number of our original homes were built in urban areas, we still have a significant presence in these more densely populated communities.

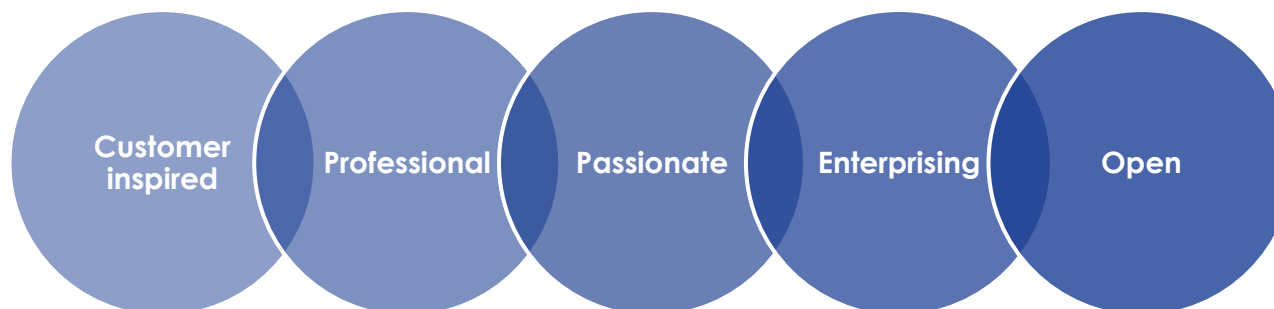
We have charitable status and any surplus we make is invested back into the communities in which we operate.

Our purpose

Our purpose is to work with rural communities to build and manage high-quality, energy-efficient and affordable homes that meet a local need. These homes enable local people to remain within their communities and help keep rural services sustainable.

Our values

Hastoe's five values are a vital part of our identity and describe the way in which our employees operate and relate to others.



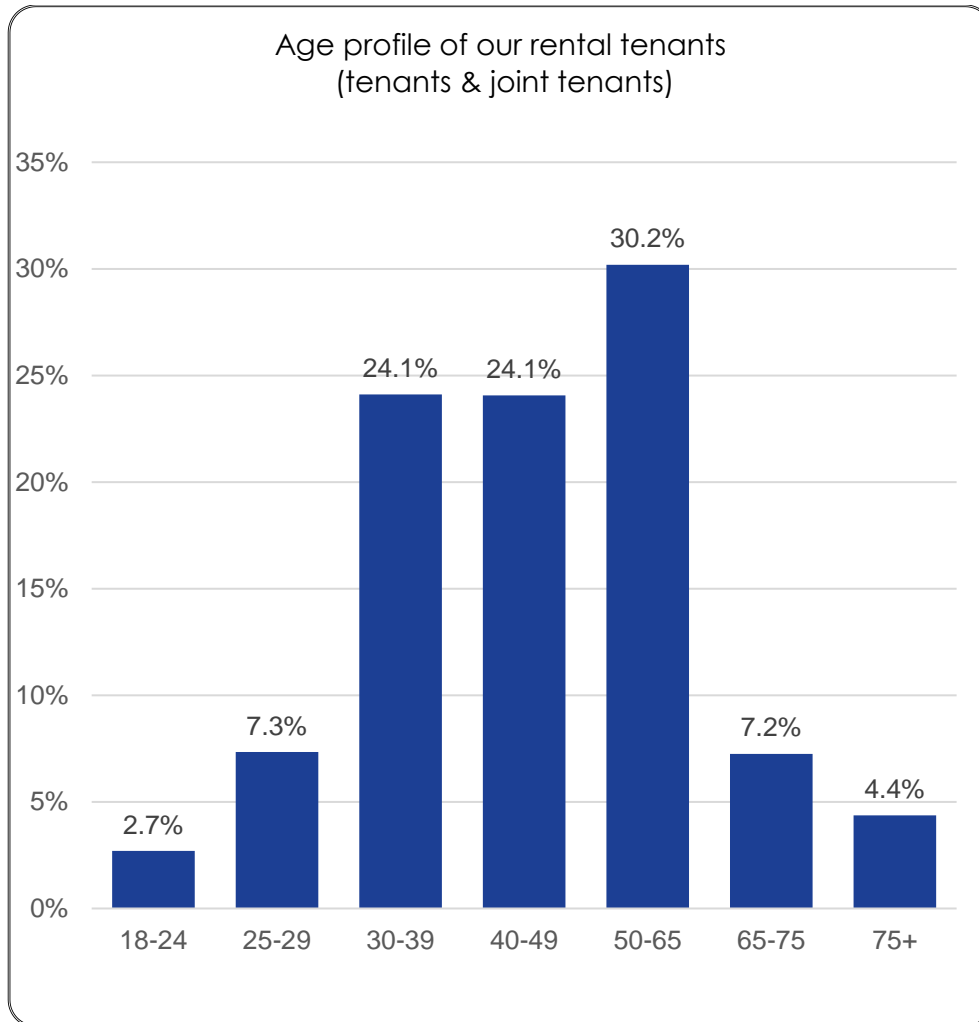
WHERE WE WORK

Hastoe owns and manages over 7,500 homes. We have social rent and shared owner properties in 69 local authority areas. The local authorities in which we manage more than 100 properties (as at 31.12.19) are listed below:

	LOCAL AUTHORITY	HOMES
1	Uttlesford, Essex	415
2	South Somerset	292
3	Aylesbury Vale, Bucks	275
4	Dorset	274
5	Milton Keynes, Bucks	263
6	Kings Lynn & West Norfolk	193
7	Chichester, West Sussex	169
8	Mendip, Somerset	143
9	East Devon	140
=10	Havering, Greater London	125
=10	South Norfolk	125
12	Breckland, Norfolk	124
13	East Cambridgeshire	118
14	North Devon	115
15	Stevenage, Herts	114
16	Mid Devon	113
17	East Suffolk	100



Age profile of our tenants and housing stock by tenure (as at 31.12.19)

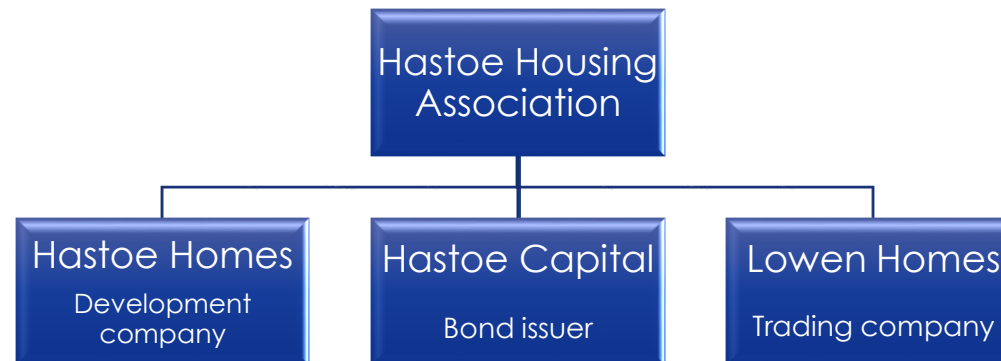


Hastoe housing stock by tenure

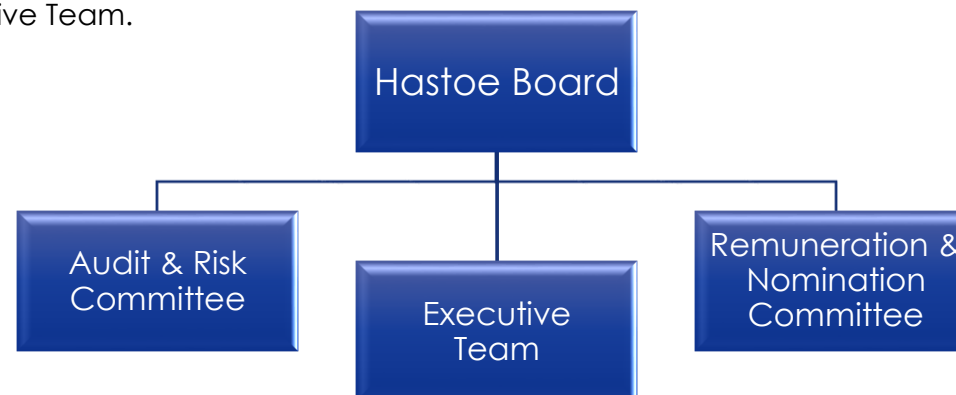
Social and Affordable	4,157
Ground Rent	1,894
Shared Owner	824
Leasehold	466
Freehold	293
Other	41
	7,675

HOW WE ARE RUN

Hastoe is regulated by the Regulator of Social Housing. In October 2019, Hastoe's G1 rating was reconfirmed by the Regulator – the highest possible governance rating. The Group complies with the National Housing Federation Code of Excellence in Governance. Hastoe Housing Association is the charitable parent of three active subsidiaries.



The Hastoe Housing Association Board has ultimate responsibility for how we are run. It is supported in this by two sub-committees, the Audit & Risk Committee and the Remuneration and Nomination Committee. The Board delegates day-to-day management of the organisation to the Executive Team.



Our Board

We are governed by a Board of 10 non-executive directors. Our Board Members are highly experienced and passionate about rural communities and the environment. The Board meets up to nine times per year and works closely with the Executive Team to ensure Hastoe delivers on its strategic objectives. A full list our Board Members and their profiles is on our website.

Our Executive Team

Responsible for the day-to-day running of the business are:



Chief Executive, Andrew Potter

Responsible to the Board, and for the Directors and Communications & External Affairs



Finance Director, Will Roberts

Responsible for Finance, Business Performance, Governance, IT and Human Resources



Operations Director, George Parkinson

Responsible for Housing Management, Property Services and Customer Service



Development Director, Ulrike Maccariello

Responsible for Development and Sales

OPERATING ENVIRONMENT

External

Political and Economic Environment

Following an extended period of political and economic uncertainty, a government with a Parliamentary majority was elected in December 2019. While the government's main focus has been on managing the impacts of COVID-19 and negotiating trading terms with the EU, we expect to see changes to housing policies and in the regulatory framework. Hastoe is well prepared for some of these anticipated changes especially where they relate to increased building safety, design and energy-efficiency standards.

Significant housing policy changes since the last Corporate Plan include:

Grenfell Inquiry: The government has accepted all findings of the Phase 1 report into the Grenfell Tower fire. This includes making regular checks on all fire doors and banning the use of combustibile materials on external walls in new developments. Phase 2 of the Inquiry began in January 2020 and is expected to be completed in 2021. Phase 2 is investigating the events that led up to the fire and is expected to find failings in the construction industry and the process of product testing and certification.

Building Better, Building Beautiful

Commission: Commissioned by the MHCLG with a view to promote better design, style and community consent in new housing, the final report 'Living with Beauty' was

published in January 2020. The 8 priorities for reform include more community involvement, creating places not just houses and greater integration of green spaces, waterways and wildlife habitats.

Future Homes Standard: In March 2019, the Chancellor announced a 'Future Homes Standard' to mandate low carbon heating and world-leading levels of energy efficiency for all new build homes by 2025. It is a stepping stone to achieve a target, set in law, to bring all the UK's greenhouse gas emissions to net zero by 2050. Hastoe has been building energy-efficient homes for many years but is now formalising a Hastoe New Homes Standard which will illustrate how rural housing associations are already

leading the way on standards relating to energy efficiency, quality and design.

Housing Ombudsman: In March 2020, the government confirmed the Housing Ombudsman would be granted new powers. The new scheme is expected to take effect from July 2020 with new guidance on complaint-handling failure orders, the complaint handling code and the framework for systemic investigations to be published later in 2020.

Ombudsman for New Homes: A new arbitration service for complaints about poor building work in new builds is being set up and due to open early in 2021. It is not yet clear whether the scheme will apply to registered housing providers.

Housing Market (impacts of Brexit & COVID-19)

After six years of house price inflation since 2013, house prices stabilised in 2019. An increase in property prices was observed in the immediate period following the General Election in December 2019 but a considerable degree of uncertainty remains. This is partly due to the unknown outcome of future Brexit negotiations as well as the impact of the COVID-19 pandemic; by itself expected to lead to a fall in house prices in 2020.

Some forecasters have stated that the UK could experience a drop in house prices of as much as 30% over the next three years. However, Hastoe has already taken steps to reduce its risk exposure to the housing market. It has reduced its development programme and exposure to open market sales and is continuing to take a measured approach to improve its medium-term financial position.

Conservative Party Manifesto Pledges for 2020-21:

- A Social Housing White Paper to include measures to provide greater redress, better regulation and improved quality of social housing.
- Increase building safety regulation.
- A renewed affordable homes programme.
- A reformed shared ownership model.
- The extension of the housing association Right to Buy pilot (which ran in the Midlands) to other areas.
- Giving local communities the power to write design standards.
- A Planning White Paper to make planning process clearer.
- A Renters' Reform Bill to abolish the use of 'no fault' evictions and introduce a new lifetime deposit.

Internal

Building Safety: Resident safety remains our top priority. Hastoe will continue to prioritise safety work and ensure compliance with changing regulations.

Customer Services: We have made a firm commitment to improve our customer service and we are an early adopter of the National Housing Federation's new 'Together with Tenants' programme which aims to ensure social landlords are more accountable to their tenants.

In March 2020, we launched a new website. We will continue to improve our digital platforms including our online customer portal which enables residents to access services and carry out transactions 24/7. We will continue to promote and encourage the portal especially in the light of COVID-19 while also seeking to provide the right balance of self-service with a personal service, recognising some rural communities don't have reliable access to broadband.

We are improving our complaints process with greater focus on resolution and using experience and learning to enhance our internal systems.

Listening to residents is important to us. We continue to have a resident Board

member, the CEO holds two customer phone days every year and the Board meets with customers personally. In light of COVID-19 it's likely that this year's face-to-face meetings with residents will be limited; we will look at how we can engage residents with surveys, by way of our Resident Champions and through our long-established Hastoe Hundreds Club.

Repairs: We have listened to customers and recognise this is an area that still needs improving. It will remain a priority in 20/21. We have invested more resources, improved our systems, and are managing our contracts more effectively. We will now check repair work more closely and ask for customer feedback on all jobs completed to help make further improvements.

Assets: We will be investing more in our existing homes over the next 30 years and continue to maintain our stock at Decent Homes levels and above. Our priority will be compliance and Decent Homes works, moving to a 3-year rolling planned programme.

Although a rural organisation, Hastoe has urban stock that we will review over time to evaluate its long-term strategic fit.

COVID-19 will impact on our improvements works and repairs service due to lockdown measures, the need to socially distance, implement new safe working guidance, as well as the availability of people and supplies.

Finances: After a decade of successful expansion, Hastoe is consolidating its financial position and improving over the medium term. We have reduced our exposure to risk while enhancing internal controls.

Development and Sales: Our Development Strategy reflects the Board's appetite for improvements in quality and taking a prudent approach to sales and development in line with our financial plan.

People: Our employees are our greatest resource. Attracting and retaining the right talent is essential. We will improve succession planning to ensure we have the right capacity and continue to promote and reward high performance.

COVID-19 will bring changes to the employment market and how people work. This is something we will address in 20/21 and incorporate into our People Strategy.

HASTOE'S STRATEGIC OBJECTIVES

To meet our purpose we have set ourselves five strategic objectives which underpin our work.

Build and invest in high-quality and energy-efficient homes

Provide residents with a quality customer service

Be an excellent employer

Work with rural communities and influence policy on key issues

Run an effective and efficient organisation

There are planned actions for 2020/21 under each strategic objective. The Board actively monitors Hastoe's performance in delivering the planned actions over the course of the year to ensure successful delivery.

OBJECTIVE 1: BUILD AND INVEST IN HIGH-QUALITY AND ENERGY-EFFICIENT HOMES

Hastoe builds homes that are designed to last for generations and suited to rural living. We care about raising housing standards and building homes that rural communities want and can take pride in. Since fuel poverty is higher in rural areas, we develop our homes to an energy-efficiency standard, higher than required by building regulations.

We provided input to the Building Better, Building Beautiful Commission and in 2020/21 we will complete work on formalising our own Hastoe New Homes Standard. This will clearly articulate our design standard for new-build homes and lay out what communities and partners can expect when they work with us to deliver affordable housing. Our Hastoe Homes Standard will deliver energy-efficient homes that are well-designed and meet UK targets for carbon reduction.

We will also maintain a rolling programme to ensure our existing homes meet the Decent Homes Standard as a minimum. We will continue to prioritise building safety works and make sure all our homes meet 100% compliance requirements and any defects are well managed.

Actions in 2020/21	Outcome
Develop a Hastoe New Homes Standard for new energy-efficient and quality homes.	To maintain high standards that are fit for the future and achieve value for money in build costs and ongoing maintenance.
Review the performance of urban stock.	To identify high-cost stock that isn't a long-term strategic fit.

Key Performance Indicator	2020/21 target
Development	
Number of new build starts	89
Number of new home build completions	33

OBJECTIVE 2: PROVIDE RESIDENTS WITH A QUALITY CUSTOMER SERVICE

In 2019/20, we reviewed our Customer Service Strategy. Recognising the importance of personal engagement, the Board held an informal lunch with residents to invite feedback on our services and the CEO held two resident phone days during the year. In the year ahead we will continue to engage with our customers. We will also continue to focus on our repairs service, ensuring we are responsive to customers and able to resolve issues in a timely and professional way. We have already made some progress on improving our repairs service by managing contracts better and this will continue in 20/21. Our customers are clear they want the option to talk to someone and not feel forced to go online. While we will encourage residents to use our online portal, alongside this 24/7 option we will continue to provide a personal service and an ability to talk to us in person. We fully recognise that some of our rural communities lack the necessary broadband connectivity.

Actions in 2020/21	Outcome
Consolidate our regional areas from three into two.	To provide consistent delivery of services across fewer regions, generating efficiencies to reinvest in front line services.
Implement an improvement plan for repairs and better manage contracts and costs.	To improve the management of responsive repairs and customer satisfaction with repairs.
Promote the online portal (MyHastoe) to enable customers to have greater access to self-service.	To increase registration and use of our online services.
Review our Service Standards with our customers.	To produce updated service standards.
Host an engagement session between residents, Board members and senior employees.	To enable customers to have direct access to the Board and Executive so they gain, at first hand, an understanding of customers concerns.
Review our mechanisms for resident engagement.	To ensure our mechanism are as inclusive and representative as possible especially where they relate to the delivery of excellent customer service.
Introduce a new complaints policy and workflow on our Customer Management System (Active H).	To streamline our complaints process to enable quick resolution, better monitoring and improvements to services.
Improve upon our current methods for measuring customer satisfaction.	To undertake a STAR satisfaction survey to understand our customer priorities and benchmark the delivery of our services against the sector.

Key Performance Indicator	2020/21 target
Customer	
Overall customer satisfaction (STAR survey)	Monitor and review
Percentage of telephone callers satisfied with the way their call was handled	Monitor and review
Percentage of online customer portal interactions	20%
Satisfaction with repair completed	85%
Repairs completed on time	Monitor and review
Repairs post-inspection 'Passed'	95%
Social & affordable arrears	Monitor and review
Shared ownership arrears	Monitor and review
Re-let time (exc. major works)	Monitor and review

OBJECTIVE 3: BE AN EXCELLENT EMPLOYER

In October 2018, we retained our Investors in People (IiP) Gold accreditation. Assessors reported ‘the stand out feature of Hastoe is, indeed, its unique culture’. We aim to continue to be an excellent employer and this strategic objective has been retained for a second year to reflect this. Hastoe has been a Living Wage Employer since 2014. We want to attract the best possible new people to the organisation and encourage and reward high performance. In order to do this we are developing a People Strategy, the main aim of which is to align the HR function with operational needs and address future ways of working.

Since the outbreak of COVID-19, it is unclear where the employment market will be in 2020 and how different people's working pattern and environment may be affected. Work has begun to understand the implications for recruitment, retention, working arrangements, engagement and leadership and will be reflected in our People Strategy.

Actions in 2020/21	Outcome
Develop a People Strategy and create a high performance culture	A clear direction setting out the type of employer we want to be.
Review our working arrangements	To ensure our working arrangements are optimised to deliver a quality customer service.
Develop an improved approach to recruitment, retention and succession.	To attract and retain the right people in the right roles in the most efficient way – reducing employee turnover and the cost/time of hiring.
Create a range of health and wellbeing services, tools and initiatives, including developments in our approach to flexible/agile working.	To improve health and wellbeing across the business (especially in light of COVID-19) as well as levels of engagement and motivation.

Key Performance Indicator	2020/21 target
Employees	
Employee satisfaction	80%
Employee turnover (rolling year)	15%

OBJECTIVE 4: WORK WITH RURAL COMMUNITIES AND INFLUENCE POLICY ON KEY ISSUES

Rural England desperately needs more affordable homes. We work with rural communities to build new homes and influence policy in areas that matter to them. Hastoe has a clear and distinctive position in the rural housing sector. We seek to influence national policy for the benefit of rural communities on issues where we have specialisms such as rural exception sites, design quality and high energy-efficiency standards.

Although COVID-19 is likely to have an impact on some of our planned activities for 2020/21, e.g. the ability to showcase new housing schemes to influencers and stakeholders, we will aim to gain coverage and a higher profile through various media both in print and online.

Actions in 2020/21	Outcome
Influence government policy feeding into responses to consultations.	To ensure the rural perspective is heard and given due consideration.
Seek media coverage for a range of Hastoe achievements including new housing scheme developments and the launch of the Hastoe New Homes Standard.	To celebrate the quality of Hastoe's build standard and enhance reputation.
Sponsoring external events where these are still planned to take place.	To maintain influence and strategic partnerships in Hastoe's business interest.

OBJECTIVE 5: RUN AN EFFECTIVE AND EFFICIENT ORGANISATION

Hastoe's governance is strong and we will continue to review arrangements to ensure we have the right skills and capacity within the business to deliver the right level of assurance.

We are continuing to invest in technologies to streamline our business processes, automate more activities and move more online to reduce costs, improve performance and free up employee time to provide an enhanced service to customers.

We are continuing to take steps to improve our financial resilience and ensure Hastoe remains on a secure financial footing. We will also review the performance of our assets and look at options on how these can be improved.

Actions in 2020/21	Outcome
Enhance our use of systems for a number of processes: <ul style="list-style-type: none"> • Repairs • Complaints • Asbestos/Legionella • Asset Management • Arrears/Service Charges • Voids/Allocations 	To simplify the process and provide better visibility of the workflow and reporting in order to improve the management of follow-on actions and achieve improvements in services and assurances on compliance where relevant.
Implement Power Bi business reporting tool, appoint a Business Analyst and train staff to use the data.	To create reports and dashboards that provide interactive visualisations and business intelligence.
Improve Business Continuity Planning by implementing a new and more flexible telephony system.	To have a system that supports flexible and home working arrangements and can support greater automation.
Update the Board succession plan.	To ensure stability and continuity in Governance structures.

VALUE FOR MONEY

The Board is committed to delivering Hastoe's strategic objectives in a way that represents value for money. This is driven by an awareness of the responsibility to use our assets and resources wisely, to protect our long-term future and to build and manage high-quality, energy-efficient homes that meet the needs of the varied communities in which we operate.

Hastoe uses the 3 E's model – aiming to increase economy, efficiency and effectiveness – to achieve value for money. The targets within Appendix 1 of the Corporate Plan focus on the effectiveness in delivering Hastoe's ambitions. The table below sets out the Board's other targets for increasing Hastoe's economy, efficiency and effectiveness.

	Hastoe targets			Sector comparison*		
	2020/21	2021/22	2022/23	Upper	Median	Lower
EBITDA MRI** interest cover	129%	138%	138%	238%	184%	139%
Social housing interest cover	115%	111%	114%		152%	
Operating margin (exc. fixed asset sales)	41%	37%	38%	30.8%	25.8%	20%
Operating margin on social housing lettings	44%	42%	42%	34.6%	29.2%	23.1%
Net margin (exc. fixed asset sales)	7%	8%	7%		11%	
Gearing	52%	53%	53%	53.9%	43.4%	32.6%
Gearing (debt/revenue)	7.2	6.6	6.7		3.8	
New supply delivered (social housing)	0.6%	1.8%	1.3%	2.5%	1.5%	0.6%
New supply delivered (non-social housing)	0.0%	0.0%	0.0%	0.13%	0%	0%
Reinvestment	6.5%	8.2%	5.2%	8.7%	6.2%	4.2%
Return on Capital Employed	3.3%	3.2%	3.2%	4.7%	3.8%	3.0%

* Cited in the Regulator of Social Housing's "Value for money metrics and reporting 2019"

**Earnings before interest, tax, depreciation and amortisation, with capitalised major repairs costs included.

Weaker performance than Sector Median
Stronger performance than Sector Median

APPENDIX 1: KEY PERFORMANCE INDICATORS AND TARGETS

Due to the impact of COVID-19 on our ability to carry out some activities and services, we will 'monitor and review' areas where indicated below, with a view to produce targets when it is possible to do so.

Key Performance Indicator	2019/20 performance	2020/21 target
Customer		
Overall customer satisfaction (STAR survey)	73.6% (ICS survey in 2018)	Monitor and review
Percentage of telephone callers satisfied with the way their call was handled	61.6%	Monitor and review
Percentage of online customer portal interactions	16.4%	20%
Satisfaction with repair completed	77.1%	85%
Repairs completed on time	83.8%	Monitor and review
Repairs post-inspection 'Passed'	91%	95%
Social & affordable arrears	2.66%	Monitor and review
Shared ownership arrears	1.21%	Monitor and review
Re-let time (exc. major works)	21.1%	Monitor and review
Compliance		
Residential buildings meeting Decent Homes	100%	100%
Residential blocks with valid fire risk assessment	100%	100%
Properties with communal water facilities with valid risk assessment	100%	100%
Residential buildings with valid gas certificates	100%	100%
Residential blocks with valid asbestos management survey	100%	100%
Residential buildings with current electrical certificate	93.9%	100%
Development		
Number of new build starts	18	89
Number of new home build completions	48	33
Employees		
Employee satisfaction	7.3/10 (survey in 2018/19)	80%
Employee turnover (rolling year)	19.3%	15%