

BUSINESS STRATEGY

2023 – 2026

Providing sustainable homes for sustainable communities



15 new homes completed in August 2022 at Icklesham, East Sussex

Hastoe was established 60 years ago and now owns and manages more than 7,500 homes, predominately across the south of England from Devon to Norfolk.

Since 1987 we have focused on being a leading rural housing specialist. We deliver small housing developments, where there is a need, in partnership with local communities. Our homes are designed and built to a high and sustainable standard.

We are a niche housing association with a clear purpose, focused on our core business with a simple structure. We have grown steadily over the years, have charitable status and any surplus we make is invested back into our new and existing homes.

About this Business Strategy

This Business Strategy consolidates several different plans and strategies to simplify, remove duplication, and allow the whole picture to be seen more clearly. It makes more visible the 'golden thread' that links our purpose, vision and values with our strategic objectives.

We have consolidated the following strategies:

- Corporate Plan
- Customer Strategy
- Asset Management Strategy
- Development Strategy
- People Strategy
- Equality, Diversity, and Inclusion Strategy

We have set out who we are, what we are looking to achieve and how we are planning to deliver on those objectives. It includes the

actions we plan to take and the performance levels we are seeking to achieve.

Our strategic approaches are now described under each of our four objectives with clear plans and targets that we aim to deliver.

This document is reviewed annually by the Board and, in addition to the customer feedback we receive throughout the year, we will be engaging residents in this process.

Hastoe's Financial Plan and Financial Report and Statements will continue to be published as separate documents alongside the Business Strategy.

Introduction



Since becoming Chair in May 2022, the Board and I have prioritised listening to our residents to ensure we know what's important to them. This Business Strategy aims to reflect this approach and to help us tackle the core issues that we know our residents want us to address; namely to deliver high-quality services and invest in the repair and maintenance of their homes. These two objectives sit at the very top of our agenda.

We're also very aware that much more needs to be done to address the housing crisis which is why our third objective is to maximise Hastoe's resources so we can provide quality, affordable homes for future generations in rural England.

Balancing looking after our current residents and providing much needed new affordable homes is not without its challenges, and these challenges are not unique to us. There are many external political and economic influences that impact on our ability to deliver. However, due to robust governance and financial diligence, we have a solid foundation to build from. Hastoe has an excellent team of dedicated people, who have a wide range of skills and experiences and who are committed to doing their best, and by working together and listening to our residents, I am confident we will continue to make progress. We will continue to invest in our people, drive efficiencies, work effectively and above all continue to support residents and seek feedback to be sure we are meeting and delivering on their needs.

Lindy Morgan
Chair of Hastoe's Board



Our Business Strategy is focused around creating a viable organisation, whilst ensuring that our homes are safe and we can deliver for customers. We are currently rated G1/V1, the highest regulatory ratings.

2022/23 was a year of continued challenges with rising costs and higher levels of staff turnover, all impacting our ability to deliver our repairs service. We are hoping 2023/24

will see some of these pressures ease and allow us to get back to focus on delivering for our customers and improving our homes.

Inflation and the cost of living are likely to remain high on most people's minds throughout 2023. Rents are regulated and were capped below inflation in 2023/24 but they will still seem high compared to previous years. This is always a balancing act between what people can afford and the money needed to invest in homes.

Our customers have told us they want us to focus on improving the repairs service and our communications and that is what we plan to do. We have relocated our customer service team to work closer with our operational teams, recruited more staff, improved our complaints management, and our customer portal, MyHastoe. We are appointing more repairs contractors to provide a better repairs service and we will be more pro-active in following up any overdue repairs and keeping customer informed. We are also doing more to support residents who are struggling financially.

Regulatory changes relating to Building Safety, the Ombudsman and new Consumer Standards mean we are preparing for that too.

Andrew Potter, Chief Executive

Our purpose

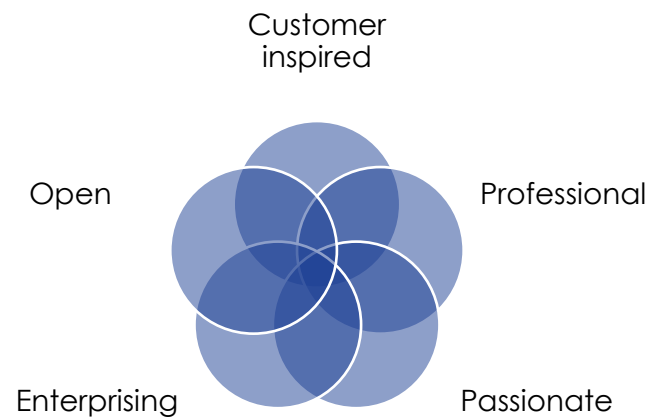
To provide a level of service that meets our customers' expectations and to build high-quality, affordable homes that support sustainable rural communities.

Our vision

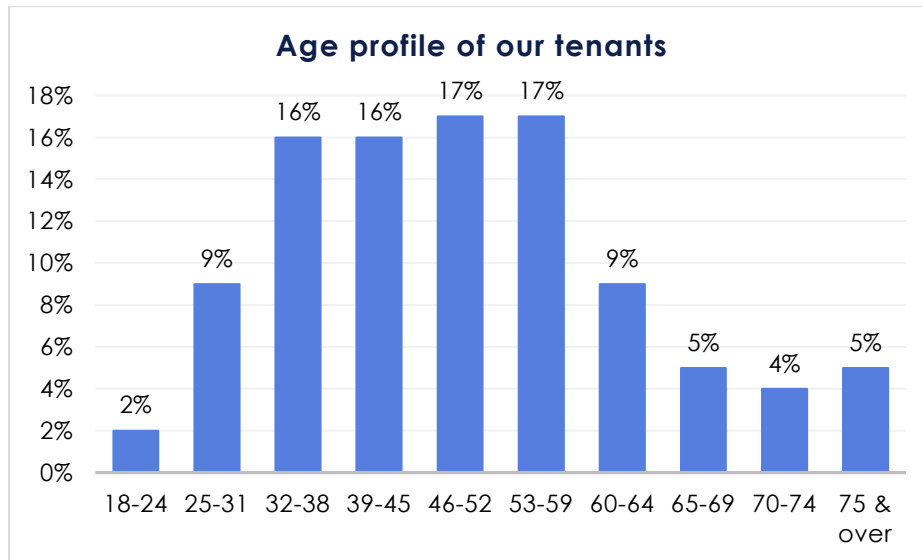
That everyone should have a comfortable and safe home within a sustainable community.

Our values

Our five values are a vital part of our identity and describe the way in which we operate and relate to others.



Age profile of our tenants and managed housing by tenure (as at 31.12.22)



Managed housing by tenure

Social and Affordable	4,241
Ground Rent	1,880
Shared Owner	838
Leasehold	481
Freehold	302
Other	13
	7,755

Operating Environment

The environment in which we are operating brings its own challenges. Current known factors are described below and details of how we intend to respond are included under each of our objectives.

Political and economic environment: We are expecting the political and economic environment to continue to present uncertainties; with a general election likely anytime up to the end of 2024, inflation to remain stubbornly high, and wider geo-political events to have far-reaching implications. The impact of Covid-19, the war in Ukraine, and other world events are a reminder of the need for increased business resilience.

Inflation: The Bank of England is forecasting that inflation will fall later in 2023. However, we are being cautious about these estimates at the moment.

Interest rates: Interest rates have risen multiple times in 2022/23 after a long period of historic low rates. This means that, for Hastoe and its customers, borrowing costs have increased requiring investment plans to be reassessed and an upward pressure needing to be applied on the level of arrears for customers.

Rent cap: For the 2023-24 financial year, a 7% rent ceiling was set by the government for social and affordable housing rent increases. In real terms this means our main source of income has fallen.

Customer expectations: The sector as a whole seems to be experiencing reduced customer satisfaction and this is evident for us too. Covid and the events that followed have made delivering some services more challenging. We also recognise that, in part, this may be due to the way we deliver our services (our repair service in

particular) and we may need to adapt our future plans in order to deliver the services customers expect.

Building safety: New regulations affect Hastoe's 4 blocks over 18 metres and 2 blocks over 11 metres. Preparations are underway to comply with changes to building regulations. Resident safety will always remain our top priority. We do not anticipate further material issues relating to fire safety or building defects as these have been managed closely for the past five years. Where defects have been identified, we have pursued developers, insurers and litigation to make sure those responsible put things right and to minimise liabilities to Hastoe and its customers.

Carbon emissions: We are committed to the UK becoming a Net Zero Carbon nation by 2050 and are looking forward to the detail on what this looks like for the housing sector, so we can effectively plan to do our part. In the meantime, we are on course to bring the majority of our homes up the EPC 'C' rating by 2030 by reducing fossil fuel heating, improving property insulation and participating in government pilots that enable existing homes to be adapted. Once the standards are set, we will be ready to adjust our future investment programmes.

Planning reforms: The government has consulted on reforms to national planning policy and changes to the National Planning Policy Framework (NPPF). A proposed Infrastructure Levy (IL) is intended to replace the current Community Infrastructure Levy, Section 106 and affordable housing developer contributions with a single flat-rate levy based on the final sale values of a development. The IL is expected to be introduced through a 'test and learn' system over a 10-year period.

Social Housing (Regulation) Bill: This is expected to receive Royal Assent in 2023 and seeks to improve the position of tenants, as well as defining the obligations of landlords through increased regulation. It includes a new set of Tenant Satisfaction Measures, likely mandatory checks on electrical installations, appointment of a health and safety lead and places the Housing Ombudsman's Code of Practice into law. It may also require that social housing managers gain professional qualifications and introduces "Awaab's Law" which requires social landlords to fix damp and mould within strict time limits.

Employment market: Our employees are our greatest resource. Attracting and retaining the right talent is essential. We will continue to focus on our employer brand and attracting and retaining the right skills. However, we anticipate the skills shortage and pressure on pay will continue into 2023/24 and we will be evaluating how to adapt to this.

Our objectives for 2023-26

To meet our purpose, we have set ourselves four objectives that underpin our work.



Each objective has a key target for the next three years:

	2023/24	2024/25	2025/26
Customer satisfaction	65%	70%	75%
% of homes at EPC 'C' or above	80%	85%	90%
New homes started on site	100	106	101
Employee satisfaction	90%	90%	90%

There are planned actions under each objective for 2023/24. Our Board actively monitors Hastoe's performance in delivering the planned actions over the 3-year period of this strategy to ensure successful delivery.

OBJECTIVE 1: Deliver good-quality services for our residents that meet their needs

Customers have told us they think their homes are safe, of good quality, and that they like their neighbourhood. However, they have expressed a need for our repairs and customer communications to improve. We are planning to improve the delivery of our services by focusing on a number of areas. In order to understand any challenges our customers may face in accessing our services, we will engage with more residents.

Customer service: We aim to answer calls in a reasonable time and deliver a professional service. To achieve this we have relocated our customer service with our operational teams, employed more staff at busy times, introduced a queuing system so customers know where they are in the call queue, as well as a call-back facility to give customers more options when contacting us. We have also set up a dedicated team to proactively manage any overdue repairs so customers don't need to keep chasing, and we have improved our online portal, MyHastoe, as the main online access point for routine transactions. We listen to our customers' feedback through complaints, regular phone-in days with our Executive Team, face-to-face meetings with Board members, regular engagement with our Resident Champions and via our satisfaction surveys.

Our customers need to be able to trust us to say what we'll do and do what we say. Our service standards are published in full at www.hastoe.com/standards.

Repairs and maintenance: Our repairs service is delivered through our partner contractors. We know our customers want improvements, especially in responsive repairs. We are increasing the number of contractors we use so we are more able to deliver a better service and have more resilience when things don't go right.

Diversity and inclusion: We recognise we deliver services to diverse communities across a wide geography, and we want to ensure our services are delivered in a way that enables equal access and does not discriminate against any specific group or people with protected characteristics. Our last resident survey* demonstrated that 43% of residents have physical or mental health conditions or illnesses expected to last a year or more. 74% of these residents have advised us that their condition or illness reduces their ability to carry out day-to-day activities. We will engage with these residents by setting up a group to better understand how we can improve our service delivery for them and to ensure that we meet their needs.

87%* of our residents have advised us that they are White British, and we are conscious that this may mask inequalities in customer experience of access to our services. We want to ensure that all communities feel that they have equal access to our services and do not feel discriminated against. We take seriously any complaints of discrimination and ensure that they are appropriately and independently investigated.

We will continue to collect diversity data in respect of our residents to ensure that we are knowledgeable about who our communities are, and the feedback we receive is representative. This data will be held anonymously to comply with GDPR.

All Board members and Hastoe employees undertake Equality, Diversity and Inclusion training when they join the organisation and undertake periodic refresher training thereafter.

Customer support: We have recruited an additional advisor to our Benefit & Welfare Team to support customers struggling with the rising cost of living. In addition, we have introduced a welfare fund to assist those residents adversely affected. We will always carefully review any accounts in arrears to ensure residents are getting all the

help we can offer to sustain their tenancy and we will only act where it is necessary and appropriate. As a means of tackling rural inequalities, we will continue to offer grants to help deliver community-based projects.

Customer engagement: We believe it's very important to hear residents' feedback and that we engage in different ways. This starts at the top of the organisation with the Board and resident Board member going out to meet customers face to face every year. Our CEO and Executive Team also hold 3 tenant phone days for customers to call and talk to them direct.

We also have dedicated customer scrutiny groups to focus on customer services and complaints learning, so we can identify where improvements are needed if things have gone wrong. We want to further engage with our Resident Champions to ensure we are properly supporting residents who take on this role and effectively improving our services as a result of their feedback.

We aim to recruit more Resident Champions over the coming year who can alert our housing officers at an early stage if estate services are not being delivered to standard. We will use the results of our first Tenant Satisfaction Measures survey to further engage with our residents in improving services.

Complaints management: We have reviewed our complaints policy to ensure that we comply with the Housing Ombudsman's code. Both the Executive Team and the Board have increased their oversight and remain focused on using our complaints to learn lessons and improve services. The Board receives regular reports on complaints. We will communicate this learning and our improvements to customers in our Annual Report for Tenants.

[* Findings from resident survey 2022]

Aims	Actions 2023/24	Outcomes/Target 2023/24
To improve customer satisfaction.	<ul style="list-style-type: none"> • Improve our customer journey scripting so when contact is made staff have the correct information and follow-on steps to minimise any points of failure or delay. • Move all online customer communications through MyHastoe so responses can be improved, enquiries tracked better and automated where possible. 	<ul style="list-style-type: none"> • 65% customer satisfaction in first TSM perception survey, increasing to 70% in 2024/5 and 75% in 2025/6.
To improve the repairs service and reduce complaints by better managing overdue repairs.	<ul style="list-style-type: none"> • Increase our response repairs contracts across our regions from 6 to 10. • Have a specialist team to pro-actively deal with overdue repairs. • Develop a Winter Resilience Plan to improve our service during the winter months; a period when there are more calls, heating, hot water and mould enquiries. 	<ul style="list-style-type: none"> • 85% of repairs completed on time.
To improve complaints management.	<ul style="list-style-type: none"> • Re-instate director level involvement in the stage 2 complaints process. • Frontline staff to have specific complaints handling objectives. • Set up a dedicated Board sub-group to scrutinise the complaints management process. 	<ul style="list-style-type: none"> • Respond to 90% of complaints within the timescales set out within the Ombudsman's Complaints Handling Code.

	<ul style="list-style-type: none"> Establish customer feedback and engagement groups for our customer services and learning from complaints. 	
To improve customer engagement.	<ul style="list-style-type: none"> Invite residents to accompany their housing officer on an estate inspection as standard practice at least once a year. Run a campaign and organise webinars to recruit and engage Resident Champions. Engage with customers in the re-procurement of estate services. Set up a resident forum for residents living in high rise blocks (over 18m). 	<ul style="list-style-type: none"> Increased number of residents who engage.
To deliver services in a way that allows equal access for all.	<ul style="list-style-type: none"> Engage with customers with disabilities to understand more any barriers to access and feed into our future improvement planning. Segment customer satisfaction data by the equality strands. 	<ul style="list-style-type: none"> Improve services to those customers with disabilities. Understand customer satisfaction between different groups to ensure equality of access to services.

Key Performance Indicator	2021/22 performance	2022/23 performance	2023/24 target
Customer			
Overall customer satisfaction (STAR survey)	65%	50%	65%
Average call waiting time into Customer Services 0300 123 2250	3 mins 42 seconds	10 mins 41 seconds	5 mins
Repairs completed on time	76%	79%	85%
Stage 1 complaints responded to within Complaint Handling Code timescales (20 days max)	41% ¹	36% ¹	90%
Stage 2 complaints responded to within Complaint Handling Code timescales (30 days max)	-	89%	90%
Social and affordable arrears	2.4%	2.78%	2.6%
No of findings of maladministration by the Housing Ombudsman	0	0	0

¹ within 10 working days

OBJECTIVE 2: Invest in and maintain, safe, energy-efficient homes

We are committed to updating our stock data more frequently to ensure our homes are safe, well maintained and carbon emissions kept low.

Hastoe has been building energy-efficient homes for over 10 years. Our stock is relatively modern, mostly houses, and over 75% of our homes already meet EPC ‘C’ rating. Our customer feedback is positive and residents believe their homes are safe. However, following the pandemic there have been delays in delivering some improvements due to issues such as a shortage of skilled labour and delays in supply chains. We have plans in place to address this.

Knowing our housing stock: It's important we have accurate records about the properties we manage and, to ensure our data is accurate, we are changing the frequency for surveying our homes to once every 5 years. These surveys collect a variety of information on components, their condition, EPC rating and any hazards under the Housing, Health, and Safety Rating System (HHSRS). This helps us plan future investment and communicate better with customers. This data will be key to planning for the effective reduction of carbon emissions in the future.

OUR HOUSING STOCK	Houses	Flats/ Maisonettes	Other	Total
Rented	3072	1180	16	4268
Leasehold	1	488		489
Shared Owner	756	96		852
Ground rent	1349	260		1609
Other	303	2	4	309
Total	5481	2026	20	7527

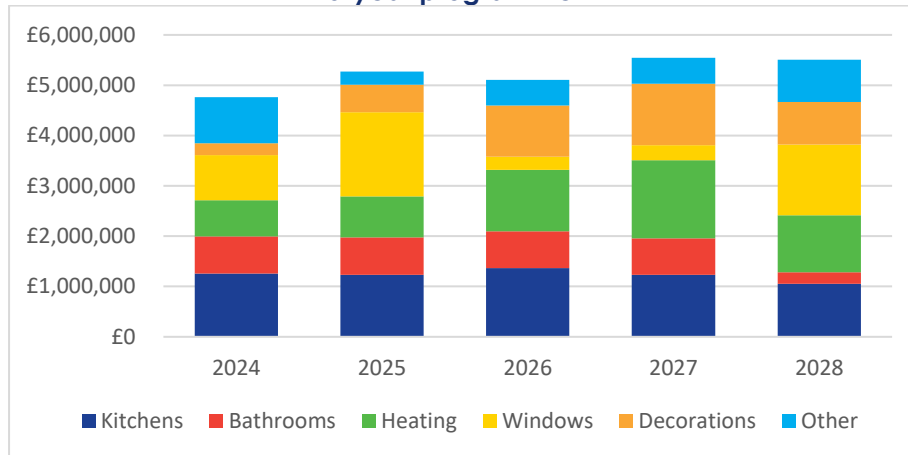
Investment in our properties: Our priority for investment is safety, maintaining homes to a Decent standard, and component renewal. This ensures residents remain safe and we are compliant with our statutory and regulatory requirements.

We plan for the replacement of components that we know are reaching the end of their lifecycle and the general wear and tear of components is managed through our responsive repairs service. Should properties need a high number of repairs, we monitor this and, if necessary, take a closer look to see why this is the case.

We know some property components are currently beyond their predicted lifecycle. This is mainly due to work delays caused by the pandemic and post pandemic challenges with supplies, labour, and recruitment of Hastoe employees. Over the next 5 years, we plan to bring our component renewals in line with their predicted lifecycle and we will take account of the condition of components in deciding when they need replacement. Where they are found to be in good condition, we will extend their lifecycle, and build this into our programme.

Our investment plan is set out below and funded within our Financial Plan over 30 years. We will review the plan annually to take account of new information and obligations to ensure we are on course.

5-year programme



Damp and mould: We take damp and mould seriously and have reviewed all past reports to check issues have been resolved. We have enhanced our procedures for identifying and assessing new cases and we are prioritising the most serious cases. Any complaints raised will be investigated thoroughly. We are also enhancing our stock condition surveys to provide a better overview. We report any serious hazards to the Board so there is oversight throughout the business.

Building safety: We are advanced in resolving our building safety defects in our homes and are not anticipating many more material liabilities in this area as we have been addressing this since 2018. Where we can, we have been recovering most of the liabilities from the original contractors, professional services, and insurances. In addition to stock condition surveys, we have a fire risk assessment

process in place and are now preparing for and implementing the new building safety regulations.

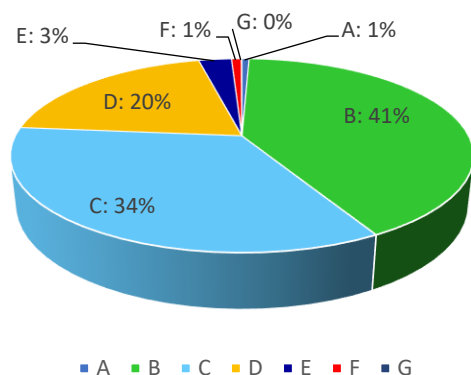
Energy efficiency: Hastoe has been building energy-efficient homes for many years. 75% of our homes have an EPC 'C' rating or above. In 2021 we launched the Hastoe New-Build Standard which meets the anticipated Future Homes Standard (FHS). Its aim is to ensure that new homes built from 2025 will produce 75-80% less carbon emissions than homes built under the current building regulations.

Net zero carbon: We are fully committed to decarbonising our existing homes by 2050, where this is possible. We recognise this area is still developing in terms of specific requirements, technologies, supply chains, skills, costs, local planning, and providing value for money. We also recognise that planning for investment for net zero over the long term will need to be dynamic so it can take into account the numerous changes and developments likely over time. Stress tests of our financial plan include an assumption about the increased level of investment required to meet net zero and we keep this under regular review.

We are taking a fabric-first approach to building homes and investing in clean energy. This involves improving the insulation of homes and we are starting to incorporate this into our asset-investment planning to ensure we make the most of opportunities to insulate roofs, wall, doors and windows. By doing this we will reduce fossil fuel heating over the long term and be in a good position by 2050.

We will be evaluating and learning from pilot projects underway to create a dynamic and deliverable pathway in consultation with our customers and keep our investment plans updated. The current government recognises that the scale of making the UK net zero by 2050 is going to need significant public funding support. We are already accessing ECO4 funding and will make funding bids to support us in the future.

Current EPC rating excluding transfer properties



Void properties: When homes become empty, we use our void standard to maintain the properties in a good condition. This includes surveying for hazards and meeting the Decent Homes Standard. We aim for short turn-around times to speed up our ability to re-house people and minimise rent loss.

Statutory compliance: We want to keep customers safe and will ensure our homes meet the statutory compliance standards. Checks are recorded on our core systems and reported to the Executive and Board for oversight with routine compliance and audits to provide assurance.

Asset management: As a rural housing provider we will continue to dispose of some legacy flats in urban areas that no longer align with our strategic direction. The money from these sales is invested in the provision of modern, well-built and energy-efficient houses in rural England. We are also reviewing other non-standard and high-cost assets for potential alternative options that deliver better value for money.

Aims	Actions 2023/24	Outcomes / Target 2023/24
To know our stock better and continue to invest in our properties.	<ul style="list-style-type: none"> Deliver the planned maintenance programme of £6 million to improve our homes. Further improve quality of stock data as part of medium-term goal to move to 5-yearly survey cycle. Ensure customers can see when we plan to survey properties for improvements. 	<ul style="list-style-type: none"> Maintain 100% compliance with the Decent Homes Standard. Complete a stock condition survey of 1,500 homes. Publish our 5-year capital investment plan online.
To keep our residents safe in their homes.	<ul style="list-style-type: none"> Comply with new building safety requirements. Ensure we have robust process and monitoring in place for dealing with damp and mould in our properties. Invest in technologies that can monitor damp conditions in our homes. 	<ul style="list-style-type: none"> Maintain 100% compliance with all landlord health and safety performance indicators. Add damp and mould performance indicators to regular Board reporting.

To meet government targets for improving energy efficiency and reduce the fuel bills of our tenants.	<ul style="list-style-type: none"> Review EPC 'D' rated properties; assess and plan works required to improve the rating to EPC 'C' or above. 	<ul style="list-style-type: none"> 80% of rented homes are rated EPC 'C' or above.
To re-house people more quickly and reduce rent loss.	<ul style="list-style-type: none"> Increase our response repairs contracts across our regions from 6 to 10. Director-level involvement in operational voids management until target met. 	<ul style="list-style-type: none"> Re-let void properties (not subject to major works) within an average of 20 days.
To strategically manage properties.	<ul style="list-style-type: none"> Continue to market for sale non-strategically aligned properties. Refresh evaluation of hard-to-let/high-cost-to-maintain properties and decide to retain/invest or dispose of them. 	<ul style="list-style-type: none"> Complete the sale of one of Hastoe's tower blocks. Achieve 12 trickle sales delivering a surplus for reinvestment of £1.5m.

Key Performance Indicator	2021/22 performance	2022/23 performance	2023/24 target
Compliance			
Residential buildings meeting Decent Homes Standard	100%	100%	100%
Residential blocks with valid fire risk assessment	100%	95%	100%
Properties with communal water facilities with valid risk assessment	94%	83%	100%
Passenger lifts with valid LOLER inspection	100%	100%	100%
Residential buildings with valid gas certificates	100%	100%	100%
Residential blocks with valid asbestos management survey	100%	100%	100%
Residential buildings with current electrical certificate	97%	99%	100%
No. of category 1 failures under Housing, Health & Safety Rating System	New measure introduced in 23/24	New measure introduced in 23/24	0
Repairs & Maintenance			
Energy efficiency EPC 'C' rating or above	76%	76%	80%
Re-let time (exc. major works)	29 days	25.1 days	20 days

OBJECTIVE 3: Develop homes in rural areas to support the sustainability of rural communities

We have developed our own Hastoe New-Build Standard and remain committed to building high-quality, sustainable homes that support sustainable communities.

As a founding member of the Rural Housing Alliance, Hastoe has a long-established and deep commitment to working alongside local communities, land owners and parish councils to provide new, high-quality, affordable homes. This enables us to find the right sites, ensure that local people who qualify for housing are given first priority, and to make sure our homes remain either for rent or shared ownership in perpetuity.

Where we build: The majority of our homes are in the south of England from Devon to Norfolk. While the focus of our new-build activity is in smaller rural communities, through Rural Exception Site and S106 delivery, we do also provide homes in some of England's larger villages and market towns that serve as a hub for the surrounding area. Hastoe is one of the very few housing associations that continues to build affordable homes in rural England.

New-build products: We offer three products.

- Passivhaus - This is an independent certified standard of build that presents the highest standard of energy efficiency. We aim to have a scheme in development at any one time.
- Hastoe New-Build Standard - This is our mainstream product. It exceeds building regulations in energy efficiency and is being built to nationally described space standards. All homes built to the Hastoe New-Build Standard will fit into the village vernacular and our quality management processes will apply to ensure a high-quality build.

- Section 106 acquisition - We will acquire Section 106 properties from other developers, from time to time, where we consider the homes have been built to a sufficiently good standard to fit the Hastoe portfolio.

Land supply: We have a 5-year pipeline of schemes and seek to maintain a 3-year programme where we already have sites agreed in principle. Our land supply will be mainly focused on Rural Exception Sites (RES) and public land. We will continue to work with Local Authority partners, Parish Councils, Rural Housing Enablers, landowners, community organisations and developers to ensure we can deliver our land supply.

We have not seen a great impact on land availability since the introduction of First Homes Exception Sites. In Designated Rural Areas (covering only approx. 30% of rural areas) it is possible to use RES and small S106 sites, subject to the Local Plan policy. National Parks and AONBs are exempt from First Homes Exception Sites and only affordable RES can be delivered in these areas.

Influencing work: Rural England desperately needs more affordable homes. Hastoe works 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 will continue to work in partnership to influence policy for the benefit of rural communities such as rural exception sites, design quality and high energy-efficiency standards. The Hastoe New-Build Standard will continue to act as a catalyst for us over the coming year to enter topical sector-wide discussions around sustainability, energy efficiency and quality more generally.

Funding: Our Financial Plan supports the delivery of this strategy for the next three years. Our funding comes from the following sources:

- External borrowing – provided through our bonds and bank loan facilities.
- Grant – provided through Homes England and Local Authorities.
- Sales receipts – from disposal of assets and shared ownership sales.
- Rental income – rental income from our tenants and shared owners.

Homes England affordable homes programme 2021/26: Hastoe bids for grant funding under the Continuous Market Engagement route. During 2023/24 we will complete several schemes that include the new shared ownership model, and our development assumptions reflect this. The right to shared ownership will be applicable to most of the rented properties delivered through the AHP 2021/26. Homes in rural communities will be excluded and consequently the impact on Hastoe will be limited.

Development programme: The table below summarises our development programme over the next three years, showing how many homes we plan to start building or acquire. The tenure mix for schemes reflects the identified housing need in each individual parish in which we work and rents will be set in line with our rent setting policy.

Key Performance Indicator	2023/24	2024/25	2025/26
Starts on site (rented / shared ownership)	82 / 18	68 / 38	91 / 10
Completed new homes	63	72	113

OBJECTIVE 4: Run a professional, efficient organisation and be an excellent employer

We are committed to improving as an organisation and maintaining business resilience.

Following an annual stability review by the Regulator of Social Housing in November 2022, Hastoe retained the highest regulatory ratings a housing association can achieve for financial viability and governance. In July 2022, Hastoe also retained its Investors in People Gold status. This accreditation demonstrates a clear commitment to our employees.

Financial planning: We will continue to reduce exposure to risk and strengthen the medium-term financial plan through sensible growth and effective use of our assets. In the coming year, we plan to raise £15m via the Affordable Homes Guarantee Scheme to fund our development programme.

Effective governance: To ensure that our governance remains robust and aligned to our Business Strategy, we have arranged for an independently run board-effectiveness review. We plan to implement any recommended improvements in the coming year.

Employee engagement: Hastoe has around 100 employees, working in a range of roles across a wide geographical area. We recognise that people perform at their best when they have clarity, are equipped and empowered to fulfil their role, feel listened to and appreciated, and when they are engaged. In addition to individual, team and departmental meetings, managers meet with the Executive Team twice a year, and we organise 3 Connect Days to bring all employees and Board members together to share ideas, information and recognise achievements. In addition, the CEO and Executive Team provide ad-hoc briefings and Q&A sessions for all employees (e.g. on the Business Strategy). Hastoe also has a newly

constituted, active and influential Staff Forum which represents employee interests to senior management.

Equality, diversity and inclusion (EDI): We want to ensure we have a workplace that is inclusive and diverse. We know diversity within a workforce improves the performance and productivity of an organisation. Diverse leadership teams make better decisions and having different people with different perspectives and backgrounds leads to better designed services. In Winter 2022, we asked the Housing Diversity Network (HDN) to survey our employees and conduct discovery sessions. The HDN made a number of observations, and we will now work with our Staff Forum to agree actions.

Recruitment and retention: The current employment market is very competitive. However, we have high employee satisfaction and we value our people, as evidenced by our retention of the IIP Gold standard in 2022. We will be providing further recruitment training for our managers and rolling out an improved induction process. We remain committed to providing ongoing training and CPD for our employees and encourage everyone to study for a relevant professional qualification. Our aim is to reduce staff turnover and increase the percentage of new starters who remain with Hastoe one year after joining us.

IT and business systems: We will continue to invest in technology to support greater resilience, automations, customer access, efficiency, agile working and internal controls. We arranged for third party, expert cyber security testing in December 2022 and we will continue to implement the associated recommendations in the coming year.

Aims	Actions 2023/24	Outcome/Target 2023/24
To enhance employee engagement, EDI, approaches to reward/recognition and improve internal communications.	<ul style="list-style-type: none"> • Hold ET/Manager meetings to facilitate briefings, discussion and feedback on strategy, policies and processes. • Organise briefings and Q&As on the Business Strategy for all employees. • Organise 3 Connect Days that create opportunities for employees and Board Members to network, provide updates and celebrate achievements. • Review EDI observations in the HDN report and agree actions with the Staff Forum. • Further promote the benefits and flexibility that Hastoe offers to employees (total reward). 	<ul style="list-style-type: none"> • 85% of staff believe they receive appropriate recognition. • Employee satisfaction remains > 90%.
To improve recruitment and retention.	<ul style="list-style-type: none"> • Provide training to managers to improve recruitment skills. • Recruit an additional HR resource to allow the team to proactively search for candidates in difficult-to-recruit areas. • Roll out improved induction programme. 	<ul style="list-style-type: none"> • Overall staff turnover lower than 20%. • New starters who leave within one year, lower than 10%.
To raise new funding to support the development programme.	<ul style="list-style-type: none"> • Raise £15m via the Affordable Homes Guarantee Scheme. 	<ul style="list-style-type: none"> • Maintain liquidity in line with Treasury Policy requirements.
To maintain robust and effective governance.	<ul style="list-style-type: none"> • Complete an externally-facilitated review of governance. • Create a plan to implement resulting recommendations. • Recruit Board members to fill identified skills gaps. 	<ul style="list-style-type: none"> • Board effectiveness review containing no material adverse findings. • Maintain compliance with UK Corporate Code of Governance and G1 governance regulatory rating.
To review office requirements to better fit hybrid working arrangements.	<ul style="list-style-type: none"> • Develop a costed plan with timescales to right-size Hastoe's office space, including decisions about the future of Hampton Wick and Little Chesterford. 	<ul style="list-style-type: none"> • Decision on future office space requirements made and plan being implemented.
To improve resilience and flexibility of IT infrastructure.	<ul style="list-style-type: none"> • Move IT infrastructure from being office based to the Cloud (housing management and finance systems to hosted by third parties and network files to be in Azure). 	<ul style="list-style-type: none"> • Move to Cloud completed.

To continue to improve and develop business systems.	<ul style="list-style-type: none"> • Implement SharePoint as Hastoe's document management system. • Review repairs' on-line scripts. • Review repairs' process and rewrite workflow. • Upgrade accounting and purchase order systems. • Identify new HR system. 	<ul style="list-style-type: none"> • Actions completed.
To continue to improve cyber security.	<ul style="list-style-type: none"> • Implement actions from recent penetration and internal vulnerabilities testing. • Provide annual IT security training for employees and hold monthly phishing tests. • Implement internal and external vulnerability scanner. 	<ul style="list-style-type: none"> • Actions completed. • Zero security breaches.

Key Performance Indicator	2021/22 performance	2022/23 performance	2023/24 target
Employee satisfaction	92%	96%	90%
Employees that believe they receive appropriate recognition	85%	80%	85%
Employee turnover (rolling year)	31%	33%	<20%
New starters that leave within one year	New measure	New measure	<10%

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 listed under each of the 4 Objectives in this Business Strategy 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.

	Forecast		
	2023/24	2024/25	2025/26
EBITDA MRI cover	132%	142%	150%
Social housing interest cover	121%	128%	138%
Operating margin (excluding fixed asset sales)	39%	40%	42%
Operating margin on social housing lettings	41%	43%	45%
Net margin (excluding fixed asset sales)	9%	12%	14%
Gearing (debt/cost properties)	50%	48%	50%
Gearing (debt/revenue)	6.0	5.7	5.8
New supply delivered (social housing)	1.5%	3.1%	1.9%
New supply delivered (non-social housing)	0.00%	0.00%	0.00%
Reinvestment	8.5%	8.2%	7.6%
Return on Capital Employed	3.7%	3.5%	3.8%