

BUSINESS STRATEGY

2024 – 2027

Providing sustainable homes for sustainable communities



8 new homes completed in August 2023 at Stoke by Nayland, Suffolk

Hastoe was established over 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 recognised 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

To make it easier to see our overall strategic direction, instead of having multiple documents, last year we consolidated all our plans and strategies into one overall Business Strategy. This removed duplication, made it more concise, and makes more visible the 'golden thread' that links our purpose, vision and values, with our strategic objectives, actions and targets.

It incorporates the following former strategies:

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

In this document, we set out who we are, what we are looking to achieve and how we are planning to deliver on those objectives. We list the principal actions we plan to take and the performance

levels we are seeking to achieve. Our strategic approaches are 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 (including via Housing staff, our Customer Service Centre, phone days with the CEO and Directors, and meetings with the Board), we also engage residents as part of a formal process. To inform this year's Business Strategy, members of the Board and our Executive Team met with tenants and shared owners to enable them to influence our approach.

Hastoe's Financial Plan and Financial Report and Statements are published as separate documents alongside this Business Strategy.

Introduction



Carrying out an annual review of our Business Strategy and updating it for the coming year gives us the opportunity to really think about how we can meet the challenges ahead. We made progress last year against many of our objectives and we remain focussed on continuing our work to drive these improvements home. Crucially we cannot do this without our customers.

The priorities set out in our first two objectives are to deliver good, quality services that meet our residents' needs and invest in and maintain safe homes. To help us do this, we are building on and expanding all opportunities for residents to feedback to us and influence how we deliver those services. This is very exciting as it provides additional opportunities for residents to speak to us about a range of issues from repairs and contractors through to strategic priorities and communications.

Hastoe has an excellent reputation for working alongside communities to deliver critically needed, quality, affordable rural homes. Developing in rural areas has its challenges, but as experts, and against competing financial priorities, we remain committed to maximising what we can do for rural communities.

Having been Chair for almost 2 years now, I have experienced first-hand the drive and commitment of our staff to achieve the targets we have set with our residents. I have also, alongside other Board members, had a number of opportunities to meet residents. I continue to be impressed and humbled by their constructive, critical feedback and support for Hastoe to achieve for and on behalf of residents now and in the future.

Lindy Morgan, Chair of Hastoe's Board



Our Business Strategy remains focused on ensuring our homes are safe, that we deliver on our customer needs and that we are sustainable as an organisation. In terms of the latter, I'm pleased to report the latest review by the Regulator of Social Housing maintained our G1/V1 rating. This reflects our sound finances and governance. However, from April 2024 the Regulator will expand its focus with its revised consumer standards.

Like so many of us, we too as a business have been exposed to escalating costs. Labour shortages and supply chain disruptions have had an impact. Yet despite these pressures, we have succeeded in making a number of improvements in some key areas of concern to residents. Our Customer Service team has reduced call waiting times. We have appointed, and will continue to appoint, more and new repairs contractors. We have been more proactive in following up repairs and we have invested more in home improvements. Our Benefit & Welfare Advisors have been providing essential support to hundreds of our customers enabling them to access finances and other services they need.

While we want to celebrate these successes, we are not complacent. We know there is still much more to be done. Feedback from residents is clear; our repairs service needs further improvement so customers are not having to chase. Customers have also asked for clarity on response times so we have consulted them and revised our Service Standards to take their views into account. We remain committed to listening to customer feedback and to making further improvements.

Andrew Potter, Chief Executive

Our purpose

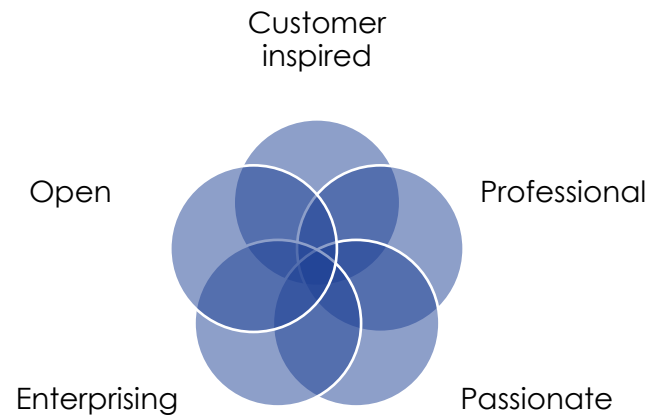
To provide a level of service that meets our customers' expectations and to build high-quality, affordable homes that support sustainable rural communities.

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.



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 four objectives.

Political and economic environment: We expect the political and economic environment to continue to present uncertainties. Although inflation has started to reduce, economic growth is sluggish. Government debt and taxes are high. A general election is expected in 2024 and wider geo-political events could have far-reaching implications at any time. We will plan to increase our business resilience to help us manage these uncertainties.

Interest rates: Following a long period of historic low rates, interest rates have risen sharply. Although these look to have peaked, for Hastoe and its customers, borrowing costs have increased. This requires investment plans to be reassessed and puts pressure on household budgets.

Rents: Over the past 10 years, rents have increased below inflation reducing our income in real terms, while costs, regulations and expectations have risen, resulting in the sector having less capacity. In 2024/25 and 2025/26, rents will rise at CPI+1%, but there is no certainty this will be maintained, so we need to be cautious about our commitments in the long term.

Social Housing Regulation: New consumer regulation and inspections start in April 2024 and include new Tenant Satisfaction Measures. The Housing Ombudsman's Complaint Handling Code is now a legal requirement and further consultations continue to address emergency repairs performance, damp and mould and standards.

Building safety: Resident safety will always remain our top priority. Our buildings over 18m are now registered with the new Building Safety Regulator. We have also been surveying our blocks for a

number of years and by 2025/26 we will have completed all our condition surveys for all our homes. Where we have identified defects we will ensure works get done and, where necessary, we have put mitigations in place. We have sought minimised liabilities for Hastoe and its customers by pursuing developers so those responsible put things right.

Customer expectations: The sector as a whole seems to be experiencing a reduction in customer satisfaction and this is evident for us too. Our customers are clear our repairs service needs to be better and we recognise this needs to be a top priority. While customer satisfaction increased for us in 2023, it needs to improve further. We will be making additional improvements, investing more in homes, improving repairs, using more local contractors and improving how we manage contracts. We are also planning to invest in more locally-based staff.

Carbon emissions: We are committed to the UK becoming a Net Zero Carbon nation by 2050. We are looking forward to seeing what this looks like for the housing sector and the detail of how this will happen and be funded, so we can effectively plan to do our part. In the meantime, we are on course to bring our homes up to the EPC 'C' rating by 2030 (we are aware this rating may change). Our new homes are being built to the Hastoe New-Build Standard which is anticipated to meet the Future Homes Standard.

Employment market: Our employees are our greatest resource. Retaining and attracting the right talent is essential. We will continue to focus on our employer brand and support our teams by providing the necessary training and development. However, we anticipate a continued skills shortage and pay pressures in some areas.

Risk Assessment

Risks that may prevent the Group achieving its objectives are considered and reviewed regularly by the Board and senior staff as part of the business planning and performance management processes. The Board considers the following to be the major risks to successful achievement of its objectives.

Key risk	Description and risk mitigation
Landlord Health & Safety	<p><i>Failure to meet health and safety responsibilities resulting in injury or death.</i></p> <p>The Board reviews a series of health and safety performance indicators, including category 1 hazards under the housing health and safety system, such as serious cases of damp and mould. The Board also approves an annual health and safety policy and statement.</p> <p>The Group employs specialist external consultants to support an experienced staff team. Stock surveys for Hastoe's older urban properties and those with a high number of repairs will be completed by April 2024.</p> <p>Further assurance is provided by a programme of independent internal audits and compliance tests.</p>
Rent Controls	<p><i>Political or economic changes, potentially as a result of the cost of living crisis, resulting in controls on social rents that are less favourable than the current expectation of increases being capped at the Consumer Prices Index plus 1% from 2026.</i></p> <p>The Board reviews the financial plan and associated stress testing to gain assurance of the Group's long-term financial viability.</p>
Customer Service and Repairs Contractor Delivery	<p><i>Poor performance of repair contractors and delays in resolving customers' issues, resulting in a low level of customer satisfaction.</i></p> <p>Hastoe continues to invest in its housing management system and digital services. A number of new repairs contractors were mobilised in 2023 with the aim of improving the repairs service and making it more resilient. We continue to procure more local contractors to improve the service for our customers and minimise the impact of contractor failure.</p> <p>The Board has set exacting targets to enhance the customer experience.</p>

Our objectives for 2024-27

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

1. Deliver good-quality services for our residents that meet their needs
2. Invest in and maintain, safe, energy-efficient homes
3. Develop homes in rural areas to support the sustainability of rural communities
4. Run a professional, efficient organisation and be an excellent employer

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

	2024/25	2025/26	2026/27
1. Customer satisfaction	70%	75%	80%
2. % of homes at EPC 'C' or above	85%	90%	93%
3. New homes started on site	106	100	101
4. Employee satisfaction	90%	90%	90%

There are planned actions under each objective for 2024/25. 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 want us to pick up the phone quicker, get repairs done on time, to standard and keep them informed. As a result, we have focussed on improving these areas and have reduced waiting times to our Customer Service Centre and employed more and new locally-based contractors to carry out repairs. We have been more proactive in keeping customers informed and we have improved our complaints handling. As a consequence, overall customer satisfaction has improved by almost 10% in a year but we know we still have more to do.

Customer service: Our Customer Service team has reduced call waiting times and 90% of customers who call us are now satisfied with our phone service. We have created a dedicated team to follow up repairs to reduce the need for customers to chase. Based on customer feedback, we have made changes to our online service including producing a user-friendly MyHastoe home page and the ability to upload photos when reporting repairs. We have consulted customers about our service standards and their expectations in relation to our services and response times. Customers have told us they want realistic timescales they can rely on and we will make these changes in 2024.

Repairs and maintenance: This remains a priority for our residents and therefore also for us. The results from our first Tenant Satisfaction Measures (TSM) survey (www.hastoe.com/tsm-2023) shows that changes made in response to customer feedback are starting to have a positive impact. We will continue to employ better-performing, locally-based contractors, pro-actively follow up repairs, keeping customers informed and improve our contract management, so repairs get done on time to standard. Residents

have told us they are dissatisfied with our out-of-hours service, so we are re procuring this contract.

Resident engagement: Resident feedback is essential to us because it helps us know where we need to improve. As we have lots of small rural developments throughout the South of England, we need to engage in ways that work for our customers. In addition to feedback received by Hastoe staff in day-to-day interactions, we take a range of proactive approaches to reach out to and accommodate the needs of our residents. Our approach is:

Board and Executive: Our commitment starts at the very top. We appoint a resident to our Board to ensure there is always a customer perspective when discussions and decisions are made at Board level. We also invite residents to meet Board members in person in different parts of the country. Tenants are invited to speak directly with our CEO and Directors as part of our organised phone days and to discuss any issues of concern they may have. This year we will also be organising dedicated phone days for home owners.

Resident Champions: Our Resident Champions act as our eyes and ears across a wide geography. They provide us with useful insights and are a vital source of knowledge and support for both residents and us at a local level. We are recruiting more Resident Champions and are involving them in other areas of our work where we need to have a customer voice.

Focus and Scrutiny Groups: These are formed of residents who want to help us improve in identified areas of interest. Scrutiny groups enable residents to scrutinise key areas of our service and to suggest improvements in how we manage, for example, complaints, damp and mould, and building safety. This latter group consists of residents

who live in buildings 18m and above and they have assisted us in developing our Resident Engagement Strategies for these blocks. In 2024/25, we will look to build on the scrutiny group that provided feedback on this Business Strategy. Focus groups will provide input on key materials and publications such as our Annual Report for Tenants, our tenant e-newsletter, the Hastoe website and online customer portal, MyHastoe.

The areas we are focusing on in 2024/5 are:

Disabled/vulnerable residents: A significant number of our customers have told us they have a disability or vulnerability and we will be engaging with those residents to better understand what further changes we can make to support them. In 2023, we audited the Hastoe website and made changes to ensure it meets GOV.UK's content design guidance standard. In 2024 we will investigate ways to improve the Accessibility standard of our online service, MyHastoe.

Home owners: We also intend to focus on and engage with our home owners who are 20% of our customers. Satisfaction amongst shared owners is low so we want to hear what is important to them and how they want to engage with us to ensure their particular concerns are taken into account. We will organise separate phone days for shared owners and leaseholders, and encourage them to engage with us at Drop-in Days and during Home Visits. We are also looking to improve our service by consulting on increasing resources to provide a dedicated Home Ownership team.

Drop-In Days/Home Visits: In 2024/25 we will develop a programme of engagement activities that we piloted last year in Devon and Kent where residents told us they had concerns about ongoing issues. The Drop-in Day on our estate in Plymouth gave residents an opportunity to meet face to face with staff from different Hastoe departments so they could raise issues or concerns about their repairs, neighbourhood or finances, as well as make suggestions for

improvements. We also arranged for our repairs contractor to be on site to carry out easy-to-fix repairs on the day. In rural and less populated locations where there is no nearby venue to meet (or drop in), we will door knock and organise home visits by appointment, as we have successfully piloted in Tunbridge Wells. We will offer the same range of support services for Home Visits as provided at Drop-in Days, including offering easy-to-fix repairs on the day. Board Members will be invited to these activities, providing another opportunity for them to talk to residents directly.

Where there are common issues or concerns, our Communications team will ensure all those affected will be kept informed of actions that are being taken using all appropriate channels including letters, emails, texts, follow-up meetings, e-newsletters, Hastoe's website, etc.

Complaints management: The majority of our complaints are about our repairs service, with most received during the winter months relating to heating, hot water and mould. In 2024, we will appoint new contractors and bring to an end the contracts that receive the most complaints.

We have increased our resources to manage and monitor outstanding issues, improved our response times, and reviewed our complaints policy to ensure we comply with the reviewed Housing Ombudsman's Complaint Handling Code. The Board receives regular information on complaints performance and an annual complaints' report. In 2024, a Board member will be appointed to oversee complaints and we will continue to communicate our learning and improvements to residents in our Annual Report for Tenants. We have invited residents to assist us in scrutinising our complaints service and to help in undertaking our annual self-assessment against the Housing Ombudsman's Complaint Handling Code.

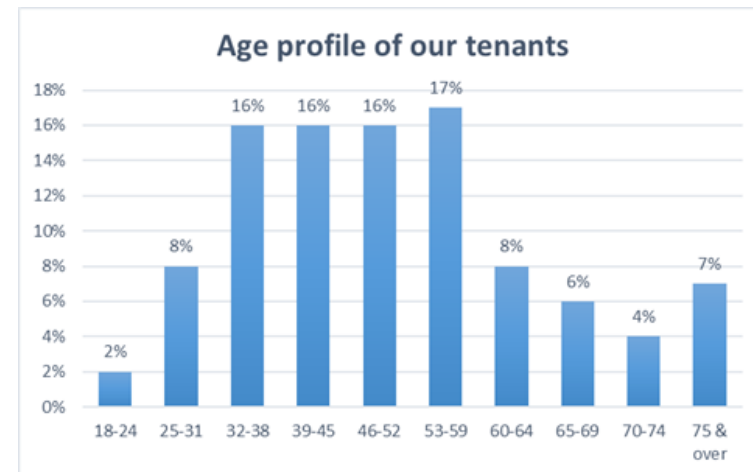
Resident/community support: We know that some of our residents need more support than others and we have established a fund to support those most financially vulnerable. Our team of Benefit and Welfare Advisors provides free budgetary and money advice to any of our residents with money concerns. As a means of tackling rural inequalities, we continue to offer grants to help support and deliver community-based projects.

Estate services: We have listened to customers and identified areas for improvement. In 2023, we procured new grounds maintenance contracts in our East Region and we have more planned in the coming year. We are also employing more estate services staff to provide better contract management and to deliver some services directly so we are more visible and accessible for our residents.

Antisocial behaviour (ASB) and hate incidents: We recognise the impact that ASB and hate incidents can have on communities and, following an increase in complaints about cases of antisocial behaviour, we know we need to communicate with residents more effectively. We will be providing an improved service at the first point of contact in our Customer Service team. We will also assign an ASB lead manager to provide additional support to Housing Officers and to undertake a review of more cases to ensure they are being managed effectively.

Knowing our customers: Knowing who our residents are is crucial to safeguarding as well ensuring the effective and efficient delivery of services that people need. Last year we reviewed the Housing Ombudsman's spotlight report on information management and record keeping and we are now making changes to improve our records. In future, all electronic contact with customers will be automatically recorded on our systems providing greater visibility. We will also be asking our residents if they want to share more information about themselves so we have an understanding of vulnerabilities and any potential barriers to accessing services. We will use this data to segment our future TSM survey results and

identify groups where we need to provide more support to enable them to engage. Our programme of Drop-In Days and Home Visits will also provide an opportunity to know more about our customer and their needs.



Age profile of our tenants at 31.12.23

Aims	Actions 2024/25	Outcomes/Target 2024/25
To improve customer satisfaction.	<ul style="list-style-type: none"> • Improve our scripting of customer journeys so, when contact is made, staff have the correct information and follow-on steps to minimise any points of failure or delay. We will start with Antisocial Behaviour and Rent Arrears. • Improve the recording of customer email communication by automating the logging onto our core housing management system. • Consolidate grounds maintenance and cleaning contracts and the number of directly employed estate staff in our East Region. • Review the management of services for home owners to provide a single point of contact for our home ownership residents. • Improve communication about repairs with our residents living in specific areas/blocks including those which may take longer to resolve such as lift breakdowns. 	<ul style="list-style-type: none"> • 70% customer satisfaction in 2024/5.
To improve the repairs service and reduce complaints by better managing overdue repairs.	<ul style="list-style-type: none"> • Appoint a professional external Contract Administrator for repairs to improve the effectiveness of our contract management and improved performance. • Increase the number of local response repairs contractors. • Pro-actively follow up repair orders, keeping customer informed, so they don't need to chase us. • Re-procure our out-of-hours' emergency repairs service. 	<ul style="list-style-type: none"> • Repairs completed on time. • Less chasing by customers. • Reduce complaints.
To improve complaints management.	<ul style="list-style-type: none"> • Implement the Member Responsible for Complaints and requirements from the new Housing Ombudsman's Complaint Handling Code. 	<ul style="list-style-type: none"> • Meet all requirements set out in the Housing Ombudsman's Complaints Handling Code. • Improve complaint handling performance.
To improve customer engagement.	<ul style="list-style-type: none"> • Annual resident engagement in our strategic priorities. • Recruit more Resident Champions. • Provide engagement opportunities specifically for home owners to provide feedback, e.g. via a phone day and Drop-In Days/Home Visits. • Run a programme of customer Drop-in Days and Home Visits. 	<ul style="list-style-type: none"> • Increased opportunities and number of residents who engage and influence.

<p>To deliver services in a way that allows equal access for all ensuring dignity, fairness and respect.</p>	<ul style="list-style-type: none"> • Ask our customers if they will share more information about themselves, so we have relevant information and can reduce barriers to accessing our services. • Engage customers with disabilities/vulnerabilities to understand more about barriers to access and to build into our future improvement planning. 	<ul style="list-style-type: none"> • Improve services to those customers with disabilities/vulnerabilities. • Understand customer satisfaction between different groups to ensure equality of access to services.
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Key Performance Indicator	2022/23 performance	2023/24 performance	2024/25 target
Customer			
Overall customer satisfaction	50% ¹	59% ²	70%
Average call waiting time into Customer Services 0300 123 2250	10 minutes 41 seconds	2 minutes 55 seconds	75% of calls answered within 90 seconds ³
Repairs completed on time	79%	74%	85%
Stage 1 complaints responded to within Complaint Handling Code timescales	36% ⁴	86%	100%
Stage 2 complaints responded to within Complaint Handling Code timescales	89%	94%	100%
Social and affordable arrears	2.78%	2.96%	2.6%
No. of findings of maladministration by the Housing Ombudsman	0	2	0

¹ STAR Survey

² Tenant Satisfaction Measures Survey

³ Grade of Service (GOS)

⁴ Within 10 working days

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

We are committed to having a good understanding of our homes to ensure they are safe, well maintained and carbon emissions are kept low. Hastoe has been building energy-efficient homes for over 10 years and, since 2021, we have been building all our news homes to our own Hastoe New-Build Standard in preparation for the anticipated Future Homes Standard.

Our properties are relatively modern, mostly houses, and over 77% of our homes already meet the EPC 'C' rating. Our customer feedback is positive and most residents believe their homes are safe.

OUR HOUSING STOCK (as at 01.03.24)	Houses	Flats & Maisonettes	Other	Total
Rented (social and affordable)	3083	1095	82	4260
Leasehold	1	470	20	491
Shared Owner	757	96	-	853
Ground rent	1606	273	-	1879
Freehold	304	1	8	313
Other	-	1 hostel	16 traveller pitches, 4 hostels	21
Total	5751	1936	130	7817

Knowing our housing stock: It's vital we have accurate records about the condition of the properties we manage and they are kept up to date. In order to do this, we now survey our homes more frequently; every 5 years. We collect information such as the

condition of components and fittings, 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 also be key to planning for the effective reduction of carbon emissions in the future.

Our surveys have initially focused on those properties more likely to present issues: our blocks of flats; properties that may potentially contain Reinforced Autoclaved Aerated Concrete (RAAC); and high repair addresses. We plan to survey all other properties by March 2026 or sooner. We also survey when properties are re-let, during repairs inspections and prior to carrying out improvements works. We will be developing a standard survey template for these surveys. Survey updates are recorded along with other property data on our Housing Management System and they help inform future investment in our properties.

Property data: We have a reasonable set of stock data which was last audited in November 2022 and we have a dedicated Data Officer to manage this,. The Board has oversight of recommendations made as well as the implementation of these. Further improvements will be made following the completion of surveys.

Investment in our properties: Our priority for investment is safety first, maintaining homes to a Decent Homes Standard, and renewing components as needed. This ensures residents remain safe and we are compliant with all our statutory and regulatory requirements. In 2023 we undertook over 1,000 improvements to over 700 homes.

Improvements	No.
Kitchens	146
Bathrooms	116
Heating	243
Windows/Doors/Individual Properties	222
Redecoration	360
Re-roofing (blocks)	4
Total	1091

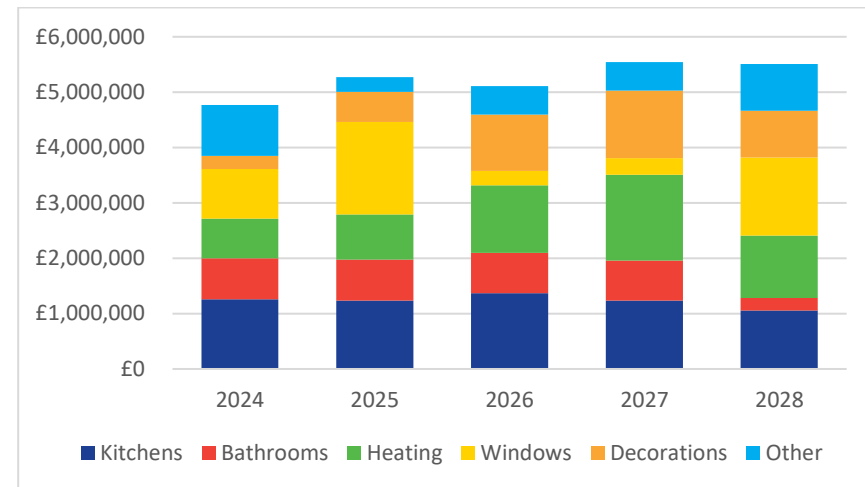
We plan for the replacement of components that we know are reaching the end of their lifecycle, and we repair or replace components as a result of general wear and tear when they are either reported to our responsive repairs service or identified during an inspection.

We will improve our monitoring of property condition, and the identification of repairs required, in between our 5-year stock condition surveys. On an annual basis, over 2,700 properties are attended by a contractor for a routine safety check. We monitor properties where a high number of repairs are reported, and take a closer look. We also look at those properties not raising many repairs or have access issues.

We are working to ensure our component renewals are in line with their predicted lifecycle and condition. Where they are found to be in good condition we may extend their lifecycle and build this into our future programme. We will let customers know when they can expect their home to be inspected and what follow-up action we will take.

Our investment plan for key components are 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 view damp and mould as a serious issue and we have reviewed all reports dating back to 2020 to ensure issues are being dealt with. We have enhanced our procedures for identifying and assessing new cases and prioritise the most serious cases. Our surveys will continue to provide a better overview. We already report any serious hazards to the Board. We will review our policies and procedures to reflect Awaab's Law once the consultation process has completed.

Building safety: We will continue our robust and proactive approach to resolving any building safety defects in our homes. We do not anticipate many more material liabilities in this area. To ensure we or our customers don't have unnecessary costs, we have recovered most of the liabilities from the original contractors, professional services, and insurances where possible. In addition to stock condition surveys, we have a fire risk assessment process in place and we are complying with the new fire safety and building safety regulations.

Energy efficiency: Hastoe has been building energy-efficient homes for many years. 77% of our homes have an EPC 'C' rating or above. We have our 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 fewer carbon emissions than homes built under the current building regulations.

EPC rating of our social and affordable homes	
A	0.6%
B	39.1%
C	37.4%
D	20.0%
E	2.44%
F	0.36%
G	0.02%

As part of our surveys, all properties with cloned data are being assessed to provide accurate EPC ratings. In 2023/24 we evaluated all properties with a D rating and identified the works required to bring these up to a C. We will continue to make use of funded thermal improvement works as well as utilising the planned programme to make improvements to the energy performance of our homes. This data will be incorporated into our Financial Plan.

Net zero carbon: We are fully committed to decarbonising our existing homes by 2050. We recognise this area is still developing in terms of specific requirements, technologies, supply chains, skills, costs, local planning, funding and providing value for money. We also recognise that planning for long-term investment 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.

In the meantime 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 incorporating this into our asset-investment planning to ensure we make the most of opportunities. By doing this we will reduce fossil fuel heating over the long term.

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 and funding for the Great British Insulation Scheme (GBIS) and will make funding bids to support this in the future.

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 communities. We are reviewing other non-standard, high-cost and urban assets for potential alternative options that deliver better value for money and support the delivery of more rural housing. We will assess the cost of certain components and consider alternatives to ensure value for money.

Repairs Service: Costs on this area have increased significantly and we are adapting how we use smaller and local contractors to deliver better value for money. We have also appointed an independent Contract Administrator to strengthen this area. However, we recognise that too many repairs are still not completed on time. To address this we are improving the way in which we follow up and monitor repair orders.

On average, we raise c14,000 repairs per year and in 2023/24 the number of complaints reduced to c1.5% of orders. This is another indication that our improvements are having an impact. However, we are not complacent and recognise that we need to continue to improve our repair service and value for money, including continuing to procure more local contractors covering smaller geographical areas.

Void properties: When homes become empty, we use our void standard to maintain 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 we 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. We are also aware the Government is consulting on a revised Decent Homes Standard that may see further changes.

Aims	Actions 2024/25	Outcomes/Target 2024/25
To have a more comprehensive understanding of our stock and continue to invest in our properties.	<ul style="list-style-type: none"> • Complete stock surveys of all remaining properties over 5 years old by March 2026 and publish more information for customers to view. • Review procedures for dealing with high-repairs properties to ensure effective resolution. • Introduce a single survey template. 	<ul style="list-style-type: none"> • Maintain 100% compliance with the Decent Homes Standard. • All rented homes surveyed in the last 5 years by March 2026.
To keep our residents safe in their homes.	<ul style="list-style-type: none"> • Invest in technologies that can remotely monitor damp conditions in our homes. 	<ul style="list-style-type: none"> • Maintain compliance with all landlord health and safety performance indicators. • Category 1 hazards are addressed within timescales. • Comply with new building safety requirements.
Improving energy efficiency	<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"> • Meet EPC targets (this assessment method may change).

Key Performance Indicator	2022/23 performance	2023/24 performance	2024/25 target
Compliance			
Residential buildings meeting Decent Homes Standard	100%	99.7%	100%
% of homes subject to DHS surveyed in the last 5 years	20%	44%	90%
Residential buildings with valid gas certificates	100%	99%	100%
Residential blocks with valid fire risk assessment	95%	96%	100%
Residential blocks with valid asbestos management survey	100%	100%	100%
Properties with communal water facilities with valid risk assessment	83%	85%	100%
Residential buildings with current electrical certificate	99%	99%	100%
Communal passenger lifts with valid LOLER inspection	100%	100%	100%
No. of category 1 hazards under Housing, Health & Safety Rating System	-	16	0
% of damp & mould cases inspected within policy timescales	-	-	100%
Repairs & Maintenance			
Energy efficiency EPC 'C' rating or above	76%	77.1%	80%
Re-let time (exc. major works)	25.1 days	66 days	20 days

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

We have been building high-quality homes for many years including Passivhaus homes. Since 2021, we have been building homes to our own Hastoe New-Build Standard in order to align with the anticipated Future Homes Standard. We remain committed to building high-quality, sustainable homes that support sustainable rural communities.

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 (RES) 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 (HNBS) - 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 are also designed to blend with the local village vernacular and our quality management processes will apply to ensure a high-quality build. In 2024/25 we will carry out an assessment of the HNBS to fully understand its social and environmental performance and further assess whether changes are required following Government consultation on the Future Homes Standard.

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

The challenging economic climate has seen two of our contractors go into administration during 2023. This remains an ongoing risk for our partner SME contractors. We have carried out training for staff and remain vigilant while, at the same time, we are working closely with our partners to deliver schemes on time.

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.

Our RES delivery is often impacted by a number of factors including delays through the planning system. From April 2024, developers will be required to deliver a Biodiversity Net Gain (BNG) of 10%, and developments will need to result in more or better quality natural habitat than was there before development took place. We will monitor and review what impact this will have on our rural delivery.

Influencing work: Rural England desperately needs more affordable homes and Hastoe works to influence policy that promotes Rural Exception Sites, design quality and high energy-efficiency standards. To do this we work alongside other rural housing associations and partners including the Rural Housing Alliance (RHA) and the National Housing Federation (NHF).

In 2024/25, we will support the NHF's call for more affordable homes and 'A Long-term Plan for Housing', as well as the rural housing partner initiative 'A Manifesto for Delivering Thriving Rural Communities through Affordable Housing'. We will do this by focusing our efforts on developing case studies that evidence the positive social and economic impacts that RES affordable housing has on rural communities. We will also build on work we have already done to highlight the findings of UCL research newly published in February 2024, commissioned by the Rural Housing Network and jointly funded by Hastoe and other rural partners. This identified factors which drive the successful delivery of affordable housing through RES and how their absence has a detrimental effect on supply. In addition, the Hastoe New-Build Standard will continue to act as a catalyst for us 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. We have completed our first Shared Ownership units under the new model leases and have adjusted our services to respond to the new requirements. 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	2024/25	2025/26	2026/27
Starts on site (rented/shared ownership)	82/24	79/21	72/29
Completed new homes	106	101	105

Aims	Actions 2024/25	Outcomes/Target 2024/25
<p>To support influencing work relating to the need for more RES developments.</p>	<p>Develop case studies that:</p> <ul style="list-style-type: none"> • Demonstrate the social and economic benefits that the provision of RES affordable homes have on the lives of tenants/shared owners, their families and whole communities. • Map the various stages of the planning/development process for RES/HNBS schemes in development (Curdrige, Eltisley, Ellesborough). <p>Play a supportive role in the work of the RHA:</p> <ul style="list-style-type: none"> • Hastoe representation on the Rural Housing Week working group. 	<ul style="list-style-type: none"> • Minimum of 6 case studies (3 in each category)
<p>To support Hastoe's reputation as a developer of high-quality, sustainable, affordable rural homes.</p>	<ul style="list-style-type: none"> • Assess the HNBS to understand its social and environmental performance and whether changes are needed as a result of consultation on the Future Homes Standard. • Seek opportunities to promote Hastoe New-Build Standard. • Sponsor local awards relating to sustainability in areas where Hastoe has a strategic development interest. 	<ul style="list-style-type: none"> • Minimum of 2 speaking events • Minimum of 2 sponsored activities

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

We are committed to improving as an organisation, investing further in our staff, and maintaining our business resilience.

Following an annual stability review by the Regulator of Social Housing in December 2023, Hastoe retained the highest regulatory ratings for financial viability and governance that a housing association can achieve. Hastoe has also maintained Investors in People Gold status for a number of years and we will continue to invest in development and training opportunities for our employees.

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

Effective governance: An independently run board-effectiveness review was held in 2023 and this confirmed that Hastoe's governance was robust. The recommended improvements have either been implemented or will be in the coming year.

Employee engagement: Hastoe has around 120 employees, working across a range of roles and a wide geographic area. We recognise that people perform at their best when they are set clear targets, motivated and equipped and empowered to fulfil their role. This is especially important given Hastoe's context and work environment. A great number of our employees spend much of their time working on their own and away from one of our offices. We place a great deal of importance on ensuring employees are equipped and encouraged to work as autonomously as possible but with good

managerial support in place. Remote and mobile workers are supported through regular one-to-one, team and departmental meetings and managers meet with the Executive Team twice a year. In addition, at least twice a year, the whole organisation comes together for a Connect Day (employees and the Board) to share ideas, information and to recognise achievements. We know that regular engagement ensures managers have an understanding of the challenges their teams face and demonstrations of appreciation by management play a big part in maintaining employee motivation. This year we will focus on embedding sound EDI practices by raising awareness and organising activities in consultation with staff over the course of the year. Our Connect Days and manager/executive meetings provide an excellent way of gaining feedback and suggestions for further improvement and help shape revisions to our Business Strategy.

To ensure employees are kept up to date with developments, each year the Executive Team provide an in-person briefing and Q&A at each of our regional offices to talk through the rationale and targets set in the Business Strategy. To ensure everyone is aware of progress being made, several times a year, our CEO provides a top-level email briefing and also holds Q&A sessions with staff in each of the regional offices. We also have an active and influential Staff Forum which represents employee interests to senior management with issues of interest shared on our Intranet. Together with HR, the Staff Forum is going to be considering what more could be done to support EDI initiatives at Hastoe.

Recruitment and retention: We have high employee satisfaction and we retained our IIP Gold status in 2022. However, the current employment market remains competitive, and some roles are proving to be particularly challenging to recruit to. We will continue to invest in our employees and encourage ongoing training and

CPD for all our employees. We support the findings of the NHF/CIH 'Better Social Housing Review' and we have introduced an offer of fully funded professional housing qualifications. Our aim is to reduce staff turnover and increase the expertise of our existing Housing staff, as well as attracting a high calibre of candidate to these roles.

IT and business systems: We will continue to invest in technology. The projects planned for the year ahead will further improve business efficiency, enabling staff to focus on improving customer service. We have taken a number of steps to further strengthen our cyber security, including the implementation of recommendations from the external penetration testing and the introduction of a programme of phishing tests for staff. In the coming year, we plan to achieve cyber essential accreditation. We will also review the business case for a third party managed, detection and response service.

Aims	Actions 2024/25	Outcome/Target 2024/25
To enhance employee engagement, 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 2 Connect Days that create opportunities for employees and Board Members to network, provide updates and celebrate achievements. • Conduct triennial review to ensure that pay and benefits remain competitive. • HR to work with employees to develop a programme of activities that enables the opportunity to celebrate EDI in a way that reflects our employees' values and beliefs. 	<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"> • Enhance Hastoe's profile on social media. • Promote housing qualifications to existing staff and new candidates. • HR to review Hastoe's recruitment process to reduce unconscious bias and to ensure candidates demonstrate both Hastoe's values and technical competence. • HR to review the off-boarding process with the aim of enabling a better analysis and fit with "red carpet in, red carpet out" approach. 	<ul style="list-style-type: none"> • Overall staff turnover lower than 20%. • New starters who leave within one year lower than 8%.
To raise new funding to support the development programme.	<ul style="list-style-type: none"> • Raise further funding 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"> • Review Code of Governance to ensure it remains appropriate. • Review Board skills required to deliver Business Strategy. • Conduct a skills audit of Board members. • Monitor succession plan and recruit new Board members, as required, to fill any identified skills gaps. • The Board to review the UK Corporate Governance Code 2024 and to identify the most appropriate code of governance to adopt from 1 January 2025. 	<ul style="list-style-type: none"> • Maintain compliance with UK Corporate Code of Governance. • Retain G1 governance regulatory rating.

To continue to improve and develop business systems.	<ul style="list-style-type: none"> • Implement SharePoint as Hastoe's document management system. • Implement GIS mapping. • Upgrade purchase order system. • Implement new HR system and payroll system. 	<ul style="list-style-type: none"> • Better integration of document management and remove the need for Oracle server. • Improved procurement of estate services. • HR & Payroll system go-live.
To continue to improve cyber security.	<ul style="list-style-type: none"> • Achieve cyber essential accreditation. • Subject to business case review, implement 24/7 third party managed, detection and response service. 	<ul style="list-style-type: none"> • Cyber essential accreditation. • Zero security breaches.

Key Performance Indicator	2022/23 performance	2023/24 performance	2024/25 target
Employee satisfaction	97%	90%	90%
Employees that believe they receive appropriate recognition	84%	78%	85%
Employee turnover (rolling year)	33%	23%	<20%
New starters that leave within one year	Not measured	7%	<8%

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		
	2024/25	2025/26	2026/27
EBITDA MRI cover	124%	114%	123%
Social housing interest cover	123%	108%	124%
Operating margin (excluding fixed asset sales)	36%	33%	38%
Operating margin on social housing lettings	40%	36%	42%
Net margin (excluding fixed asset sales)	9%	5%	10%
Gearing (debt/cost properties)	51%	51%	52%
Gearing (debt/revenue)	5.6	6.0	6.0
New supply delivered (social housing)	1.7%	1.8%	1.8%
New supply delivered (non-social housing)	0.00%	0.00%	0.00%
Reinvestment	9.2%	9.0%	7.5%
Return on Capital Employed	3.7%	3.2%	3.7%