



Value for Money2021

“The pursuit of Value for Money is not an exercise in cost cutting and an end in itself, but complements and reinforces our social purpose of making a difference, which runs through all of our Strategic Plans and is fundamental to everything we all do at Orwell.”



Chris Wyer

Director of Resources and Growth

OUR APPROACH

A holistic and balanced approach to VfM is taken, that supports the fundamental social purpose and strategic intent of Orwell. The interconnected nature of this approach recognises both social and financial value and also balances the existing and future needs of our residents with the wider social value delivered, such as meeting future housing need and managing environmental impact.

Whilst the Board of Orwell is ultimately responsible for VfM, employees, residents and suppliers all play their part. Newly formed in 2021, the “Value for Money Strategy and Performance Team” which comprises employees with key roles influencing VfM across the business, is now playing a central role in driving VfM forward. Having created a set of VfM measures based around the Strategic Plan and unique to Orwell, this team now holds regular meetings to monitor progress, discuss initiatives and celebrate achievements.



VALUE FOR MONEY PERFORMANCE

To demonstrate delivery of Value for Money, we measure our performance using:

- Our own bespoke metrics created by the Value for Money Strategy and Performance Team
- A set of metrics, including those defined by the Regulator of Social Housing, which are standard across the Housing Association sector thereby allowing us to compare ourselves against others

Where we are able to compare ourselves against others, this is done against a specially selected group of peers, comparable to Orwell and regional and national groups. For all peer and comparison groups, metric scores are sourced from 31 March 2021 audited financial statements filed with the Regulator for Social Housing, which was the most up to date information available at the time of publication.

PEER GROUP

Orwell is a community-focussed housing association, owning and managing approximately 4,000 homes in rural East of England and the biggest provider of support and care in Suffolk. This means that our offer is not typical of the sector and, as a result, performance may look very different, for example, from that of a much larger housing association operating exclusively in a built-up metropolitan area.

Consequently, the selected peer group are similar, medium-sized organisations, operating wholly or mainly in East of England, with a significant proportion of their activity made up of care and support and sheltered housing for older people (HfOP).

The only exceptions to this are the inclusion of Westward Housing and Two Rivers Housing, which although based in different areas of the country, have similar levels of care and supported activity and comparable rent levels to those in the East of England. Details of the peer group are shown in the table on the next page.

| Organisation | Units Owned/Managed (Social stock) | Turnover (£,000) | % Stock in East of England | % Supported Owned/Managed | % Stock HfOP |
|-----------------------------------|------------------------------------|------------------|-----------------------------------|---------------------------|---------------|
| Orwell Housing | 4,028 | £37,232 | 100% | 10% | Owned/Managed |
| B3 Living Limited | 4,183 | £33,336 | 100% | 0% | 12% |
| Broadland Housing Association Ltd | 5,419 | £44,078 | 100% | 3% | 7% |
| Hightown HA | 6,112 | £90,088 | 78% | 7% | 12% |
| Saffron Housing | 6,506 | £35,622 | 100% | 2% | 1% |
| The Cambridge Housing Society | 2,993 | £33,807 | 100% | 6% | 11% |
| Two Rivers Housing | 4,243 | £28,057 | N/A - South West/West Mids (100%) | 0% | 7% |
| Westward Housing | 7,435 | £39,825 | N/A - South West (100%) | 6% | 14% |

Where available, historical performance is shown, target performance for 2021 is shown and a target for the coming year is also shown.



OUR OWN BESPOKE METRICS

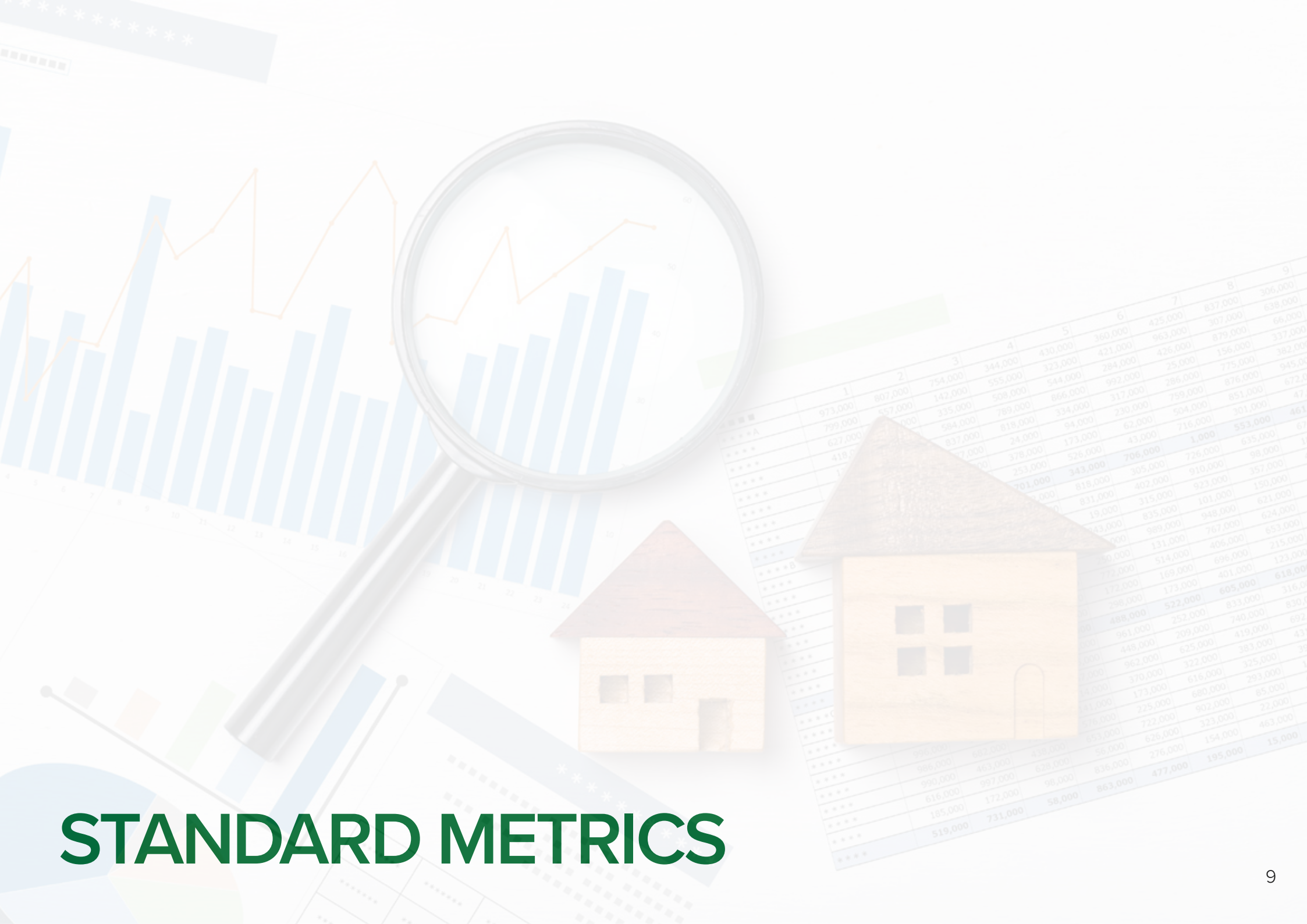
created by the Value for Money Strategy
and Performance Team

STRATEGIC PLAN 2021-2024 OBJECTIVES - VFM METRICS

| | | Actual | Target | Actual | Target | Target |
|---|---|--------|--------|-----------|----------|--------|
| Year ending | Owner | Dec-20 | Dec-21 | Dec-21 | Dec-22 | Dec-24 |
| Objective 1 - Providing exceptional customer service | | | | | | |
| % of ORS repairs booked via self-service solutions | Steve Crissall - Assistant Director of Property and Construction | 0% | 5% | 1% | 10% | 50% |
| As yet we have not undertaken any marketing / publicity around the tenant portal and the ability to request repairs as we are still treading water on this until we are in a better position within the recruitment of ORS operatives. We currently have 209 testing users. Given the delays in moving forward, the target for 2022 has been reduced from 20% to 10% and the target for 2024 reduced from 60% to 50%. | | | | | | |
| Decrease in average cost per responsive repair compared to prior year (combined with achieving satisfaction target) | Steve Crissall - Assistant Director of Property and Construction | N/A | 1.0% | Inc 6.4% | Inc 6.0% | 2.0% |
| The ambition was to reduce the average cost by 1%. This actually went up by 6.4%. This was largely Covid and resource related resulting in larger volumes of work being placed with external contractors. The average cost for a responsive Repair in 2020 was £140 vs £149 in 2021. Given the increase in 2021 and continuing cost and inflationary pressures, the target for 2022 has been set a level of the expected CPI inflationary level of 7.0%, minus 1%. | | | | | | |
| Objective 2 - Supporting customers to have control over their future | | | | | | |
| Increase in contribution from Care and Support Services per customer compared to prior year | Andrew Regent - Supported Housing & Care Manager | N/A | 1.0% | Redn 3.6% | 1.0% | 1.0% |
| Target was to achieve a 1% increase in surplus by Dec 21. Actual - achieved was an increase of 3.6%. Whilst customer numbers stayed static this was largely due to increased staffing costs at £1.2m above budget, mainly due to Agency Cost. Grant received in partial recompense of additional costs was recorded centrally and therefore has not benefitted this metric. Overhead transfer charges equated to £1.1m (£28K above budget) and surplus achieved equated to £1.1m (£120K below budget). Target 2024 which had been linked back to 2020, has been adjusted as a movement from prior year and reduced from 4.0% to 1.0%. | | | | | | |
| Tenancy Sustainment - the % number of people accessing the service where outcome is a tenancy sustained | Alice Moore - Customer and Communities Manager | N/A | 50.0% | 83.5% | 85.0% | 90.0% |
| We achieved 83.5% following a target of 50% for 2021. Following this being a new service it was hard to predict how well the tenant sustainment team would be able to pick up referrals, and engage with tenants to support them in sustaining their tenancies, however they have had great success. With the introduction of Your Own Place we are confident this will continue. There was only 1 tenant evicted within the last 12 months due to ASB, however we hope for this to be nil in 2022. | | | | | | |

| | | Actual | Target | Actual | Target | Target |
|---|---|--------|--------|--------|--------|--------|
| Year ending | Owner | Dec-20 | Dec-21 | Dec-21 | Dec-22 | Dec-24 |
| Objective 3 - Making a positive impact in our communities | | | | | | |
| Social value - number of people in supported housing for who step-down/move-on accommodation is provided for by Orwell | Andrew Regent - Supported Housing & Care Manager | N/A | 5 | 5 | 10 | 20 |
| Target is to achieve 5 people to utilize move on accommodation provided by Orwell by Dec 21. This was successfully achieved. | | | | | | |
| Objective 4 - Being a great employer – by investing in our people and being a company people are proud to work for | | | | | | |
| Care and Support Agency cost as a percentage of Care and Support income | Andrew Regent - Supported Housing & Care Manager | 9.4% | 3.3% | 11.1% | 5.0% | 2.0% |
| Target was to achieve a level of 3.3% for year-ended Dec 21. Actual - achieved was 11.1%. This was primarily due to difficulties in recruiting care & support staff, this is not unique to Orwell but is an industry wide concern. Currently substantive staff costs are £432k underspent to evidence this concern, but respectively agency staff expenditure accounting for £847k of a £911k staffing overspend (excluding Deben & Pitches View). Given ongoing staffing challenges, the target for 2022 has been revised from 2.1% up to 5.0%. | | | | | | |
| Employee retention rate % | Diane Stirton - People & Culture Manager | 84.4% | 85.0% | 80.2% | | |
| Retention finished the year at 80.2% lying 4.8% below target and representing a 1.6% negative shift since last reported. This turnover although disappointing is unsurprising in the current climate with UK job vacancies at an all-time high (1.25m), It is also a reasonable turnover level when considering Orwell's mix of sectors . Retention research has been undertaken with clear focus areas and highest turnover is amongst those with under 6 months service. Revised induction and clear probationary path should work to resolve this. Positively 74% of leavers are now completing exit interviews, but target is set at 100%. The 2022 salary uplifts should support a decrease in turnover. Also, wellbeing focus, enhanced learning and development, values-based recruitment and performance management will also support retention. Given that this metric is already reported within the Board Performance Report, it is being removed from the VfM Metrics and replaced by "Total training expenditure as a % of salary cost" with effect from 2022. | | | | | | |
| Total training expenditure as a % of salary cost | Diane Stirton - People & Culture Manager | | | 2.1% | 2.3% | 2.5% |
| Effective 2022, this metric is replacing the "Employee retention rate %". | | | | | | |

| | | Actual | Target | Actual | Target | Target |
|--|--|--------|--------|-----------|--------|--------|
| Year ending | Owner | Dec-20 | Dec-21 | Dec-21 | Dec-22 | Dec-24 |
| Objective 5 - Providing new homes and investing in our existing homes | | | | | | |
| Target total business void loss % | Alice Moore - Customer and Communities Manager Andrew Regent - Supported Housing & Care Manager | 2.3% | 1.8% | 2.1% | 1.8% | 1.1% |
| We achieved 2.1% and did not achieve 1.8% target for 2021. We are experiencing delays with voids, due to a reduced workforce, there is a reliance on external contractors which is leading to delays and also changes to internal staff that manage voids. We hope for some of these issues to be resolved throughout 2022. | | | | | | |
| % decrease in Social Housing Lettings salary cost per unit of stock compared to prior year (whilst maintaining customer satisfaction) | Alice Moore - Customer and Communities Manager | N/A | 1.5% | Inc 11.0% | 0.0% | 1.5% |
| This target has not been achieved in 2021. We have changed the structure within Customer and Communities and created additional posts, this is also the case for 2022 therefore this is unlikely to decrease. Therefore, the target for 2022 has been reduced from 1.5% to 0.0% (ie cost per unit unchanged from 2021) and the target for 2024, which had been linked back to 2020, has been adjusted as a movement from prior year and reduced from 6.0% to 1.5%. | | | | | | |
| Objective 6 - Improving value for money, services and driving innovation and change | | | | | | |
| Unify the Property and Estates team and then use the dynamic scheduling system to improve % productive time to target levels as shown. | Steve Crissall - Assistant Director of Property and Construction | 41.1% | 77.0% | 51.6% | 60% | 65.0% |
| December 2021 has seen the calculation of this metric reviewed and standardised. This has resulted in the actual performance for 2020 amended from 75.0% to 41.1% and the actual performance for 2021 calculated as 51.6%. Given these recalculations, the target for 2022 has been reduced from 80.0% to 60% and the target for 2024 reduced from 85.0% to 65.0%. Comparing 2020 with 2021 statistics creates a false picture due to the large element of unproductive time created during long spells of enforced isolation and positive tests leading to staff absences. However we do have a good baseline for 2021 as restrictions have been eased and the upward trend of productive time is expected to continue during 2022 and 2023. A 10% efficiency gain is anticipated during 2022 as we continue to develop working relationships between teams and promote the shared working mentality that we have been fostering during 2021. This should be further embedded leading to additional gains in 2023 and 2024. By 2024 we will be nearing our maximum efficiency, given the geographical spread of Orwell stock. The resulting effect will be high degree of coordination will be required to continually hold and improve travel times. | | | | | | |
| Selling development services to e2 partners and others - actual surplus in year | Dawn Edwards - Development Manager | (£52K) | £114K | £140K | £35K | £35K |
| We witnessed a number of our partner's developments slipping in 2021 as the construction industry grappled with materials and labour shortages caused by the on-going implications of Covid and post Brexit. In addition, some development partners are no longer part of e2 and left to pursue their own development direction as 2021 saw the conclusion of Homes England funding contract. Since then some new Local Authority partners have joined but 2021 generally saw a drop off in partner activity. Going forward officers are now reviewing the estimated fee income on a quarterly basis and a more realistic and achievable target has therefore been set for 2022. | | | | | | |



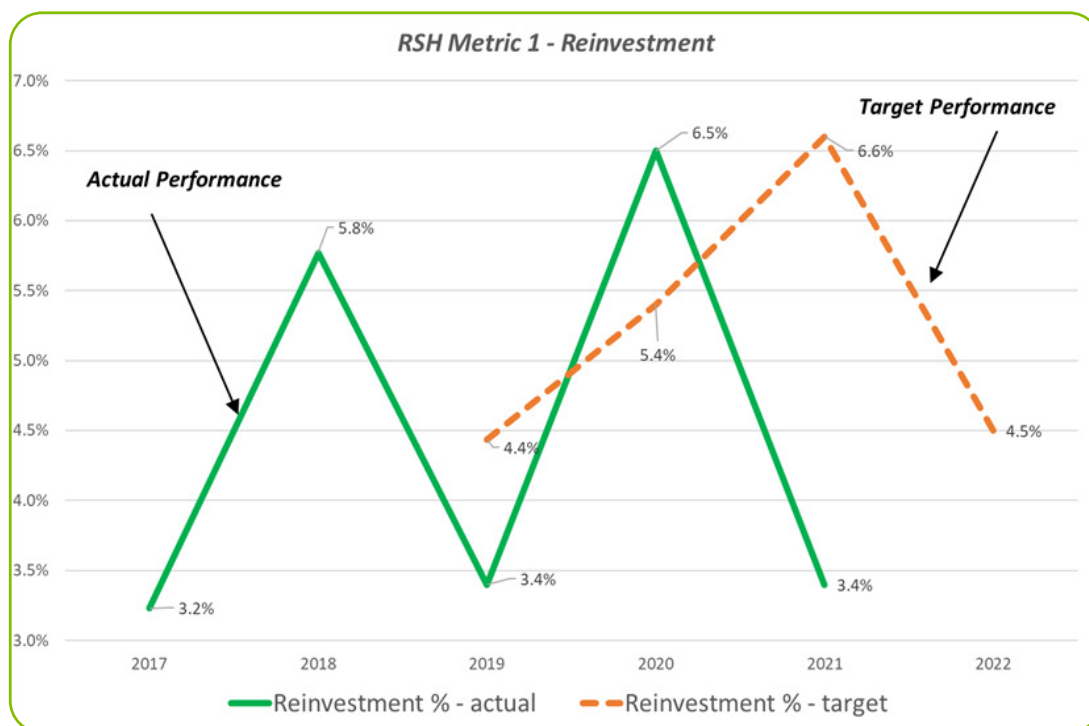
STANDARD METRICS

REINVESTMENT %

This metric reflects investment in properties (capital spend on existing stock as well as new stock developed or bought) as a percentage of the value of total properties held.

| | Orwell Housing | Peer group | East of England | UK |
|----------------|----------------|------------|-----------------|------|
| Existing Stock | 0.6% | 0.7% | 0.9% | 0.9% |
| New Stock | 2.8% | 7.5% | 6.0% | 4.8% |
| Total | 3.4% | 8.2% | 6.9% | 5.7% |

The Association, with reinvestment of 3.4%, has seen a reduction compared to last year's performance of 6.5%, although it should be noted that last year's performance was positively impacted by the stock acquisition of 56 private rented properties. Separating out the existing stock and new stock elements, as shown above, indicates that capital spend on existing stock is on a par with peer group although slightly less than other comparators.

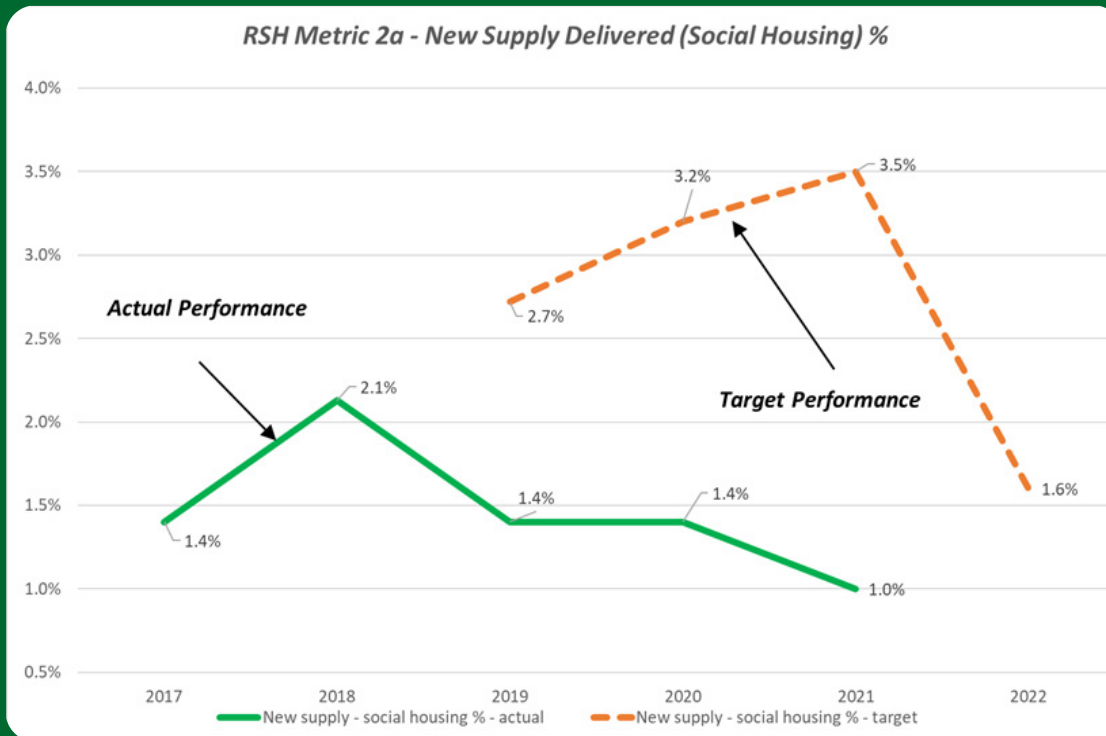


However, spend on new stock is significantly lower and it is this aspect which has impacted the overall total, including when compared to target. This is primarily related to continued significant operational impact from the Covid-19 pandemic including material delays and labour shortages. High inflation and increasing interest rates are also impacting upon the ability to identify financially viable development sites and therefore the new stock target for 2022 has been adjusted downwards to reflect these practical challenges.

NEW SUPPLY DELIVERED (SOCIAL HOUSING) %

This metric reports on the number of new social housing homes that have been acquired or developed during the year as a proportion of total social housing homes owned at period end.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|------|
| 1.0% | 2.5% | 1.8% | 1.4% |



Orwell, with new supply delivered of 1.0% has seen a reduction compared to last year's performance of 1.4%. In terms of units, this represented a fall from 54 units completed last year to 37 units this year.

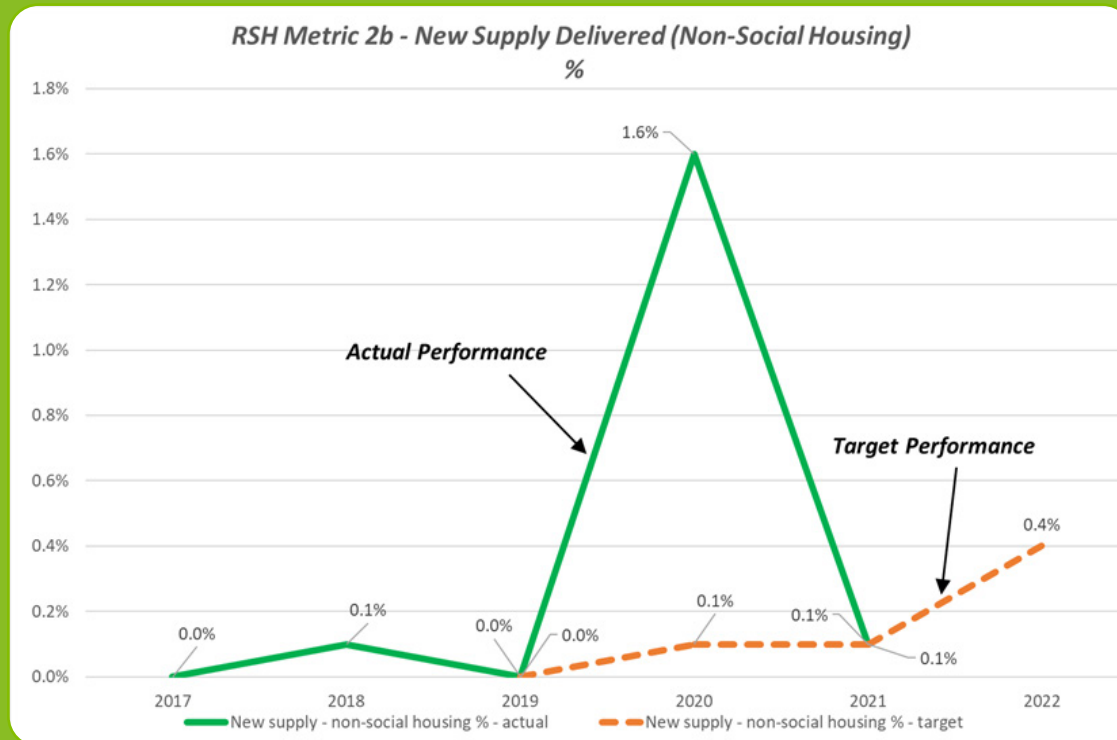
This reduction is due to the continued significant operational impact from Covid-19 pandemic including material delays and labour shortages.

High inflation is also impacting upon the ability to identify financially viable sites and therefore the target for 2022 has been set at a level of 60 units to reflect these practical challenges.

NEW SUPPLY DELIVERED (NON-SOCIAL) %

This metric reports on the number of new non-social homes that have been acquired or developed during the year as a proportion of total social housing homes owned at period end.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|-------|
| 0.10% | 0.06% | 0.10% | 0.22% |



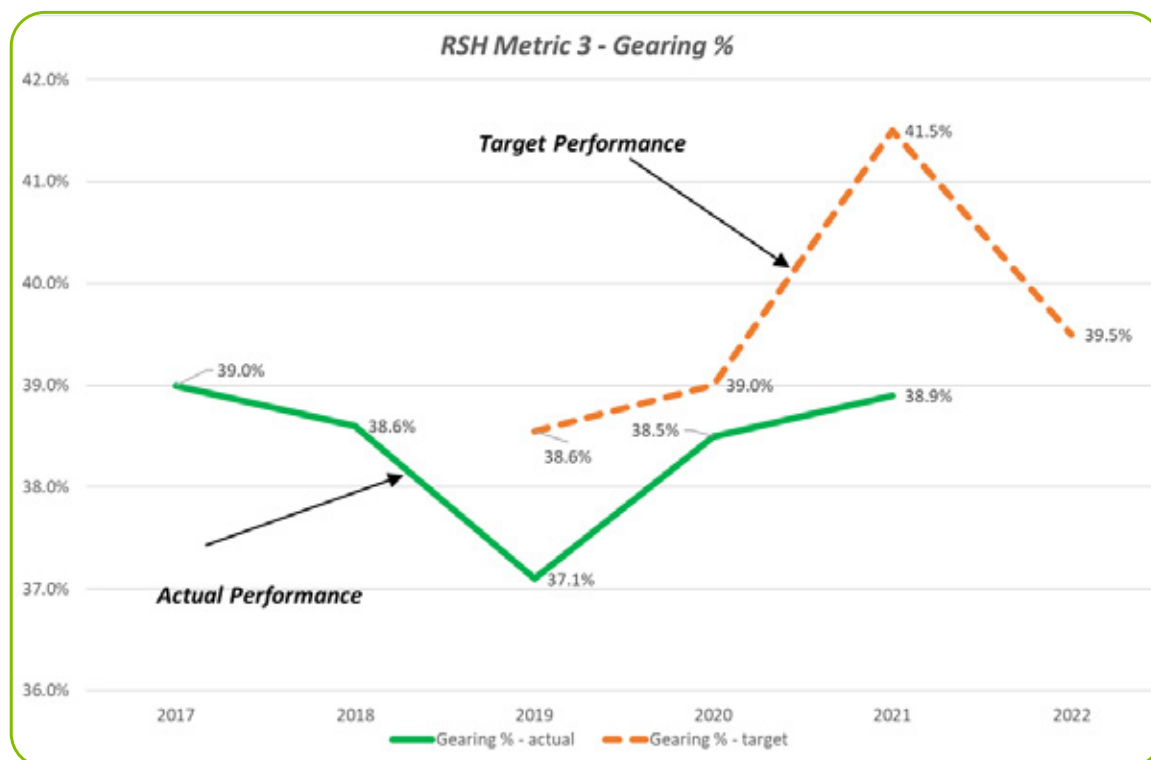
Orwell, with new supply delivered of 0.1% has achieved the target for the year. The reduction compared to last year's performance of 1.6% relates to the positive impact in 2020 of the stock acquisition of 56 private rented properties. These will be converted to social rented properties upon re-let.

The target for 2022 has been set based upon forecast level of market sales by the subsidiary, Orwell Homes Limited.

GEARING %

This metric assesses how much of the adjusted assets are funded by debt and the degree of dependence on debt finance. It is often a key indicator of a housing association's appetite for growth.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|-------|
| 38.9% | 55.2% | 54.8% | 47.2% |



Orwell's gearing ratio of 38.9% compares favourably with our peer group and the other comparators, although is below target for the year because of the lower number of units developed in 2021.

As mentioned above, actual 2021 performance against target, the year has seen continued significant operational impact from Covid-19 pandemic including material delays and labour shortages.

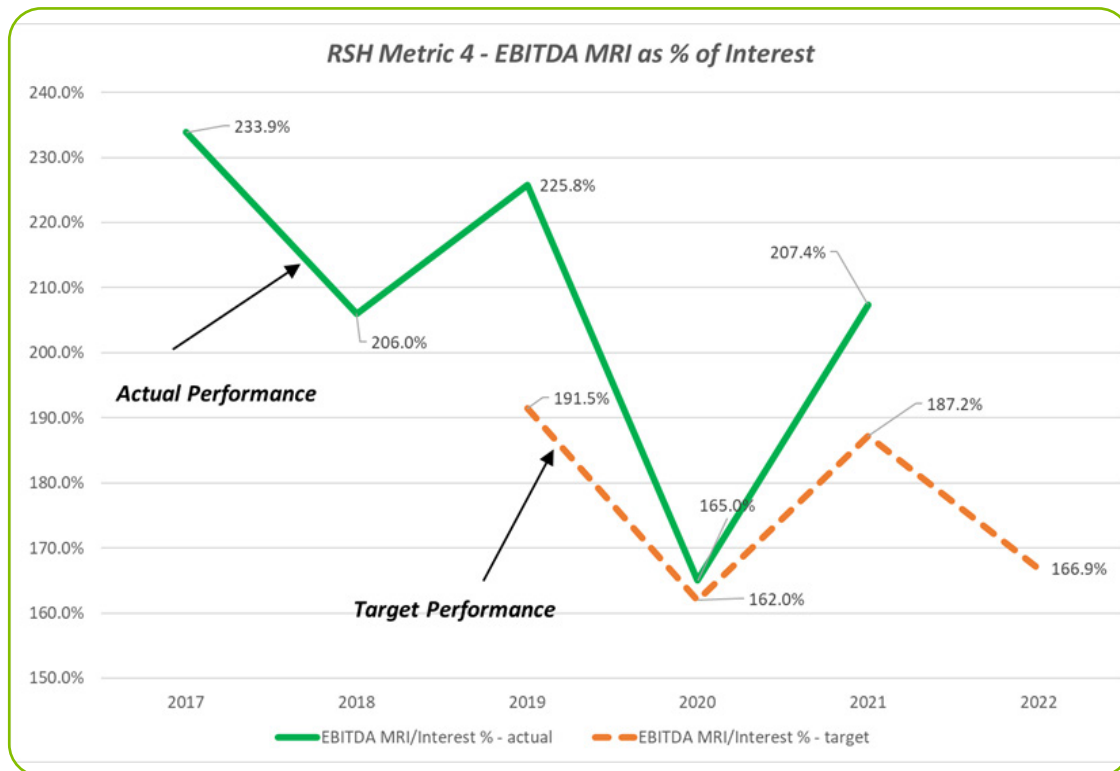
High inflation is also impacting upon the ability to identify financially viable sites and therefore the target for 2022 has been adjusted downwards to reflect these practical challenges.

Going forward, starting from the base of a comparatively low level of gearing will provide headroom to support the funding required to deliver Net Zero Carbon works.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, MAJOR REPAIRS INCLUDED (EBITDA MRI) AS % INTEREST

This metric is a key indicator of liquidity and investment capacity. It seeks to measure the level of surplus a registered provider generates to meet interest payments (the measure avoids any distortions stemming from non-cash depreciation charges).

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|--------|
| 207.4% | 187.8% | 180.7% | 151.2% |



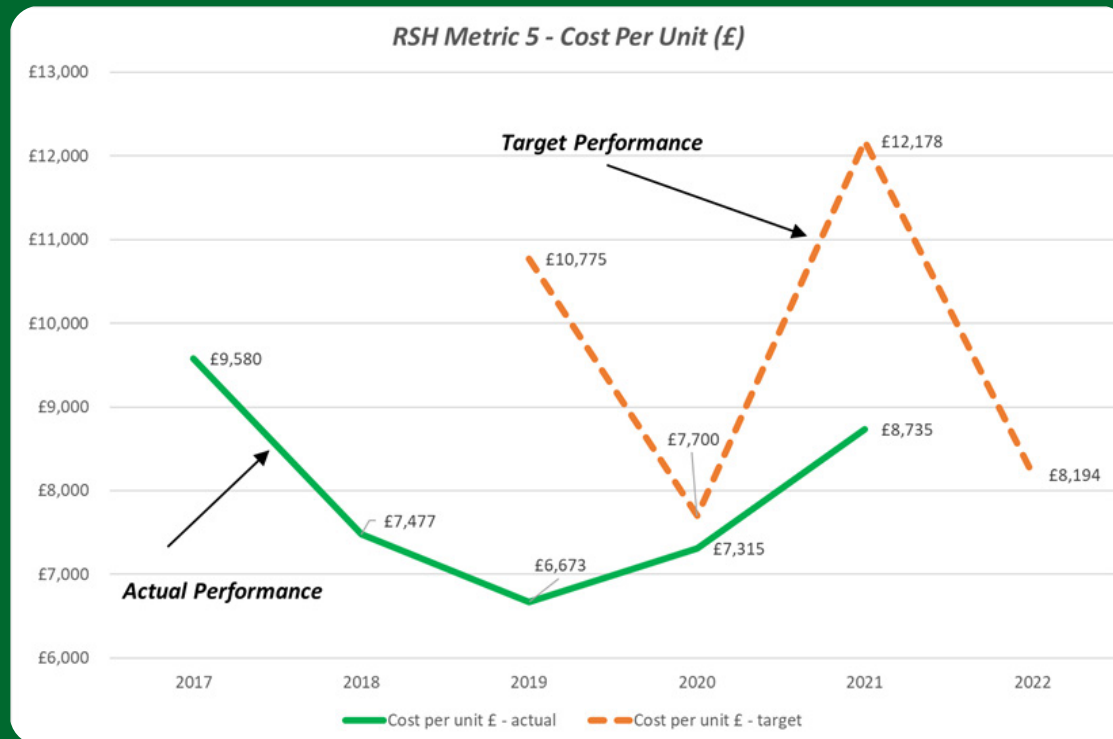
The Association's EBITDA performance of 207.4% compares favourably with the peer group and the other comparators, and is above target for the year, despite ongoing challenges presented by the Covid-19 pandemic.

Looking forward to 2022, it is anticipated that capitalised major repairs spend will increase as part of Orwell's 10-year planning cycle, causing EBITDA to decrease.

HEADLINE SOCIAL HOUSING COST PER UNIT (£)

This metric assesses the headline social housing cost per unit as defined by the RSH.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|--------|
| £8,735 | £4,070 | £3,790 | £4,150 |



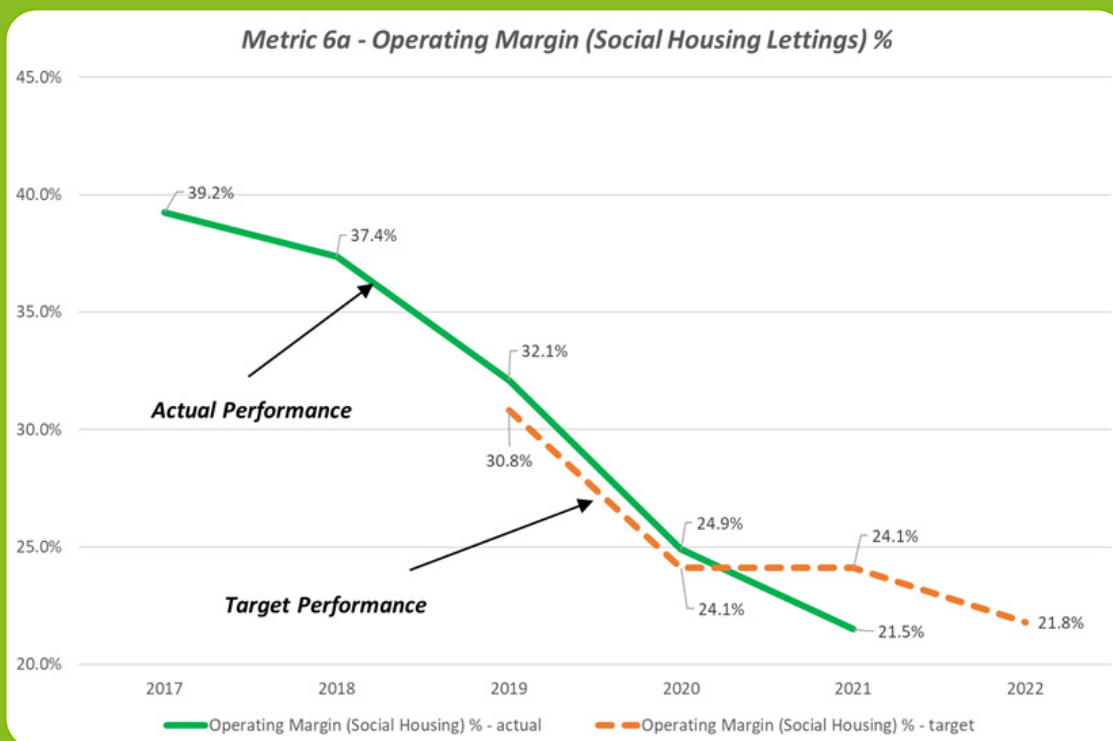
Calculation of this metric includes both support and care activities and also provision of development services (e²).

Inclusion of these elements makes meaningful comparison very difficult as it makes the Association's figures higher than they would otherwise be. A more reflective measure of cost per unit performance is included within this report under the "Cost (£) / Unit (Social Housing Lettings Only) measure".

OPERATING MARGIN (SOCIAL HOUSING LETTINGS) %

This metric demonstrates the profitability of Social Housing operating assets before exceptional expenses are taken into account, excludes both care and support activities and also provision of development services (e²), thereby providing more meaningful comparison.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|-------|
| 21.5% | 33.1% | 33.0% | 28.3% |



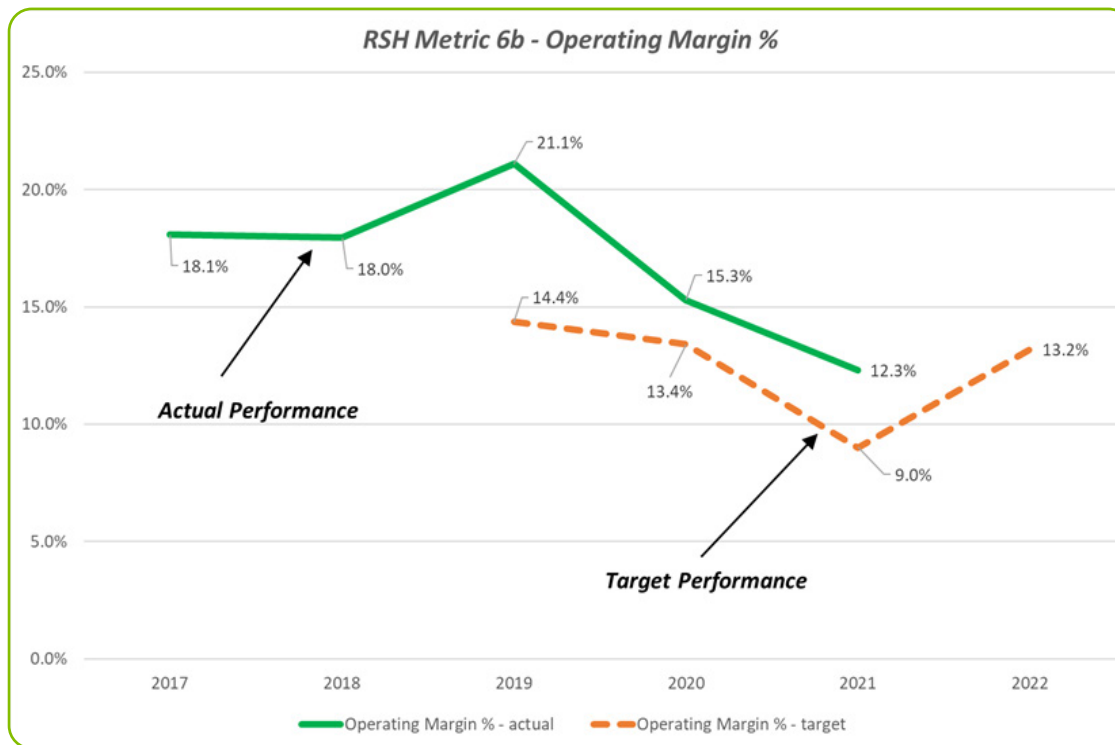
Orwell, with a performance of 21.5%, has fallen short of the target for the year and this performance reflects ongoing challenges presented by the Covid-19 pandemic, particularly, material cost pressures and direct labour shortages impacting upon responsive repairs expenditure.

The target for 2022 has been set at a level of performance reflecting ongoing economic conditions including labour supply difficulties and high inflation.

OPERATING MARGIN %

This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account and includes both care and support activities and also provision of development services (e²). Inclusion of these elements makes meaningful comparison very difficult and the metric above, Operating Margin (Social Housing Lettings) %, excludes these elements from the calculation and thereby provides more meaningful comparison.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|-------|
| 12.3% | 30.2% | 27.2% | 22.3% |

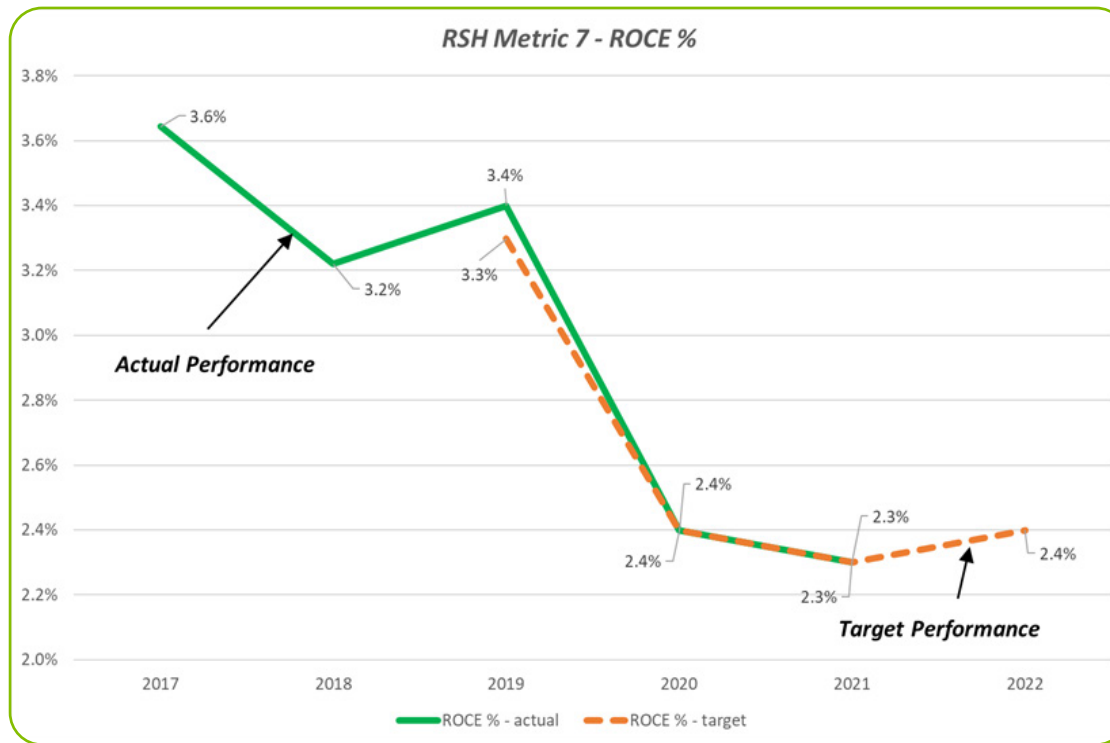


A more reflective measure of operating margin performance is included within this report under the “Operating Margin (Social Housing Lettings) %” measure and the “Operating Margin (Care and Support) %” measure.

RETURN ON CAPITAL EMPLOYED (ROCE) %

This metric compares operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|------|
| 2.3% | 3.8% | 3.6% | 3.1% |



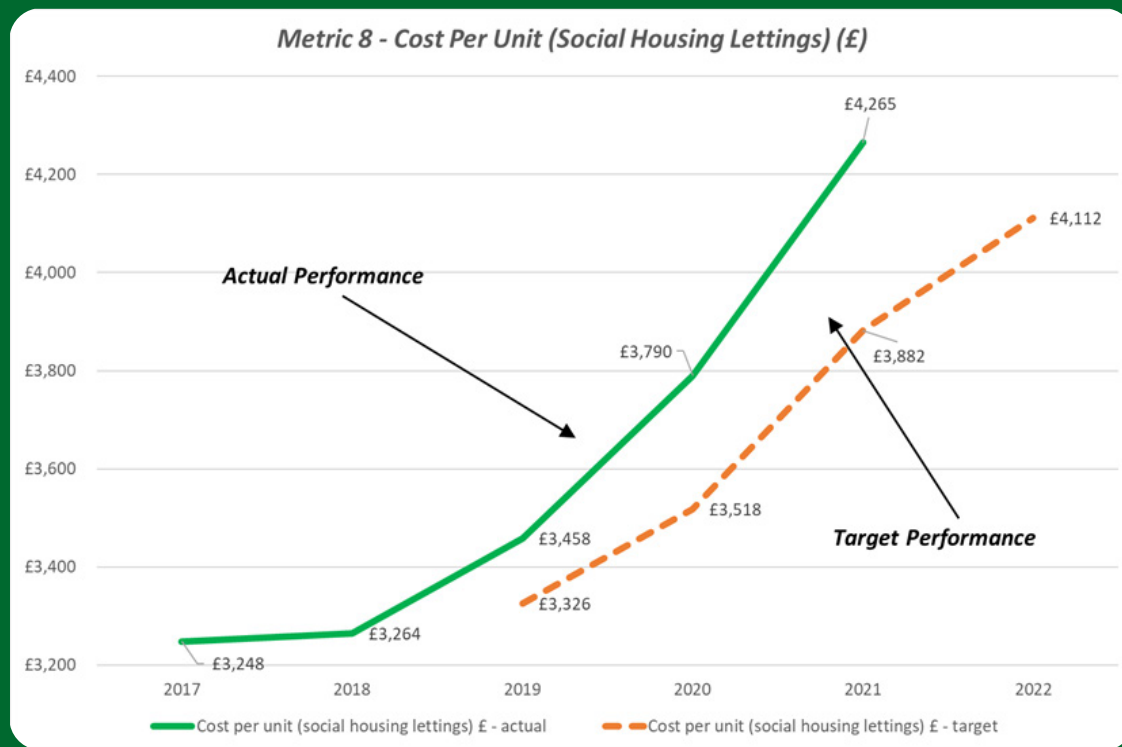
Orwell, with ROCE % of 2.3%, has achieved the target for the year of 2.3%. In terms of comparison with peer group and the other comparators, the slightly lower score is mainly due to the Association having higher levels of care and support.

The target for 2022 has been set at a budgeted level of performance and in line with 2021.

COST (£) / UNIT (SOCIAL HOUSING LETTINGS ONLY)

Calculation of the Headline Social Housing cost per unit measure both care and support activities and also provision of development services (e²). Inclusion of these elements makes meaningful comparison very difficult and this metric, removes these elements from the calculation for the Association.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|--------|
| £4,265 | £4,070 | £3,790 | £4,150 |



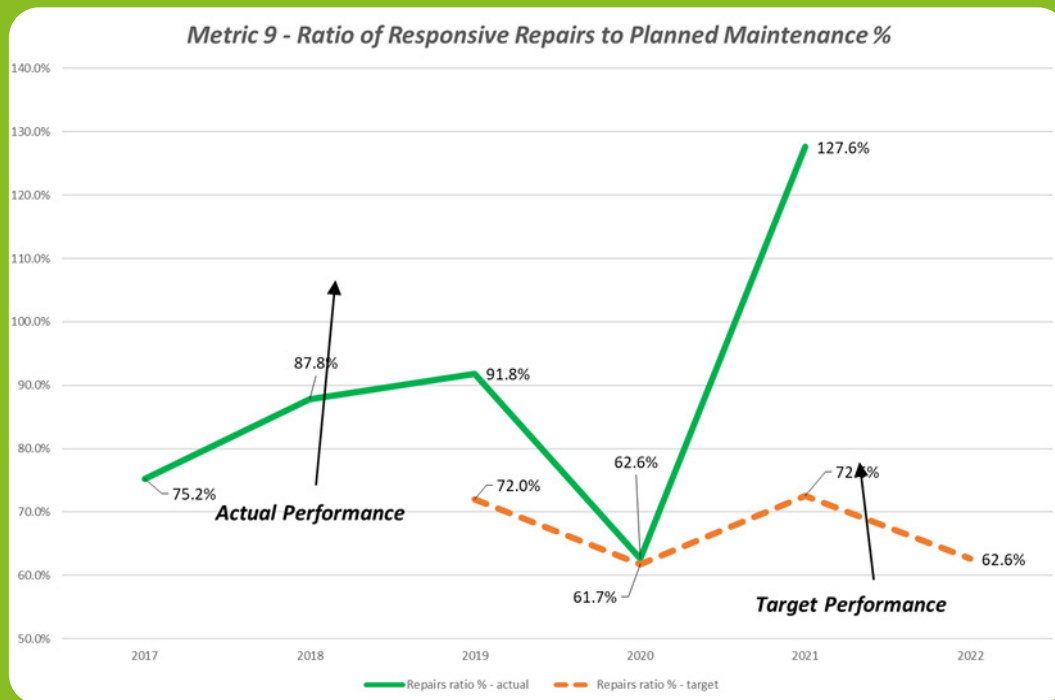
Having adjusted the metric, the 2021 performance is consistent with both the peer group and the other comparators. Performance is above target and reflects ongoing challenges presented by the Covid-19 pandemic, particularly, material cost pressures and direct labour shortages impacting upon responsive repairs expenditure.

The target for 2022 reflects continuing challenging economic conditions including labour supply difficulties and high inflation.

EFFECTIVE ASSET MANAGEMENT - RATIO OF RESPONSIVE REPAIRS TO PLANNED MAINTENANCE (%)

This metric indicates the ratio of responsive repairs to planned maintenance with the general ambition of achieving a figure of circa 60%.

| Orwell Housing | Peer group | East of England | UK |
|----------------|------------|-----------------|-------|
| 127.6% | 92.8% | 78.0% | 73.4% |

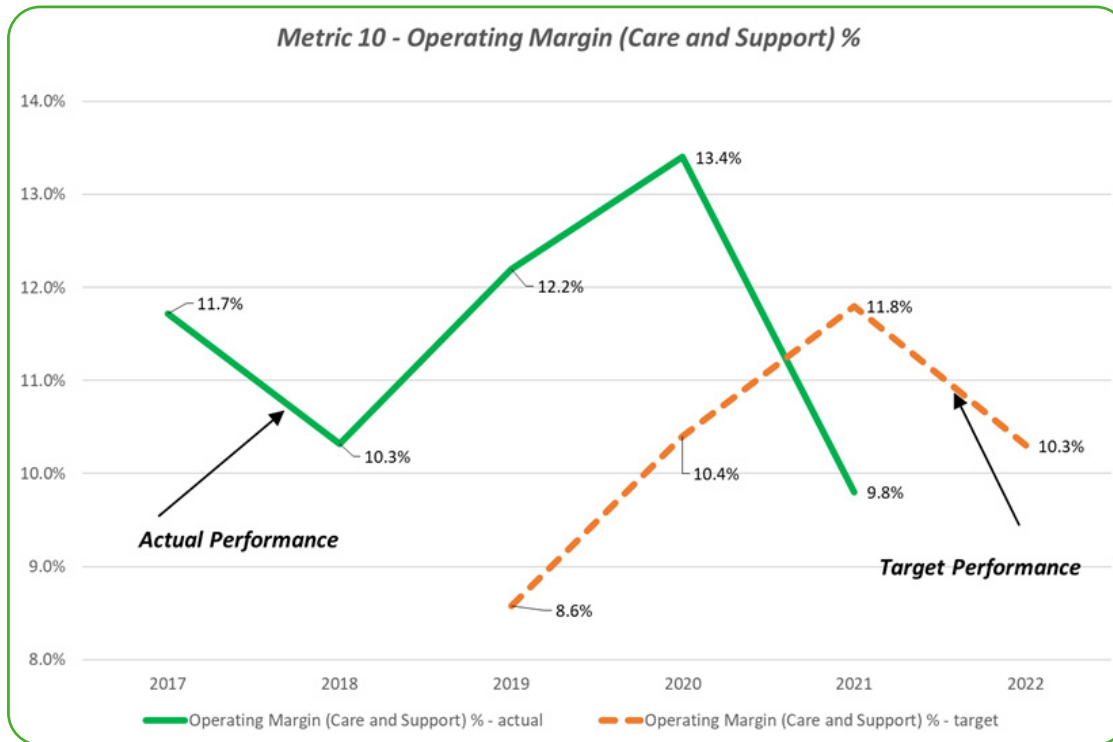


In terms of actual 2021 performance against target, the year has seen continued significant operational impact from Covid-19 pandemic including material cost pressures and direct labour shortages impacting upon responsive repairs expenditure. As a result, the proportion of responsive repairs compared to planned maintenance was not at the target ratio for the year.

Looking forward, the target for 2022 assumes an improved ratio, although this will be challenging if high inflation and labour shortages continue.

OPERATING MARGIN (CARE AND SUPPORT) (%)

This metric demonstrates the profitability of care and support activities and is an important metric for the Association given that it is expected that these activities generate an overall surplus.

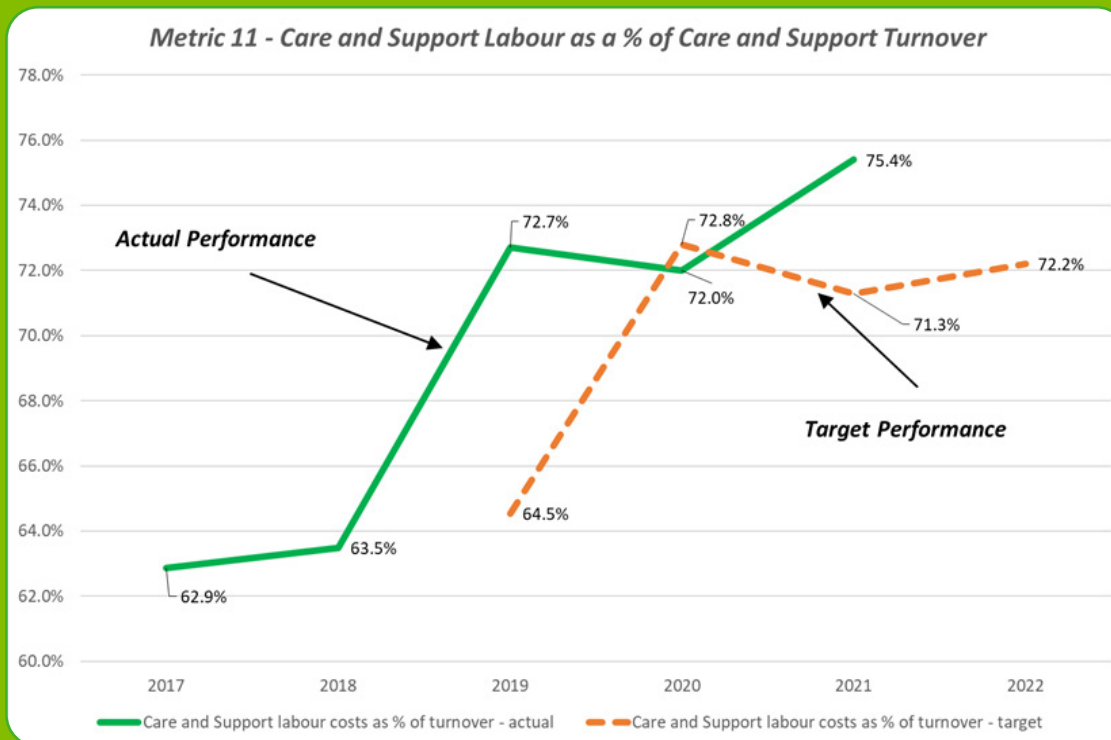


In terms of actual 2021 performance against target, the year has seen continued significant operational impact from the Covid-19 pandemic, with labour shortages resulting in ongoing use of higher cost Agency staff. This has impacted this metric adversely and is the reason why performance was not at target level.

Reduction in Agency costs remain the main area of focus moving into 2022 and the target has been set at an improved level of performance.

CARE AND SUPPORT LABOUR AS A % OF CARE AND SUPPORT TURNOVER

Labour is the biggest single cost in the delivery of care and support and this metric indicates the profitability of operations. A lower percentage represents a better control over costs and so a better performance.



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