VALUE FOR MONEY STATEMENT

31 March 2017
Introduction from the Chair and Chief Executive

In 1966, the Ken Loach film Cathy Come Home shocked Britain by highlighting the plight of those struggling to find a decent place to live in towns and cities still scarred by World War II. At the same time, three young men were inspired by a speech from the Duke of Edinburgh, imploring professionals to do their bit to provide homes for those whose families were being torn apart by homelessness. By forming Hyde Housing Association the following year, John Childs, Michael Hollingsworth and Ted Watts hoped to provide four homes a year in the area around Sidcup on the outskirts of south east London.

Fifty years on, Hyde is now one of the UK’s largest housing associations. Employing more than 1,200 staff, we provide landlord services for about 50,000 homes across London and the south east of England, at prices people can afford to buy or rent on long tenancies, allowing them to improve their life chances. That is our social purpose.

And we can do more. We owe it to our founders, ourselves, our board and our residents. That is why, on our 50th anniversary, we set out a new vision, mission and values. These, together with a new Strategic Plan, clearly identify how we will continue to deliver our social purpose. Our vision is “a great home for everyone”, underpinned by our mission: “to provide more people with a roof over their head so that they can make a home”. Our new strategy, set out below, outlines how we will deliver this mission through our focus on four core objectives and describes how we will measure success.

Hyde is, and always has been, a social business. Our founders combined a strong social purpose with entrepreneurial drive and professional skills. It is critical that we remain consistently vigilant in seeking to generate more revenue and maximise our annual surplus that we can reinvest in building homes. This year, we generated an underlying surplus before derivatives’ charge of £98.4m against the previous year’s £95.4m.

In 2016/17, we set out an ambitious plan to acquire more land with a target of delivering a rolling five year average of 1,500 homes per year from 2017/18. In 2016/17, we handed over 465 much-needed new homes, acquired 2,681 plots (a record number) and began construction of 1,949 homes.

We also carried out our largest-ever number of stock rationalisation projects, with more than 2,000 units being traded through three separate agreements. This generated profit of £24.1m, with a further £9.4m from stock disposals.

Hyde is, and always has been, a social business.

We want Hyde to continue to be successful over the next 50 years and, in the immediate future, we aim to be seen as one of the top five leaders in the housing sector. If we are to realise our ambitions, we need to create new communities by being innovative in our relationships with residents and partners. This year, we signed agreements with Barratt London to deliver 1,550 new homes on the former site of the Kodak factory in Harrow, and with Countryside, Medway Council and the Homes and Communities Agency to regenerate Rochester Riverside in Kent, creating 1,200 more. In December, Brighton and Hove City Councillors unanimously approved a pioneering joint venture that will see us build more than 1,000 affordable homes, based on rents linked to the National Living Wage.

Our current focus is to ensure all of our homes are safe and to reassure residents of their safety.

We must also continue to transform and modernise our core landlord services to improve the customer experience and increase efficiencies. Our focus has been on continuing to build robust and productive contractor relationships, to introduce better monitoring and improve key aspects of the customer experience. This resulted in customer satisfaction with repairs of 85.4%, equaling the best of our peers, according to HouseMark benchmarking. The volume of complaints also fell to fewer than 1% of customer transactions.

We continued to introduce more efficient ways of working, with more frontline staff using mobile systems and 13% of resident transactions handled on digital platforms. We now aim for a one-hour response time for service requests or complaints through social media.

We streamlined the rent recovery process last year and are pleased to report that we sustained our rental income against the backdrop of the impact of welfare reform on residents' incomes. Rent loss on empty homes was also halved, bringing in £1.2m more income than 2015/16.

Mark Sebba
Hyde Group Board Chair

Elaine Bailey
Group Chief Executive

This report details the position we find ourselves in today. We know we have much more to do and we are determined to succeed. We have drive and determination, a great team behind us and a solid financial foundation on which to build. We look forward to the years ahead as we work towards providing a great home for everyone.

The Grenfell Tower tragedy, which occurred as we were compiling this report, was a stark reminder of how crucial it is that working together is put into direct action. Central and local government, social housing providers and private developers need to work with communities to create safe and secure homes that meet the highest standards.

Mark J. Sebba
Elaine Bailey
Hyde Group Board Chair
Group Chief Executive

Elaine Bailey
Group Chief Executive
How we achieve value for money

Hyde takes value for money (VFM) very seriously. The responsibility for delivering VFM starts with the Group Board, which ensures our approach to achieving VFM is strategic, comprehensive and appropriate to deliver our corporate objectives:

- Deliver quality services
- Build more homes
- Be efficient
- Value our people.

We assess the performance of our assets and resources robustly (including, for example, financial, social and environmental returns), while also considering our stakeholders’ interests. The three “Es” – Economy, Efficiency and Effectiveness – run through our VFM strategy. This helps us to provide quality services and homes, while continually improving the business.

Our VFM approach includes:

**Our Strategic Plan** includes VFM objectives and is supported by detailed budgets and VFM targets. These are reviewed every year and targets are cascaded to every area of the business.

**Considered decision-making, supported by robust strategies and business planning.** We aim to optimise the use of resources to deliver our objectives. We work with residents (through Hydewide Residents Voice) to ensure we consider what matters to them. We also seek to balance our obligation to maintain decent homes and with our ambition to invest in building new ones.

**Our Asset Management Strategy** ensures we understand the returns on our homes and commercial assets. We have developed tools to assess how best to optimise future returns in both social and financial terms, considering options including further investment, redevelopment, changing tenure or disposal.

**A strategic approach to service enhancement.** This is supported by a business case approach to change delivery and investment proposals, with clear cost-benefit measures reflected in budgets and service KPIs. Our approach makes use of well-established tools, including “Best Value” reviews, benchmarking with the G15 (the 15 largest social housing providers in London) peer group and comparison with service models outside of the sector.

**Our performance monitoring framework:**

- The Group Housing Services Board oversees housing service delivery
- The Group Investment Committee oversees investment activities, including new developments
- The Group Board oversees treasury management
- The Group Audit Committee oversees risk and internal control
- Resident Assurance Committees scrutinise local area performance
- Hydewide Residents Eye monitors customers’ experience of our services
- Annual assessment against HCA National Standards, to ensure we are compliant and to provide updates on our plans for continuous improvement.

**Centres of expertise to support activities:**

- The Hyde Foundation, helping residents manage debt and sustain their tenancies
- An in-house legal team, helping us to intervene and mediate early if tenancy issues arise, and supporting Housing Officers with tenancy enforcement
- A central procurement team, which procures goods and services strategically, getting good value, compared with market benchmarks
- Strengthening front line services, focusing on digital and telephone resolution, with residents accessing more services online and through social media channels.
How we perform compared with our peers

We use a number of measures to compare our VFM performance with peer organisations, including the G15. We use sector benchmarking (such as HouseMark) and our own analysis, based on the accounts of our peers and on the HCA's global accounts.

We are also taking part in a pilot for a new sector scorecard, aimed at helping housing associations see how they measure up against each other using performance data in a number of different ways. Many organisations in the sector are involved in the pilot, including all of the G15. The scorecard measures business health, development outcomes delivered, effective asset management and operational efficiency. Overall, we hope this will be a useful way to help us understand how successful we are in delivering VFM.

HOW HYDE MEASURES UP USING THE NEW ‘SECTOR SCORECARD’

<table>
<thead>
<tr>
<th>KPI Ref.</th>
<th>KPI definition</th>
<th>2016/2017 performance</th>
<th>2015/2016 performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Operating Margin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1a</td>
<td>Overall</td>
<td>30.9%</td>
<td>32.4%</td>
</tr>
<tr>
<td>1.1b</td>
<td>Social housing lettings</td>
<td>47.6%</td>
<td>47.8%</td>
</tr>
<tr>
<td>1.2</td>
<td>Increase/decrease in operating margin</td>
<td>-1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>1.3</td>
<td>EBITDA MRI (as percentage of interest)*</td>
<td>128.8%</td>
<td>155.9%</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Units developed (absolute)</td>
<td>465</td>
<td>729</td>
</tr>
<tr>
<td>2.2</td>
<td>Units developed (as a % of units owned)</td>
<td>1.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2.3</td>
<td>Gearing (Group debt to asset ratio)</td>
<td>47.3%</td>
<td>47.3%</td>
</tr>
<tr>
<td>Outcomes Delivered</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Overall satisfaction with Hyde as a landlord</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>3.2</td>
<td>£s invested for every £ generated from operations (in new housing supply)</td>
<td>1.69</td>
<td>2.18</td>
</tr>
<tr>
<td>3.3</td>
<td>£s invested for every £ generated from operations (in communities)</td>
<td>£0.02</td>
<td>£0.06</td>
</tr>
<tr>
<td>Effective Asset Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Return on capital employed (ROCE)</td>
<td>3.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>4.2</td>
<td>Occupancy (VOIDS)</td>
<td>99.0%</td>
<td>98.2%</td>
</tr>
<tr>
<td>4.3</td>
<td>Ratio of responsive repairs to planned maintenance spend</td>
<td>42.6%</td>
<td>43.3%</td>
</tr>
<tr>
<td>Operating Efficiencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1a</td>
<td>Headline social housing cost per unit</td>
<td>£3,906</td>
<td>£3,653</td>
</tr>
<tr>
<td>5.1b</td>
<td>Management cost per unit</td>
<td>£745</td>
<td>£812</td>
</tr>
<tr>
<td>5.1c</td>
<td>Service charge cost per unit</td>
<td>£710</td>
<td>£551</td>
</tr>
<tr>
<td>5.1d</td>
<td>Maintenance cost per unit</td>
<td>£923</td>
<td>£788</td>
</tr>
<tr>
<td>5.1e</td>
<td>Major repairs cost per unit</td>
<td>£729</td>
<td>£720</td>
</tr>
<tr>
<td>5.1f</td>
<td>Other social housing costs - costs per unit</td>
<td>£799</td>
<td>£782</td>
</tr>
<tr>
<td>5.2</td>
<td>Rent collected</td>
<td>99.6%</td>
<td>96.3%</td>
</tr>
<tr>
<td>5.3</td>
<td>Overheads as a percentage of adjusted turnover</td>
<td>11.5%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

WHAT THE SCORECARD INDICATORS MEAN AND HOW HYDE PERFORMED IN 2016/17

**Operating margin**

What the indicator tells us

How efficient the business is in financial terms. A higher percentage indicates higher efficiency. The scorecard measures two operating margins - one for the whole business and one that focuses just on its social housing lettings activities.

How Hyde did in 2016/17

The total operating margin was 30.9% in 2016/17, a decrease of 1.5% compared to 2015/16. (Please note that sales income from Hyde's joint ventures is not included in this calculation). Service charge costs and maintenance costs increased in 2016/17. However the social housing lettings margin has stayed broadly the same year on year, demonstrating stable social housing lettings activities.

**EBITDA MRI (as a percentage of interest payments)**

What the indicator tells us

How many times Hyde's operating surplus could pay its interest bill for the year. A higher number indicates that the organisation could afford a higher interest bill.

How Hyde did in 2016/17

Hyde's EBITDA MRI ratio was 128.8% in 2016/17, falling 27.1% compared to 2015/16. The reduced ratio was largely due to lower operating surplus from outright sales.

**Units developed**

What the indicator tells us

How many units Hyde produced from its development programme in the year. This is expressed both in absolute terms and as a percentage of units owned.

How Hyde did in 2016/17

Hyde produced 465 units in 2016/17 compared to 729 in 2015/16.

**Gearing**

What the indicator tells us

How large Hyde's borrowing is compared to the assets it owns, expressed as a percentage. A lower number indicates that the organisation might have capacity to take on more borrowing.

How Hyde did in 2016/17

Hyde's gearing was 47.3% in 2016/17, with no material change compared to 2015/16. The margin is stable.
Overall satisfaction with services

What the indicator tells us: The proportion of residents that are at least fairly satisfied with services overall, based on a random survey.

How Hyde did in 2016/17: Satisfaction was 70% in both 2016/17 and 2015/16.

Pounds invested for every pound generated

What the indicator tells us: How far Hyde reinvested its operating surplus. There are two measures: one for new supply and the other for investment in communities. A higher number indicates greater reinvestment.

How Hyde did in 2016/17: The ratio for reinvestment in new supply was 1.69 in 2016/17 compared to 2.18 in 2015/16. Hyde actually increased its investment in new housing by £35.4m in 2016/17. However, a £39.4m increase in cash generated from operating activities means that the overall ratio has reduced.

The ratio for reinvestment in communities was 0.02 in 2016/17 compared to 0.06 in 2015/16. The level changed due to a reduction in investment as part of a new strategy aimed at targeting residents and communities in greatest need.

Return on Capital Employed (ROCE)

What the indicator tells us: How profitable Hyde's business was relative to the amount of capital invested in the business. A higher number indicates a more profitable business.

How Hyde did in 2016/17: The ROCE was 3.1% in 2016/17 compared to 3.7% in 2015/16. The level changed due to the reduction in operating surplus in the year.

Occupancy (voids)

What the indicator tells us: How well Hyde did at making sure its stock of homes was lived in during the year. A higher percentage indicates better performance, minimising the time and impact of stock being empty.

How Hyde did in 2016/17: The occupancy level was 99.0% in 2016/17 compared to 98.2% in 2015/16, reflecting success in Hyde’s approach to making sure that properties do not stay empty for long.

Ratio of responsive repairs to planned maintenance spend

What the indicator tells us: How much Hyde spent on responsive repairs compared to the amount spent on planned maintenance.

How Hyde did in 2016/17: The ratio was 42.6% in 2016/17 compared to 43.3% in 2015/16, so no material change.

Social housing costs per unit

What the indicator tells us: How much Hyde spent per unit over the year on running each unit of social housing stock. Lower expenditure might indicate greater efficiency.

How Hyde did in 2016/17: The cost per unit was £3,906 in 2016/17 compared to £3,653 in 2015/16, so an increase of £253 per unit. The main reason for this change was an increase in service charge costs per unit as a one-off consequence of Hyde completing two rounds of service charge statements reconciliation in a single financial year as we seek to bring our service charge processing up to date - this led to a higher level of adjustments and write-offs than the prior year.

We also saw an increase in maintenance costs, driven mainly by higher expenditure on voids and responsive repairs.

Rent collected

What the indicator tells us: How much Hyde actually collected of the rents that it charged in the year. A higher percentage indicates higher success.

How Hyde did in 2016/17: Hyde collected 99.6% of the rent charged in 2016/17 compared to 96.3% in 2015/16, reflecting our improved income management.

Overheads as a percentage of adjusted turnover

What the indicator tells us: What percentage of rents and service charges Hyde spent on overheads, such as its back office operations during the year. A lower expenditure might indicate greater efficiency.

How Hyde did in 2016/17: The ratio was 11.5% in 2016/17 compared to 11.2% in 2015/16. The slight reduction was mainly due higher one-off project costs in 2016/17 rather than an increase in recurring overheads.
Our financial position

Our financial performance and position are strong. Our underlying surplus was £98.4m in 2016/17, an increase of £2.7m from 2015/16, a significant proportion of which came from stock transfers.

Our surplus is reinvested in our core business of providing affordable homes and resident services. In each of the last five years, we have invested significantly more than our surplus in improving homes and delivering new ones.

We have made efficiency improvements in all areas of the business. We ensure we can cover our day-to-day running costs and interest payments on our borrowing, without relying on sales of any kind. The chart below details our income and expenditure for 2016/17. Our accounting surplus was £92.6m last year, including fair value adjustments of £5.8m.

Future plans 2017/18

Hyde’s 2017/18 budget continues to address the rent reductions and includes efficiency targets to offset these, from smarter maintenance initiatives to project savings and better management of empty homes.

Our longer term financial plan challenges the business to keep on becoming more efficient by reducing the cost of the back office and controlling staff costs, increasing revenue by £25m by 2020.

This is achievable but requires us to make better use of digital technology, to improve service charge recovery and to simplify our processes. Projects are already underway to deliver in all these areas.
How delivering our corporate objectives helped us achieve VFM

DEVELO QUALITY SERVICES

Cultivate a culture of responsibility and streamlined processes to deliver straightforward accessible services.

Last year we set ourselves a number of VFM goals to deliver this objective. Here is how we performed.

### 2016/17 Value for money goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete the Look Again service reviews with the aim of modernising services and increasing efficiency</td>
<td>Anti-Social Behaviour and tenancy/estate reviews completed</td>
</tr>
<tr>
<td>Continue to streamline the letting of empty homes to meet the void rent loss target</td>
<td>Further streamlining completed and target met</td>
</tr>
<tr>
<td>Complete the procurement of cleaning and grounds maintenance contracts to deliver cost savings and improved services</td>
<td>Completed and savings and service improvements achieved</td>
</tr>
<tr>
<td>Launch our online digital service – Self Serve - and mobile working for the Income team</td>
<td>Mobile working now in place for income officers. Digital team established as preparatory phase of Self-Serve</td>
</tr>
<tr>
<td>Carry out stakeholder consultation on 14 sheltered schemes with a view to introducing an Intensive Housing Management Service</td>
<td>New service delivered on 21 sheltered housing schemes.</td>
</tr>
<tr>
<td>Review Hyde Plus, our social and economic investment team, to target those in greatest need</td>
<td>New service now in place</td>
</tr>
<tr>
<td>Deliver the Price per Property (PPP) pilot for part of our repairs contract, an initiative to improve efficiency and customer satisfaction</td>
<td>Pilot delivered successfully</td>
</tr>
<tr>
<td>Complete the transformation of Hyde Property Services, our direct labour organisation, and embed the changes</td>
<td>Transformation is well underway and almost complete</td>
</tr>
</tbody>
</table>

A key aim in 2016/17 was to improve customer satisfaction and sustain rental income against the background of the impact of Welfare Reform. At the same time, we continued to modernise our landlord services to improve the customer experience and increase efficiencies through our Look Again service review programme.

### Look Again service reviews

Our Look Again programme introduces simpler ways of working to improve access to our services and make better use of existing technology. Highlights include:

- A new online self-help Anti-Social Behaviour (ASB) toolkit that defines what is, and is not, ASB (plus the limits of our responsibilities). It acts as a first port of call for staff and residents. Since the toolkit was launched, the number of reported ASB cases has fallen by by 25%, enabling us to focus on the most serious incidents.
- The successful pilot of a new approach to tenancy and property management, splitting the two services to ensure we are more clear and consistent in resolving issues. This will be rolled out to rest of the business in late 2017.

### Empty homes and lettings

We centralised the Empty Homes and Lettings team last year, helping to reduce the time properties are left empty, achieving an annual rent loss target of 0.95% and saving £1.4m. We recognise this is an area where we can make further improvements and have set ourselves a challenging target of 0.49% rent loss for 2017/18.

### Cleaning and grounds maintenance contracts

We worked with the Resident Procurement Panel to ensure new grounds maintenance and cleaning contracts were resident-focused and met their needs. More than 90,000 residents will benefit, saving them an average of 15% on their service charges, with improved and consistent standard of service.

### Income collection

Our Income team was introduced more efficient ways of working – partly enabled by new mobile access to systems – and a streamlined recovery process. The result was sustained income collection in the context of rising pressures on residents’ incomes.

“I can access the systems to show residents their income and expenditure statements, set up direct debits and fill in forms electronically. I have even used the software in court hearings, to show the judge supporting evidence – we have won cases thanks to mobile working.”

Adrian Whitaker, Income Officer

### Intensive housing management

We introduced an intensive housing management service at 21 sheltered housing schemes. Scheme Officers now manage communal areas and are more focused on the wellbeing of residents, helping them contact other agencies for support.

### Self-Serve

We continued to build systems to enable customers carry out key transactions online, giving them more control and improving our efficiency: the use of digital channels rose to 13% last year, up from 9% the year before. However, we realise we have more to do to offer customers a fully integrated 24/7 online service.
Hyde’s VFM Statement 31 March 2017

Social value

Hyde Plus was restructured last year, adopting a new way of working aligned to our business needs and delivering cost savings of £500k.

Now known as the Hyde Foundation, it has two clear missions: to work with vulnerable people to help them sustain their tenancies and to pre-empt wider community issues – addressing them before they become a problem. In 2016/17 it:

- Provided financial advice to more than 700 residents, reducing rent arrears by £255k and securing £81k by preventing ten evictions
- Engaged with nearly 1,200 young people, creating £795k in social value
- Through the Love London Working project, helped 229 unemployed and inactive Londoners, getting 61 of them back to work
- Provided £197k in grants to residents and partner organisations through the Hyde Charitable Trust, including the new Community Anchor Fund.

Hyde Plus’ Successful Tenancies team worked with the Welfare Specialist team, HydePay and Love London Working to secure a housing payment for a resident in rent arrears, and to set them on the path to paid employment for the first time in 22 years.

Repairs

Our focus has been on continuing to build robust and productive contractor relationships; to introduce better monitoring and improve key aspects of the customer experience (including appointments and management of follow-on works). This has resulted in customer satisfaction with repairs of 85.4%, equalling the best of our peers, according to HouseMark benchmarking.

The pilot of Price per Property ran across 7,000 homes in south east London. This involved our contractors charging us a fixed price for each rented home, covering the cost of all day-to-day repairs. The aim was to improve our certainty around our repairs costs and to encourage our contractors to provide a ‘right first time’ service.

The pilot was a success, with both contractor performance and customer satisfaction higher in the pilot area than others. We anticipate rolling out the approach to other areas in 2017/18.

We continued with the transformation and modernisation of our direct labour organisation, Hyde Property Services (HPS). While HPS remained our top performing maintenance provider, achieving customer satisfaction in excess of our 85% target, there is still more to do. We will continue to focus on improving call handling and supply chain management; on driving staff engagement; on bringing more repairs work in-house and will be investing further in our fleet.

Stock investment

Our common sense investment approach to property management generated £4.1m of savings to help offset the impact of the 1% rent reduction. We invested £38m in improving 800 kitchens, 600 bathrooms and 1,000 heating and hot water systems.

Hyde joined Shine (the Seasonal Health Interventions Network) to tackle fuel poverty and to reduce seasonal deaths and hospital admissions in London. Shine offers advice on home heating and insulation grants and utility debt, as well as health and other services.

Future plans 2017/18

- Roll out Price per Property to more homes, saving £700k a year
- Continue to transform Hyde Property Services to deliver efficiencies in 2017/18
- Continue to move customer services online and develop our approach to self-service
- Implement the new service model for property and tenancy management, saving more than £200k in the first year and at least £1.2m per year thereafter
- Trial direct lettings across more local authorities
- Continue to improve letting empty homes, further reducing void loss.

Build More Homes

Increase the number of homes we own and build to increase the housing supply and maximise our financial strength.

Last year we set ourselves a number of VFM goals to deliver this objective. Here is how we performed.

<table>
<thead>
<tr>
<th>2016/17 Value for money goals</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire 2,443 new plots</td>
<td>Acquired 2,681 new plots</td>
</tr>
<tr>
<td>Achieve 1,936 starts on site</td>
<td>Achieved 1,949 starts on site</td>
</tr>
<tr>
<td>Achieve 457 practical completions</td>
<td>Achieved 465 practical completions</td>
</tr>
<tr>
<td>Identify further sites to deliver construction management</td>
<td>Two further sites identified</td>
</tr>
<tr>
<td>Continue to assess the VFM savings from Modern Methods of Construction (MMC)</td>
<td>Achieved with a component-based approach to MMC, providing better VFM</td>
</tr>
<tr>
<td>Undertake further joint ventures with local authorities</td>
<td>Further joint ventures in progress</td>
</tr>
</tbody>
</table>

This year, our development focus was on acquiring land to help us meet our ambitions of delivering a rolling five year average of 1,500 homes per year from 2017/18.

We also sold 95 outright sale units and 298 shared ownership homes, generating surpluses of £12.3m and £10.6m respectively.

We continued to explore construction management on several schemes, which entails Hyde more actively overseeing specific developments and saving money in the process. We also explored Modern Methods of Construction, using off-site manufacture of building components, to provide better value for money.

We sought opportunities to work in partnership through joint ventures, as we believe this is an efficient way of creating affordable homes and, for local authorities in particular, to maximise the value of their development land. In 2016-17 we finalised a number of joint ventures that will deliver:

- 1,550 homes on the former Kodak factory site in Harrow, with Barratt London
- 1,200 homes in Rochester, Kent with Countryside, Medway Council and the HCA
- 1,000 affordable homes in Brighton and Hove, with Brighton and Hove City Council.

We also carried out three major stock rationalisation projects during 2016/17, with more than 2,000 units being traded. The £24.1m profit from stock swaps, along with £44.1m sales revenue, will help pay for more homes and better resident services.

Hyde’s Design and Quality panel helped us save £9m during 2016/17, enough to fund at least 60 new homes. The panel assesses all new developments to minimise costs and maximise value.

We used Project Team Working, our cross-department approach that pools expertise, to optimise cost and value and deliver homes that will be efficient to manage and maintain.

More

We started construction of 86 homes under our MORE (Managing Our Resources Effectively) programme, which sees us make better use of our existing homes and estates through infill, remodelling and regeneration. A major MORE project, the regeneration of the Brookhill Estate in Woolwich, began in earnest in last year; we are consulting with residents with the aim of submitting a planning application in summer 2017.

Future Plans 2017/18

- Deliver a rolling five year average of 1,500 homes per year from 2017/18
- Deliver 10% savings on capital costs through Construction Management (based on 20% of programme)
BE EFFICIENT

Maximise value, embrace digital solutions and streamline our systems and processes.

Last year we set ourselves a number of VFM goals to deliver this objective. Here is how we performed.

**2016/17 Value for money goals**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver £10m of additional income by disposing of empty properties</td>
<td>£12.65m delivered through disposals</td>
</tr>
<tr>
<td>beyond economical repair</td>
<td></td>
</tr>
<tr>
<td>Deliver £2.3m savings through 40 procurement initiatives</td>
<td>£5.4m procurement savings, well in excess of target</td>
</tr>
<tr>
<td>Continue to rationalise stock and reduce the number of local</td>
<td>16% reduction in number of local authority areas</td>
</tr>
<tr>
<td>authority areas in which we operate</td>
<td></td>
</tr>
<tr>
<td>Review Hyde’s office portfolio</td>
<td>Total cost of offices and facilities management reduced</td>
</tr>
<tr>
<td>Expand the legal team to save money on external legal fees</td>
<td>Legal team expanded, services delivered more economically by own staff</td>
</tr>
</tbody>
</table>

Being efficient is the cornerstone of our VFM strategy, helping us to manage our resources economically, efficiently and effectively. This enables us to provide quality services and homes and to plan for, and deliver, on-going improvements in value for money.

**Making the most of our assets**

- We disposed of 41 properties that were uneconomical to repair, generating £12.65m
- We saved £4.1m by only replacing building elements such as kitchens and bathrooms when they were needed (as opposed to a planned programme of work)
- We maintained 100% of our stock at Decent Homes Standard.

**Procurement**

- We saved more than £5.4m by re-tendering contracts, including estates services, insurance, internal audit and furniture and white goods suppliers
- We reduced the number of suppliers by 1,300, improving efficiency and allowing us to secure volume discounts
- We sold access to our OJEU-compliant procurement frameworks to help 13 social housing providers build about 1,400 new homes.

**Stock rationalisation**

This, the second year of our three year stock rationalisation programme, saw us:

- Reduce the number of local authority areas in which we operate from 74 to 62
- Increase the average number of homes in each local authority area from 627 to 752
- Increase our stock by 205 homes and increase revenue by £1.35m.

Additionally, our in-house legal team grew this year, enabling it to handle more cases, saving £1m. Offices and facilities management spend was reduced by 6% and we aim to increase income from our commercial properties, moving staff and leasing out vacated offices.

**Future plans 2017/18**

- Complete our stock rationalisation strategy
- Save £7.2m through common sense approach to stock investment
- Save £2.2m by improving procurement and earn £100k by selling access to our frameworks
- Expand the legal team to seven lawyers and raise our savings target by £160k
- Review options for our offices in Southampton and Kent.
VALUE OUR PEOPLE

Support our people to deliver organisational objectives and improve our employees’ working lives.

Last year we set ourselves a number of VFM goals to deliver this objective. Here is how we performed.

<table>
<thead>
<tr>
<th>2016/17 Value for money goals</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase staff retention, engagement and promotion levels: increase staff development activity</td>
<td>Staff retention and internal promotion rates increased and staff training target met</td>
</tr>
<tr>
<td>Promote a culture that enables Hyde’s values to come alive during interactions with staff, residents and each other</td>
<td>Continued to embed Hyde’s values through Hyde Heroes awards and local recognition schemes</td>
</tr>
<tr>
<td>Retain Gold Investors in People (IIP) status</td>
<td>Investors in People Gold accreditation maintained against the new higher standard</td>
</tr>
</tbody>
</table>

Our staff are integral to our success in delivering value for money. Staff are proactive, take responsibility for their actions and think carefully about every penny they spend, while going the extra mile for our customers. It is important that staff are engaged and want to build their careers with Hyde; it is this that drives the ‘people’ element of our value for money strategy.

Towards the end of the year we refreshed our values and set out a new desired culture. Staff helped shape our new values and behaviours and managers took part in workshops to support a move towards this ‘achievement culture’, where people are able to deliver more services efficiently and cost-effectively.

One of our proudest achievements this year was maintaining our Gold accreditation from Investors in People, even though the criteria this year was much stricter.

In 2016/17, voluntary staff turnover was 13.8%, lower than the sector benchmark of 17%, and we promoted 15% of our staff, exceeding our target of 10%.

We aim to create an environment where everyone can succeed. We have a strong and well-embedded approach to performance management, with annual appraisals and regular one-to-one meetings to focus on performance and development.

We invested £740k in training and developing our people last year, equivalent to about four days of training per person. Additionally, eight apprentices successfully completed their training, with seven now employed by Hyde full-time.

Regular staff communications and consultations, plus staff surveys, also help us develop action plans to address issues and build employee engagement. Staff engagement highlights include:

- Hyde Heroes awards and local recognition reinforced our values. Initiatives included Housing Services’ “Pride in Hyde” and “Playing my part”
- There was a 13% increase in the take-up of our flexible benefits scheme iFlex, which delivered £192k of employer National Insurance savings
- Our Wellbeing Champions ran a workplace massage programme and the annual Global Corporate Challenge, encouraging staff to improve their health and fitness
- Eight apprentices successfully completed their training, with seven now employed by Hyde full-time.

Future plans 2017/18

We will be continuing to work towards having a culture of achievement by:

- Having the right people in place, with the right capabilities, who are innovative and passionate
- Making Hyde an employer of choice, by embedding a professional attitude, ambition and focus on delivery in our workforce
- Identifying potential and support future leaders
- Enhancing our reputation as a thought leader, to shape thinking and increase our influence on policy makers.
If you would like this document in one of Hyde’s community languages or another format please contact us.

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