

2020-21

**Orbit Group**

Value for  
Money  
Report



building  
communities

For the year ended 31 March 2021





A member of our Place-Making and Partnership team presenting a Thriving Communities Award to a customer who has made a positive impact to their community

## Value for Money

### Our Strategy

At Orbit we take a strategic and holistic approach to value for money that ensures the most effective, efficient and economical use of resources to deliver or offer the best services to our customers. Within this framework, and at the heart of our business, we believe that homes matter to everyone and we continue to combine our social purpose and commercial expertise to build responsible, safe, affordable good quality, energy efficient homes. Our vision is to provide diverse and thriving communities which enable our customers to feel safe and supported. Whilst achieving this we aspire to be an inclusive employer with a focus on personal development, growth and wellbeing. Our value for money culture is led by our Group Board and Executive Team, through approval of our value for money policy, financial business plan and business change initiatives. It is embedded in all decision-making processes throughout our organisation, and we ensure our strategy adheres to the Regulator's Value for Money Standard. We are proud to have retained our G1/V2 regulatory rating.

As part of our business transformation, our continuing ambition to deliver long-term value for money through efficient processes and improving customer satisfaction, we have successfully delivered the core foundation components of our IT transformation, with the Microsoft Dynamics platform now implemented across Finance & Procurement, HR, and Sales & Marketing. These modules went live in July 2020 and are in line to deliver c£2.8 million of benefit this year. Orbit remains committed to developing a Dynamics-first IT solution, however the Board has now approved that we will take smaller implementation phases as the system continues to be enhanced. This will result in both the cost associated with the development and any benefits that are realised being achieved over a longer period of time than initially planned. However, this decision will allow us to be agile in responding to the changing demands and priorities of the sector and ensure value for money for our customers as we implement tried and tested solutions.

We have extended our IT integration to our Estates team with the introduction of Microsoft Dynamics Field Services system which enables colleagues working on site to work efficiently and effectively to support work prioritisation and increase scheduling efficiency. The system will realise both improved customer service and efficiencies from service chargeable activity in 2021/22.

We are committed to offering a sector-leading, streamlined customer experience in a changing society, understanding that each customer has different needs and aspirations. Our Customer Promise which has been developed in collaboration with our customers and Customer and Communities Board launched in March 2021. This promise puts the customer at the heart of what we do and ensures that all teams across our business work together to enable our customers to thrive in their homes, whilst ensuring we deliver on the aims and objectives of the Social Housing White Paper, enhancing our customer offer, including improved self service. We recognise that it is important to maintain contact with our customers through face to face conversations and by phone but also recognise the need to provide alternative digital channels which can flexibly accessed.

We place great importance on keeping up with changes in the digital world and this year we have launched new digital channels including our customer website launched in March 2021 which will allow us to deliver a vibrant and aspirational one stop shop which is simple to navigate. Our Better Days offer which was held within a separate platform is now included here. Additional features include new web-based forms, effective search functions, customer notice board, artificial intelligence led technology displaying common questions and searches, an improved 'My Account' portal, live chat and virtual assistant.

Alongside this, the launch of our online customer platform 'Your Voice' has benefitted from engagement with our customers to provide a service that delivers a seamless customer experience and is able to meet the changing needs of our diverse customer base. Since launch we have increased digital engagement opportunities with our customers by over 150% and the number of customers engaging with us by 84%.

The changing landscape driven by the COVID-19 pandemic has demonstrated that we are able to operate efficiently with an agile working business model, resulting in over 850 colleagues signing up to work from home on a longer-term basis, only travelling to the office for collaboration. Our office model will move towards a more focused business hub environment including our Corporate Centre where people can come together to create great outcomes for our business and customers. As a result, a considered review of our office strategy has resulted in the closure of two of our offices during the year and an existing office space replaced with new collaboration spaces which reflects our new way of working. Our Customer Hub has facilitated a more effective customer experience and more efficient use of resources. We have achieved reductions in our carbon footprint and office overheads through reduced travel, subsistence, meeting costs and the introduction of EV charging points. We have absorbed the cost of PPE into existing budgets and generated further savings of c£150k from recycling equipment in our offices to employees for agile home working. We continue to review how we will use our office spaces in the future.



Orbit's total carbon footprint in 2020/21 was 7,329 tonnes of carbon dioxide equivalent (tCO2e). This captures our total scope 1 and 2 carbon emissions from offices, fleet, landlord supply, re-let and new build voids and construction activities. Our footprint has reduced by 21% since our first year of reporting in 2018/19. The main drivers for this are new agile ways of working, renewable electricity in our offices and landlord supply together with other energy efficient measures in our property and fleet.

Our Board approved Densification Strategy aligns to our commitment to improve our customer service offer. Adding stock to areas where we have a sizeable presence provides economies of scale and allows us to operate more efficiently. This continued densification of our operating areas also underpins our vision to build thriving communities that meet the needs of our diverse customer base, improve customer experience, promote change to wellbeing, social cohesion and interaction. As part of this agenda, we purchased 120 homes from Bromford, increasing our presence across the wider 'OxCam Arc', the area around London from Oxford to Cambridge. We also disposed of 171 Shared Ownership homes from non-core areas in March 2021, securing £14.6 million to support the delivery of more affordable homes in our key geographical areas.

Furthermore, our continuing work on design standards to improve the quality and consistency of build and maintenance activity and reduce our carbon footprint within Orbit will yield future additional benefits and minimise the requirement to retrofit. Additional build costs of £9,300 per property will allow carbon zero at the point of build. The increased costs associated with this will benefit both our customers and the environment.

We place great importance on Customer safety and fully support the introduction of the draft Building Safety Bill. This year has seen our Health & Safety teams continue to report 100% compliance in all areas of gas safety, boiler servicing, fire risk assessment, asbestos & legionella. We are also proud to have achieved 100% compliance in customer safety, data request responses, audit recommendations implemented and we have seen no serious injuries in any of our operations.

We are proud to be the only affordable housing provider to have achieved BS9997, British Standards in Fire risk management systems. We have developed a new Fire Safety App in conjunction with Firemark, a community-interest company. This virtual reality app takes our customers through a home and identifies potential hazards allowing our customers to be better informed about fire risk, enabling them to protect themselves and their families. This demonstrates our serious intent as a business to ensure the safety of our customers. Future benefits of a lower occurrence of incidents will include reduced insurance premiums as the fire risk across our portfolio is reduced.

Our Procurement Strategy enables us to build relationships with Social Enterprise partners who align to our values as a socially responsible business. We believe that the partnership of strong financial management and social value ethos empower local economies and create employment opportunities through the creation of social value. In the last 12 months we have increased our percentage of spend with social enterprises and through our involvement with Community Impact Partnership, invested over £1 million of loan finance and £300,000 support programme to build the necessary infrastructure to support the social enterprise sector.

These strategic programmes and investments, alongside core business performance demonstrate that we are a strong and resilient business delivering solid results against a backdrop of ongoing economic uncertainty as a result of Brexit, US elections and a full year impact of COVID-19. Our turnover of £355 million (2020: £323 million), achieved an operating surplus of £112 million (2020: £130 million), and an operating margin of 25.4%, this is a 0.7% decrease from 2020. Our strong underlying operating position has allowed for development activity within Orbit to deliver 848 new homes (2020 1,520). Our ongoing strategic partnership with Homes England, provides grant funding to help Orbit play its part in addressing the housing crisis and efficiently deliver new homes. Furthermore, we have invested in excess of £64 million (2020: £82 million) into our existing properties through repair, maintenance and compliance activity which will contribute to high quality, safer and more efficient homes leading to improved customer satisfaction.

The financial planning process, overseen and approved by the Board, ensures that Orbit achieves a healthy balance between building good quality, safe and energy efficient homes where our customers are proud to live, maintaining our existing properties to an excellent standard, creating a great place for employees to work whilst continuing to protect the financial health of our business. The ongoing pandemic requires careful management to ensure we continue to retain this balance whilst still implementing better ways of working.

We launched Orbit 2025 in January 2021. This strategy which is aligned to the Social Housing & Planning White Papers will deliver our best customer experience, provide significant further investment into our homes and communities, maintain our position as a leading UK developer of affordable homes, respond to the needs of a diverse and changing population, attract and retain the very best people and reduce our impact on the environment. There are eight delivery plans which underpin our strategy and they are: delivering excellent customer service with our Customer Promise at the heart of everything we do, providing safe and affordable homes, affordability and efficiency, modern methods of construction, land-led development, partnerships and growth, great place to work and environmental impact.



Continuing work on design standards to improve the quality and consistency of build and maintenance activity and reduce our carbon footprint

## Value for Money Metrics

As well as the value for money metrics set out by the Regulator, we also report against our own internal metrics taking into consideration our social and environment commitments alongside the core thread of governance. These include measuring staff costs as percentage of turnover, rent collection, void rent loss, occupancy rates, customer satisfaction, investment in communities and

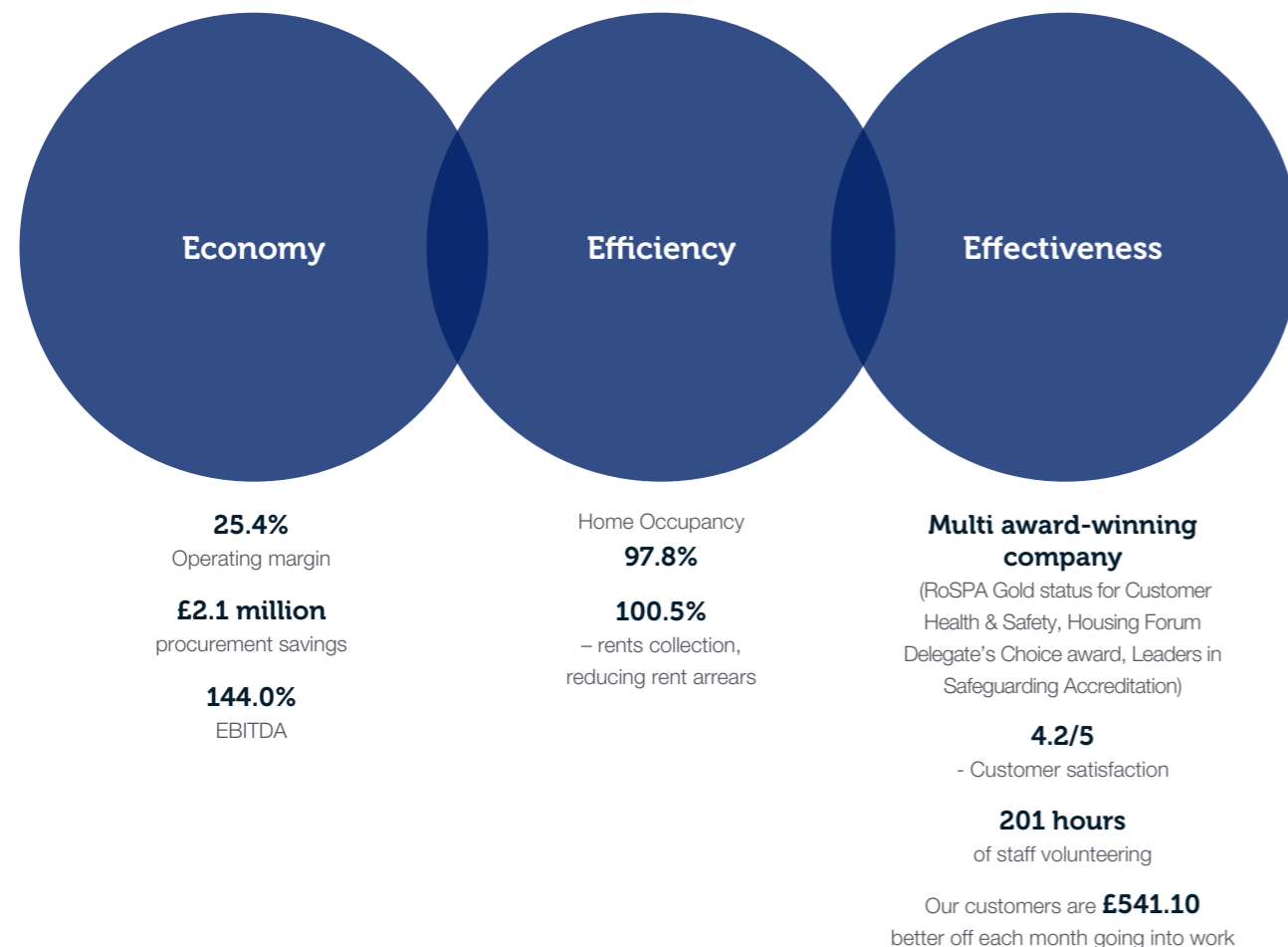
the percentage of homes achieving a minimum of EPC Band C. These additional metrics, coupled with the regulatory metrics, evaluate the performance of our value chain. All metrics can be aligned with Economy, Efficiency or Effectiveness. The three E's focus on differing aspects and are defined as follows:

**Economy:** the degree to which objects are being purchased in the right quantity and at the right price, while having regard to quality. This is true of both goods and services that are utilised by Orbit but is equally important when employing staff. It is essential to ensure that staff are employed at the right salary levels, reflecting Orbit's target position of a median benchmarking employer, and that they have sufficient skill sets to carry out the tasks assigned to their role.

**Efficiency:** is a productivity measure considering how efficiently the project is delivering its results, considering the rate at which inputs are converted to outputs and its cost-efficiency.

**Effectiveness:** considers the quality of the work by assessing the rate at which outputs are converted into outcomes along with the impact this has. These outcomes can be either qualitative or quantitative in nature and reaffirming that value for money is not simply a financial consideration.

Outlined below are some key highlights achieved this year as a result of our embedded value for money culture.



## Benchmarking

To aid benchmarking, we have tracked performance against a representative peer group. This group has been carefully selected through reviewing geographic coverage and property portfolio size. Housing associations included in this benchmark group are as follows:

<b>Midland Heart</b>	<b>Optivo</b>
<b>Platform Housing</b>	<b>Home Group</b>
<b>Live West</b>	<b>Bromford</b>
<b>Sovereign</b>	<b>Notting Hill Genesis</b>
<b>Citizen Housing</b>	<b>Stonewater</b>

Furthermore, we are also continuing to benchmark against the median for providers with over 30,000 units, as defined by the Regulator of Social Housing. Please note that 2020 metrics for both Orbit and the benchmarks groups are from a pre-pandemic period.

Orbit is proud of its commitment and dedication to building new, environmentally conscious homes and thriving communities which contribute to addressing the current housing crisis whilst also investing in existing properties at scale with the aim of improving customer experience and increasing energy efficiency. These activities are at the heart of both our current and future strategy. We firmly believe that our strategy is the right one for us and for our customers. As a consequence, we do not benchmark as favourably against metrics such as operating margin, gearing and EBITDA, or headline social housing cost per unit. Whilst we will always seek to deliver improved value for money year-on-year, we would not expect these scores to change significantly due to the nature of our core strategy and commitment of providing our customers with great places to live. Our future operational priorities for the next 12 months include, improved customer service and engagement, full roll out of agile working and increased productivity, and further operational efficiencies and spend to support investment.

## Providing good value services

We have continued to deliver an improved customer experience through our Customer Hub and our focus on customers has had a positive impact on those who live in our communities. Our Customer Services team have supported and reassured our customers through the difficulties of the pandemic and we ended the year with customer satisfaction of 4.2/5. Gaining access to our customer's homes has been challenging and the number of days to complete scheme repairs has increased to 30.4 days (2020: 23.1 days).

Against the backdrop of the pandemic we have seen stabilised rent collection levels of 100.5% (2020: 100.6%) due therefore reducing outstanding debts and improving our cashflow. Our gross rent arrears as a percentage of rents receivable has decreased to 2.7% (2020: 2.9%). Rent lost due to void property has increased on last year at 2.5% (2020: 1.8%) and we continue to work to achieve further improvements in this area. Our home occupancy rate has been in excess of 97.8% (2020: 98.1%). This drop in occupancy is proportionate to our increase in void properties, as a result of the level of repairs.

Some highlights for the year include:

Launch of our new digital customer engagement platform which delivers on our Customer Promise and incorporates the 'Better Days' platform which was previously held separately.

This offer includes our virtual assistant and chatbot which have the capability to deal with popular questions quickly using guided dialogue with customers via text or speech instead of chatting to a live human agent. It is not designed to replace human contact but will offer an informative service that is expected to generate efficiencies in future years. It has been instrumental in supporting our customers throughout the pandemic. Since the launch we have seen significant improvements in the way issues and ideas are communicated to us and the speed with which they are responded to. 'Your Voice' reflects our new approach to customer engagement in helping us to achieve our vision of building thriving communities. This platform allows our customers to share their views on a range of issues, join strategic customer engagement groups, talk about things that matter to them and share with us what they would like to influence. It has been featured by Housing Technology, the leading technology information service for both the UK housing sector and Local Authorities and has been awarded the National Housing Forum's Delegate's Choice award. This is testament to our aspiration of becoming sector leaders. Since the launch we have seen a 66% increase of page views and a 20% reduction in bounce rates which indicates that our customers are browsing for longer.



We collaborated with other housing providers to take part in our first ever Your Voice Virtual Conference. This sector leading approach included a mix of customers, internal colleagues, board members and other social housing providers facilitating the sharing of best practice from across the sector to achieve better outcomes for our customers and identify efficiencies. Our Customer Engagement team have also presented our best practice approach at The Pensions Advisory Service (TPAS) on the Social Housing White Paper and at webinars hosted by the National Housing Federation.

The launch of our new in-house social media platform ‘Orlo’ provides extensive insight and data around our customers experience of Orbit and will aid future decision making and identify future operating efficiencies. Data is interpreted using key words allowing us to respond rapidly, pre-set templates are available for different customer interactions which ensure a consistent message in the Orbit tone of voice. Important to note is the improved reporting capability allowing us to understand the impact of our social media channels.

Leaders in Safeguarding accreditation. We are proud to have become the first registered provider of this in our sector. As a business we have created a strong safeguarding culture to ensure that our customers remain safe. Roles within our structure will ensure that these standards are maintained and reviewed to ensure best practice to achieve re-accreditation in two years’ time. We have also secured RoSPA Gold status for Customer Health & Safety.

HouseProud Pledge membership. As a provider of affordable housing we place great importance on ensuring that our Equality, Diversity and Inclusion extends to our customers and communities. This pledge is a framework for landlords and residents to work together to take decisive action against discrimination.

Improved Better Days offer to our customers, we anticipated that the pandemic would impact our customers significantly in many ways, from finances and employment, well-being and mental health and the challenge of moving towards an increased digital way of life. The merging of our Tenancy Sustainment and Employment teams has enabled more concentrated focus on this key area of our business. We have expanded elements of our programme to support seven additional housing associations, enabling much needed mental health support within our sector. This partnership has ensured that our ‘Breathing Space’ mental health programme has reached over one million social housing customers. The introduction of three new programmes enables our customers to manage their tenancies. Our Employment Skills Progression programme has supported customers into quality jobs in a range of growth sectors, Switch & Save provides accessibility for customers and employees to save on energy bills by changing supplier and Any Day Direct Debits, our new flexible payment system helps our customers to manage their finances including re-aligning rent payments with their pay day, housing benefit or universal credit. This has resulted in a 13% increase in customers paying by Direct Debit. These offers have contributed to a reduction in bad debts and rent arrears. In recognition of the impact the pandemic has had on our communities we have created a £150,000 COVID-19 Recovery Fund to support community groups and charitable organisations. This includes food banks and projects supporting both mental health and intergenerational engagement to ensure we target support where it is needed most.

Orbit has seen an increase in year-on-year expenditure regarding Management and Service Charge costs per unit. This is in line with our Development Strategy and shows our commitment to not only build but also maintain good quality affordable homes. There has been a decrease in maintenance, major repairs and other social housing costs per unit. The increase in management costs is largely driven by our Customer Hub and IT-led business transformation programmes, with key upfront investments yielding returns in future years. We continue our investment within our communities via the Community Investment Fund. Additionally, we have become a living wage employer and invested in leadership and development programmes for our people, which has a small impact on our management costs.

## Affordable, good quality homes

Orbit’s financial strength supports our vision to design, build and deliver quality homes where we can accommodate the life stages of our customers through the design and build of innovative, environmentally aware homes. We have introduced our new Orbit Homes brand ‘Your Place to Thrive’. Our branding has been refreshed to reflect our Group vision of building thriving communities with our look becoming more modern and aspirational and better reflects who we are, our future direction, the work we do and the communities we create.

We are proud of our safety-first culture which includes RoSPA Gold status. We have been recognised by external safety Consultants RG Willbrey as top in class in managing COVID-19 risks across our developments. Our pro-active approach and robust policy including the introduction of Coronavirus Marshalls on our sites has enabled us to close and re-start our developments and allowed us to continue to build through this challenging period.

Orbit is committed to the development of new homes, whilst improved standards in existing properties has seen us invest £183.2 million in our properties, as shown in Note 12 (2020: £271 million) .We are proud to have retained our status as a top 10 housebuilder for the fifth consecutive year and our focus on quality and design has been recognised with awards including a Silver Considerate Constructors Scheme award for our Arden Quarter development in Stratford-upon-Avon, Gold Award for Customer satisfaction Outstanding Achievement award from In-House Research, A Pride in the Job Quality award for excellent site management by the National House Building Council (NHBC) and an RHS Britain in Bloom award. This recognition demonstrates our continued commitment as a responsible provider with a sustainable approach working with our communities.

We have appointed a Head of Design & Specification to focus on ensuring that we deliver a consistent level of quality and create homes designed with our customer in mind, demonstrating our commitment to ensuring that the customer experience is at the heart of our product.

Key projects include:

- New Urban and Residential design standards policy which will include sector-leading specifications and house types.
- Carbon assessment of our builds to ensure energy efficiency and reduced impact on carbon footprint.
- Internal Design Forum which will ensure standards are maintained and reviewed regularly.
- RoSPA Safer by Design framework for all future new-build homes. Orbit is leading in sector as the second house builder and first builder of affordable homes to sign up to this, demonstrating our commitment to safety. These Safer by Design Standards go above and beyond building regulations with the aim of reducing accidental deaths and serious injury.

As Orbit continues to develop new homes our primary focus remains on our core value of social housing. 79% of the homes Orbit built in the last 12 months have been social in nature, whilst open market activity continues to contribute to future social housing developments through profits generated being reinvested.

A detailed tenure split of the 848 new properties built is outlined below.

Number of builds by tenure type:

**Total new homes built – 848 (2020: 1,520)**

**Affordable/Social Rent – 418 (2020: 527)**

**Shared Ownership – 231 (2020: 581)**

**Market Sale –180 (2020: 269)**

**Private Rent – 0 (2020: 64)**

**Developed for others – 19 (2020: 79)**

Our focus on delivery of good quality homes across multiple tenure types is not restricted to the development of new properties and we continue to invest in maintaining the quality of our existing stock portfolio. In the last 12 months, we have invested in excess of £26 million into our capital delivery programme to maintain and improve standards for our customers. This has been recognised through attaining two RoSPA Gold awards for maintaining our 100% Health & Safety ratings, demonstrating our commitment to ensuring our customers’ wellbeing.

Critical to this is our energy efficiency programme to ensure that we move towards the government’s 2050 net zero carbon target and create homes for our customers that are safe and efficient to run.

Our commitment to tackling climate change and embracing biodiversity has seen us working with the Chartered Institute of Housing to outline how the government and housing sector can work together to contribute to reducing our carbon footprint. As part of the National Housing Federation’s Homes at the Heart campaign we published our joint briefing which re-established the case for urgent action and sets out what needs to be done; housing is large part of the zero-carbon challenge and social landlords have a fundamental part to play. For this to be a success a robust policy framework, financing options and innovative technological solutions are required. Furthermore, we are committed to providing energy efficient homes for our customers that are healthier and less costly to run.

Some highlights for the year include:

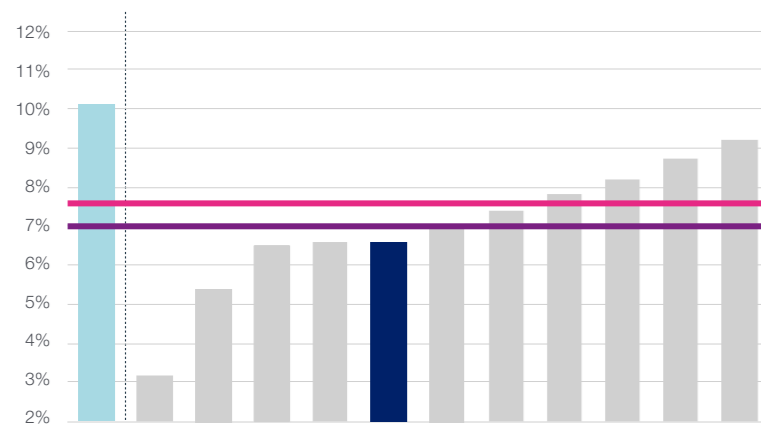
- Working in partnership with Ilke on our first volumetric housing scheme using Modern Methods of Construction (MMC). 14 units were delivered this year. This type of housing significantly reduces the impact on the environment through off-site, energy efficient construction, minimised material procurement and wastage and reduced transportation required to and from site. Aesthetically these homes look the same as their brick-built counterparts but are more energy efficient resulting in a lower carbon footprint and reduced heating costs for our customers. We aspire to building 25% of our homes through modern methods of construction.
- Achieving 80.4% of our properties at a minimum of EPC Band C with the target of 100% by 2030. We have initiated a phased 'fabric first' investment approach for installing carbon reduction measures in our existing homes.
- In Orbit's development and maintenance activity we not only consider people and profit, we are also committed to improving the environmental aspects of our operations. As we move towards the UK 2050 net zero carbon target, we are proud to have been selected as one of the 17 Social Housing Decarbonisation Fund

(SHDF) Demonstrator projects. The SHDF is a UK wide scheme which will upgrade around 2,000 social homes which are currently at EPC rating D or below, using a whole house retrofit approach with energy efficient products such as floor and wall insulation and low carbon heating. Alongside the SHDF fund we are investing a further £2.2 million into the project which will help us to better understand the impact of sustainable technologies in a retrofit application.

- In partnership with Stratford-upon-Avon District Council we have been awarded £1.45 million by the government to install sustainable technologies in a number of our homes. This partnership will allow us to generate knowledge and insight and this will be shared with both public and private sectors.
- Participation in the Chartered Institute of Housing Campaign for Warm Homes and a Safe Environment
- Working in partnership with the Wildlife Trust and planting of 1,020 trees with 50 tonnes of waste wood recovered.

## Reinvestment (%)

Investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.



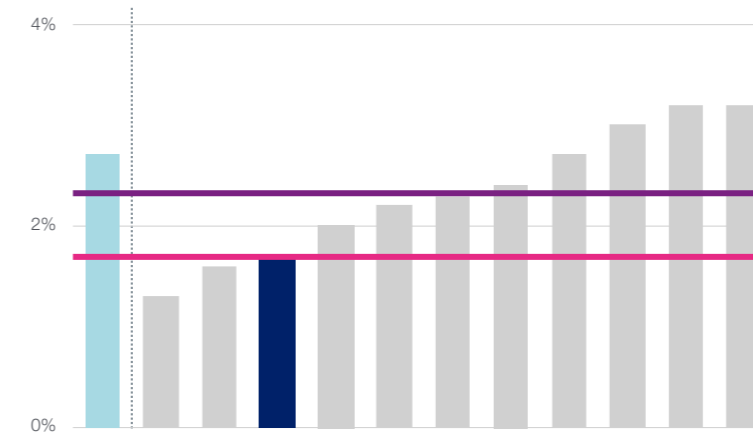
This year, Orbit's reinvestment percentage has decreased by 3.5% to 6.6%, largely driven by a reduced capital programme, which was impacted by COVID-19. We delivered 848 units in the year (2020: 1,520). This is 0.4% below our peer group average and 1% below the benchmark for housing associations with 30,000+ units.

Orbit remains committed to building thriving communities, with a 8.4% target for 2022 reflecting increased investment in both existing and new stock.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		10.1%	6.6%	
Economy	Peers 2020	Peer Average:	Benchmark:	8.4%
		7.0%	7.6%	

## New Supply (Social) (%)

Number of new housing units acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.



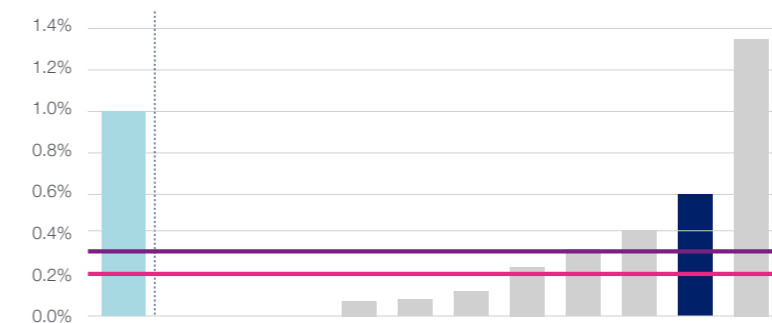
Orbit has achieved a New Supply Social percentage of 1.7%, which is a 1.0% decrease from the prior year and 0.6% lower than our peer group average, and is in line with the benchmark for housing associations with 30,000+ units.

We have delivered a reduced number of units in the year as COVID-19 restrictions forced us to close our construction sites. 418 social/affordable rented homes were delivered during the year (2020: 527) as well as 231 shared ownership homes (2020: 581). We continue our commitment to contribute to addressing the UK's housing crisis and our 2022 target reflects this. Orbit's primary focus is to deliver good quality affordable homes to meet a range of customer needs and in 2022 our development pipeline is geared up to deliver in excess of 1,000 new homes, the majority of which will be social in nature.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		2.7%	1.7%	
Economy	Peers 2020	Peer Average:	Benchmark:	2.2%
		2.3%	1.7%	

## New Supply (Non-Social) (%)

Number of new non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.



Orbit has achieved a New Supply Non-Social percentage of 0.6%, a 0.4% decrease from the prior year. This is 0.3% above our peer group average and 0.4% above the benchmark for housing associations with 30,000+ units.

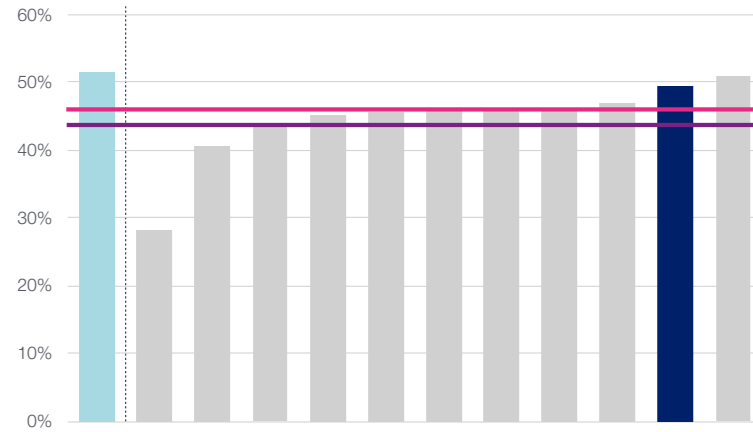
Orbit has this year focused on delivering social housing stock against the challenges of the pandemic. We delivered 180 homes for market sale (2020: 269). These profits will be reinvested into new affordable homes, as can be seen in our New Supply Social metric.

Our targets for non-social development for 2022 are broadly in line with 2021 delivery, as we continue to build homes that meet a variety of needs.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		1.0%	0.6%	
Economy	Peers 2020	Peer Average:	Benchmark:	0.5%
		0.3%	0.2%	

## Gearing (%)

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.



Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		51.3%	49.5%	
Economy	Peers 2020	Peer Average:	Benchmark:	50.5%
		43.8%	46.0%	

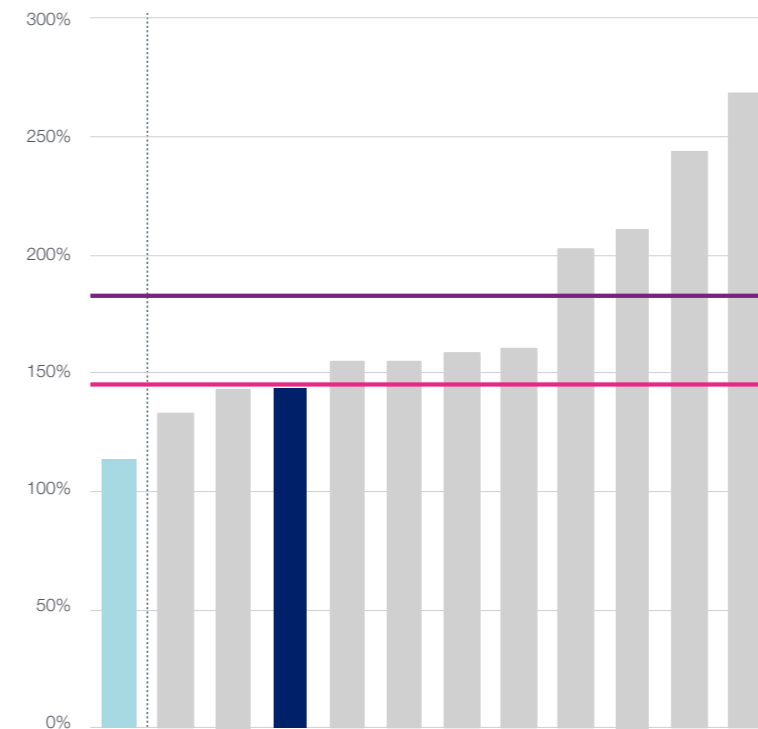
Orbit's continued strategic commitment to playing its part in addressing the national housing crisis through developing new homes and creating thriving communities, is reflected in this gearing metric. Furthermore, we have actively chosen to increase the level of investment in our property portfolio to continue to raise the quality level of our existing stock.

As a result, we have leveraged our balance sheet to support our strategic objectives resulting in a gearing percentage of 49.5%, 1.8% lower than the prior year. This is 5.7% above our peer group average and 3.5% above the benchmark for housing associations with 30,000+ units.

We are expecting a slight increase in 2022 before an anticipated reduction in future years. The initial rise is due to reduced cash holdings increasing our debt position which is only partially offset by our increasing asset base.

## EBITDA MRI (%)

Key indicator for liquidity and investment capacity. Measures the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.



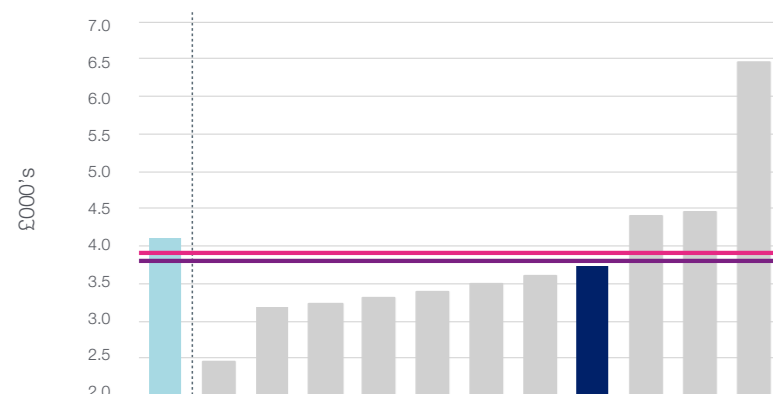
Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		113.7%	144.0%	
Economy	Peers 2020	Peer Average:	Benchmark:	130.4%
		183.0%	145.0%	

Our EBITDA MRI metric has improved year-on-year, by 30.3% to 144.0%, due to the prior year being impacted by loan break costs. However, it remains lower than the majority of our peer group, reflecting our strategic positioning and the higher volume of lower margin house sales that Orbit builds. The current year metric also includes £2.2 million of finance restructure costs, excluding this would see our metric at 149.0%.

Our 2022 target reflects our ambition to continue to drive efficiencies and has a number of initiatives to lower costs. These include improved procurement activity and the impact of our new agile way of working, both creating efficiencies. However, Orbit remains committed to delivering new housing stock and improving the homes of current customers, which will continue to put pressure on both the overall operating margin and EBITDA, with significant improvements in these metrics remaining unlikely. Orbit will continue to measure the efficiency of its operations through close monitoring of the Social Housing Lettings operating margin.

## Headline Social Housing Cost Per Unit (£000's)

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator.



This year, Orbit has achieved a Headline Social Housing Cost Per Unit of £3.742, which is a £370 decrease from the prior year, £59 below our peer group and £158 below the benchmark for housing associations with 30,000+ units.

The impact of COVID-19 has led to a year-on-year decrease in Routine Maintenance and Major Repairs, however our increase in Planned Maintenance has ensured that we support Orbit's continued investment in our homes, with our focus now moving to consistent design standards to yield efficiencies in the future.

Management cost increases reflect investment in customer service via our Customer Hub and also our IT-led business transformation programme, however we remain significantly below the benchmark peer group. Our 2022 target will see a small increase versus our 2020 position as we return to a more normal year post COVID-19 reflecting our commitment to deliver good quality homes for our customers.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		£4.112	£3.742	
Economy	Peers 2020	Peer Average:	Benchmark:	£4.264
		£3.801	£3.900	

Cost per unit (CPU)	Orbit 2021 (£000)	Orbit 2020 (£000)	Peer Average 2020 (£000)
Management cost per unit	£0.750	£0.615	£1.040
Service charge cost per unit	£0.642	£0.539	£0.574
Maintenance cost per unit	£1.240	£1.356	£1.164
Major repairs cost per unit	£0.672	£1.027	£0.688
Other social housing costs per unit	£0.438	£0.575	£0.335
<b>Total</b>	<b>£3.742</b>	<b>£4.112</b>	<b>£3.801</b>

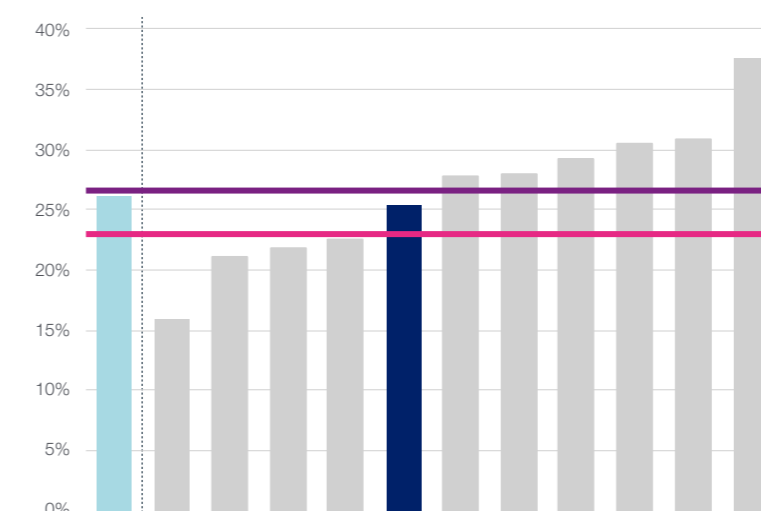
Orbit has seen an increase in year-on-year expenditure regarding Management and Service Charge costs per unit. This is in line with our Development Strategy and shows our commitment to not only build but also maintain good quality affordable homes. There has been a decrease in maintenance, major repairs and other social housing costs per unit. The increase in management costs is largely driven by our Customer Hub and IT-led business transformation programmes, with key upfront investments yielding returns in future years. We continue our investment within our communities via the Community Investment Fund. Additionally, we have become a living wage employer and invested in leadership and development programmes for our people, which has a small impact on our management costs.

## Profit for a Purpose

Orbit's financial delivery, given the economic climate impacted by Brexit, the US elections and full year impact of COVID-19, has been strong. Our reserves have continued to increase, and this, coupled with our liquidity position, leaves us well placed to deal with any challenges that arise. Our target reflects our commitment to achieving efficiencies around discretionary spend and maintaining a margin above 25%.

## Operating Margin Overall (%)

The Operating Margin, which excludes surplus on sale of housing properties, demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business.



Operating Margin of 25.4% has been achieved, which is 0.7% lower than the prior year and 1.1% below our peer group, however, it has exceeded the benchmark for housing associations with 30,000+ units by 2.4%.

Our Operating Margin has been impacted by the pandemic. Elements of unrecoverable service charge costs and the decision to cap the amount charged to Independent Living customers, alongside increased depreciation and our continued investment in our IT systems have also affected this metric. Orbit is committed to developing more new housing stock in order to contribute towards the UK housing crisis. As operating margins on sales of houses are lower than for social housing letting, our overall operating margin is suppressed and runs at a slightly lower rate than that of our peers.

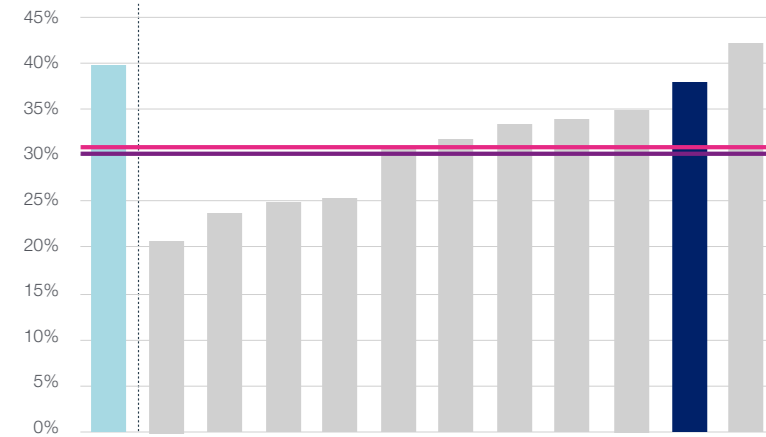
For 2022, we are expecting a similar margin level to our current year delivery reflecting our increased investment in our housing assets.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		26.1%	25.4%	
Economy	Peers 2020	Peer Average:	Benchmark:	25.2%
		26.5%	23.0%	



## Operating Margin (Social Housing Lettings (SHL) Only) %

Demonstrates the profitability of operating assets before exceptional expenses are taken into account.



Orbit has delivered an Operating Margin (SHL) of 37.7%, a 2% reduction from the prior year, however this remains 7.6% above our peer group average and has also exceeded the benchmark for housing associations with 30,000+ units by 6.9%.

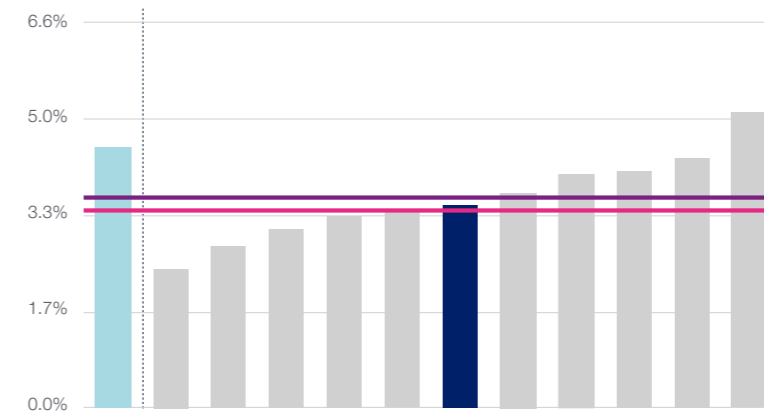
This metric demonstrates the strength of Orbit's underlying Value for Money strategy and ethos, highlighting our efficiency and effectiveness in the core social aspects of our business.

Our expected metric for 2022 remains strong at 36.4%, albeit a marginal year on year reduction reflecting our increased investment in our housing assets.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		39.7%	37.7%	
Economy	Peers 2020	Peer Average:	Benchmark:	36.4%
		30.1%	30.8%	

## Return on Capital Employed (%)

This metric compares the 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. The ROCE metric would support registered providers with a wide range of capital investment programmes.



Orbit's Return on Capital Employed percentage of 3.5% is a 1% decrease from the prior year, 0.1% below our peer group average and 0.1% above the benchmark for housing associations with 30,000+ units.

This is impacted by increased cash holdings at the end of the financial year as a result of our bond issue plus lower levels of fixed assets sales than the prior year due to the end of the Voluntary Right to Buy pilot.

We continued development of new homes, investment into existing stock and investment in our IT and Customer Service systems and our 2022 target reflects our ongoing commitment to this.

Value Chain Alignment	Key:	Orbit 2020:	Orbit 2021:	Orbit 2022 Target:
		4.5%	3.5%	
Economy	Peers 2020	Peer Average:	Benchmark:	3.7%
		3.6%	3.4%	

## Investing in our People

Our people are key to Orbit's success and we aim to attract, nurture, develop and retain the best people who share our values. Building a culture of shared leadership and collaborative learning is key to our success. We continue to develop future leaders from within our business and we continue to invest in our employees through internal leadership training or secondment programmes. We place great importance on ensuring that we have a diverse and inclusive workforce.

Providing a leading employment experience and supporting our people in their roles is important to us. Historically we have outsourced our permanent and fixed term recruitment to a third party. This year has seen the implementation of a new in-house recruitment function with a focus on direct hires. This has resulted in better candidate experience, alignment to our values and brand and a reduction in recruitment costs of c£1 million.

Development of our staff includes subsidising professional qualifications and subscriptions, attendance at conferences and seminars whilst ensuring employees undertake role specific training. In total we have spent £110,000 on these specific development activities and a further £22,500 financing membership of relevant professional bodies. Our investment in future talent has resulted in 6 Apprentices and 6 Graduates moving into permanent roles and a new cohort of 6 Apprentices and 6 Graduates have entered our business during the year.

Aligned to our vision of a safer, smarter, faster and greener business we have developed a full package of virtual workshops, seminars, training videos, coaching sessions and safety courses. This has generated in year efficiencies of £160,000.

Highlights include:

- 2,055 employees attended 222 virtual training sessions
- 737 employees completed new starter D365 and Legacy training
- 174 employees attended the essential skills 'power hour'
- 141 employees gained IOSH qualifications
- Diversity and Inclusion Training – 9 manager sessions and 19 colleague sessions with 161 & 412 attendees respectively
- Health & Safety e-learning delivered to 2,286 employees
- Apprenticeship levy funded £195,400 of qualifications for our employees.

Employee wellbeing is at the heart of our business and the COVID-19 pandemic has been challenging for our business and our people. We have been committed to ensuring no staff have been furloughed throughout the pandemic. The 'This is Me' wellness programme which has a strong focus on 'it's ok not to be okay' provides support around mental, physical, emotional and social wellbeing. This is an ongoing programme which will adapt and change to meet the personal experience of each individual.

Orbit were selected as a finalist in the 'Not A Red Card Awards' 2020. These awards are based on their 'Not A Red Card Campaign' which aims to help raise awareness, remove stigma and take real action around mental health in the workplace through providing employers with the help they need to protect their most valuable asset which is people.

We also place great importance on encouraging our employees to give something back and our paid volunteering leave has enabled this. Despite COVID-19 restrictions 201 volunteering hours have been delivered during core working hours.

Our commitment to Equality, Diversity and Inclusion (EDI) ensures that our people all have equal opportunity to fulfil their potential and achieve their career ambitions. We continue our work around gender balance and are committed to rewarding performance equally and fairly, thus improving our brand to attract diverse and talented people.

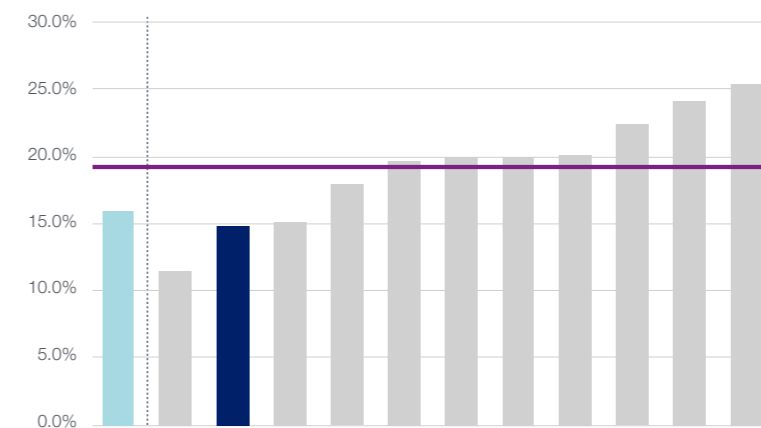
Orbit's EDI Allies and Employee Ambassadors represent all parts of the business and play a key role in shaping our culture. The impact of COVID-19 lockdown has made the regular 'Achieving Together' briefings essential as they provide updates on our performance, priorities and objectives and provide a forum for employees to come together. They also consulted on more than 100 risk assessments to ensure colleague safety and reviewed MyFeedback data from colleagues which helped to shape our approach to wellbeing and engagement.

The pandemic has also driven a change to our business becoming predominantly agile and the introduction of our WorkSmart programme. This change in culture will ensure that the future brings a new focus of work being 'an activity and not just a place'. We have engaged with our people to assess how they have adapted to this change and the feedback is positive. Our people are benefitting from reduced commuting time, flexibility around childcare, have autonomy over their work and feel supported and trusted. We will be reviewing our office operating model to reflect this change in our working practices and this will enable the creation of agile working spaces that encourage collaborative working. In our transition to homeworking we have ensured that our employees are set up comfortably to work at home and to assist with this we have provided an allowance of £350 per employee.

These actions demonstrate our commitment to making Orbit a great place to work and we are proud to have retained our inclusion in the Sunday Times 100 Best Companies to work for, Not for Profit listing for two consecutive years.

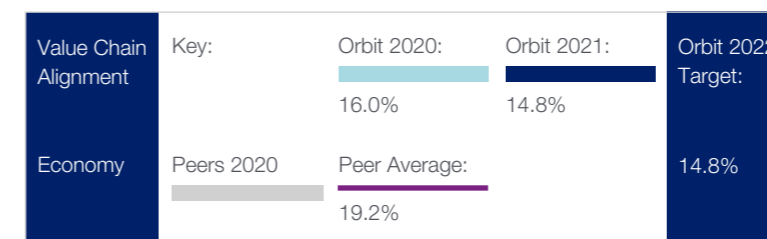
We have chosen Macmillan Cancer Support as our charity this year. They are a charity who are driven to make change happen and offer physical, financial and emotional support to those touched by cancer. This year has seen a decrease in cancer funding and hospital visits during the pandemic prolonged lockdown periods. We have raised funds with themed days, The Big Quiz, Monthly Mileage Challenge and the virtual Macmillan Coffee morning.

## Staff costs as a percentage of turnover (%)



Orbit staff costs as a percentage of turnover are 14.8%, which is a 1.2% decrease from prior year and 4.4.% below our peer group average.

Our continued focus on value for money ensures that we are utilising our resources efficiently to maximise the returns achieved and ensure that we continue to generate profits to be reinvested back into building thriving communities.



## Social Value

Orbit's continued investment in our customers and thriving communities can also be seen through the social value we create. Through our Community Investment programme we have invested £6.4 million directly into our communities (2020: £5.7 million). This equates to over £8.2 million of social value using the Housing Association Charitable Trust (HACT) social value calculator (2020: £7.9 million). This was made up of £3.2 million of Orbit funding (2020: £3.3 million), through our Community Investment Fund which leveraged an additional £1.6 million of inward investment (2020: £2.4 million) and £1.6 million through wider activities to enable us to increase our impact and generate additional value for money.

Key outcomes of the programme include:

- 4,500 customers referred to the Tenancy Sustainment team, a 35% increase from last year
- 2,365 customers provided with coaching sessions with 76% improving their rent balance and sustaining their tenancies for 12 months
- 5,297 referrals to Tenancy Sustainment Triage Officers, a 62% increase on last year
- 789 customers supported with employment, training or volunteering, with 101 customers moving into paid employment
- 867 grants awarded to individual customers totalling £164,988
- 1,171 customers supported to improve their mental health and reduce their social exclusion
- 313 customers received individual tuition to learn and develop skills to stay online
- Our customers are £541.10 better off each month going into work
- 100,000 wellbeing calls to our most vulnerable customers
- 201 hours of volunteering undertaken by Orbit employees
- Support of the Armed Forces Covenant, a promise by the nation to treat those who have served in the Armed Services & their families fairly and encouraging them to become part of a community whilst seeking to provide career opportunities by advertising a number of roles within Orbit to veterans. This aligns to our commitment to equality & diversity.

## Contact us:



[orbitgroup.org.uk](http://orbitgroup.org.uk)



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**building  
communities**

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