

Foundations for Growth

Thrive Homes Strategic
Framework 2021



Thrive
Homes

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Creating Strong Foundations for Growth

In 2018, we published 'Ambitions for Growth' – Thrive's Strategic Framework formalising our vision for growth and the diversification of our business.

Three years later it is time to review this Framework, reflecting the foundation that has been created to support our growth ambitions whilst maintaining and improving the quality of our existing homes and creating a great place to work.

This Framework sets out our on-going approach to developing our business and informs more detailed medium-term planning that defines what we will deliver within specific timeframes. It focuses on four key themes:

- Resilient with a strong financial base
- A fair deal for customers
- Growth
- A great place to work

Over the past three years – amidst the challenges of a global pandemic and changing regulations – Thrive has continued to look to the future and develop our strategy, whilst maintaining our services.

I am proud of and grateful to colleagues, board members and partner organisations who are with us on this journey.



Elspeth Mackenzie
CEO, Thrive Homes



About Thrive

Thrive exists to provide and manage housing that helps individuals and families secure a good quality, safe home that they can afford.

Since its formation in 2008 with the purchase of housing stock from Three Rivers District Council, Thrive has pursued its core purpose of improving the condition of those homes, developing new homes for rent and sale through shared ownership and expanding our area of operation to include adjacent home counties and the Oxford-Cambridge Arc. In 2021, Thrive achieved its first growth milestone of 5,000 homes, representing growth of 21% since 2008.



In addition to homes directly let or sold by Thrive Homes and our market rent subsidiary - Thrive Places - we also offer management services to other landlords. While increasing opportunities for a range of customers to find a home, Thrive also recognises the importance of a sustainable business model and has developed;

- its offer to customers - 'The Thrive Deal' that defines the services we offer and the relationship that we want to sustain over the course of a tenancy
- its capability to provide a digital service to customers and enable agile working for colleagues
- an operating model that focuses on maintaining financial resilience, effective governance, good quality services and engages colleagues.

It is our intention that Thrive Homes will provide all financial, management and governance services to our subsidiaries and partnerships as this increases the capacity of Thrive to develop capability across the group.

We are evolving our approach to maximising opportunities that increase the numbers of homes provided. Initially Thrive adopted a traditional debt-based model but we are increasingly approaching growth as an investment activity and seeking partnerships with other investors to enhance the number of homes that Thrive owns and manages.

We recognise that there are challenges in achieving our growth ambition; balancing the needs of current and future customers, meeting the needs of communities while respecting the environment and being a great employer. To help to guide the business, we have developed principles that enable us to test whether what we are doing or the decisions that we make are consistent with the organisation that we aspire to be.

Our Principles

These explain our approach to the way we work and the responsibilities we have to our;



Customers

We are committed to building open and honest relationships with our customers. We want our customers to:

- be and feel safe in their home
- have a clear understanding of what Thrive provides as a landlord and what is expected in return
- easily access our services in a variety of ways
- feel empowered to engage with us and influence how we operate
- know we will admit when something has gone wrong and do what we can to put things right.



Colleagues

Working together, we are a forward-thinking employer creating a culture in which everyone feels valued. To achieve this we:

- welcome people with diversity of thought, experience and background
- support continued learning and personal development
- trust our colleagues to make good decisions and influence how the business operates
- support our colleagues to take care of their physical and mental wellbeing at work
- work in a smart way to encourage a positive work-life balance.



Communities

In partnership with others, we contribute to the wellbeing of the communities we work within by:

- increasing housing opportunities
- maintaining the appearance of our homes to positively impact the local area
- supporting organisations that benefit customers or the environment through Thrive GIVE's grants and volunteering programmes
- buying from local businesses and organisations where we are able to do so.



Environment

We are committed to minimising our impact on the environment and actively:

- invest in our homes to improve energy efficiency
- operate in a sustainable way, ensuring we are a Carbon Neutral business either directly or by offsetting emissions.

Resilient with a Strong Financial Base

Thrive's Board is determined to continue to build on the great foundations laid by the business during its early years and our experience of developing the organisation through that informs how we intend to take it forward.

Thrive is a long-term business and this influences how we operate – we believe that by focusing on the basics of running the business effectively we improve our ability to deliver our ambitions.

The elements that contribute to our resilience are:

- ✓ **Governance** – maintaining regulatory and credit ratings through effective governance.
- ✓ **Financial Performance** – maintaining strong financial performance.
- ✓ **Value for Money** – maximising efficiency whilst maintaining delivery.
- ✓ **Assets** – understanding what is required to improve and sustain portfolio performance and value.
- ✓ **Technology** – developing the role of technology to improve operational efficiency and effectiveness.
- ✓ **Effective Risk Management** – managing risks to maintain a resilient business.
- ✓ **Environmental Social Governance (ESG)** – ensuring we operate in ways that minimises our impact on environment and promotes positive social outcomes.
- ✓ **Equality and Diversity** – creating a culture of equality and diversity that informs our business decisions and ensures we deliver fair and accessible services.



Governance

Code of Governance and Regulation

Thrive is currently rated G1 VI by the Regulator for Social Housing based on the Regulator's evaluation of compliance with its Governance and Viability Standards. Thrive aims to maintain its G1 rating but recognises that viability can be a more fluid assessment particularly where an association is growing rapidly.

Thrive has adopted the National Housing Federation's Code of Governance.

The adopted Code and Regulatory Standards provide a framework around our governance

practice and Thrive maintains an assurance framework comprising annual self-assessment versus the standards supported by programmes of internal audit and periodic external governance reviews.

Compliance with these standards provides assurance both internally and for stakeholders and Thrive will continue to maintain and develop its practice to ensure on-going compliance.

Board Capability

Thrive has a skills-based Board and periodically assess the skills that the organisation needs or anticipates needing for the future.

The Board seeks to maintain diversity of thought and background across its membership and actively plans for succession.

Board Members have an expected maximum term of six years in accordance with the adopted Code of Governance. Thrive acknowledges that there may be circumstances where an extension to this term would be appropriate and will review this each year (up to a maximum of three occasions), documenting the reasons for doing so.

New members are offered a formal induction introducing them to Thrive. Members are appraised each year to determine whether their contribution meets expected standards and to identify areas for development.

To support capability, Thrive has an annual Board Engagement Programme comprising of topic specific webinars, many of which are supported by external experts to support learning and Board Workshops that explore strategic issues and enable members to fully consider them to inform decision making.

Members also have opportunities to participate in sector conferences, access sector publications and attend external training such as the Housing Diversity Network (HDN) Board mentoring programme.



Board and Executive Relationship

Thrive aims for an open and co-creative relationship between Board and the Executive while supporting appropriate levels of challenge.

Maintaining this relationship takes conscious effort and Thrive has invested in a Lumina Spark based programme to support the maintenance of the relationship and periodic evaluation of what is needed, to do so.

Challenges We Are Addressing

Pursuing our growth strategy and addressing changes in the operating environment creates challenges that need to be addressed in the medium term. These include:

Complexity of the growing organisation

Thrive's governance structure currently comprises a main board supported by three committees:

- Customer, Colleague and Governance Committee
- Business Resilience and Growth Committee
- Audit and Risk Committee

And there are three subsidiary companies:

- Thrive Homes Finance PLC - the main funding vehicle, delivering bond financing which is then lent to Thrive Homes

- Building for Thrive Ltd - our design and build business
- Thrive Places Ltd - providing market rent homes

As the future shape of the business emerges with the potential to increase partnerships and or add other vehicles, Thrive will annually review:

- the purpose and continuing relevance of its subsidiaries, how these relate to and interact with the Thrive Board
- the financial relationships between the subsidiaries and Thrive
- the focus of the Board and its committees including delegations to ensure that this provides appropriate oversight of all activities including Thrive's investments and management contracts.



Balancing Board's focus

The Board's focus is primarily strategic and in a growing organisation there is much to engage in this space. However, the Board must also have sufficient insight into operational performance; the views of customers, health and safety and other matters that may impact on the business or its reputation.

Thrive will continue to evolve its agendas and meeting practice to ensure that insight and assurance matters are covered while allowing adequate time for strategy, decision making and responding to topical issues.

Hearing and embedding the customer voice

From its origins as a Large Scale Voluntary Transfer (LSVT), Thrive originally had designated 'seats' on its Board for tenant board members. This provided accountability during the period when Thrive's principle focus was on delivery of the transfer promises but later as the business began to develop, challenges emerged inhibiting both the tenant members and the effective performance of the Board. As a result, Thrive moved to a skills-based board and formed the Customer Experience Panel (CEP) to ensure ongoing customer representation. This enabled Board to focus on its primary purpose of delivering a range of homes that meet local need while determining how best to utilise Thrive's resources - balancing potentially conflicting priorities or interests and that this is best achieved without designated 'tenant' members.

The CEP, comprising of customers and Board Members with an Independent Chair has been an important part of our assurance framework for many years - influencing how we evaluate satisfaction, providing assurance on compliance with Consumer Regulation and highlighting areas such as maintaining investment in existing homes that are important to customers. The Chair of the CEP has direct access to the Chief Executive and Board Chair to raise issues and reports formally to Board twice each year.

Thrive recognises that since this was established in 2015 both Thrive and the operating environment have evolved.

Thrive's customer groups are changing and we want to ensure that all groups are appropriately represented. Our practice has also developed to include greater 'issue specific' projects that involve customers such as the development of the Hub, our customer portal.

Thrive continues to believe that a wider engagement framework best serves current and future customers and promotes its business model.

Additionally,

- Board wishes to be assured that its customer engagement arrangements deliver real value to the business
- as an increasingly digital business, Thrive wishes to explore how we can use this channel more effectively to gain feedback
- externally, there are anticipated changes in consumer regulation, the expectations set out in the white paper and the way in which the Ombudsman service operates.

As a result, Thrive will undertake a Customer Engagement Review during 2021/22 and will then evolve its practice in response to the findings from the review.

Investment

Thrive's Growth Strategy is evolving to include investment and partnerships in subsidiaries or associated entities. Thrive will develop a framework to ensure proper oversight of these activities to demonstrate that acceptable levels of return and other outcomes are achieved.

This will protect social housing assets and Thrive's reputation.

It is recognised that this approach also requires a review of the 'golden rules' that Board had established to monitor business plan outcomes and inform planning to ensure that Board is content that Thrive is operating within acceptable risk tolerances.

Financial Performance

Current Approach

Thrive is a long-term business and conducts its finances in ways that promote resilience while achieving its ambitions to grow, maintain value in its portfolio and provide good quality services to customers. This provides assurance for a range of stakeholders.

Thrive's Board has established a number of 'golden rules' that express its risk appetite in respect of its business performance and awareness of the outcomes needed to maintain credit and other ratings. These inform treasury and investment strategies and are used to evaluate annual budgets and other financial plans.

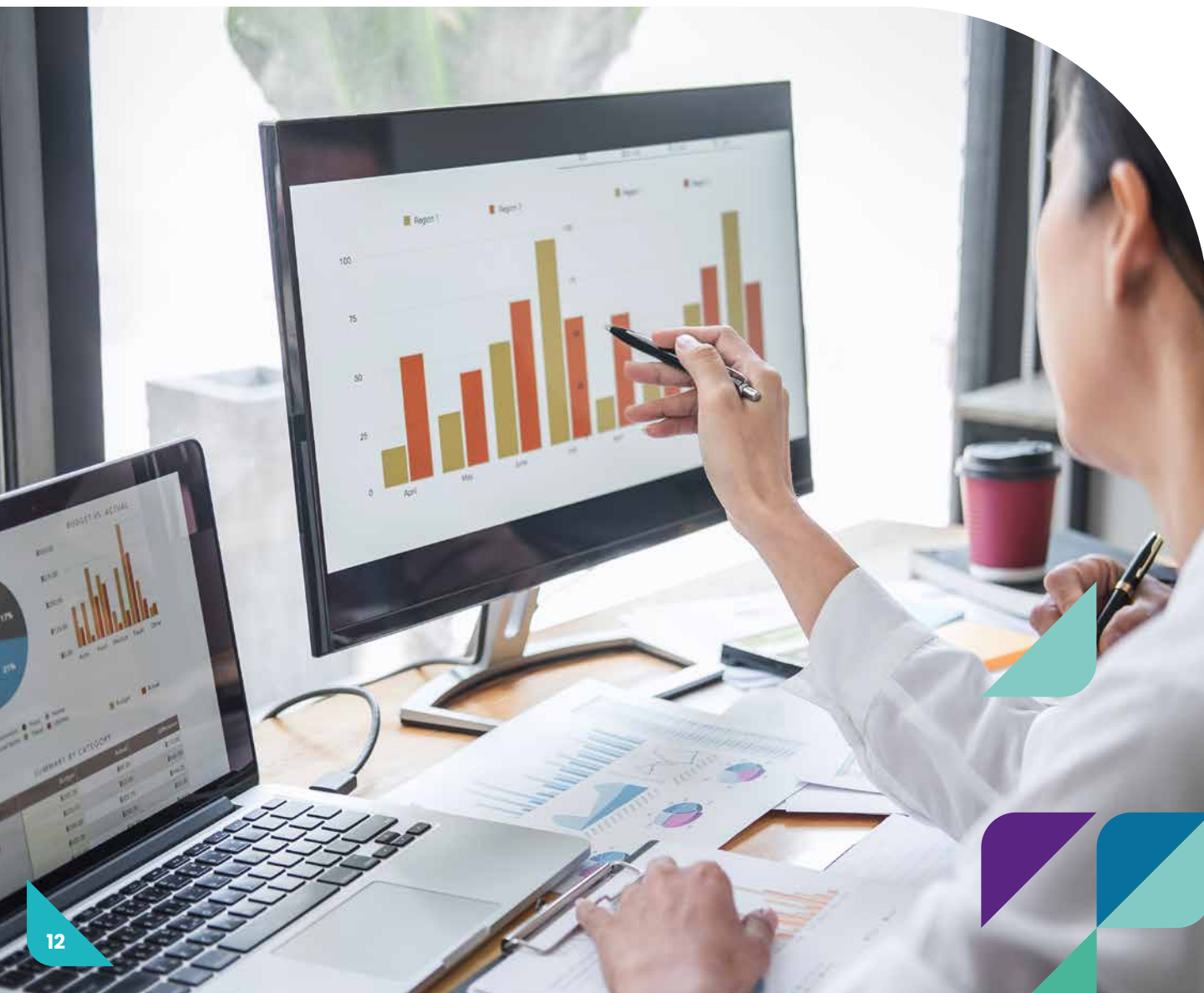
- **EBITDA-MRI margin of 27% minimum, with a target of 30%**
- **EBITDA-MRI interest cover of 110% or more**
- **net cash inflows (excluding Development) of £5m or more over every three year 'window'.**

These rules are periodically reviewed by Board to ensure that they continue to deliver the outcomes they were devised to achieve and will be reviewed in 2021/22 to reflect the evolution of our business model.

Thrive maintains a 30-year financial model to provide a 'long-view' of its performance and capability. This is supported by a rolling five-year Medium-Term Plan that provides closer sight, informing annual budgeting and anticipation of the impacts of delivering the strategy to support decision making and risk management.

Operationally, there is a robust reporting and forecasting framework around budgets, management accounts and cashflow. Business partnering supports the wider organisation to engage with these frameworks.

Thrive has also introduced colleague engagement groups, including 'Resilience' whose remit links strategic intent to operational activity.





Developing our approach

Thrive intends to maintain its focus on managing its finances in ways that deliver a long-term sustainable business.

The five-year plan will roll forward each year so that the impacts of prior-years' performance are absorbed.

The changes in our business – different business units and activities – need to be reflected in the evolution of the structure of our accounts and reporting. This links to the development of our data and technology architecture.

Supporting a growing development programme places greater emphasis on planning capability, cashflow and liquidity management and the finance team needs to develop its capability to support the wider business and Board.

To meet the requirements of Thrive's Corporate Strategy the golden rules are to be updated to also include:

- **asset cover** – as security headroom becomes a limiting factor in Thrive's growth plans a metric to ensure adherence to covenants
- **cash** – adherence to Treasury Management Policy, to ensure that Thrive has appropriate levels of liquidity
- **on-lending** – as Thrive develops its investment a metric to ensure adherence to covenants.

Setting of the 'levels' will be agreed once the second part of the current Treasury Management Plan is completed – the agreement of short term (Revolving Credit Facility) funding. The levels will be set to ensure sufficient headroom over the covenant level to allow intervention should it be required whilst also providing capacity for Thrive to deliver its Medium-Term Plan.



Challenges We Are Addressing

Ensuring the accounting infra-structure is business appropriate

At a more granular level, Thrive is developing its understanding of and ability to measure the performance and contribution of the different activities across its business. This requires a restructure of our accounts that are currently focused on a single entity or activity operation.

This will:

- help to facilitate cost reviews to challenge how resources are being used and evaluate how this changes over time
- enable more tailored reporting at all levels across the business
- enhance Thrive's offer to its subsidiaries, corporate customers and stakeholders.

Business capability

Developing greater capability across the Finance Team, increasing focus on planning and treasury to reflect Thrive's increasing complexity, scale, and ability to support stakeholder relationships. Thrive has developed a Target Operating Model (TOM) and the anticipated costs have been included in the Medium-Term Plan.

Implementation of the TOM is scheduled for 2021/22 and this will continue to roll out over a number of years in line with Thrive's ability to absorb additional costs while maintaining appropriate financial performance.

Developing quality assurance (QA)

As Thrive becomes more complex, we need to continue to develop the QA around our financial processes and determine the extent to which these can be embedded.

This will also be supported by improvements to our technology capability – enhancing automation and reducing opportunities for 'human error'.

Developing reporting

Thrive is working towards an integrated reporting pack that provides an overview of the organisation that enables sight across all issues that impact on the business and is capable of interrogation to better understand the reported metrics when necessary.



Value for Money (VFM)

Current Approach

Thrive aims to operate efficiently. The initial approach to achieving VFM was articulated through the 2018 Strategic Framework and identified issues that Thrive needed to address.

The Regulator of Social Housing metrics were used to monitor the impacts of interventions with a specific focus on cost per unit (CPU), growth and re-investment as these aligned to our need to reduce operating costs, increase the number of homes in management without a proportionate increase in costs and continue to invest in existing homes. Thrive has specific challenges relating to the nature, age and historic under-investment in communal areas of the portfolio acquired through stock transfer.

These challenges are being managed through interventions such as:

- growing the number of homes developed
- implementing 'The Thrive Deal' including digital tenancies and Home Plan visits supported by the Customer Hub – enabling and encouraging customers to self-serve and take responsibility for repairs that are their responsibility

- seeking opportunities through procurement, agile working, office size and location to improve or stabilise costs
- challenging ourselves to critically examine areas of high spend such as stock investment; for example, discussion has informed policy on letting standards, management of programmes to smooth spend and allocation of resource to communal area improvements
- off-setting costs through managing stock for others and active asset management programmes.

As a result, Thrive has achieved levels of growth and investment that exceed or equal its peer group and bring CPU back in line with the sector.

Thrive utilises a peer group consisting of associations with LSVT origins based in the northern home counties to compare its performance in addition to the wider sector metrics.

Developing Our Approach

The Board has approved a five-year financial plan that determines the level of organic growth that Thrive intends to deliver. This informs target VFM metrics over the period that will enable Board to better understand and Thrive to demonstrate to stakeholders how performance impacts the metrics and whether the plan is being delivered.

Thrive intends to continue to primarily focus on the RSH's suite of metrics and does not wish to create a supplementary suite of targets (other than as outlined in the Medium-Term Plan) as the RSH's suite provides clear strategic insight into business performance. Thrive will continue to focus on its underlying reporting capability and developing operations to enable a more granular analysis of performance and increase its ability to understand where change is required.

Thrive will continue to:

- **Seek ways to support an effective cost to homes managed ratio** (CPU) but recognises that this is no longer about simply driving down costs and that it is likely that this metric will become more 'lumpy' as we need to invest to prepare the business to accept growth, ensuring that risks of non-performance are mitigated.

- **Grow and manage its portfolio in cost effective ways** – this includes:

- consideration of where to concentrate new build to manage cost of production, strategic land holding and opportunities arising from active asset management particularly across the transferred portfolio
- management on behalf of others that offsets costs and/or enables Thrive to afford more than it could based on organic growth with no impact on gearing
- investment or joint ventures – enabling Thrive to work with others to generate more homes while controlling the extent of the commitment of Thrive's resources. This is with the intent that these homes will form part of the managed portfolio and contribute to the management of the cost base required to operate effectively.

- **Develop 'The Thrive Deal'** based on understanding of the impact data that is starting to become available as this rolls out to more customers.
- **Develop our technology capability** to increase opportunities for customers to self-serve and increase automation across our business processes.
- **Balance borrowing and investment backed activity.**



Challenges We Are Addressing

Business capability

Managing the need to create greater capability and/or bring in new skill sets and approaches across the business to deliver anticipated scale of operations without putting financial performance at risk. This includes areas such as planning, reporting and building safety etc. Thrive has developed a Target Operating Model (TOM) and the anticipated costs have been included in the Medium-Term Plan. Implementation of the TOM is scheduled for 2021/22 and will continue over a number of years.

Investment in technology

Thrive has been operating a sector specific Housing Management System together with a range of associated finance, asset management and other systems or apps. These systems do not readily integrate and therefore require multiple points of data entry. Reporting capability from the systems is limited and retrospective. Thrive needs to develop its suite of applications so that these draw from a single data source to improve accuracy and functionality. A technology road map to address these issues has been developed and the initial phase of the project to define business requirements begins during 2021/22.

Building safety, thermal efficiency, and meeting customer expectations

Additional investment in portfolio is required to meet Building Safety Regulations and improve thermal efficiency. Thrive has agreed to initially target EPC 'C'. These costs are included in the Medium-Term Plan and we will try to mitigate through effective procurement and active asset management to ensure that the programme targets homes that are capable of achieving EPC 'C' but also have potential to move beyond this.

The stock transfer portfolio is typically over 50 years old and customer's expectations on finishes internally in homes, in communal areas and facilities in outdoor areas has changed. Thrive acquired a portfolio where there had been no investment in these areas, and this was not factored into the transfer agreement which focused on achieving the Decent Homes Standard. To maintain the desirability of these homes we need to improve these areas. An improvement programme is included in the Medium-Term Plan. This spend does not enhance income but improves customer experience. There is no guarantee that this will improve metrics such as satisfaction as customers may feel that this 'should' have been addressed sooner.



Additionally, there is likely to be a new Decent Homes Standard, which will need to be addressed once the detail is known alongside other changes to thermal efficiency and building safety measures as these continue to evolve.

All of these issues put pressure on cost and challenge Board to determine where the balance between investing in existing homes and new build lies.

Active Asset Management

Thrive has a good understanding of its assets and will continue programmes that re-develop or repurpose homes that impact on portfolio performance or where greater value can be derived. In making these decisions, consideration will be given to the impacts that a change of tenure or opportunities to intensify land use bring to an area. These programmes enable Thrive to increase supply, reduce costs of producing new homes by unlocking historic land costs and spread other costs while maintaining income.

We will continue to consider the relevance of the membership of our selected peer group as Thrive is developing its business along different lines to these organisations and this may make the comparison less relevant over time. Comparison to the wider sector metrics will continue to provide context.

Assets

Current Approach

Thrive recognises the importance of the value and quality of its asset base as it supports our ambitions to grow organically or attract investment. Growth and asset management are closely related as each activity influences and impacts on the other. Through the framework, Thrive is seeking to balance these to provide good outcomes for the business, its customers, and the communities in which it operates.

We do not forget that assets also provide opportunities for people to secure a home that is affordable to them. Currently our portfolio is heavily weighted towards social and affordable rent and Thrive is seeking to dilute this over time so that there are greater opportunities for people to access homeownership and other intermediate products which are particularly relevant in the high-cost areas where we operate.

Thrive maintains programmes, which ensure that our homes maintain their value and meet all statutory Health & Safety requirements together with those set out in the Home Standard so that our customers can live safely and comfortably in their home.

Thrive holds properties within its portfolio for as long as they provide an acceptable level of return and is developing expectations from each asset class.

Our Active Asset Management appraisal model is used to inform investment programmes and determine which homes require other intervention. Thrive will seek to redevelop or repurpose these homes in preference to out-right sale where it is possible to add value to the portfolio, maintain income or avoid cost. Where it is not possible to do so, properties will be sold, and the proceeds used to support the organic development programme or other



re-investment work. This can apply to occupied or vacant property. The hurdles and other metrics within the appraisal model are periodically reviewed by the Executive and Board to ensure that the tool delivers appropriate outcomes and reflects changes within the business or operating environment. It also provides a snapshot of the portfolio to support understanding of the impact of investment programmes or other interventions. Outcomes from the model inform wider business planning.

Thrive does not routinely dispose of assets to support its day-to-day operations but recognises that a strong asset base provides options to mitigate risk where an injection of cash from a disposal would prevent wider harm to the business and its customers.

It is Thrive's intention to broadly continue this approach to managing its assets, but we recognise that our initial focus on increasing the scale and book value of the asset base creates both opportunities and challenges that need to be considered.

Developing Our Approach

Going forward we will continue to develop the asset appraisal model to enhance the weighting given to energy efficiency up to EPC 'C' and potential to develop beyond this and financial performance.

In addition to consideration of the individual homes, Thrive is developing a more focused approach to internal and external communal areas – recognising that these contribute to customer experience and form part of the cost of occupying a home. The Target Operating Model developed in 2021, includes a new assistant director role to focus on these areas bringing together customer perspective, building safety and performance in use.

Thrive believes that its development team is the business partner that delivers product to the business units that are appropriate to their customers and that there should be a clear understanding of the impacts that new homes will have on operational areas such as the asset team. In turn internal customer facing teams should inform the development of the Thrive built product. These relationships require further development and internal working groups such as the Growth Group support this.

Challenges We Are Addressing

Business capability

There is a need for greater and more focused resource in this area. Thrive has developed a Target Operating Model (TOM) that includes:

- **Assistant Director – Portfolio Performance.** This role focuses on achieving target yields across all tenure classes, management of the programmes required to secure yields while meeting standards and addressing environmental issues including thermal efficiency.
- **Assistant Director – Estates and Facilities Management.** This role focuses on actively managing customer relationships, building safety and performance in use.

Both roles will contribute to Thrive's understanding of its data and reporting requirements in these areas and the skills and/or capacity of their teams. The costs are included in the Medium-Term Plan.

Skill Availability

This is an industry wide issue in areas such as building safety. Thrive will support colleagues to achieve suitable qualifications and maintain relationships with consultants to supplement internal resource but we recognise that this is a risk.

Balancing focus and resources

Through engagement with customers, Thrive recognises that there is a difference in the value that customers and the business place on aspects of a home. Much of the 'traditional' approach to assets emphasises component integrity and safety. When these factors are absent, they are important to customers but when present become 'invisible'. At this point customers focus more on decorative condition and how modern the kitchen or bathroom appears to be.

This impacts on issues such as what constitutes a good re-let standard and perceptions of 'fairness' between those customers who are offered a new home versus those offered or currently occupying an older property.

There is no easy response to this. Board reviewed and agreed to some enhancement to the letting standards in 2020 based on 'fabric first'. Thrive is developing its approach to customer care and this will include additional information for prospective customers about the home they are accepting.

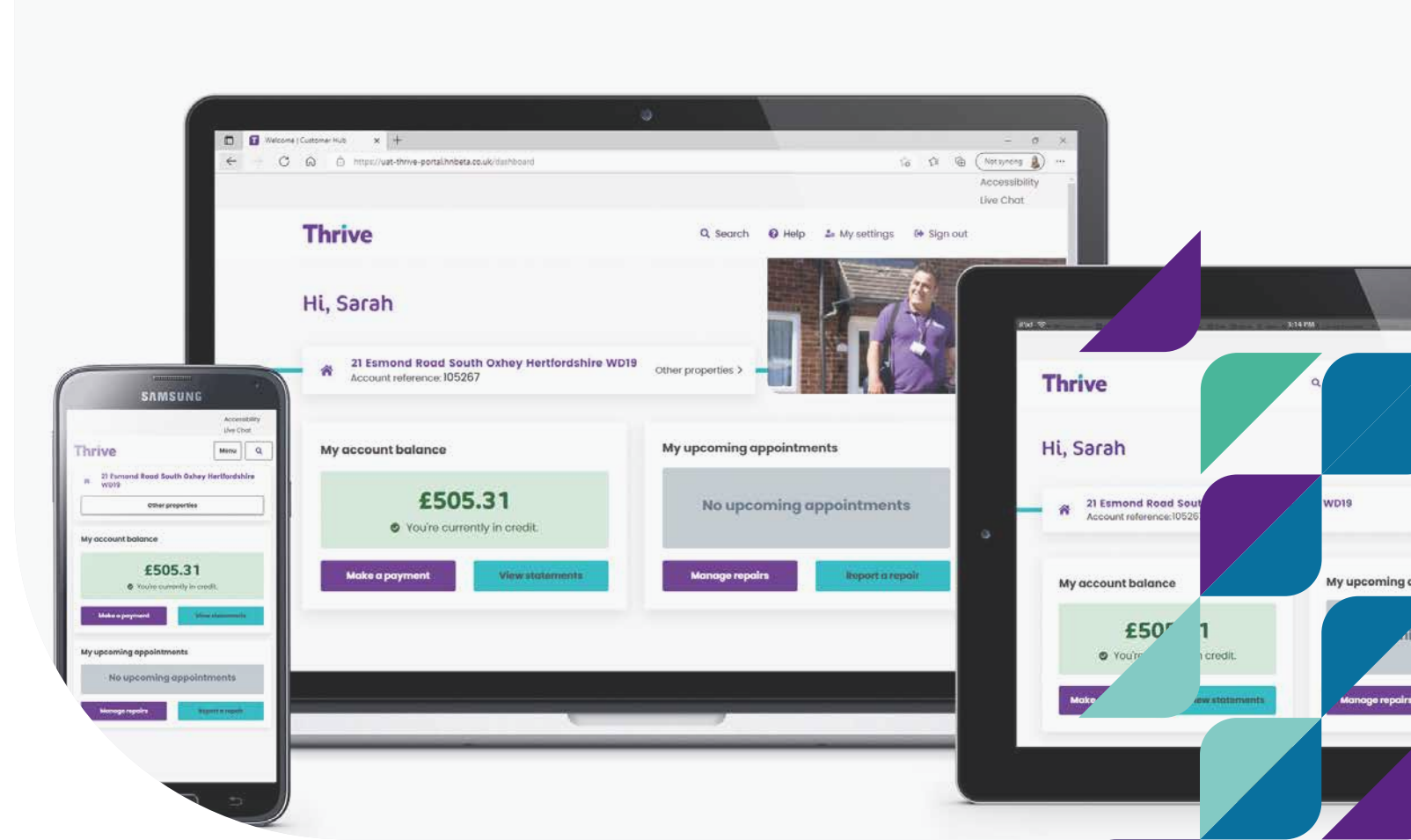
Other external influences

There are an increasing number of external drivers influencing our approach to maintaining our assets including the focus or level of spend required on assets. These include:

- building safety and the new Building Safety Regulator
- increasing pro-active focus from agencies such as the Housing Ombudsman on issues such as mould and damp
- new consumer regulation
- revised Decent Homes Standard.

Thrive needs to maintain awareness of these influencers and make a proportionate response, recognising that it may also impact on our definition of a decent asset.

These agencies may also impact on the information that we collect, on reporting and quality assurance requirements within the business as well as on customer engagement. All of which have potential to drive up costs.



Technology

Current Approach

Thrive's operating model is dependent on technology to:

- **facilitate our self-service customer offer** enabling better understanding of customers, reactive feedback and a choice for customers about when and where they transact with Thrive
- **enable agile working for staff** to maximise utilisation of resources and control premises costs
- **embed as much 'skill' as is possible within our processes** so that we focus our most expensive resources on more complex issues
- **support our data, embed reporting and quality assurance in our processes** to provide assurance for management, board and customers.

Since 2018, Thrive has made good progress on its digital journey, achieving milestones that include:

- platform migration to Office 365 and the Cloud
- launching a self-service customer portal - myThrive Hub - in 2020 to replace the app
- increasing digital transactions to 60% and we continue to work towards 80%
- agile working is available to all staff and Board. Early investment in this area proved to be key to our ability to respond to the Pandemic evidencing the importance of this to our business resilience.

We utilise external expertise to support and protect our systems and data.



Developing Our Approach

Thrive remains committed to developing its technology to meet the needs of its customers and the business. It is recognised that having an effective technology offer is increasingly an expectation of both customers and colleagues

A review of business needs and the constraints of the current systems was undertaken during 2021 and a plan to address these issues developed. The costs associated with the project are included in the Medium-Term Plan.

The myThrive Hub will continue to be developed to enhance its functionality and to reflect the needs of a range of customer groups.

System security is an on-going concern and Thrive employs specialist support to advise and implement measures to protect the organisation from attack and control human failing. We will continue to develop this to ensure that Thrive is protected.

Challenges We Are Addressing

Business capability and skills

Technology is key but it is not Thrive's business and therefore it is a challenge to recruit and retain in-house expertise. We will periodically review the capability within the team to ensure that it meets our business needs, grow our talent by offering apprenticeships and maintaining relationships with specialist advisors.

Technology project

Thrive has developed a multi-year project to address the shortcomings of its current system. This involves significant investment to create a system and apps that can meet the needs of a growing organisation. An appropriate data architecture and the ability to access and analyse data to provide insight and intelligence for the business together with further process engineering sit alongside the technical aspects of the project.

The cost is modelled through the Medium-Term Plan but as with any large-scale project, there are risks including the impact that involvement with the project can have on operational resource. Project Management will be brought in-house, and the project will be governed through the Executive to ensure that it delivers the intended outcomes.

Maintaining an understanding of our infra-structure and sight of evolving needs

Thrive is building a more comprehensive record of its systems and how the data sits within them – early outputs from this work include a Data Dictionary.

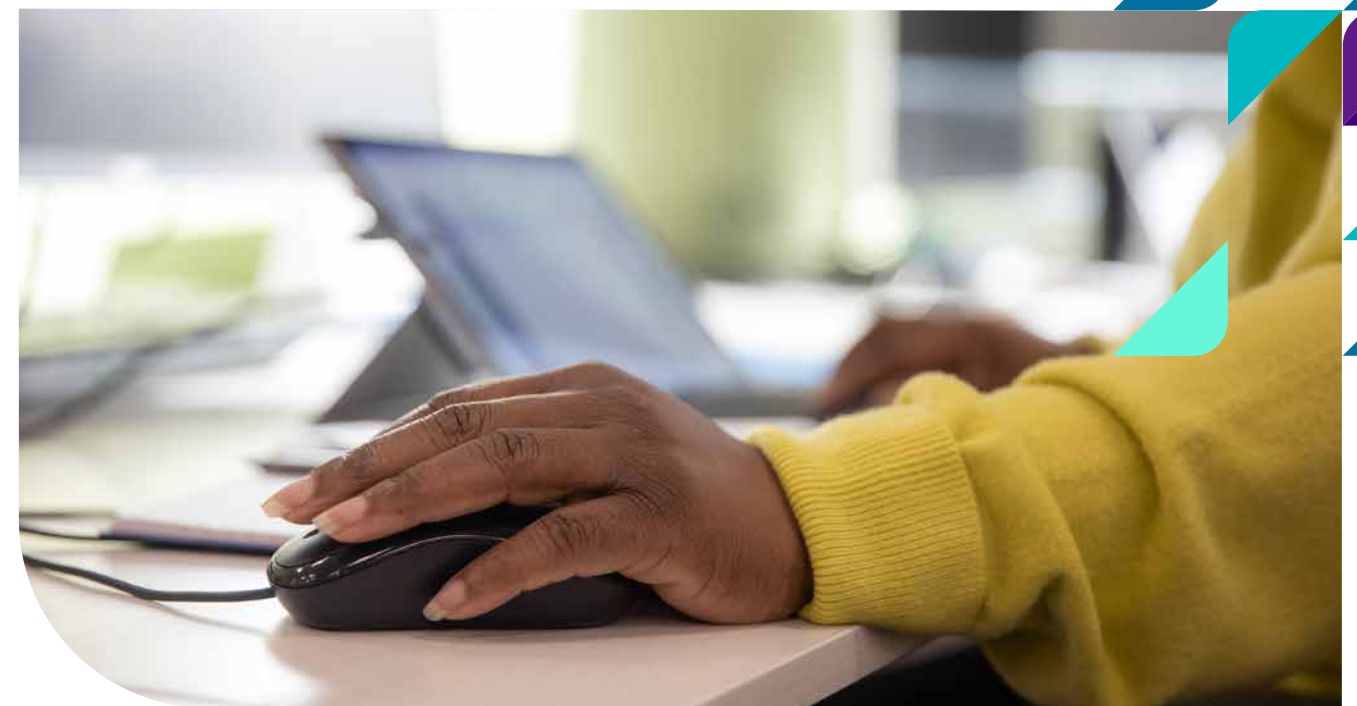
It is recognised that the Technology Project will lay the foundations for our technology capability and that to maximise the benefits of this

investment, there needs to be ongoing business engagement to ensure that the apps that sit within the environment are maintained and continue to support the developing organisation. Thrive has built a Technology Roadmap that currently centres on the delivery of the initial project but will become a live document that helps to support planning of further technology development and inform financial planning.

Colleague and customer engagement is key to ensuring that we evolve our technology appropriately and this will be supported through internal working groups.

System security

Maintaining the integrity of our system and the data held within it is an ongoing focus. Thrive works with external consultants to provide technological solutions to protect the organisation and support our programme of penetration and other testing. We also recognise the potential for 'human error' and have an ongoing programme of training and communication to maintain colleague awareness.





Effective Risk Management

Current Approach

Thrive recognises that effective risk management is central to maintaining a resilient business.

Thrive is ambitious to grow and recognises that this generates risk associated with development, the sales programme and borrowing. Thrive is an experienced developer and the Board is comfortable with the increased scale of the development programme envisaged in the Medium-Term Plan. Operational golden rules, the Investment Policy development assumptions and hurdle rates express Board's risk appetite and provide guidelines for the organisation.

Growth is confined to Thrive's core skill areas where there is good understanding of the risks associated with being a landlord. There is no appetite to grow into business areas that do not rely on our core skill set or into areas such as the provision of care that might seem to be related but where different risk profiles exist.

Risk Practice

Thrive maintains a risk map that identifies Board's risk appetite in respect of each risk and associated triggers or controls. This utilises the 'three lines of defence' methodology and is regularly considered by the Executive Team and Board to ensure that the risks reflect Thrive's business, the wider operating environment to inform risk status.

The risk map is maintained within an on-line application that generates 'prompts' to risk owners and records changes providing assurance to Board that the management of risk is 'live' within the business. This also enables Board to independently access the risk map.

Risks within the risk map are subject to an annual 'deep dive' that is considered through the committee cycle. Each year Board tasks the Executive to consider aspects of risk and the effectiveness of associated controls and/or mitigations and the extent to which Thrive could implement these.

It is Thrive's intention to maintain and continue to evolve these practices.



Developing Our Approach

The development of the Medium-Term Plan determined the extent of Thrive's ability to grow organically while increasing scale, this plan does not fundamentally impact Thrive's risk profile.

However, pursuing our growth ambitions by other means may impact on this and the changes that may result need to be factored into our risk map to ensure that these do not lead to exposures that exceed our ability to manage or contain them.

Issues that need to be considered as we develop include:

- **Investment** – Thrive is investing directly in its market rent subsidiary which is supported by the underlying value of the property. However,

we are exploring options to enter into lease arrangements that will release value from our portfolio while retaining some investment in or management of the properties.

- **Joint venture or partnership** – Thrive is open to a range of partnership and joint venture arrangements.
- **Managing on behalf of others** – Thrive currently has a small portfolio of homes that it manages on behalf of other housing providers and intends to increase this.

Thrive will take appropriate external advice to fully understand the potential risks, impacts on its risk appetite and management steps required to control these.

Challenges We Are Addressing

Treasury Strategy

The Treasury Strategy aims to deliver a portfolio of funds that meet the risk profile of Thrive, deliver value for money through minimising cost and supports the Corporate Strategy and Medium-Term Plan; a blend of short term – liquidity – funding, longer term funding reflecting the expected ongoing operations. As part of the strategy ESG related funding will be considered.

The Treasury Strategy is an annual funding plan that details Thrive's funding requirements for the next financial year. This report is presented as an Annual Treasury Plan. The Annual Plan has been prepared within the framework of the current Treasury Management Policy and all the recommendations contained within this Plan are compliant with the policy.

The Treasury Management Policy and the Annual Treasury Plan provide Board with assurance that Thrive continues to manage its cash and facilities in an effective and cost-efficient way that aligns with its Value for Money plans.

The funding requirement is as set out in the Medium-Term Plan which begins a five-year development cycle in 2021/22 with aspirational development build up to 2026/27. Centrus has analysed the liquidity and funding requirements of the Medium-Term Plan and provided advice on selecting appropriate sources of funding that Thrive may wish to adopt which were presented to Board.

The approved plan is to raise additional liquidity in the bank market and consider the options for capital markets debt for longer term requirements. Therefore, the most attractive route is to seek medium-term bank debt (RCF) and a small tap of the existing bond to meet core funding needs for drawn debt.

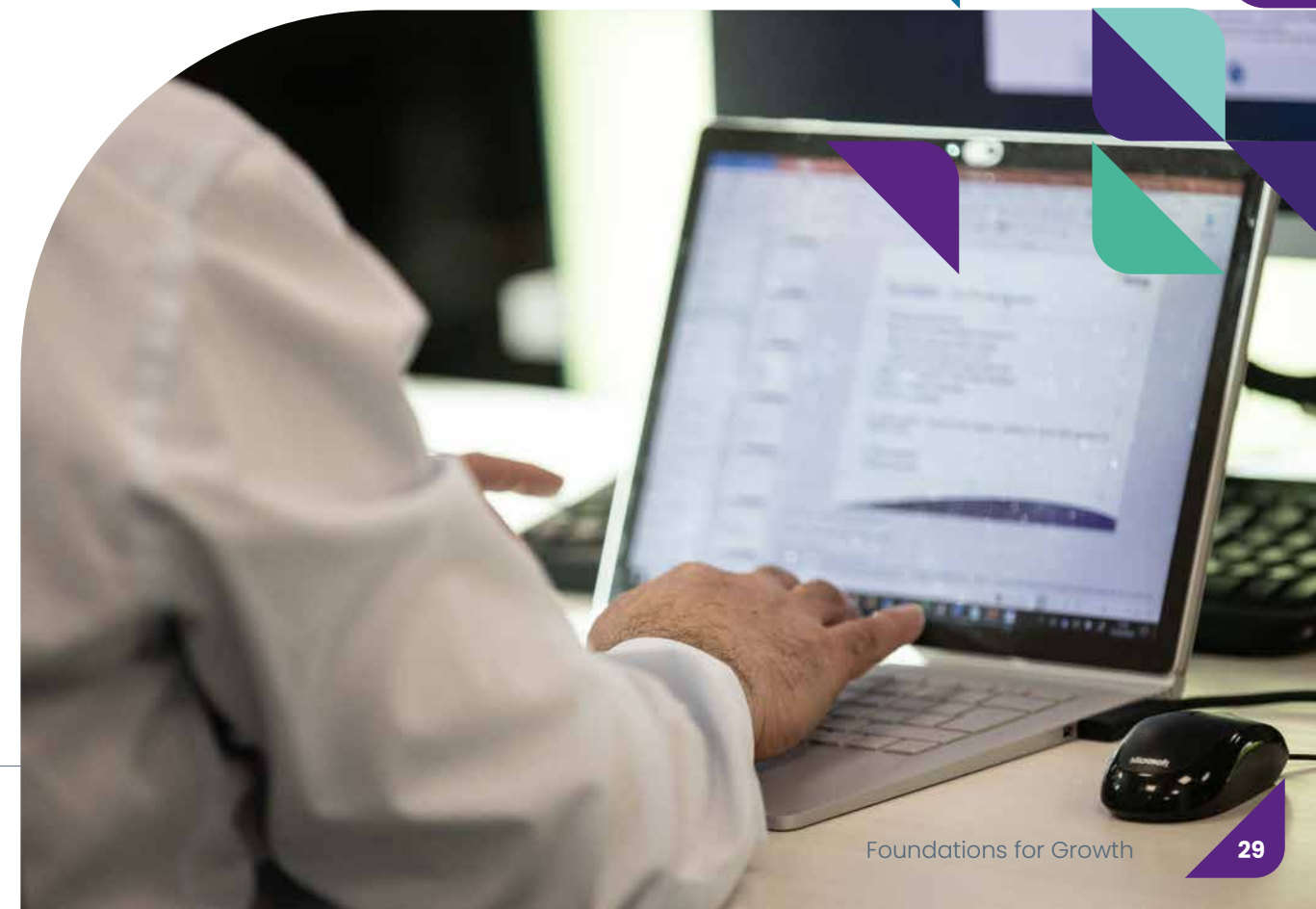


- Revolving Credit Facilities (RCF) provide the benefit of flexibility, providing liquidity whilst not incurring costs on undrawn facilities.
- A bond tap has the advantage of being security efficient, whilst being cheaper and more flexible than other types of long-term funding.

Growth results in greater complexity around borrowing and there is a need to enhance Thrive's capability to proactively manage liquidity, cashflow and forecasting. This also requires additional in-house capability to manage and plan this activity to ensure alignment between the development and treasury functions. We have introduced an embedded Business Analyst within the Development Team, appointed Treasury resource on a six month contract to set up an in house Treasury function and we will continue to work with Centrus (annual retainer) to provide Board and colleague access external advice and seek challenge/support from external treasury advisors.

Maintaining an active dialogue

Thrive is operating in a changing environment at a time when it is generating its own change in scale and complexity of operations. Understanding the external factors and the impacts these create together with a good understanding of our business metrics will be key to recognising where risks are emerging or changing. Thrive will continue to inform and support Board's understanding of issues likely to influence our risk profile or ability to manage those risks. This will be delivered through externally presented Board Webinars, attendance at conferences and access to sector publications such as the Sector Risk Profile.





Tree planting with Sunnyside Rural Trust

Environmental Social Governance (ESG)

Thrive's primary purpose is to provide homes that are affordable to a range of people unable to fully access these through the open market. By focusing our efforts on this we believe that we maximise our social contribution within the communities where we operate. We also have a commitment to being an effective community partner – supporting the work of other appropriately skilled and experienced agencies to deliver wider social outcomes.

The development of new homes and our well-established approach to maintaining good governance are discussed elsewhere within the Framework.

Thrive believes that operating in ways that minimise impact on the environment and promote positive social outcomes is key to being a resilient business. Thrive has developed a Corporate Social Responsibility Policy and has adopted the Sustainability Reporting Standard for Social Housing to measure its performance and provide data to stakeholders in ways that enable them to compare Thrive to other businesses. Our first report based on the standard will be available at the end of the 2021-22 Financial Year.

Environmental Sustainability

Thrive wishes to operate in ways that minimise the impact that we have on the environment. By lowering our operations' carbon footprint, improving our homes' energy efficiency and supporting projects that encourage biodiversity and conservation.

Our aims as a business are:

- **To reduce our carbon footprint by 5% each year**

In 2019, Thrive became the first housing association to be awarded the Planet Mark sustainability certification and through this accreditation we are measuring the progress that we make as a business in delivering this target.

This target focuses on office emissions, travel including the van fleet and procurement.

- **To be Certified Carbon Neutral by 2022**

It is unrealistic for Thrive to achieve carbon neutrality through absolute carbon reduction. Therefore, we have supported a variety of partners and projects to acquire Verra's Verified Carbon Standard carbon offset credits to counter our emissions performance.

- **To promote tree planting, conservation, and biodiversity**

Thrive has committed to plant a tree for every new home we build. Some trees will be provided on our development sites but others through environmental organisations such as 'One Tree Planted' that plant trees to enhance biodiversity.

- **To save water, energy and waste**

This focuses on;

- components installed and replaced in our homes – balancing technology with functionality and likelihood of customer acceptance
- working with contractors, suppliers, and our in-house team to address waste generated through our activities.

- **To promote all-electric solutions**

Providing homes that can be heated and powered by electricity will ultimately mean they can be 100% powered by renewable energy, as the National Grid shifts to this type of power. This minimises the total-life carbon footprint of our properties. We propose to look at all-electric solutions, where economically viable to do so.

- **To promote renewable energy**

we propose to become a member of Community Energy England, helping promote community-led energy projects in our areas of operation.

Community

Thrive GIVE is our commitment to corporate social responsibility, enabling us to utilise our business resources (our people, homes and supply chain) for positive change and opportunities in the communities we serve. This is additional to the benefit that providing a range of affordable homes to rent and buy creates.

Through Thrive GIVE we:

- **provide grants** to local charities and long-term commitments to support community agencies such as Citizens Advice Service and those providing support for victims of domestic abuse. The focus for the grants programme is;
 - training, employment and enterprise
 - social inclusion
 - health and wellbeing
 - financial inclusion and support
 - environmental sustainability.
- **enable volunteering** that encourages colleagues to support local community organisations
- **engage with our supply chain** to join Thrive in supporting volunteering and giving to community agencies such as the Food Bank.

Thrive intends to maintain this approach subject to periodic review of the proportion of its resources applied to the grant programme.

Developing Our Approach

Thrive recognises that its approach in these areas needs further development and the use of the ESG reporting framework together with a better understanding of stakeholders and customers' needs will inform this.

There is a need to bring this focus together as it has formed 'parts' of the responsibilities of different teams across this business. It is our intention to pull these together into a co-ordinated framework to develop and inform our approach.

Challenges We Are Addressing

Business capability

Capability and understanding of these issues requires strengthening both within the organisation and at Board level, this will be supported by:

- recruitment of the AD Portfolio Performance
- formalisation of this issue within the governance structure
- development of an ESG framework
- training for colleagues and Board.

Assets and new build

Thrive has identified its first thermal efficiency milestone for the portfolio but needs to develop plans to exceed EPC 'C', this will be supported by:

- developing the standards for new build and refurbishment programmes
- investigating membership of SHIFT.

Approach to volunteering

Our programmes have been focused on group activity organised by Thrive. We recognise that colleagues and a wider range of organisations would benefit if this opportunity was extended to enable colleagues to determine how they use their 'volunteer-time'. This will be considered through the Great Place to Work group.

Communication

There is a need to develop our reporting framework on these issues for customers, stakeholders and colleagues as there is limited perception of the contribution that Thrive is making.

Additionally, we will aim to develop customers' understanding of the opportunities within their homes to control utility consumption and waste.

Equality, Diversity and Inclusion

Current Approach

Thrive aims to be an organisation where everyone feels they belong – where their contribution is valued, and they can be the person that they truly are.

We believe that actively maintaining this culture and ensuring that there is diversity of thought is more important than setting arbitrary targets such as 'reflecting the make-up of the regions in which we work' that may become 'tokenistic'

Thrive maintains an Equality, Diversity and Inclusion (EDI) Framework and an associated action plan to guide our actions and focus resources in this area. The Framework is overseen by our colleague group 'AllTogether @ Thrive'. The Framework identifies our equalities objectives.

- 1. Leading by example**, creating a culture of equality and diversity that informs our business decisions.
- 2. Creating a skilled reliable and resilient team** dedicated to quality and consistency.
- 3. Delivering fair and accessible services**, collecting the right information from customers to measure this.

Valuing our partners in areas where we work to create safe, secure affordable homes for customers.



Thrive collects diversity data from customers, colleagues, and board members so that we understand and can challenge ourselves in respect of diversity issues.

Thrive is aware of the challenges that it has in this area. These include the completeness of the data we hold across all strands and in ensuring that we increase diversity particularly across our board and senior leadership teams. We are trialling sponsoring a place on Housing Diversity Networks Board Development Programme and enabling the participant to observe Thrive's Board to enable them to develop their readiness to become a board member either at Thrive or another organisation.

Developing Our Approach

Thrive is working with Housing Diversity Network to attain its accreditation as this will inform the work that we need to undertake to improve our practise and demonstrate our commitment in this area.

Challenges We Are Addressing

Data Collection

Thrive's data sets are incomplete and we are seeking ways to encourage customers and colleagues to provide information across all strands by explaining how we will use their data and building 'touch points' into our processes to encourage people to update or complete the information provided to us. We also need to build equalities reporting routines into our practice.

Awareness

We are developing our learning and development programmes for colleagues and board members to encourage greater understanding of diversity.

Reviewing the EDI Framework

Once we have feedback from the Housing Diversity Network accreditation assessment, we will review our framework to ensure that it is complete and meets the needs of our developing organisation.



Fair Deal for Customers



Current Approach

Thrive is committed to providing good quality homes and services for its customers across a range of tenures.

Thrive has adopted National Housing Federation's 'Together with Tenants' and the Housing Ombudsman's Complaints Code, is a member of the Property Ombudsman scheme and is compliant with the Regulator for Social Housing's Consumer Standards. These inform how we operate and enable evaluation of our practice to provide assurance for customers and other stakeholders. Aspects of our current approach to delivering a fair deal are as follows.

Customer experience Ambition

Thrive has developed its customer experience ambition in addition to the principles set out in At Thrive, our ambition is that all our customers will:

- **Feel:** informed, respected, valued, and empowered
- **Think:** Thrive is a landlord that is easy to interact with, whatever the channel. Thrive can be trusted, are professional, reliable, empathetic, and open. Thrive keep me informed so that I know what I can expect to happen and when
- **Do:** work with us to create a relationship based on mutual respect with opportunities to get involved, provide feedback and know where to get help when needed (financial or holistic from partner services).

This informs our approach to shaping services, engaging, and communicating with customers.



The Thrive Deal - for affordable/social rent

The Deal sets out the respective responsibilities of Thrive as the landlord and of the customer. Through this we are seeking to manage demand for our services and enable customers to self-serve through digital channels at times that are convenient for them. A key part of the Deal is an annual contact visit to evaluate property condition and discuss any changes to a customer's circumstances.

The implementation of the Deal is scrutinised by Thrive's Customer Experience Panel that has established the customer metrics that form its dashboard and feed through to the Board's balanced scorecard.

Customer engagement

Thrive recognises the importance of customer feedback on and involvement in the way in which it develops and delivers services. There are three strands to this from the customer perspective:

1. Supporting customers to challenge and hold Thrive to account

through combining the experiences, views and judgement of involved customers with wider customer insights. Enabling the customer perspective to spotlight potential 'blind spots', and concerns that could impact badly on customers.

2. Improving Thrive's understanding of what is really important to customers

through complaints and other 'early warning' systems, real-time customer feedback mechanisms and performance metrics that accurately capture the reality of customer experience, aiding the co-design of services and resolution of service failures.

3. Informing and engaging Thrive's customers in a meaningful and timely way

through early and rolling customer consultation over issues that impact on their home, tenancy, and immediate neighbourhood from concept to implementation.

These strands reflect Thrive's emerging understanding of the role of customer involvement in its business model. We recognise that many of our customers only want to engage when directly affected or when a topic is of particular interest to them. This means that our range of opportunities to engage should enable these preferences.

In addition to topic specific and survey work, Thrive established its independently chaired and remunerated Customer Experience Panel in 2015, which includes two representatives from the Board. The Chair attends two board meetings each year and has direct access to the Board Chair. The Panel reviews service delivery, customer experience, meeting the consumer standards and is our test ground for new ideas to ensure that we capture the customer view. This has largely focused on social and affordable rented customers experience.

From a business perspective this:

• provides opportunities to understand our customer base to:

- gauge reaction to decisions in respect of their homes or Thrive's development as a business
- shape services and new products, reflecting what is valued by customers so that they will be used - enabling Thrive to use resources effectively
- understand when customer expectations change and the different expectations of different customer groups so that Thrive can manage and respond to these.

• **forms part of our 'assurance'** and as such Thrive wants to ensure that there is a clear line of sight for management and Board of the quality of the service offer and the way that homes are maintained. Processes to support delivery of the Deal are embedding opportunities for 'instant customer feedback', reporting and quality assurance and these will continue to be developed and reviewed to determine their effectiveness.

Health & Safety

A safe home, including any shared space is a key element of Thrive's offer to customers.

Thrive will continue to review and develop its existing practice in relation to gas, electrical, water hygiene, fire and asbestos and maintain its annual audit programme that provides assurance in relation to these.

The approach to property management set out within the Home Plan (part of The Thrive Deal) is being rolled out to all rented customers over the next few years and will ensure that Thrive has a clear record of internal property condition. It also provides better understanding of how homes are being used enabling Thrive to address issues that may impact on customers' well-being.

An Affordable Home

Thrive aims to provide homes that help individuals and families secure a good quality, safe home that they can afford. Our rent offer starts with social rent (circa 40% of market) through to full market rent. Home ownership options include Shared Ownership and Rent to Buy.

Rent to Buy

A government scheme designed to ease the transition from renting to buying by providing a subsidised rent. Customers rent a newly built home at a discount to the open market rate for a period up to five years. During this time they have the chance to save for a cash deposit to buy the property or part of the property under a shared ownership scheme.

Thrive complies with the Regulator for Social Housing's Rent Standard that controls the rents for homes for social and affordable rent. Rents and charges applied to other tenures form part of Thrive's Rent Policy that is reviewed annually by Board or the Board of the relevant subsidiary or partner organisation.

Thrive maintains a programme of assurance and audit around its rent setting processes to provide assurance to customers, Board and stakeholders.



Developing Our Approach

Thrive intends to build on its adopted approach by developing it to more specifically reflect the needs of purchasers and intermediate rent customers. We will continue to develop the customer portal to enhance functionality and tailor this to the needs of wider customer groups

We recognise that customer's expectations are increasing, and we need to increase our understanding of existing customers so that we can better tailor services to individuals- this includes diversity issues and preferences. It also heightens the need to communicate effectively what Thrive can deliver within its available resources.

Ensuring that we engage effectively and that Thrive hears the views of all of its customer groups continues to be important. We need to ensure that our approach in this area is appropriate for the future and delivers value to the business.

We have established an internal engagement group to enable colleagues from across the business to better understand our customer feedback and develop/implement Thrive's response.

Increasingly, Thrive is serving customers of other landlords and we need to develop reporting to provide assurance to our corporate customers that the terms of the contract are being met.

New RSH Consumer Regulation is anticipated and our practise needs to evolve to ensure that we maintain compliance. Operating within a regulatory framework provides customers and stakeholders with assurance and we recognise the value of this. We are seeking to be accredited to appropriate standards across our range of customer groups.



Challenges We Are Addressing

Business capability and capacity

Roles and responsibilities – in developing the Target Operating Model, we have identified the need for more intensive focus on customer and the existing AD Customer role now has a more concentrated focus with previous areas of responsibility such as grounds maintenance moving to the AD Estates and Facilities Management. The AD Estates and Facilities Management has a remit that includes enhanced focus of the customer experience/ engagement in the management of communal areas to develop relationships that support building safety and the costs of maintaining these areas.

Consistency of customer experience – Thrive is focusing on developing greater consistency of customer experience across all channels through training and awareness raising programmes. This recognises that customers respond positively to our face-to-face interactions but less well to some of our written material.

Quality of customer care through on-boarding, defects, and after-care – Thrive wishes to develop greater consistency in its approach and process across all tenures in this area. Different approaches have been adopted for sales versus rented products and new build versus re-let properties. There is learning to be shared across these approaches so that we achieve greater consistency while retaining elements most relevant to the tenure or property type.

Hearing the customer voice

Our current approach has been in place for some time and while it has been successful, there are challenges. These include the widening of Thrive's customer groups and external change arising from the White Paper etc. that promote the need to review these arrangements. Thrive commissioned this review in 2021/22 and will develop a plan to respond to its findings.

Thrive also wishes to enhance the use of technology to secure 'real-time' feedback and provide better mechanisms to raise issues e.g., relating to Health & Safety. A Technology Project launched in 2021/22 is the enabler to introduce this functionality and will support:

- enhancing openness in respect of compliance inspections and providing assurance to customers that remedial work is undertaken
- delivery of Home Plan
- providing a 'hot-line' for customers who wish to report health and safety concerns that bypasses normal reporting channels.

Other drivers

We recognise that there will be changes in consumer regulation and the way in which the Housing Ombudsman operates that will influence how Thrive needs to operate to maintain compliance. We will track these changes to develop an appropriate response. It is recognised that this may influence our focus and use of resources. These impacts will influence the review of the rolling Medium Term Plan.

Growth



Current Approach

Thrive has four objectives in growing its business

1. To increase access to a range of affordable homes in the areas in which it operates.

We operate in some of the most expensive areas to rent or buy in the UK where there is significant demand for our product range.

This is our primary purpose as a community benefit company with charitable status.

2. To maximise the value and performance of our portfolio through active asset management, making best use of homes that no longer 'perform'.

3. To achieve a scale that makes effective use of the investments we have made in modernising our operating model.

4. Surviving as an independent organisation so that we can make choices about the future.

Thrive has built an operating model that is being developed to absorb organic growth in addition to managing homes for other landlords.

To date, our growth targets have increased incrementally but we recognise that as a more mature business we need to envisage the scale that we want to achieve and then explore how this will be achieved to ensure that we operate in ways that support this ambition. The Medium-Term Plan addresses this.

Thrive Homes aims to double in size over the next ten years- and believes that strong demand exists for rented and shared-ownership homes to support this level of ambition.

To achieve this level of growth, Thrive will consider opportunities that:

- utilise our core landlord and residential property management skills in the regulated or unregulated sectors

- increase the value of Thrive's portfolio, turnover or generate profits to provide cross subsidy
- are within our operating area of Hertfordshire, Bedfordshire, Buckinghamshire and across the OxCams Arc or where it is possible to sensibly deliver services. Different tenures have different service requirements and this, together with greater use of technology enables us to operate effectively across a wider range of areas than previously.

These opportunities include:

Joint venture and investment partnerships

Joint venture (JV) provides opportunities to leverage Thrive's resources and maximise the use of existing assets. Any JV proposals will require a business case that includes evaluation of 'downside' risks and impacts on the wider business.

Thrive is interested in developing investment partnerships that enable external investment or reduce borrowing requirements, but we wish to retain a 'stake' in the properties in addition to the management of them to ensure that Thrive's balance sheet is not eroded.

Land acquisitions

In the main, land acquisitions will be considered on a 'with planning' or 'subject to planning' basis.

However, it is recognised that ready-to-build sites are in short supply in Thrive's operating area so acquisitions of sites where there is potential to bring these forward for housing through the local plan and planning process is key to generating future development opportunities. Where possible strategic land purchases will be supported by an income stream to off-set holding costs.

Options agreements also form part of the approach to securing supply.

An assurance framework is in place to monitor the impacts of strategic land and options on Thrive's resources.

Management opportunities

Thrive recognises that managing for others or sharing resources may provide opportunities to spread costs or to enable Thrive to enter different rental markets. Before entering into this type of opportunity, Board will evaluate the business case and carefully consider the 'downside' risks to ensure that its owned portfolio is not placed at risk.

Active Asset Management

Thrive utilises an active asset management model to determine which homes warrant investment. Some of these properties offer opportunities to:

- intensify use of land through redevelopment
- improve returns or off-set future costs through tenure diversification
- dispose and invest in new homes (subject to the Stock Transfer Agreement clawback provision that attaches to much of Thrive's portfolio).

Before determining which option is appropriate, Thrive will undertake a more detailed appraisal to ensure that improved performance is achievable and the downsides or business impacts, such as temporary loss of income, have been considered.

Mergers and acquisitions

The growth strategy includes the acquisition of homes/property businesses from other landlords and merger with organisations wishing to take advantage of our business model. The Board has established 'ground rules' to evaluate merger opportunities but this is not a primary focus of our strategy.

In developing this plan, the relative risks associated with these growth options have been considered – especially those that are new to Thrive. The business will obtain appropriate advice and employ people with the skills required to manage these opportunities to ensure that its viability and affordable housing assets are not placed at risk.

Developing Our Approach

Thrive is continuing its current approach to securing growth but with an increased emphasis on investment and partnership to ensure that the pace and scale of growth is sustainable. We recognise that business capacity and capability and governance arrangements need to evolve to support this.

It is recognised that the combination of scale and our approach to securing land will result in delivery programmes that are less 'smooth' than those generated by other approaches. Tracking secured plots and their delivery trajectory will become more important and we need to develop appropriate reporting to both track and understand the business impacts.

Increasing use of technology is helping to extend our potential operating areas but careful consideration will be given to location versus the ability to provide services to the home.

Thrive is building its own product (as opposed to 106 Developer product) and we need to ensure that this is appropriate to the needs of the intended customer and is future-proofed in respect of issues such as fire-safety and thermal performance to maximise the useful life of homes within our portfolio.

Engaging colleagues in the growth agenda is important to Thrive as it empowers the business units representing different customer groups to influence the built product and plan in advance of homes being delivered. The Growth Group has representatives from across the business to ensure that the impacts of growth are fully understood and addressed.

Challenges We Are Addressing

Business capability and capacity

In developing the Target Operating Model, we have identified the need for greater resource to focus on programme delivery and have appointed an Assistant Director to lead the delivery team. We wish to enhance our inhouse construction experience as we are using construction management to develop smaller sites and to bring sales in house so that this function can contribute to the development of our on-boarding offer. These roles are identified within the Target Operating Model and implementation of the model will begin in 2021.

During 2021, we have embedded a Business Analyst within the Development team to increase our planning and reporting capability and integration with financial and treasury planning and reporting.

Understanding our markets

Thrive is commissioning a Housing Needs survey to better understand the needs profile across its operating area so that it can target product to customer groups, as data from local authorities often lacks insight into the range of tenures that Thrive can offer.

We also want to develop customer feedback mechanisms and reporting to better understand customers reaction to our homes and to utilise this 'intelligence' to inform future development.

Strengthening links to the wider business

Thrive will continue to develop the capability and influence of the Growth Group, strengthening links between development and finance teams and sales/project handovers with on-board and the management teams. This includes the transfer of data into operational systems.

We are developing process and quality assurance in the areas identified in these areas to enable Thrive to track effectiveness of its process.

Developing oversight and assurance

As the scale of the development activity increases and it involves delivery of product for different business units and customer groups, there is a need to develop the governance and reporting lines to ensure that this is properly managed and Thrive is able to work effectively with its stakeholders.





A Great Place To Work

Current Approach

Thrive recognises the importance of attracting and retaining the right talent to deliver both what the business needs today and to ensure that it continues to develop. Increasingly 'place' actually means our 'work community' as Thrive's business model encourages agile working.

Thrive wants to be an organisation where everyone feels they belong, are confident to be the person they are and feel valued for their contribution.

We want all colleagues to take responsibility and be accountable for themselves and the work that they undertake and in return, Thrive will support this and provide honest feedback.

Our target culture is:

- an exciting place to work
- challenging ourselves
- delivering results
- thinking differently
- being proud of what we do
- respecting customers and colleagues.

We utilise a programme of surveys and Investors in People to determine how colleagues feel about working for Thrive and how our offer compares to others.

Thrive is proud to have attained Investors in People Gold accreditation and we continue to use this framework to inform the development of our offer.

We believe that there are several elements that create a great place to work, including:

Opportunities to influence

Thrive has a number of internal working groups that cover all aspects of Thrive including the Great Place to Work Group. These enable colleagues from across the organisation to come together to understand aspects of running the business and influence this.

There are opportunities through All Thrive Briefings and staff events to understand how the business is performing and participation from colleagues is encouraged.

Opportunities to develop

Learning and development is an important aspect of Thrive's offer and we offer a range of internal and external training and development opportunities.

Through 'Chinwags', we encourage colleagues to self-review their performance and development needs with their manager and have open conversations about what they want from their careers. Managers are encouraged to facilitate 'experiences' through project or other work to prepare for those next steps.

We also offer opportunities to work with peers to develop and have programmes such as 'Leaders and Learning' that enable those working in those roles to develop and share experience. The group is encouraged to develop its own agenda.

We recognise that understanding of self and behavioural preferences is as important as technical ability. Thrive uses the Lumina Framework to provide a profile for colleagues that gives insight into their preferred behaviours. As an organisation, the framework provides a 'common language' to enable better conversations between colleagues.

Good management relationships

Line managers have the greatest influence on how colleagues perform and feel at work.

We encourage our managers to create good working relationships based on trust and to recognise their role in facilitating their team and the individuals who make up the team to succeed.

Health & Safety and wellbeing

At Thrive, people matter, and we will continue to invest in ensuring that all staff have a safe working environment, a wellbeing programme and access to services that support wellbeing such as Mental Health First Aiders and external support services.

Our Flexible Benefits programme includes a range of options that cover physical and mental health or encourage wellbeing.

The Safe & Well at Thrive Working Group enables colleagues to work through issues and raise any concerns relating to Health & Safety and wellbeing.

For individuals who feel there is no other route to raising concerns, there is a whistleblowing process that enables them to raise concerns directly with the Chair of Audit and Risk Committee.



Challenges We Are Addressing

Business capability

We need to ensure that our understanding of our business needs remains current and influences training and development programmes. The development of the Target Operating Model will inform this.

Linked to this is our ability to grow our own talent. Thrive recognises areas where we have challenges in securing appropriate skills and also that there are opportunities to bring people into the organisation directly from education or a career break and support them to acquire those skills. Our capacity to do this needs to be developed.

Developing our HR culture

Thrive wants its focus to be on colleague experience and development. This requires a shift in leadership and focus across the HR team. A new Assistant Director - People and Culture role will have this focus.

Developing our thinking around agile

While Thrive has embraced the concept of agile working, there are areas where we need to explore our appetite or ability to accommodate. These include:

- flexing the number of days 'at work' while delivering agreed output
- recruitment within different geographies
- flexing in and out of work to accommodate life events.

Developing Our Approach

Thrive intends to continue to develop its current approach to ensure that its colleague offer and people practice remain appropriate to the scale and complexity of the business.

We recognise that an agile workforce presents a number of challenges and that we need to recognise these and continue to develop our response so that we retain strong working relationships, supporting individuals - particularly new starters - across the business.

Growth brings challenges as expectations of individuals grow and the time that is available for them to develop to the level the business requires is limited. This will need careful management, honesty and careful assessment of the risks that this may generate.

Colleagues have changing expectations of employers and work and we want to understand this so that we can develop our brand.

Thrive Homes

Thrive Homes

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