



Value for Money Strategy 2023 - 2026

Introduction

Hilldale Housing Association provides and manages high quality homes for people who need additional support. We are committed to maximising value for money (VFM) within strategic decisions and service provision to tenants.

The purpose of this strategy is to provide **efficiency | transparency | accountability** with a focus on embedding and driving continuous improvements in VFM across all areas of the association.

Our strategy considers our financial responsibilities as well as the actions we will take to improve VFM and deliver long term benefits to Hilldale and our tenants.

Our Financial Responsibilities

As a Registered Provider of social housing, we take our responsibilities seriously by demonstrating our compliance with the Regulator of Social Housing's Value for Money Standards:

- A robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance
- Regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures
- Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case
- That they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

Each year, we will publish our performance and review our plan to drive us towards meeting our aim and objectives.

Over the last three years, Hilldale's Board and Management Team have made improvements in governance and operations which have led to improving the financial viability of the Association.

Highlights include:

- A review of the services and charges provided to tenants
- Renewal of the housing management system, making significant improvements and efficiencies at no additional cost
- Implemented a new repairs service to the South of England that will reduce costs and improve service delivery
- Creation of a 30-year asset management plan
- Brought some services in house, based on robust business cases
- Implementation of a Growth Strategy that sets out the criteria for any new schemes

This strategy builds on these foundations. We believe improving VFM is the responsibility of all colleagues, including our board. Collectively we will consider the VFM impact on Hilldale and its tenants within every financial decision. This will be achieved by measuring performance and regularly reporting on the progress against our objectives.

Business Objectives

Our 3-year business plan consists of six strategic objectives and VFM underpins the delivery of each objective.

Great Customer Experience will deliver top quartile satisfaction through our commitment to involve tenants in the decisions that affect them. By following **Best Practice**, we will listen to tenants and consider our **Operational Efficiency** by reviewing how to reduce operational costs, whilst delivering high quality and affordable services.

Maximising Occupancy will increase our income, enabling us to **Make Quality Investments**. We will reduce the number of underperforming schemes by investing in a 5-year investment programme and improving the energy efficiency within our properties. Our **Growth and Diversification** plan aims to deliver 150 new homes, following our golden rules which include VFM targets to ensure we maximise the rate of return.

The Business plan includes a 5-year financial plan with key actions linked to improving our VFM, these include:

- Creating additional capacity by driving through system improvements, efficiencies, and careful cost control
- Creating efficiencies by working as part of the group
- Achieving balanced growth through access to a new Group funding model
- Amending our business model to be more resilient and demonstrating this through stress testing
- Benchmarking our costs and performance with other Specialist Supported Housing providers

Our Value for Money Aim

Our aim is to achieve a high standard of efficiency, transparency and accountability across all of our financial responsibilities.

This strategy runs alongside and underpins Hilldale's 3-year business strategy. The combined aims of both strategies will increase our future financial resilience and provide the foundations for growth and success.

Value for Money Objectives

1. To continually maximise **efficiency** across all business functions and services
2. To give **Transparency** to the Regulator, Board, Colleagues, Tenants, and all other key stakeholders
3. To create a culture of **Accountability** where every Hilldale colleague considers the financial impacts and benefits within their everyday actions

Objective 1. To continually maximise efficiency across all business functions and services

We will:

- Implement VFM assessments to appraise the impact and benefits of any investment towards the delivery of our business objectives
- Assess our expenditure across repairs, maintenance and planned works to identify opportunities to reduce costs
- Implement a rechargeable repair process to recover costs

- Conduct financial appraisals on schemes which are performing poorly and work with funders to agree solutions
- Review service charge and utility costs to ensure our tenants are receiving quality and affordable services
- Invest in our data and information systems to improve insight and identify opportunities for improvement

Objective 2. To give Transparency to the Regulator, Board, Colleagues, Tenants, and all other key stakeholders

We will:

- Provide tenants with a clear breakdown of their rent and service charges
- Collate and produce an annual VFM position statement
- Benchmark our performance against similar associations
- Create a tenant’s group who will scrutinise and consult on decisions that impact them

Objective 3. To create a culture of Accountability where every Hilldale colleague considers the financial impacts and benefits within their everyday actions

We will:

- Invest in VFM training for all colleagues, framed around this this strategy and how to apply it within their roles
- Continue to apply our growth golden rules robustly
- Provide periodic reports to our Board of the progress made against this strategy and our business targets
- Continue to hold ourselves accountable to our business strategy financial essentials

Risks Management

We have identified the risks associated with the delivery of Hilldale’s VFM responsibilities. We will achieve compliance and mitigate each risk by delivering against the objectives of in this Strategy.

Risk	Mitigation
Hilldale is non-compliant with the Regulator of Social Housing – Value for Money Standard	The implementation of this strategy and delivery of its objectives will make Hilldale compliant
Failure to deliver the intended outcomes of the objectives and action plan	The Management Team will track and report on progress of actions and the measured targets and performance will be published
Culture of accountability for VFM is not embedded across the organisation	Training and appraisal process will be used to check that all staff are aligned and implementing this strategy

Metrics

Each year, Hilldale will report on its VFM position against its targets using the Regulator of Social Housing’s VFM metrics. The Annual position statement will also include a progress update and achievements against each of the strategic objectives.

We will benchmark our annual position against other similar sized providers, working in the specialist supported housing market.

	2021/22 Position	2022/23 Position	Target 2023/24	Target 2024/25	Target 2025/26
Reinvestment%	0.0%	77.4%	0%	0%	0%
New Supply % (social housing units)	1.2%	8.8%	0.0%		
New Supply % (non-social housing units)	0.0%	0.0%	0%	0%	0%
Gearing %	-110.2%	-42.8%	1.0%	0.5%	0.0%
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included Interest Cover %	-15000%	-36612%	7376%	73388%	92225%
Headline social housing cost per unit	£13,149	£13,427	£14,353	£15,377	£15,717
Operating Margin % (social housing lettings only)	-1.5%	-2.3%	0.3%	3.3%	3.9%
Operating Margin % (overall)	-1.5%	-2.3%	0.3%	3.3%	3.9%
Return on Capital Employed %	20.6%	-69.5%	1.8%	13.8%	12.6%