



Value for Money Statement

2020/21

VALUE FOR MONEY STATEMENT

As a registered social landlord, Hill Homes is required to publish an annual Value for Money Statement.

We are required to publish a robust, transparent and accessible statement that:

- enables stakeholders to understand the return on assets measured against the organisation's objectives;
- sets out the absolute and comparative costs of delivering specific services; and,
- provides evidence that value for money gains have been, and will be made, and how these have, and will be, realised over time.

Hill Homes' vision

"To be the leading housing and care provider in north London, supporting older people to be independent, comfortable and safe in their homes."

We aim to deliver this alongside our Value for Money ambitions.

What do we mean by the term "Value for Money"?

Value for Money (VFM) is the term used to assess whether or not the organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. Hill Homes Group (referred to throughout this statement as Hill Homes) applies value for money principles to all its activity, in both Hill Homes Housing Association and Hill Homes Care Ltd.

Delivering VFM is a key component of running an effective social business.

Hill Homes recognises the importance of a value for money culture and demonstrating value for money is a core business value. Through the careful use of resources, we work hard to deliver efficiencies and to improve the quality of our accommodation and services. Our key aim is to deliver competitive, high quality services for our tenants.

The Chief Executive sets objectives to deliver the strategic plan agreed by the Board. When doing this, the Chief Executive allocates resources to achieve the best possible outcomes. This includes:

- effective asset management;
- developing the skills of staff with appropriate staff training;
- valuing the contribution of staff;
- having efficient business practices, including robust risk management; and,
- identifying potential changes to improve value for money.

VFM is frequently referred to as the 'three Es':

- **Economy** – the careful use of resources to save expense, time or effort
- **Efficiency** – delivering the same level of service for less cost, time or effort
- **Effectiveness** – delivering a better service, or getting a better return, for the same cost, time or effort

Through VFM we aim to achieve:

- resources directed towards the organisation's key priorities and objectives;
- a balance between cost and performance; and,
- tenant satisfaction.

How will we know if we are developing Value for Money?

Board Members are aware that, due to the small size of the Association, the fixed running costs of Hill Homes' properties are high in relation to larger landlords.

Hill Homes is a small, tenant-focussed community organisation. Our two larger properties are both located in Highgate, which is a particularly expensive area of the country. These factors impact on our VFM Metrics making the cost per unit, in particular, expensive.

Despite this, it remains important to Board Members to monitor how we are delivering value for money. Ensuring our performance outcomes are good helps tenants and staff be confident that we are providing value for money services.

In their consideration of Value for Money, we have agreed that:

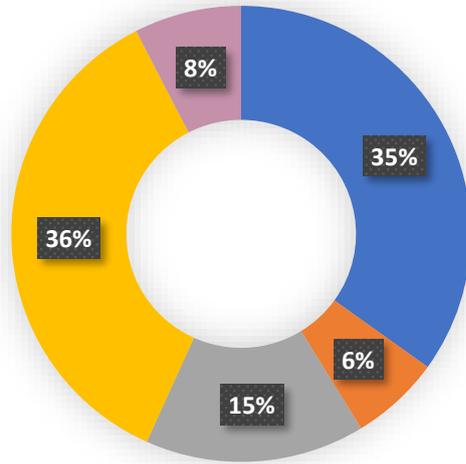
- we will work with tenants to understand what their needs are. The wellbeing of the Hill Homes' tenants will always be a priority in the delivery of services;
- value for money will always be a priority in all services, without compromising on quality;
- consideration will be given to the impact of all decisions on tenants, the local community and society;
- we will understand the cost drivers of the organisation so costs can be properly managed and controlled;
- all staff will understand what value for money means and what their part is in the process, so value for money is embedded in Hill Homes' culture;
- strong financial controls will be in place;
- management information systems will provide accurate and appropriate data that will allow the delivery of the required outcomes in an efficient and effective manner; and
- there will be an understanding of how the political, economic, social and technological environment determines who the customers are and how it drives their needs now and into the future.

The key organisational measures that will demonstrate whether we are delivering value for money are:

- internal monitoring of organisational key performance indicators;
- financial performance monitoring, including 'return on assets' and 'surplus as a % of turnover';
- effective treasury management;
- transparency in our reporting will demonstrate to tenants and stakeholders how the money has been spent;
- showing the social value of what we do;
- a housing management service that is comprehensive and responsive to the needs of our tenants;
- a maintenance service that ensures repairs are dealt with promptly, effectively and efficiently;
- an asset management strategy that ensures the most effective use of property assets over their life and maintains our homes to the highest standard;
- regular reviews of our services; and,
- a commitment to developing how we involve tenants in influencing how we deliver services to them

Where does Hill Homes get its money from?

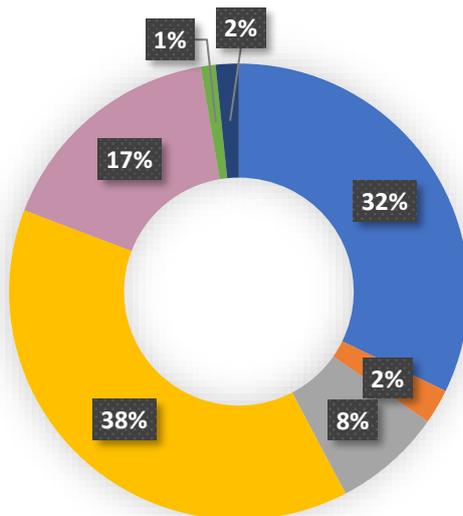
Income 2020/21



- Rent & Service Charges £779K
- Revenue Grant Income £141K
- Investment & Other Income £345K
- Charges for Care £797K
- Charges for Support £168K

Where does Hill Homes spend its money?

Expenditure 2020/21



- Maintenance & Services £642K
- Routine & Planned Maintenance £49K
- Provision of Support Services £153K
- Provision of Care Services £769K
- Depreciation & Interest Payable £330K
- Provision of Activities £21K
- Investment in Stock £32K

VFM gains

Reduced overheads

We aim to reduce overheads by regularly reviewing contracts and internal processes for greater efficiencies.

In 2020/21 we changed our phone provider for both the office phones and the emergency phones in the lifts, reducing the annual cost by over £1,000.

Accessing local authority grants

During 2020/21 we accessed local authority grant funding to support the organisation with the additional costs incurred on infection control during the Covid-19 pandemic.

Reviewing existing contracts

We undertook a market review of utilities' providers when our existing contracts were due for renewal, ensuring the best possible prices were obtained.

Rechargeable works

We reviewed the charging process to ensure all rechargeable work is paid for by tenants

Improved debt collection

We have actively pursued accounts of ex-tenants with outstanding balances, ensuring the organisation collects money due to it

Investment in stock

We continue to invest in our properties to maintain them at a high standard for current and future tenants.

Two significant projects that took place during 2020/21 were:

- the redecorating, and replacing the flooring in, all the communal areas at Nuffield Lodge
- replacing the garden path at Trees

VFM measures

Hill Homes Board has agreed Key Performance Indicators against which it measures the performance of the organisation.

The financial year 2020/21 has been a challenging one for Hill Homes, as it has for every organisation as the world has been dealing with the coronavirus pandemic. We have continued to service and support tenants in the best way possible whilst complying with the government's regulations.

One of the major casualties of the pandemic has been our activities programme as it has been impossible to provide face-to-face activities for events for much of the year. We have also been unable to hold face-to-face tenants' meetings. Tenant engagement is important to Hill Homes and, whilst we have been engaging with tenants on an individual basis, opportunities to gather tenants' opinions have been limited. We undertook a tenants' survey at the end of the financial year and the information from this will help to inform our work over the next financial year.

The pandemic has also impacted the rate at which we have been able to fill voids, resulting in us having empty properties for a period of time that was significantly longer than our target turnaround time. In the early part of the year, we were unable to allow properties to be emptied due to government lockdown restrictions. We arranged for the flats to be emptied and for voids maintenance work to be completed as soon as the regulations allowed; however, there was a reluctance for some people to move home during the year. We were pleased to welcome a number of new tenants at the start of 2021/22 and will continue to monitor the turnaround time of voids to ensure we are offering the best value for money with our services.

We undertook one capital project in the year – the modernisation of fire doors at Nuffield Lodge. Scheduled to finish in March 2020, the project was signed off in November 2020 after a delay caused by the coronavirus pandemic. Changes to the original specification resulted in increased costs and Nuffield Lodge benefitted from a full redecoration and new flooring in all the communal areas being included in the project.

The table below sets out the organisation's performance in relation to VFM over the last year. Measures where no activity has been possible during the last year have been excluded from the table.

| Measure | 2020/2021 | Target |
|--|-----------|------------------|
| Hill Homes aims to provide a safe and comfortable living environment in which tenants can live an active lifestyle | | |
| Response time for emergency repairs | 6 hours | < 24 hours |
| Response time for urgent repairs | 2 days | 3 days or under |
| Response time for routine repairs | 9 days | 20 days or under |
| Percentage of new tenants satisfied when taking up occupancy | 99.6% | 100% |
| Capital project cost variation from budget | 13% | < 5% |
| Number of health & safety issues raised, accidents and near misses | 6 | < 5 |
| Number of safety checks not completed on time | 1 | 0 |
| Hill Homes aims to ensure the organisation is financially sustainable | | |
| Time taken to relet void properties | 89 days | < 28 days |
| Efficient collection of rents | 18 days | < 30 days |
| Hill Homes aims to ensure the organisation listens to feedback, learns from its mistakes and makes an effort to improve | | |
| Number of complaints received | 5 | < 5 |
| Time taken to respond to complaints | 4 days | < 14 days |
| Percentage of suggestions responded to | 100% | 100% |
| Hill Homes aims to recruit and retain a high-quality diverse workforce to meet the needs of the organisation | | |
| Staff days lost to absence | 5% | < 3% |
| Staff turnover | 1% | < 3% |
| Percentage of agency staff versus employed staff | 29% | < 25% |
| Hill Homes aims to ensure the organisation is well-led, efficiently run and compliant with relevant legislation | | |
| Number of meetings attended with London Borough of Haringey | 83% | 100% |
| Number of breaches of legislation | 1 | 0 |

Value for Money Metrics

Under the 2018 VFM Standard, the Regulator of Social Housing requires all housing associations to publish annual VFM metrics. The aim of these is to help capture the performance across the sector in a fair and comparable way. Board Members are aware that, due to the small size of the Association, the fixed running costs of Hill Homes' properties are high in relation to larger landlords.

| Value for Money Metrics | | | |
|--|--|---------------------------|--------------|
| | | 2021 | 2020 |
| Reinvestment | Investment in properties as a percentage of the value of total properties held | 1.53% | 1.16% |
| Gearing | Degree dependence on debt finance | 1.03% | 0.99% |
| Earnings before interest, tax, depreciation, amortisation, major repairs interest cover (EBITDA MRI) | Indicator of liquidity and investment capacity | 6990% | 1409% |
| Headline social housing cost per unit | As defined by the regulator | £10,692 | £11,432 |
| Operating margin: - Social housing lettings only - Overall | Profitability of operating assets before exceptional expenses are taken into account | -13% -5% | -49% -22% |
| Return on capital employed (ROCE) | Compares operating surplus to total assets less current liabilities | -0.56% | -2.59% |
| New supply delivered | | 0% | 0% |

The Way Forward

Hill Homes is well placed to deal with the future challenges it may face. We are focussed on continuing to identify new ways to deliver services economically, efficiently and effectively and are committed to regularly review all contracts to ensure continued Value for Money.

Maintaining our properties at a high standard is a priority for Hill Homes. We have a full stock condition survey that is reviewed and updated every five years. This helps us plan for significant expenditures and ensures we are able to uphold high standards of accommodation, that meet current safety standards.

Tenant engagement and input is important to Hill Homes. Moving forward, we will be working with tenants, building on the results of our recent survey to increase the ways in which they can engage with us, enabling them to contribute to our decision-making in the most appropriate ways.