

## Strategic Review and Performance

### Value for Money

Value for MFM is about delivering services in the most effective and efficient way aligned to our vision of 'Improving health, well-being and prosperity in communities by helping to integrate the systems of housing, health, social care and support'. There are a range of perspectives held by different stakeholders on what the 'value' means in VFM. For Hendre and its entities, VFM is about ensuring that every pound spent makes the best use of resources to deliver the maximum impact possible and that it does so in the pursuit of social objectives that benefits a range of stakeholders. At the core of our VFM Strategy is our commitment to generating social value and investing in our communities.

As a Registered Social Landlord we need to meet the requirements of the Welsh Government Regulatory Framework, which states that housing associations must achieve value for money and make the best use of resources. We see this not only as a regulatory obligation, but also an opportunity. With effective governance, management and accountability we will embed value for money into every aspect of our operations to enable us to address emerging housing, support and social care needs to meet the challenges for 2021 and beyond.

In 2020 we reviewed and updated our approach to VFM and we have identified objectives in four key areas:

- To maximise value from our Group structure
- To obtain VFM through effective procurement
- To understand value to enable us to optimise efficiencies and use resources effectively
- To deliver community benefits

The Group produced a comprehensive Value for Money (VFM) report in autumn 2020 which outlined, for each of our VFM objectives, not only our achievements but also our future plans and areas identified for improvement. The review, which is published on our website, can be accessed via the following link:

<https://www.hafod.org.uk/wp-content/uploads/Value-For-Money-VFM2020-final.pdf>

We recognise the value in building a full picture of the performance of our own organisation and how we improve over time, but also how our peers in the sector are performing in comparison with Hafod. With this in mind we have signed up with Community Housing Cymru to participate in the Welsh VFM Sector Scorecard Pilot.

The scorecard aims to demonstrate the sector's accountability to its customers and stakeholders and includes a variety of measurements and metric across five areas:

- Business health
- Development capacity and supply
- Outcomes delivered
- Effective asset management
- Operating efficiencies

## Strategic Review and Performance

The following table shows, for a selection of the metrics:

- Hafod's performance scores for the year ended 31 December 2019
- Hafod's performance scores for the year ended 31 December 2020
- Sector median scores for the latest published data based on financial years ending 21 March 2020.\*

Sector scorecard measure	Hafod 2020	Hafod 2019	Sector median scorecard Mar-20	
Operating margin (overall)	14.2%	11.5%	20.1%	Care operations depress Hafod's overall operating margin
Operating margin (social housing lettings)	24.1%	19.0%	21.0%	Thirty year financial projections target increasing percentage social housing margin for next ten years
Interest cover - EDITDA MRI	220.3%	165.3%	183.0%	
Units developed - social (nos)	197	242	38	Lower 2020 performance reflects cyclical nature of development activity
Units developed as % of total owned - social	3.4%	4.3%	1.3%	Hafod significantly higher than sector median
Gearing	33%	34%	40%	
Customer satisfaction with overall service provided (%)	N/A	79%	81%	Hafod's 2020 position will be communicated with publication of tenants survey results later in 2021
Return on capital employed	2.2%	1.8%	2.3%	Hafod's score depressed by combination of lower operating margins in care and higher investment in care homes without grant support
Ratio of responsive repairs to planned maintenance	0.7	0.5	0.8	Hafod's increase reflective of increased focus on responsive repairs during pandemic
Occupancy (general needs)	99.2%	99.3%	99.2%	

## Strategic Review and Performance

\* As most other participants in the Welsh housing sector have a March financial year end. Published sector information for 2020/2021 will be available towards the last quarter of 2021. Other metrics are collected as part of the sector scorecard but comparisons between Hafod, with a significant care operation, and other traditional social landlords can be misleading.