Value for money

Board responsibility:

The Board takes responsibility for Value for Money (VfM) by:

- Setting objectives and targets
- Approving the use of resources through the budget and business plan
- Monitoring performance and results

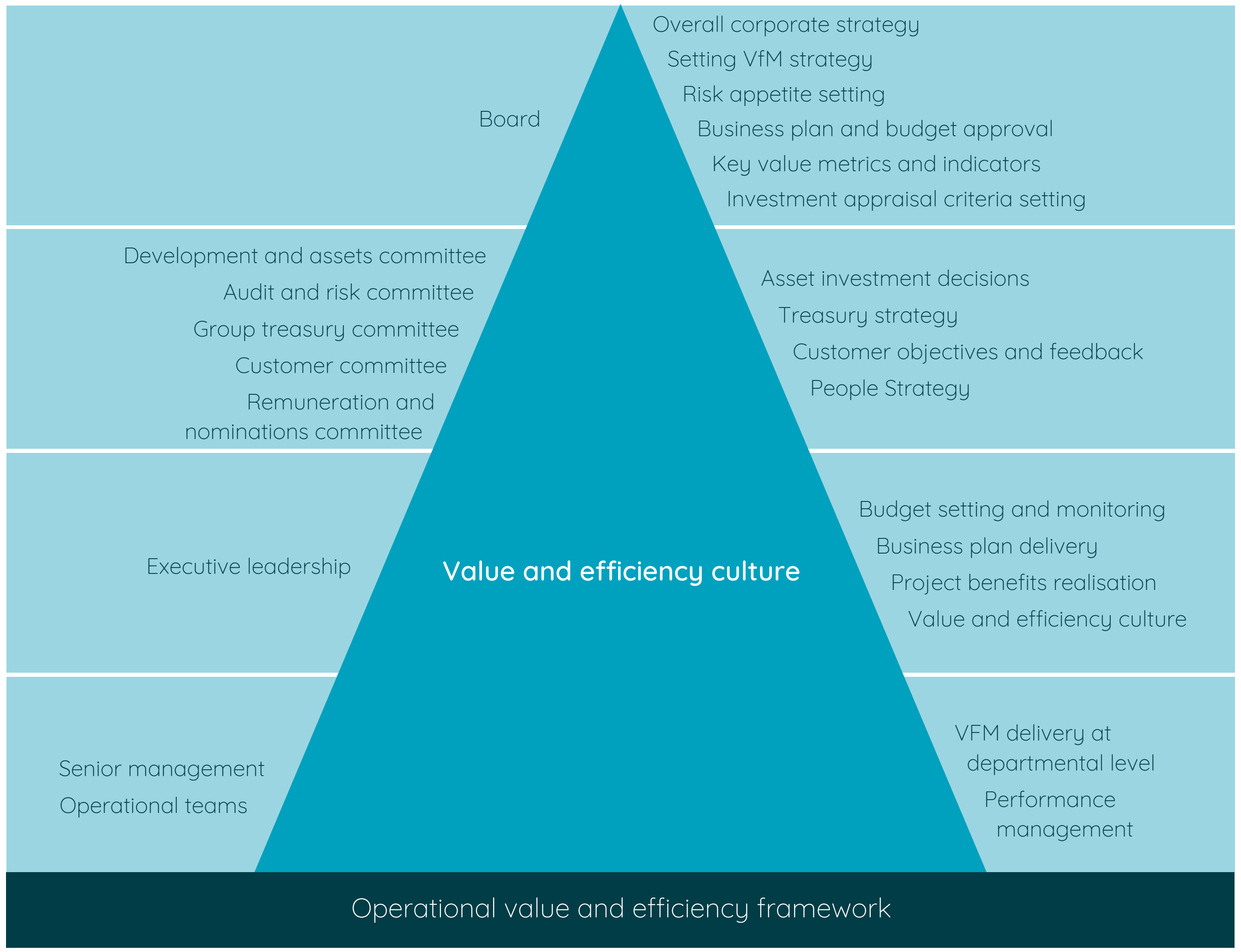
We generate value through delivering services to our customers, maintaining quality homes, building new homes, and supporting thriving communities.

In support of this, we have four interdependent goals:

- The protection and efficient utilisation of existing assets
- The delivery of well defined, appropriate services to a range of tenant and customer groups
- The development of new homes
- The protection and development of our financial capability.

Throughout the year the organisation maintained tight control of costs, invested in improvements to service delivery and existing stock, as well as delivering new homes.

Strategic objectives: value for money



Value for money performance

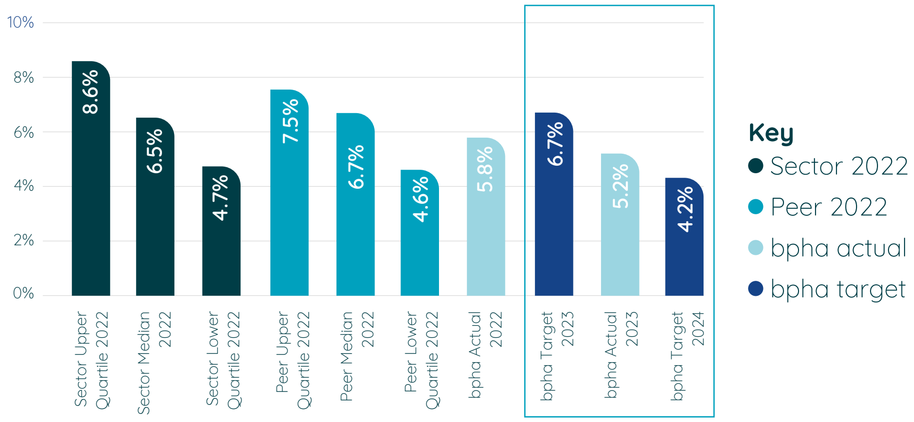
We have continued to achieve a strong performance across a range of indicators. All measures outlined below have been benchmarked against a comparable group of 11 housing associations (peer group) in terms of size and geography, alongside the national averages. This comparison is based on the most recent available information published by the Regulator of Social Housing for the year ending 31 March 2022.

These measures have been mandated by the Regulator of Social Housing, including the definition of the measure, which sometimes differs to measures elsewhere in the financial statements and to our financial covenants.

Reinvestment %

Reinvestment % measures our investment in the acquisition and development of new properties plus our investment in maintaining existing properties as a proportion of the total value of our housing properties. Last year, our reinvestment performance of 5.8%, was comparable to our peer group's median performance. This year has seen a slight fall to 5.2%, putting our performance below target due to ongoing labour and materials shortages.

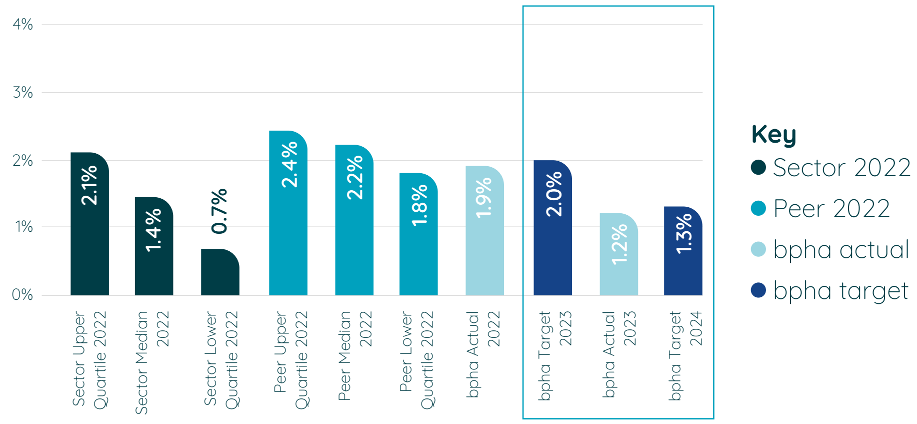
It is anticipated that the year of year reduction will continue into next year and the target has been set accordingly.



New home supply (social) %

The delivery of new affordable homes is dependent on the timing of development schemes and may not reflect the level of investment during the period. During the year we delivered a further 223 affordable homes built or acquired which is 84 less than last year, due to labour and materials shortages causing delays. The delivery of 1.2% new social home supply this year is below our target, our peer group, and the sector median performance.

It is anticipated that the year of year reduction will continue into next year and the target has been set accordingly.

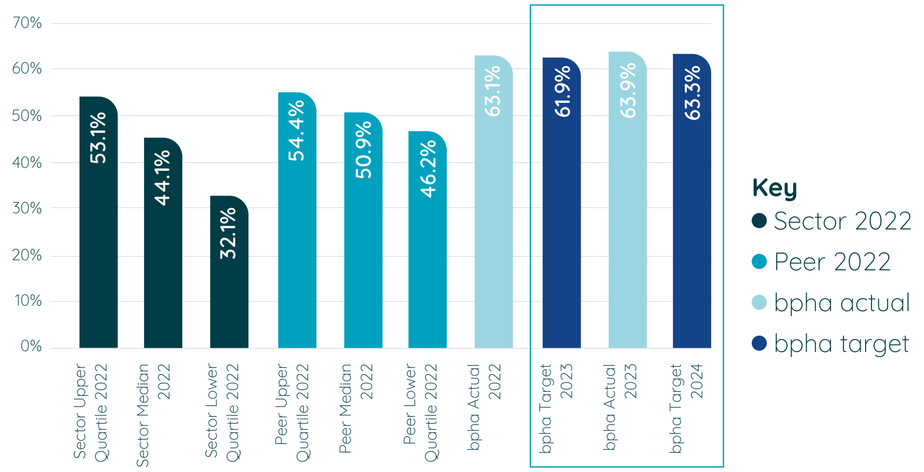


New home supply (non-social) %

In line with our strategy, we are developing limited housing for sale and have several schemes which are being developed by Bushmead Homes (our housebuilding subsidiary). Our new home supply (non-social) % to March 2023 is therefore 0%, which is in with the target. As these schemes are at the build stage, we are not expecting handovers to commence until the financial year ending 31 March 2025. An assessment of our peer group and sector median performance shows that there is a low level (less than 0.5%) of non-social, new homes being supplied more widely.

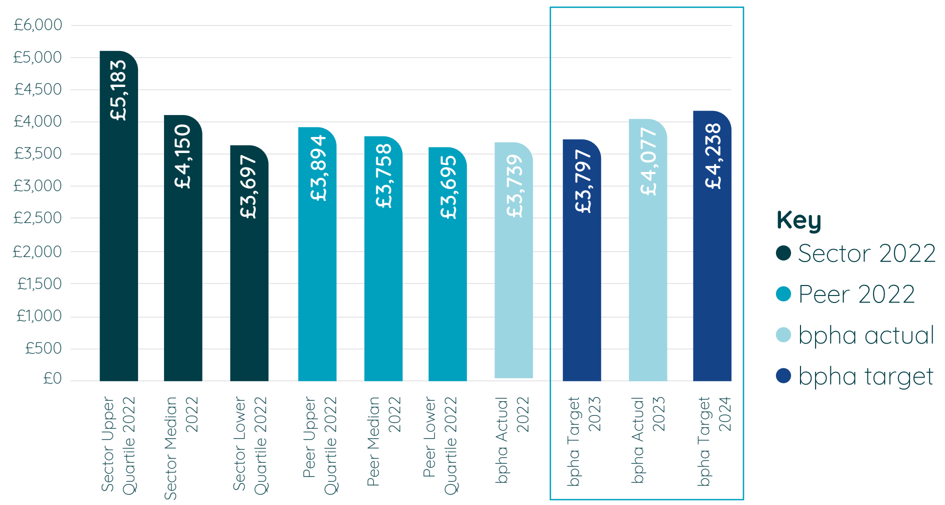
Gearing %

Our level of gearing, measured as the proportion of debt to the book value of housing, shows that we are making use of our assets to raise funds for investment while maintaining a sustainable level of debt. This reflects our objectives of investing in both new and existing homes, and we expect this to remain relatively high compared with others.



Headline social housing cost per unit £

Our headline social housing cost per unit has increased compared to the prior year by £338 to £4,077. Our performance remains broadly in line with our peer group median and with our expectation for the year. Next year, we are expecting the full impact of inflationary pressures, resulting in an expected increase to £4,238.

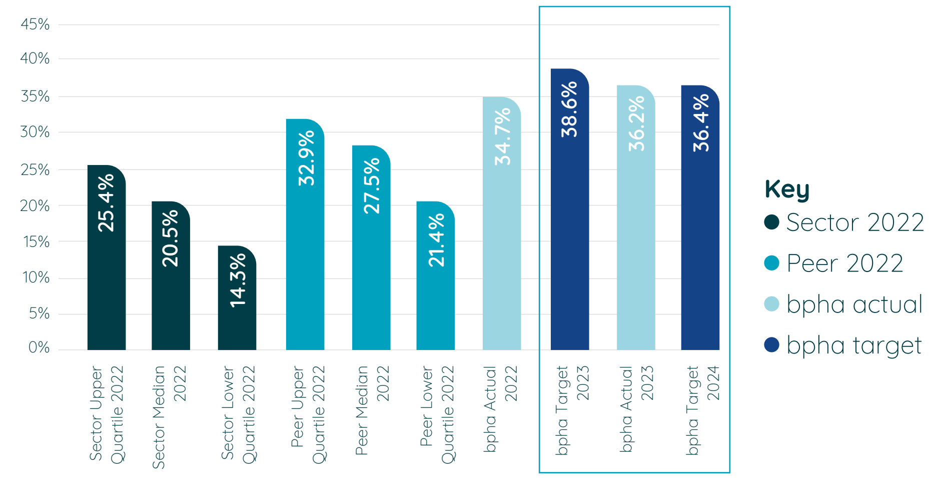


EBITDA MRI interest rate cover %

EBITDA MRI is a measure of cashflow, and this shows that our earnings continue to exceed our interest charges by a margin, considerably exceeding our funding covenants. Our performance of 128.7% is below our target, but above the lower quartile for our peer group and the sector.

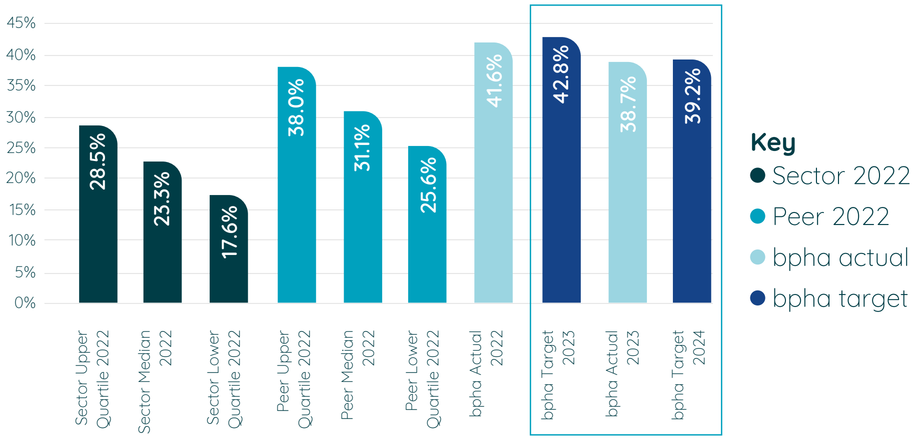
Operating margin (overall) %

Our overall operating margin remains consistently high. It is slightly below our target mainly due to a catch up on repairs following the implementation of our in-house repairs service. This performance remains comfortably above the top end of the higher quartile against both peers and the sector, reflecting our high levels of efficiency. This measure is different to our core operating margin because it can be impacted by the volume of sales arising in the development programme which may differ from year to year.



Operating margin (Social Housing Lettings) %

The margin on our social housing lettings remains broadly consistent and is above the top quartile against the sector and our peer group. It is below our target mainly due to the catch up on repairs as explained above.



Return on capital employed %

Our return on capital employed is better than the top quartile for our close peers and for the sector, reflecting our control of costs and the effective use of our existing assets to generate funds for reinvestment.