Value for money

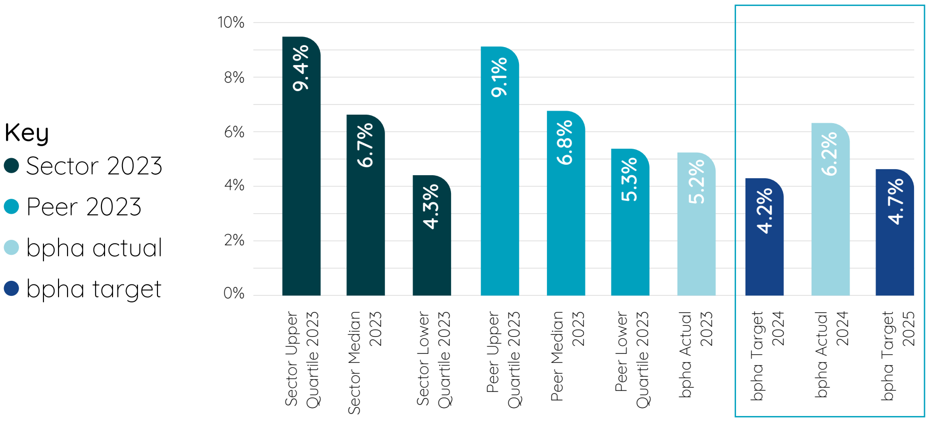
Value for money performance

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 2023.

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. Our reinvestment % has increased from 5.2% to 6.2%, bringing us broadly into line with peer median performance. This was higher than expected due to additional investment on development schemes (£60.4m v £44.6m). It is anticipated that we will see a reduction next year with budgeted development expenditure of £42.6m.

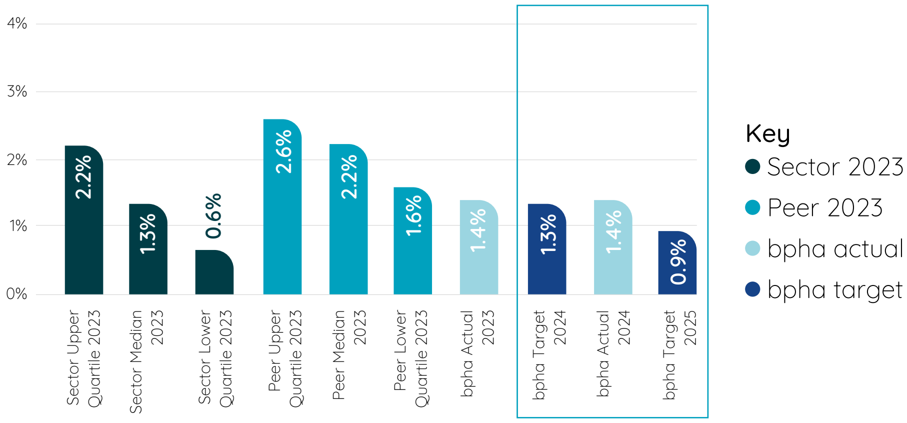


New home supply (social) %

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 251 affordable homes built or acquired which is 28 more than last year. The delivery of 1.4% new social home supply was maintained which is above our target and the sector median performance, but below our peer group. It is anticipated that it will reduce 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 through Bushmead Homes (our housebuilding subsidiary). Our new home supply (non-social) % to March 2024 was 0.08%, as we delivered 16 properties for sale. 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 so our performance is marginally ahead of this. We do not expect to deliver any non-social units in the year to March 2025.

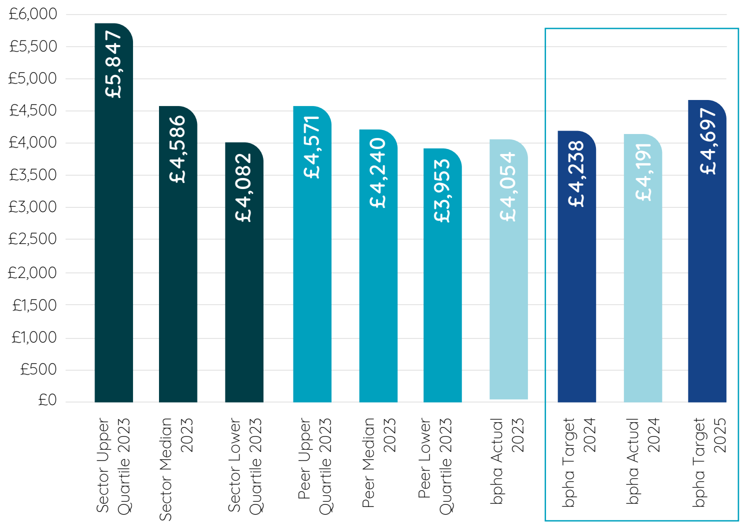


Gearing %

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 £

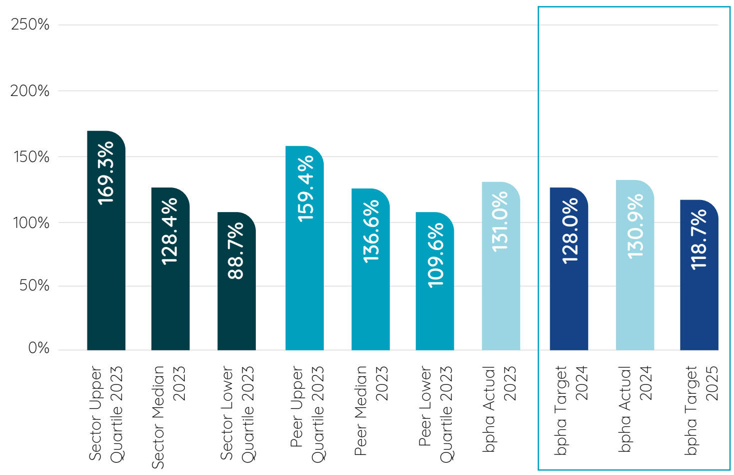
Our headline social housing cost per unit has increased compared to the prior year by £137 to £4,191. Our performance remains broadly in line with our peer group median and with our expectation for the year. The target for 2025 shows a significant increase due to the phasing of the capital kitchens and bathrooms programmes and the boiler installation programme returning to a normal level after a reduction due to an increase in the expected asset life.



Key
- Sector 2023
- Peer 2023
- bpha actual
- bpha target

EBITDA MRI interest rate cover %

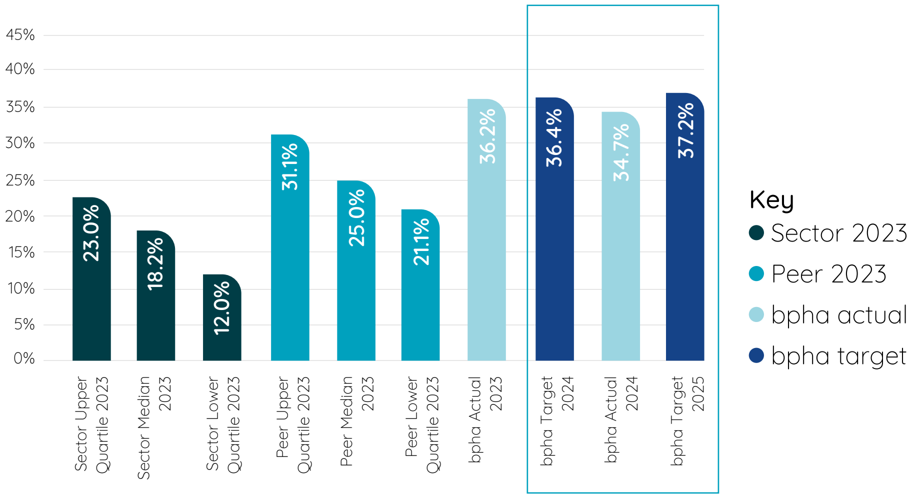
EBITDA MRI is a measure of cashflow, and this shows that our earnings continue to exceed our interest charges by a significant margin, considerably exceeding our funding covenants. Our performance of 130.9% is broadly in line with our target and the sector median but is above the lower quartile for our peer group. The target for 2025 has reduced to 118.7% due to the increase in capital expenditure detailed above.



Key
- Sector 2023
- Peer 2023
- bpha actual
- bpha target

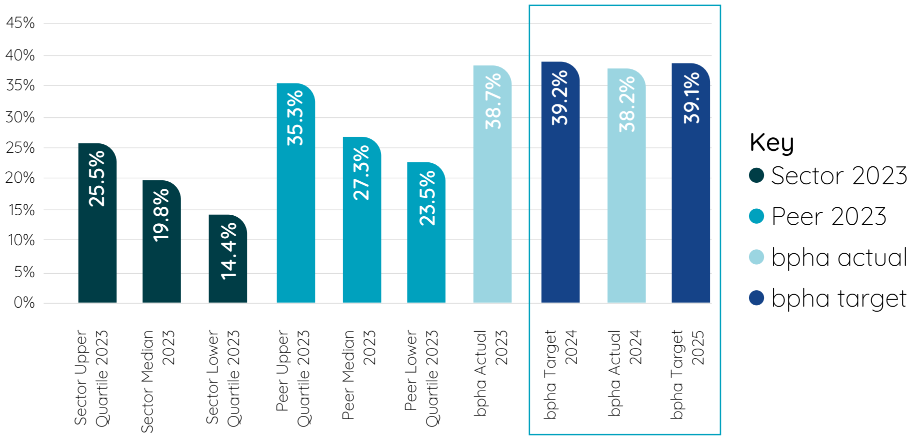
Operating margin (overall) %

Our overall operating margin has dropped slightly year-on-year but remains consistently high compared with sector and peer performance, reflecting our high levels of efficiency. It is slightly below our target, mainly due to higher than expected repairs volumes and costs and a reduction in shared ownership sales margin. 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 again due to higher than expected responsive repairs costs.



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.