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

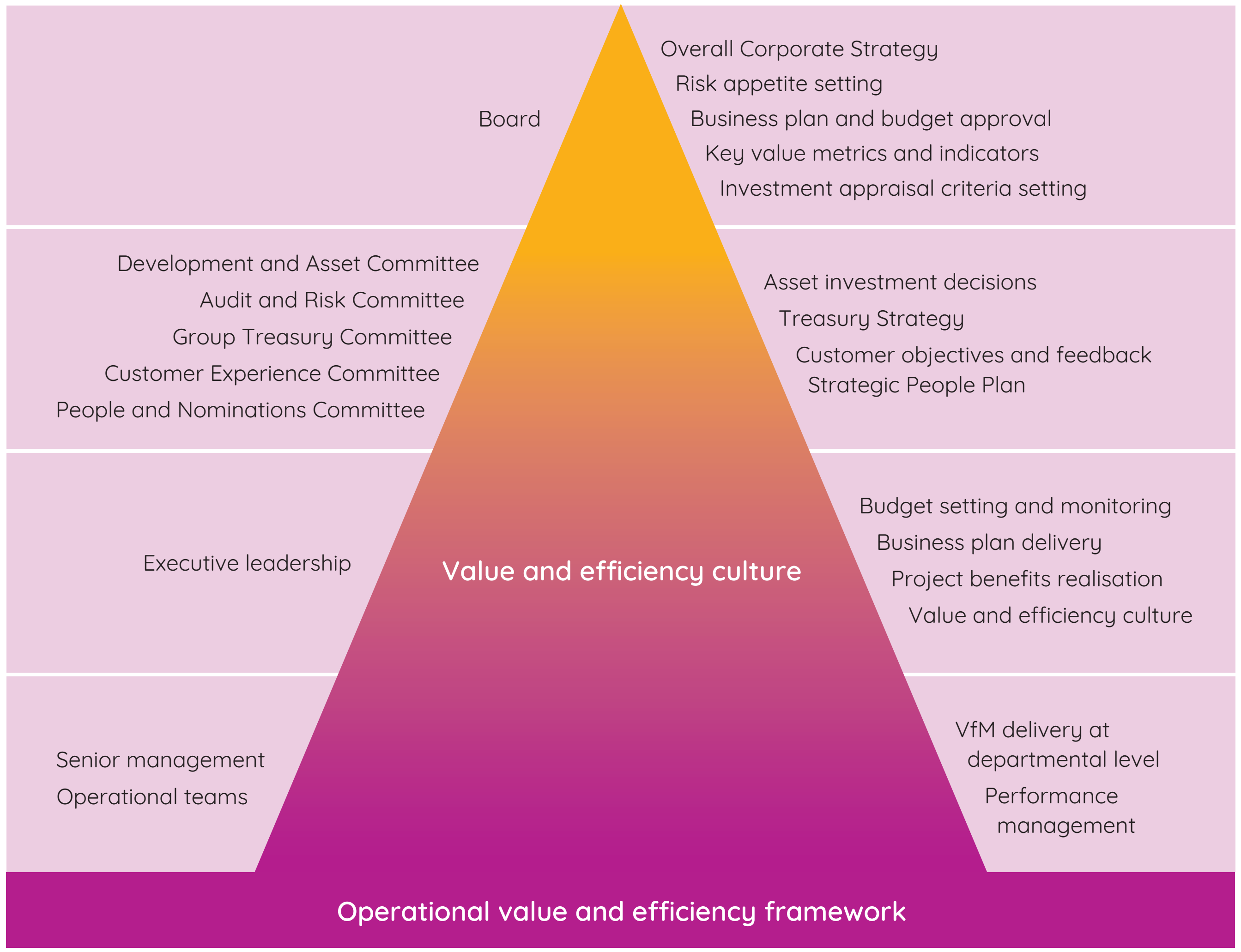
We generate value through delivering services to our customers, maintaining quality homes, building new homes, and supporting thriving communities.

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



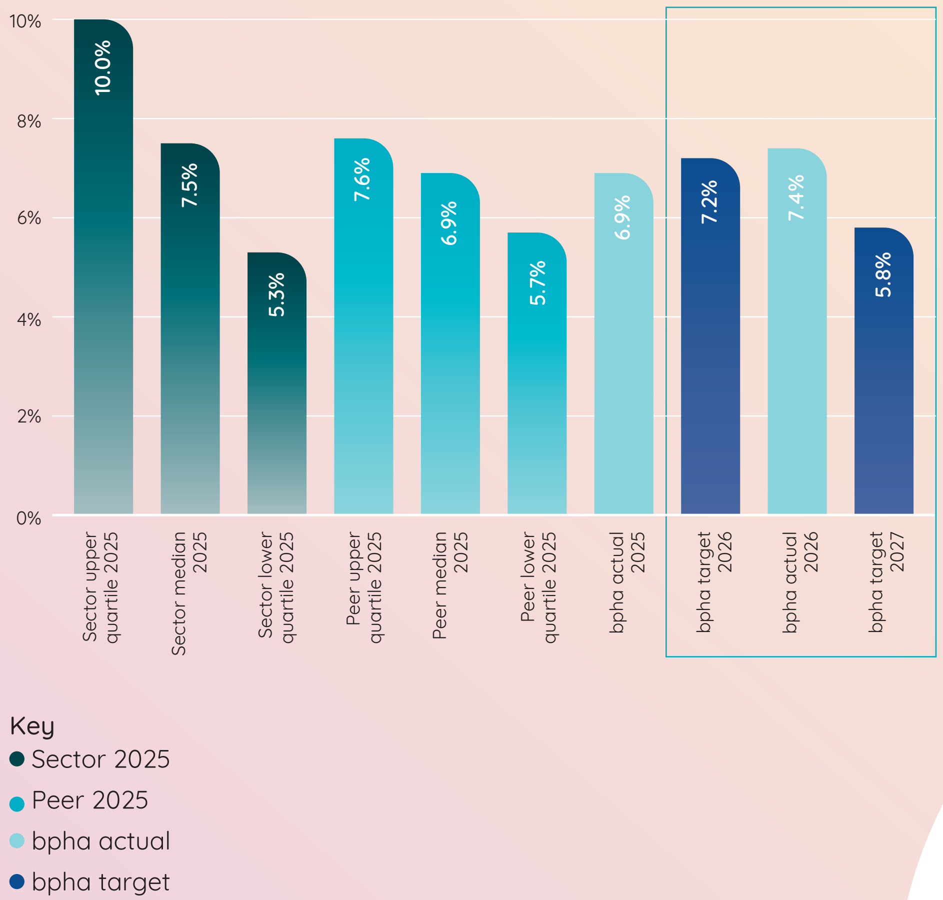
Value for money performance

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 8 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 2025.

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.

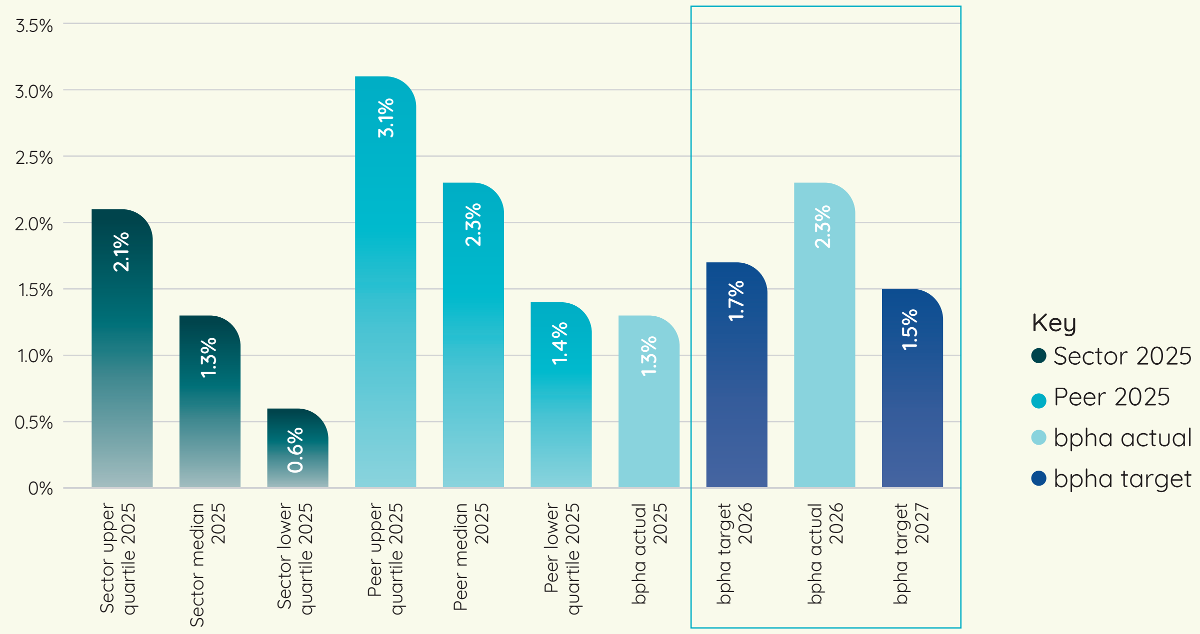
Reinvestment percentage

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 6.9% to 7.4%, which is higher than both peer performance and sector median performance. This was higher than expected due to additional expenditure on development schemes (£81m vs £64m). Next year's development programme is budgeted at £59m, so it is expected to reduce to 5.8%.



New home supply (social) percentage

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. The delivery of 2.3% new social homes supply is higher than both last year's performance and sector performance, and matches the peer median. The increase is due to our 445 affordable homes built or acquired in the year, compared with 239 last year. It is anticipated that it will reduce next year, with 304 new homes delivered, and the target has been set accordingly.

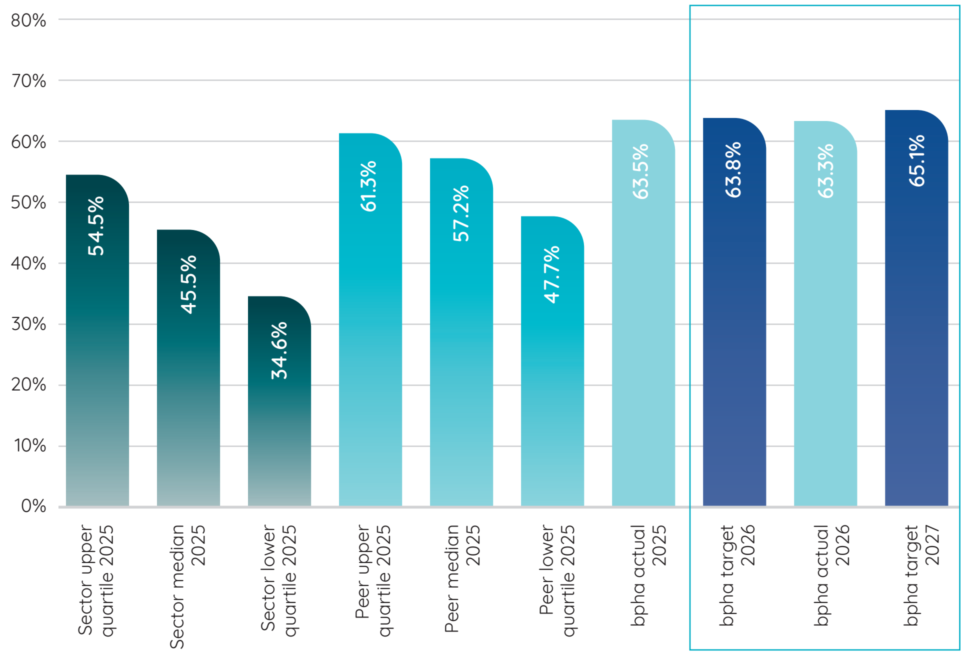


New home supply (non-social) %

In line with our strategy, we are developing limited housing for sale through Bushmead Homes (our housebuilding subsidiary). Accordingly, our new home supply (non-social) % to March 2025 was 0% as no new properties were developed 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 aligned to that of the sector. We do not expect to deliver any non-social units in the year to March 2026.

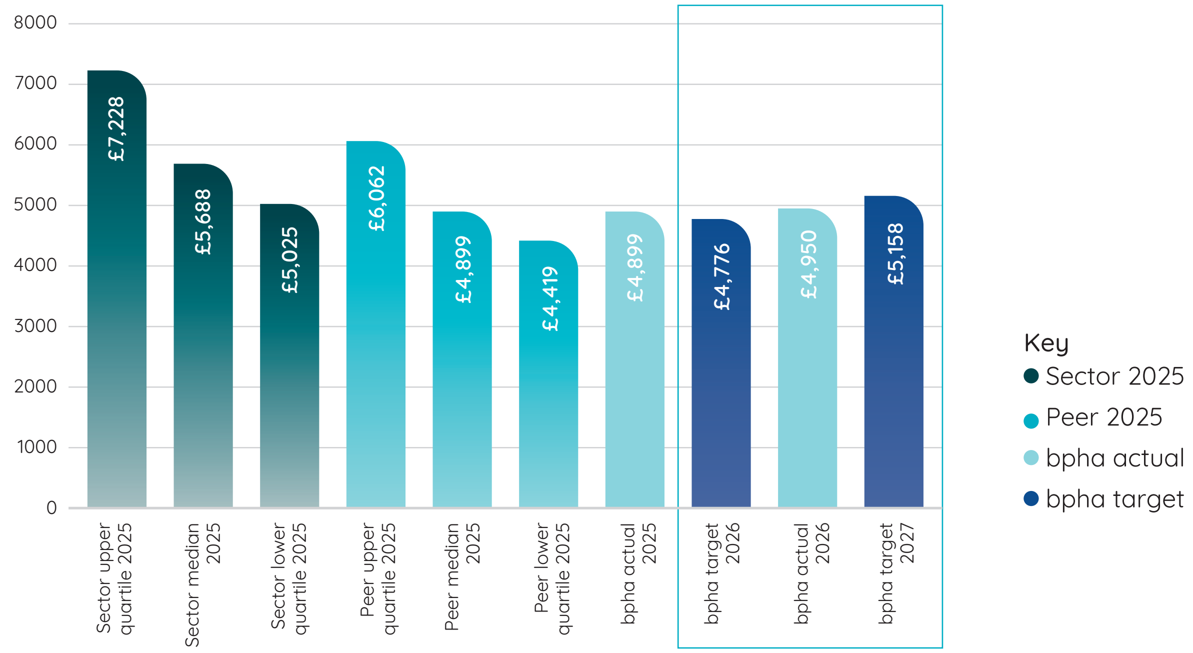
Gearing percentage

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. The target for 2027 anticipates an increase to 65.1% as it takes account of newly acquired stock that attracts a higher proportion of debt.



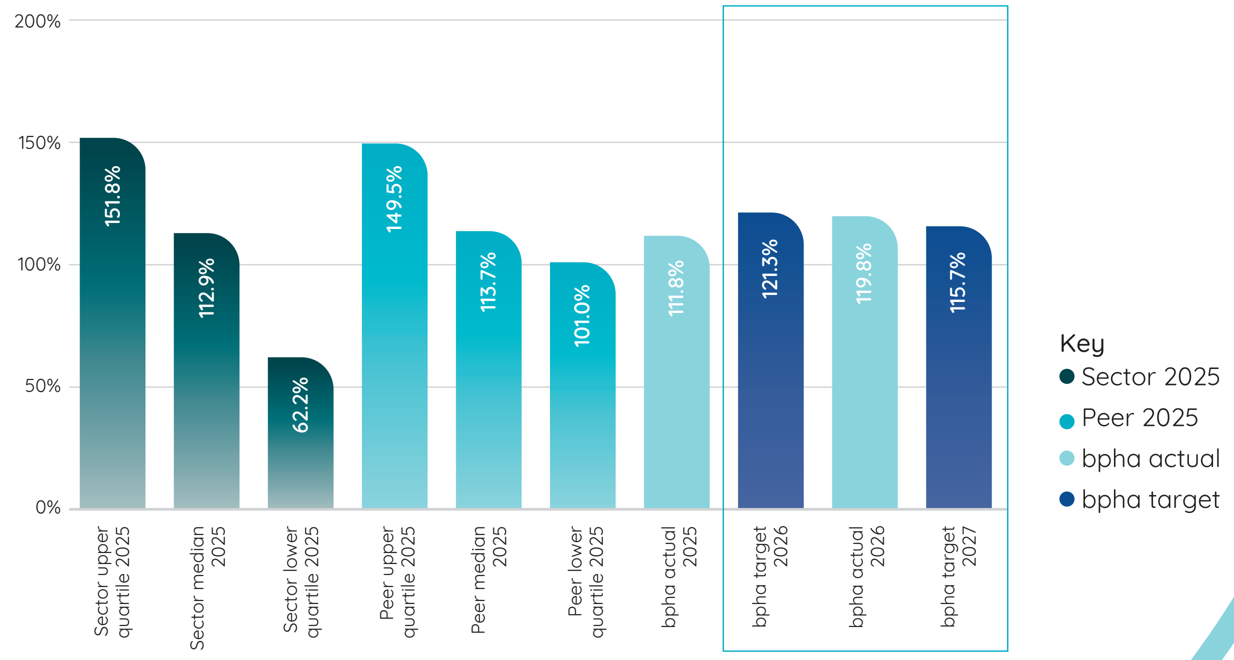
Headline social housing cost per unit £

Our headline social housing cost per unit of £4,950, comprising £3,616 revenue and £1,334 capital works is slightly higher than both prior year and target, due to increased maintenance costs, impacting the sector as a whole. Despite this, our performance remains significantly below the sector median. The target for 2027 anticipates a further increase, due to an expected £5.5m increase in the property capital programme.



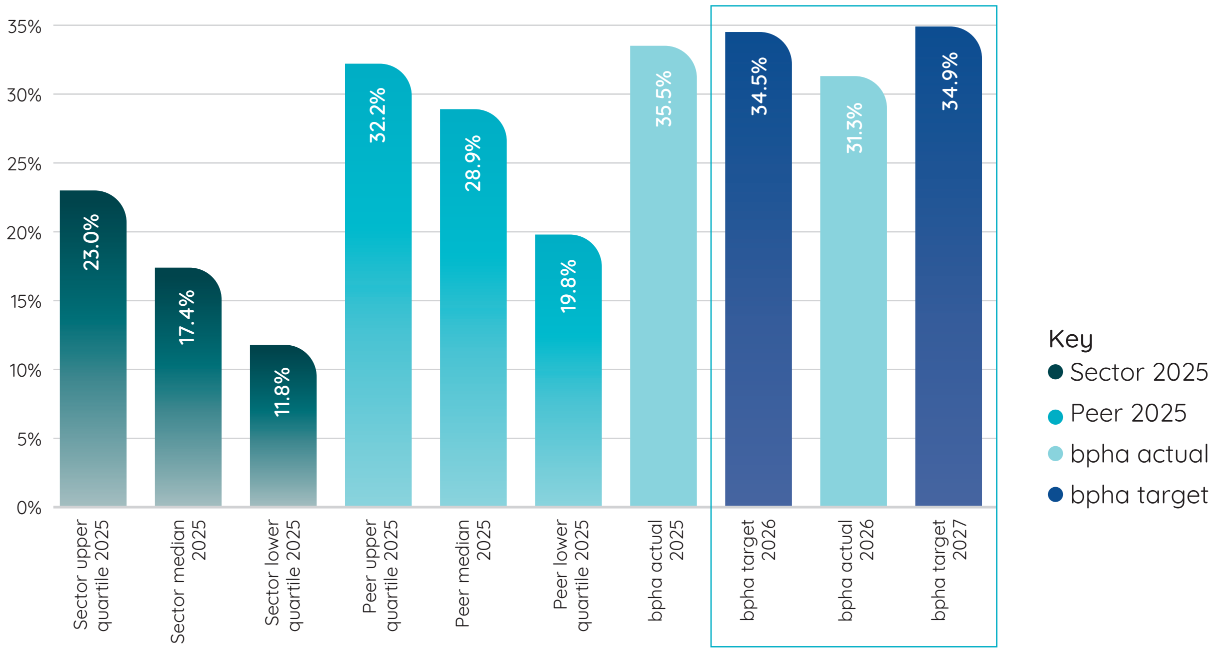
EBITDA MRI interest rate cover percentage

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 119.8% fell slightly short of the 121.3% target due to an increase in service and maintenance costs, partly offset by reduced major repairs investment and reduced interest costs. However, our performance exceeds the median for both our peer group, and sector. The target for 2027 anticipates a slight reduction to 115.7% as it takes account of newly acquired stock that attracts a higher proportion of interest costs.



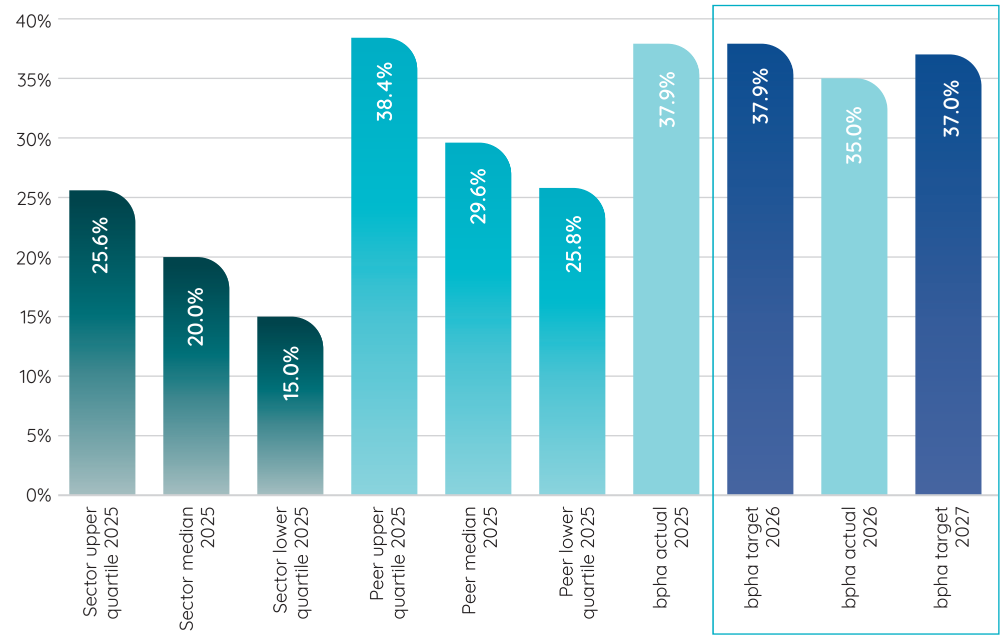
Operating margin (overall) percentage

Our overall operating margin has decreased year-on-year and fell short of target for the year through additional, agreed investment in customer service. It remains consistently high compared with sector and peer performance, 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) percentage

The margin on our social housing lettings remains considerably ahead of sector performance, and peer median performance. The year-on-year reduction from 37.9% to 35.0% results from increased repair costs and further investment in customer spend. This measure is different to our core operating margin, as it excludes other income, such as income from investment properties.



Return on capital employed percentage

Our return on capital employed is aligned to the target and exceeds the median performance of both our close peers, and the sector. This reflects our control of costs and the effective use of our existing assets to generate funds for reinvestment.