Value for money

Board responsibility

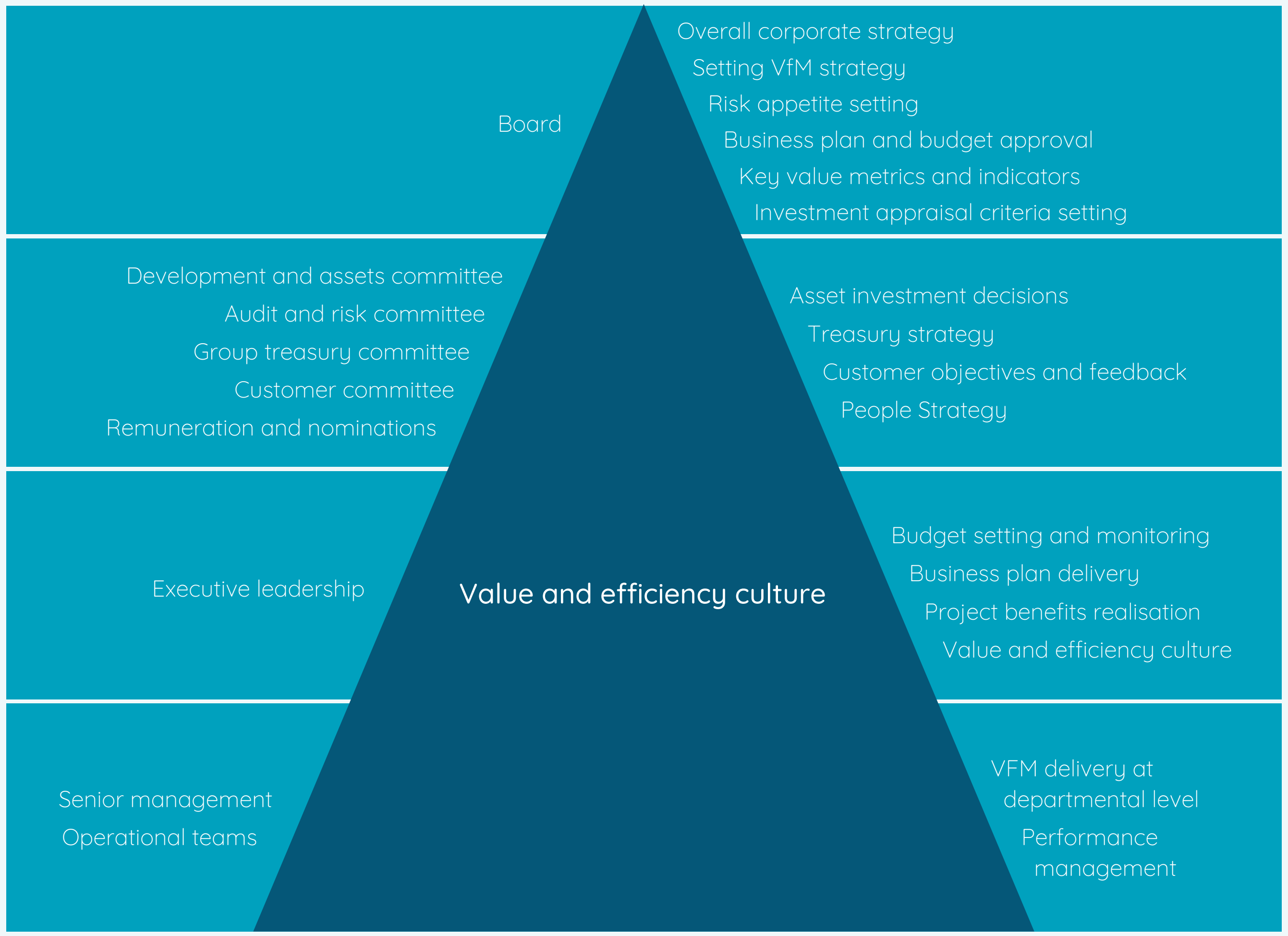
The Board takes responsibility for Value for Money (VfM) by:

- 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, building and maintaining quality homes and supporting thriving communities by being increasingly efficient.

After consideration of the core Value for Money measures set by the Regulator of Social Housing and of other key performance indicators, the Board has concluded that we have been successful in delivering Value for Money. Throughout the year the organisation maintained tight control of costs, invested in improvements to service delivery and existing stock and the delivery of new homes.

Strategic objectives value for money



Operational value and efficiency framework

Value for money performance

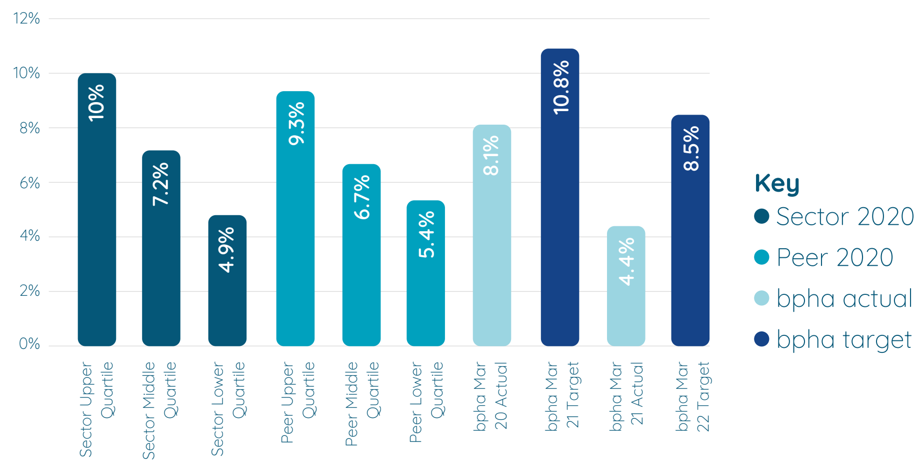
We have continued to achieve a strong performance across a range of indicators despite the impact of the pandemic. All measures outlined below have been benchmarked against the sector as a whole (the sector) and against a comparable group of 15 housing associations (peer group) in terms of size and geography, 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 2020.

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.

bpha sets targets each year to achieve value for money. The targets for 2020/21 were prepared before the pandemic resulted in lockdown restrictions, which created a more challenging environment and impacted our performance against these targets.

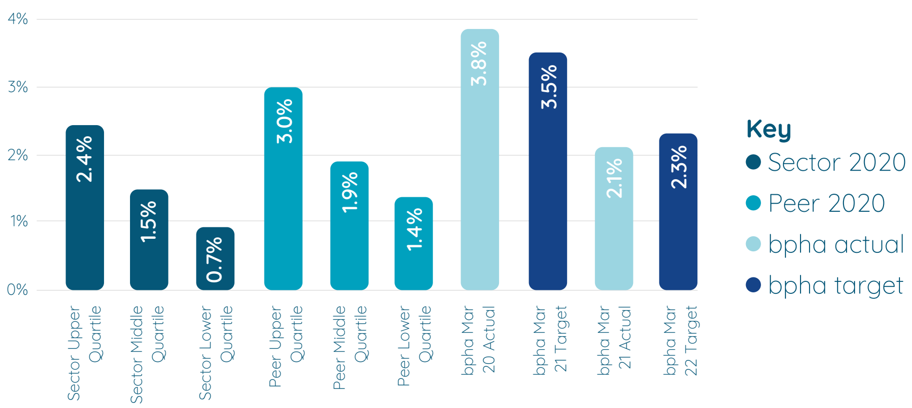
Reinvestment %

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. The restrictions due to the pandemic have severely impacted our performance on reinvestment this year. As a like for like comparison, our performance during 2019/20 at 8.1% was between the upper and middle quartiles for both our peer group and the sector. This year, due to lockdown restrictions hampering spend on new stock and capital repairs to existing stock, our performance has reduced to 4.4%. Our target for next year at 8.5% reflects our plans to catch up on delayed development.



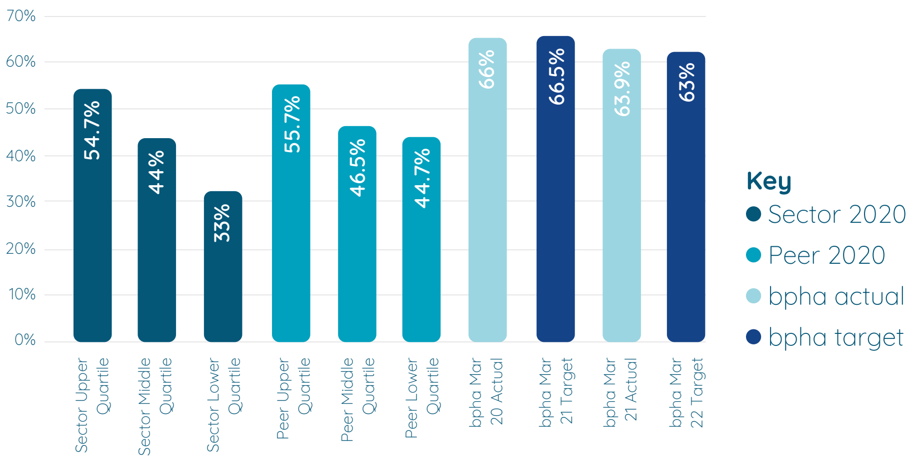
New home supply (social) %

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 366 new affordable homes which is 284 less than last year, due to the impact of the pandemic. Even so, the delivery of 2.1% new social home supply this year is above our peer group and sector middle quartile performance prior to the pandemic. The target for next year reflects the delays to our development schemes during the year which negatively impacts handovers in the coming year.



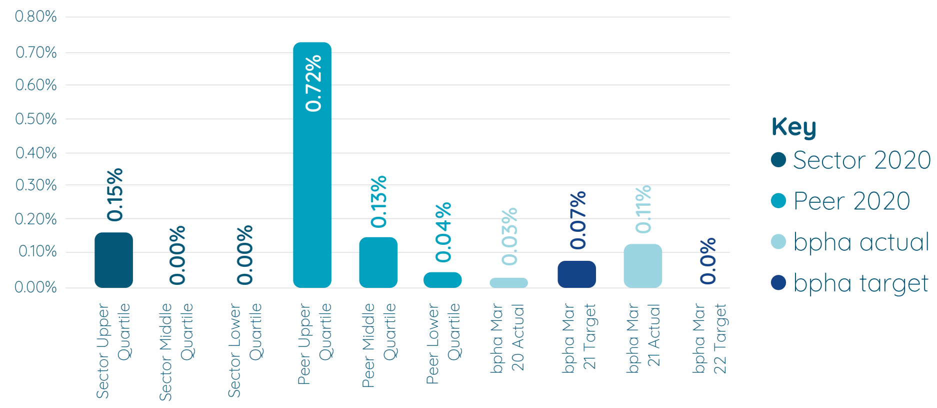
Gearing %

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.



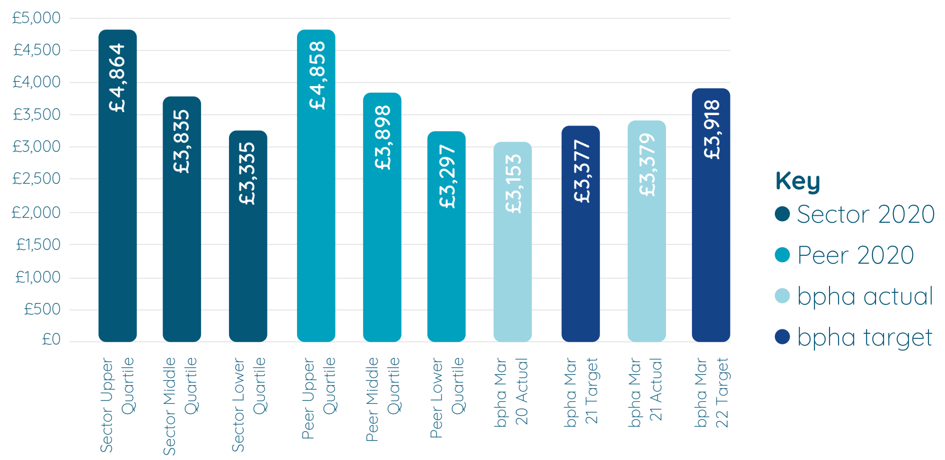
New home supply (non-social) %

In line with our strategy we are now developing housing for sale and have several schemes which are being developed by Bushmead Homes (our housebuilding subsidiary). In the year, we delivered 20 properties for sale and we plan to deliver five more in the coming year.



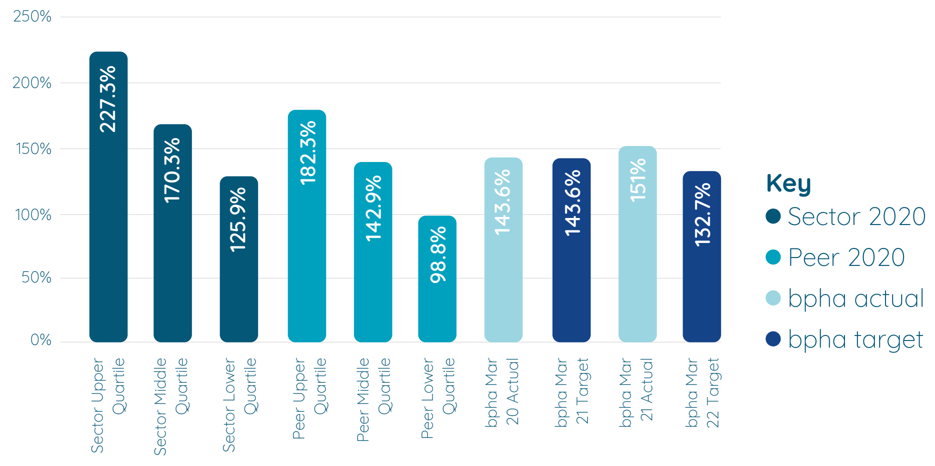
Headline social housing cost per unit £

Traditionally, we have been able to demonstrate a high level of control over our costs. Our headline social housing cost per unit has remained well below sector averages and close to the lower peer and sector quartile. The headline social housing cost per unit of £3,379 for the year is in line with our target. We expect this cost to increase in the coming year due to a necessary catchup on works that could not be completed this year due to the pandemic, particularly regarding capitalised major repairs. Despite the impact of this necessary catchup, our target for next year remains comparable with the middle quartile compared to the sector and to our peers.



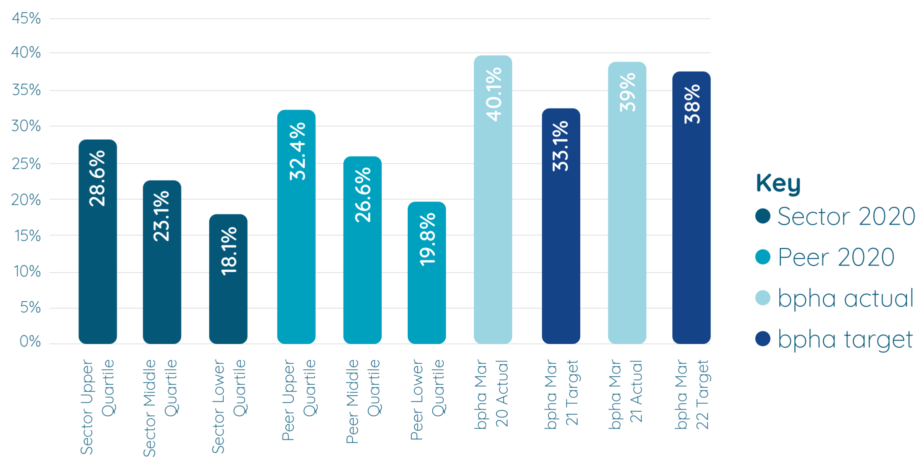
EBITDA MRI interest rate cover %

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 is in line with the middle quartile compared to our peers and between the middle and lower quartile compared to the sector. This performance reflects our long-term track record of delivering new homes supported by higher gearing. Our target for next year reflects the need to catch up capital maintenance which has been delayed due to the pandemic.



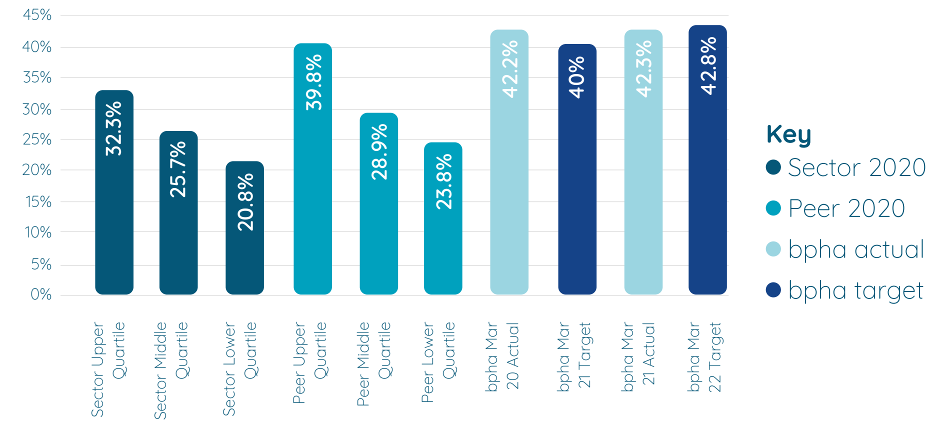
Operating margin (overall) %

Our overall operating margin has fallen slightly in the year but is better than our target. This performance reflects increased operating costs as a result of a planned investment in people and technology. This performance remains comfortably at the top end of the higher quartile against both peers and the sector, reflecting our high levels of efficiency. This measure can be impacted by the volume of sales arising in the development programme which may differ from year to year, but we aim to ensure that our cost controls free funds for greater investment in new and existing homes.



Operating margin (SHL) %

The margin on our social housing lettings remains broadly consistent and is above the top quartile against the sector and our peer group.



ROCE %

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