Value for Money Metrics
2023/2024

Introduction

We aim to achieve value for money in all that we do.

Value for money means using our resources and assets economically, efficiently, and effectively, to achieve our core purpose.

We set out our core purpose and strategic aims and objectives within our Corporate Plan, which has measurable targets to assess performance over time and relative to others. Performance against the expected outcomes of the Corporate Plan is regularly assessed by our Executive Team and Board. This report is a summary and assessment of value for money for the year ended 31 March 2024. To read our full financial statement, which includes information on how we performed against our targets and how we compare to our peers, visit: The Regenda Group's financial statements and information on value for money | Regenda Homes

Regenda's core purpose is to regenerate places and provide opportunities for people's economic and social wellbeing to thrive.

We deliver our core purpose through a dynamic group of organisations (commercial and charitable entities) delivering very different but complementary activities. We work where we can make a difference and operate across the housing and construction, care and support, and training and employment sectors.

The successful attainment of our goals will ensure that we are a market-leading, high-performing organisation, fulfilling our core purpose of regenerating places by providing opportunities for people to advance their social and economic wellbeing.

In 2023/34, the social housing sector continued to face a difficult operating environment. Over recent years the UK economy has faced persistently high inflation, higher borrowing costs, challenges accessing skilled labour, and a declining housing market. These challenges, together with wider global issues such as the Ukraine war and instability in the Middle East continue to impact the housing sector.

Demand for more affordable homes and the need for significant investment in existing homes to deliver improvements to quality, building safety, and energy efficiency commitments continue to feature as high priority within the sector. The cost of living and incidence of financial hardship, fuel poverty and overall poverty are continuing to have an impact.

We have a clear approach to grow and diversify our activities to further both the progression of our core purpose and strengthen our financial position. Achieving our core purpose with limited and reducing recourse to public funding is our goal in this respect. As a social business, we operate in some markets that traditionally private sectors choose not to enter, as the financial returns are not sufficiently attractive. However, these markets are crucial to the effective functioning of civil society in the UK and therefore an integral part of our core purpose to address such market needs.

Despite the challenges we face, we continued to invest £31.6m in our homes throughout the year. This included planned improvements such as new kitchens, bathrooms, boilers and doors. We are continuing to invest in works to improve the energy efficiency ratings of our homes so that all homes achieve EPC Band C by 2030. This will help residents to reduce energy bills, help tackle fuel poverty in our communities and further reduce the potential for damp and condensation issues arising.

Improving customer experience continues to be a key area of focus for us. In 2023/24, 71.5% of respondents (Tenant Satisfaction Measures survey) are satisfied (fairly or very) with the overall services provided by Regenda. When compared to benchmark data provided by Housemark (221 English landlords) our performance is above the national median of 69.4%.

Whilst customer satisfaction has improved from the previous year, we recognise that we need to do more to improve the customer experience. We have a customer centric strategy in place which aims to build our services around the customer. Our Resident Voice Panel (RVP), enables customers to hold us directly to account for our performance and we recently updated our Customer Voice Strategy to ensure we provide more opportunities to listen and respond to customer feedback.

To ensure that the resident voice and value for money are integral to everything we do at Regenda, two Regenda Board members are championing resident voice and VFM.

Value for Money Metrics 2023/24

How we're performing against the Regulator of Social Housing's VFM metrics

National median source: Global accounts 2022 (all registered providers)

The arrows show direction of travel compared to our 2022/23 performance.

A red arrow means that our performance is below target.

An amber arrow means that our performance is close to target.

A green arrow means that our performance is above target.

EBITDA MRI Interest Cover

2023/24

123.3%

EBITDA is short for earnings before interest, taxes, depreciation and amortization. It is one of the most widely used measures of a company's financial health and ability to generate cash. MRI means Major Repairs Included.

Summary: Our performance has **improved from 42.1%** in 2022/23 and is above our target of 74.9%

National median for all registered providers: **125.25%**

Operating Margin Overall

2023/24

11.3%

The operating margin measures how much profit a company makes on a pound of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax.

Summary: Our performance has **improved from 9.3%** in 2022/23 and is above our target of 10.5%

National median for all registered providers: **18.65%**

Operating Margin Social Housing Lettings

2023/24

19.03%

This measures how much profit we make on social housing lettings after paying for variable costs of production, such as wages and raw materials but before paying interest or tax.

Summary: Our performance has **declined from 19.7%** in 2022/23 and is below our target of 21.0%

National median for all registered providers: **19.91%**

Headline Social Housing Cost Per Unit

2023/24

£4,487

This assesses the cost per unit for our social housing stock as defined by the Regulator.

Summary: Our performance has **improved from £4,451** in 2022/23 but remains within our target of £4,752

National median for all registered providers: **£4,537.50**

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Reinvestment

Reinvestment looks at how much we invest into our homes and displays this as a percentage of the value of the number of units we manage.

2023/24

4.0%

Summary: Our performance has **improved from 3.0%** in 2022/23 and is below our target of 4.2%

National median for all registered providers: **6.76%**

New Supply Delivered % Social Housing Lettings (SHL)

This sets out the number of social housing properties we have built or acquired over the year as a percentage of our existing housing stock.

2023/24

0.27%

Summary: Our performance has **improved from 0.02%** in 2022/23 and is slightly below our target of 0.3%

National median for all registered providers: **1.28%**

New Supply Delivered % Non-social Housing

This sets out the number of non-social housing properties we have built or acquired over the year as a percentage of our existing housing stock.

2023/24

0.0%

Summary: Our performance has **declined from 0.02%** in 2022/23 and is at our target of 0.0%

National median for all registered providers: **N/A**

Gearing

Gearing is the amount of debt - in proportion to equity capital - that a company uses to fund its operations.

2023/24

40.0%

Summary: Our performance has **declined from 41.3%** in 2022/23 and is slightly above our target of 37%

National median for all registered providers: **45.19%**

Return on Capital Employed

This shows if a company is doing a good job of generating profits from its capital to build and grow their business.

2023/24

2.4%

Summary: Our performance has **improved from 1.8%** in 2022/23 and is at our target of 2.4%

National median for all registered providers: **2.94%**

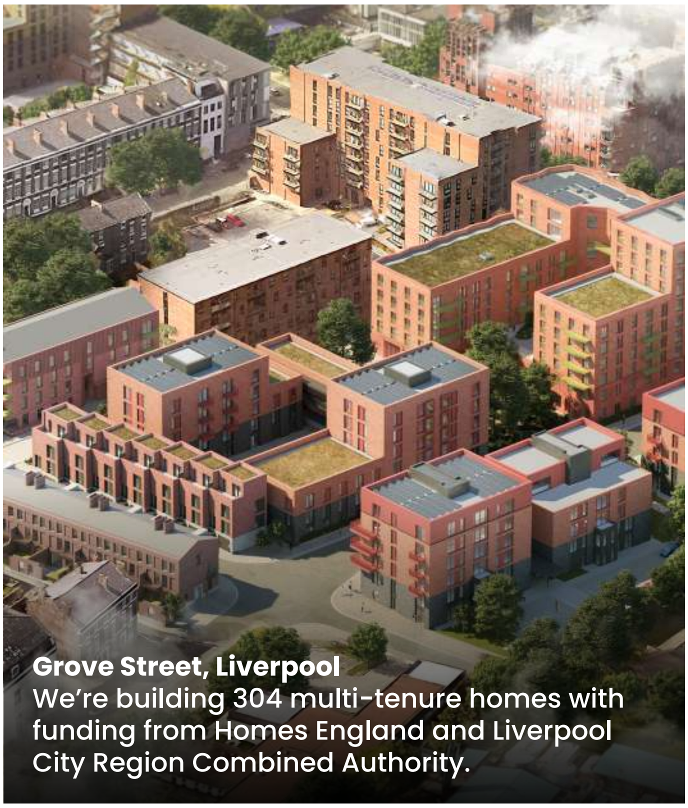
Please see page 4 for details on how we plan to improve our performance.

Projections

		Actual	Projections for		
		2023/24	2024/25	2025/26	2026/27
Metric 1	Reinvestment %	4.0%	6.31%	5.58%	4.33%
Metric 2 (a)	New supply delivered % (Social housing units)	0.27%	0.59%	1.04%	0.35%
Metric 2 (b)	New supply delivered % (Non-social housing units)	0.0%	0.0%	0.0%	0.0%
Metric 3	Gearing %	40.0%	40.0%	40.0%	38.0%
Metric 4	EBITDA-MRI Interest Cover %	123.3%	149.0%	153.0%	159.0%
Metric 5	Headline social housing cost per unit	£4,487	£4,713	£4,811	£4,944
Metric 6 (a)	Operating Margin % (social housing lettings only)	19.03%	23.4%	31.2%	29.5%
Metric 6 (b)	Operating Margin % (overall)	11.3%	15.0%	20.1%	19.3%
Metric 7	Return on Capital Employed	2.4%	3.1%	4.2%	4.1%

The table above outlines projected performance against the VFM metrics to 2026/27.

New Ferry, Wirral
We are creating more than 70 new homes as part of the regeneration of the town centre.



Grove Street, Liverpool
We're building 304 multi-tenure homes with funding from Homes England and Liverpool City Region Combined Authority.

Our commitment to regenerating places is evident in the amount and type of investment we are making in our homes.

Reinvestment spend is driven by stock condition, which is evidenced by an independent survey of c.98% of our properties. It includes development activities and significant works, including £38m in improvements to increase energy efficiency ratings of our homes to EPC Band C by the 2030 (fuel poor) and 2035 deadlines.

Regenda has a track record in delivering new housing supply and refurbishing homes across a mix of tenures and continues to be a key partner of Homes England achieving significant allocations in the key programmes. We have combined commitments to delivering Homes England (HE) programmes with our own strategic growth objectives ensuring the HE programme supports these objectives. In 2023/24 we handed over 34 new units as part of our current programme to develop 245 new homes. We continue to build on existing partnerships with local authorities such as Wyre, Wirral, St Helens, Oldham and West Lancashire where we continue to have a significant presence.

Gearing is forecast to remain constant at 40.0% for the next two years followed by a slight reduction to 38% in 2026/27 remaining comfortably below the 60% covenant upper limit set by our funders.

EBITDA MRI, operating margin Social Housing Lettings (SHL), operating margin overall and Return On Capital Employed are all forecast to improve over the next two years & then reduce slighlty in year 3 reflecting planned increased neccesary expenditure. Headline social housing costs per unit reflects investment within our stock and service delivery over the coming years.

Operating margin % overall increased within the year and is projected to continue to improve over the next two years. Operating margin Social Housing Lettings (SHL) reduced from 19.7% (2022/23) to 19.0% (2023/24). Turnover from social housing lettings increased by £3.9m (6.4%) operating costs increased by £3.5m (7.2%) in the year. Reductions in managements cost and impairment being more than offset by the increased in repairs, planned maintenance and major repairs combined expenditure 2023/24 £24.7m (2022/23 £19.0m) a 30.1% increase.

Return on Capital Employed is projected to be in the range of 3.1% to 4.2% between years 2024/25 to 2026/27.

Our financial plan also reflects our approach to the environmental challenges that we all face, the equality, diversity and inclusion imperative in our work and the importance of our customers being at the centre of what we do.