Value for Money (VFM)

Introduction

Our VFM Strategy supports our core mission, “to be a good trusted social landlord and employer with a strong sense of place” and we aim to optimise the use of our assets and resources to invest in our people and our communities to deliver this.

The Board has an approved approach to VFM, as detailed in its Value for Money Strategy, reflecting the requirements of the Value for Money Standard issued by the Regulator of Social Housing.

The VFM Strategy covers everything we do both at an operational and strategic level, focusing on outcomes against our strategic objectives.

VFM is about being effective in how we plan, manage and operate our business. It means making the best use of the resources available to us to provide quality homes in our communities backed by high quality services and support.

In simple terms we aim to make the best use of every pound we spend to;

- Provide better services for our tenants
- Invest in our existing housing stock
- Invest in our staff and key relationships
- Contribute to the delivery of much needed new affordable rented homes

Considering our current position, the VFM objectives are as follow:

- Efficiency gains through increased compliance/resource capacity
- Growth of developments/acquisitions pipeline
- Improved performance in repairs service for customers
- Reduced turnover of tenancies
- Ensure value of assets and data management system are well understood and that decisions for investment takes account of both
- Development of partnership and collaborations
- Further embed VFM within the culture and be an outstanding organisation
- Secure long-term refinancing
- Benchmark effectively with top of class Associations

Performance Metrics

Our Board monitors performance against the key metrics directed by the Regulatory Standard on a quarterly basis and recognises these as a consistent base from which to build an indicative financial view of the organisation and those that we compare ourselves against.

In addition to the mandatory metrics taken from the VFM Standard our Board also monitors a small number of bespoke metrics to form part of its performance oversight. The following table demonstrates how we have performed on these metrics during 2024/25 compared with targets and prior year results and against our peers within the sector.

	2024/25 EHA Actual	2024/25 EHA Target	2023/24 EHA Actual	2022/23 EHA Actual	2021/22 EHA Actual	2023/24 RSH Median
RSH Metrics						
Metric 1 - Reinvestment %	**3.26%**	**5.68%**	3.05%	2.60%	2.07%	7.4%
* Metric 1b – Major Repairs %	**2.49%**	**3.16%**	2.80%	2.23%	1.91%	n/a
Metric 2a - New Supply SH %	**0.29%**	**2.52%**	0.27%	0.12%	0.00%	1.4%
Metric 2a - New Supply SH-units	**5**	**5**	2	0	8	n/a
Metric 3 - Gearing	**30.26%**	**40.10%**	40.26%	44.95%	47.18%	46.80%
Metric 4 - EBITDA MRI	**132.80%**	**135.00%**	134.45%	128.54%	160.51%	120.10%
Metric 5 - Headline Social Housing Cost Per Unit	**£5,012**	**£4,630**	£4,403	£3,822	£3,461	£5,113
Metric 6a - OP Margin (SHL)	**25.80%**	**30.50%**	32.90%	32.98%	35.04%	21.00%
Metric 6b - OP Margin (Total)	**30.40%**	**28.50%**	33.78%	30.23%	33.89%	19.80%
Metric 7 - ROCE	**3.69%**	**4.00%**	4.84%	4.09%	4.4%	2.90%
EHA Metrics						
Metric 8 - Management Cost per Unit	**£1,531**	**£1,646**	£1,474	£1,311	£1,219	n/a
** Metric 9 – Arrears as % of Rent Debit	**1.24%**	**1.40%**	1.67%	1.27%	1.12%	n/a
Metric 10a- % of Void Rent Loss	**1.45%**	**1.75%**	1.17%	0.89%	1.04%	n/a
Metric 10b – Out of Management Voids	**0**	**2**	0	2	2	n/a
*** Metric 11 - % of tenants satisfied with the overall service provided TP01	**83%**	**80%**	85%	92%	90%	n/a
Metric 12 - Bad Debt Indicator	**£197,014**	**£230,000**	£290,000	£215.647	£165,170	n/a

*** methodology changed April 2023 to TSM Q.TP01

Our metrics like many similar organisations, reflect a snapshot of where we are in our own journey whilst the backward look trend is helpful to provide context.

Further explanation of performance against our VFM metrics follows;

Metrics 1a – Reinvestment and 1b Major Repairs %:
Reinvestment metric considers investment in properties (existing stock as well as new supply) as a % of total properties. *(This helps to demonstrate that EHA are is putting its finances to good use by maintaining and improving stock as well as adding to the asset base)*

The result shows an improvement on last year and lower than target.

Metric 2 – New Supply of Social Housing (SH):
The Association delivered five new units this financial year. This was lower than target and is due to where we are in the development cycle.

Metric 3 – Gearing:
Gearing measures, the proportion of borrowing in relation to the size of the asset base*. (It is similar to mortgage lenders loan to value ratio)* This metric is materially lower than target.

Metric 4 – Earnings Before Interest, Tax and Depreciation Amortization – Major Repairs Included
This measures financial performance before factoring financing cost, depreciation or accounting policies on major repairs. *(It approximates cash generated to cover interest payments and is a key indicator for liquidity and investment capacity).*

Slight decrease on the previous year.

Metric 5 – Headline Social Housing Cost Per Unit:
This uses costs within the accounts and divides the total costs by the number of properties to provide a cost per unit.

With higher costs than budget, the cost per unit figure is higher than target and an increase on the previous year.

Metric 6a – Operating Margin (Social Housing Lettings only) and 6b Operating Margin (Total)
Operating Margin measures the profitability of operating assets before any interest and exceptional expenses are considered. *(It is a key indicator for the efficiency of an organisation)*

The Operating Margin (Social Housing Lettings Only) was lower than target.

The Operating Margin (all operations) for the period was slightly higher than target.

Metric 7 – Return on Capital Employed:
Return on Capital Employed compares the operating surplus to total assets less current liabilities. *(It is a common measure in the commercial sector to assess the efficient investment of capital resources)*

The ROCE for the year is lower than target and significantly lower than the previous year.

Metric 8 - Management Cost per Unit:
At £1,531 management costs were above the targeted level. A general increase in most areas of management expenses.

Metric 9 – Arrears as % of Rent Debit:

The Arrears as a % of Rent Debit has is below target and a decrease on the previous year.

Metric 10a - % of Void Rent Loss and 10b Out of Management Voids:
Void rent loss over the year was within our target but an increase on the previous year. We have no properties out of management.

Metric 11 - % of tenants satisfied with overall service provided
The basis of calculation changed in April 2023, whereby the target percentage reduced from 90% to 80%. We moved from a monthly in-house survey to an externally delivered quarterly tracker survey of the TSM Perception Survey questions and the basis of Metric 11 changed to match TSM. Q.TP01 Taking everything into account, how satisfied or dissatisfied are you with the service provided by EHA. The trend information up to 2022/23 was based on the previous monthly survey question ‘would you recommend EHA to family and friends.

Metric 12 - Bad Debt Indicator:
Our bad debts are currently lower than target and a significant decrease on the previous year.

Benchmarking
The Regulator for Social Housing published its annual Global Accounts 2024 in the year ended March 2025. These accounts are a rich data source for benchmarking purposes, though of course they need to be approached with caution, the accounts reported on one year only, with results potentially affected by many unknown factors. We have used the Global Accounts data to provide context for our work, to aid us to look in closer detail at our performance against the upper / lower quartile and against some local and out of county rural operators.

The following table highlights the results for the Association compared with data published in the Regulator for Social Housing published 2024 Global Accounts;

Registered Provider & (no. of units)	Financial Year End	Re-Invest. %	New Supply (Social) %	Gearing %	EBITDA MRI Interest Rate Cover %	Headline Social Housing Cost per unit, £k	Op Margin (SHL) %	Op Margin (Overall) %	ROCE %
Broadacres HA Ltd (6,656)	31/03/2024	8.5%	1.9%	49.6%	86.0%	5.60	20.6%	15.5%	2.0%
Castles & Coasts HA Ltd (6,795)	31/03/2024	11.7%	2.4%	33.3%	116.0%	4.75	15.2%	16.9%	2.3%
Eden HA Ltd (1,824)	**31/03/2025**	3.26%	0.3%	30.3%	133%	**5.01**	25.8%	30.4%	3.7%
North Devon Homes (3,332)	31/03/2024	5.9%	0.5%	60.1%	28.0%	4.44	29.2%	26.9%	2.5%
South Lakes Housing (3,300)	31/03/2024	12.1%	2.8%	36.7%	-11.0%	6.30	13.8%	19.1%	3.1%
Providers with less than 2,500 units (50)	31/03/2024	7.7%	1.4%	45.6%	122.0%	5.15	20.4%	18.5%	2.8%

Lower Quartile	**Global Accounts 2024**	**5.0%**	**0.5%**	**34.4%**	**74.3%**	**4.50**	**14.3%**	**12.9%**	**2.1%**
Median		**7.4%**	**1.4%**	**46.8%**	**120.10%**	**5.11**	**21.0%**	**19.8%**	**2.9%**
Upper Quartile		**11.1%**	**2.2%**	**56.0%**	**160.6%**	**6.61**	**26.5%**	**24.6%**	**3.6%**

Direct comparisons are difficult and should be treated with caution.

The association is geared higher compared to most of this comparison group, however, our gearing is coming down, in line with our strategic objective. Our headline cost per unit, operating margin and return on investment are all better than the median. Taken in the round these value for money metrics indicate a reasonable performance for the year.

Global Accounts 'Best in Class'

Our Board wished to see greater dialogue and exchange of learning take place with our identified 'best in class' associations. We will look to secure efficient and effective learning from our identified 'best in class' organisations in the year ahead.

Value for money gains over the last year

An important fundamental element of our VFM strategy has been developing a culture of controlling costs within our business whilst achieving effective outcomes.

Below are examples of the value for money gains achieved over the last 12 months. Project ‘gains’ are based around the ‘4Es’ (economy, efficiency, effectiveness and equity). This identifies both the financial savings, as well as the value and benefit we achieve through system enhancements, resource savings and service improvements.

Project	Outcome - Economy, Efficiency, Effectiveness
MRI Housing – Implementation of Modules in our Housing Management System (MRI) The continued implementation of MRI Asset System, included successful negotiation of pricing for the purchase of new modules. Customer Central (CRM), Safer Communities (ASB) and Property Inspector Mobile	1. Economy – saving over 5-year contract £108,000 Original module prices per year inclusive of VAT Customer Central £17,327 Safer Communities £14,256 Property Inspector Mobile £10,560 Negotiated prices per year inclusive of VAT Customer Central £8,663 Safer Communities £7,128 Property Inspector Mobile £4,752 2. Efficiency – this creates improved business processes and service to tenants 3. Effectiveness – there I snow an enhanced reporting capability 4. Equity – these modules are used across EHA housing stock
Mobile Working – Tablet Renewal Switch from Apple tablets to Android instead. This will result in lower costs, offers improved compatibility with our new mobile working apps	1. Economy – saving of £2,841.81 Apple £6437.01 V Android £3595.20 2. Efficiency – these tablets are easier to deploy and manage 3. Effectiveness – better support for mobile apps
Right First-Time EHA continue to strive for, and improve. The right first-time performance across the repairs service and on all customer contact across the business. A full process review has been undertaken for our repairs service resulting in 41 recommendations, which formed either full projects or quick wins. The main project focused on implementing Job Logic so that systems between EHA and the principle contractor became integrated.	1. Economy – although there has been no saving on expenditure, the following savings were achieved in both time and effort: Tenants – appointments made at the time the repair is reported. Main Contractor does not spend time trying to contact tenants for appointments Repairs Specialists – reduced calls ‘chasing repairs’ and checking on progression of jobs Ability to collect and easily access photos of repairs jobs Repairs & Maintenance Manager – less time chasing and monitoring OOT repairs, as appointments will be booked at first point of contact

	2. Efficiency – this removes 'steps' in the repairs process, as tenants are not reconnected to arrange the repair. Tenants now have text details confirming repair/appointment. There is also a reduction in no-access appointments, as tenants have reminder texts prior to the repair appointment 3. Effectiveness – customers receive an enhanced service, receiving an appointment slot at first contact, text confirmation and reminder of appointments 4. Equity – all tenants have access to the service
<u>Welfare-Benefit Service</u> To review the current welfare benefit advice contract (which was being delivered by a third party), with a view to developing an in-house service. This review was undertaken in full consultation with customers and staff, resulting in the service being brought in-house and creation of a new Financial inclusion Officer role.	1. Economy – the service is operational and our Financial Inclusion Officers have assisted 34 clients (as at Dec 2024), with financial gains of £16,683 and ongoing financial gains to customers of £5,474 per month. 2. Efficiency – a more efficient and effective responsive service for tenants, reducing turnaround time on referrals. This now enables Housing Officers too concentrate on core housing management functions, whilst having instant updates on cases. 3. Effectiveness – the feedback from customers who have benefitted from the service (as at Dec 2024) has been positive, they have really appreciated the help we have provided. For example, there have been 3 cases incorporating the Financial Inclusion Officer's assistance which has reduced arrears and prevented further tenancy enforcement action, keeping tenants' secure in their homes. 4. Equity – this service is provided as and when required.
<u>Historic Account Closure</u> Closure of EHA's historic Community Development account, which was used for receipt of grant funding for Community development activities. There had been no recent activity on the account and it was proposed to redirect the funds to the Tenant Engagement budget, in order to fund/subsidise scheme activities to tackle loneliness.	1. Economy – current balance of the account to be used - £3,442.19 2. Efficiency & Effectiveness (3) – within the Finance Team the closure of this account has removed monthly reconciliations, authorised signatory review, separate payment and receipt processes and the management of the bank account. 3. As above 4. Equity – funds are accessible for all schemes to apply for activities/transport/equipment to tackle loneliness and isolation.

<u>CCTV Solution</u> Replacement of EOL and ineffective CCTV solution at Heysham Gardens. This helps tackle anti-social behaviour and crime on the site, which previously had limited CCTV coverage.	1. Economy – original quotes from providers (in 2019) were high and over budget. Unfortunately, since that time inflationary costs increased dramatically, which resulted in a smaller financial saving than anticipated (£1,652) from implementing our own solution. 2. Efficiency – 35 cameras have been installed. EHA now has full control of the CCTV, enabling us to review footage quickly and support Cumbria Police in detecting crime. 3. Effectiveness – the CCTV has a wider benefit of providing a visible deterrent and security to tenants; recording not only ASB, but other activities such as fly tipping. 4. Equity – this is deployed at our Heysham Garden Scheme in Carlisle.
<u>Tenant Engagement Suggestion</u> In 2023 EHA undertook an exercise with our tenants to enable them the opportunity to raise 'Value for Money' ideas. These suggestions were evaluated by the Management Team and delivered where possible. Tenants have been kept up to date with progress of these projects, through our tenant engagement newsletter 'Viewpoint'. T.E. Suggestion – to explore the possibility of electronic signature service to reduce the need for face-to-face appointments (where appropriate).	2. Efficiency – MRI Secure Sign functionality now allows tenants to receive and sign their tenancy agreements by email. Once signed, the agreement is automatically updated on our housing management system and is added to our document management system, this provides an effective process for both tenants and staff. 3. Effectiveness – as above.
<u>Installation of Key Safes</u> Install key safes in all communal areas for fire contractors/caretaker roles and housing officers. This removes the need for multiple keys to be cut and removes the management of storing these.	1. Economy – eliminates the costs of purchasing and replacing locks when keys have been lost. 2. Efficiency – reduces the time spent having to locate key safe codes. This has resulted in quicker and easier access for both staff and contractors during out-of-office hours. 3. Effectiveness – staff and contractors no longer have to waste time coming into the office to retrieve keys. A new database is now securely used for effective management of all key safes and codes. 4. Equity – system is accessible for all required staff/contractors.
<u>Contractor Price Negotiation</u> We investigated alternative contractors in anticipation of securing a fixed price for the	1. Economy – saving of £18,111. 2. Effectiveness – this new contract also included the additional benefit of gritting instruction.

season. The last season's cost resulted in £24,940 plus VAT. However, we successfully managed to secure this season's fixed price at £6,849 plus VAT.	
<u>WI-FI Renewal – Blain House</u> Purchase new WI-FI hardware through charity digital donations programme and benefit from our charitable status.	1. Economy – saving £4,552.30 (Meraki hardware with 5-year license: standard supplier cost - £7,547.50 versus charity purchase cost of £2,995.20). 2. Efficiency – this is cloud managed, which is easier to support and deploy. 3. Effectiveness – the hardware has provided improved WI-FI performance. 4. Equity – this has been incorporated for use in all offices.
<u>Tenant Housing</u> A family living in a rural property wanted to stay local, but were facing the prospect of having too move further away in order to be provided with a property suitable for their needs.	1. Economy – the successful partnership working between EHA Housing Team and external agencies resulted in us finding a suitable resolution for the family. We identified a 'sale' property which was changing status to 'rental'. All key stakeholders worked together to ensure adaptations were carried out on the accommodation, making it 'fit for purpose'. 2. Efficiency – as above. 3. Effectiveness – as above.
<u>Upgrade Meeting Conferencing Facilities</u> Replacement of PCs in meeting rooms at our main offices, with new dedicated 'Teams Rooms' certified hardware. This makes hybrid collaboration and accessing remote meetings easier and more reliable.	1. Economy – time saving on IT support calls. 2. Efficiency – accessing meetings is now quicker to join and simpler to use. 3. Effectiveness – hybrid meetings have proved to be reliable. 4. Equity – this is being used by all staff whenever required, as well as being available for visitors, reducing the need to log-on separately.
<u>Decant Property</u> To create a property from within our own stock that can be used as a decant property. This project is under a 12-month trial to establish the actual savings and benefits.	1. Economy – temporary holiday lets can be very costly, so having a property from our own stock saves money. 2. Efficiency – this saves time for customers who may well be in desperate need for accommodation in a difficult time, which in turn ensures a smooth transition for both customer and staff. 3. Effectiveness – this saves staff time and resources trying to find suitable accommodation when a decant property is required, and in turn reduces uncertainty and anxiety on those customers who need accommodation quickly. 4. Equity – this will be used across the business wherever required.

VFM Future Plans

Our future areas of VFM focus for 2025/26 linked to the strategy include:

- Continue to improve the right first time performance across the repairs service and on all customer contact across the business.
- Continue the rolling service reviews to look at process and services to identify VFM efficiencies and effectiveness.
- Continue to increase investment in EPC C works and achieve VFM within the procurement of the planned works.

Our VFM metrics looking forward are as follows:

	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Reinvestment %	3.44%	7.01%	6.27%	4.70%	3.20%
New Supply SH %	0.75%	1.1%	0.6%	0.6%	0.0%
Gearing	36.3%	35.4%	34.9%	34.7%	33.1%
EBITDA MRI	128.54%	145.59%	105.31%	132.96%	136.95%
Headline SH CPU	£4,696	£5,257	£6,198	£5,394	£5,679
OP Margin (SHL)	30.5%	29.6%	29.0%	28.1%	27.7%
OP Margin (Total)	27.3%	26.5%	25.9%	25.0%	24.7%
ROCE	3.7%	3.6%	3.6%	3.5%	3.5%