

2018/19 VALUE FOR MONEY STATEMENT

Value for money is important to the Board and the concept is embedded in everything the Society does. The Society reviews all its expenditure to ensure that scarce resources are being used to best effect.

Our approach to value for money is to:

- Consider value for money as part of our decision making process.
- Understand the return on our assets.
- Have a performance management and scrutiny function in place that drive and deliver improved value for money performance.
- Understand the costs and outcomes of delivering specific services.

The Society was pleased to be able to put additional resources into planned and major repairs, investing a total of £198K in component replacements during the year. The Society maintains a value for money log that is monitored by the Executive Team at its monthly meetings. In 2018/19 savings were generally re-invested e.g. the Society had an opportunity to cut the cost of its leased line connections. Instead, the decision was made to take a small cost saving, but boost the capacity available by 10 times. This changes allows for future expansion and change of IT systems which should lead to a better service for tenants. The Society's Value for Money strategy states that in addition to cost and efficiency, the Society will also place emphasis on wider benefits provided e.g. social, environmental, quality etc. Assessing the outcomes will help refine decision making processes in the future.

Objective	Value for money
We will invest in and maintain our existing assets to support our aspirations	<ul style="list-style-type: none"> • £198K invested in component replacement, with contracts for work, which had been subject to competitive tendering. • Carried out 1,055 repairs.
We will achieve sustainable growth	<ul style="list-style-type: none"> • The Society completed a development at Mark.
We will invest in our people and the organisation to secure positive outcomes for residents	<ul style="list-style-type: none"> • Staff training has been undertaken on a variety of areas, all of which can have a 'tenant impact'. Examples include Chartered Institute of Housing training for staff, staff members sponsored to further their professional housing related qualifications. • New tenants meeting at Mark.
We will be ambitious and flexible in our approach to sustaining communities	<ul style="list-style-type: none"> • Maintain a value for money log. • Reinforce the importance of a value for money culture with staff via briefings.

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In line with the Regulator for Social Housing's requirement for Registered Providers to report their performance against seven value for money metrics, these indicators are included in the following table:

Value for Money Metric	2019	2018
Reinvestment %	2.9%	3.8%
New supply delivered %	1.8%	4.5%
Gearing %	24.0%	26.2%
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %	268.2%	300.0%
Headline social housing cost per unit £K	3.9	4.1
Operating margin % <ul style="list-style-type: none"> • Social housing lettings only • Overall 	38.9% 32.3%	42.1% 30.9%
Return on capital employed (ROCE) %	2.5%	2.6%

Note that these metrics are prepared in line with the definitions required by the Regulator for Social Housing, for this purpose.