

Strategic report:

Value for money

Our Value for Money (VfM) Strategy defines our approach to delivering value for money across the business in order to meet our strategic goals. The VfM strategy is directly aligned with the overall business strategy and embedded into all levels of decision making across the business. VfM feeds into the vision for RHP to be trusted as a socially responsible housing provider, which is high-performing, community-connected and values-based.



Our aim is to 'spend our customers' money wisely' whilst delivering our corporate strategy.

How we spend money as a business requires careful planning. As an organisation we have ambitions to invest in our existing homes, delivering an excellent service to our customers and build new homes. We have to prioritise our spend in a way that maximises our ability to achieve these goals over the long term. Our effective use of resources is a crucial part of this planning process.

Spending our customers' money wisely does not simply mean cutting our costs but how we use our resources efficiently. It is also about freeing up resources to maximise our ability to make a positive impact for our customers and the communities we operate along with exploring the use of technological solutions to help reduce heavy administrative tasks.

To deliver value for money our strategy focuses on the following key objectives:

- ▶ Delivering efficient reliable services to our customers
- ▶ Maximising the value of our assets and resources and minimising waste to sustain our long term financial stability. Our long term maintenance plan should ensure homes remain safe and energy efficient while also managing repair and upgrade costs.
- ▶ Work with partners, contractors and suppliers to enhance the service that we can provide. Carrying out efficient procurement processes and managing our contracts effectively.
- ▶ Recruit and retain talented people that can help us deliver our goals.

When considering VfM we assess our delivery against the following 5E's principle:

1. Economy

We use our resources carefully to save expense, time or effort. We ensure that we obtain competitive prices for quality goods and services.

2. Efficiency

We maximise our output, generating more from the resources we have and the investments we make.

3. Effectiveness

Our outputs deliver the desired outcomes for the organisation and for our customers.

4. Equity

Benefits of our expenditure are distributed fairly across our customers.

5. Environment

Being a socially responsible organisation that works towards protecting our environment and providing sustainable homes helps us to deliver on our environmental sustainability goals.

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How have we delivered value for money

A key method of measuring how we deliver on these factors is through benchmarking performance against our peer group.

Housemark provide benchmark data annually based on our VfM metrics. A summary of our performance is shown in the table below. We continue to benchmark our performance against peers with upper quartile performance to underline our ambition. Our metrics for 25/26 are reported both including and excluding the impairment adjustment to show the underlying performance in the year and to be consistent with the 24/25 metric which excludes impairment.

Following investment in our repairs service, including setting up the in-house repairs service, we made the conscious decision to invest in the service we provide to customers, this has led to a short term deterioration in some of our VFM metrics. The investment aims to generate benefits in the longer term in the form of more efficient and effective services.

Metric	Upper Quartile 24/25	RHP Actual 24/25*	RHP Target 25/26	RHP Actual 25/26	RHP Actual 25/26*
1. Social Housing Cost per Unit	£6,934	£6,915	£6,748	£8,105	£8,105
2. Operating margin	18.8%	17.0%	16.8%	25.5%	12.5%
3. Operating margin (social housing lettings)	20.0%	20.0%	18.8%	13.9%	13.9%
4. Units Developed (as a % of units owned)	1.7%	0.6%	0.5%	0.4%	0.4%
5. Gearing	37%	58%	52%	57%	57%
6. Reinvestment %	6.0%	7.5%	7.8%	6.9%	6.9%
7. Return on Capital Employed (ROCE)	3.3%	2.8%	2.5%	4.0%	2.2%
8. EBITDA MRI interest cover	126%	103%	61%	122%	29%

* Values reported excluding the impairment provision for Roselands scheme

How will we continue to deliver value for money?

RHP is committed to making sure that all decisions provide the best value for money (VfM) in support of our strategic vision to maintain financial strength.

Whilst the RHP's board has overall responsibility for delivering Value of Money, everyone within the organisation is expected to play their part in keeping VfM at the heart of decision making. Our strategic pillars and corporate delivery plan support our VfM strategy. VfM will be intrinsic within the process of achieving our delivery plan.

Our Corporate Strategy contains our four strategic pillars of:

- ▶ Socially Responsible
- ▶ High Performing
- ▶ Community Connected
- ▶ Values Based

Whilst VfM is a golden thread within our delivery plan it can be summarised in three key actions within the plan.



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Investment in our services

Targeted investment illustrates our aim to blend the 5E's principle of VfM, by spending wisely to eliminate the current cost of failure demand. Specifically, within the 26/27 delivery plan we aim to:

- ▶ Transition the in-house repairs service to the target operating model, increasing customer satisfaction, achieving efficiencies, and reducing complaints.
- ▶ Reduce the volume and cost of disrepair cases.
- ▶ Protect (or increase) our income by maintaining our rent collection rate.

Investment in systems and people

Additional investment in systems will help deliver long term savings by streamlining current processes. The plan for 26/27 includes:

- ▶ Deliver the first phase of our Accurate Bills project, creating a new rents and service charge solution to reduce the risk of manual interventions and workarounds.
- ▶ Review of legal panel and reduction and optimisation of legal spend.
- ▶ Move customer transactions from phone calls to self-service through the new online portal, using the reduced call demand to free up time for more complex cases.
- ▶ Offer work experience to local young people through apprenticeships and graduate internships, contributing to skills development and opening the door to life opportunities.



Investing in our properties

By investing in our properties, we will not only reduce the long term cost of maintaining them, we will also provide our customers with homes that are energy efficient and safe, helping us to reduce our costs, help our customers, and help the environment.

The 2026/27 plan includes:

- ▶ Invest up to £18m into our existing homes, increasing the percentage of homes at EPC-C and achieving the decent homes standard by the end of the year.
- ▶ Improve turnaround times of empty homes and reduce void rent loss.
- ▶ Increase the percentage of homes that have a home condition survey under five years old.

Our delivery plan also includes deliverables to challenge cost centre owners to identify further opportunities or efficiencies that will support the wider business to mitigate any unforeseen financial risks and to manage spend within budget. These deliverables support our VfM goals by embedding the practice of re-evaluating our approach to delivering services in a way that is consistent with the 5 E approach outlined.

We benchmark our performance using the Regulator of Social Housing VfM Metrics. Our targets have been set to align against the 26/27 budget for the Group as a whole.

Metric	Target 26/27
1. Headline Social Housing Cost per Unit	£7,261
2. Operating margin	15.7%
3. Operating margin (social housing lettings)	16.2%
4. Units Developed (as a % of units owned) - social	1.5%
5. Gearing	51%
6. Reinvestment %	7.6%
7. Return on Capital Employed (ROCE)	2.9%
8. EBITDA MRI interest cover	75%