CDS's VALUE FOR MONEY STATEMENT 2024-25

Meeting the regulatory requirements in relation to value for money is an increasingly important part of our responsibility as an organisation funded largely by rents. The Value for Money (VFM) Standard focuses on improving the quality of governance around VFM, particularly the strategy and measurable impact of those strategies. We are measured against a standard set of metrics set by the regulator and also against the defined measures of success for our own strategic objectives.

Our value for money strategy is not separate from our business strategy but is a way of looking at our wider strategy through a value for money lens and selecting those goals and supporting strategies which deliver value for money through the most efficient use of our resources, and which best support the delivery of the overall strategy.

Key Risks

The Sector risk profile, published by the Regulator each year, highlights some of the most significant common sources of risk to providers ongoing compliance with the Standards.
This coupled with our own internal assessment of risk identifies a number of key risks relating to our ability to deliver value for money, these include.

- Economic risk including the impact of rising prices, particularly for repairs and investment work.
- Our ability and appetite to raise rents in line with cost inflation and the impact if we do not or cannot.
- Income collection and rising customer debt.
- Financial and Treasury risks including the impact of changes in interest rates on existing and future debt.
- Increased obligations for areas such as environmental sustainability and compliance.
- Difficulties in attracting and retaining specialist and expert staff and consultants.

Business Plan

Our Business Plan for the medium term, as approved in March 2024, includes our intention to invest in our stock as part of our Asset Management Plan over the period to March 2025 and demonstrates that we have the capacity and cash flow to do this, supported by the change in our loan covenants. Our plan is to ensure we have sufficient resources to respond to the expected pressures of safety, environmental and Decent Homes requirements and to the challenging economic landscape and so we will continue to carefully manage our operating and other costs.

Our strategy also includes our intention to continue to invest in promoting co-operation and community-led housing in line with our charitable purpose (our promoter stream). This is central to our mission and may include opportunities to act as the registered provider for new groups and projects. Any opportunities to increase our stock will be properly evaluated to ensure they deliver value.

Value for Money Strategy

Our Value for Money strategy for 2024-27, approved in March 2024, centers around the goal of improving value for money to support the delivery of our overall business strategy and to ensure the continued viability of the whole of the organisation and progress toward our mission.

The three pillars which support our Corporate Plan and therefore our value for money approach are that we should be:

- Financially Sustainable
- Compliant with relevant law and regulation
- Customer and community focused

We will achieve this by driving value through improved efficiency, collaborating with our residents and clients to deliver improved services and properly recovering the costs of our services from clients and in relation to service costs for both tenants and leaseholders.

We will target improvement of our overall operating surplus and the use of this to drive growth in the sector through others. We will benchmark both our costs and our performance against the sector as a whole, particularly in the cost and effectiveness of our repairs service which has such an impact on all of our outcomes. We will do this through a meaningful peer group and seek to understand differences so that we can act to make changes or improvements where these are needed.

We will assess our current and future structural and financing arrangements to make sure that both are consistent with our strategic goals and are able to support their achievement.

Value for money for us means achieving our goals with the right balance of quality, value and reliability and in line with our business values. To strengthen our financial resilience, we will need to reduce our risk by managing our overall costs whilst improving service. Only by achieving both of these goals together can we deliver on our financial and investment plan.

Measuring Value for Money

The Value for Money standard includes seven standard measures of VfM in our core landlord business, which are outlined below. In addition, it requires Providers to select their own measures which best reflect their strategic aims and overall approach to VfM. With this in mind, we have selected a small number of targets for each of our business streams.

We are primarily a service organisation and a key element of delivering value for money is that our customers know what they can expect from us, can rely on getting it and are happy with both quality and price

We monitor VfM primarily through:

- Monitoring our business plan, operational plan and performance against targets.
- Benchmarking our performance and costs relative to our peers.
- Reviewing feedback from customers, clients, employees and other stakeholders.

Our targets for each metric and our performance against them in the current and prior year are shown in the table below.

In our **Supporter** stream we measure progress towards profitability, with the goal of generating a 5% surplus.

In our **Promoter** stream we will measure value for money by the extent to which we are able to deliver agreed outcomes using the promoter budget.

Value for Money Self-Assessment 2024/25

Measured against the standard metrics

Our performance for the year against the standard metrics is as follows. We have given comparatives from the 2023/24 Global accounts data for smaller providers (under 2,500 homes) and the sector median.

Value for Money Metrics	Actual 24/25	Actual 23/24	Actual 22/23	Global Accounts (smaller providers) 23/24	Sector Median 2024
Metric 1 - Reinvestment%	3.3%	3.8%	1.3%	4.4%	7.7%
Metric 2 - New supply delivered %	0%	0%	0%	0.3%	1.4%
Metric 3 – Gearing %	-12.0%	-13.3%	-15.3%	34.1%	45.6%
Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover%	158%	190%	395%	150.3%	122%
Metric 5 - Headline social housing cost per unit	6,250	5,336	4,936	5,768	5,136
Metric 6 - Operating Margin % Social housing lettings only	11.7%		12.7%	19.0%	20.4%
Overall (including Promoter)	18.4%	15.2%	8.7%	15.3%	18.5%
Metric 7 - Return on capital employed (ROCE) %	20.6%	3.2%	1.8%	2.%	2.8%

The Global Accounts analysis and Sector Averages are produced by the Regulator for Social Housing who captures the data for all housing associations nationally. The data, which is publicly available however, is for those housing associations which are over 1,000 homes but less than 2,500 homes nationally, which is the source of the comparisons above.