Regulator of Social Housing

Value for Money Metrics & Reporting – annex to the Global Accounts 2024

Executive summary

2023/2024 has seen the continuation of the trends the sector has experienced in recent years. Pressure to invest in the existing stock, for building safety, energy efficiency and stock decency has seen costs continue to rise, and reinvestment rates increase further. At a sector level, this has been coupled with sustained high levels of new development. Following several years of high inflation, and now rising borrowing costs, the financial performance of the sector has weakened. Many organisations are managing competing demands on their resources, particularly between investment in the existing stock and new supply.

- The median reinvestment into existing stock and acquisition or development of new homes increased to 7.7% (of the value of total social housing assets) from 6.7% in the previous year – the highest level recorded since the VFM metrics were introduced;
- Median headline cost per property increased by 12% to £5,136 - the highest level recorded since the VFM metrics were introduced. However, over the next five years the sector projects cost increases to fall below the rate of inflation over a similar period;
- The number of new social homes delivered was 49,287- the highest level since 2021;
- Providers with over 10% of homes located in a block more than 7 storeys in height reported a headline cost of £9,343 per unit. Providers with over half of their stock categorised as house or bungalow only reported a headline cost of £4,812 per unit;
- At a sector level, EBITDA MRI Interest Cover has continued to fall. However, there was a wide gap between providers in the upper quartile (153%) and those in the lower quartile (76%);
- London has the highest capital spend per unit on existing homes, which increased by 13% to £1,680 - almost 50% above the England average. But this reduced their capital reinvestment per unit on new development by 8%.

This year we have also carried out new and expanded analysis which allows us to understand in greater detail some of the factors that impact value for money. The accompanying report **Delivering Better Value for Money – Summary Regression Report** helps explain the wide range of reported performance on the value for money metrics across the sector in greater detail than has been possible previously.

Boards need to consider their VFM metrics, alongside other data such as the Tenant Satisfaction Measures, to ensure that they are making the most effective use of their resources to deliver their organisation's strategic objectives. For some this may mean making evidence-based decisions about how to deploy limited financial resources whilst protecting their viability. For others, with greater financial capacity, it may mean considering whether there is scope to deliver more and better social housing or improved outcomes for their tenants.

Introduction

The purpose of the report

The Value for Money Standard expects providers to annually report on their performance measured against their strategic objectives and a suite of measures defined by the regulator as set out in **VFM Metrics Technical Note**. Providers must compare their performance to peers and clearly set out how they intend to address shortfalls in performance. A key objective in defining a set of standard metrics was to support transparency and consistent reporting which allows providers to analyse their performance on a comparable basis. To support this objective, we publish the VFM metrics for all providers with more than 1,000 homes.

The VFM performance analysis is divided into the following three discrete sections:

A. **Sector analysis**
B. **Sub-sector analysis**
C. **Regional analysis.**

The sector analysis shows the distribution of the sector's reported performance on each of the seven VFM metrics while the sub-sector and regional sections provide more detailed insights about the range of performance across different types of providers and region of operation. Additional data relating to the analysis in this report is published in the accompanying **VFM Tables 2024**.

In recent years, the sector has experienced an increasing number of Mergers and Transfers of Engagement. To better reflect the change in scale of provider, new size bands have been introduced which improves the way in which providers can compare themselves to one another. These can be found in the Sub-sector section of this report.

Introduction

Feedback on the quality of VFM reporting in the Accounts as required by the VFM Standard

We do not use the VFM measures on their own to look at how well a provider delivers the outcomes of our VFM standard. We also consider a wider range of evidence including the strategic decisions taken by boards of providers.

Reporting on VFM should have wider benefits than simply meeting a regulatory requirement. An **important supplement** to this report summarises the ways in which some providers from across the sector are seeking out opportunities to improve VFM across their organisations. These insights can be found alongside the review which assessed the quality of VFM reporting based on a sample of provider's published accounts.

VFM benchmarking Tool

We have also published individual providers' data alongside this report. The VFM Benchmarking Tool allows interested stakeholders to review providers' VFM performance based on the range of VFM metrics and factors influencing performance. It also includes new factors such as building height. The VFM benchmarking tool can be found on the **RSH website.**

Regulatory Engagement

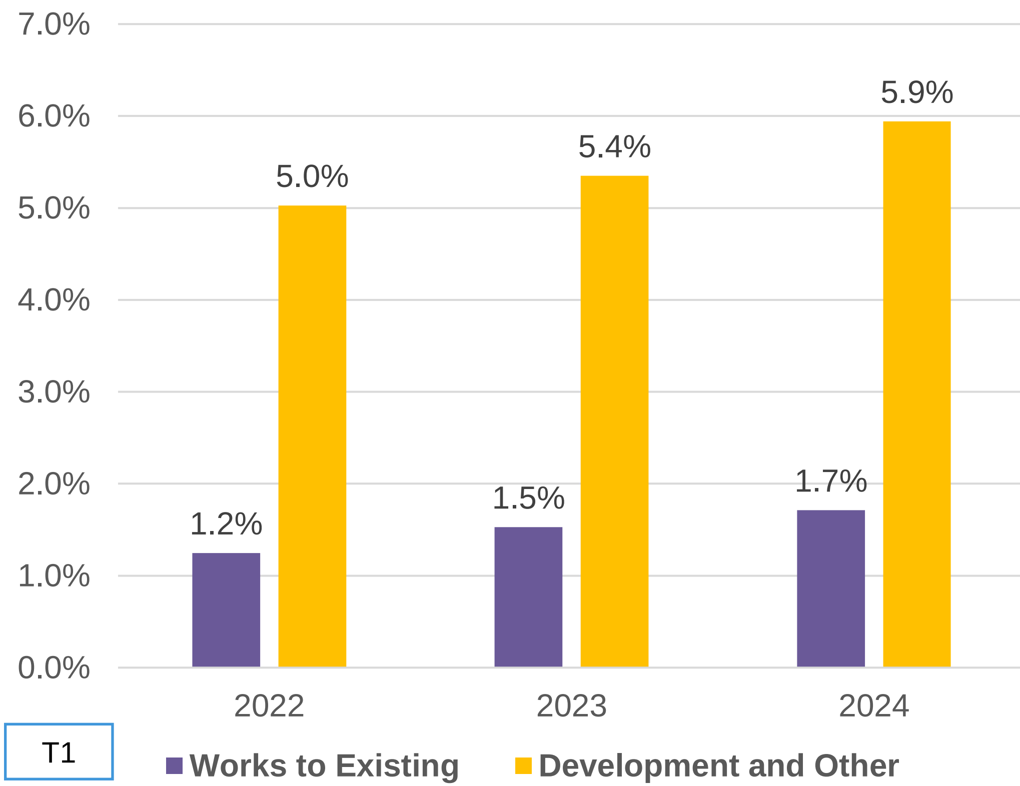
Value for money will continue to a major focus for the regulator. Where we have concerns relating to the delivery of the outcomes of the VFM standard we will look to engage with the provider.

Reinvestment

Lower Quartile 5.2% — Median 7.7% — Upper Quartile 11.0%

Year	2022	2023	2024
Total reinvestment (median) %	6.5%	6.7%	7.7%
Total reinvestment spend (£bn)	£10.8	£12.5	£14.6
Housing properties at cost or valuation (£bn)	£172	£181	£191

Reinvestment: weighted average breakdown 2022-2024



Key headlines

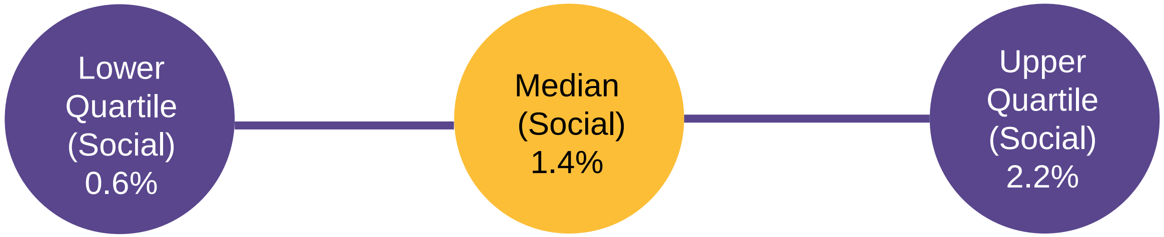
Reinvestment, which takes account of two elements - 'investment in to existing' homes and 'development and other activity' relating to new homes as a proportion of total housing assets*- increased by 18% to 7.7% since 2022. Over the same period, the interquartile range increased by 48% which demonstrates the wide range of variation across the sector. Factors influencing the variation of performance in reinvestment are further explained in the sub-sector section of the report.

The total reinvestment expenditure in the year was £14.6bn, of which £11.4bn related to the development of new homes - an increase of 17% relative to previous years (2023: £9.7bn). The increase in expenditure relative to the number of new homes developed in the year partially reflects the impact of inflation in recent years relating to building construction and supply chain costs as well as the on-going shortage of skilled labour in the construction sector.**

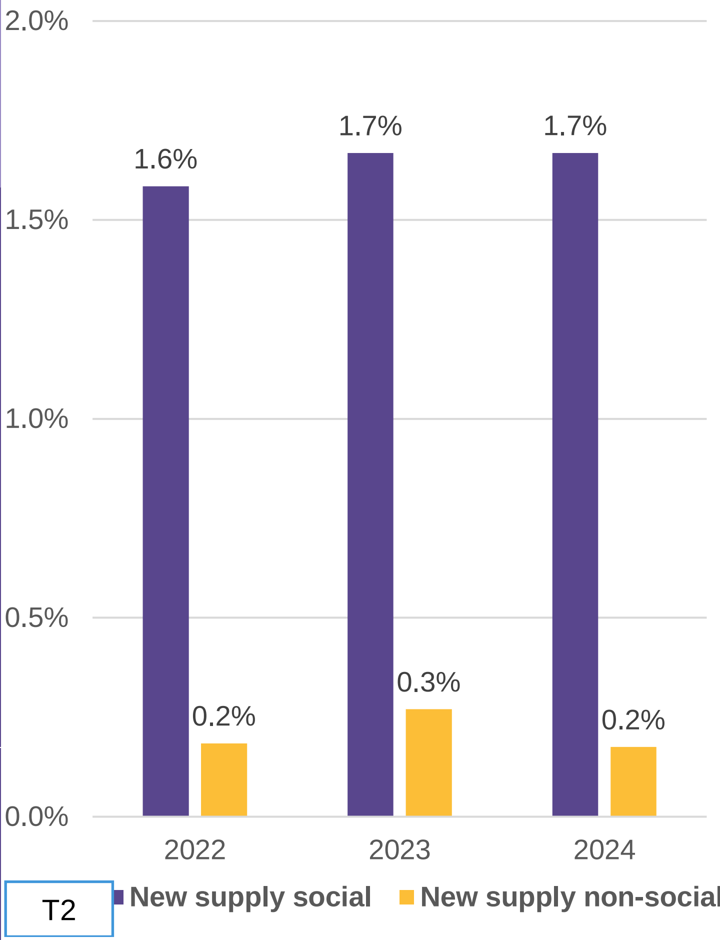
Investment into existing homes increased by a similar rate of 18% to £3.3bn (2023: £2.8bn) contributing to an increase of 53% over the past three years, which primarily relates to fire remediation, building safety, energy efficiency and decarbonisation costs.***

* Property values relate to the Net Book Value of assets rather than an Open Market value.
** 2024 - a review of the year in the construction industry
*** https://www.gov.uk/government/publications/quarterly-survey-for-q4-january-to-march-2024

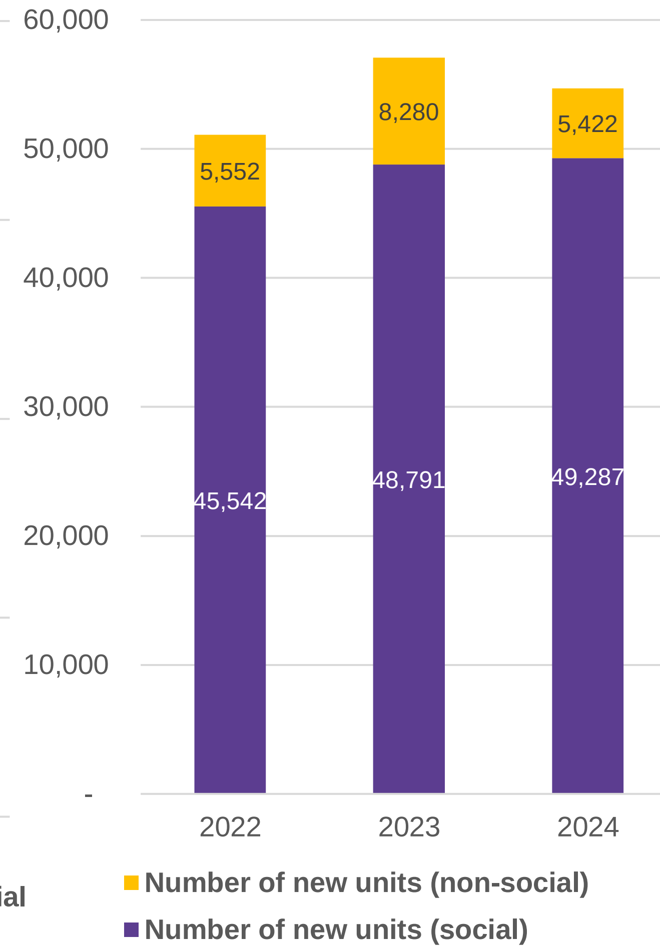
New supply



Weighted average new supply % (social and non-social) 2022-2024



Total new supply units 2022-2024



Key headlines

The new supply figures provide evidence of the strategic trade-off between development and investment into existing homes. The number of new supply (social) delivered increased by just 1% to 49,287 since 2023.

Around 45% of new supply (social) homes are developed by around 10% of the sector (excluding For-profit organisations).

The weighted average new supply (social) has remained at 1.7% as a proportion of total social homes owned, which is broadly consistent with previous years. Equally, the interquartile range of 1.6% also demonstrates a similar pattern.

The weighted average new supply (non-social) fell slightly in the year from 0.3% to 0.2%. Overall, 5,422 non-social homes were delivered compared to 8,280 in the previous year. There is evidence that the 2023 spike in new supply non-social related to the completion of homes which were delayed due to the COVID-19 pandemic.

Operating margins from social housing lettings SHL and Overall

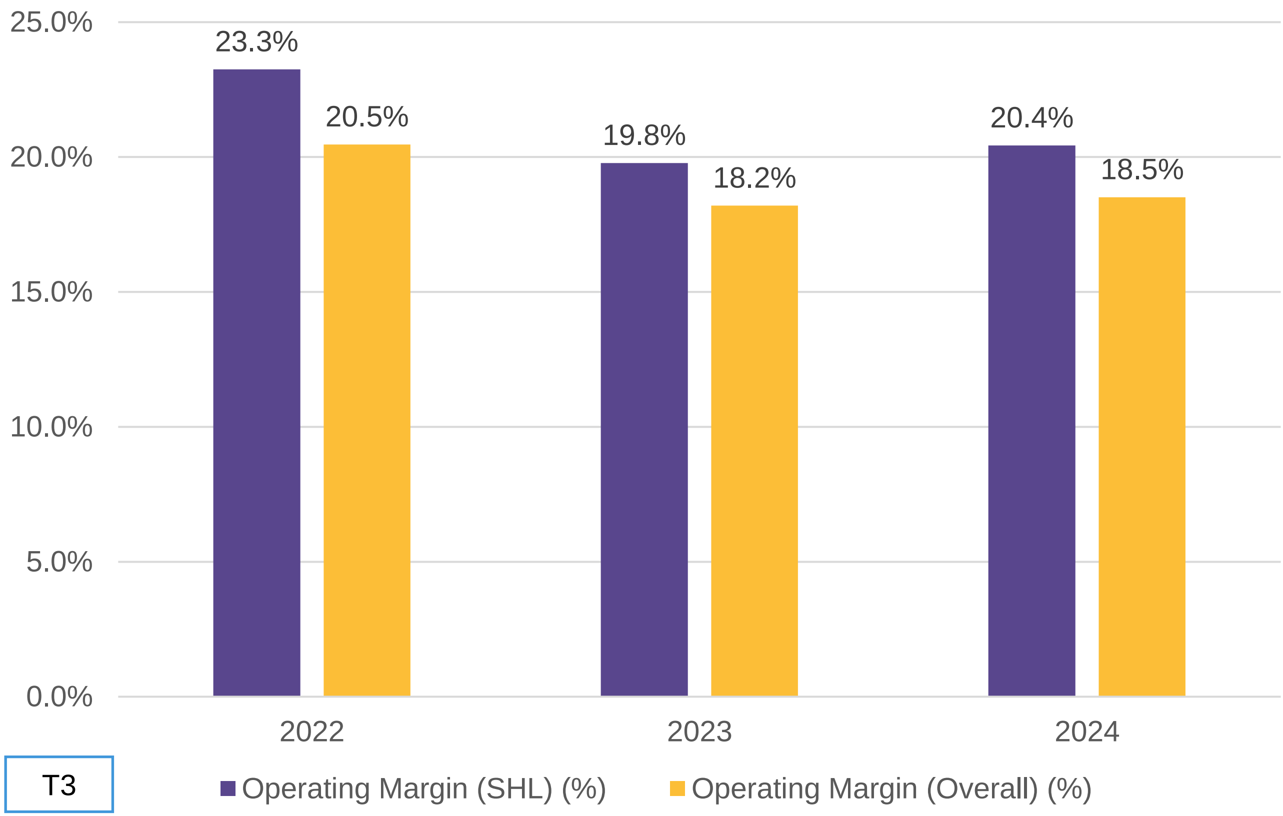
Operating Margin (SHL)

Lower Quartile	Median	Upper Quartile
14.4%	20.4%	25.8%

Operating Margin (Overall)

Lower Quartile	Median	Upper Quartile
12.5%	18.5%	23.4%

Median Operating Margin SHL and Overall 2022-2024



T3

Key headlines

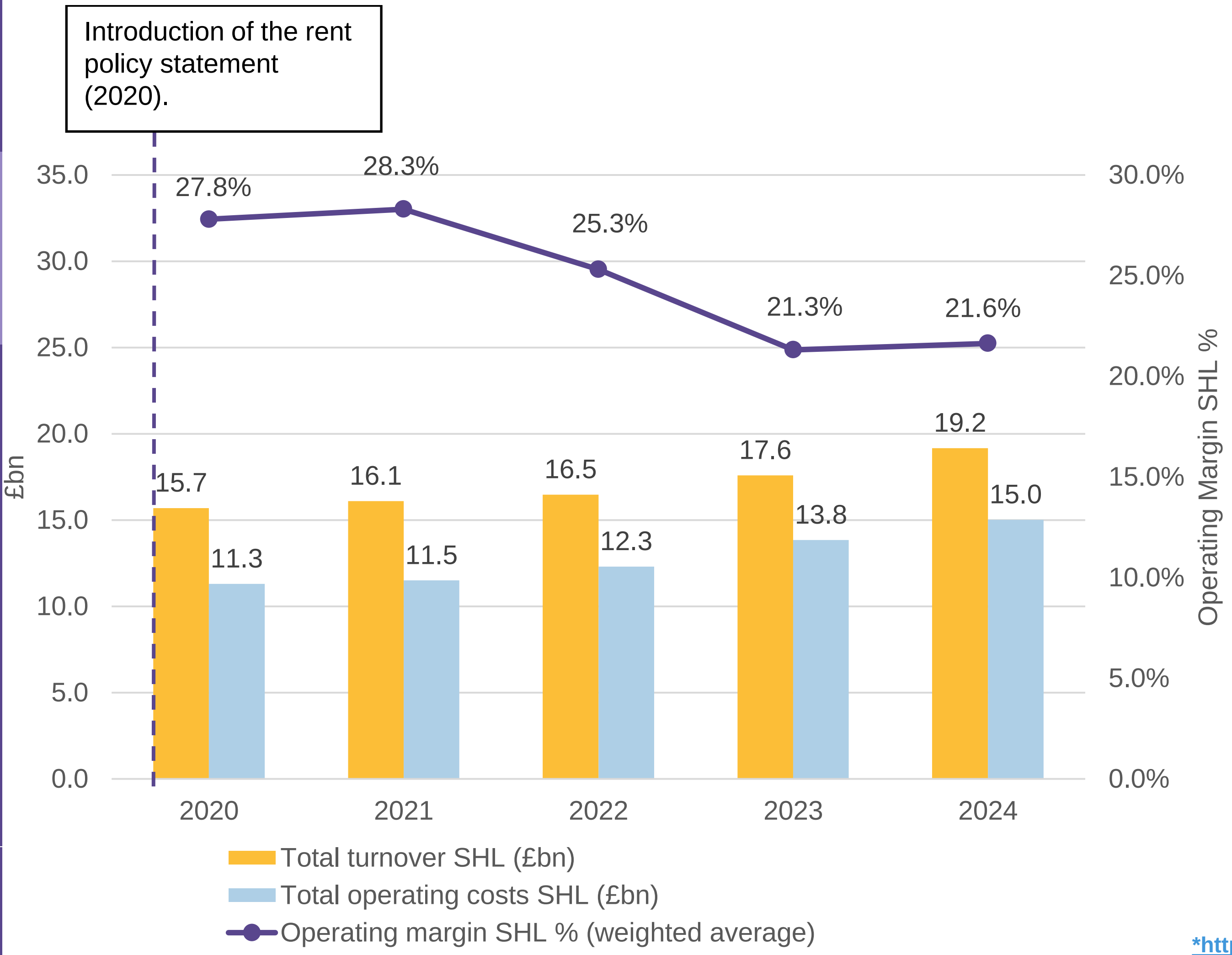
Operating efficiency across the sector is measured by both the operating margin Social Housing Lettings (SHL) and operating margin (Overall) which includes all business activities at a group level, which increased by 0.6 and 0.3 percentage points to 20.4% and 18.5% respectively.

The interquartile range for both operating margin (SHL) and the operating margin (Overall), remained broadly unchanged relative to previous years.

A key reason for the difference in the performance between Operating Margin (SHL) and the operating margin (Overall) relates to the nature of activities undertaken by some providers and the revenue intensity of these activities. Providers with higher proportions of turnover derived from non-social housing income are associated with lower operating margins (Overall).

Social housing lettings (SHL)% - overview

SHL turnover, operating cost, and operating margin trend 2020-2024



T4

Note: Operating cost SHL = SHL Turnover – Surplus on SHL

Key headlines

SHL is a core activity for most providers - around 77% of the sector's turnover is generated from this type of activity.

Turnover derived from SHL increased by £1.6bn (9.0%) compared to 2023. This was primarily driven by the maximum permissible rent increase of 7% for the period between 1 April 2023 and 31 March 2024*. There was also a net increase in the overall number of social rented homes added to the income stream during the year.

Total operating costs relating to SHL activity increased at a lower rate of 8.5% relative to 2023 (12.5%), while operating surplus (SHL) increased by 11% in the year.

The weighted average operating margin (SHL) increased by 0.3 percentage points** in the year. This is the first small increase in margins reported since 2021 which followed a period of lower rental income and a 40-year high CPI inflation rate.

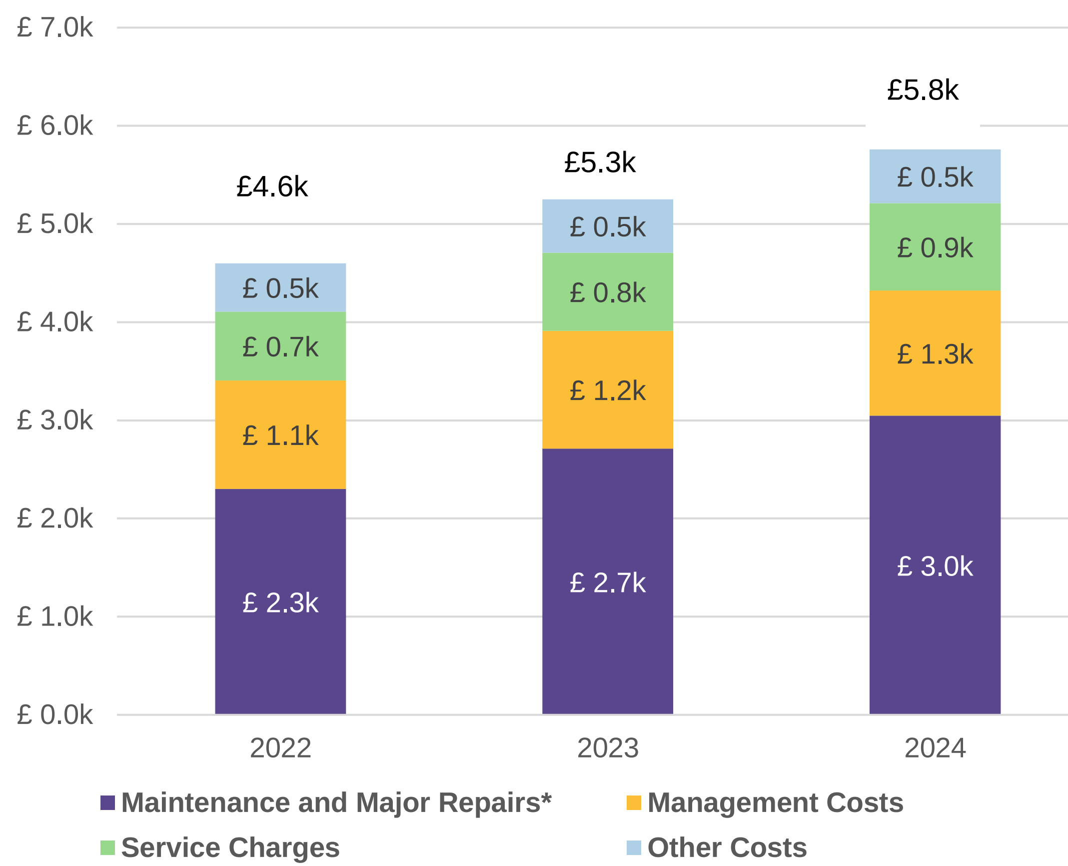
*https://www.gov.uk/government/publications/rent-standard-1-april-2023-31-march-2024

** Minor difference to the GA results relate to the exclusion of For-profit organisations.

Headline social housing cost per unit - overview

Lower Quartile £4,495 — Median £5,136 — Upper Quartile £6,350

Headline social housing cost per unit (weighted average) by expenditure component



T5

*Capitalised major repairs are included in this calculation

Key headlines

The median headline cost per unit has increased by 12% to £5,136, above the CPI rate of inflation of 3.2% in March 2024. This increase was largely driven by increased expenditure on the existing housing stock.

The weighted average Maintenance & Major Repairs (M&MR) costs, including capitalised major repairs, increased by 12% to £3,046 per unit – this compares to an 18% increase in 2023.

Over the past three years expenditure relating to M&MR, including capitalised major repairs, has increased by 32% and accounts for over half of total expenditure per unit.

Inflationary pressure relating to wages, utility, and insurance costs have continued to affect service and management costs. Service charges have increased by 12% to almost £900 per unit in 2024 and by 27% since 2022. Management costs increased at a lower rate of 6% to just under £1,300 per unit in 2024.

Stock height, Supported Housing and Housing for Older People are key factors that help explain the wide variance in cost between providers.

The weighted average headline cost per unit is higher than the median due to the prevalence of supported housing providers who exhibit significantly higher costs and reflects the broader range of high-cost specialist services they provide to their tenants.

Over the next five years, the sector HSHC is forecast to increase by a further 3.5%, which is below the CPI increase of c.10% that would be expected if inflation is consistent with the Bank of England's target over the same period. [Monetary Policy Report – February 2025]

EBITDA MRI Interest Cover % and Gearing %

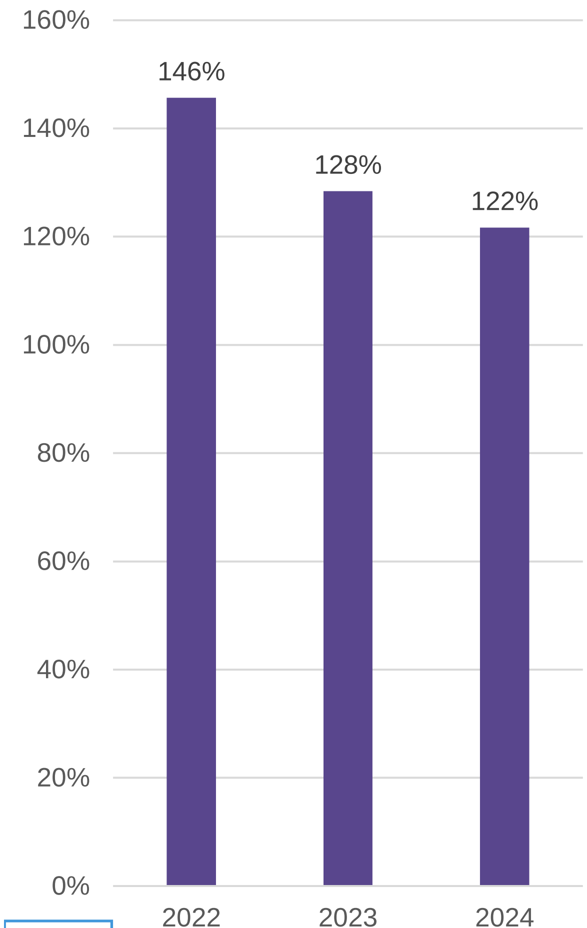
EBITDA MRI Interest Cover %

Lower Quartile	Median	Upper Quartile
76%	122%	153%

Gearing %

Lower Quartile	Median	Upper Quartile
34.1%	45.6%	54.3%

EBITDA MRI Interest Cover % (median)



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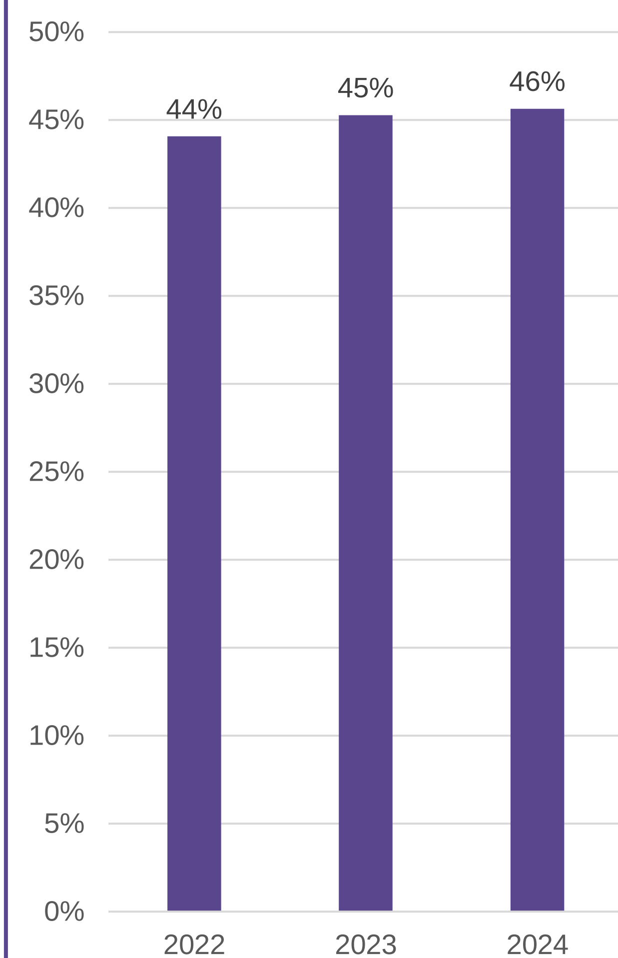
Gearing (median) %



Key headlines

The EBITDA MRI interest cover metric is an indicator of the sector's ability to cover ongoing finance costs from its operating activities.

The median EBITDA MRI interest cover fell by 6 percentage points to 122% in the year - its lowest level since the peak of the financial crisis in 2008.

A key explanation for this is related to the total value of interest capitalised, interest payable and financing costs which increased by 15% in the year. The reported performance in the upper quartile fell by a greater level of 16 percentage points since 2023, reflecting the continued pressure on provider's ability to service debt.

The VFM Gearing measure is measured net of cash and is an indication of debt finance dependence.

The median level of gearing has increased by just one percentage point since 2023 due to a combination of lower cash holdings and an increase in debt. There continues to be a relatively large variance between providers which can reflect different risk appetites, with the interquartile range remaining at around 20 percentage points.

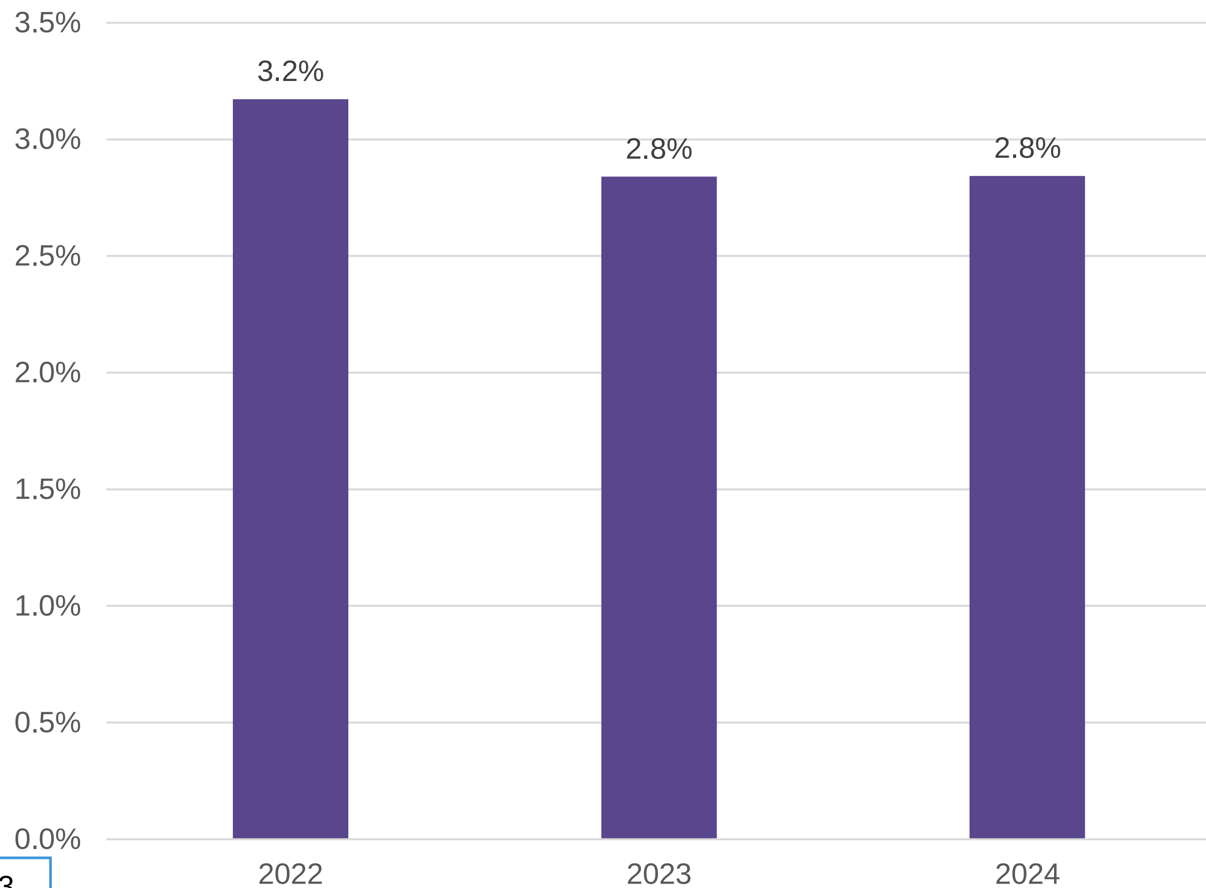
Return on Capital Employed

Lower Quartile 2.2%

Median 2.8%

Upper Quartile 3.4%

Return on Capital Employed (median)



T3

Key headlines

The return on capital employed (ROCE) measures the amount of pre-tax surplus an organisation can generate from the capital employed in its business and is a measure of efficient investment of capital.

The median ROCE has remained relatively stable at 2.8% - with Joint venture activity accounting for just 1% of the numerator.

The weighted average ROCE fell by 5% in the year which was driven by an increase in Net assets - the denominator of the measure.

Sub-sector analysis

Overview

The relationship between key landlord characteristics and the VFM metrics are considered in this section of the report. The factors that were found most statistically significant are summarised in the **Delivering Better Value for Money - Summary Regression Report**. These factors help to explain the differences in providers' performance.

While these factors can shape the performance of individual organisations, they can only provide a partial picture and cannot substitute for an organisation's own understanding of its operating environment and its use of resources. Types of activities undertaken by providers as well as the timing of reinvestment activity, including remediation and decarbonisation and the extent of risk appetite a board is willing to accept to meet their objectives, all have potential to influence VFM performance.

In this section of the report, we focus on the size and type of provider, together with the most important factors that significantly impact the Reinvestment, New Supply and Headline Social Housing cost measures.

Sub-sector analysis

Significant factors that influence VFM performance

- **Building height:** Includes the following building types and based on Low-cost rental accommodation, owned: House /Bungalow, Homes in a block fewer than 7 storeys in height and Homes in a block at least 7 storeys in height.*
- **Stock Age:** Relates to the average age of a building and is based on the original property build date.**
- **Supported Housing (SH):** Providers with 30% of social stock owned that is classified as supported housing and meet the definition of supported housing specified in the Rent Policy Statement. The fact that a tenant receives support services in their home does not make it supported housing.
- **Housing for Older people (HOP):** Providers with 30% of social stock owned that fully meets the definition specified in the Rent Policy Statement.
- **Large Scale Voluntary Transfer organisations (LSVTs) less than 12 years old:** Organisations that are contractually obliged to undertake major improvement programmes and regeneration works to homes transferred from Local Authorities within a certain period, normally five years.
- **London^:** Providers with greater than 50% of social homes based in the London region.

Supported Housing	HOP	LSVT	London
14 PRPs	5 PRPs	3 PRPs	23 PRPs

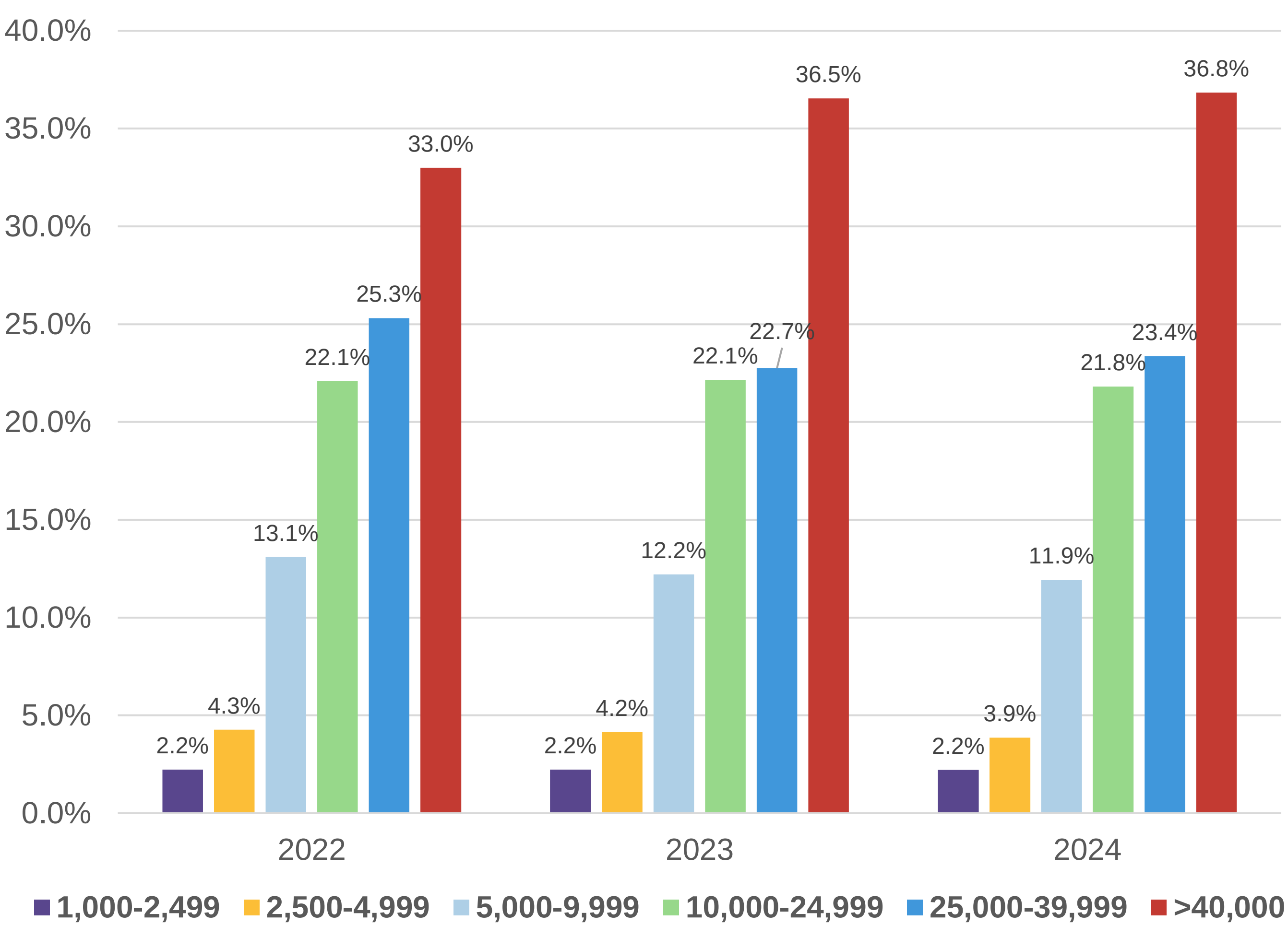
***Building Height Note – reconciliation to the SDR:** Homes in a block at least 18 metres in height **or** at least seven storeys are included in the category – in a block at least 7 storeys.
Homes in a block less than 18 metres in height **and** fewer than 7 storeys are included in the category – in a block fewer than 7 storeys (it includes fewer than 5 storeys and 5-6 storey categories (SDR: 2023 and 2024)).
Homes in a block of 6 storeys are included in homes in a block at least 7 storeys (SDR: 2022).

** **Stock Age Note:** As reported by providers in the Statistical Data Return.

^ **London Note:** Providers in the London category can also be included in other category types e.g. Supported Housing and HOP.

Size of providers

Percentage of total sector homes owned by size



Overview

In recent years, the sector has experienced an increasing number of Mergers and Transfers of Engagement. To better reflect the change in scale of provider, we have revisited the size groups that providers are allocated to.

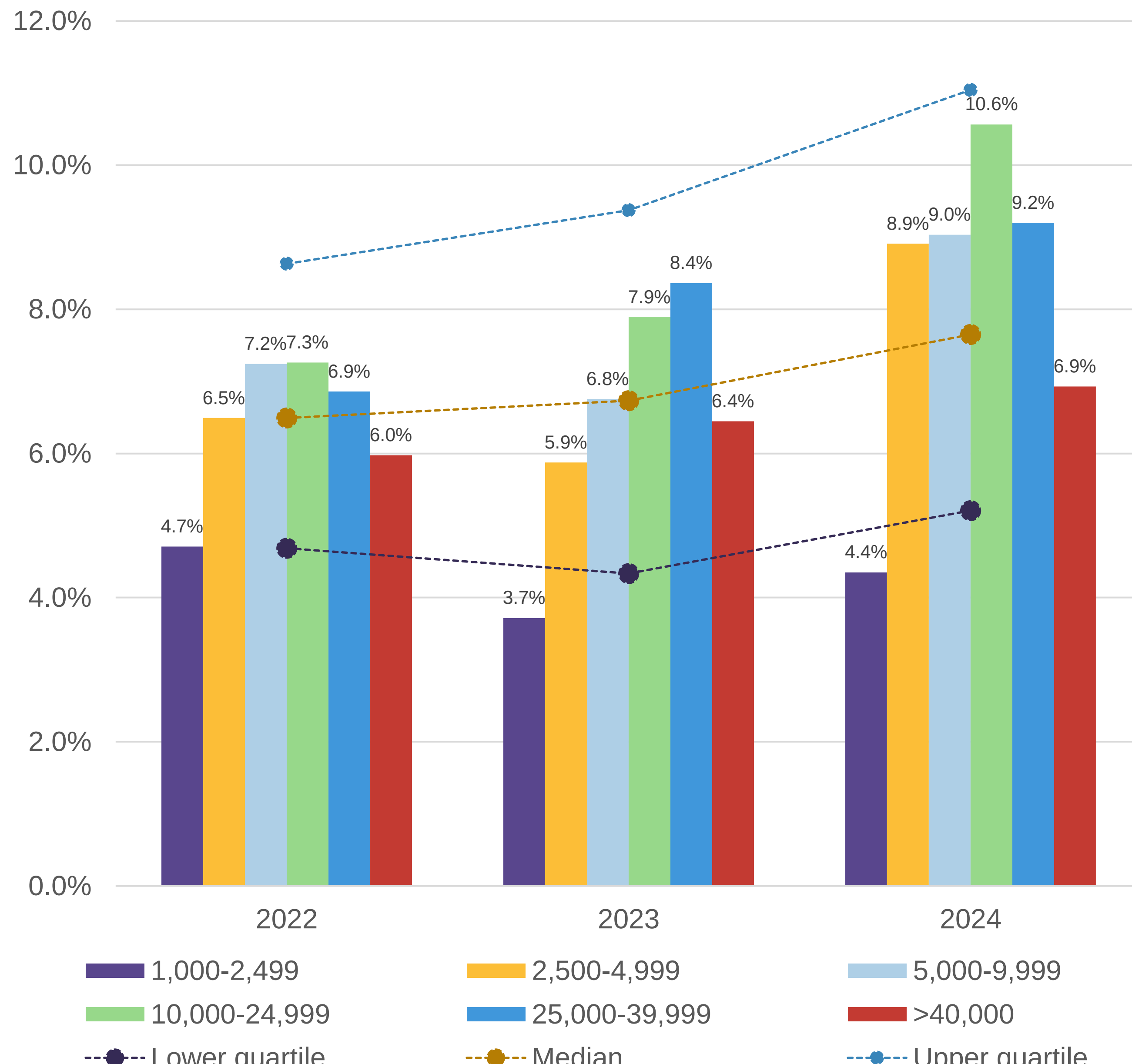
In 2024, five mergers were undertaken which impact year on year performance across the size groups with 25,000-39,999 homes and providers with greater than 40,000 homes.

The influence of size on performance is complex. Certain size groups exhibit significant deviations from sector averages, but this is not always a direct effect of size itself and can be a result of other factors, e.g. the number of supported housing specialists in a particular size cohort.

Total	1,000-2,500	2,500–4,999	5,000-9,999	10,000-24,999	25,000-40,000	> 40,000
193	39	29	49	40	20	16

T6

Reinvestment by size (median)



T7

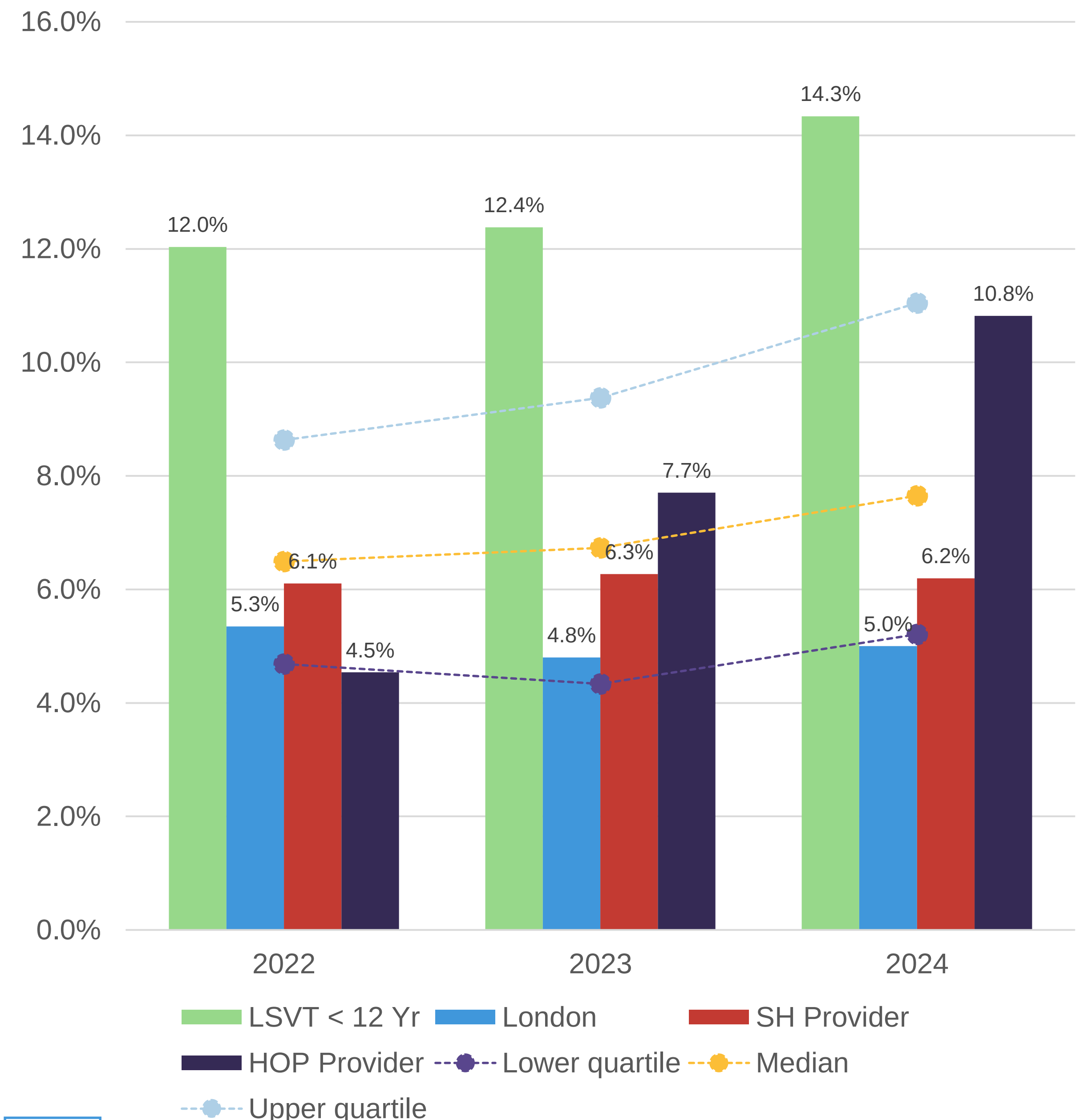
Key headlines

Reinvestment as a proportion of total housing assets increased across all size groups; the size group,10,000 to 24,999 reported the highest median reinvestment of 7.9% - an increase of 10.6% relative to 2023.

Providers with over 40,000 homes had the lowest total reinvestment level of 6.9%. In absolute terms, this group reported a higher level of expenditure. On a per unit basis, total reinvestment is actually 7% higher relative to the sector average of £5.2k. However, many of these large providers owned high value stock in London, which means the reinvestment level appears lower when expressed as a percentage of the value of existing assets.

The weighted average for 'works to existing' properties increased by a range of between 0 to 0.3 percentage points across all size groups

Reinvestment by cost factors (median)



T7

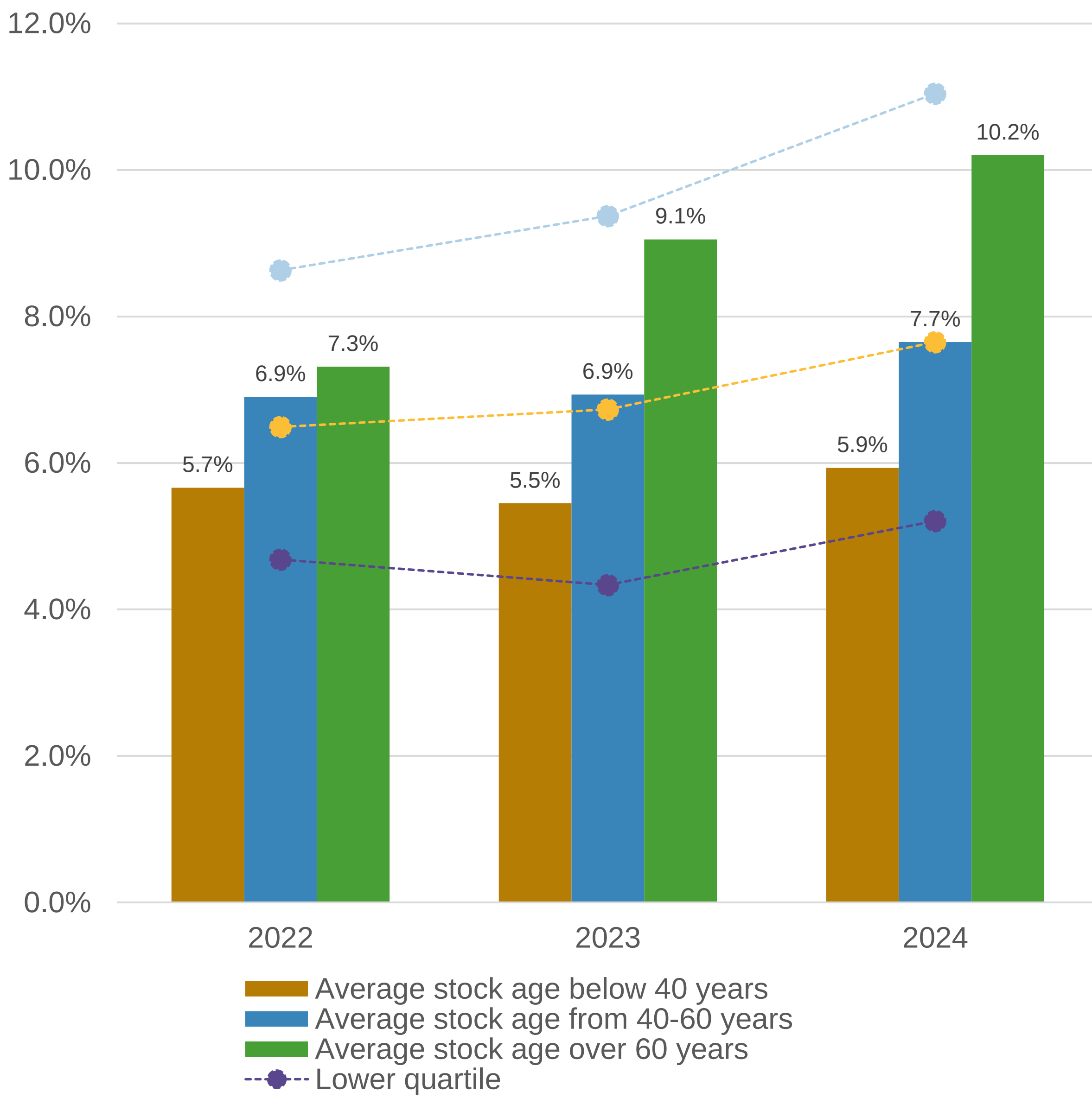
Key headlines

Since 2022, reinvestment reported by HOP providers has increased from below the lower quartile, to just below the upper quartile in 2024. This is driven by a large HOP provider who is delivering new homes. The weighted average 'Development and other activity' increased from 2.7% to 6.3%, compared to 'works to existing' homes which increased from 2.7% to 2.8%.

By contrast, reinvestment reported by London and Supported Housing providers has remained relatively stable over the past three years, albeit performance levels in London fell below the lower quartile in 2024.

LSVT organisations less than 12 years old reported an increase in overall reinvestment from 12.4% to 14.3% in the year. Only three of these organisations remain in the sector and no longer have a material influence on the sector's overall performance.

Reinvestment by social housing stock age (median)



T7

Key headlines

The replacement of asset components will vary between one provider and another. However, all landlords must meet the requirements of the Decent Homes Standard.

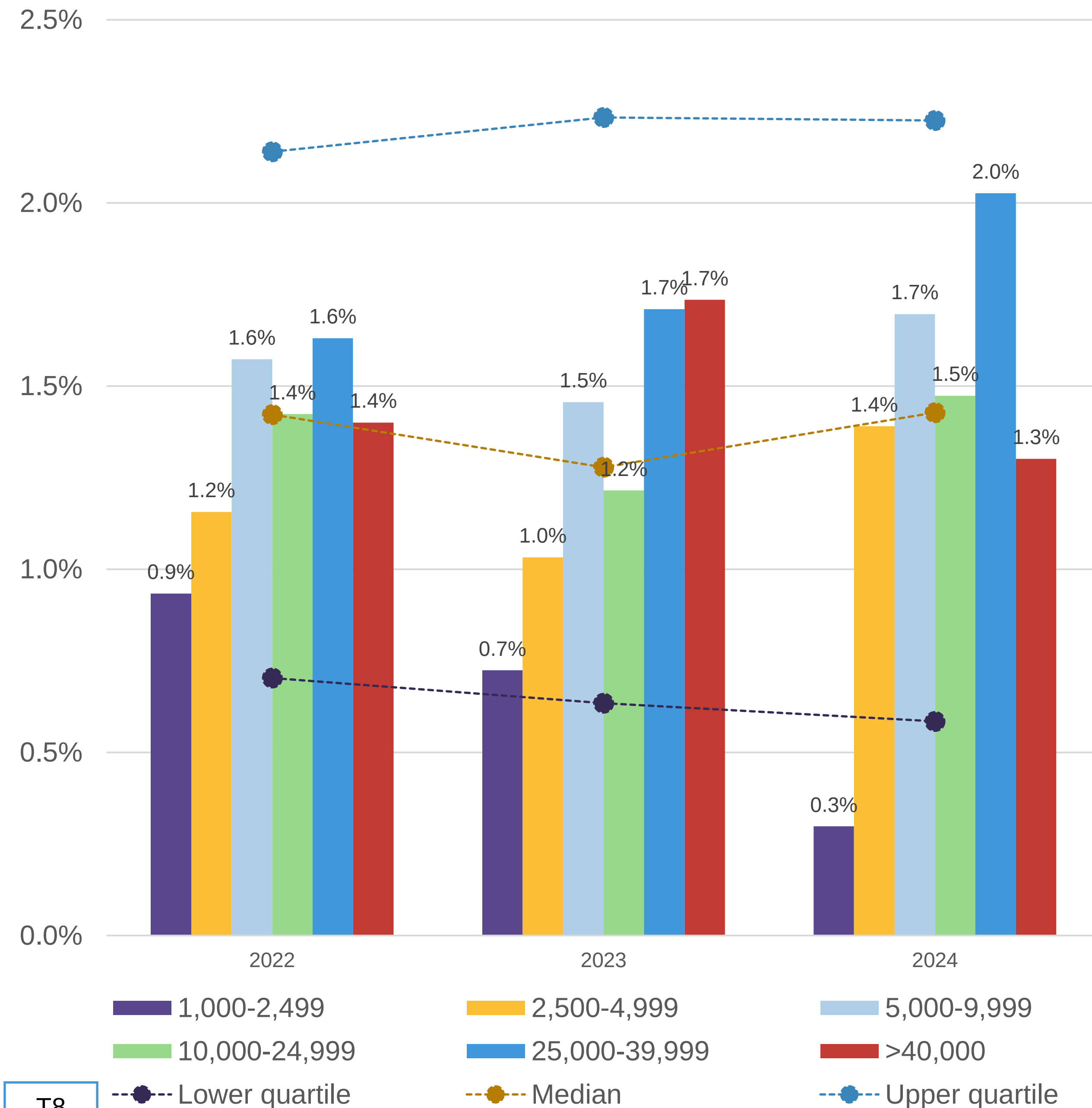
A key factor associated with higher reinvestment is stock age. Providers with older stock spend slightly more per property on their existing stock; providers with stock over 60 years old spend £1,120 per unit on works to existing stock. This compares to providers with stock less than 40 years old who spend £1,010 per unit. However, this slight difference is not the main driver of the big disparity between these groups in the reinvestment metric.

The reinvestment measure is sensitive to the impact of the denominator - providers with an average stock age over 60 years average a property value of £29k, which is less than half of the sector average of £66k. This means this group of providers have the highest level of reinvestment reported overall, when expressed as a percentage of the value of their assets.

There is less variation between providers in different age cohorts in terms of development and other expenditure, which ranges from 5.6% for providers in the group 40-60 years to 6.8% for providers in the group under 40 years.

A breakdown of reinvestment by stock age can be found in **Table 7.**

New Supply (Social) by size of provider (median)



Key headlines

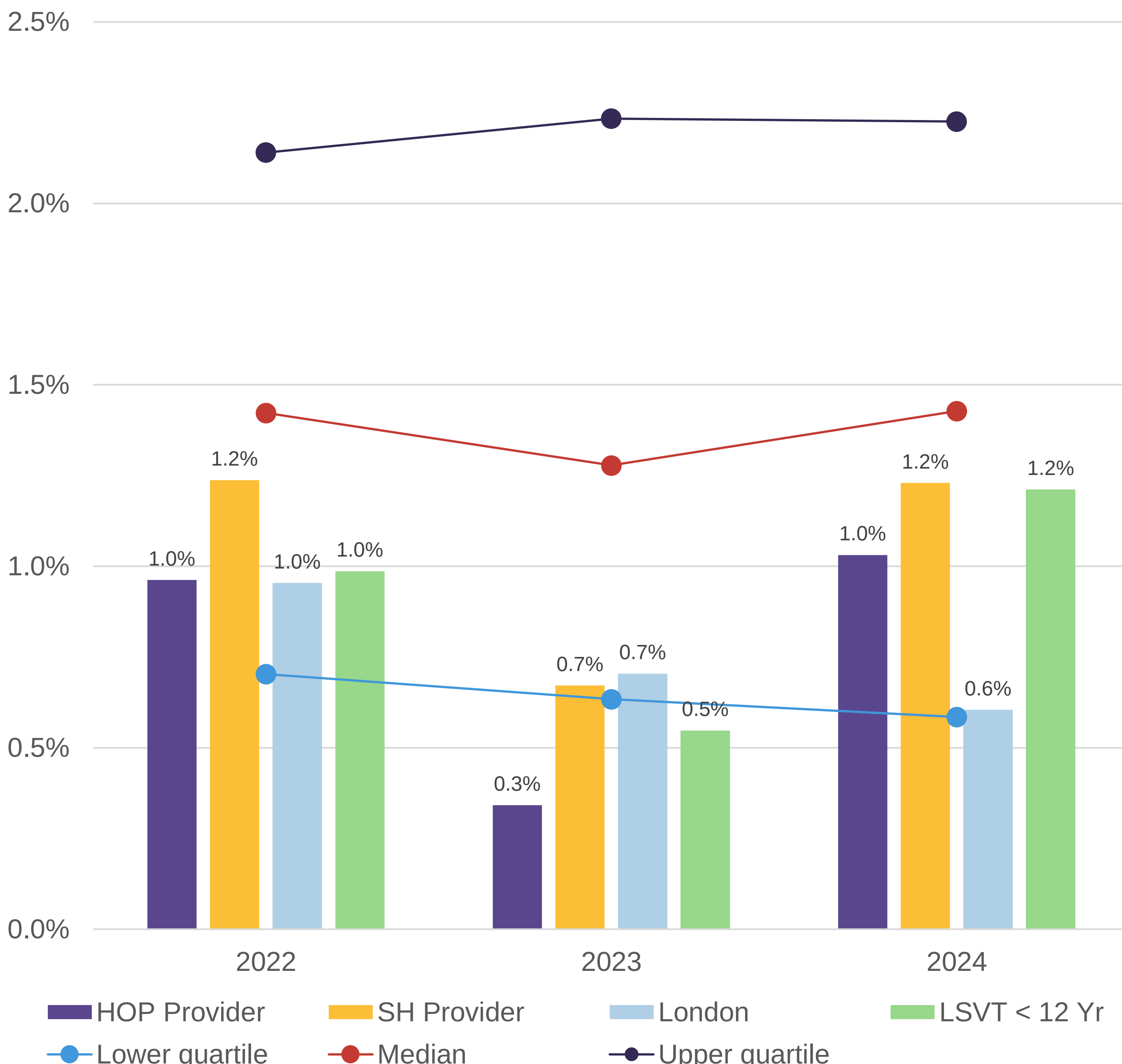
The average new supply as a percentage of total stock for the size group with between 25,000 to 39,999 properties has increased from 1.7% to 2.0% in the year to 2024. Only 5% of total social homes in this group were based in London.

In stark contrast, new supply social fell by 0.4 percentage points to just 1.3% in 2024 by providers with over 40,000 homes. Around 33% of homes in this size group are based in London.

Most large organisations generate income from non-social housing activities which is reinvested into core social activities and is a factor associated with higher proportions of new supply (Social) – however income generated from these activities fell by just under 50% relative to previous years.

Just under half of providers in the smallest size group of between 1,000-2,499 delivered no new social homes in 2024 – around 23% of this group are defined as supported housing providers.

New Supply (Social) by cost factor (median)



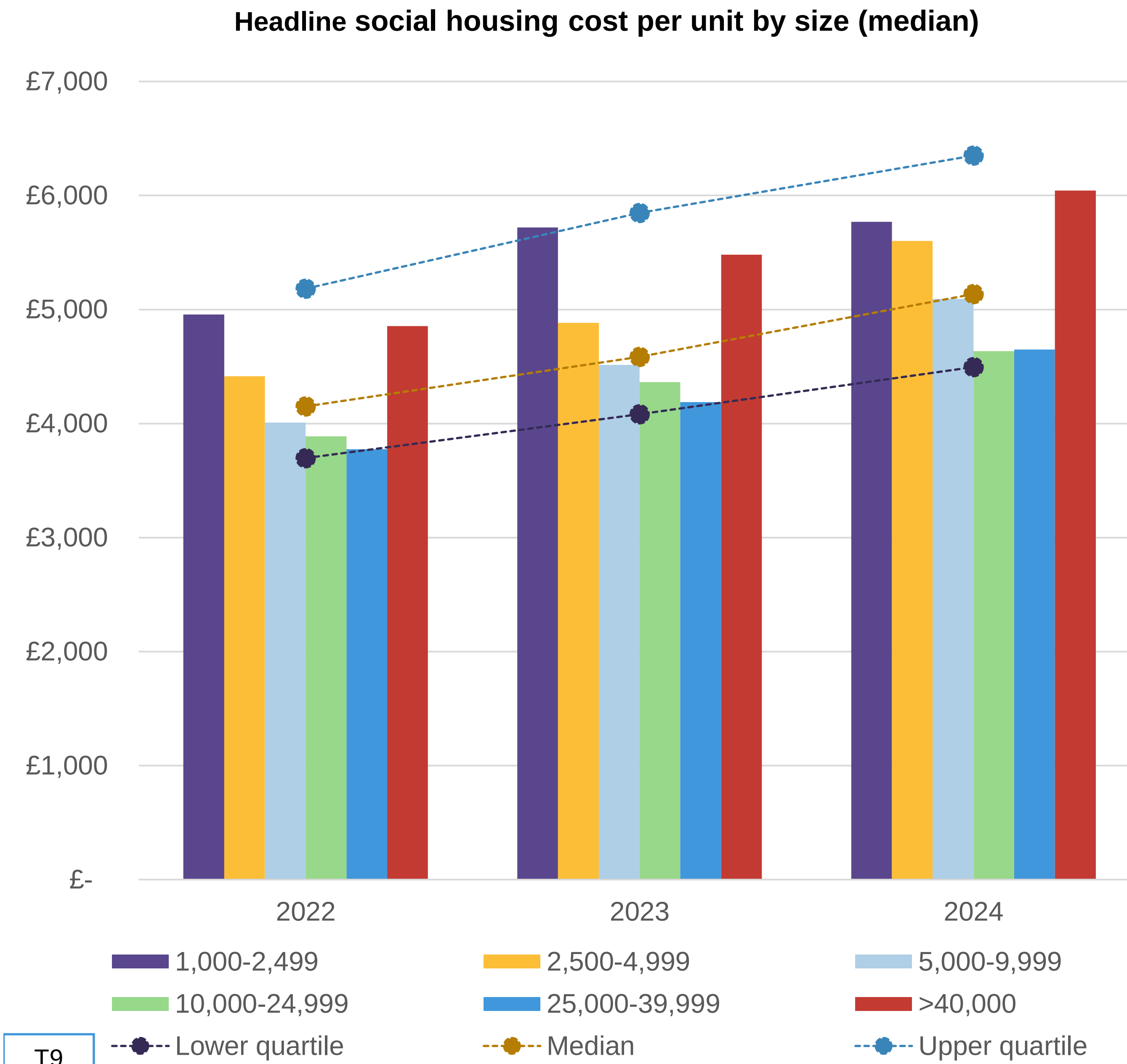
T8

Key headlines

Competing trade-offs with reinvestment into existing homes, combined with higher land values and other challenges such as higher wages, means New Supply (Social) delivered in London has fallen to its lowest level of 0.6% as a proportion of existing homes since 2020.

The pattern of New Supply delivered by providers with defined characteristics such as LSVTs, Supported Housing or Housing older people is volatile year on year and consistently falls below the sector median. However, these organisation's resources tend to be taken up by the need to deliver other important services to tenants. As such, relatively little can be spared for investment into new homes compared to traditional providers.

HSHC per unit by size



T9

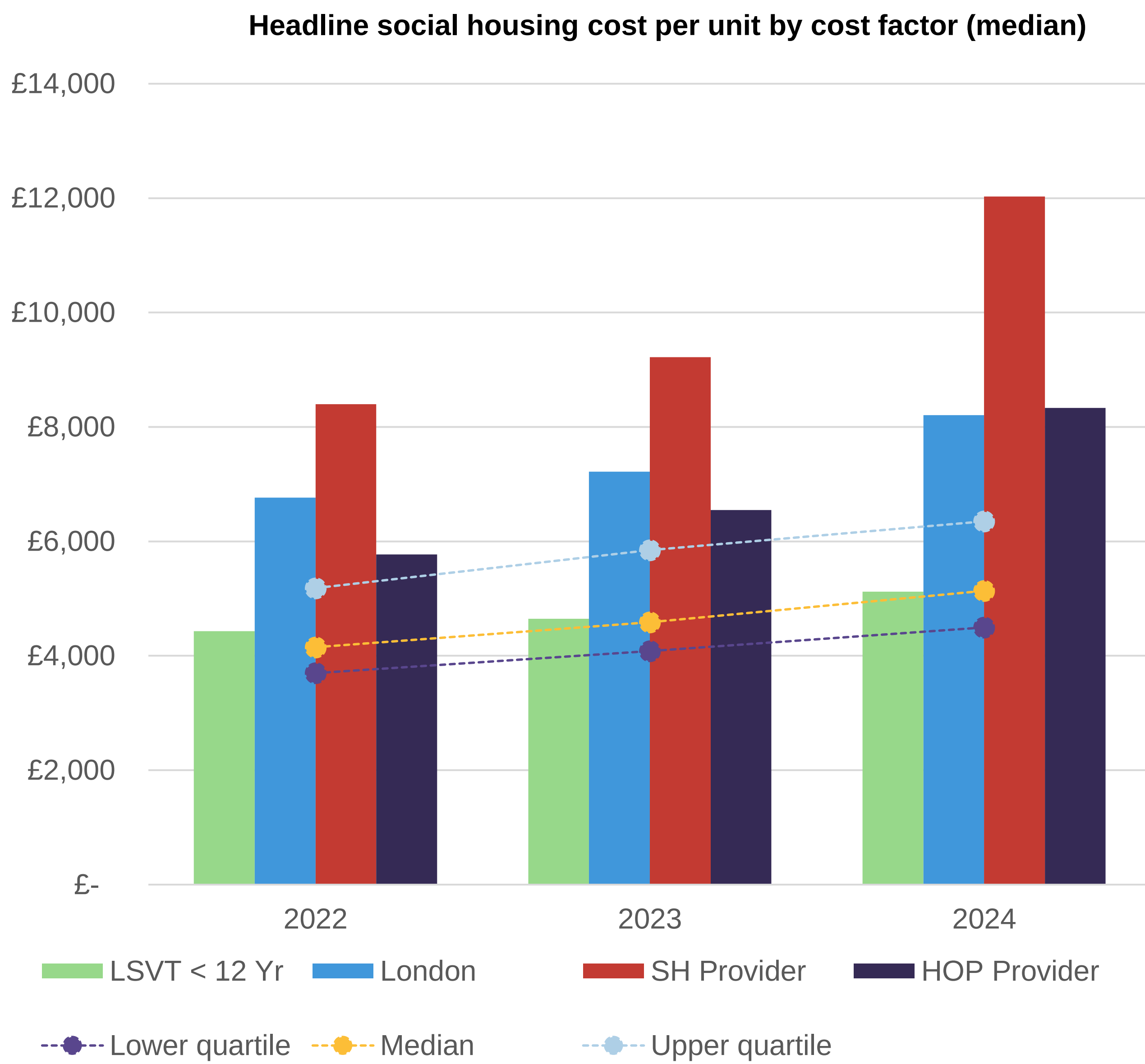
Key headlines

With around a third of homes in London, it is unsurprising that providers with over 40,000 homes reported the highest median headline cost of £6,043 in 2024 - a 10% increase compared to 2023 and seven percentage points above CPI. Maintenance and Major Repair costs accounted for 55% of the increase in the weighted average headline cost.

Providers with between 1,000 and 2,499 homes also reported higher than average headline costs – albeit costs rose at a lower rate of just 1% relative to the previous year's increase of 15%. Around a quarter of this group are defined as Supported Housing providers and are associated with higher costs.

Headline costs for providers with between 2,500 to 4,999 reported the largest percentage increase – up 15% in the year.

HSHC per unit by type of provider



T9

Key headlines

The composition of the Supported Housing and HOP cohorts has changed significantly over the past three years meaning the year-on-year headline costs in relation to these two groups are not comparable. In 2024, the reported performance for the HOP group was related to a single merger while in the Supported Housing group one provider was reclassified as a traditional provider.

Due to the impact of these changes, the median headline cost for Supported Housing providers increased by 30% to £12,029 per unit in 2024 but only by 14% on a weighted average basis.

The median headline cost reported for the HOP group of providers increased by 27% in 2024. However, on a weighted average basis, the reported increase was just 11% in the year.

In London, the median Headline cost increased by 14% to £8,207 – 60% above the sector average per unit and was primarily driven by providers with higher fire remediation works in the region.

HSHC by property height

Key headlines

Stock height is an important factor that influences levels of performance and impacts headline costs. The next three graphs highlight the impact and relationship between property height and headline costs.

Due to changes to the way in which providers were required to report on building height from 2023, for consistency analysis relating to building height focuses on movements between 2023 and 2024 only.

In 2024, there are 12 providers with over 10% of their homes owned in blocks of at least 7 storeys, of which nine providers have at least three quarters of their stock in London. There is significant variation in the headline cost between providers with over 10% of their homes owned in blocks of at least 7 storeys. The median headline cost related to providers with over 10% of their homes in blocks of at least 7 storeys is £9,343 per unit – an increase of 22% relative to the previous year. The weighted average cost related to providers with over 10% of their homes in blocks of at least 7 storeys increased by 12% to £7,978 in the year, with Maintenance and Major Repairs accounting for 59% of the increase and Other Costs, 21%*.

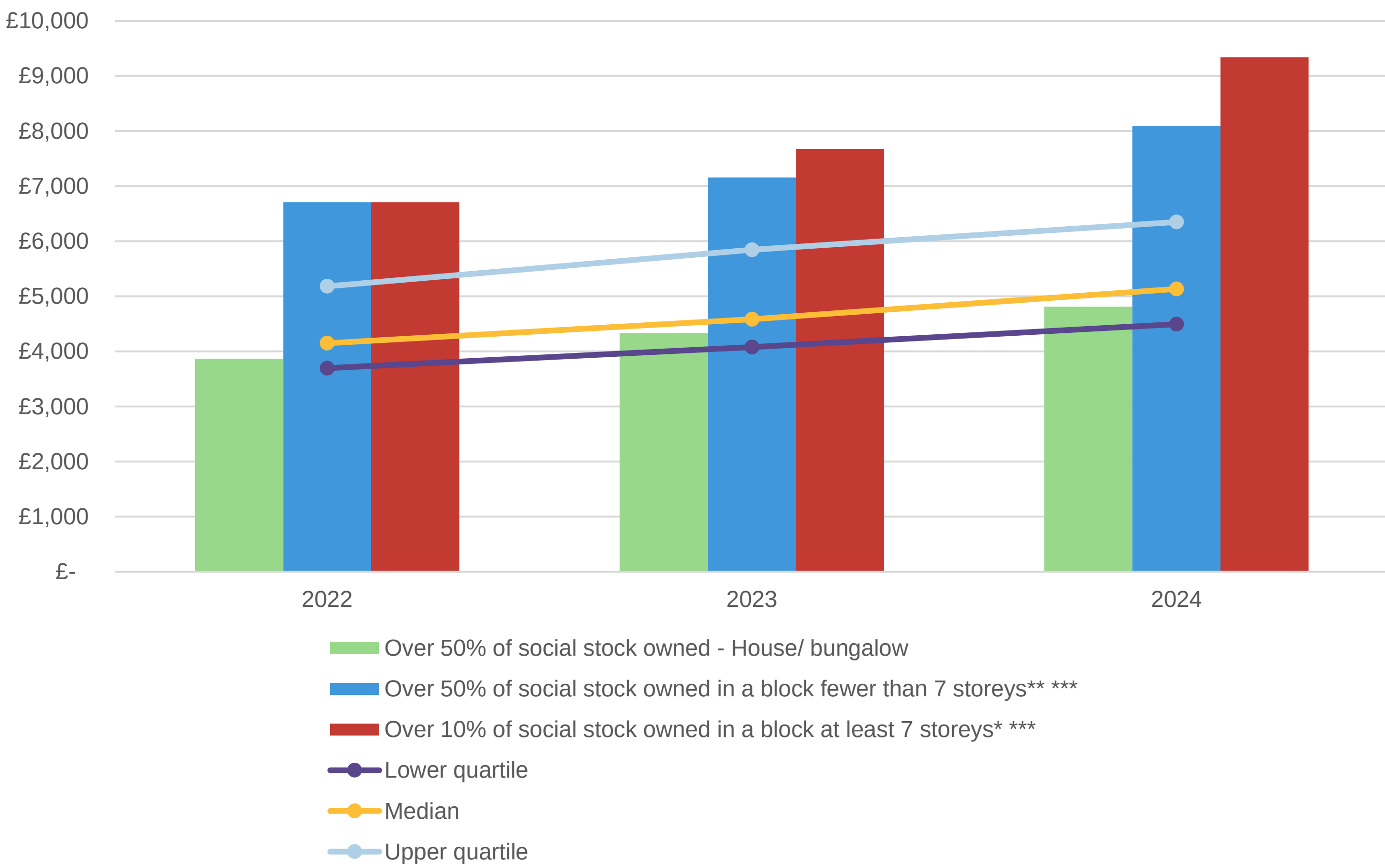
In comparison, providers with over 50% of homes owned in a block less than 7 storeys in height had a reported increase in costs of 13% in the year of £8,099 per unit – 15% less compared to providers with over 10% of their homes in blocks of at least 7 storeys.

In 2024, the median headline cost for providers with over 50% of homes classed as house/bungalow increased by 11% to £4,812 per unit.

***The increase in 'Other costs' was driven by one provider**

HSHC per unit by property height

Headline social housing cost per unit by property height (median)



Three providers have been excluded from this chart who do not meet the thresholds of:

a). over 50% of homes - house/bungalow

b). over 50% of homes in blocks of fewer than 7 storeys.

The exclusion of these providers does not impact the results presented.

10 of the 12 providers with over 10% of social homes owned in a block at least 7 storeys, also have over 50% of their homes in blocks at least 7 storeys.

T9

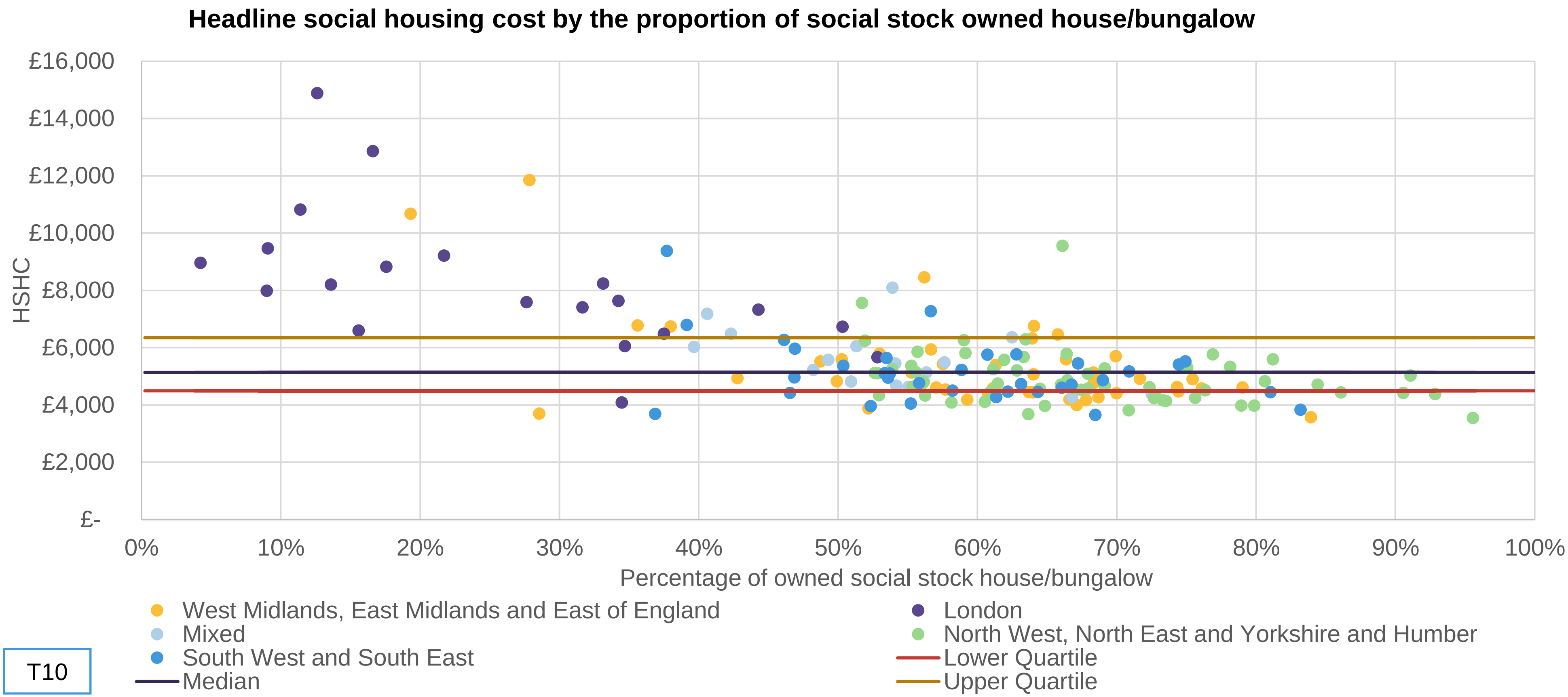
NOTES:

* **1.** Homes in a block at least 18 metres in height **or** at least seven storeys are included in the category – in a block at least 7 storeys.

** **2**. Homes in a block less than 18 metres in height **and** fewer than 7 storeys are included in the category – in a block fewer than 7 storeys (it includes fewer than 5 storeys and 5-6 storeys categories (SDR: 2023 and 2024)).

*** **3.** Homes in a block of 6 storeys are included in homes in a block at least 7 storeys (SDR: 2022).

HSHC per unit – House/bungalow for general needs* providers



T10

The scatter graph demonstrates the variation in headline costs between providers with different proportions of house/bungalow. Providers with a higher proportion of house/bungalow are associated with a lower HSHC.

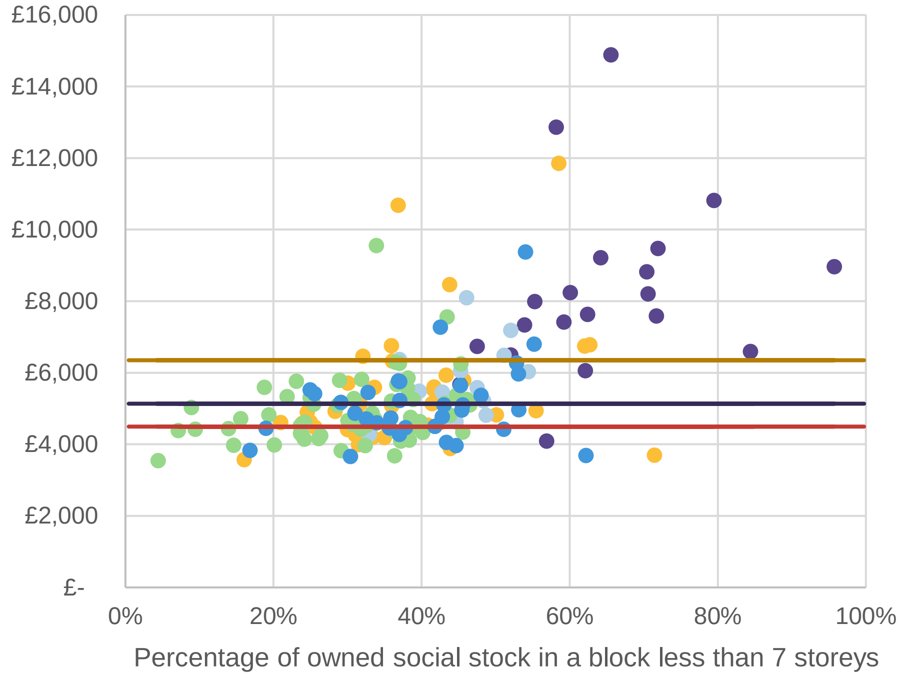
These providers are associated with lower maintenance and major repair costs and service charge costs per unit compared to those with lower proportions of house/bungalow.

Providers with higher proportions of house/bungalow tend to be based in the North of England, this compares to providers with lower proportions of house/ bungalow who tend to be based in London.

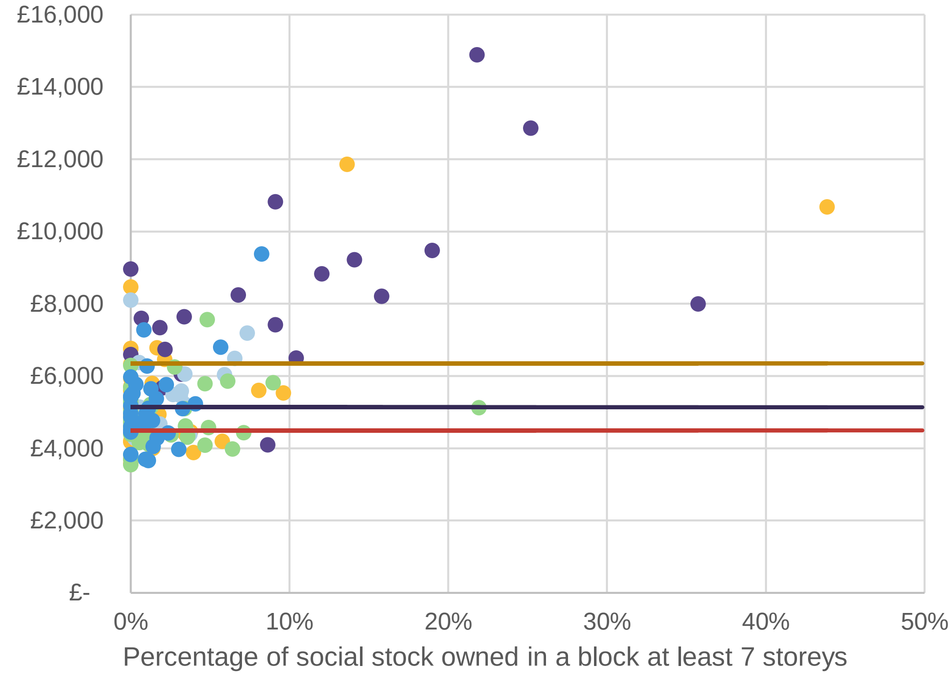
***This excludes supported housing and housing for older people providers who tend to exhibit higher costs regardless of their stock height proportions.**

HSHC per unit – Homes in blocks for general needs* providers

Headline social housing cost by the proportion of social stock owned in a block of less than 7 storeys



Headline social housing cost by the proportion of social stock owned in a block of at least 7 storeys



West Midlands, East Midlands and East of England
London
Mixed
North West, North East and Yorkshire and Humber
South West and South East
Lower Quartile
Median
Upper Quartile

T10

Providers with higher proportions of homes in blocks less than 7 storeys are associated with higher headline costs. These providers are associated with higher maintenance and major repair costs as well as increased service charge costs per unit. These providers also tend to be located in London. Of the 10 providers with the largest proportions of homes in blocks less than 7 storeys, nine are based in London. All nine providers exhibit a headline cost above the upper quartile.

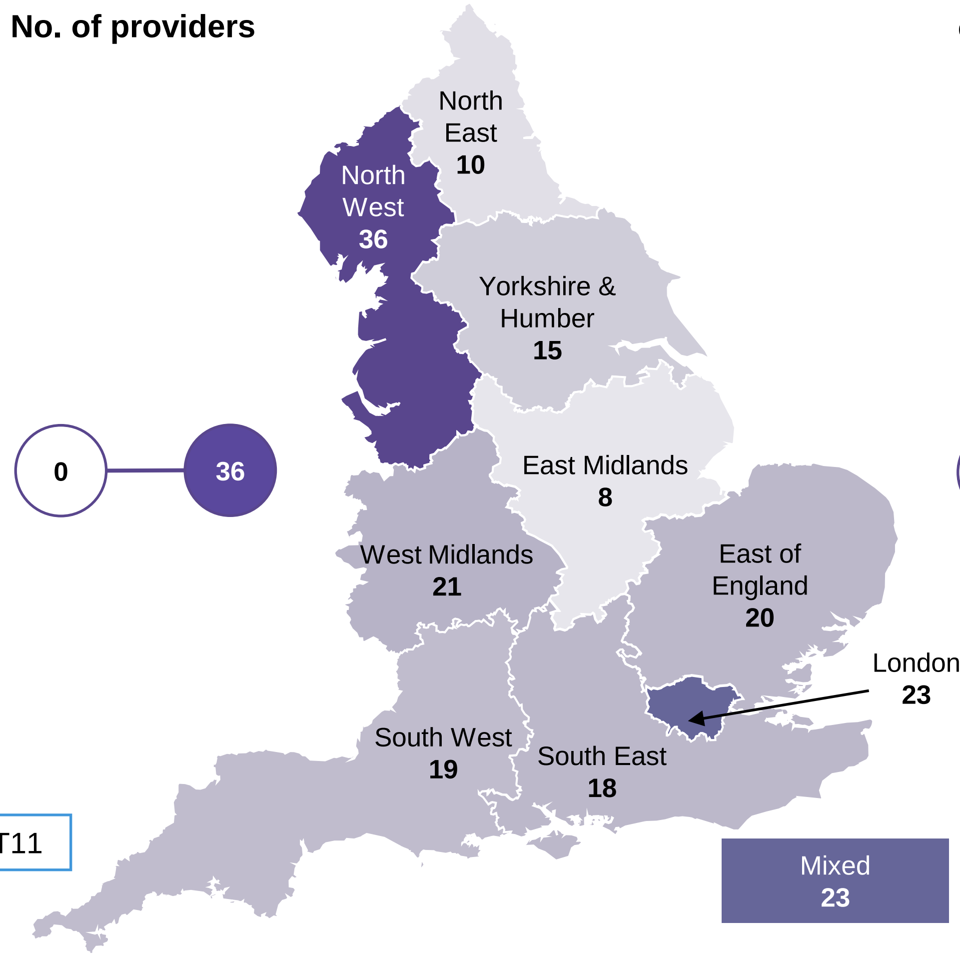
Homes in blocks of at least 7 storeys are associated with the highest headline cost compared to all property types. Providers with higher proportions of homes in blocks of at least 7 storeys are associated with significantly higher maintenance and major repair costs as well as service charge costs compared to both homes in blocks less than 7 storeys and house/bungalow. Eight out of the ten providers with the largest proportions of homes in blocks of at least 7 storeys are based in London – all ten providers have a headline cost significantly above the upper quartile.

***This excludes supported housing and housing for older people providers who tend to exhibit higher costs regardless of their stock height proportions.**

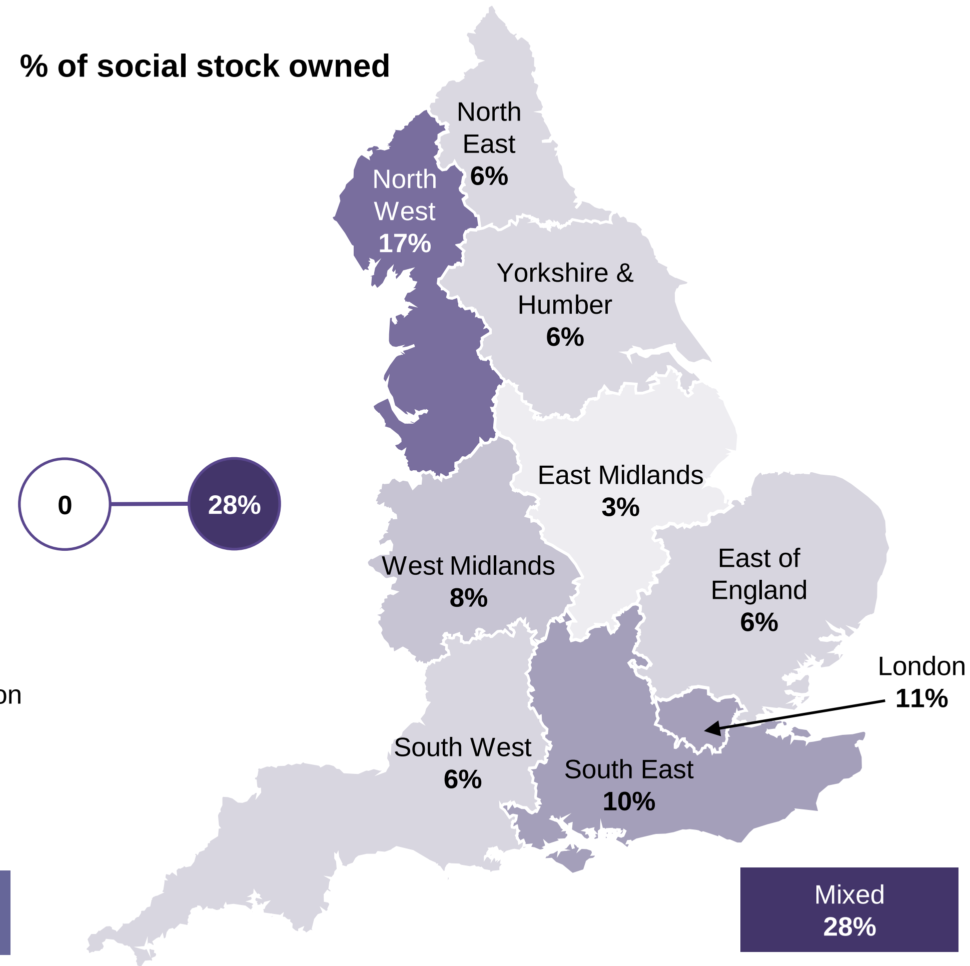
Regulator of
Social Housing

Regional performance

Regional overview

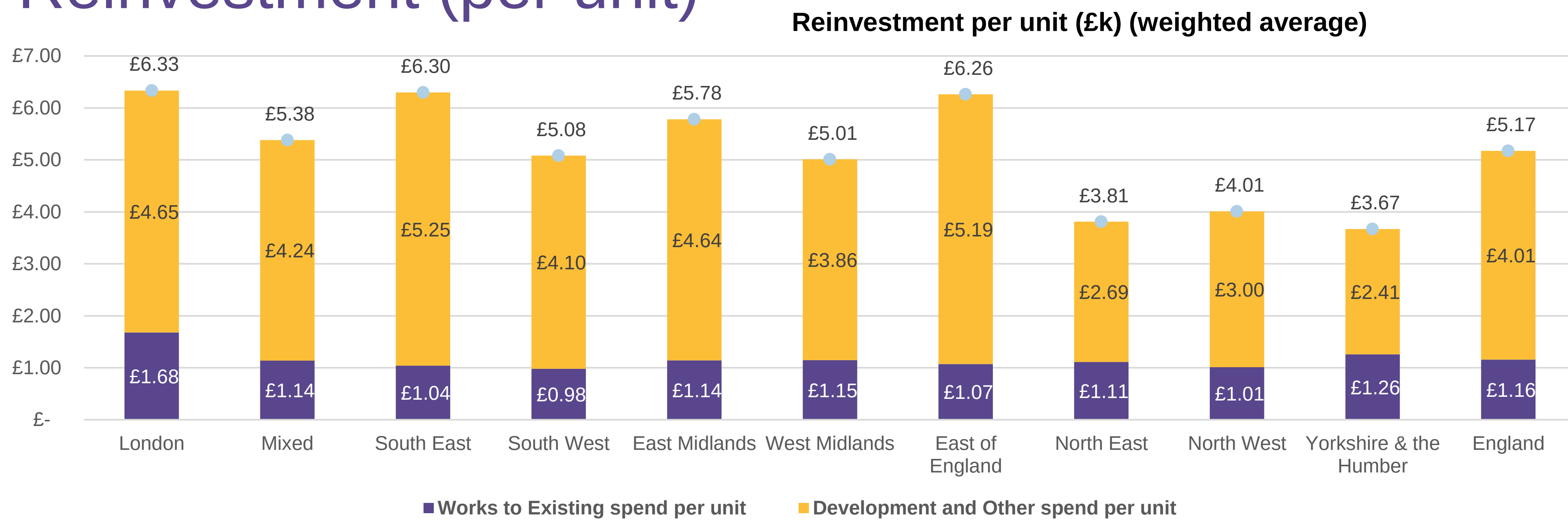


T11



The analysis for 2024 is based on 193 private registered providers (2023: 198 providers). The region in which a provider is allocated to is defined as the region in which 50% or more of their total social homes owned are based. With the exception of London and the South East region, all other regions across England have a similar number of providers as in previous years. In London, the number of providers fell by three in the year, while in the South East region the number of providers fell by two. These movements are due to mergers that took place during 2024. Providers who have less than 50% of their stock in any one region are defined as 'Mixed' providers. Providers in the Mixed region own 26% of social homes in England.

Reinvestment (per unit)



Reinvestment spend per unit in the South East region increased by 14% to £6,300 per unit and is almost at a comparable level as London. This was driven by an 11% increase in ‘development and other activity’ per unit of £5,250 and a 29% increase in works to existing homes of £1,040 per unit.

In contrast, total reinvestment per unit in London fell by 4% to £6,330. It continues to have the highest spend per unit into existing homes, which increased by 13% to £1,680 - almost 50% above the England average. Eight of the 12 providers with over 10% of homes owned in blocks with at least 7 storeys in height are based in London. Many of these homes have been subject to a higher volume of remediation work in recent years. This high level of spend on the existing stock means that many London providers have had to make off-setting savings. The spend on development and other activity therefore fell by 8% to £4,650 per unit.

Both the South East and East of England recorded the highest spend on development and other activity on a per unit basis. This is likely related to the Affordable Homes Programme (AHP)* which has historically focused on delivering homes in areas of low affordability.

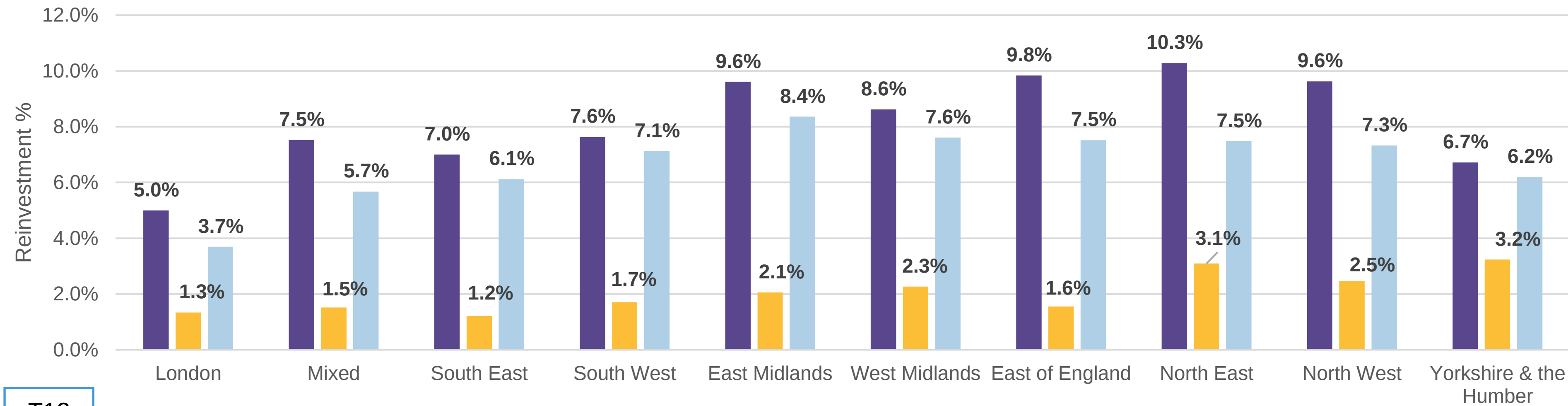
Expenditure related to development and other activity of £2,410 per unit continues to be lower in Yorkshire and the Humber but has significantly increased by 40% compared to previous years.

* **AHP 2021-2026 Capital Funding Guide: 4. Housing Rent: 4. Social Rent**

Reinvestment

Reinvestment component and average property values by region 2024

Region	London	Mixed	South East	South West	East Midlands	West Midlands	East of England	North East	North West	Yorkshire & the Humber	England
Average value of social housing assets pu. (£k)	£127.23	£75.98	£91.64	£57.77	£56.01	£51.36	£70.72	£36.41	£41.00	£39.74	£66.49



T12

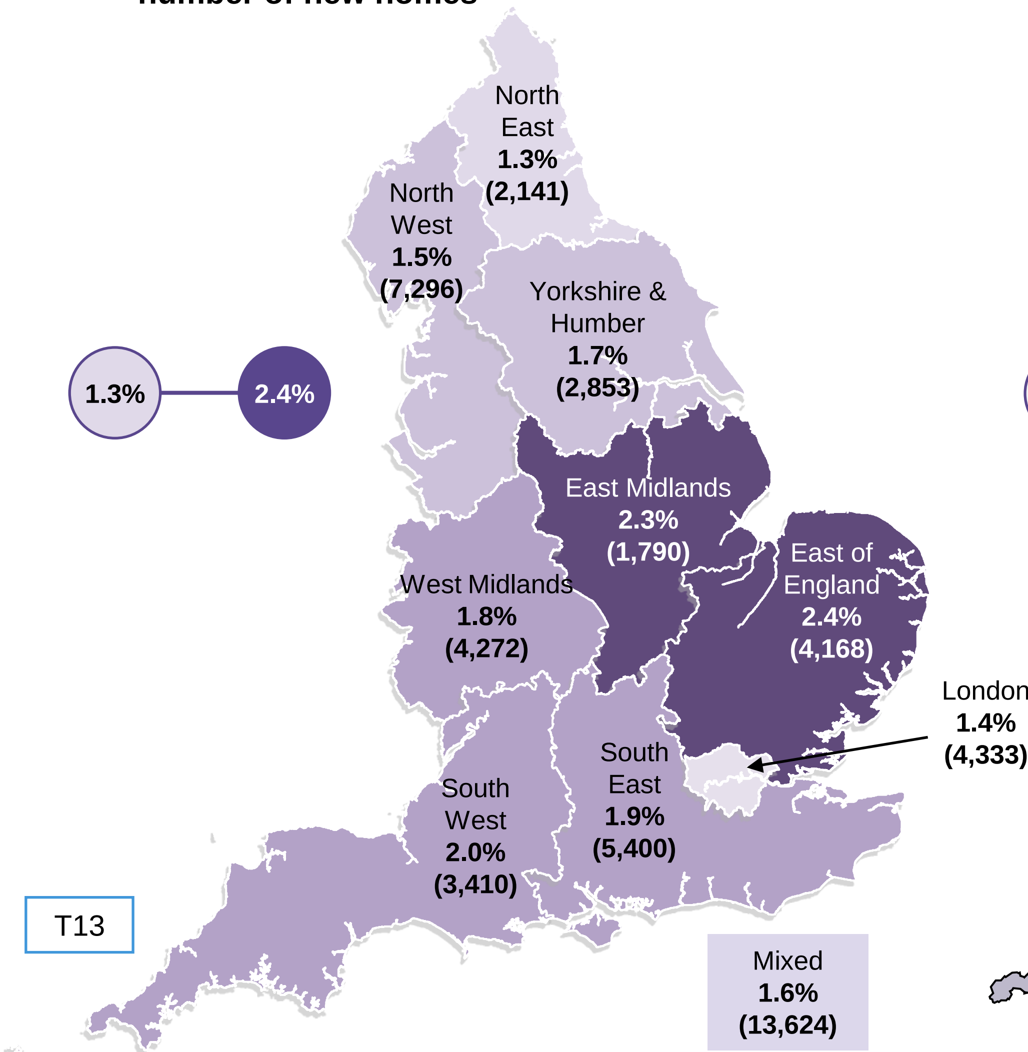
Older stock and operating in regions with lower wages or in more deprived local authorities are all key factors that help explain the wide range of performance in reinvestment across regions. The reinvestment measure is sensitive to the denominator – the total value of housing assets which can vary across regions. For example, providers operating in London and the South East invest the most per unit but report an average lower reinvestment level when expressed as a percentage of the asset base due to higher property values leading to a higher denominator.

Compared to all other regions, providers in the North East of the country reported the highest median reinvestment as a proportion of housing asset values of 10.3% (2023: 8%). This is largely driven by lower average property values of £36k per unit, leading to a lower denominator. The North East regions have the highest average stock age, further driving a lower average property value.

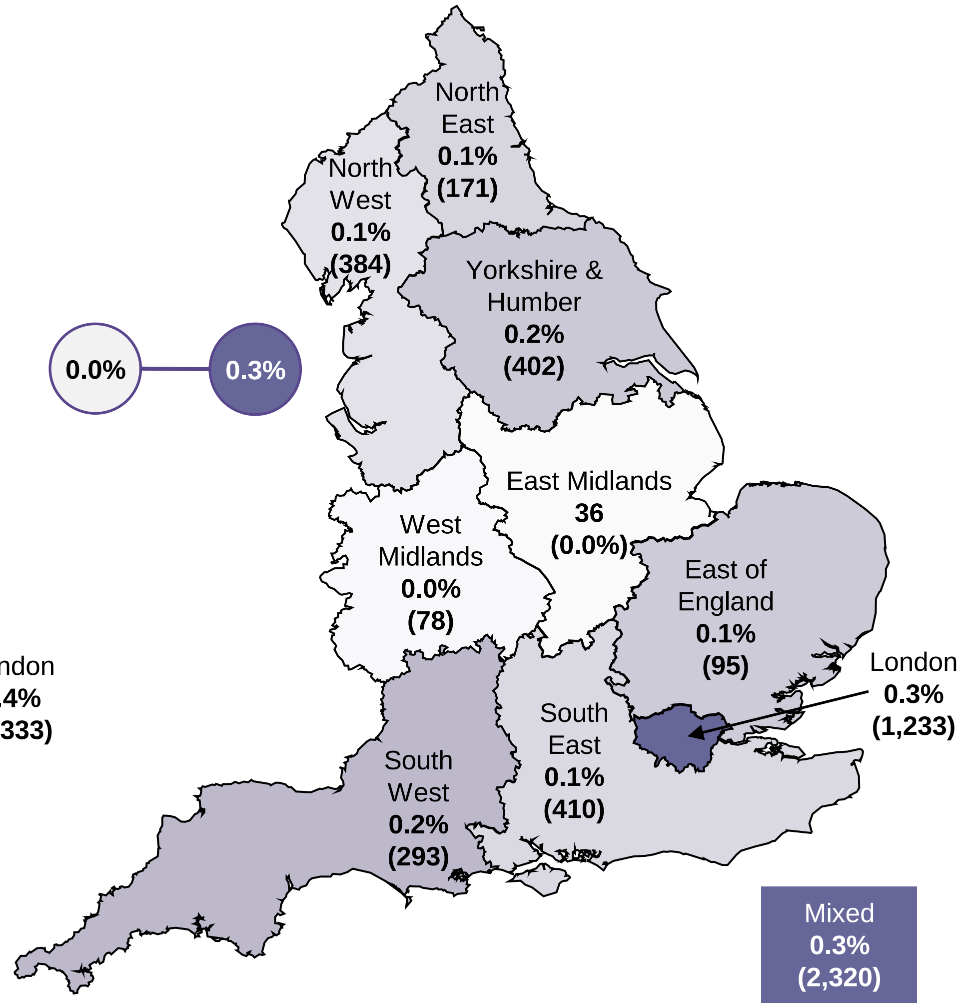
In contrast, London continues to have the lowest median reinvestment level of 5% (2023: 4.8%) and has an average housing asset value which is 250% higher compared to the North East region.

New supply – Social and Non-Social

New supply (social) % (weighted average) and number of new homes

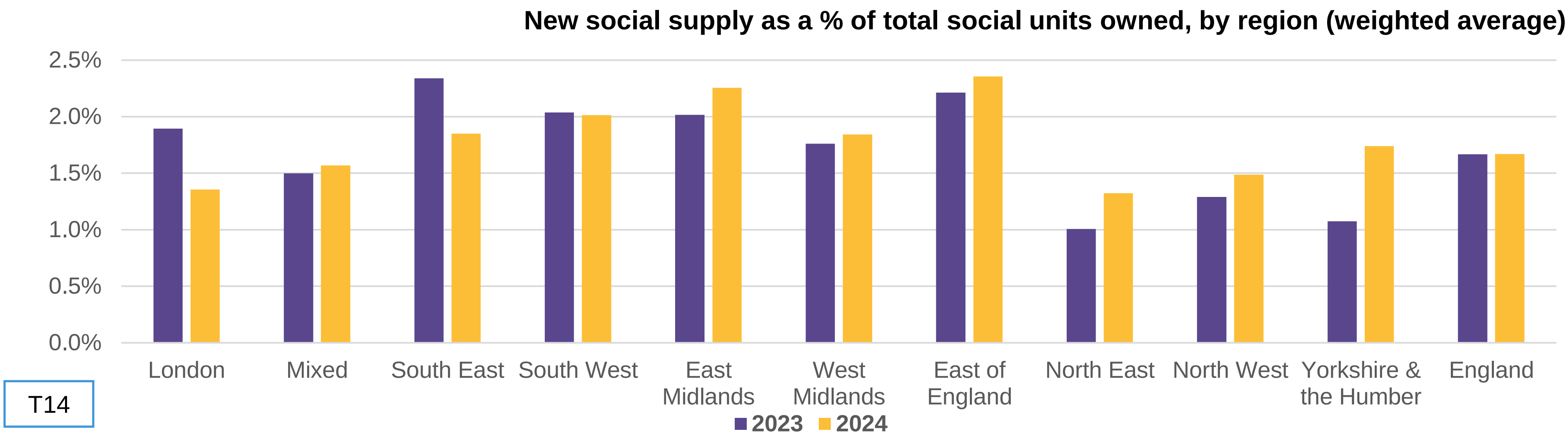


New supply (non-social) % (weighted average) and number of new homes



Providers in the North West, the South East and Mixed regions delivered just over half of the sector's new supply for social housing homes. Providers in Mixed regions and London delivered nearly two-thirds of the sector's new supply for non-social homes.

New supply (Social)



T14

Increased levels of Local Authority deprivation is a key factor associated with a lower level of New Supply (Social). It is unsurprising that the South East, South West and East of England regions all delivered new homes above the national weighted average. In part, this relates to development projects linked to the Affordable Homes Programme. The level of New Supply (Social) between regions can vary between years and may be affected by funding allocations and the completion of large-scale development schemes.

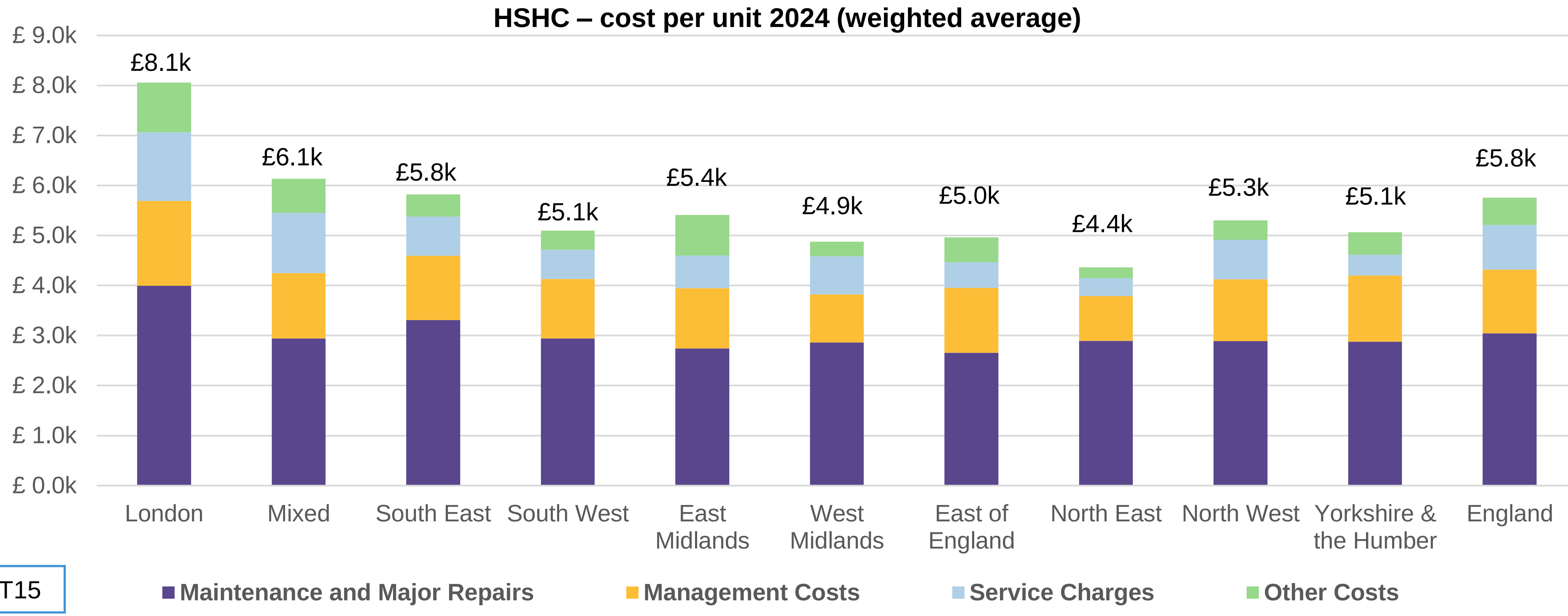
The North East and North West regions continue to deliver lower levels of new supply (Social) compared to the weighted average of 1.7%, although both demonstrated growth of 32% and 15% respectively in 2024. New supply (Social) in the Yorkshire & the Humber region increased by 62% to 1.7% as a proportion of existing stock owned (2023: 1.1%). This was driven by five providers who completed developments which were delayed from 2023.

In London, competing trade-off choices with reinvestment into existing homes means the delivery of new supply (Social) as a proportion of existing homes owned fell by 29% to 1.4% (2023: 1.9%). Of the 23 providers based in London, 14 providers delivered less than 1% new supply, while a further nine providers reported delivering no new homes – a declining picture since 2023.

Reported New supply (Social), delivered in each region may also be explained by demand and financial capacity to develop. In the North East region, turnover per unit is low due to lower rents, thus restricting capacity to borrow to deliver new supply. This compares to London, the South East and East of England where market rents are significantly higher than social rents* and contribute to higher demand for social homes.

*** RSH, 2023-24, Private registered provider social housing stock in England – stock profile**

HSHC per unit



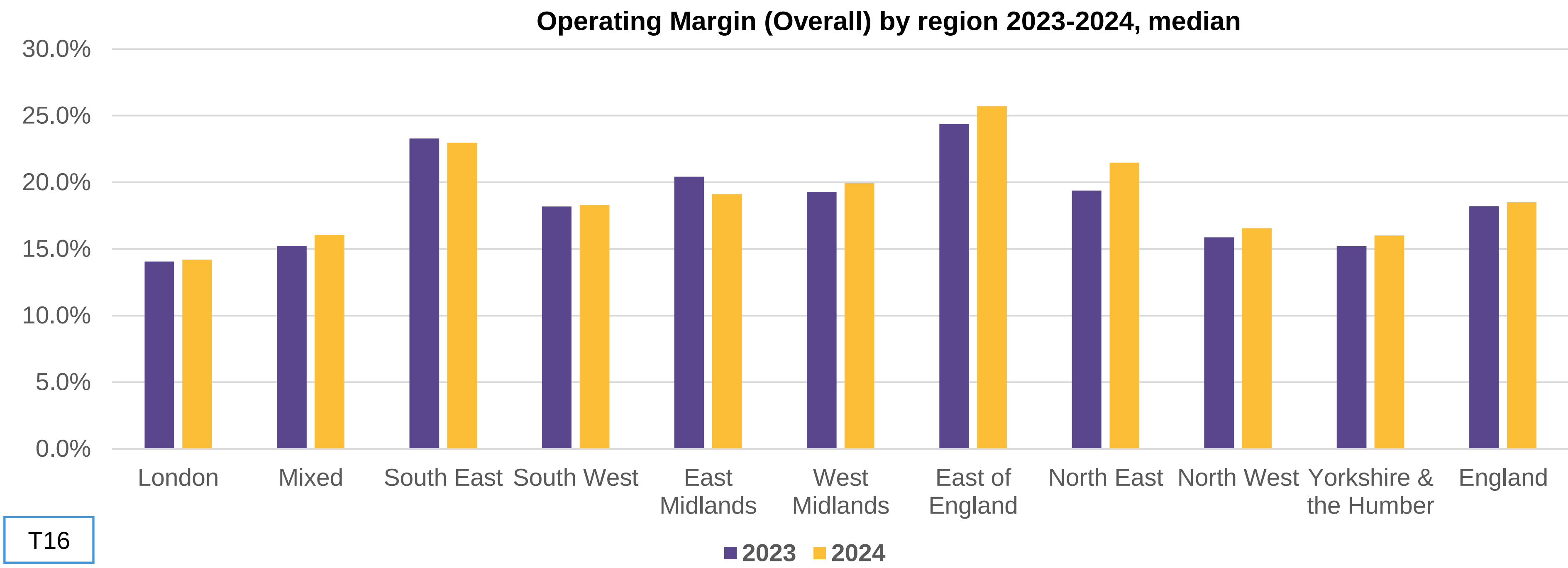
T15

Building height and Supported Housing are important factors that impact headline costs. Given these factors, it is unsurprising that London has the highest weighted average headline cost of £8,061 per unit. The median London provider has 9% of its homes in blocks of seven storeys or more, compared to the sector median of 1%, and 64% of homes in blocks of up to seven storeys, compared to the sector median of 38%. Both property types are associated with a higher headline social housing cost. Around a half of the region's total headline costs relate to maintenance and major repairs. There are also three providers in this region who are classed as Supported Housing providers with an average headline cost of £27,500 per unit.

In the South East region, the weighted average headline cost increased by 15% to £5,819, which was driven by a 24% increase in maintenance and major repairs spend and service charge costs – this was the largest weighted average percentage increase compared to all other regions.

The North East region continues to have the lowest weighted average headline cost of £4,366. However, on a weighted average basis, maintenance and major repairs as well as service charge costs increased by 10% and 15% respectively.

Operating Margin (Overall)



T16

The distribution in performance on operating margins (Overall) across the regions is quite stark and can be partially explained by factors such as local authority deprivation, average property sizes and the proportion of income from non-social housing activities.

The East of England has the second lowest local authority deprivation percentile rank compared to other regions. It also has the third largest average property size which generate higher levels of rental income – this region reported the highest median operating margin (Overall) which increased to 25.7% in the year and is 39% above the sector median. Around 20% of providers in this region reported an average operating margin (Overall) of 34%.

London based providers average a higher turnover per unit leading to a higher denominator, a key driver in London reporting the lowest median operating margin in 2024 of just 14.2%. This result is also partly driven by a small minority of supported housing providers with negative operating margins (Overall). This compares to the East Midlands which reported the largest dip in operating margin (Overall) of 6% to 19%.

ROCE

T17

Regional wages, average property size and local authority deprivation are factors that influence ROCE. Regions that tend to have higher housing asset values typically achieve lower yields and vice versa.

With the exception of London, the median ROCE across all other regions dipped relative to previous years.

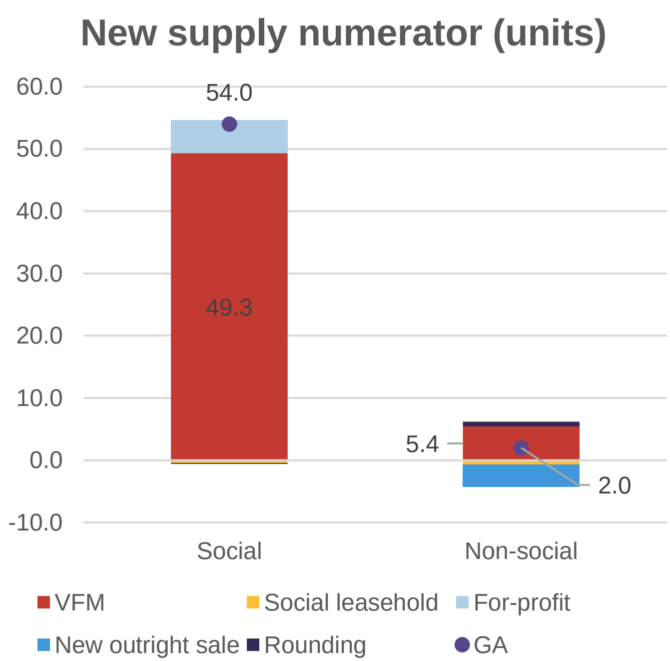
Given operating surplus is included in the calculation, the East of England reported the highest ROCE of 3.3% which primarily reflects higher levels of operating surplus generated in the year. Around 85% of providers in this region reported a ROCE greater than the sector median of 2.8%.

London continues to have the lowest reported ROCE of 2%. However, the region reported the largest increase in median ROCE of 10% compared to all other regions and was driven by a group of seven providers who reported an average increase in operating surplus of 38%. The reported increase in surplus was unrelated to Joint Venture activity in the year.

Executive summary
Introduction
Sector analysis
Sub-sector analysis
Regional analysis
Method-ology
VFM Measures

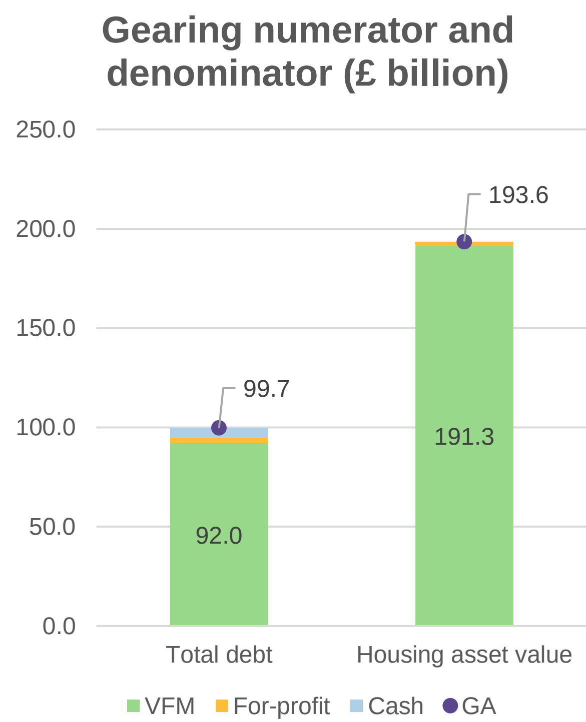
Reconciliation note between the Global Accounts and the VFM metrics & reporting report

The main source of information relating to the Global Accounts (GA) and the VFM metrics and reporting publication is the FVA (Financial Viability Assessment) 2024 database. Care must be taken when considering the performance results between the two publications as they are not directly comparable. Reasons for the reported differences include methodology employed on key measures and averages quoted. **For-profit registered providers are also excluded** from the VFM metrics, as their funding structures and stock holdings make them difficult to compare meaningfully with other organisations. Analysis reported on in this report heavily focuses on sector medians, although we will quote weighted averages where relevant.

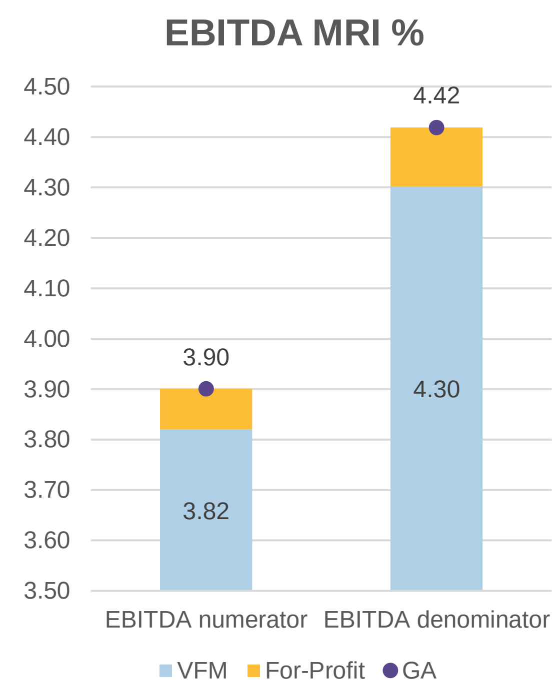


The main difference between the reported VFM new supply Social numbers (49,287) and the GA (54,000) is the exclusion of 5,310 new homes delivered by For-Profit organisations.

The largest difference between the VFM New supply Non-Social homes and the GA is the inclusion of 3,451 homes built for outright sale.



The VFM weighted average for gearing is 48% compared to 52% in the GA. VFM results are lower as the VFM Gearing metric is based on a net-debt basis (subtracts cash). For-Profit organisations also reported a higher gearing result.



The VFM EBITDA MRI interest cover weighted average is slightly higher at 89% compared to 88% reported in the GA. This is due to For-Profit organisations reporting lower EBITDA MRI interest cover and being excluded from the VFM metrics.

Methodology

Methodology of VFM analysis	
VFM metrics and measures	The RSH VFM metrics help measure economy, efficiency and effectiveness, enabling analysis and comparison of large providers. For consistency, the VFM metrics for individual providers have been calculated on the basis set out in the regulators VFM Metrics Technical Note which all providers must comply with.
Frequency	Annual
Geographical coverage	The majority of large providers are part of a group structure. Group structures can include multiple registered providers and non-registered entities. The Global Accounts publication considers providers' accounts on both a registered entity (entity level) and group consolidated basis (consolidated level). Some group level accounts can cover homes outside of England.
Sample size	The analysis is based on data from 193 PRPs (2023:198) > 1,000 homes
Periods available	2020 - 2024
Data sources	2024 FVA (Electronic, financial viability accounts), 2024 SDR (Statistical Data Return), ASHE Table 3 (Annual Survey of Hours and Earnings – ONS), IMD 2019 Local Authority District Summaries (Index of Multiple Deprivation)
Exclusions	For-profit providers are excluded. Three providers with non-March year ends are excluded.
Notes on the analysis	In relation to Headline Social Housing Cost per unit, maintenance and major repairs include capitalised repair costs. 'Other costs' includes: Lease costs, Other (social housing letting) costs, Development services (Operating expenditure), Community/neighbourhood services (Operating expenditure), Other social housing activities: Other (Operating expenditure), Charges for support services (Operating expenditure).
Quality assurance	Checks are carried out and comparisons made with previous years' data and between the SDR (Statistical Data Return), and FVA to gauge consistency and completeness of coverage. Quality assurance follows the principals set out in the RSH analytical governance and management framework.

VFM Measures

	VFM Metric	Subdivision-consolidated or social housing	Metric description
1	Reinvestment % (in existing homes and new homes)	Consolidated	Scale of investment into existing housing and acquisition or development of new housing in relation to the size of the asset base
2	New supply delivered %	Consolidated and social housing	Units acquired or developed in-year as a proportion of existing stock*
3	Gearing %	Consolidated	Proportion of borrowing in relation to size of the asset base
4	Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs, Included (EBITDA MRI) Interest cover %	Consolidated	The regulator's measure of Interest Cover - it measures the ability of registered providers to cover ongoing finance costs
5	Headline social housing cost per unit	Social housing only	Social housing operating costs per unit
6	Operating margin %	Consolidated and social housing	Operating surplus (deficit) divided by turnover (demonstrates the profitability of operating assets)
7	Return on capital employed %	Consolidated	Surplus/(deficit) plus disposal of fixed assets plus profit /(loss) of joint ventures compared to total assets

* The VFM metrics are restricted to data derived from registered providers' Annual Accounts regulatory returns – FVA – New supply developed by joint ventures is excluded from the New supply (non-social) metric.

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