



VALUE FOR MONEY SUMMARY 2023-24

Value for Money is central to our business planning and performance evaluation. Alongside straightforward financial returns and cost effectiveness of our investment, when determining value for money, consideration needs to be given to the environmental and social impacts of our business decisions.

We operate an open approach to reporting our performance to our customers and to our stakeholders each year. This provides transparency, showing both where we are making progress in delivering better value for money and explaining where we have not achieved our goals, along with clarity about our future aims.

Our approach to value for money is:

‘Working efficiently and effectively in everything we do; we will maximise the return on our assets and maintain or improve customer satisfaction.’

Decisions may on occasion be taken to deliver social or environmental returns rather than purely financial return.

Board involvement

The Board assesses progress on delivering better value for money each year, evaluating our performance against the measures we have decided to use. This is a key part of our commitment to co-regulation with our customers and our regulator. Board meetings include reports and debates on progress against our objectives. The Board rigorously assesses all opportunities to grow or change our services by testing whether they meet at least two of three requirements: improving customer satisfaction, increasing surpluses, or delivering new homes.

Cottsway has defined how it measures value for money. However, our assessment also includes the Tenant Satisfaction Measures (TSMs) and the Regulator’s Value for Money Metrics (VFM). We have assessed our performance against our peers and our previous experience where relevant.

Tenant Satisfaction Measures (TSMs)

TSM name	2023-24 target	Actual annual 2023-24 performance	Housemark March 2024 Median	Housemark March 2024 Upper
Overall satisfaction	79.3%	87.1%	69.4%	78.0%
Satisfaction with repairs	80.0%	86.8%	70.4%	78.7%
Satisfaction with time taken to complete most recent repair	75.8%	84.2%	66.4%	75.6%
Satisfaction that the home is well-maintained	72.0%	85.0%	69.4%	77.8%
Homes that do not meet the Decent Homes Standard	2.4%	0.10%	0.50%	0.02%
Repairs completed within target timescale (non-emergency)	85.2% (combined)	78% (Combined)	81.3%	88.5%
Repairs completed within target timescale (emergency)			94.8%	98.5%
Satisfaction that the home is safe	82.9%	89.4%	76.1%	82.1%
Gas safety checks	99.99%	100%	99.97%	N/A
Fire safety checks	100%	100%	100%	N/A
Asbestos safety checks	100%	100%	100%	N/A
Water safety checks	100%	100%	100%	N/A
Lift safety checks	100%	100%	100%	N/A
Satisfaction that the landlord listens to tenant views and acts upon them	64.2%	79.3%	58.9%	67.3%
Satisfaction that the landlord keeps tenants informed about things that matter to them	75.0%	84.0%	69.5%	76.6%
Agreement that the landlord treats tenants fairly and with respect	82.5%	90.3%	76.3%	82.3%
Satisfaction with the landlord's approach to handling of complaints	34%	52.9%	33.8%	40.0%
Complaints relative to size of landlord		8.1 (1) 1.7 (2)	39.7 (1) 5.3 (2)	23.57(1) 2.98(2)
Complaints responded to within Complaint Handling Code timescales, and Number of formal complaints (HO)	80.3%	97.6 (1) 100 (2)	83.3% (1) 83.3% (2)	96.8% (1) 97.0% (2)

TSM name	2023-24 target	Actual annual 2023-24 performance	Housemark March 2024 Median	Housemark March 2024 Upper
Satisfaction that the landlord keeps communal areas clean and well-maintained	68.0%	75.0%	65.5%	72.0%
Satisfaction that the landlord makes a positive contribution to neighbourhoods	62.6%	78.2%	62.5%	71.1%
Satisfaction with the landlord's approach to handling anti- social behaviour	60%	74.4%	57%	64%
Anti-social behaviour cases relative to the size of the landlord	49.9	46.9	38.6	N/A

Our ambition for 2024/25 is to maintain our current performance, ensuring we remain within the upper or median quartiles for performance based on the 2024/25 benchmarks.

As shown in the table above, Cottsway has in nearly all cases exceeded the targets. The measures which performed below target are as follows:

- Repairs completed within timescales:** The target set is the Housemark Median performance level. Historically we have concentrated on striking the optimum balance between operational efficiency, measured by our financial performance against Benchmark, and customer satisfaction, rather than outright speed of job completion. It is our aim to maintain this emphasis on efficiency whilst attempting to reduce the time taken to complete repairs.

Regulator of Social Housing Value for Money Metrics (VFM)

VFM Metric	2023-24 target	Actual annual 2023-24 performance	2024-25 target	2024-25 target basis
Reinvestment %	8.18%	9.80%	10.21%	Budget and Business Plan
New supply delivered % - social housing units	2.69%	3.20%	2.45%	Budget and Business Plan
New supply delivered % - non-social housing units	0.00%	0.00%	0.00%	Budget and Business Plan
Gearing %	61.2%	60.6%	61.7%	Budget and Business Plan
EBITDA MRI % Interest *	135.8%	129.0%	113.8%	Budget and Business Plan
Headline social housing cost per unit	£4,156	£4,082	£4,710	Budget and Business Plan
Operating Margin % - social housing lettings only *	37.67%	37.63%	38.21%	Budget and Business Plan
Operating Margin % - overall*	36.58%	36.14%	38.84%	Budget and Business Plan
Return on capital employed (ROCE) %	3.43%	3.70%	3.70%	Budget and Business Plan

*Excludes pension cessation costs

Cottsway's internal measures of Value for Money

In addition to the Regulators measures above, Cottsway measures its value for money using 5 "Tests". Each test consists of a mix of our own internal metrics, TSMs and VFMSs. The performance against each test is shown in the tables below.

Test 1: How healthy is our business?

Measure	2023-24 target	Actual annual 2023-24 performance	2024-25 target	2024-25 target basis
Operating Margin % - Overall	36.58%	36.14%	38.84%	Budget and Business Plan
Operating Margin % - Social housing lettings only	37.67%	37.63%	38.21%	Budget and Business Plan
EBITDA MRI % Interest	135.8%	129.0%	113.8%	Budget and Business Plan

Test 2: How many more homes can we build?

Measure	2023-24 Target	Actual annual 2023-24 Performance	2024-25 Target	2024-25 Target Basis
New supply delivered (Absolute)	147	182	128	Budget and Business Plan
New supply delivered % - Social housing units	2.69%	3.20%	2.45%	Budget and Business Plan
Reinvestment %	8.18%	9.80%	10.21%	Budget and Business Plan
Gearing %	61.2%	60.6%	61.7%	Budget and Business Plan

Test 3: What difference do we make to people?

Measure	2023-24 Target	Actual annual 2023-24 Performance	2024-25 Target	2024-25 Target Basis
Overall satisfaction	79.3%	87.0%	78.0%	Maintain / Upper quartile, set at Housemark March 2024 Report
Satisfaction with repairs	80.0%	87.0%	78.7%	Maintain / Upper quartile, set at Housemark March 2024 Report
Net Promoter Score	36	39	39	Maintain performance

Test 4: How well do we manage our assets?

Measure	2023-24 Target	Actual annual 2023-24 Performance	2024-25 Target	2024-25 Target Basis
Return on capital employed (ROCE) %	3.43%	3.70%	3.70%	Budget and Business Plan
Occupancy	99.0%	99.7%	99.7%	Same as prior year
Ratio of responsive repairs to planned maintenance spend	28.5%	46.1%	48.0%	Budget and Business Plan
Homes that do not meet the Decent Homes Standard	2.4%	0.1%	0.5%	Maintain / Median quartile, set at Housemark March 2024 Report

Test 5: How efficient are we?

Measure	2023-24 Target	Actual annual 2023-24 Performance	2024-25 Target	2024-25 Target Basis
Headline social housing cost per unit	£4,156	£4,082	£4,710	Budget and Business Plan
Rent collected as a percentage of rent due	N/A	100.7%	N/A	N/A
Overheads as a percentage of adjusted turnover	N/A	11.9%	N/A	N/A
Cost of standard repairs versus ARK benchmark	95%	94%	100%	ARK constancy benchmark

Value for Money commentary

As shown in the tables above, Cottsway has in nearly all cases exceeded the targets. The measures which performed below target are as follows:

- EBITDAMRI was marginally below target as we took the opportunity to renegotiate our covenants to create additional capacity for the future. This incurred some additional short-term costs.
- Operating margin was just below target as we undertook more responsive repairs than expected. This should return to target in 2024-25.
- The ratio between planned and responsive was not met due to an increase in responsive repairs alongside slower delivery than planned on major works including energy efficiency. This will improve during 2024-25 as major works catch up to plan.

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