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Collection

Value for money metrics and reporting 2023

Value for money metrics and reporting -
annex to the Global Accounts 2023

From: [Regulator of Social Housing](#)
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Executive summary

The financial year to March 2023 posed significant challenges for registered providers as a result of the energy crisis, 40-year high inflation and rapidly rising interest rates, while ensuring tenants' continued safety and that homes are sustainable for the future.

These factors have placed significant pressure on many organisations' financial plans. As Boards look to the future, they have made difficult decisions regarding their strategic priorities including their approaches to capital investment and treasury strategies – reviewing what areas of the business to invest in now and which ones can be delayed into the future. Collectively this has had a significant impact on the sector's value for money performance.

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Sector level performance – key headlines

The analysis in this report reflects the importance that providers place on maintaining and developing good quality homes and service delivery.

At a sector level, the total reinvestment into new and existing homes in the year increased by 16% to £12.5bn and in aggregate delivered 48,791 social homes and 8,280 non-social homes.

The average headline social housing cost* increased by 14% to £4,586 per unit, predominately driven by the increased expense of materials and costs related to fire and safety and sustainability works.

The upward pressure on the sector's headline costs, combined with the higher costs of borrowing affected the median EBITDA MRI (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs, Included) Interest Cover* – our measure of interest cover that includes all major repairs spend; It has shown a marked decline and fell to its lowest level of 128% since emerging from the financial recession in 2010.

Nevertheless, the sector's dependence on debt finance as measured by gearing, has remained relatively stable – the average gearing increased by 1.2 percentage points to 45% in the year.

While it is for Boards to decide how they run their businesses and assure themselves in the delivery of their outcomes, we will continue to seek assurance that providers make the best use of their resources and have clear plans in place to make on-going improvements. Our approach to VFM regulation is made clear in [Regulating the Standards](https://www.gov.uk/government/publications/regulating-the-standards) (<https://www.gov.uk/government/publications/regulating-the-standards>).

*See [Glossary of terms for the measurement](https://www.gov.uk/government/publications/vfm-2023-glossary-of-terms) (<https://www.gov.uk/government/publications/vfm-2023-glossary-of-terms>)

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