FALCON
Housing Association

VALUE FOR MONEY STATEMENT YEAR ENDED 31 MARCH 2026

1. Introduction

This Value for Money (VfM) Statement sets out how FHA ensures the effective, efficient, and economic use of resources to deliver its strategic objectives and maximise outcomes for tenants. The statement aligns with the Regulator of Social Housing (RSH) Value for Money Standard, which requires registered providers to demonstrate a robust approach to achieving value for money in the delivery of their purpose.

Value for Money is not solely about cost reduction; it is about optimising the balance between cost, quality, and outcomes. FHA recognises that achieving VfM is integral to maintaining financial viability, delivering high-quality services, and maximising social impact, particularly for vulnerable adults and those with complex needs.

FHA is committed to delivering VFM in the way we work and have embedded in our business strategy 2024/2027.

2. Regulatory Context – RSH Value for Money Standard

The RSH VfM Standard requires providers to:

- Clearly articulate their strategic objectives and demonstrate how VfM is embedded within them.
- Manage resources effectively to ensure optimal outcomes.
- Deliver measurable performance against a suite of VfM metrics.
- Demonstrate a robust approach to performance management and continuous improvement.

FHA fully embraces these requirements and has embedded VfM principles across governance, operational delivery, and financial planning.

3. Strategic Aims and Objectives

FHA's approach to VfM is driven by its core strategic aims:

- Deliver safe, high-quality homes and services.
- Support vulnerable adults to live independently and with dignity.
- Ensure financial resilience and long-term sustainability.
- Invest in communities and maximise social impact.
- Drive continuous improvement and innovation.

These aims underpin all decision-making and ensure that resources are directed toward achieving meaningful outcomes.

4. Strategy and Approach to Value for Money

FHA's VfM strategy is centred on:

- Strategic alignment: Ensuring all financial and operational decisions align with corporate priorities.
- Data-driven decision making: Using performance data and benchmarking to inform choices.
- Active asset management: Optimising the performance of housing stock.
- Procurement efficiency: Achieving best value through robust procurement practices.
- Service optimisation: Continuously reviewing service delivery models.

This structured approach ensures that VfM is embedded at all levels of the organisation.

5. Our Achievements 2025/2026

Utility Management and VAT Efficiency

FHA has implemented a proactive approach to utility management, focusing on:

- Reducing energy consumption
- Improving sustainability
- Achieving cost efficiencies

A key initiative includes the reduction of VAT on qualifying utilities from 20% to 5%, delivering significant cost savings. These savings are reinvested into services and property improvements, enhancing overall VfM.

Investing in Staff Wellbeing to Sustain Performance

Our continued focus on colleague wellbeing and a supportive employment offer has contributed to exceptionally low sickness absence levels of 0.2% across the organisation, demonstrating strong workforce resilience and engagement.

This performance reflects a proactive approach to wellbeing, underpinned by a range of staff benefits including:

- access to health and wellbeing support through Simply Health
- 4.5 day working week
- strong culture of work, life, balance
- death in service
- additional holiday for birthday
- access to well-being resources
- CIH membership
- training and development
- flexible hybrid working arrangements

FHA also have a culture that encourages early support and intervention. Collectively, these measures support sustained productivity, service continuity and reduced operational disruption, thereby contributing to strong value for money outcomes through effective workforce management and minimisation of avoidable cost pressures.

Strengthening of Housing Officer Team

FHA has continued to strengthen its Housing Officer function to support delivery of the Regulator of Social Housing Consumer Standards and improve overall tenant engagement and service responsiveness. Investment in additional housing management capacity has enabled a more visible and proactive frontline presence, improving tenancy sustainment, resident communication, safeguarding oversight, complaint resolution, and tenancy management.

This increased capacity supports FHA's ability to engage more effectively with tenants, respond to individual needs in a timely manner, and enhance the overall tenant experience, particularly within a specialist supported housing environment where residents may require increased levels of support and engagement. While representing an investment in staffing resources, the enhancement of the Housing Officer team delivers wider value through improved regulatory compliance, reduced tenancy risk, earlier intervention, stronger resident relationships, and improved service outcomes, aligning operational delivery with FHA's commitment to transparency, accountability, and continuous improvement under the Consumer Standards framework.

In-House Customer Service Hub – Repairs and Maintenance Efficiency

FHA has continued to enhance value for money through the development of its in-house Customer Service Hub, providing greater operational oversight and control of repairs and maintenance activity across the organisation.

Bringing coordination and customer contact functions closer to the business has improved responsiveness, communication, contractor oversight, and performance monitoring, enabling repairs to be managed more proactively and efficiently. The model supports earlier identification of issues, improved scheduling and tracking of works, enhanced tenant communication, and stronger scrutiny of contractor performance, and reduced costs.

This approach has also strengthened FHA's ability to monitor service quality and resident satisfaction in line with the Regulator of Social Housing Consumer Standards, whilst reducing duplication, improving accountability, and supporting better-informed operational decision-making. Overall, the in-house model contributes to improved tenant experience, increased service transparency, and more effective management of resources, supporting FHA's wider Value for Money and continuous improvement objectives.

Improved Performance Framework Supporting RSH Consumer Standards and Value for Money

FHA has strengthened its Value for Money framework through the refinement of Key Performance Indicators (KPIs), developed in close collaboration with service Leads to ensure they are both reflective of operational reality and realistically achievable. This approach has improved the quality, relevance, and ownership of performance measures across the organisation, enabling clearer accountability and more meaningful performance monitoring. The revised KPIs better align with frontline delivery capacity, regulatory expectations, and service demand, supporting more accurate assessment of outcomes and continuous improvement.

This strengthening of performance management directly supports compliance with the Regulator of Social Housing Consumer Standards, particularly in relation to transparency, accountability, and the delivery of safe, effective, and responsive services to tenants. By embedding a more collaborative and practical approach to KPI development, FHA has enhanced its ability to identify performance trends, drive improvement, and ensure resources are targeted effectively, thereby reinforcing Value for Money through improved service delivery and organisational efficiency.

Progressing EPC Improvement Programme to Achieve 2030 Energy Efficiency Targets

FHA is progressing its planned investment in Energy Performance Certificate (EPC) improvements across its property portfolio in line with national decarbonisation expectations and the ambition to achieve a minimum EPC rating of C by 2030.

This programme forms a key component of FHA's long-term asset management and sustainability strategy, supporting both regulatory alignment and improved outcomes for tenants. Works are prioritised based on stock condition data, energy efficiency assessments, and planned maintenance cycles to ensure investment is targeted where it will deliver the greatest impact in terms of energy performance, running cost reductions, and comfort for residents.

This proactive approach not only supports compliance with emerging environmental and housing standards but also contributes to Value for Money by reducing long-term retrofit costs, improving asset sustainability, and lowering energy consumption for tenants. In doing so, FHA is balancing upfront investment with long-term operational efficiencies, regulatory compliance, and improved living conditions for residents.

SASSHA and SAGE Alignment

FHA's merging of both systems, SASSHA and SAGE software has supported strong alignment with housing management and finance systems, regulatory expectations, and the evolving requirements within supported housing.

Involvement in these systems has provided valuable insight, benchmarking opportunities, and access to more advanced and strengthened knowledge that directly supports the enhancement of governance, safeguarding, tenancy sustainment, and operational delivery within a complex and highly regulated environment.

The intelligence and learning shared through both systems has enabled greater consistency with the RSH Consumer Standards and wider supported housing regulatory reforms.

This has strengthened FHA's ability to anticipate emerging risks, respond in a proportionate and effective manner, and ensure services remain safe, responsive, and person-centred.

In addition, improvements in system integration between the housing management and finance systems have supported increased automation, improved data accuracy, and significant time savings in day-to-day operational processes, while also enhancing tenant visibility of live rent statements, supporting greater transparency, improved financial awareness, and stronger tenancy engagement.

From a Value for Money perspective, merging both systems, SASSHA and SAGE represents a low-cost, high-impact mechanism that strengthens organisational capability, enhances regulatory assurance, embeds sector-leading practice across operational delivery, and supports ongoing efficiency gains through digitalisation and streamlined processes.

Stock Condition Surveys Driving Investment Efficiency and Rental Income

FHA has undertaken a comprehensive programme of 100% stock condition surveys across its portfolio, providing a robust and up-to-date understanding of property condition, investment needs, and compliance requirements.

This full coverage approach has strengthened FHA's asset management plan and enabled more effective prioritisation of major works, repairs, and statutory compliance activity. As a result, investment decisions are now more targeted and evidence-based, ensuring properties are brought to and maintained at a lettable standard more efficiently.

This has reduced void periods, improved turnaround times, and enabled earlier re-letting of homes, thereby supporting timely income generation and improving overall financial performance. From a Value for Money perspective, this approach enhances long-term asset sustainability, reduces reactive maintenance costs, strengthens regulatory compliance, and ensures that investment is aligned to both tenant safety and organisational financial efficiency.

FHA continues to engage with the Decent Homes Standard (DHS) requirements and the emerging expectations under the Social Housing (Regulation) Act / strengthened Social Housing Safety and Housing Safety and Standards Reform (HSSHR) agenda, ensuring that homes are safe, decent, and well-maintained in line with evolving regulatory expectations. Compliance activities are embedded within the planned investment programmes, stock condition data, and cyclical maintenance regimes, enabling a proactive rather than reactive approach to property management.

This alignment supports early identification of remedial works, prioritisation of investment, and improved assurance that homes meet and are maintained above minimum standards. From a Value for Money perspective, this approach reduces the risk of non-compliance, limits reactive and higher-cost repairs, and ensures that investment is targeted effectively to maintain safe, decent homes, while also supporting tenant wellbeing, satisfaction, and long-term asset sustainability in line with RSH Consumer Standards and wider regulatory reform.

6. Value for Money Metrics 2025-2026

FHA monitors performance using the seven core VfM metrics defined by the RSH. These provide a consistent framework for assessing efficiency and effectiveness.

<u>Metric 1 – Reinvestment (%)</u>

This metric measures the level of investment in new and existing properties as a percentage of the total value of properties.

Narrative: During 2025/2026, FHA invested £146,020 in capital improvements. No new developments or property acquisitions were undertaken during the year, with investment focused on enhancing existing properties, maintaining compliance and supporting the long-term quality and sustainability of homes. The reported reinvestment rate reflects FHA's continued commitment to maintaining and improving its housing assets. Investment decisions are informed by stock condition information, compliance requirements, tenant needs and long-term asset management objectives, ensuring resources are targeted to areas that deliver the greatest benefit to tenants and the organisation.

<u>Metric 2 – New supply delivered (%)</u>

This metric assesses the number of new social housing units delivered as a proportion of total stock.

Narrative: This metric does not apply to FHA as no new supply has been acquired or developed in the year.

<u>Metric 3 – Gearing (%)</u>

Gearing measures the proportion of debt against the value of housing assets.

Narrative: This metric does not apply to FHA, holds no debt.

<u>Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover (%)</u>

This metric measures the organisation’s ability to cover interest payments from operating earnings.

Narrative: FHA has no interest-bearing debt and so this metric is not relevant.

Metric 5 – Headline social housing cost per unit (£)

This metric captures the average cost of managing and maintaining each property.

Narrative: FHA actively benchmarks costs against peers to ensure efficiency. Cost drivers are analysed in detail, including staffing, maintenance, and support services, with targeted actions to improve efficiency without compromising quality.

Metric 6 – Operating margin (%)

Operating margin measures the profitability of core social housing activities. The operating margin measures the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to RPs' purpose and objectives (including their social objectives).

Narrative: FHA aims to maintain a healthy operating margin to support reinvestment and financial stability while continuing to deliver high-quality services.

Metric 7 – Return on capital employed (ROCE) (%)

ROCE assesses how effectively FHA uses its capital to generate returns. The return on capital employed (ROCE) compares the operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

Narrative: FHA uses ROCE to inform strategic decisions, ensuring that capital is allocated to areas delivering the greatest impact and value.

7. RSH – Value for Money Metrics Year Ended 31 March 2026

Metric	Year Ended 31/03/2024	Year Ended 31/03/2025	Year Ended 31/03/2026	Movement Year to Year	Commentary
1 – Reinvestment %	N/A	N/A	17.09%	N/A	Investment focused on enhancing existing properties
2 – New supply delivered %	N/A	N/A	N/A	N/A	No development activity in period
3 - Gearing %	0%	0%	0%	Stable	Debt-free position maintained
4 - EBITDA MRI Interest Cover %	N/A	N/A	N/A	N/A	N/A Due to zero borrowing
5 – Headline social housing cost per unit £'000	20.85	20.81	20.80	↓ 0.01pp (Reduction)	Cost control measures continue to take effect with minimal movement
6 – Operating margin %	1.16%	1.09%	2.03%	↑ 0.04pp (Improvement)	Reflects investment in service delivery
7 – Return on capital employed	5.27%	3.38%	3.20%	↓ 0.18pp (Reduction)	Continued Asset utilisation with minimal movement

FHA's operating model includes a significant proportion of accommodation provided through long-term lease arrangements and REIT-backed properties, which do not form part of housing property fixed assets for the purposes of this metric. As a result, the reinvestment percentage should be considered within the context of FHA's asset ownership structure and may not be directly comparable to providers that own a substantially larger proportion of their housing stock.

This continued investment supports FHA's strategic objective of providing safe, high-quality homes whilst ensuring the long-term sustainability and value of its housing assets.

8. Performance management and VfM

Performance management is central to FHA’s VfM framework. The organisation operates a robust performance monitoring structure, including:

- Regular Board and Committee reporting
- KPI tracking aligned to strategic objectives
- Benchmarking against sector peers
- Continuous improvement plans

This ensures that underperformance is identified and addressed promptly, and that VfM considerations are embedded in all decision-making.

9. Social Impact and Support for Vulnerable Adults

FHA’s VfM approach extends beyond financial metrics to include social value. The organisation is committed to delivering positive outcomes for vulnerable adults, including:

- Supporting independent living
- Enhancing wellbeing and quality of life
- Providing tailored support services

Social impact is measured through qualitative and quantitative indicators, ensuring that FHA delivers meaningful value to residents and communities.

10. Cashable and Non-Cashable Savings

FHA distinguishes between:

- Cashable savings: Direct financial reductions, such as procurement efficiencies and cost savings
- Non-cashable savings: Efficiency gains that improve service delivery without reducing expenditure, such as improved processes or outcomes

Both types of savings contribute to overall VfM and are actively monitored and reported.

11. 2026/2027 Targets

1 - FHA customer services hub can now evidence a reduction in call numbers, repairs reported and a reduction in costs across repairs and maintenance, FHA are now exploring new opportunities to outsource call handling, management of repairs and compliance elements to enhance FHA value for money.

2 – FHA is continuing to undertake a comprehensive, property-level financial review to strengthen cost transparency and support informed decision-making across the portfolio. This includes detailed analysis of core rent, management fees and service charges to ensure full cost recovery and alignment with the true cost of service delivery.

Rolling out across 2026/2027, this work will provide greater financial clarity at an asset level, enabling teams to identify underperforming properties early and take targeted action. It will also enhance organisational understanding of cost drivers, supporting proactive risk management and the development of tailored mitigation strategies. Collectively, this approach reinforces financial resilience and underpins FHA's commitment to delivering sustainable value for money.

3 – Implementation of pension salary exchange scheme will support FHA's ongoing commitment to delivering value for money through both financial efficiency and colleague wellbeing. The scheme provides mutual benefits to both FHA and employees by enabling pension contributions to be made more tax efficiently, resulting in National Insurance savings for the organisation whilst increasing potential take-home value and pension efficiency for employees. This results in employer savings which supports FHA's wider financial resilience and ability to reinvest resources into frontline service delivery, property investment, compliance, and tenant outcomes.

4 - FHA has adopted a disciplined, value-led approach to portfolio management. The strategic priority is to optimise performance from assets by driving higher occupancy levels, accelerating void turnaround, and improving the quality and sustainability of homes through targeted refurbishment.

In parallel, FHA will actively review underperforming properties, pursuing transformation or rationalisation where appropriate, including through joint venture arrangements that enhance long-term value and service outcomes. This approach ensures resources are focused on maximising returns from the current portfolio, strengthening operational efficiency, and delivering sustainable value for money in line with FHA's strategic objectives.

12. Conclusion

FHA is committed to delivering Value for Money across all areas of its operations. Through strong governance, strategic alignment, and a focus on both financial and social outcomes, the organisation ensures that resources are used effectively to maximise impact.

This VfM Statement demonstrates FHA's ongoing commitment to transparency, accountability, and continuous improvement, ensuring that it delivers sustainable value for residents, stakeholders, and the wider community.