

Leeds Federated Housing Association Limited

Value for Money Statement
Year Ended 31 March 2026



Leeds Federated Value for Money Statement 2025/26

1. Summary

2025/26 was the first year of the Corporate Plan covering the period 2025 – 2030, reflecting a set of corporate priorities falling within the 'Thrive', 'Engage' and 'Evolve' strategic objectives. Each strategic objective is supported by specific goals, operational plans and associated performance targets, and is managed within the Association's risk appetite.

The Association through its Strategic objectives and supporting goals explicitly and implicitly incorporates Value for Money as a goal for each objective illustrating how Value for Money is fully integrated within all activities undertaken.

2. Economic conditions and context

VfM performance at Leeds Fed, like the sector has been impacted by changes in the Sector's operating environment, increased interest rates, inflation and increased investment in our housing stock.

These economic conditions continue to drive higher costs per unit impacting operating margin and EBITDA-MRI interest cover which have declined. Like many across the sector Leeds Fed has had to make deliberate trade-offs in our capital investment decisions to prioritise investment in existing stock alongside reduced new development though we continue to deliver top quartile levels of new supply relative to our size.

Leeds Fed has benefitted from improved financial certainty through the long-term rent settlement at CPI+1%, continuation of the Social and Affordable Homes Programme and most recently the confirmation of Rent Convergence from 2027. These all contribute to maintaining financial resilience and capacity in the face of continuing economic uncertainty and ongoing financial pressures arising from the additional necessary investment in existing homes as well as continuing new development to deliver improved outcomes for existing and future customers.

Tenancy Satisfaction

Our Tenancy Satisfaction Measures (TSMs) provide assurance that despite the challenging environment, Leeds Fed is consistently delivering sector leading performance though we are not complacent and recognise there remains room for improvement in respect of our complaint handling.

Leeds Fed TSM's provide valuable insight into the range of outcomes. High TSM results help justify the investment being made in our properties and the services we provide our customers and are a key VFM measure in terms of Efficiency, Effectiveness and Equity.

Leeds Fed has a comprehensive Balanced Scorecard of performance measures including the TSM's which enable management and board to focus attention where it is needed and the achievement of targets providing evidence of economy, efficiency, effectiveness and equity or more generally overall service quality and outcomes.

Strategic Oversight by Board

The Leeds Fed board provides strategic oversight and constructive executive challenge to help shape and prioritise our corporate plan objectives, specific goals and performance outcomes as well as managing risk and ensuring regulatory compliance.

Through regular strategic away days, the board can review its priorities considering changing economic, political, social, technological and environment conditions working with management to review delivery structures, priorities, risks and opportunities.

Asset Management and Development

Our ongoing commitment to the development of new homes using financial capacity balanced against investment in our existing homes represents a key VfM consideration for Board. Similarly, we recognise that we will also continue to review and dispose of poor performing vacant properties where the costs to achieve target energy efficiency are better spent on other properties in accordance with the Asset Management Plan demonstrating a critical VfM consideration that seeks to optimise our return on assets. Leeds Fed will continue to aim for continued net growth in its total homes with new homes built exceeding disposals of existing homes.

Leeds Fed reflects one of the key findings of the March 2025 RSH Regression report that the average age of stock has a significant impact on the levels of investment. Also, Leeds fed benefits from its lack of high-rise accommodation and relatively low proportion of Supported housing and Housing for older people.

The board oversees and makes key decisions regarding disposal of individual uneconomic properties as well as strategic assets having carefully considered alternative options. The Asset Management plan sets out the Board's approach in terms of geography, types and size of scheme, tenure and required return.

Treasury

Leeds Fed Treasury annual plan prepared by its external Treasury advisors DTP not only is a critical tool for managing financial risk but also ensures the optimal mix of fixed and variable debt to balance certainty and mitigating exposure to rising interest rates while minimising the cost of finance.

Operational Delivery

Leeds Fed with the support of board continually reviews and adjusts its service delivery to meet our customer needs. The success of our approach is measured and reported through TSM's and our customer engagement activities. Changes and improvements over the last 12 months include review of patch sizes, customer engagement initiatives, improvement to service activities such as the new call answering system, use of data to target higher risk customers, proactive income management which has led to record rent collection rates, and complex case management to more quickly and effectively resolve issues.

Examples of Technical Innovation and making better use of data in Operational delivery delivers VfM through more efficient and effective systems which ultimately deliver improved services and outcomes for our customers evidenced through TSM and tenant engagement include;

- Customer call management system
- Power BI reporting
- Upgrades to Origin our Housing management system
- Asset management with Asprey
- Digital Roadmap developed reflecting Data, IT and Digital plans

Proactive management of contract renewal has led to improved solutions, engaged staff in the process, more active contract management and compliance. Decisions made balance cost, quality and increasingly Social Value contributions as part of strategic partnerships with suppliers.

The association continues to improve its performance in managing losses associated with empty homes, ensuring that rent is collected. Significant progress has been made in 2025-26 maximising rent collection %'s and reducing arrears through improved systems, processes and engagement with customers to enable them to sustain their tenancies.

3. How we compare

The seven standard metrics relating to VfM specified by the Regulator of Social Housing are integrated into our balanced scorecard. Over the following pages we have compared our 2023/24 and 2024/25 outturns against the RSH Global Accounts benchmarks, and against a more localised peer group of 8 other similar sized providers.

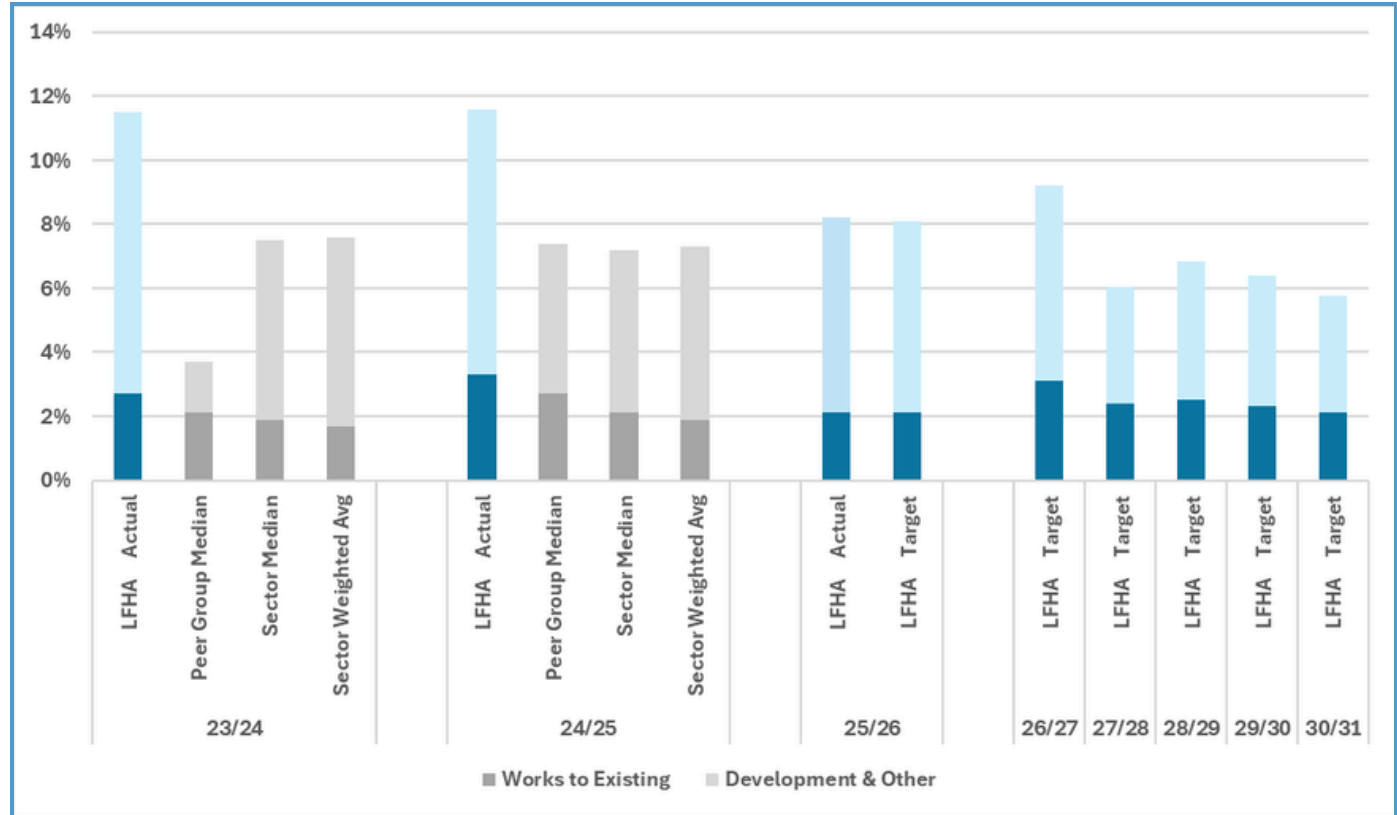
The 2025/26 outturn will be compared with the 2025/26 Global Accounts when released.

1. Investment

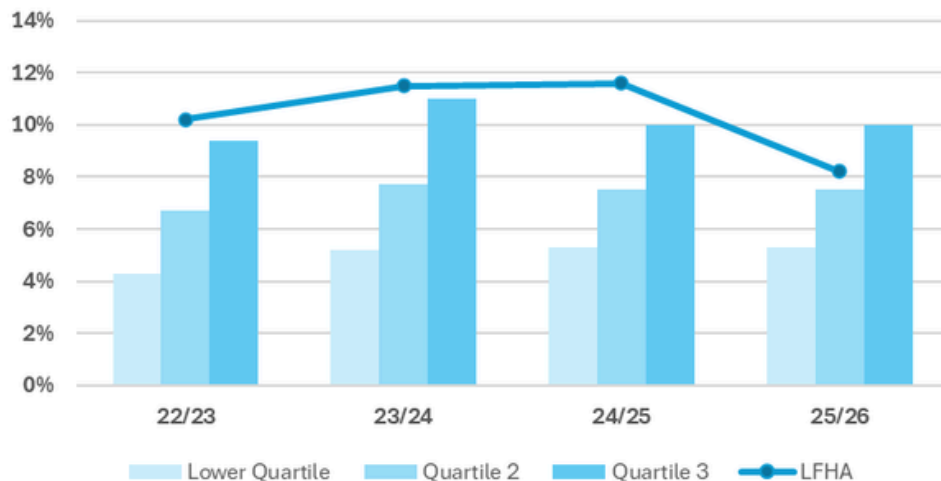
In recent years Investment has been well above the Sector and Peer Group medians.

Investment spend has reduced in 2025/26 mainly due to a pause on retrofit works whilst grant arrangements were being made with our local government partner.

We expect to see an increase in Investment in 2026/27 as retrofitting works resume, and further progress is made on development of our Owlcotes Road scheme.



Quartile rankings



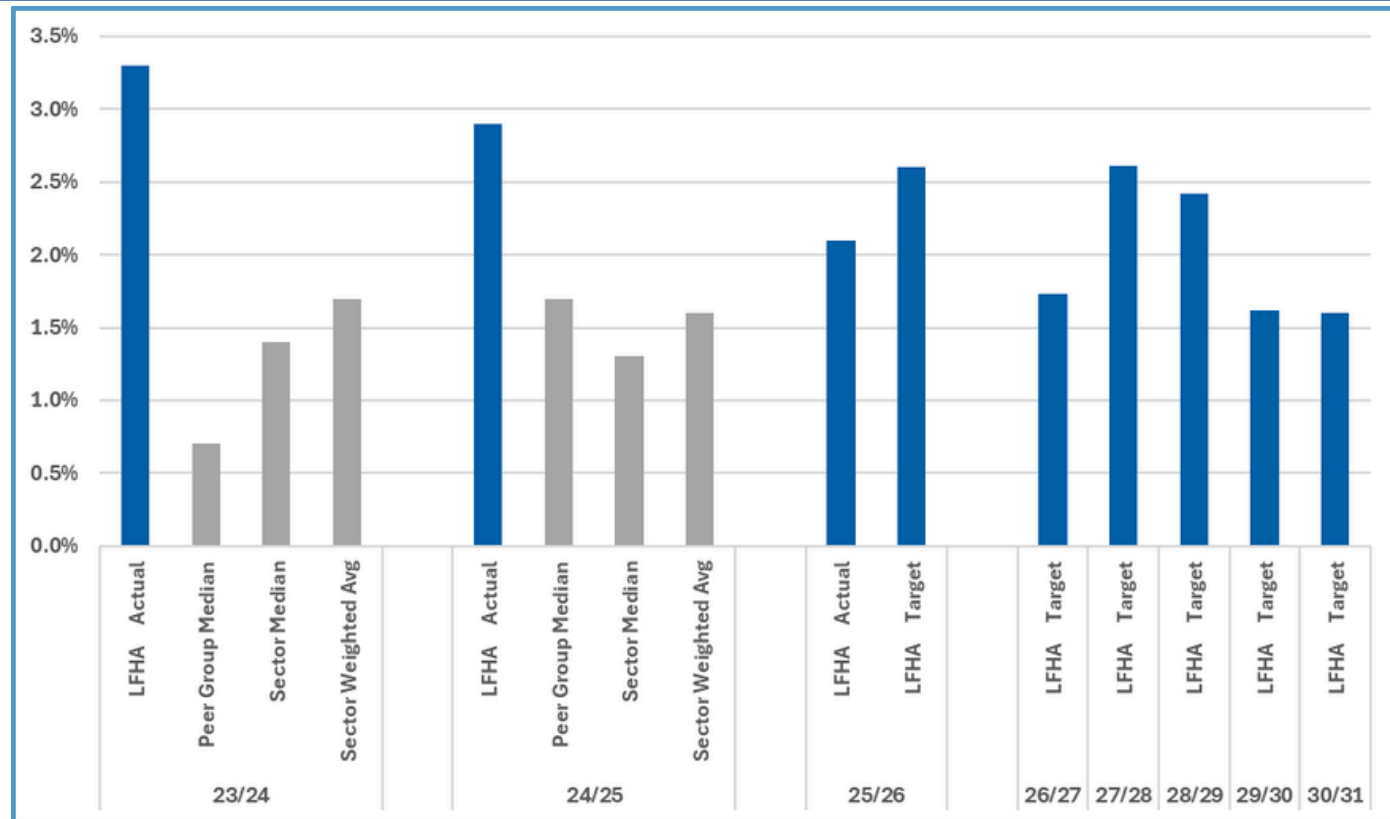
Due to the prioritisation of investment in existing and new properties, we have placed within the upper quartile for the past three years.

Despite the drop in Investment in 2025/26, we are still tracking above the median based on the 2024/25 quartile bandings.

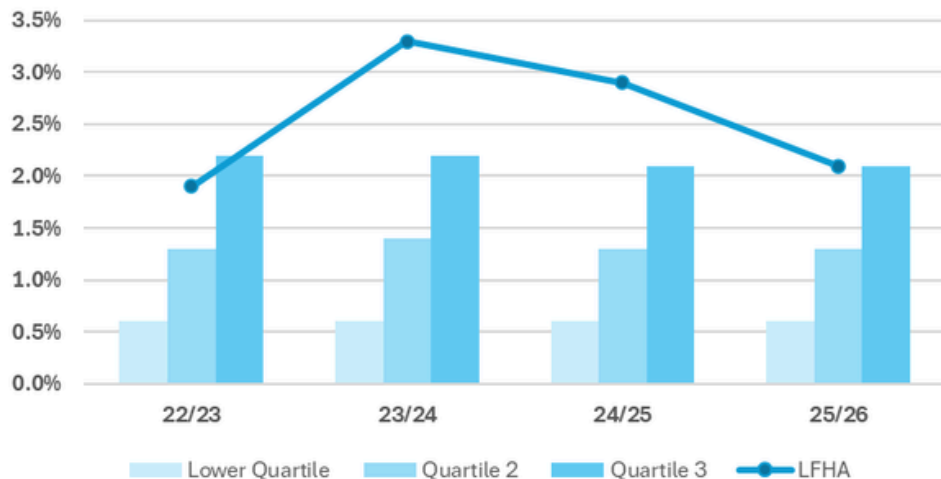
2. New Supply (Social)*

Leeds Federated completed 100 new units in 2025/26, which equates to Net Growth of 2.1%.

This is a reduction on the past two years, however we anticipate this will still be well ahead of the Sector Median and Weighted Average.



Quartile rankings



Based on the 2024/25 rankings, the 2025/26 outturn would place us on the border of the Upper quartile.

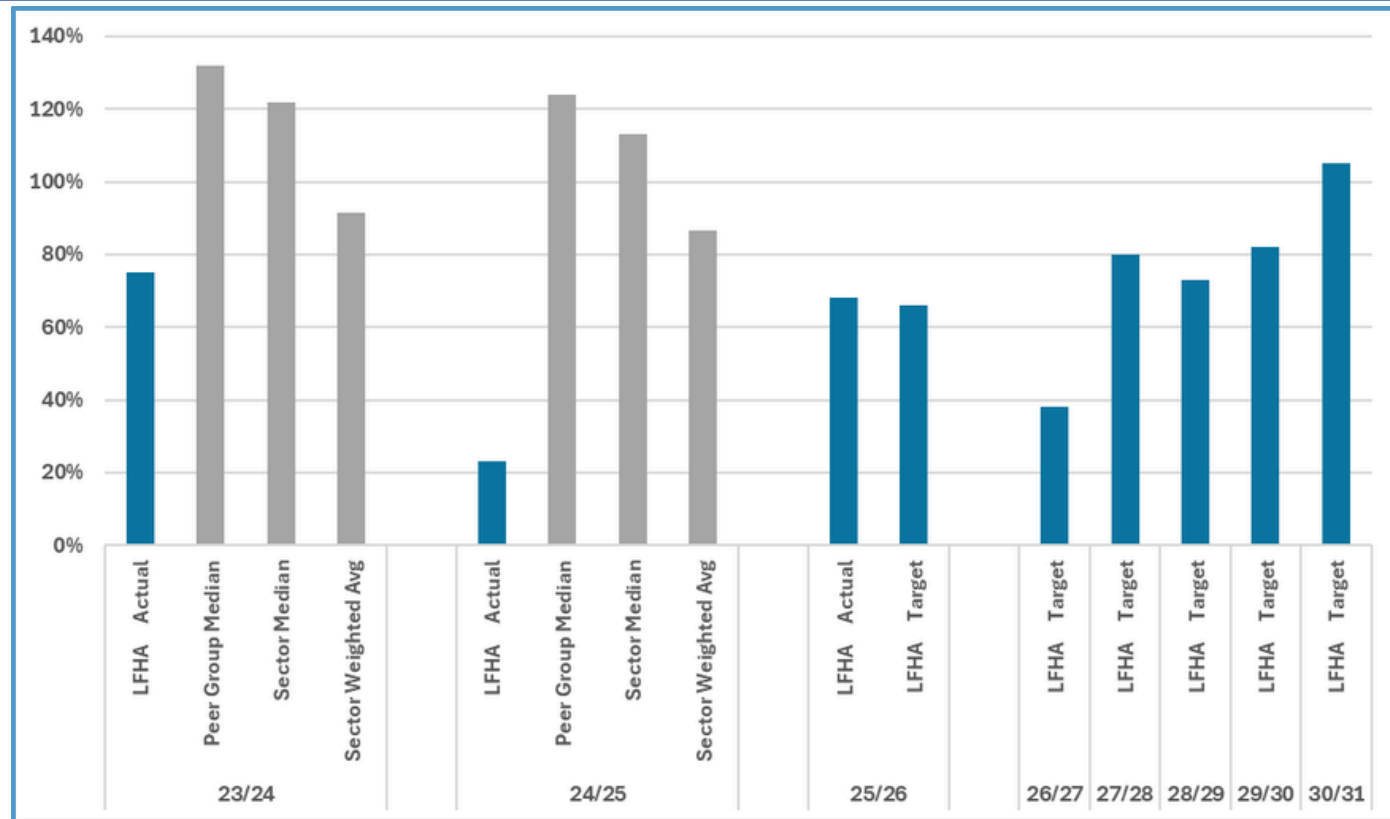
***Leeds Federated does not have any current plans to develop new non-social housing.**

3. EBITDA-MRI Interest Cover

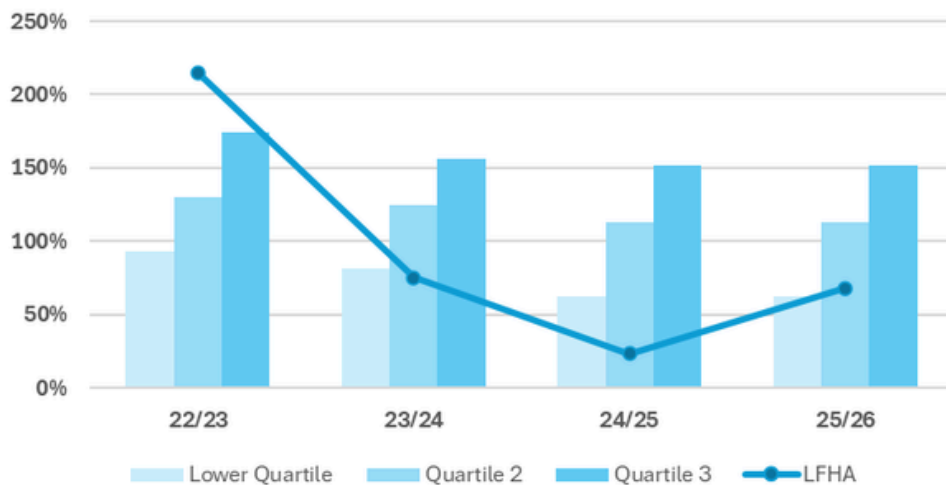
Due to the deliberate decision to prioritise investment in existing and new properties, our EBITDA-MRI has typically fallen behind our peers and the sector as a whole.

The pause on retrofitting spend in 2025/26 has resulted in a higher EBITDA-MRI compared to 2024/25, although this is expected to fall again in 2026/27 as retrofitting spend resumes.

Our Business plan shows steady improvement over the next 5 years, with EBITDA-MRI exceeding 100% by 2030/31.



Quartile rankings

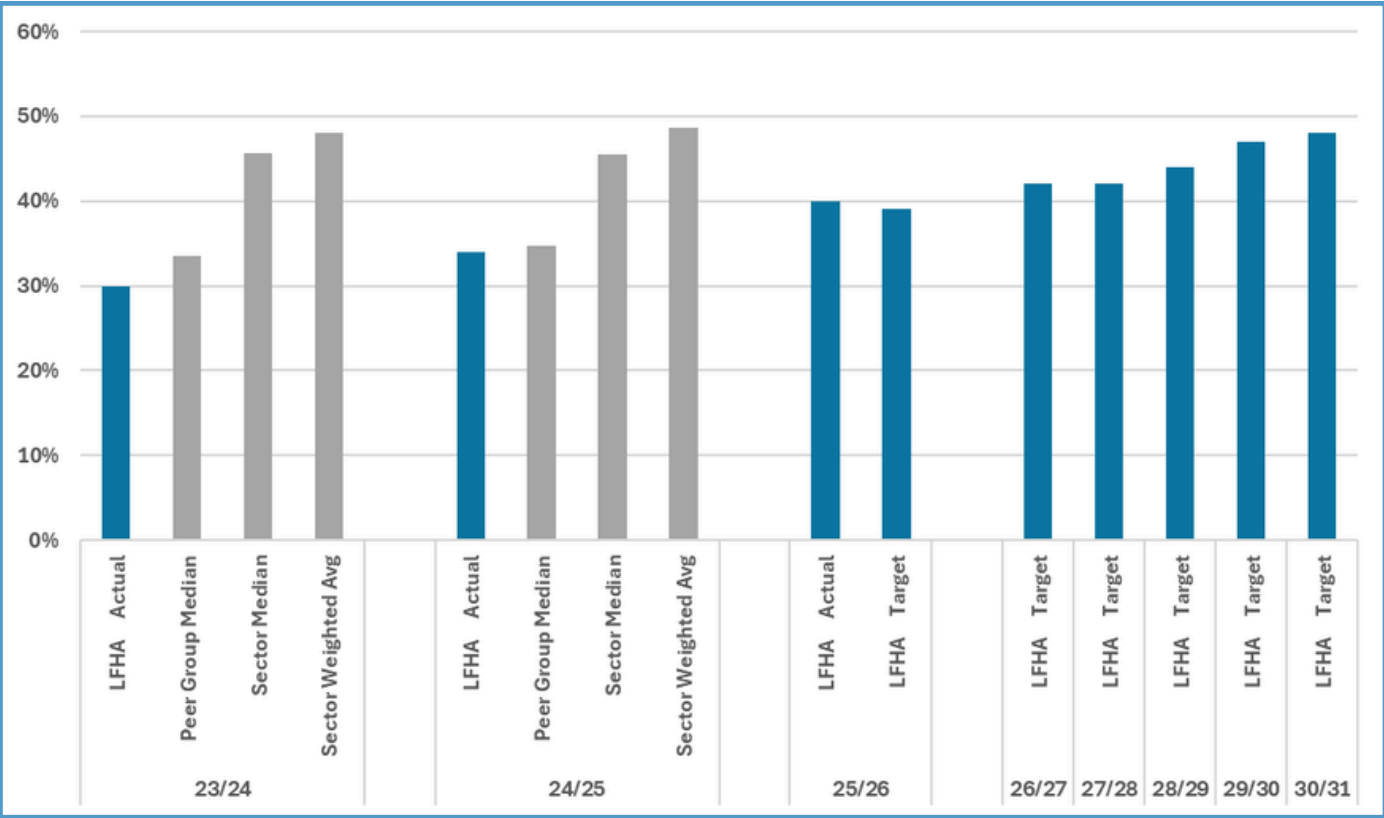


Compared to the 2024/25 rankings, the 2025/26 outturn would place us in Quartile 2.

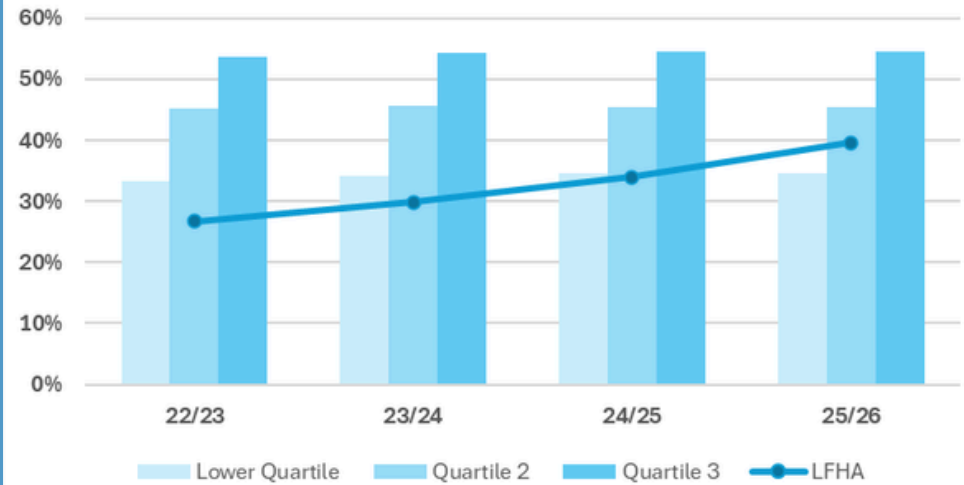
4. **Gearing**

Gearing has increased over the past three years, although it has remained well below the Sector Median and Sector Weighted Average, and in line with our peers.

Gearing is expected to gradually increase over the next 5 years, until it reaches a peak of 48% in 2030/31, before steadily declining over the remainder of the business plan.



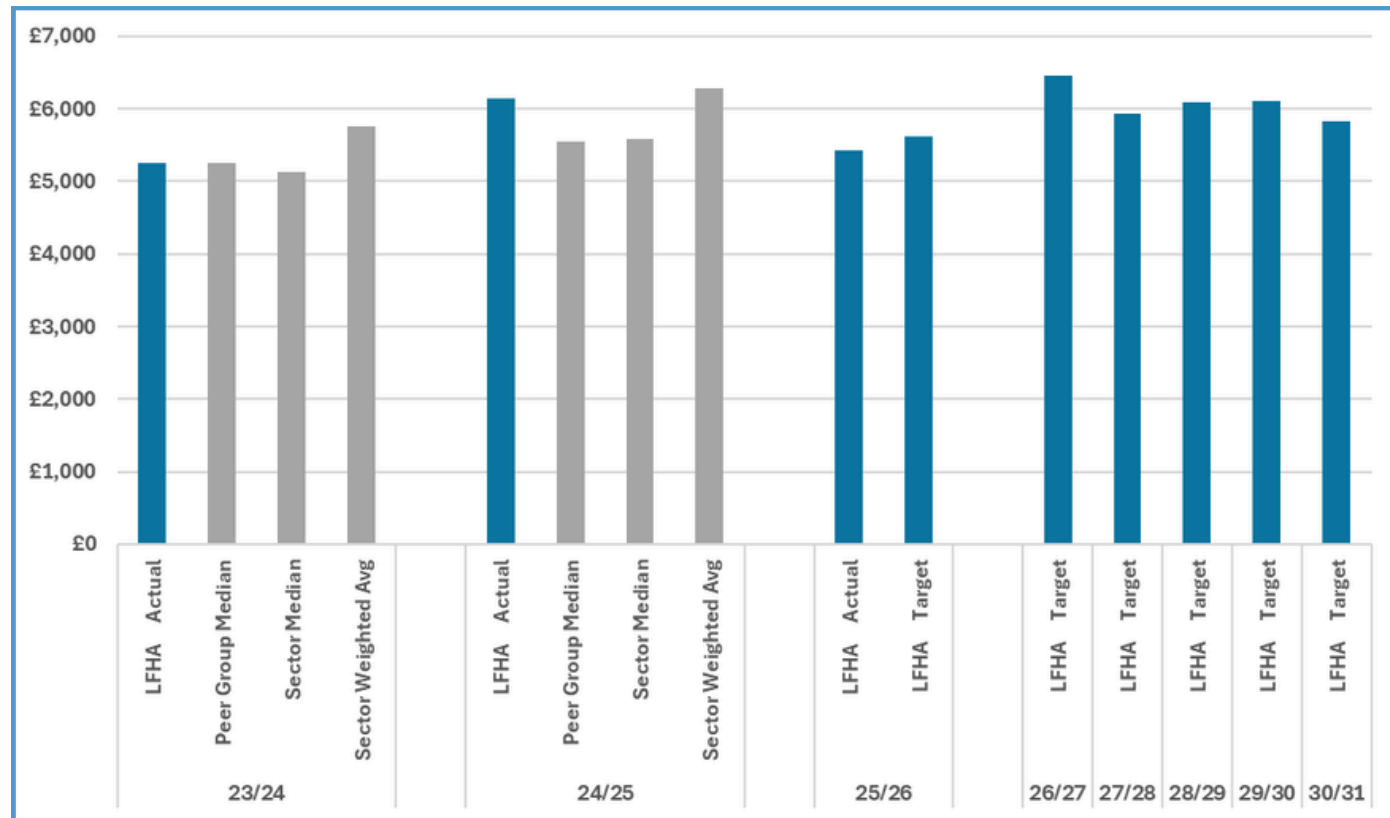
Quartile rankings



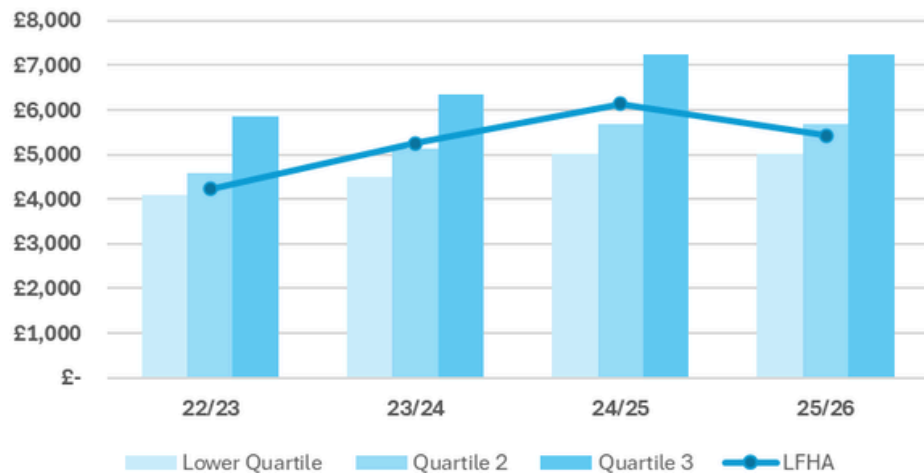
The 2025/26 outturn would place us below the sector median (Quartile 2) based on the 2024/25 quartile bandings.

5. Headline Social Housing Cost per Unit

In recent years we have seen increases to our Social Housing Cost per Unit due to the decision to prioritise investment in existing properties. We have also invested additional resources into delivering customer service and strengthening our approach to complaints resolution. The positive impact of these additional resources can be seen in our TSM results.



Quartile rankings

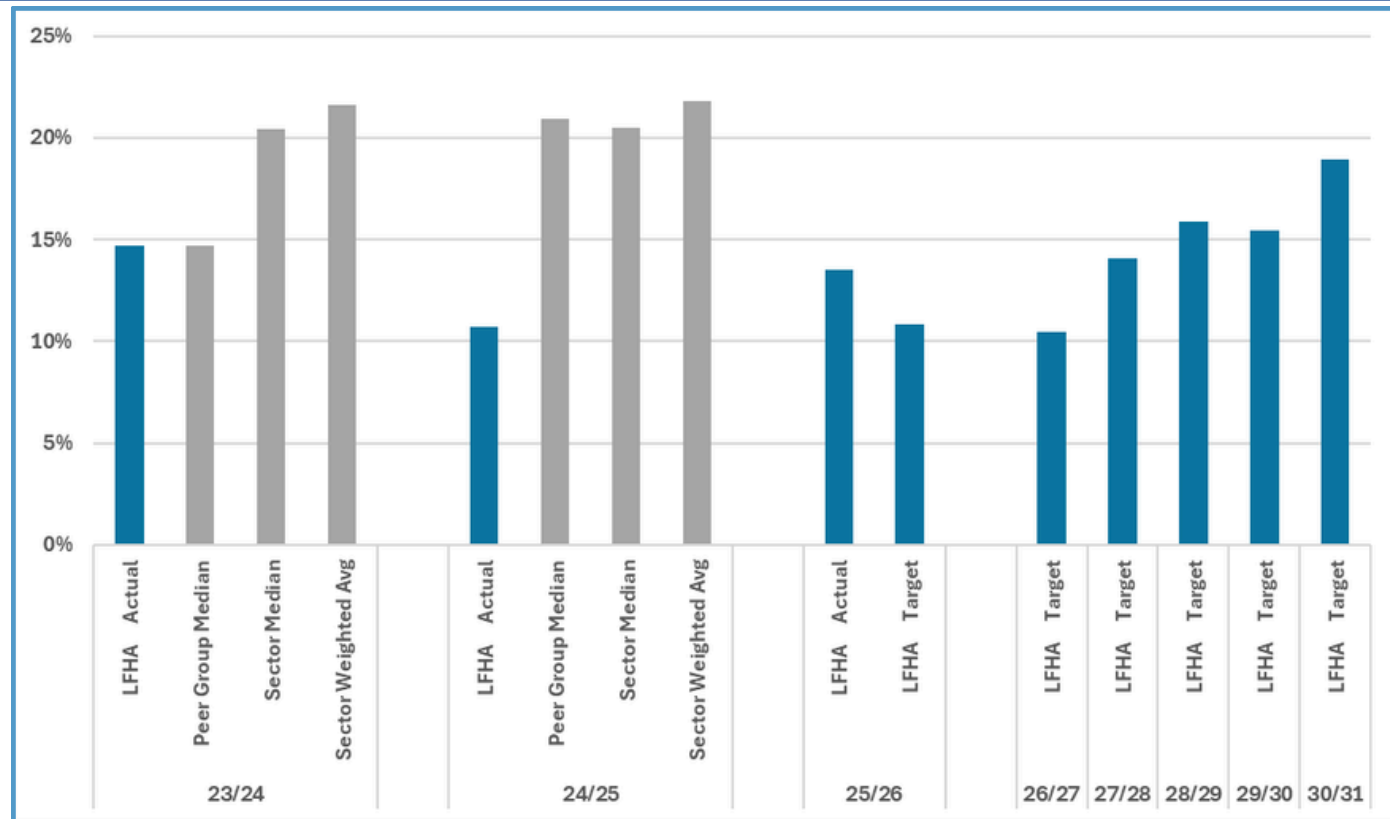


The pause on retrofitting work has led to a reduction in SHCPU in 2025/26 which would place us in Quartile 2 based on the 2024/25 rankings.

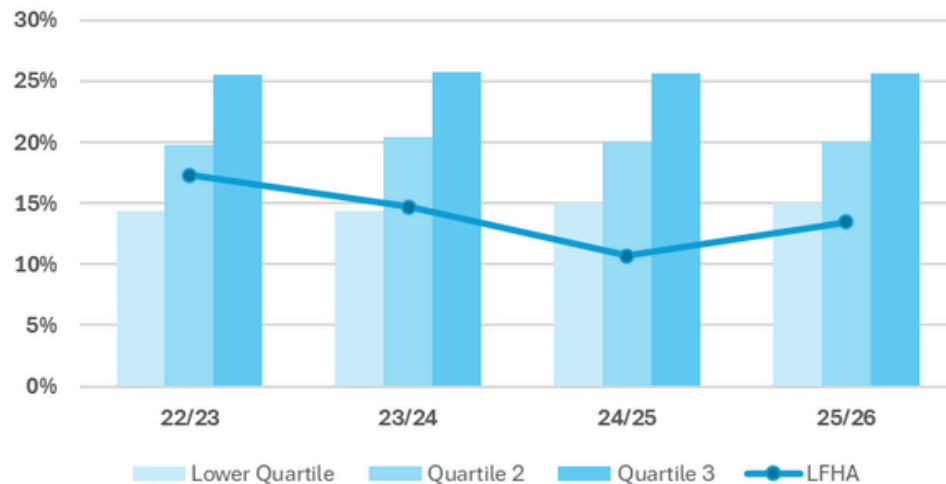
6.a. Operating Margin (Social Housing lettings only)

Social Housing Operating Margin has tracked behind the Sector in recent years. This is as a result of additional investment in service delivery, and increased one-off costs relating to the disposal of strategic assets.

It is expected that the margin will continue to improve steadily over the next 5 years.



Quartile rankings

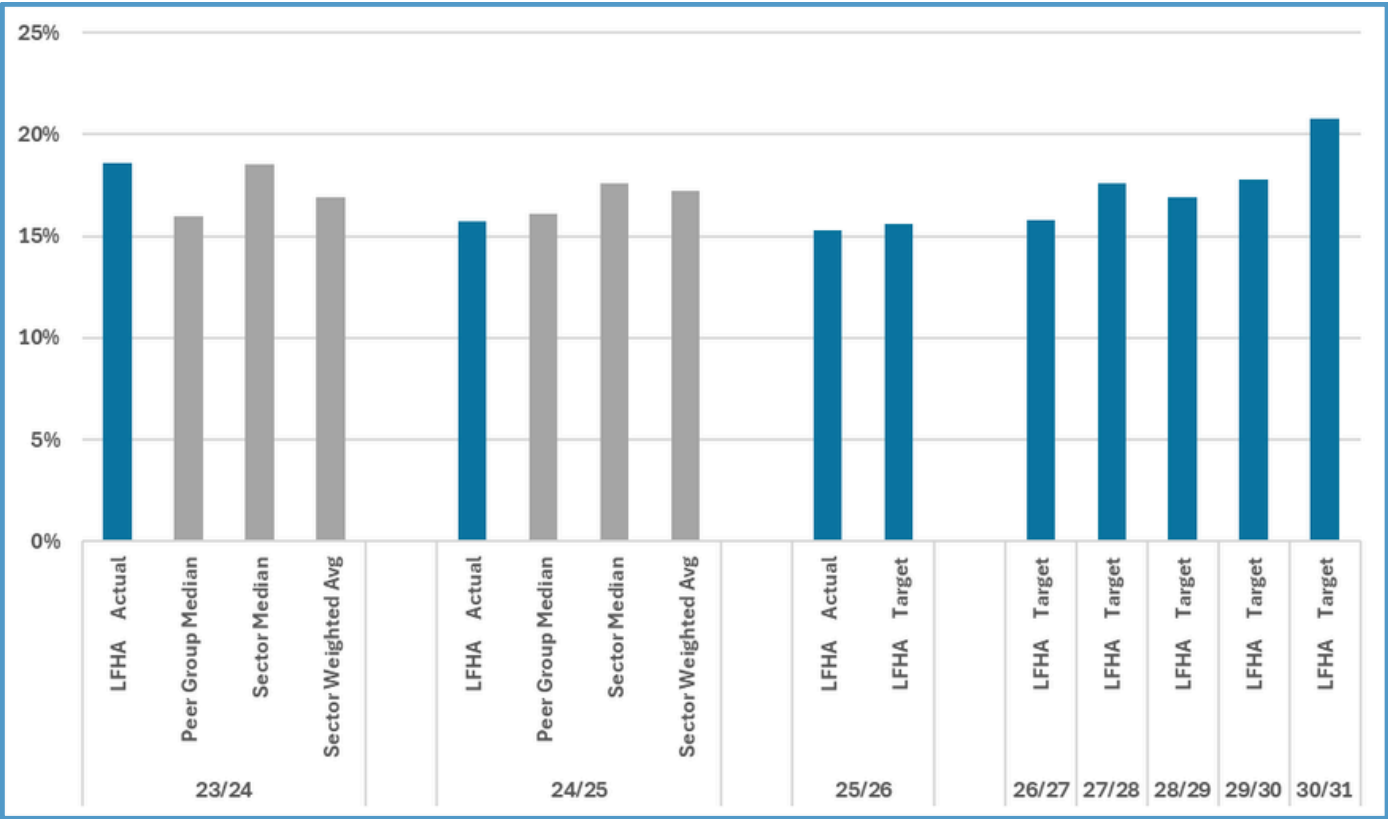


Despite the increase in margin in 2025/26, based on the 2024/25 rankings we would remain in the Lower Quartile.

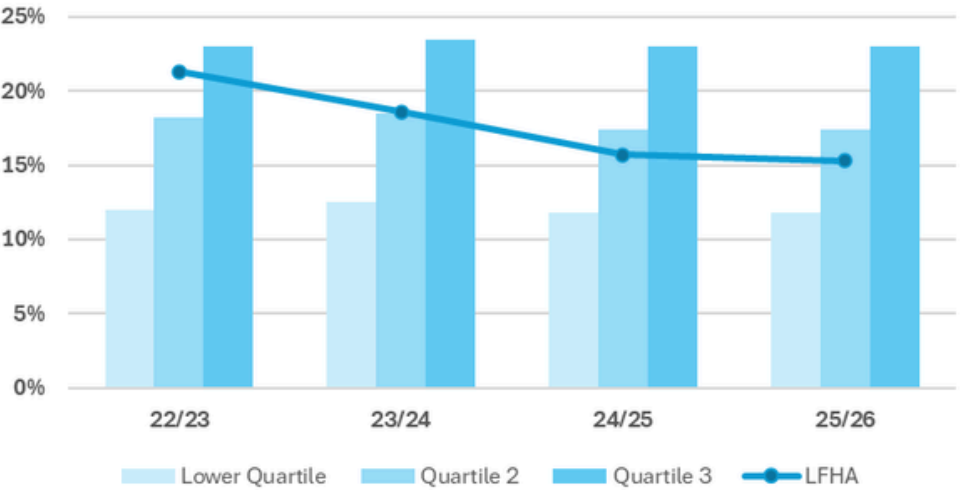
6.b. **Operating Margin (Overall)**

Overall Operating Margin has declined over the past two years, in line with the Sector median.

It is expected that the margin will continue to improve steadily over the next 5 years and beyond, supported by surpluses on 1st tranche sales and the impact of the CPI +1% rent settlement.



Quartile ranking

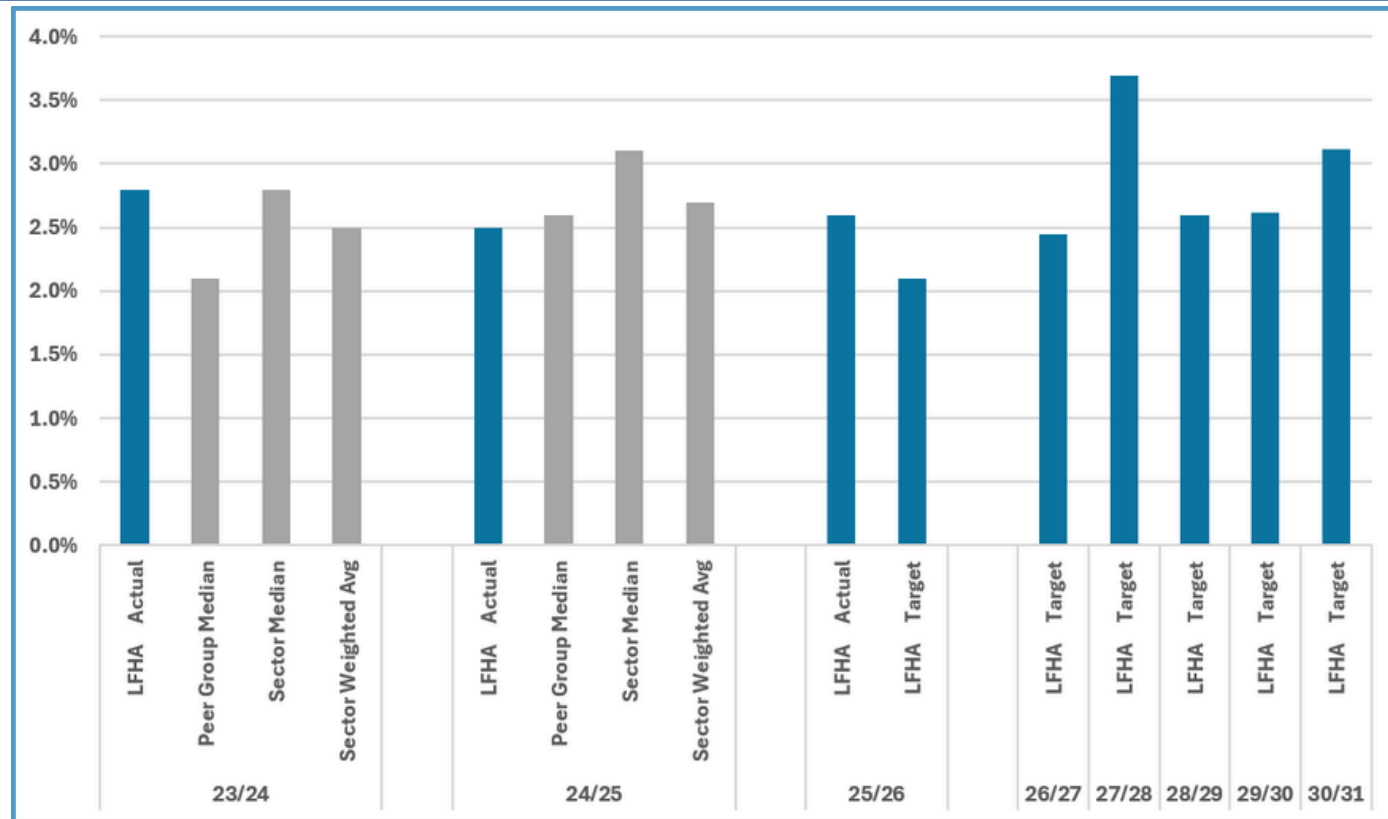


Based on the 2024/25 rankings we expect the 2025/26 outturn will place us behind the sector median in the 2nd Quartile.

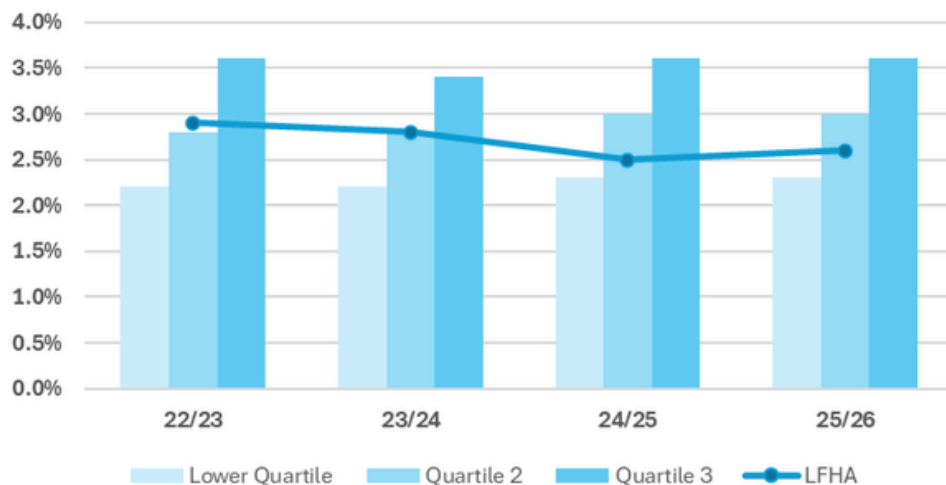
7. Return on Capital Employed

Return on Capital Employed has fallen behind the Sector but remains in line with our Peers.

The 2025/26 outturn exceeded our budget expectations due to higher than anticipated gains on fixed asset disposals.



Quartile rankings



Based on the 2024/25 rankings, we expect we will remain behind the sector median in the 2nd Quartile for 2025/26.

Review of VfM policy, integration of Social Value and reporting

Social Value refers to the positive impact organisations create for communities, people and the environment, in addition to their core business function. There are four key outcomes when talking about social value; the economic benefit, environmental benefit, social benefit and broader societal impact that organisations are delivering within an area.

Social Value and VfM are at the core of what Leeds Federated does and is about ensuring that Leeds Federated spending is having a positive impact on society.

Recognising this, the Board agreed at its January 2026 Strategic review day to integrate VfM and Social Value through the update of the VfM Policy, creation of specific Social Value performance measures and the establishment of a team to oversee and support Social Value activities.

By embedding Social Value and VfM principles into our procurement, asset management, and service delivery, we ensure that every decision supports the creation of social value. This means:

- Selecting suppliers and partners who offer not only competitive prices but also deliver added social value, such as local employment, apprenticeships, and support for community projects.
- Making investment decisions (like retrofitting homes for energy efficiency) that deliver long-term financial savings and environmental benefits.
- Allocating resources to community initiatives that deliver measurable social impact.

To help monitor our social value outcomes, a quarterly monitoring form will be sent to colleagues and community partners who are delivering social value and community-based initiatives.

Value for Money will continue to be measured through the RSH VfM and related metrics,

Alongside reporting against the VfM Standard metrics, examples of VfM are captured on A VfM log. These are specific instances of VfM that colleagues choose to report which illustrate how VfM is embedded within our day-to-day activities.

Board and Committee papers continue to identify VfM implications alongside considerations of Risk Management,

VfM is considered and documented within Project Initiation Documents when projects are identified, as demonstrating the benefits of and supporting the rationale for each project alongside considerations of risk management, dependencies and key deliverables and then again in the Project closure forms.

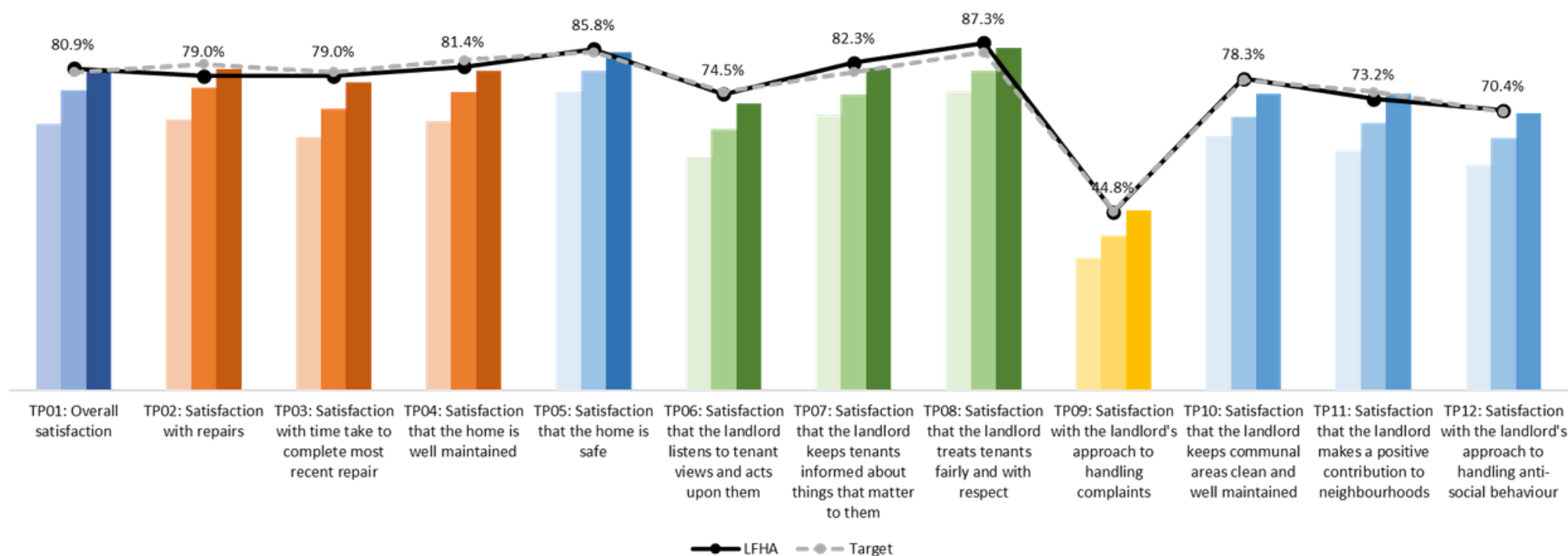
4. Customer Perceptions

Measuring Performance

Customer perception data is collected on a rolling basis, with a minimum of 600 customers participating in the survey annually. This approach has been in operation for many years allowing a useful longitudinal analysis of performance and has been adapted to fit with the Regulator of Social Housing's requirements for the calculation of the relevant Tenant Satisfaction Measures (TSMs).

In addition to gathering information from customers on our performance against the satisfaction based TSMs, we have retained several historical STAR questions where these add to our understanding of customer priorities and perceptions.

LFHA position vs. Regulator benchmarking PRP LCRA 24/25



The graph above provides a comparison of our 2025/26 performance against our targets with the equivalent 2024/25 lower, median and first quartile comparative performance in the light, medium and dark shaded bars respectively of all the RSH results published in November 2025.

5. Value for Money Standard

Leeds Federated has assessed its performance against the requirements laid out in the Regulator of Social Housing's Value for Money Standard. Leeds Federated has judged itself to be compliant with these requirements.

1.1 Registered Providers must:	
a. clearly articulate their strategic objectives	Our strategic objectives are articulated in the Corporate Plan, through the three core strategies of 'Thrive', 'Engage', and 'Evolve'.
b. have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders	We have an approach agreed by the Board to achieving Value for Money in meeting these strategic objectives. This is primarily embedded in those strategies; however a separate Board-approved VfM Policy exists.
c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs	Our 'Thrive' Strategy and Development Policy articulate our approach to delivering homes that meet a range of needs.
d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	Our VfM Policy sets out how we ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of our strategic objectives.
2.1 Registered Providers must demonstrate:	
a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance	A robust approach to achieving Value for Money is set out in our Value for Money Policy. We demonstrate this in ongoing business activity through option appraisals, business cases taken to Corporate Investment Group and to Board, and through the goals and projected business benefits of an ongoing programme of corporate projects.
b. regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures	The board regularly considers potential value for money gains in the form of option appraisals and business cases for changes in operational activity. Other examples at board and operational levels include asset disposal decisions, procurement approaches, resource allocation, development of new systems and changes to existing systems.
c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case	
d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.	VfM performance is measured and recorded monthly through our balanced scorecard KPIs and through our annual VfM statement

2.2 Registered Providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider:	
a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers	• Evidence is published annually as part of the statutory accounts to detail performance against Value for Money targets and the metrics set out by the Regulator, along with any plans for improvement.
b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.	

6. Concluding Statement

This document provides a review of Leeds Federated’s activities over the course of the 2025/26 financial year from a value for money perspective. Leeds Federated believe that this report provides assurance of compliance with the requirements of the Regulator for Social Housing Value for Money Standard.