

M&G Shared Ownership

Value for Money and Tenant Satisfaction Measures



The work of registered providers of social housing are regulated by the RSH. Registered Providers are encouraged to carry out a value for money self-assessment each year, which reflects how the registered provider is performing against the Value for Money Standard, which is set out in the RSHs' "Regulatory Framework for Social Housing in England" Value for Money Standard 2018 (updated 2021), as well as the provider's own Value for Money ("VFM") metrics. This sets out the framework and context for registered providers in respect of VFM. Registered providers are required to meet the relevant standards set by the RSH.

We have set out below how M&G UK Shared Ownership Limited is approaching VFM, and how we have performed within the period. At the year end, the Company owned 1,571 (2023: 382) shared ownership homes, of which, close to 95% of the homes are occupied and income producing. 969 of these homes were acquired on 28th March 2024, the last working day of the period.

The Company continues to leverage M&G's expertise in residential property to build strategic relationships with partners, and influence housing management practices to drive improvements in service for Shared Ownership residents.

The following objectives represent the intended activities to be carried out by the Company:

- Provide an Affordable Route to Home Ownership: Ensure funded developments are affordable for working households who cannot afford to buy on the open market.
- Fund Sustainable Developments: Fund developments which improve access to housing and quality of life.
 - Ensure Quality Services & Partnerships: Ensure quality services and outcomes for residents. Leverage experience and capability across the residential platform to build a high-quality management service tailored for shared owner residents.
- Increase Supply: Drive delivery of Shared Ownership and other affordable housing solutions - that would otherwise not be built – through enabling Housing Associations and forward funding projects.

VFM is about procuring and delivering good, efficient services which provide the desired outcomes for the best price.

The current economic climate and the financial pressures being felt by our residents makes delivering VFM across all stakeholders even more critical to the meeting the Company's objectives.

Health and Safety and Performance Management

The Company seeks to ensure the Health and Safety of its residents. In practice, the Company ensures this through utilising M&G Real Estate's Asset Management and Health and Safety specialists to analyse building safety measures and by holding our Freeholders to account on behalf of our residents. A key aim of our strategy is to fully integrate VFM into our planning and performance management frameworks to ensure that it is embedded within our culture and those of the Company's property managers. We have created KPIs and targets for our property managers which enable the Company to measure their performance. This ensures appropriate action can be taken to ensure high quality service delivery, to maintain efficiencies and to ensure that the Company is accountable to our residents. Regular engagement with our property managers as well as formal quarterly performance meetings ensures the Company is able to measure performance as well as monitor customer satisfaction and complaints management.

Benchmarking

Benchmarking is a useful tool in measuring relative performance and in identifying areas of excessive costs. The Company intends to join its own benchmarking group so effective comparison of the Company's performance can be measured against other similar organisations. The Company is a for-profit registered provider, has no third party debt and is entirely focused on shared ownership homes. Furthermore the Company has grown significantly during the period. The number of comparable

member organisations is very low, however it remains a target of the Company to identify an appropriate benchmarking group at the earliest opportunity.

For this year's metrics we have presented performance against the 2023 Global Median results.

New delivery

One of the Company's key objectives is to enable the increase in the supply of affordable housing. The Company does this in two ways. Initially during its early growth stage, the Company has acquired existing homes from housing associations and registered providers who are actively contributing to the delivery of new affordable homes. Through working with Hyde Housing, Chelmer Housing Partnership, Places for People and HSPG, the Company has invested £152.1m into the sector which can be recycled by those parties into the delivery of new affordable homes. This strategy has been an effective way for the Company to grow to operational scale responsibly, managing exposure to development and sales risk through a period of unpredictable market conditions.

The Company has now accumulated a diverse portfolio of existing, high quality and energy efficient homes that are delivering a stable base of indexed linked income. Having created this secure platform of income, the Company now intends to increasingly seek forward-purchase and forward funding development opportunities in order to benefit from enhanced returns and to better meet the objective of increasing the supply of affordable housing. This approach will ensure we develop a portfolio of well-designed homes that incorporate both environmental and social design.

Value for Money Metrics

The Company has reported its performance against the RSH VFM Metrics in accordance with the VFM Standard as far as this is possible. The disclosures reflect the nature of the Company's activities being entirely focused on shared ownership homes as well as the fact the Company has no leverage as at 31 March 2024.

Value for Money Metrics	2023/2024 Disclosure	2023 Global Median (weighted)	Comments
Metric 1 - Reinvestment	73.7%	6.7%	The Company has completed portfolio acquisitions during the period with a total value of £152.1m. This represents a significant period of growth for the Company in only its second full year of operations.
Metric 2 - New Supply Delivered	4.6% (Social) 0.00% (Non-social)	1.30% (Social) 0.00% (Non-Social)	The Company has delivered 73 new shared ownership units in the period. The delivery of new supply is expected to rise considerably in future years as the Company pivots towards development activities.
Metric 3 - Gearing %	N/A	45.3%	There are no loans either short term or long term held by the Company.
Metric 4 – EBITDA MRI Interest Cover %	N/A	128%	Operating Surplus for the year was £2,436,991. As the company has no debt, there are no interest payments to be covered.
Metric 5 - Headline Social Housing Cost Per Unit	£0.983k	4.6k	Costs are significantly lower than global median due to cost efficiencies offered by a shared ownership only strategy. Furthermore, 969 units were acquired at the end of the period. If these units were excluded the cost per unit would be £2,562.

Metric 6 - Operating Margin %	68% (SHL) 66% (Overall)	19.8% (SHL) 18.2% (Overall)	Relative to the sector as a whole, the company has the benefit of cost efficiencies principally due to a shared ownership only strategy. As the Company grows, further efficiencies are anticipated.
Metric 7 - Return on Capital Employed	1.2%	2.8%	The Company made four significant transactions on 28 th March 2024, the last working day of the period. Very little rental income on those properties was therefore collected during the period, reducing proportionate surplus on those assets.

Tenant Satisfaction Measures

A critical part of measuring the performance of the Company against its objective to ensure quality services and outcomes is understanding the experience and perspectives of our residents. The 2023/4 TSM results are shown below.

In April 2023, the Regulator of Social Housing created a new system for assessing how well social landlords in England are doing at providing good quality homes and services. As part of this assessment, social landlords are required to report against 22 tenant satisfaction measures covering five themes.

The Company carried out an initial portfolio wide survey in line with TSMs in March 2023 in order to establish the perception of services being provided to them. 100 responses were obtained from the 382 homes that the Company owned at the beginning of the period. The Company has subsequently acquired 1,222 homes since September 2023, with 969 of those homes being acquired on the last working day of the period. It has therefore not been possible, nor would be it appropriate, to have surveyed the whole, or even a representative sample, of the resident base within the period.

Despite the small sample size, the initial survey responses have highlighted a number of areas where improvements in service can be achieved, and the team are working with property managers as applicable in order to address the concerns raised and drive improvements in service provision. The Company is surveying the wider resident base throughout 2024-25 with early responses showing an improvement in satisfaction from the initial March 2023 survey. We will continue to survey the resident base in order to track satisfaction levels with the ambition to significantly improve resident well-being and satisfaction over the long term.

Building Safety		
BS01	Proportion of homes for which all required gas safety checks have been carried out.	100.0%
BS02	Proportion of homes for which all required fire risk assessments have been carried out.	100.0%
BS03	Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out.	0.0%
BS04	Proportion of homes for which all required legionella risk assessments have been carried out.	100.0%
BS05	Proportion of homes for which all required communal passenger lift safety checks have been carried out.	100.0%

Anti-Social Behaviour		
NM01 (1)	Number of anti-social behaviour cases, opened per 1,000 homes.	11.4%
NM01 (2)	Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes	0.0%

Complaints		
CH01 (1)	Number of stage one complaints received per 1,000 homes.	41.3%
CH01 (2)	Number of stage two complaints received per 1,000 homes.	5.7%
CH02 (1)	Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	76.9%
CH02 (2)	Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales.	77.7%

Tenant perception measures		
TP01	Proportion of respondents who report that they are satisfied with the overall service from their landlord.	19.3%
TP05	Proportion of respondents who report that they are satisfied that their home is safe.	48.4%
TP06	Proportion of respondents who report that they are satisfied that their landlord listens to tenant views and acts upon them.	14.8%
TP07	Proportion of respondents who report that they are satisfied that their landlord keeps them informed about things that matter to them.	41.0%
TP08	Proportion of respondents who report that they agree their landlord treats them fairly and with respect.	41.8%
TP09	Proportion of respondents who report making a complaint in the last 12 months who are satisfied with their landlord's approach to complaints handling.	6.8%
TP10	Proportion of respondents with communal areas who report that they are satisfied that their landlord keeps communal areas clean and well maintained.	34.5%
TP11	Proportion of respondents who report that they are satisfied that their landlord makes a positive contribution to the neighborhood.	15.3%
TP12	Proportion of respondents who report that they are satisfied with their landlord's approach to handling anti-social behaviour.	30.1%