Value for money

The overall aim of our Value for Money Strategy is:

"to ensure our strategic and charitable objectives are achieved through the efficient, effective and economic use and management of resources at both the strategic and operational levels while delivering equitable outcomes for stakeholders and minimising our impact on the environment."

Our Value for Money Strategy

We are committed to embedding Value for Money throughout our governance processes, business planning and performance management frameworks, and through our service delivery culture. We recognise that value for money plays a vital role in the achievement of our strategic objectives and in supporting our ongoing viability and future growth.

Our approach to Value for Money

The Regulatory Standards require registered providers to review and understand their performance against the Value for Money technical metrics set by the Regulator of Social Housing, as well as their own Value for Money targets.

Targets are set annually by our Board based on the approved budget for the year, ensuring they include the strategic objectives contained within Plan A. To ensure that our Board considers the effect of their decisions on the technical metrics established by the Regulator, they are provided with a three year forecast of the technical metrics when setting the annual budget and a ten year forecast when approving the Business Plan. These forecasts also include our historical and forecast performance for each metric compared against the sector as a whole (all registered providers in England with over 1,000 properties) divided into quartiles using the latest available information published by the Regulator.

In our analysis below we also consider performance against our Northeast Peer Group as defined by the Regulator in their Global Accounts 2024.

Measuring Value for Money – our own performance targets

Our performance management framework is used to measure Value for Money and is monitored and reported to Board on a quarterly basis. Our framework includes Tenant Satisfaction Measures (TSM) and provides assurance that Plan A objectives are progressing in accordance with the delivery plan. Challenging targets are approved each year.

Our performance against key indicators is set out in the table below:

Performance Measure	Target (2024/25)	Result (2024/25)
Transforming Customer Experience and Digital Services		
Percentage of customers satisfied with the overall customer experience	89.00%	88.33%
Percentage of complainants satisfied with the way the complaint was handled	92.00%	92.59%
Percentage of tenants satisfied that their views are being listened to and acted upon	98.00%	90.34%
Net Promoter Score	55.00	58.47
Percentage of homes where access is gained – tenancy visits and damp and mould inspections	82.00%	79.88%
Planet A		
Total scope 1 and 2 CO_2 emissions	160 tonnes	125.88 tonnes
Total CO_2 emissions per property	2.5 tonnes	2.52 tonnes
Supporting Sustainable Places		
Total number of customers into employment (see page 38 below re sustainability measures)	365	353
Percentage of sustainable homes	95.75%	96.04%
Total Social Value achieved through social, economic and environmental interventions in communities supported/ delivered by Livin	£11.6m	£15.52m
Improvement score of sustainable communities' indicators - place making communities	0.11	0.33

Our performance against key indicators is set out in the table below:

Performance Measure	Target (2024/25)	Result (2024/25)
Supporting Sustainable Tenancies		
Current rent arrears as a percentage of the rent due	3.15%	2.79%
Average re-let time (calendar days) standard properties (excluding major works)	27 days	26.7 days
Turnover of tenancies as a percentage of overall stock	8.00%	7.06%
Percentage of tenancies using digital means of managing their tenancy	53.00%	56.74%
Percentage of tenants with improved financial confidence following financial inclusion support	90.00%	100.00%
Providing Quality Sustainable Homes		
Percentage of previously identified poorly performing assets addressed and subsequently let/disposed	95.00%	92.66%
Percentage of homes with a valid stock condition survey within the previous 5 years	33.60%	30.80%
Number of properties achieving SAP band C	8,763	8,555
Average SAP score of all properties	73.00	72.98
Percentage of tenants satisfied with planned works	90.00%	93.99%
Percentage of jobs completed at first visit	96.00%	97.64%
Percentage of tenants satisfied with repairs	88.00%	84.33%
Average time taken to complete repairs (calendar days)	12 days	14.02 days
Percentage of repairs completed within target time	90.00%	86.20%
Percentage of emergency repairs attended to within 4 hours and completed in 1 working day	95.00%	96.42%
Percentage of damp and mould cases closed within 33 working days	100%	73.61%

Our performance against key indicators is set out in the table below:

Performance Measure	Target (2024/25)	Result (2024/25)
Compliance metrics		
Percentage of properties compliant with all safety checks	100%	99.66%
Percentage of properties with a valid landlord gas safety check	100%	99.97%
Percentage of properties with a valid electrical safety check	100%	99.89%
Percentage of properties with a valid solid fuel safety check	100%	100%
Percentage of properties with a valid lift service	100%	97.20%
Percentage of properties with a valid lift inspection	100%	89.17%
Percentage of properties with a valid water hygiene check	100%	100%
Percentage of properties with a valid asbestos survey	100%	99.90%
Percentage of non-domestic assets covered by current asbestos survey	100%	100%
Percentage of communal areas and shared spaces with a valid fire risk assessment	100%	100%
Percentage of dwellings with compliant smoke and Co_2 detection	100%	100%
Building and Acquiring Sustainable Homes		
Number of new units developed and acquired (new build only)	76	71
Percentage of units secured against Business Plan targets over a three-year period	85.00%	95.32%
New supply delivered (development and acquisitions) - Social housing (VfM Metric 2)	0.98%	0.92%
Total stock number (including leaseholders)	9,000	9,007
Number of new build homes developed and acquired, cumulative over 3 years	408	403
Average SAP rating of land led homes completed	87	90.8
Average SAP rating of acquisitions completed	85	84.79
Percentage of new homes approved which are suitable for older persons and/or disabled people	0.00%	0.00%

Our performance against key indicators is set out in the table below:

Performance Measure	Target (2024/25)	Result (2024/25)
Tenant Satisfaction Measures		
Overall satisfaction (TP01)	90.00%	91.00%
Satisfaction with repairs (TP02)	88.00%	88.89%
Satisfaction with time taken to complete most recent repair (TP03)	86.00%	88.50%
Satisfaction that the home is well maintained (TP04)	87.00%	87.54%
Satisfaction that the home is safe (TP05)	89.00%	92.96%
Satisfaction that the landlord listens to tenants' views and acts upon them (TP06)	83.00%	82.01%
Satisfaction that the landlord keeps tenants informed about things that matter to them (TP07)	84.00%	85.04%
Agreement that the landlord treats tenants fairly and with respect (TP08)	91.00%	91.31%
Satisfaction with landlord's approach to handling complaints (TP09)	48.00%	55.43%
Satisfaction that the landlord keeps communal areas clean and well maintained (TP10)	78.00%	74.55%
Satisfaction that the landlord makes a positive contribution to neighbourhoods (TP11)	80.00%	79.56%
Satisfaction with the landlord's approach to handling of ASB (TP12)	75.00%	76.48%
Stage 1 complaints received per 1,000 homes (CH01a)	Data only	16.55
Stage 2 complaints received per 1,000 homes (CH01b)	Data only	2.46
Stage 1 complaints responded to in target time (CH02a)	Data only	97.29%
Stage 2 complaints responded to in target time (CH02b)	Data only	100%
Anti-social behaviour cases received per 1,000 homes (NM01a)	Data only	52.9
Hate crimes received per 1,000 homes (NM01b)	Data only	1.01
Homes that do not meet the Decent Homes Standard (RP01)	0	0
Non-emergency repairs completed within target timescale (RP02a)	90.00%	86.32%
Emergency repairs completed within target timescale (RP02b)	96.00%	99.04%
Gas safety checks (BS01)	100%	99.97%
Fire safety checks (BS02)	100%	100%
Asbestos safety checks (BS03)	100%	100%
Water safety checks (BS04)	N/A	N/A
Lift safety checks (BS05)	N/A	N/A

Our performance against key indicators is set out in the table below:

Performance Measure	Target (2024/25)	Result (2024/25)
Financial Metrics		
Average vfm score	1.71	1.57

At year end our performance highlighted seven high level indicators which failed to meet target.

Tenants satisfaction that their views are being listened to and acted upon failed to meet target but the TSM remained top quartile for the year. This highlights the stretching target that was set, with performance impacted by the timing of surveys issued to customers and the number of neutral responses received. Communication has been improved to engage with customers and to provide more information on the impact of their feedback.

The percentage of homes with a valid stock condition survey is a focus area and was 30.80% at year end compared to a target of 33.6%. Mobilisation of additional surveying resources commenced just prior to year end to increase the volume of surveys being completed and to ensure we hit our target of 100% of homes having a survey completed within the last five years by August 2026.

The average time taken to complete repairs was also outside of target partially due to storm damage during the year.

Additional employee resources have now been put in place to address the time taken to complete repairs along with further utilisation of property data planned to identify service improvements.

The percentage of damp and mould cases closed within 33 working days failed to meet target. Despite being below target at 73.61% this was a significant improvement in performance compared to last year's figure of 47.3%. This measure is a combination of the time taken to carry out an inspection and the time taken to complete the mould treatment. The recruitment and retention of additional repairs inspectors proved difficult during the year meaning that the backlog of inspections was not cleared. Recruitment completed after year end will help reduce the backlog.

We continue to try to access properties where access is being refused and prioritise tenants with known vulnerabilities. Damp and mould performance remains a spotlight measure monitored by Board.

The percentage of properties with

a valid lift thorough inspection was below target with 17 properties having an overdue inspection at year end. These properties were all a result of access issues with further appointments made after year end to ensure the inspections were completed.

Two measures relating to building and acquiring homes failed to meet target. These were the number of units developed, and new supply delivered. Both were a result of planning delays with performance falling five homes short of target. These issues have now been resolved with the homes expected to be completed later in 2025.

Nine measures were below target but within tolerance.

The percentage of homes where access is gained – tenancy visits and damp and mould inspections was within tolerance after a slow start with access at the beginning of the financial year. A review of processes and a series of improvements following the completion of the Tenancy Visit programme 2023-25 was completed. This included targeted customer voice work and analysis of communication methods most likely to achieve first time access, which then improved performance later in the year but was not sufficient to avoid below target performance at year end.

The total number of customers into employment was also within tolerance at 353 a reflection of the ambitious target we set and our work with economically inactive customers that are the furthest away from the labour market with multiple barriers to moving closer to employment.

The percentage of previously identified poorly performing assets addressed and subsequently let/disposed was negatively impacted by a delay in receiving planning approval to convert low demand flats into 5 bedroomed homes. These works commenced after the year end.

The number of properties achieving SAP band C was impacted by customers omitting their homes from the energy efficiency programme. We are looking at new ways of encouraging participation including enhanced customer voice and incentives to promote the works.

The percentage of tenants satisfied with repairs was within tolerance and more surveyors have been recruited to carry out additional inspections and promptly raise the concerns with our contractor so they can address any issues quicker and improve the quality of their work.

The percentage of repairs completed within target time was 86.2% and within tolerance. This performance was an improvement on the previous year, and we continue to work with our contractor to address issues in specific trades such as roofing repairs through the mobilisation of additional sub-contractors.

The percentage of properties with a valid landlord gas safety record was 99.97% and did not meet target of 100%. At the year end three properties were overdue a gas service a result of access issues. All services were completed after the year end.

Three homes did not have a valid lift service at year end due to issues in gaining access to the properties with additional appointments made after year end to carry out the servicing.

The cumulative number of new build homes developed and acquired over three years was also within tolerance at five homes below target. This was a result of planning issues with the units to be completed in late 2025.

As well as the Plan A delivery performance measures covered above there were three TSM metrics which did not meet target but were within tolerance.

Satisfaction that the landlord listens to tenants' views and acts upon them (TP06) was 0.99% below the target of 83% and we will broaden representation of tenant engagement across key demographic groups to improve consistency of satisfaction in relation to tenant engagement, whilst strengthening feedback to raise awareness.

Satisfaction that the landlord keeps communal areas clean and well maintained (TP10) was also within tolerance at 74.55%. Following the results we contacted customers that had scored negatively for further details about their reasons for dissatisfaction.

There were no significant trends in the responses and we have improved our communications about the standards of service that can be expected in these areas.

Non-emergency repairs completed within target timescale (RP02a) was within tolerance at 86.32%. As mentioned above, additional resources have been put in place to address this issue.

In addition to the above metrics three sustainability performance measures are reported for loan agreement purposes. The "Total customers supported in employment" (included above) is one of the three sustainability measures. The other two measures are:

Performance Measure	Target (2024/25)	Result (2024/25)
Percentage of existing housing properties at 1 April 2022 with EPC rating C or above	95.0%	**95.4%**
Completed new build properties with EPC B and above (cumulative from 1 April 2022)	526	**403**

The percentage of existing properties at EPC rating C or above met target and reflects the focused efforts on improving the energy efficiency of existing homes over the last three years.

The number of new build properties with an EPC rating of B or above missed target due to the planning delays experienced during the year.

The current sustainability targets were agreed up to 31 March 2025, with new targets to be agreed with funders in the next year.

Value for Money Performance – Regulators Metrics

In addition to the performance measures used to track progress against strategic objectives, we also use the Regulator's VfM metrics to measure our performance, setting targets based on the Board approved Business Plan.

When considering the headline social housing cost per unit performance we consider that lower cost is better as this demonstrates greater efficiency when considered alongside the delivery of key strategic objectives as measured in our performance framework.

We operate in a deprived area where social rents are below national averages and repairs and maintenance costs are also lower than other areas. We review this performance alongside decent home compliance, our commitment to repairs being right first time and resolving damp and mould issues, thereby ensuring we provide a quality repairs service, and maintain properties to a high standard whilst protecting our operating margin and the longer-term viability of our social housing assets.

	Value for Money metric	Target	Performance
1	Reinvestment %	14.3%	**11.3%**
2a	New Supply Delivered % (Social Housing Units)	0.98%	**0.9%**
2b	New Supply Delivered % (Non- Social Housing Units)	0%	**0%**
3	Gearing %	57.9%	**54.2%**
4	EBITDA MRI Interest Cover %	118.0%	**147.5%**
5	Headline Social Housing cost per unit	£4,230	**£4,359**
6a	Operating Margin % (Social Housing Lettings only)	18.9%	**22.9%**
6b	Operating Margin % (overall)	19.9%	**24.8%**
7	Return on Capital Employed %	3.7%	**4.6%**

Reinvestment failed to meet target due to lower than budgeted expenditure on development caused by delays in discharging planning conditions and planning resource issues within local authorities.

New supply delivered was also affected by these issues, falling five units short of target, with completion of these homes now expected in late 2025.

Headline social housing failed to meet the target for two main reasons. Additional major repairs expenditure was incurred during the year at our regeneration scheme, The Courts, in Shildon, County Durham.

These costs were unavoidable due to service diversion works and the related security and prelim costs which were incurred because of the delay caused by the diversion works.

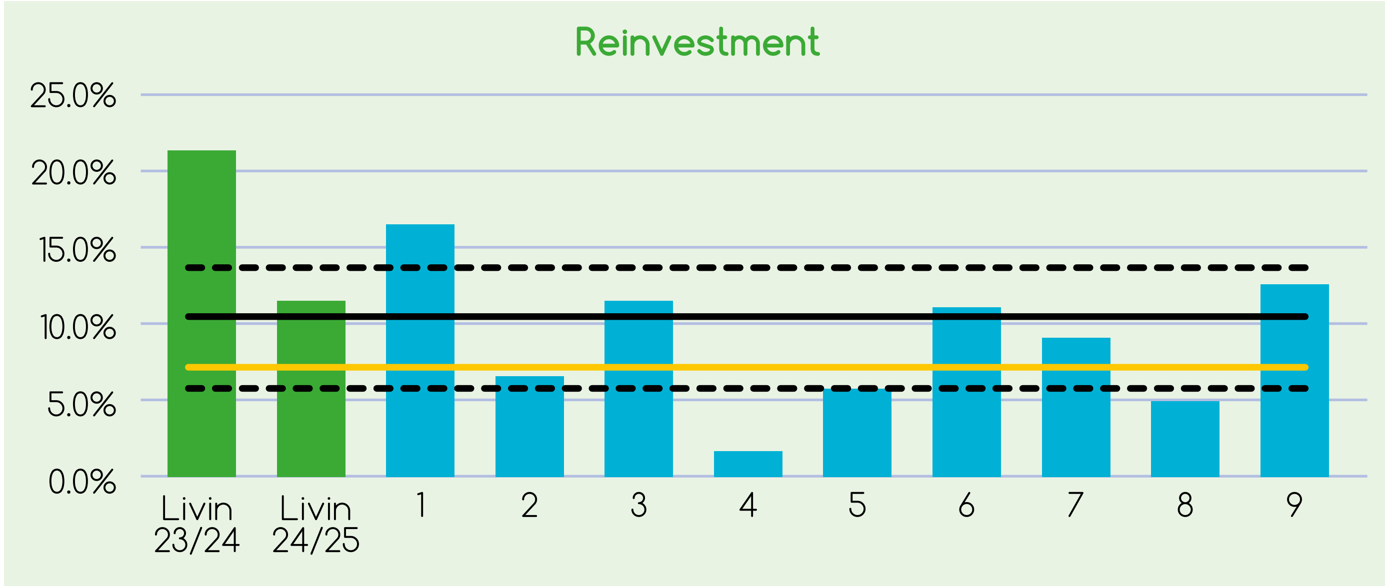
The second reason was an increase in repair costs especially relating to gas repairs, damp and mould works and repairs costs incurred when properties became void.

Value for Money Performance – Peer Group Comparison

The tables below compare our performance in 2024/25 against the nine other members of the Northeast Peer Group as defined in the Regulator's Global Accounts 2024 (latest set available at the time of preparing this report).

The dashed black lines on each graph show the upper and lower quartiles for the Peer Group with the solid black line being the Peer Group median.

The solid orange line is the sector median as per the Regulator's Global Accounts 2024.

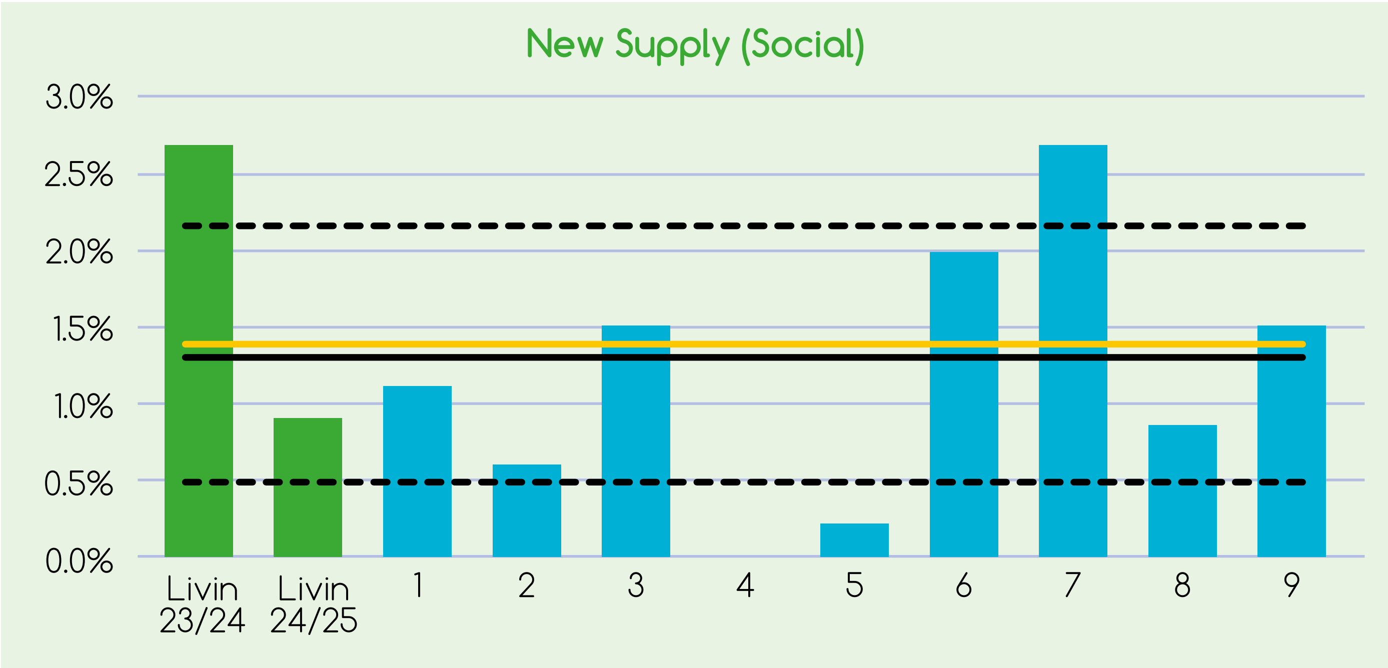


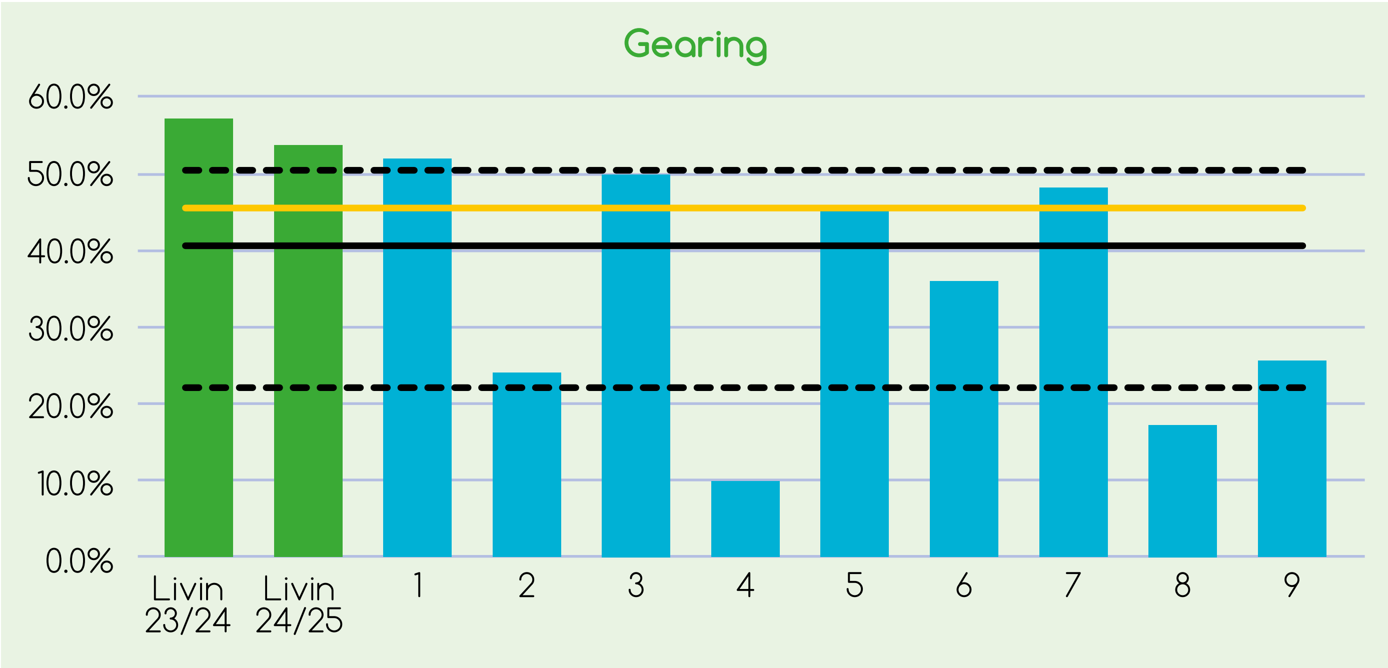
Reinvestment

Our performance was upper median quartile in comparison to our regional peer group, and upper quartile when compared to the sector as a whole. During the year we invested in new social housing properties, with 83 additions to our housing stock. Our new build programme for the year was affected by planning delays, resulting in an underspend of £11.4m compared to the Board approved development budget (before grant).

Many of these homes are now expected to be completed in the next two years, getting our development programme back on track by mid 2026.

Our plans include delivering sustained volumes of major works to ensure the decent homes standard is met and operational efficiencies are achieved. We are also exploring the use of collaborative procurement to reduce costs and further enhance value for money.





New supply delivered (Social Housing)

Is an area where our performance declined to lower median quartile when compared to our peer group and the sector as a whole. Planning delays during the year reduced the completion of new homes significantly impacting our performance. We continue to build or acquire 2 to 4 bedroom properties for social and affordable rent and strive to meet the growing demand for housing in our communities.

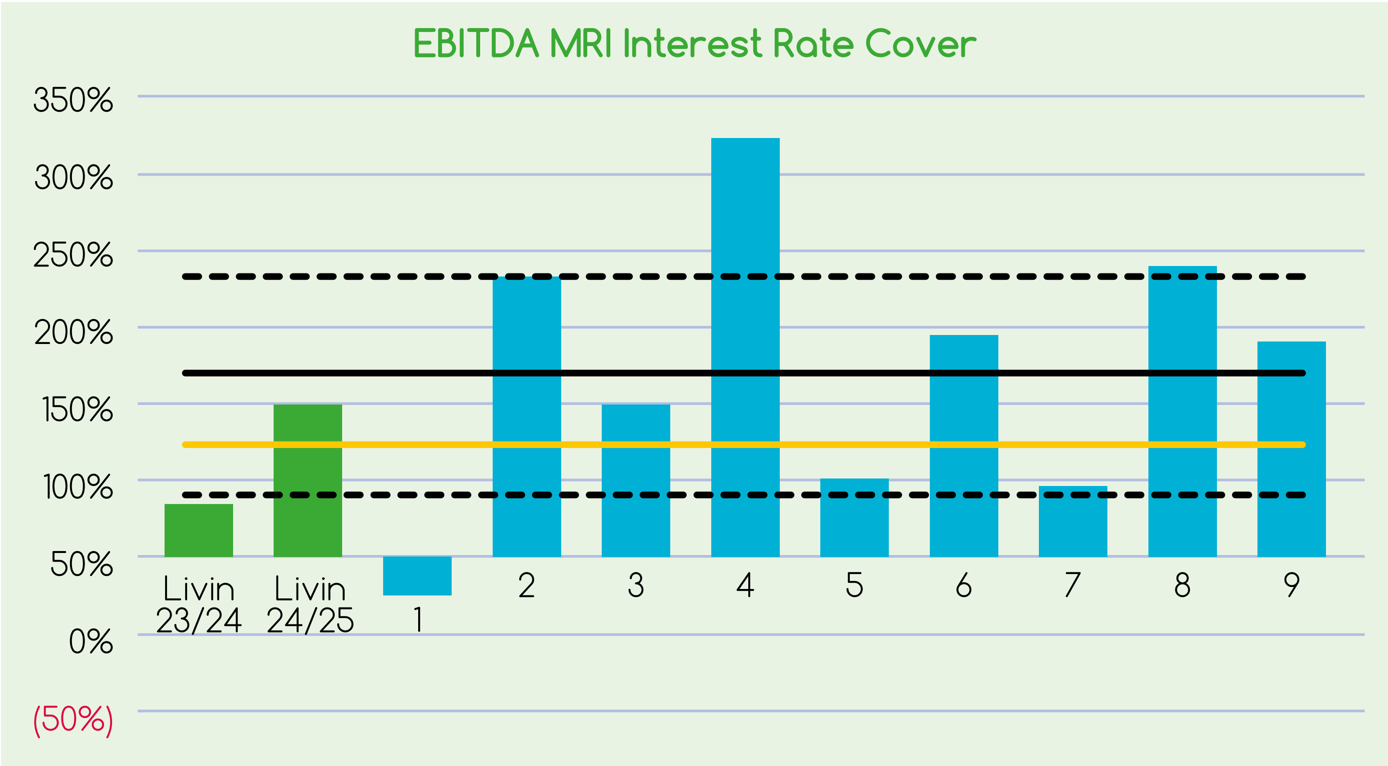
Our ambitious development programme is halfway through it's 10 year programme with aims to deliver 587 new homes over the next 5 years with 332 of these being delivered within the next 2 years. At the end of the financial year, we had already secured 95% of our next three year's development target.

New supply delivered (Non-Social Housing)

Is an area in which only two of the peer group delivered properties. Our strategy focuses on delivering new much needed low-cost rental housing or low-cost home ownership properties therefore we do not expect this metric to increase in future years.

Gearing

Was top quartile when compared to our peer group and upper median quartile compared to the sector as a whole. We have £59m worth of undrawn loan facilities to enable us to continue with our Plan A strategic objectives. Gearing is not a limiting factor to our development capacity and does not restrict our future development plans.

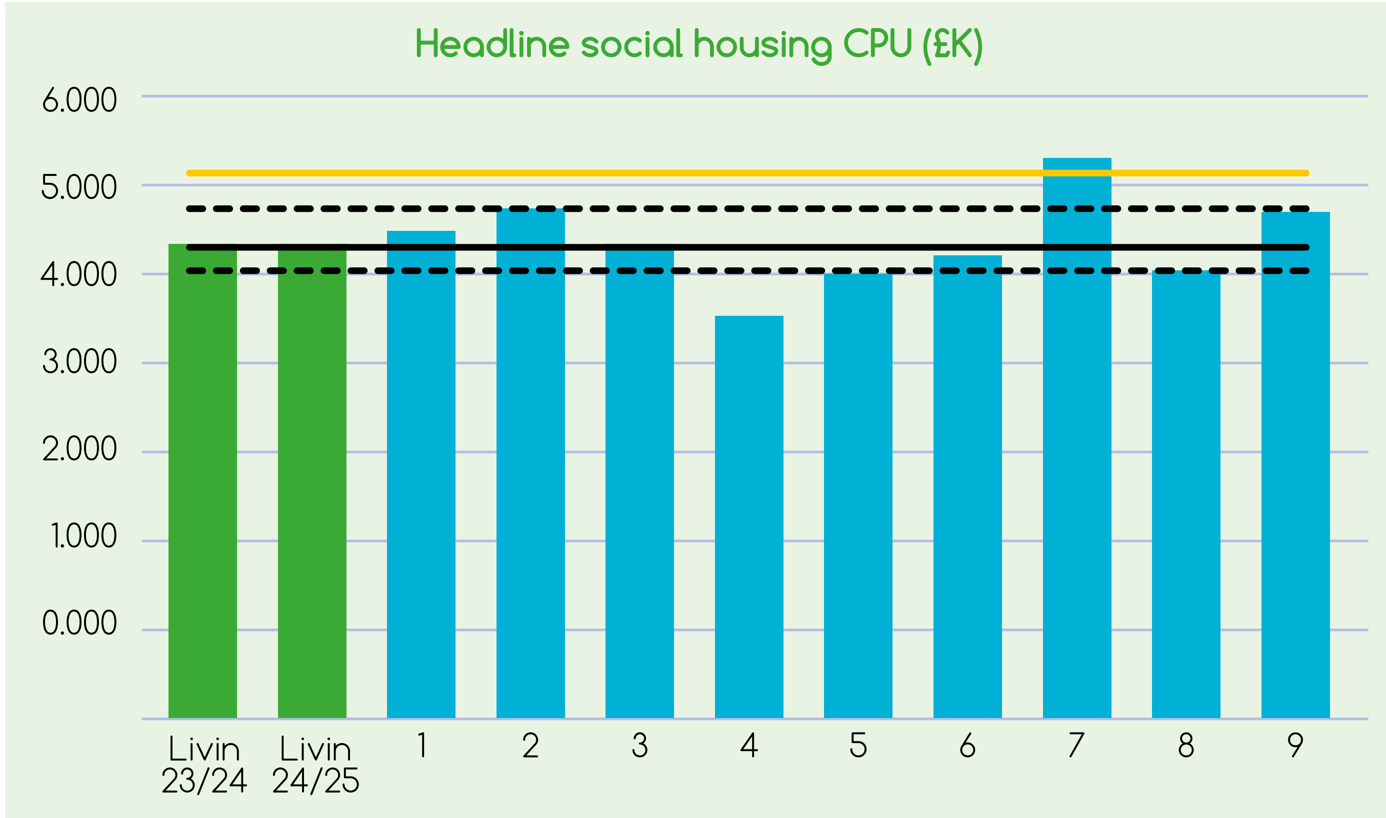


EBITDA MRI Interest cover

Has improved from lower quartile last year to lower median when compared to our peer group and upper median compared to the sector as a whole. The Regulator's quarterly survey data for January to March 2025 indicated that levels of interest cover across the sector are set to remain restricted in the short term. Our EBITDA MRI interest cover is forecast to steadily improve from 2025/26 over the two years.

We continue to utilise the Social Housing Decarbonisation Fund grant we received, partially offsetting the grant against capital expenditure incurred on the energy efficiency works completed during the year. A change in the technical specification of this VFM metric allows this grant to be deducted from major repairs costs from April 2024 onwards which also contributed to our improved performance.

We expect this metric to remain above the sector median in the short-term as we benefit from higher levels of rent due to new build homes completed during the remainder of our development programme.



Headline Social Housing Cost per Unit

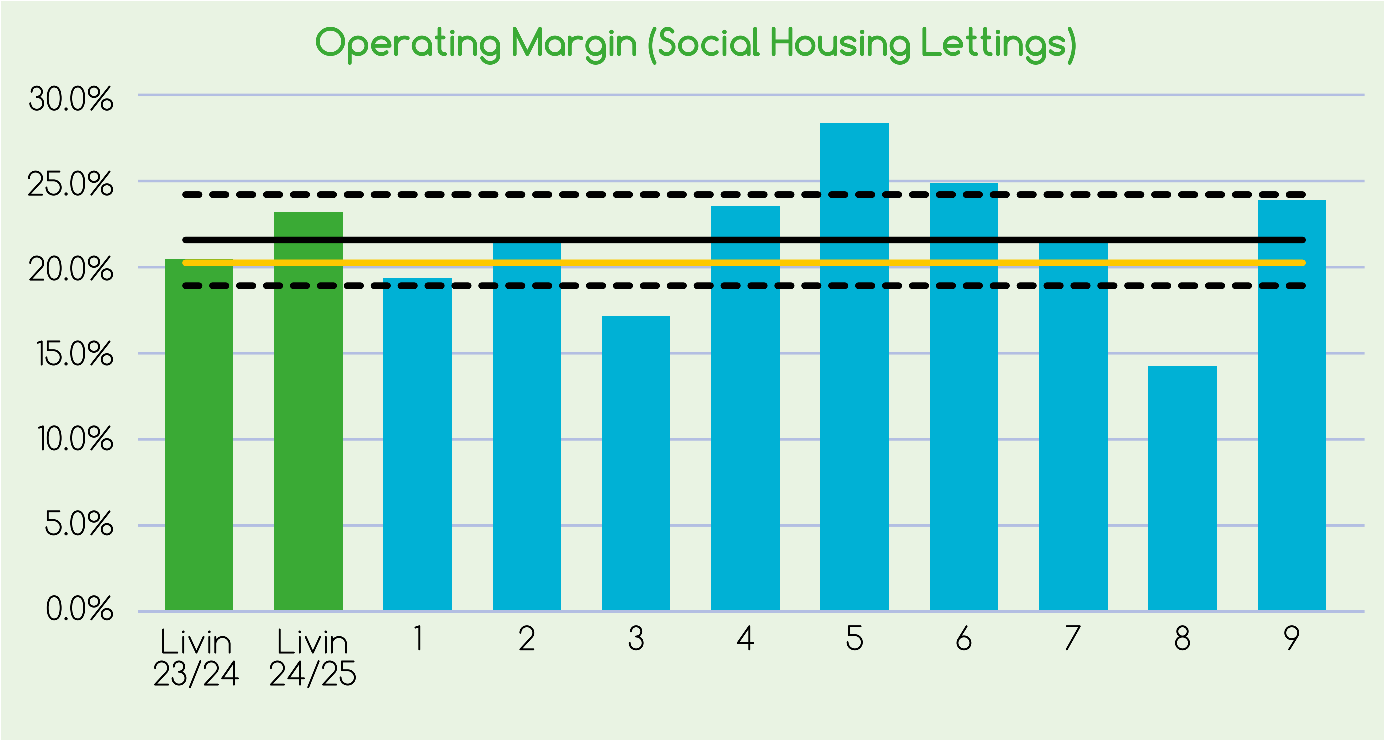
Performance was lower median quartile compared to our regional peer group and upper median compared to the sector as a whole.

Social housing cost per unit decreased by £29 as shown in the table below. This was a result of a combination of factors: Management costs have increased by £73 per property due to annual pay awards and price increases from suppliers following a period of high inflation; Repairs costs have increased by £146 per property because of inflationary cost pressures, increased level of works completed on void properties and treatment of damp and mould. Major works costs have reduced £160 per property following the completion of our regeneration scheme and energy efficiency works. Other costs reduced by £94 per unit due to the expiry of our vat shelter agreement which required us make payments to Durham County Council for VAT recovered on capital works.

Understanding our Social Housing Cost per Unit

Our social housing cost per unit is reported as part of our regulatory value for money metrics. This can be further analysed as shown below:

	2024/25	2023/24	Change
Management costs	£1,080	£1,007	£73
Repairs	£1,754	£1,608	£146
Major works	£1,459	£1,619	(£160)
Service charges	£35	£29	£6
Other	£31	£125	(£94)
Total	**£4,359**	**£4,388**	**(£29)**



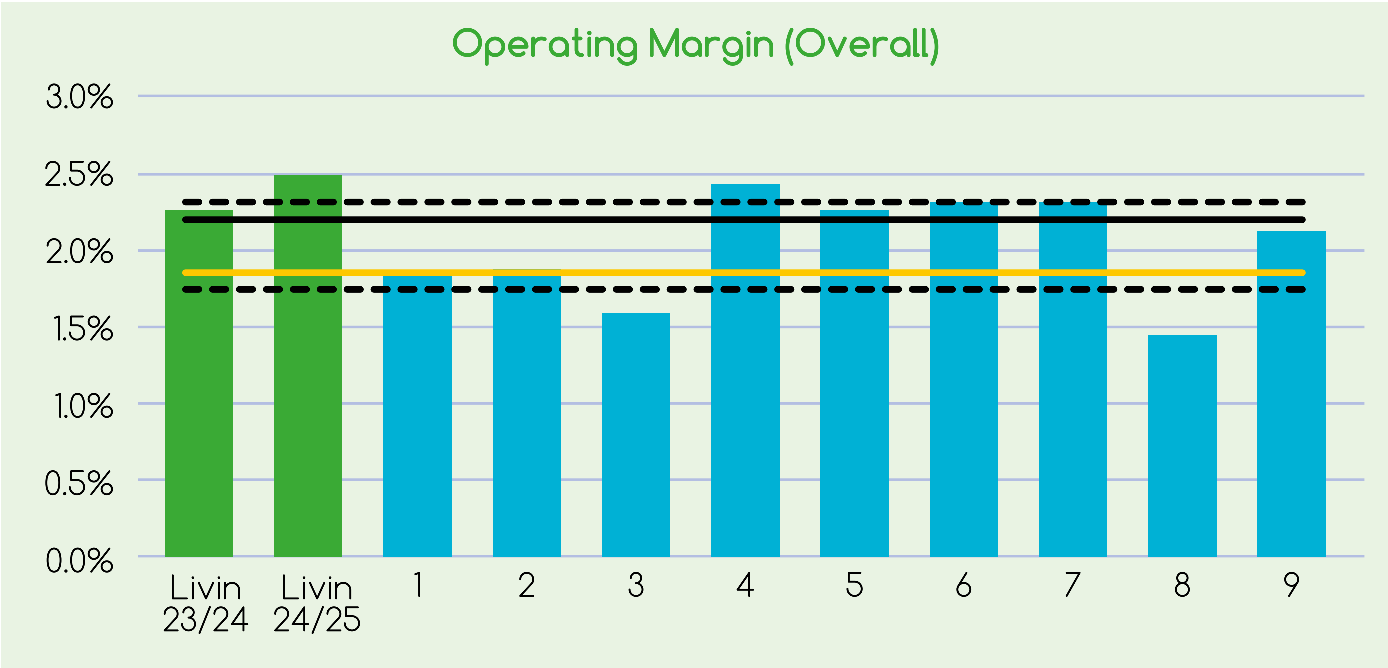
Operating Margin Social Housing Lettings

Performance improved from 20.5% to 22.9% which placed us in the upper median quartile when compared to both our peer group and the sector as a whole. Our cost base increased due to increased employee costs, repairs and maintenance costs, and increased depreciation charges as a result of new developments and increased major expenditure on existing homes.

These were offset by the increase in annual rental income therefore improving our social housing margin.

We continue to operate in areas where our average weekly rent charge is relatively low compared to the majority of our peer group. However, new build homes in high demand areas where the affordable rent charged is 80% of market rent has increased our social housing operating surplus.

This metric is, however, expected to decline in 2025/26 due to forecast additional repairs costs before recovering the following year as additional new build homes are let.

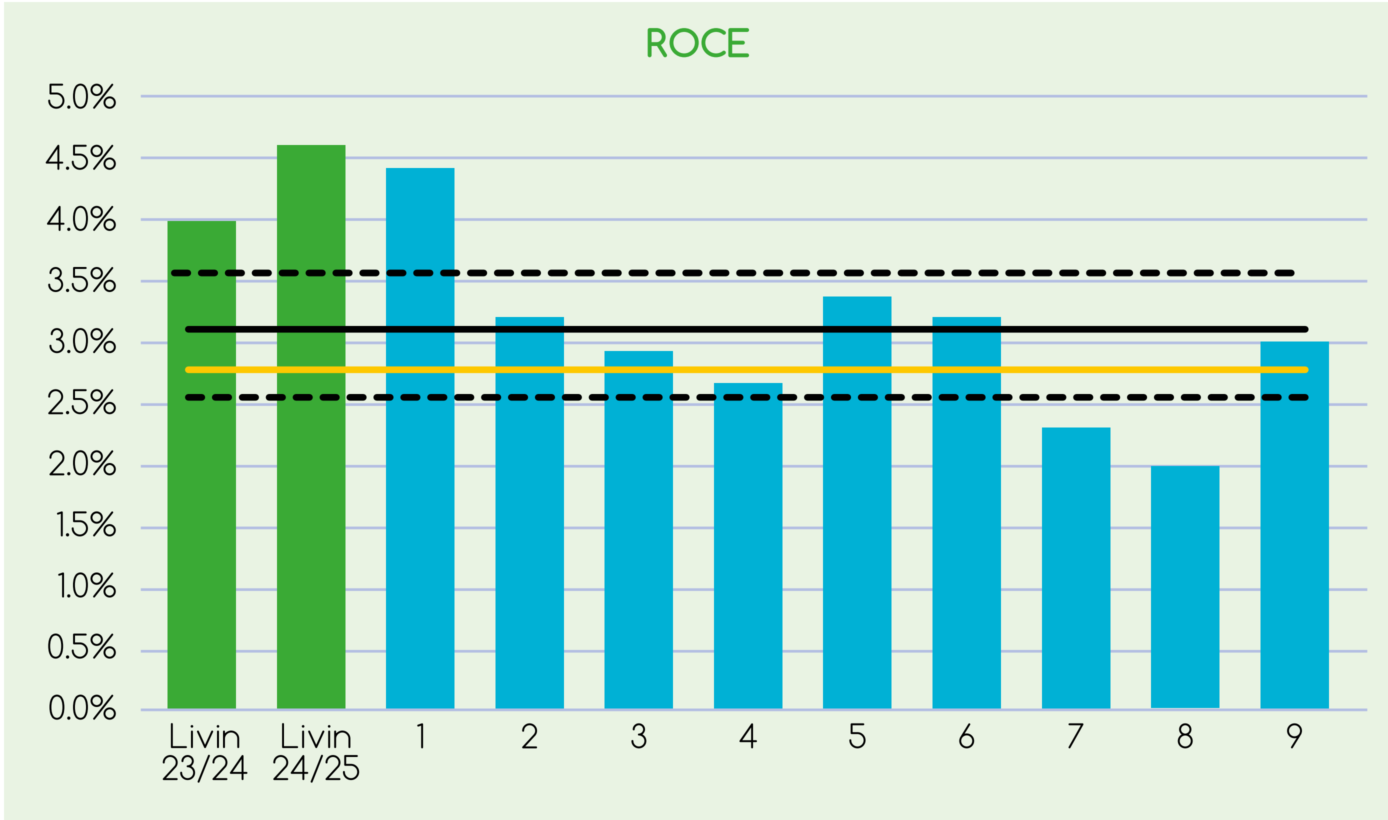


Operating Margin Overall

Performance continued to improve from upper median quartile last year to upper quartile in 2024/25 when compared to the Northeast peer group and the sector as a whole.

Our operating margin performance overall improved from 22.1% last year to 24.8% assisted by strong margins on commercial lets and other turnover.

Our performance is expected to remain above median performance in the short term. This is a combination of the CPI + 1% rent settlement and the positive impact of rental income from completed developments.



Return on Capital Employed (ROCE) %

Performance has returned to upper quartile when compared to the Northeast peer group and remained in the top quartile when compared to the sector as a whole.

ROCE is expected to fall slightly next year, but remain top quartile compared to the sector as a whole, as further capital is employed to deliver our development programme.

Overall Performance

The Board aims to achieve a balanced performance across the Regulator of Social Housing's Value for Money technical metrics, aiming for our blended average performance to be above median across the technical metrics as a whole.

Our methodology for this is to apply a score of 1 for best quartile performance and 4 for worst quartile performance. We reverse the headline social housing cost per unit as previously mentioned and using this methodology, historical, current and future performance is shown in the table below (when compared to the sector as a whole based upon the 2024 Global Accounts):

Metric	2023/24		2024/25		2025/26 forecast		2026/27 forecast		2027/28 forecast	
	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile
Reinvestment %	21.3%	1	11.3%	1	13.7%	1	8.8%	2	7.7%	2
New supply delivered – social housing (%)	2.7%	1	0.9%	3	2.3%	1	1.4%	3	0.9%	3
Gearing (%)	57.1%	1	54.2%	2	58.8%	1	58.9%	1	57.6%	1
EBITDA MRI Interest Cover (%)	76.2%	4	147.5%	2	124%	2	137%	2	150%	2
Headline Social Housing Cost Per Unit (£)	£4,388	2	£4,359	1	£4,229	1	£4,214	1	£4,262	1
Operating Margin (Overall)	22.6%	2	24.8%	1	20.3%	2	21.6%	2	21.9%	2
Return on Capital Employed	4.0%	1	4.6%	1	3.6%	1	3.7%	1	3.8%	1
Average for all metrics		1.71		1.57		1.29		1.71		1.71

An organisation which demonstrated median performance in all measures would show an average performance of 2.5.

Our overall performance in all years under review is better than this average.

Using this methodology for measuring performance against the Northeast Peer Group, our performance was also in the top quartile.

Measurable plans to address underperformance

The Board has considered those areas where performance against the Value for Money technical metrics, defined by the Regulator of Social Housing, are below median when compared with the sector as a whole.

In 2025/26 performance is forecast to be strong with metrics expected to be above the sector median and averaging 1.29 using our calculation method.

In future years there is one metric forecast to be below the sector median; this is New supply delivered.

New supply delivered is forecast to fall in 2026/27 as development targets are reduced. Our original development programme to March 2030 was front-loaded to ensure we met our strategic target of owning and managing 9,000 homes by March 2025.

After March 2027 our target falls to an average of 85 new homes per annum for the remaining three years of the development programme.

During the final phase of Plan A, Board will monitor and consider our financial capacity to develop additional new homes beyond the life of the current development programme, recognising that this will be shaped by the availability of government funding streams, cost and availability of other sources of finance and the evolving landscape of social rent policy.

Conclusions

Value for Money is embedded in our culture and governance structure; we appreciate that delivering effective and efficient services benefits our customers and their communities.

Our performance is published separately on our website and referred to in our annual report to tenants enabling further scrutiny of performance.

Performance in 2024/25 shows a continued commitment to Value for Money. In comparison to our peer group and the sector as a whole we are able to demonstrate strong performance against the Technical Metrics defined by the Regulator and have assessed our long-term Business Plans and forecasts in light of these metrics.

We have identified an area where there is underperformance in comparison to other providers, defined as performance which is below median against the sector as a whole. This is New supply delivered and we have explained the reasoning behind this.

The Board is satisfied that our financial plans to deliver our business strategy, Plan A, provides a balanced performance across the value for money metrics, demonstrating our commitment to value for money, and that current performance is achieving above median performance across the technical metrics as a whole.