Our Value for Money Strategy

We are committed to embedding Value for Money across our governance arrangements, business planning, performance management frameworks and service delivery culture. We recognise that Value for Money is central to achieving our strategic objectives, maintaining long-term viability and supporting sustainable future growth.

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 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 show both historic and projected performance for each metric, benchmarked against the wider sector using the latest available information published by the Regulator. Sector comparison is based on registered providers in England with more than 1,000 homes, with performance analysed by quartiles.

In our analysis below we also consider performance against our North East Peer Group as defined by the Regulator in their Global Accounts 2025.

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. Focus areas are considered by the Board to ensure specific issues are scrutinised before being de-escalated when the Board are satisfied that the risk and performance have been properly addressed. Challenging targets are approved each year.

Our performance against key indicators is set out below:

Performance Measure	Target (2025/26)	Result (2025/26)
Consistently Delivering Excellent Customer Experience and Digital Services		
Percentage of customers satisfied with the overall customer experience	89.50%	90.54%
Overall Satisfaction (TSM-P& CSAT)	90.00%	90.26%
Percentage of tenants satisfied that their views are being listened to and acted upon	95.00%	98.80%
Satisfaction that the landlord listens to tenants views and acts upon them (TSM-P& CSAT)	83.00%	82.95%
Net Promoter score	60	64.26
Percentage of homes where access is gained at first visit	83.00%	82.67%
Satisfaction with the landlord's approach to handling complaints (TSM-P& CSAT)	55.00%	47.70%
Percentage of complainants satisfied with the way the complaint was handled	93.00%	87.88%
Supporting Balanced and Sustainable Communities		
Total number of customers into employment (cumulative)	200	213
Total number of tenants into employment (cumulative)	150	144
Percentage of sustainable homes	99.12%	99.08%
Total social value achieved through social, economic and environmental interventions in communities supported/ delivered by Livin (cumulative)	£13 m	£36,876,816
Improvement of sustainable communities' indicators - place making communities	8	15

Measuring Value for Money – our own performance targets

Performance Measure	Target (2025/26)	Result (2025/26)
Supporting Sustainable Tenancies		
Current tenant rent arrears as a percentage of the rent roll	2.75%	2.98%
Average re-let time (Calendar days) standard properties (excluding major works)	27 days	25.88 days
Turnover of tenancies as a percentage of overall stock (cumulative)	7.00%	6.75%
Percentage of tenancies using digital means of managing their tenancy	56.00%	63.02%
Percentage of older and vulnerable tenants showing reduction in rent arrears six months after a Financial Inclusion Intervention	85.00%	80.99%
Providing Quality Sustainable Homes		
Percentage of homes with a valid stock condition survey within the previous 5 years*	82.00%	82.01%
Percentage of homes achieving EPC Band C	97.50%	97.75%
Average SAP score of all properties	73.00	73.43
Percentage of tenants satisfied with planned works (CSAT)	90.00%	93.33%
Percentage of jobs completed at first visit	96.00%	97.53%
Percentage of tenant satisfied with repairs (CSAT)	86.00%	87.31%
Satisfaction with repairs (TSM-P and CSAT)	88.00%	89.10%
Average time taken to complete repairs (calendar days)	15 days	12.08 days
Percentage of repairs completed within target time	90.00%	90.01%
Percentage of emergency repairs attended to within 4 hours and completed within 1 working day	96.00%	96.83%
Percentage of damp and mould cases closed within 33 working days	100.00%	68.86%
Total scope 1 and 2 CO2 emissions (cumulative)	150 Tonnes	108.8 Tonnes
Total CO2 emissions per property	2.50 Tonnes	2.27 Tonnes

Performance Measure	Target (2025/26)	Result (2025/26)
Health and Safety Compliance		
Percentage of properties compliant with all safety checks	100.00%	99.75%
Percentage of properties with a valid Landlord Gas Safety Record (LGSC)	100.00%	100.00%
Percentage of properties with a valid solid fuel safety check	100.00%	100.00%
Percentage of properties with a valid electrical safety check	100.00%	99.98%
Percentage of properties with a valid lift service	100.00%	91.92%
Percentage of properties with a valid lift thorough inspection check	100.00%	96.30%
Percentage of assets with a valid water hygiene check	100.00%	100.00%
Percentage of properties with a valid asbestos survey	100.00%	99.91%
Percentage of non-domestic assets covered by current asbestos survey	100.00%	100.00%
Percentage of dwellings with compliant smoke and CO2 detection	100.00%	100.00%
Percentage of communal areas and shared spaces with a valid fire risk assessment	100.00%	100.00%
Percentage of Awaab's Law emergency repairs completed within 24 hours	100.00%	99.91%
Percentage of Awaab's Law safety repairs completed within 5 working days	100.00%	100.00%
Percentage of Awaab's Law investigations completed within 10 working days	100.00%	100.00%

Measuring Value for Money – our own performance targets

Performance Measure	Target (2025/26)	Result (2025/26)
Building and Acquiring Sustainable Homes		
Number of new homes developed and acquired	119	73.00
Percentage of units secured against business plan targets over a three-year period	85.00%	97.46%
New supply delivered (Development and acquisitions) Social Housing (VFM Metric 2)	1.42%	0.91%
Total stock Number	9,099	9,048
Number of new build homes developed and acquired, cumulative over three years (rebased from 1 April 2025)	119	73.00
Average SAP rating of Land led Homes completed	82	90.35
Average SAP rating of acquisitions completed	82	87.95
Percentage of new homes approved which are suitable for older persons and/or disabled people	20.00%	23.95%
Maintaining Stronger Finances		
EBITDA MRI as a % of interest (VFM Metric 4)	124.00%	162.20%
Average VFM Score	<1.71	1.29
Maximising the Talent and Contribution of our People		
Employee engagement	98.00%	98.04%
Number of working days/shifts lost to sickness absence (cumulative)	4 days	4.51 days
Employee capacity	73.00%	72.75%
Voluntary attrition (cumulative)	12.30%	7.59%

Performance Measure	Target (2025/26)	Result (2025/26)
Tenant Satisfaction Measures		
Overall Satisfaction (TP01)	90.00%	90.26%
Satisfaction with repairs (TP02)	88.00%	89.10%
Satisfaction with time taken to complete most recent repair (TP03)	86.00%	89.23%
Satisfaction that the home is well maintained (TP04)	87.00%	89.27%
Satisfaction that the home is safe (TP05)	89.00%	91.12%
Satisfaction that the landlord listens to tenant views and acts upon them (TP06)	83.00%	82.95%
Satisfaction that the landlord keeps tenants informed about things that matter to them (TP07)	85.00%	86.61%
Agreement that the landlord treats tenants fairly and with respect (TP08)	91.00%	90.83%
Satisfaction with the landlord's approach to handling complaints (TP09)	55.00%	47.70%
Satisfaction that the landlord keeps communal areas clean and well maintained (TP10)	78.00%	80.24%
Satisfaction that the landlord makes a positive contribution to neighbourhood (TP11)	80.00%	82.24%
Satisfaction with the landlord's approach to handling anti-social behaviour (TP12)	76.50%	72.85%
Homes that do not meet the Decent Homes Standard (RP01)	0	0
Proportion of homes for which all required gas safety checks have been carried out (BS01)	100.00%	100.00%
Proportion of homes for which all required fire risk assessments have been carried out (BS02)	100.00%	100.00%
Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out (BS03)	100.00%	100.00%
Proportion of homes for which all required legionella risk assessments have been carried out (BS04)	N/A	N/A
Proportion of homes for which all required communal passenger lift safety checks have been carried out (BS05)	N/A	N/A

Measuring Value for Money – our own performance targets

Performance Measure	Target (2025/26)	Result (2025/26)
Tenant Satisfaction Measures (continued)		
Number of anti-social behaviour cases opened per 1,000 homes (NM01 1)	Data only	61.12
Number of anti-social behaviour cases that involved hate incidents opened per 1,000 homes (NM01 2)	Data only	1.56
Proportion of non-emergency responsive repairs completed within the landlord's target timescale (RP02 1)	Data only	88.38%
Proportion of emergency responsive repairs completed within the landlord's target timescale (RP02 2)	Data only	99.12%
Number of stage one complaints received per 1,000 homes – LCRA (CH01 1)	Data only	14.27
Number of stage two complaints received per 1,000 homes – LCRA (CH01 2)	Data only	2.79
Proportion of stage one complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales – LCRA (CH02 1)	Data only	99.22%
Proportion of stage two complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales – LCRA (CH02 2)	Data only	100%

During 2025/26, we made a strong start to delivering Plan A 2025-28 with over 50% of objectives completed. Performance against the strategic measures was positive overall, with 46 of the 59 level 1 measures meeting or exceeding target and a further three remaining within tolerance. This represents 83% of measures either achieving target or being close to target. The results show that we continued to deliver effective services, maintain strong compliance in key areas and manage finances well, while recognising that some areas require continued management focus.

Customer-related performance, Consistently Delivering Excellent Customer Experience and Digital Service was generally strong with six of our eight measures achieving target. Although satisfaction with our approach to handling complaints (TSM – perception measure) and our own transactional measure, Percentage of complainants satisfied with the way the complaint was handled, did not meet target. Feedback on complaints was influenced by a small number of survey responses and by the outcome of complaints, rather than solely by how the complaint was managed.

Work has continued to strengthen complaint resolution, including the introduction of a revised compensation and remedies procedure from April 2026. Further policy and training activity is planned to support consistent complaint handling and learning.

Employment support remained close to target, with 144 tenants supported into employment against a target of 150. This was delivered in a challenging labour market and at a time when regional funding was more constrained. The Livin Futures service has been refreshed to better target support towards tenants who are unemployed, furthest from the labour market and most likely to face barriers to work.

Current tenant rent arrears did not meet target at year end, reaching 2.98% compared with a target of 2.75%. This reflected a difficult external environment for many tenants, including cost-of-living pressures and the continued impact of Universal Credit transition. Money support, budgeting advice and managed payment arrangements continued to help reduce risk and support tenants, and these measures are expected to contribute to greater stability during the next financial year.

The percentage of older and vulnerable tenants showing a reduction in their rent arrears six months following a money support intervention achieved 80.99%, which was within tolerance of the target of 85%. Performance improved significantly in the second half of the year following interventions which included increasing the targeted direct one-to-one provision of tenant support from the Money Support Advisers. The implementation of a revised suite of money support offers in September 2025, developed alongside the InsightXchange in summer 2025, has improved access to money, debt and budgeting advice for tenants.

The percentage of damp and mould cases resolved within 33 days did not meet the target of 100% and has now been superseded by three level 1 Awaab's Law measures. The root cause for the failure to achieve this target has been identified and interventions have been taken which have significantly improved the performance of the two underlying level 2 measures. Since legislation was implemented in October 2025, we have consistently operated at a high level, ensuring compliance with Awaab's Law. At year end our performance was 99.91%, which was below our target of 100% due to 1 Awaab's law emergency falling outside the 24-hour target. This was a result of an access issue beyond our control with the repair carried out the following day.

Landlord health and safety compliance resulted with two measures not meeting target and one being within tolerance. Eight lift services were overdue at year end, but these were due to access issues rather than weaknesses in compliance arrangements. Seven of these services were completed shortly after the year end and the other service has been scheduled. Six thorough inspection checks

were outstanding at year end. Five were completed shortly after the year end, with the other one rescheduled after failed appointments. Attempts to gain access continue.

Emergency repairs under Awaab's Law did not meet target at 99.91%. Performance improved during the year and since legislation was implemented in October 2025 only 1 Awaab's law emergency was not completed within the 24-hour target.

New homes delivery and reinvestment were below target, principally because of delays outside our direct control, including a national house builder slowing construction across a site due to low demand for their market sales properties, drainage issues and a subcontracted utilities co-ordinator entering administration. These delays affected the number of homes completed in the year and the related value for money measures. The delayed homes are expected to complete during the next financial year. Despite the shortfall, reinvestment increased compared with the previous year, demonstrating continued investment in existing homes.

Sickness absence did not meet target, with 4.51 working days lost per employee compared with a target of four days. The increase was mainly linked to a small number of long-term absence cases rather than a wider workforce trend. Performance was top quartile when compared to Housemark benchmarking which covered 80% of the sector. A revised attendance management procedure was introduced in March 2026, supported by management training to promote earlier intervention and effective support.

Our TSM performance showed one measure not at target and another amber. Satisfaction with landlord's approach to handling complaints was below target as explained above.

Satisfaction with the approach to anti-social behaviour was amber and below target but upper quartile when compared to the Regulator's latest published TSM data (2025). Demand for the service increased during the year and customer views were also shaped by broader community concerns and expectations about the role we can play alongside partner agencies. Improvement activity is therefore focused on clearer communication, targeted local action and continued monitoring of service standards.

Overall, the year-end performance position provides assurance that we remained well controlled and the areas below target are understood, with improvement activity either already in place or planned. The Board also considered the associated risks and concluded that performance remained within the agreed risk appetite, with no further interventions required beyond those already identified.

Two sustainability performance measures are reported for sustainability linked loan purposes. These were originally agreed until 2025, with new targets now agreed until 2028. The agreed measures are:

Performance Measure	Target	Result
Percentage of existing housing properties at 1 April 2022 with EPC rating C or above	96.8%	**97.7%**
Completed new build properties with EPC B and above (cumulative from 1 April 2025)	116	73

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 four years. We received a grant of £502,000 during the year to enable further work to continue in this area.

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

Value for Money Performance– Regulator's Metrics

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

When assessing headline social housing cost per unit performance, we view a lower cost as a positive indicator of efficiency, provided it is considered alongside the delivery of our key strategic objectives, as measured through our performance framework.

We operate in an area of high deprivation, where social rents are below national averages and repairs and maintenance costs are comparatively lower than in other areas. We assess this performance alongside wider indicators of service quality and asset sustainability, including Decent Homes compliance, our commitment to completing repairs right first time, and our approach to resolving damp and mould issues. This ensures that we continue to provide a quality repairs service, maintain homes to a high standard, protect our operating margin, and support the long-term viability of our social housing assets.

	Value for Money metric	Target	Performance
1	Reinvestment %	13.7%	**11.0%**
2a	New Supply Delivered % (Social Housing Units)	1.42%	**0.9%**
2b	New Supply Delivered % (Non- Social Housing Units)	0%	**0%**
3	Gearing %	58.9%	**55.7%**
4	EBITDA MRI Interest Cover %	124.0%	**162.2%**
5	Headline Social Housing cost per unit	£4,229	**£4,289**
6a	Operating Margin % (Social Housing Lettings only)	19.9%	**21.9%**
6b	Operating Margin % (overall)	20.3%	**23.5%**
7	Return on Capital Employed %	3.3%	**4.6%**

Reinvestment was below target due to factors outside our control, including a utilities co-ordinator entering administration, a national housebuilder slowing construction across one site and drainage issues. These delays resulted in lower than budgeted expenditure of £10.3m on developments.

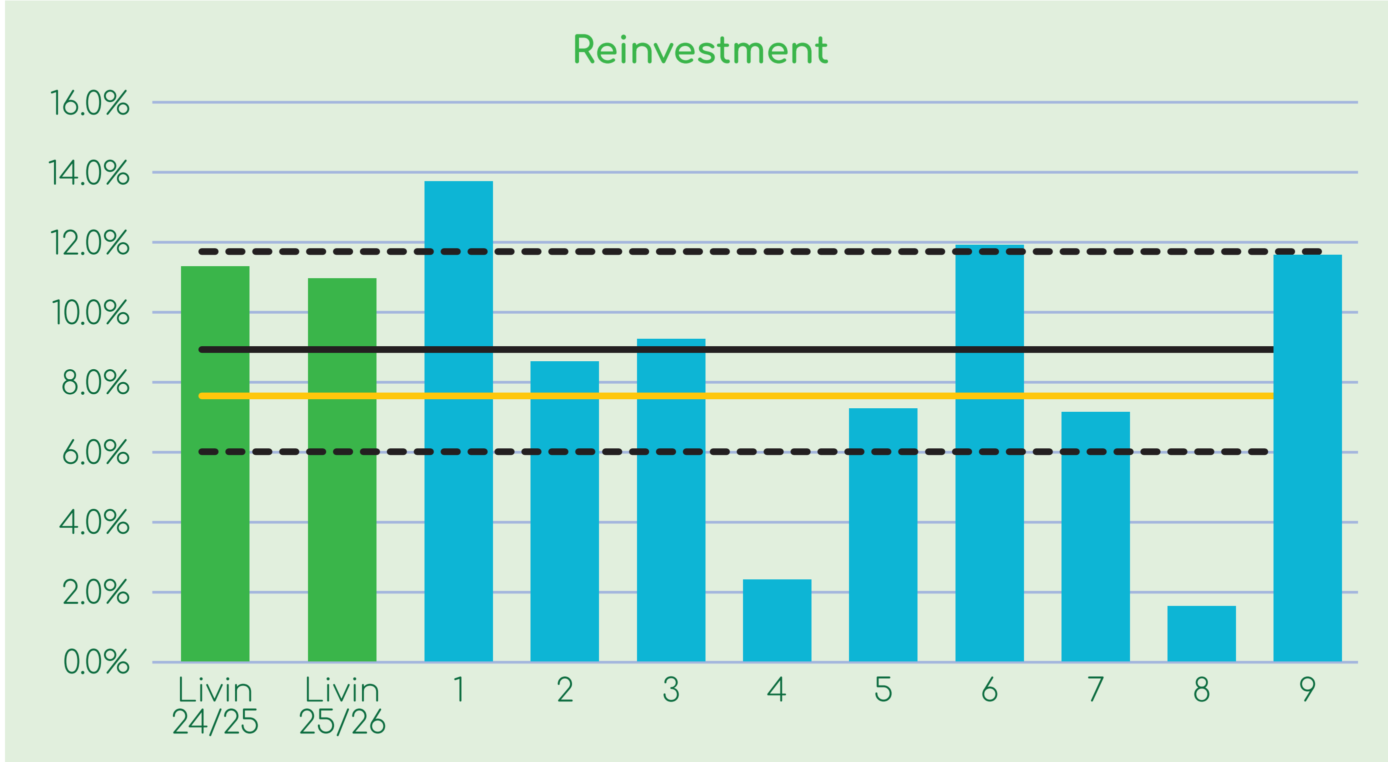
New supply delivered was also affected by these issues, falling 46 homes short of target, with completion of these homes now expected in 2026.

Headline social housing cost per unit failed to meet the target for three main reasons. Additional major repairs expenditure was incurred during the year making use of the £502,000 grant received for energy efficiency works. This supported our objective of reaching EPC band C or above by 2028. However, for the purposes of this calculation grant is excluded. Additional repair costs were incurred with increased damp and mould repairs being reported a likely result of the publicity around Awaab's Law and increased temporary costs of outsourcing stock condition surveys as we gained more knowledge on the condition of our properties to shape future investment.

Finally, the delays in development also impacted due to a lower total number of housing units at year end when compared to target.

Value for Money Performance– Peer Group Comparison

The tables opposite compare our performance in 2025/26 against the nine other members of the North East Peer Group as defined in the Regulator's Global Accounts 2025 (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 2025.



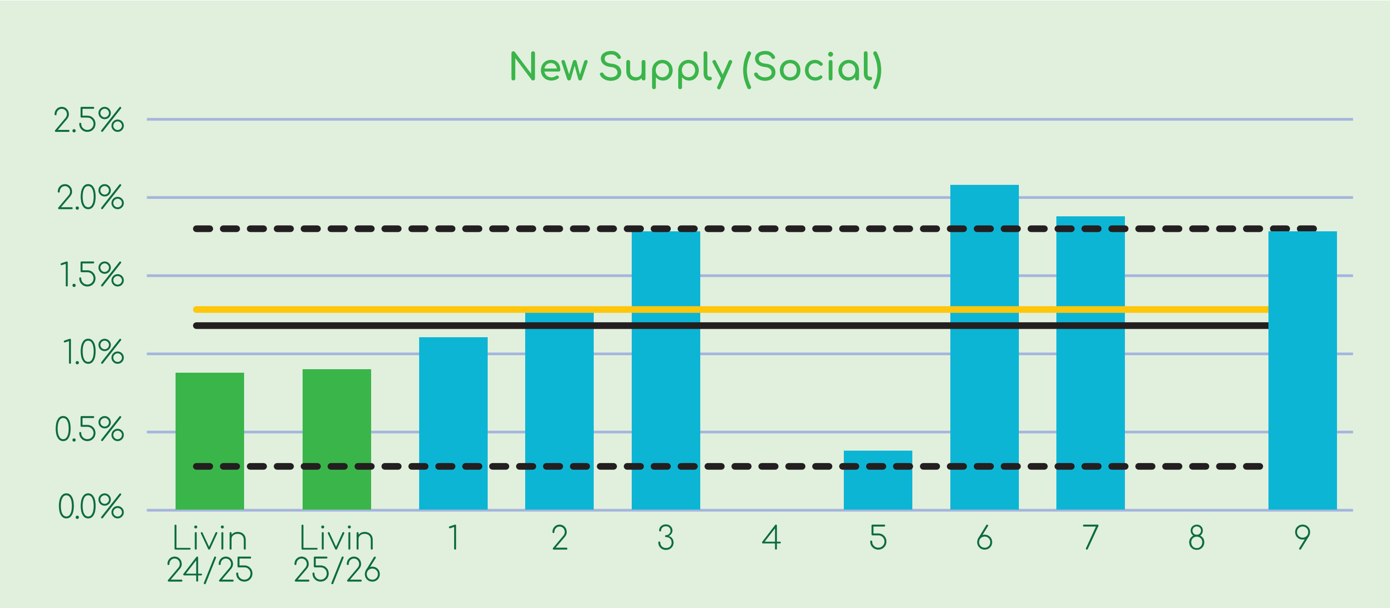
Reinvestment

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 82 additions to our housing stock, of which 73 were new build homes and 9 were existing homes in our communities purchased on the open market. This fell short of our target due to factors outside our control (utilities co-ordinator entering administration, national house builder slowing construction across a site and drainage issues). Many of these new build units will now complete in the next 12 months getting our programme back on track. Our strategic priority of building and acquiring homes recognises that our development plans need to be flexible to adjust for such scenarios. We extended our development programme by an additional year to align with a regional strategic partnership bid for Social and Affordable Homes grant from Homes England.

We undertook an extensive programme of stock condition surveys during the year, increasing the proportion of homes surveyed within the last five years from 31% to 82%. Alongside this, we implemented a new asset management system and used the survey results to refresh and enhance the quality of property data held for our homes. This has provided a stronger evidence base for assessing future investment requirements, prioritising resources effectively and supporting strategic asset management decisions.

Looking ahead, we plan to deliver a sustained programme of major works to ensure our homes continue to meet the Decent Homes Standard while also improving operational efficiency. During the year, we retendered and awarded our repairs and major works contract, securing arrangements that provide a consistent pipeline of planned investment activity. This enables our contractor to plan resources more effectively, achieve economies of scale and deliver improved value for money.

We are also exploring the use of collaborative procurement with North East peers to reduce the cost of certain components, such as kitchens, to further enhance value for money.



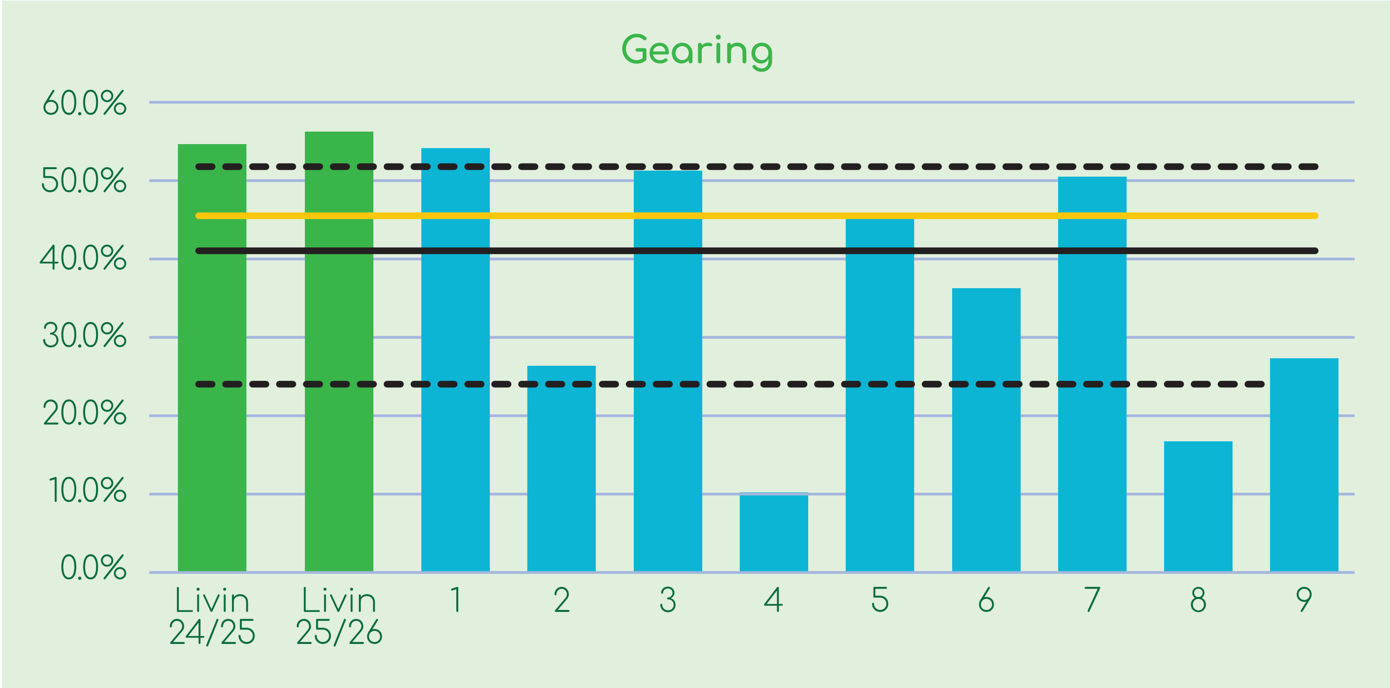
New supply delivered (Social Housing)

performance remained broadly consistent with the previous year and was positioned within the lower-median quartile when benchmarked against both our peer group and the sector. Our target of 1.42%, which would have resulted in upper-median quartile performance, was not achieved due to delays in scheme delivery outside of our control, which reduced the number of homes completed during the year. Despite these challenges, we remain committed to increasing the supply of much-needed affordable housing through the development and acquisition of two to four-bedroom homes for social and affordable rent. This continued investment supports our strategic priority of meeting housing need and strengthening communities across our operating area.

Our ambitious development programme has been extended by a further year adding an additional 102 new homes before 2031. Our programme still aims to deliver 587 new homes over the next 5 years with 280 of these being delivered within the next 2 years. At the end of the financial year, we had already secured 85% of our next three year's development target. We continue to work with developers to identify opportunities to secure more units.

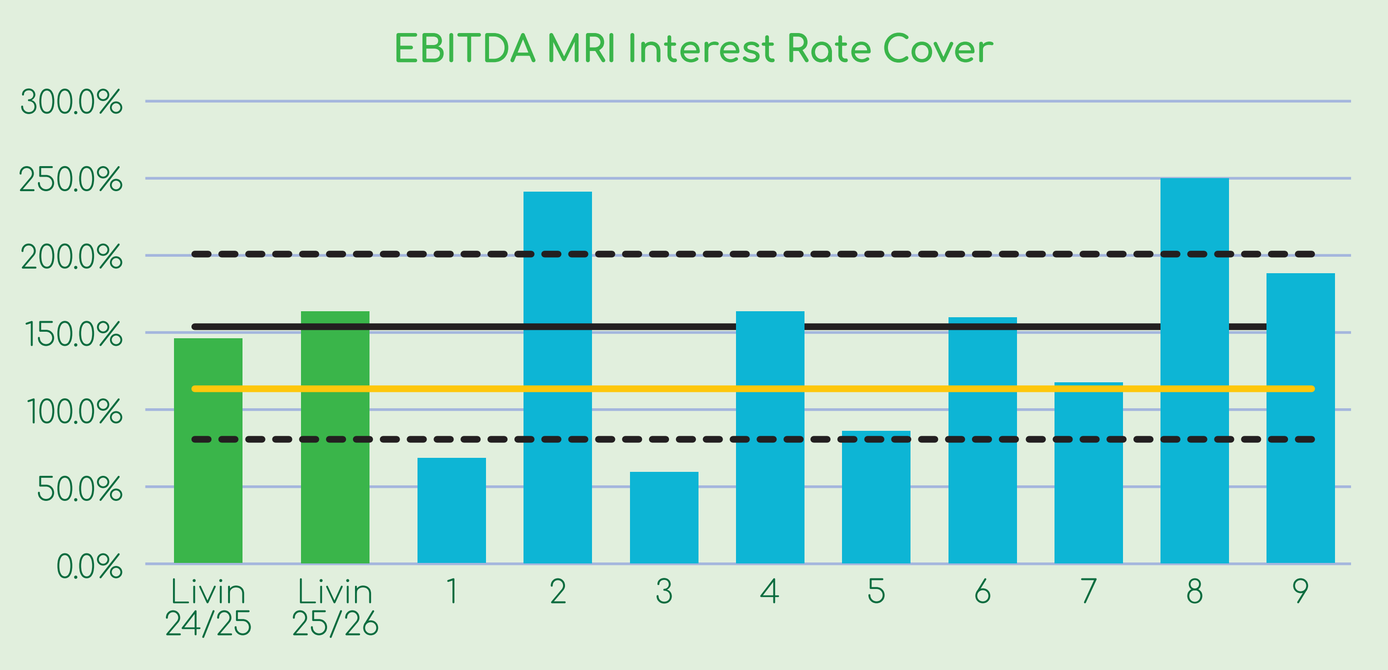
New supply delivered (Non-Social Housing)

remains at zero, reflecting our strategic focus on providing affordable homes that meet identified housing need. Our development programme is centred on increasing the supply of social and affordable rented homes, alongside low-cost home ownership opportunities, rather than homes for outright market sale. As a result, we do not expect this metric to increase in future years, as our investment priorities continue to support the delivery of affordable housing and sustainable communities.



Gearing

remained top-quartile when compared to our peer group and improved to upper-quartile when compared to the sector as a whole. At the year end we had £38m 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.

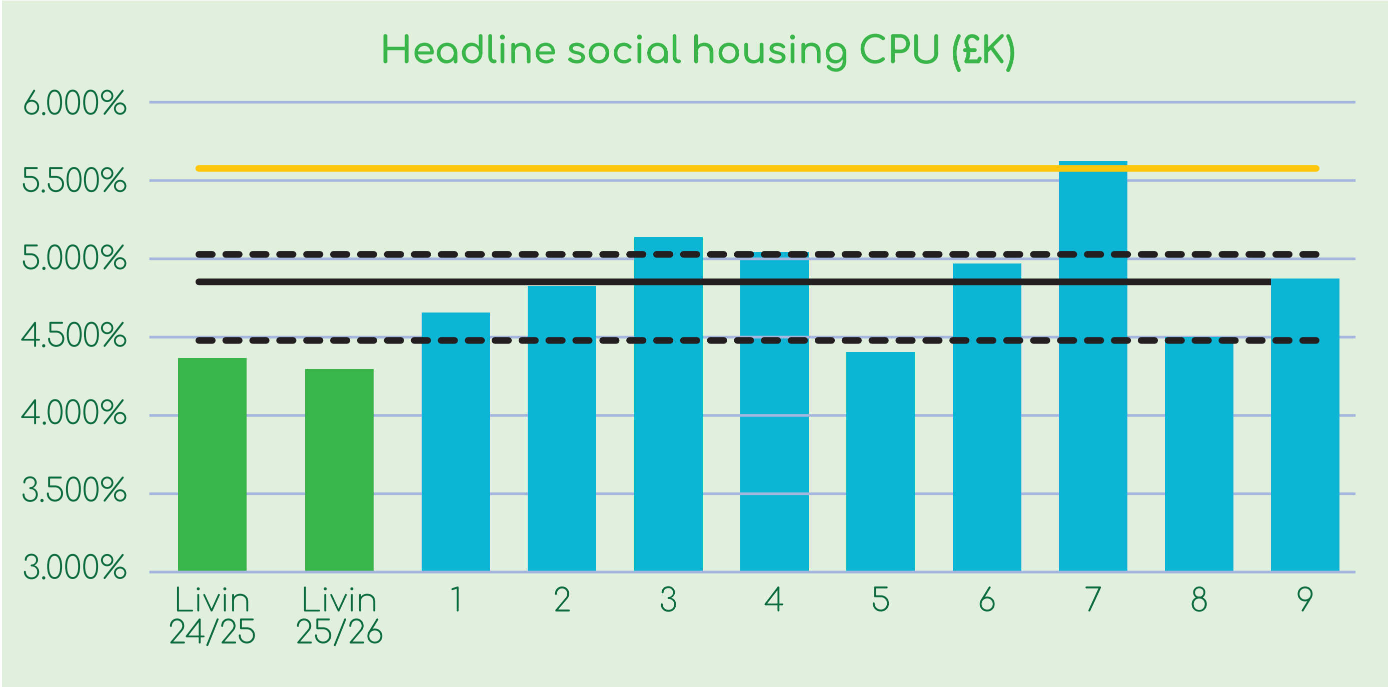


EBITDA MRI Interest cover

has improved from lower-median quartile to upper-median quartile when compared to our peer group and upper-quartile compared to the sector as a whole. Our performance in this area improved despite the overall sector's and North East peer group's performances falling. During the year we saw increased repairs costs to maintain and improve the quality, safety and energy efficiency of homes, combined with higher interest payable due to increased borrowings to fund reinvestment and higher interest rates compared to those available a few years ago. However, our performance improved due to increased turnover and was helped by the completion of a regeneration scheme in 2024/25, enabling our MRI spend to return to budgeted levels in 2025/26.

We expect our performance in this area to fall slightly over the medium-term due to our commitment to improve homes and our development programme which will increase debt and therefore interest payable. To mitigate this, shortly after the year end, we extended and increased borrowing facilities with two existing funders at lower margins. This improved our liquidity golden rule and is forecast to create additional financial capacity due to the reduced margins, therefore improving value for money.

We expect this metric to remain above the sector median in the short-term as we have focused on financial efficiencies and will 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

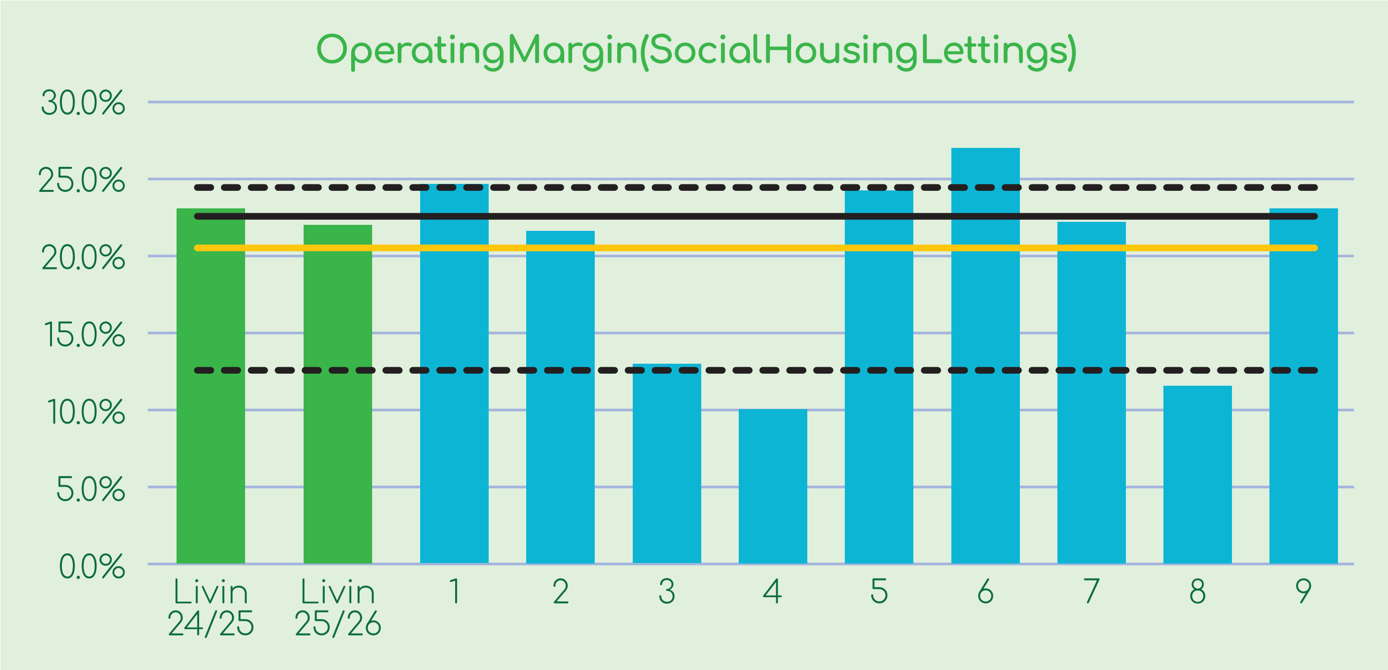
Performance improved to upper-quartile when compared to both our regional peer group and the sector as a whole.

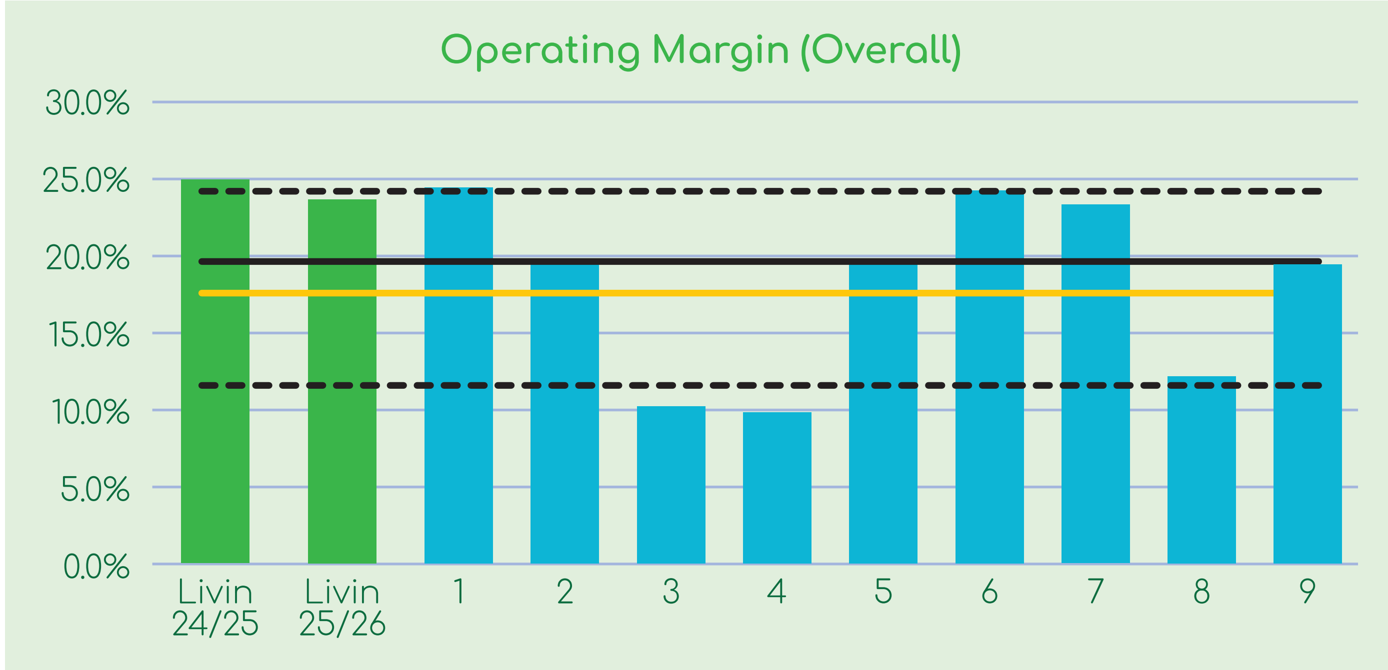
Social housing cost per unit decreased by £70 as shown in the table below. This was a result of a combination of factors: Management costs have increased by £37 per property due to annual pay awards and price increases from suppliers following a period of high inflation; Repairs costs have increased by £90 per property because of inflationary cost pressures, increased level of repair works completed and treatment of damp and mould. Major works costs have reduced £226 per property following the completion of our regeneration scheme in the previous financial year. Other costs increased by £19 per unit due to one-off costs for the demolition of garages as we improve the surrounding areas in our communities.

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:

	2025/26	2024/25	Change
Management costs	£1,117	£1,080	£37
Repairs	£1,844	£1,754	£90
Major works	£1,233	£1,459	(£226)
Service charges	£45	£35	£10
Other	£50	£31	£19
Total	**£4,289**	**£4,359**	**(£70)**





Operating Margin Social Housing Lettings

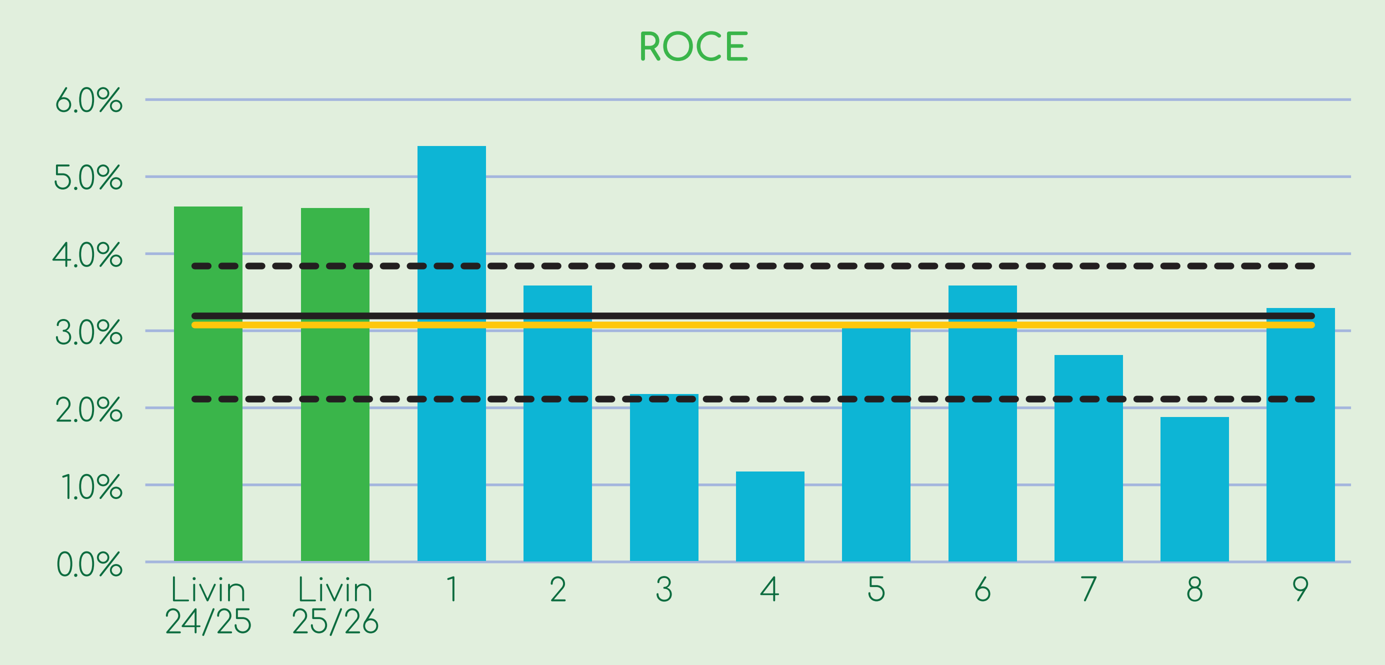
performance fell from 22.9% to 21.9% resulting in a decline to lower-median quartile when compared to our peer group. Despite this reduction in margin we maintained our place in the upper-median quartile when compared to the sector as a whole. Our cost base increased as mentioned above and depreciation charges continued to increase as a result of increased major expenditure on existing homes. These were slightly offset by the increase in annual rental income but not sufficient to maintain 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. Delays in development and the completion of new build homes resulted in turnover not increasing as forecast, therefore reducing our social housing operating margin.

This metric is expected to gradually decline each year due to depreciation charges which, due to our level of investment in homes, increases annually.

Operating Margin Overall

our performance fell to upper-median quartile when compared to our North East peer group but remained upper-quartile when compared to the sector as a whole. Our operating margin overall (excluding surplus on disposals) performance declined from 24.8% last year to 23.5% but remains strong compared to the sector as a whole. Our overall margin was assisted by the margins on commercial lets and other turnover. Our performance is expected to remain above 23% in the short term and be above median performance when comparing against the sector as a whole.



Return on Capital Employed (ROCE) %

Performance was maintained at upper-quartile when compared to the North East peer group and the sector as a whole. ROCE is expected to gradually fall over the medium-term due to increased capital employed as we deliver our development programme and continue to invest in existing stock.

This forecast performance still places us as top-quartile compared to the sector as a whole using the Regulator's latest published VFM data.

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. 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 2025 Global Accounts):

Metric	2024/25		2025/26		2026/27 forecast		2027/28 forecast		2028/29 forecast	
	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile	Performance	Quartile
Reinvestment %	11.3%	1	11.0%	1	11.4%	1	9.3%	2	9.3%	2
New supply delivered – social housing (%)	0.9%	3	0.9%	3	1.8%	2	1.3%	2	1.1%	3
Gearing (%)	54.2%	2	55.7%	1	56.6%	1	54.6%	2	52.4%	2
EBITDA MRI Interest Cover (%)	147.5%	2	162.2%	1	156%	1	144%	2	144%	2
Headline Social Housing Cost per Unit (£)	£4,359	1	£4,289	1	£4,313	1	£4,514	1	£4,687	1
Operating Margin (Overall)	24.8%	1	23.5%	1	23.6%	1	23.5%	1	23.2%	2
Return on Capital Employed	4.6%	1	4.6%	1	4.2%	1	4.0%	1	4.0%	1
Average for all metrics		1.57		1.29		1.14		1.57		1.86

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 North East 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 2026/27 performance is forecast to be strong with metrics expected to be above the sector median and averaging 1.14 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 improve in 2026/27 as delayed developments from 2025/26 are completed alongside new schemes. Our development programme has been extended a further year to March 2031 to coincide with our strategic membership of the North East Housing Partnership. This will enable us to deliver more new build social housing in the next five years. However, our programme is front-loaded to deliver much needed homes in the next two years, before targets reduce to approximately 100 homes per annum which would see performance fall to lower-median quartile compared to the sector as a whole.

The Board will continue to monitor financial capacity and assess the viability of delivering additional new homes beyond the existing development programme. Future investment decisions will be informed by the availability of grant funding, the cost of compliance, including DHS2 and MEES, and the availability of finance.

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.

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 2025/26 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.