

Value for money

Position statement 2024/25



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Strategic approach and value for money

Value for money (VFM) underpins the delivery of the Group's vision and our key strategic aims, as shown in the Group's Strategic Plan and Business Priorities 2025-2030 – the 'Plan'. The board and Executive Team have conducted a comprehensive assessment of VFM for the year.

This assessment provides our stakeholders a comprehensive overview of our performance against VFM targets for 2024/25, our progress since last year, and our plans for delivering VFM in the future. We report on the metrics prescribed by the Regulator of Social Housing (RSH) in its VFM Standard 2018. We also report on some of our additional metrics.

We are confident that we have complied with this VFM Standard in full.

The board is committed to ensuring that VFM is embedded in our culture and decision-making processes.

We achieve this by:

- Setting the overall strategic direction and culture of the Group and recognising how important it is to maximise VFM to deliver our strategic aims
- Approving the VFM Strategy and overseeing its implementation
- Scrutinising and approving major business proposals, including cost/benefit/risk analysis arising from those proposals
- Approving key strategies and ensuring that VFM has been considered throughout
- Including VFM targets within the Plan
- Setting appropriate performance targets and monitoring business performance closely. We do this by benchmarking against our peer group, which enables the board to challenge the organisation to do more

- Reviewing progress against the Plan to ensure that the business is continuously improving and achieving more
- Publishing our compliance with the VFM Standard by the deadline of 30 September 2025.

Our Plan is structured around our three strategic aims; homes, independence, and opportunities.

The Plan contains our business priorities and the plans to complete them. We believe that by achieving these aims, we will be able to deliver the Plan. VFM is a cross-cutting theme running through the strategic aims and is essential to their delivery. Maximising VFM in our activities will enable us to realise our ambitions, and we set this out in our annual VFM Strategy.

Executive summary – our achievements in 2024/25

Alongside our core social housing business, we deliver many other services that, although complementary, do not fall within the social housing category. We have business streams that operate with social housing and non-social housing activities. The social housing activities include providing homes for general needs, independent living and shared ownership tenants.

RWP provides supported living accommodation. The non-social housing activities include Progress Living, which provides key worker accommodation; Progress Lifeline, which provides technology enabled care and support (TECS) services. Our charity, Key Unlocking Futures, provides prevention and critical support to people in Lancashire.

In addition to ensuring that our activities deliver VFM for Progress Housing Group, we also seek to provide value to the broader community through our social value approach and reporting. One example is the work we do with adult social care commissioners to increase the quality of life and reduce the cost of social care for thousands of older people through technology.

Our VFM targets are ambitious and stretching. Here are some examples.

- **The Group's five-year Development Strategy covering the period from 2024 to 2029 is to deliver new homes over the next five years in line with the capital capacity identified within the long-term financial plan across a balanced programme of supported living, general needs, Section 106, and shared ownership.**

For 2024/25, we spent £39.4 million on new developments, which was below our budget of £51.2 million. We delivered 146 new rental streams consisting of 87 general needs, 29 shared ownership properties, and 30 specialised supported housing properties. Of these units, 69 were delivered through Section 106.

- **Approved an investment of £78.9 million over five years to deliver an average of 2,100 components each year (e.g. bathrooms and kitchens).**

For 2024/25, our budgeted spend on components was £12.8 million (£12.1 million on 2,235 replacements and £0.7 million on compartmentation works). The actual amount spent in the year was £11.9 million (£11.7 million on 1,717 replacements and £0.2 million on compartmentation works).

- **Our operating margin is set to increase steadily by 3.2% over the next five years. This is mainly rental income increases, growth in TECS customers, and contributions from shared ownership sales.**

For 2024/25, we achieved an operating margin of 16.1% against a budget of 16.4%. Downward pressure on the operating margin came from continuing losses in non-social housing business streams, which were lower than the previous year.

- **We continually undertake procurement activities with VFM considered as part of each procurement.**

For 2024/25, we re-procured contracts totalling £34.4 million, resulting in £0.4 million in savings and improved services for tenants on some current existing contracts. We have also seen an annual increase of around £0.04 million on other existing re-procured contracts, mainly due to inflation increases applied to new contracts. Over the year, approximately £4 million of the work procured was for new business.

- **Maximising income by managing arrears and minimising losses from voids is important to us.**

The Group has continued to maintain arrears and performance. We have exceeded our overall target of 6% for current tenant arrears by 1.6%. We have seen an increase in void rent loss, which was expected, and have met the target for this of 7%.

- **Understanding our social housing cost per unit is a key focus. Our budget for overall headline cost per unit for 2024/25 was £7,836, for supported living £12,597, and for general needs/independent living £5,056.**

The actual overall headline cost per unit for 2024/25 was £7,787, for supported living it was £12,555, and for general needs/independent living it was £4,757, all, therefore, below budget. The RWP portfolio includes a significant proportion of leased-in stock, which increases the cost per unit compared to owned stock. For 2025/26, this target is increasing to £8,044 overall, for supported living £12,459, and for general needs/independent living £5,659.

The Value for Money Standard and our performance in metrics

We must comply with the RSH's VFM Standard, which includes metrics for measuring performance. The RSH published its Global Accounts 2024 report in March 2025.

The Group has compared its performance for 2023/24 with a range of peers derived from this publication. The table below shows the seven metrics and how we have performed, our anticipated performance, and how we compare to the sector median based on the latest available information.

No	Metric	Peers Global Accounts 2023/24	Progress Housing Group							
			Actual			Target				
			2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
1	Reinvestment %	7.6%	6.6%	7.2%	7.3%	9.2%	6.8%	6.8%	6.6%	5.8%
2a	New supply delivered (social housing units)*	1.4%	1.3%	1.5%	1.4%	2.0%	1.2%	2.1%	2.4%	1.9%
2b	New supply delivered (non-social housing units)	0.0%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Gearing %	46%	43%	44%	43%	43%	35%	35%	35%	35%
4	EBITDA MRI as a % of interest (cash surplus)	120%	219%	216%	196%	170%	171%	214%	258%	295%
5	Headline social housing cost per unit	£5,136	£6,834	£7,511	£7,787	£8,044	£8,430	£8,524	£8,547	£8,626
5a	Headline social cost per unit (general needs and independent living)	£4,819	£4,155	£4,627	£4,757	£5,659	£5,923	£5,975	£6,035	£6,133
5b	Headline social cost per unit (supported housing)	£12,029	£10,881	£12,206	£12,555	£12,459	£13,096	£13,326	£13,366	£13,506
6a	Operating margin (social housing lettings only)	20.4%	15.1%	15.6%	19.4%	17.9%	17.9%	20.0%	20.7%	21.9%
6b	Operating margin (overall)	18.5%	13.9%	12.3%	16.1%	17.3%	16.3%	18.6%	19.5%	20.5%
7	Return on capital	2.8%	2.7%	2.3%	3.1%	3.1%	2.9%	3.3%	3.4%	3.6%

For the 2026/27 year and beyond, changes to accounting rules which determine how leases are accounted for will have a significant impact on performance and comparisons. It is not yet possible to determine what the impact of those changes could be.

Additional VFM metrics

The board has reviewed our targets in the balanced scorecard and additional VFM metrics. This framework has been developed to create a 'golden thread' from the Plan objectives to operational delivery.

The table below shows our VFM additional metrics, our performance against our peers, and our anticipated performance. The board has reviewed these and updated its chosen additional metrics.

No	Indicator	Peer source	PEER	Actual			Target				
			2023/24	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
8	% of overall tenant satisfaction	Tenant satisfaction measures	72.4%	69.4%	75.2%	76.3%	78%	80%	80%	80%	80%
9	% of current tenant arrears*	Global Accounts	3.6%	5.0%	4.6%	4.4%	4.3%	4.3%	4.3%	4.3%	4.3%
10	% of former tenant arrears*	Global Accounts	1.1%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
11	% of rent collected	Housemark	99.7%	99.2%	99.9%	99.2%	99.5%	99.5%	99.5%	99.5%	99.5%
12	Responsive repairs completed within target timescale**	Tenant satisfaction measures RSH	83.3%	82.2%	83.2%	84.0%	92.0%	92.0%	92.0%	92.0%	92.0%
13	Rent lost due to vacant properties	Global Accounts	1.2%	6.9%	7.0%	7.0%	6.9%	6.7%	6.7%	6.7%	6.7%
14	% of vacant social housing stock at 31/03	Statistical Data Return	3.2%	4.6%	5.0%	5.2%	3.5%	3.5%	3.5%	3.5%	3.5%
15	% of time lost due to employee sickness***	Office of National Statistics	3.4%	4.2%	4.4%	4.6%	4.2%	4.2%	4.2%	4.2%	4.2%
16	% of employees leaving the Group – voluntary	Housemark	12.2%	11.0%	9.9%	8.3%	>8% and <10%	>8% and <10%	>8% and <10%	>8% and <10%	>8% and <10%

* Reside Housing Association data included from 2022/2023 onwards.

** Indicators taken from the tenant satisfaction measures of the Consumer Standard.

*** The Group has a Sickness Policy, which benefits the wellbeing of colleagues with higher sickness levels. The comparable long-term health conditions sickness with peers is 3.9%.

The table shows that we are outperforming or the same as the sector for four of the nine metrics. These are overall tenant satisfaction, % former tenant arrears, responsive repairs completed within target timescale, and % of employees leaving the Group voluntarily.

We are not in line with the sector median for five metrics - current tenant arrears, rent collected, rent lost due to vacant properties, vacant social housing stock, and time lost to employee sickness.

Comparing our performance to last year, we have improved or maintained our performance for six of the nine metrics, with only % of social housing stock, % of time lost to sickness, and % of rent collected slightly worsening.

Satisfaction (metric 8)

Tenant Satisfaction Measure surveys were undertaken in 2024/25 for Progress Housing Group and RWP tenants. We have seen increases in satisfaction in 9 out of the 12 perception survey questions. Perception of repairs has improved, but tenants continue to convey issues with the repairs service, particularly the time scales taken to complete work and dealing with outstanding repairs. This is a sentiment that mirrors the further customer insight gathered via transaction surveys. Around three-quarters of tenants who replied to the survey had a repair carried out by the Group within the last 12 months, and it remains the main reason for interaction with the Group. Around 65% of all current tenants had a registered repair raised within the last 12 months.

The Group has seen improved external contractor performance for the responsive repair service this year, which contributed to increasing satisfaction levels in those related

areas. New tender awards will begin from July 2025, and performance will be closely monitored to ensure the high levels are maintained. It is also important to consider the continuing cost-of-living crisis, government and political changes, and other external factors that may influence satisfaction.

Employee (metric 15)

The Group has seen a slight worsening of sickness absence in 2024/25 to 4.6%. The Group uses the Office for National Statistics (ONS) Labour Force Survey as a benchmark for sickness absence comparisons. ONS currently reports an absence rate of 3.4% and this is the highest rate recorded since 2004. Absence rates and average days lost vary depending on the sector, region, and size of the workforce.

We will continue to develop our Health and Wellbeing Strategy to address barriers to wellbeing, identifying ways we can enhance employee wellbeing within the Group and maximise attendance at work.

Income collection (metrics 9, 10 and 11)

Current arrears performance has improved and we remain focused on ensuring our rent collection is as high as possible. We have exceeded our current arrears target of 6% by 1.6% and are below the median benchmark for our peers. The Group continues to maintain performance and has seen improvements throughout the year across all our business streams. The Group believes that the success in maintaining and improving rent collection is the introduction of the person-centred approach to income collection, offering significant support to tenants when they engage and throughout the process. Due to the current economic climate and changes in welfare benefit payments, we expect 2025/26 to be a challenging year.

Repairs (metric 12)

On average, the Group undertakes more responsive repairs per unit compared to their peers. Supported living accommodation influences this indicator, with a higher number of responsive repairs due to tenants' needs. New national contractors that have been in place since January 2024 are being closely monitored. The Group is now seeing significant performance improvements, with an increase in repairs being completed on time and improving satisfaction levels.

Voids and lettings (metric 13 and 14)

This year we have seen voids performance meet its target of 7%, matching our performance levels last year. Void properties are now being prepared for new letting by in-house teams, giving the Group more scope to improve processes and performance. When comparing overall void rent loss to our peers,

our void loss is above the sector median due to higher-than-average supported living properties compared to other RPs. We are meeting our target for voids, and when comparing general needs and independent living rent lost due to voids, we are performing better than our peers.

The Group has worked with its Select Move partners to streamline the application procedure for new general needs and independent living tenants. This has resulted in improvements to the website and clearer information and related policies being more easily visible. Results from our transactional survey focusing on this area showed year-end performance of 93.6% at 31 March 2025 for overall satisfaction with the moving-in process.

Due to the nature of supported living accommodation, it has longer re-let times and higher rent losses. For example, ensuring tenant compatibility in shared accommodation. We work closely with local authority commissioners and support providers to let properties as quickly as possible. Where this is impossible, and a management agreement is in place, we recharge the void rent loss to reduce our risk.

Comparing ourselves to relevant benchmark groups

When the RSH publishes the Global Accounts, useful data is made available, enabling the Group to undertake additional analysis. We have been able to benchmark against specific groups, which include:

1. RPs with more than 30% supported housing accommodation
2. North West RPs with more than 5,000 units
3. A supported housing benchmarking group – Acuity Supported Housing Benchmarking Meeting (SPBM).

The Group's capital structure is quite substantially different from other RPs, making it difficult to benchmark our financial performance against other peers. The Group holds over 30% of supported housing units, which in practice have higher management and maintenance costs than our other stock (general needs and housing for older people) and generate a slightly lower operating margin.

Therefore, we compare the sector median and benchmark the Group's performance against the peer group with more than 30% supported housing units. This comparison is more relevant for benchmarking purposes.

Below is the detailed analysis of the Group's performance for each metric, how we compare, and forward-looking metrics based on the board-approved plans from June 2025.

Metric 1 – Reinvestment Efficiency

This reinvestment metric measures both capitalised major repairs to existing homes and new development. Progress Housing Group is currently reinvesting a higher percentage than our peer group and is above the sector median. The Group has significantly increased development activity over the last year. It intends to meet the sector median by investing in new and existing homes.

The table below shows our actual and planned reinvestment in new and existing homes.

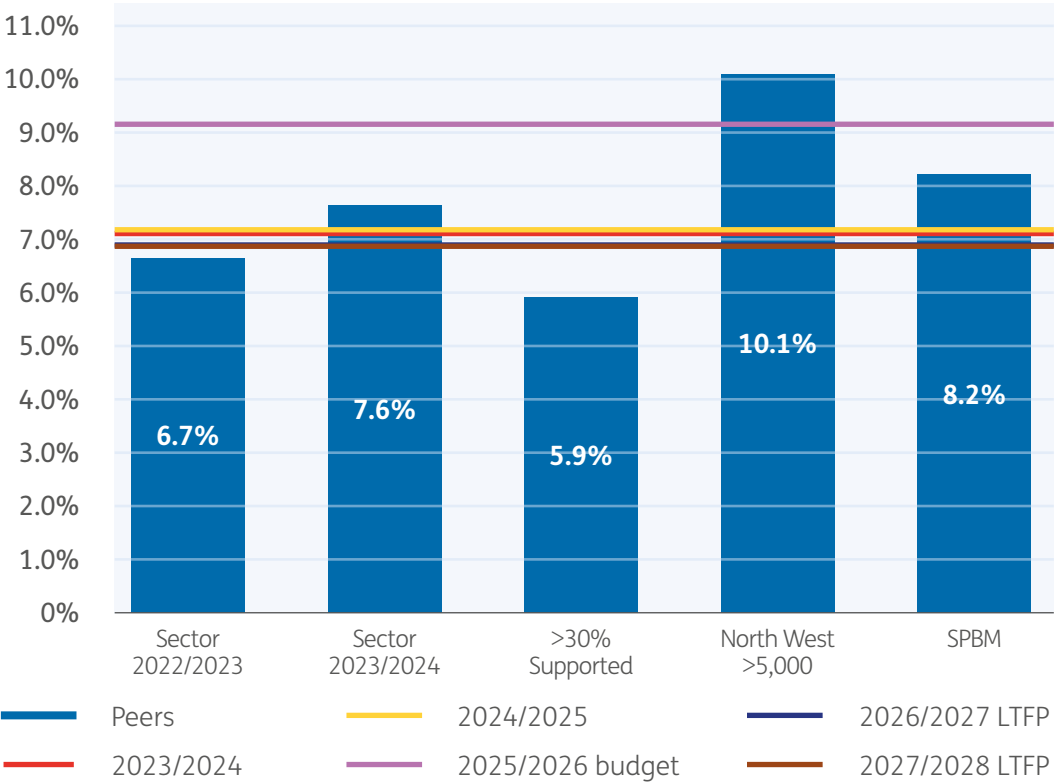
Actual			Budget	2024 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
6.6%	7.2%	7.3%	9.2%	6.8%	6.8%	6.6%	5.8%

Results

We are generating surpluses in line with budget, strengthening our financial position which enables us to reinvest in new and improved homes. Reinvestment can be analysed between new homes and improvements to existing homes. In 2024/25, we reinvested 7.3% of the total value of our housing assets. Reinvestment in new homes decreased by 0.2% to 5.3% and reinvestment in our existing homes increased by 0.3% to 2.0%. In 2025 we spent over £11 million on components, and £37 million on new homes. We are forecasting that reinvestment for 2025/26 will continue to increase to over £50 million on new homes and £14 million on components, which increases reinvestment to 9.2%.

Benchmarking

The chart below shows the level of reinvestment by benchmarking comparators.



LTFP = Long-term financial plan

The sector’s median has increased by 0.9% to 7.6% compared to the previous year. Our reinvestment increased by 0.6% in 2023/24. In previous years, the sector has invested less in existing stock; this year, our investment is similar to the sector median. We can see greater emphasis being placed on existing stock across the sector compared to the previous years.

Long-term financial plan

Our financial plan shows that our reinvestment is due to decrease slightly from 7.3% in 2024/25 to 5.8% in 2030. This is driven by an increase in the capital budget for new developments and component replacements. In 2024/25, the total capital spend included within this metric was £48 million. Over the next five years, this is forecast to increase to £66 million per year, driving the increase, which will keep us in line with the sector median.

We are comfortable with this direction of travel as it reflects our priority and capability to increase investment and improves our positioning with our peers.

Metric 2 –
New supply delivered
Effectiveness

The Group is developing social housing units in line with the sector median. This metric measures the number of new units (social and non-social housing) acquired or developed in the year as a proportion of the end-of-year owned stock. In the last year, there has been continued development activity with 146 new social housing properties, slightly less than in 2023/24 with 164 new properties. The Group is planning to further increase development output, including social housing and housing for sale.

The table below shows **social housing** unit growth.

Actual			Budget	2024 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
1.3%	1.5%	1.4%	2.0%	1.2%	2.1%	2.4%	1.9%

The table below shows **non-social** housing unit growth.

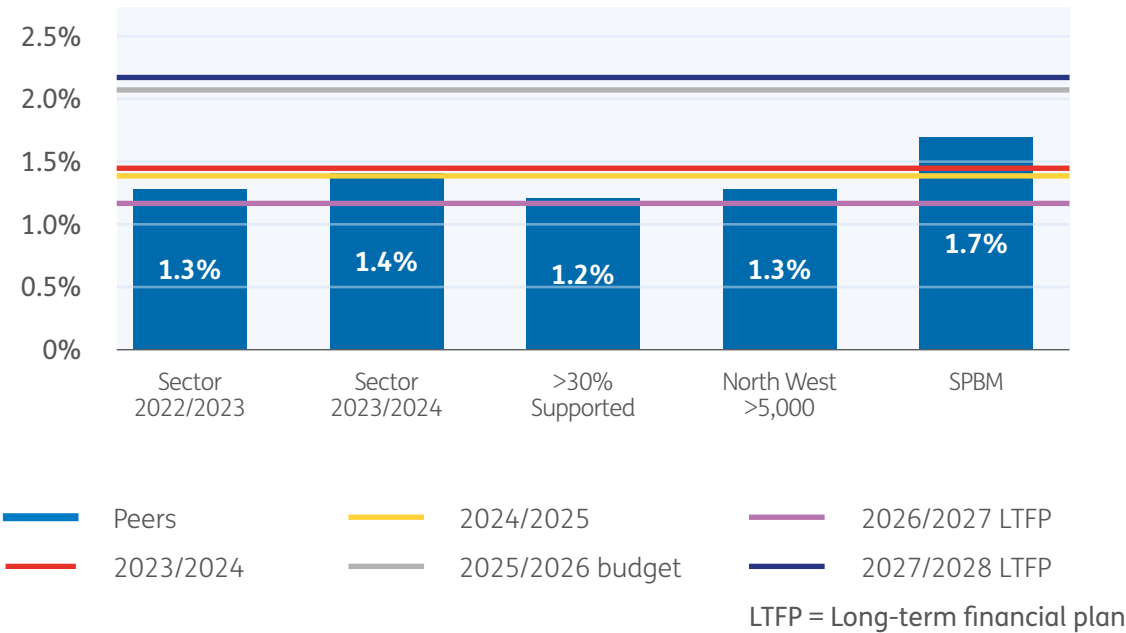
Actual			Budget	2024 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Results

This metric represents the number of completed units for new accommodation. In contrast, metric 1 assesses the actual amount of money spent on new homes and the capital maintenance investment in existing homes. During the year, we delivered 146 properties with a total net development spend of £28 million. We forecast that the social housing supply will be 2.0% in 2025/26. Concert Living has delivered six properties during 2024/25.

Benchmarking

The following chart shows the percentage of social housing delivered against comparators.



The sector has seen new social supply increase by 0.1% from the previous year. Due to an increase in new stock reinvestment in the sector in 2023/24, we expect to see a new supply increase in 2024/25. We can see that we have delivered in line with other RPs in the North West benchmarking group and more units than the >30% supported, but slightly less than the SPBM benchmarking groups, and we are in line with the sector median for all RPs.

The percentage of non-social new supply is 0% across all benchmarking peer groups. Delivery of non-social new supply is predominantly by a small number of the largest RPs.

Long-term financial plan

The new development is due to increase over the next five years for social housing lettings (from 1.2% to 1.9%). The increase in social housing is a result of the forecasted increased output anticipated in the Development Strategy. This will lead to an average increase in units of 232 per annum over the next five years, compared to 146 in 2024/25.

We are comfortable with this as it reflects our priority and capability to increase new property supply and improve our positioning with our peers.

Metric 3 - Gearing Efficiency

The Group gearing ratio is 2% lower than the sector median. This metric indicates the degree of dependence on debt finance. The Group has further capacity for borrowing, demonstrated by this and the interest cover metric. This indicator is key to demonstrating the Group’s capacity to deliver its objectives and how much more we can deliver.

The table below shows the gearing percentage metrics for Progress Housing Group.

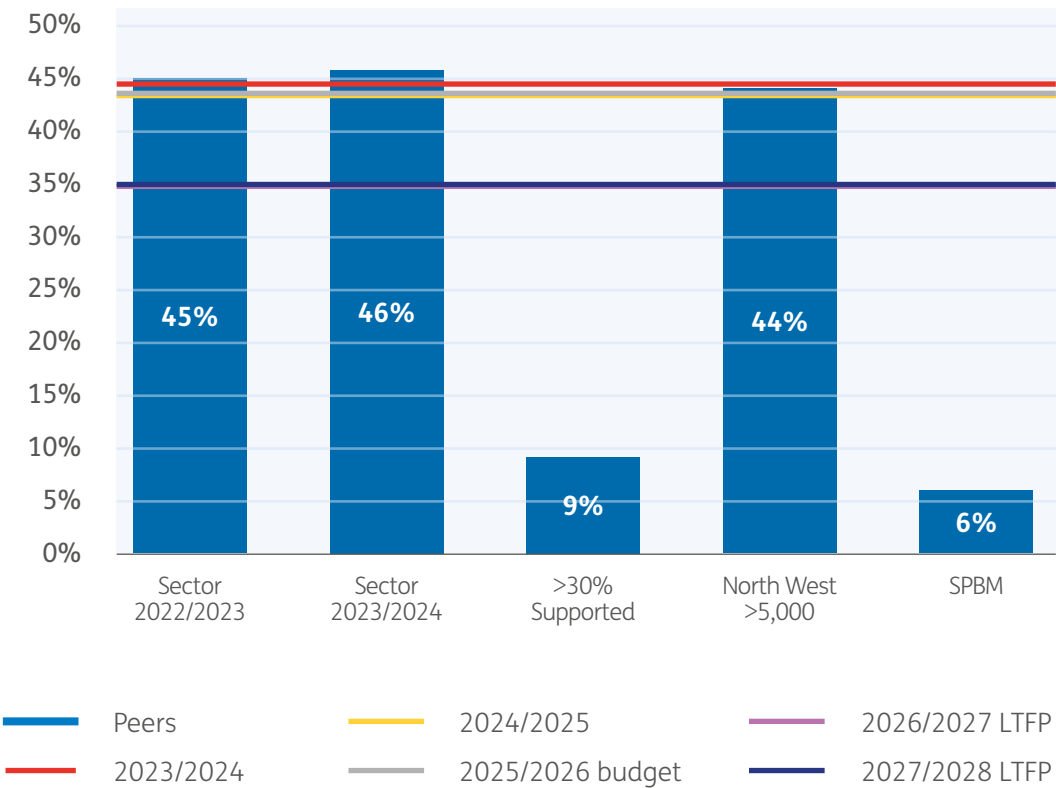
Actual			Budget	2024 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
43%	44%	43%	43%	35%	35%	35%	35%

Results

This metric measures the level of debt in proportion to net assets. Our increasing reserves, loan repayments of £13.4 million, and an increased net book value of properties arising from new developments are reducing debt levels.

Benchmarking

The chart below shows the gearing metrics against comparators.



LTFP = Long-term financial plan

The sector has seen gearing increase by 1% compared to the previous year, and our gearing also increased by 1%. We can see that RPs with a high proportion of supported housing accommodation have extremely low gearing. There are large individual variances of the RPs included in these peers. When looking at RPs with more than 30% supported housing, gearing ranges from -59.2% to 68.2%. The variance is due to lower tangible fixed assets (costs/valuation); some RPs are leasing in units rather than having outright ownership.

Long-term financial plan

This indicator shows we can increase gearing and invest more in new social housing. Gearing is due to reduce from 43% in 2024/25 to 35% by 2030. New funding has recently been agreed and is reflected in the long-term plan, which will enable us to deliver our development programme.

We are comfortable with our gearing, as it is well within our funding requirements and demonstrates our financial strength and ability to deliver our VFM priorities.

Metric 4 – Interest cover (EBITDA MRI) Efficiency

The Group has a much higher interest cover (EBITDA MRI) percentage than the sector median. The metric measures the level of surplus generated compared to the interest payable. This means that the Group is financially stable with the capacity to invest further and absorb risk events. Interest cover is forecast to increase from 196% in 2025 to 295% in 2030 due to increased operating surplus and reduced interest payable.

The table below shows our EBITDA MRI interest cover.

Actual			Budget	2024 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
219%	216%	196%	170%	171%	214%	258%	295%

Excluding shared ownership sales:

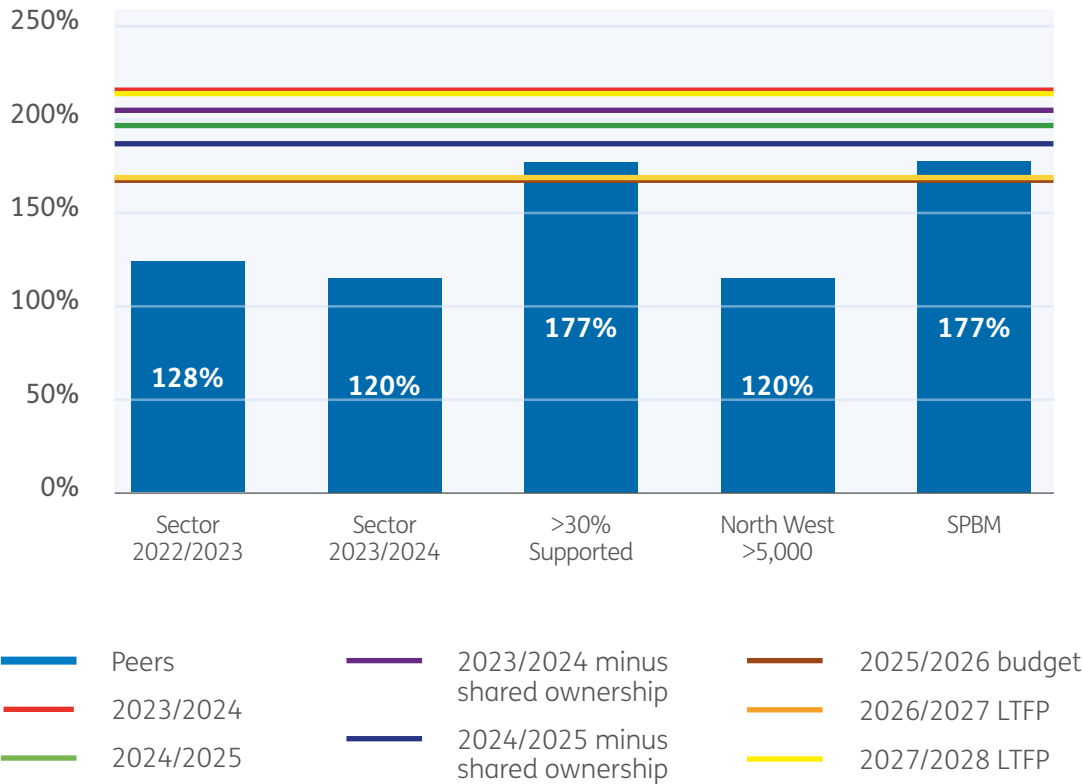
Actual			Budget	2024 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
212%	205%	186%	169%	172%	207%	246%	286%

Results

This metric measures liquidity and investment capacity. Our interest cover is healthy and provides significant headroom against our loan covenant requirement. Operating surpluses on shared ownership sales support the Group's interest cover. These uncertain cash flows may dry up in housing market downturns, so they cannot be relied upon to service debt. The interest cover without the cash flows from shared ownership sales is shown above. Shared ownership sales contribute about 10% to interest cover.

Benchmarking

The chart below shows EBITDA MRI against comparators



The sector has seen a decrease of 7% compared to the previous year, while the Group has seen a decrease of 3%. From the chart above, we can see our EBITDA MRI is more significant than our sector peers. We know that a range of variances reflects that individual RPs have different capital structures and may be at different stages of maturity.

Long-term financial plan

Interest cover is set to increase from 170% in 2026 to 295% by 2030 due to an increased operating surplus from £22 million in 2026 to £33 million by 2030. This is due to a rent increase assumption of CPI+1% over the five-year period from 2026 and growth in TECS profitability.

Whilst our interest cover has decreased in 2024/25, we have continued our focused spending on maintenance and resources. We are comfortable with the direction of travel as we are expecting to increase our interest cover and continue to outperform the sector and our benchmark groups.

Metric 5 – Headline social housing cost per unit Economy

Compared to relevant benchmark groups, our headline social housing cost per unit is higher for supported living compared with RPs with more than 30% of supported housing but lower than SPBM. Along with other specialist supported housing (SSH) providers, the Group's average social housing cost per unit is higher than the overall sector median. Our cost per unit for general needs and independent living schemes is above the benchmark group for the North West. The Group's long-term plan shows the social housing cost per unit increasing by 2030.

The table below shows our social housing cost per unit.

	Actual			Budget	2025 Financial Plan			
	2023	2024	2025	2026	2027	2028	2029	2030
Overall	£6,834	£7,511	£7,787	£8,044	£8,430	£8,524	£8,547	£8,626
General needs and independent living	£4,155	£4,627	£4,757	£5,659	£5,923	£5,975	£6,035	£6,133
Supported housing	£10,881	£12,206	£12,555	£12,459	£13,096	£13,326	£13,366	£13,506

Results

The unit cost metric assesses the headline social housing cost per unit defined by the RSH. The sector has seen an increase of 12% in headline social housing costs. We have seen an increase of 9.9% in the Group's cost per unit from 2023 to 2024. The increase is due to additional spending across all areas, including a large increase in service charge costs relating to increased gas and electric expenditure, along with an increase in maintenance and capitalised major repairs.

Long-term financial plan

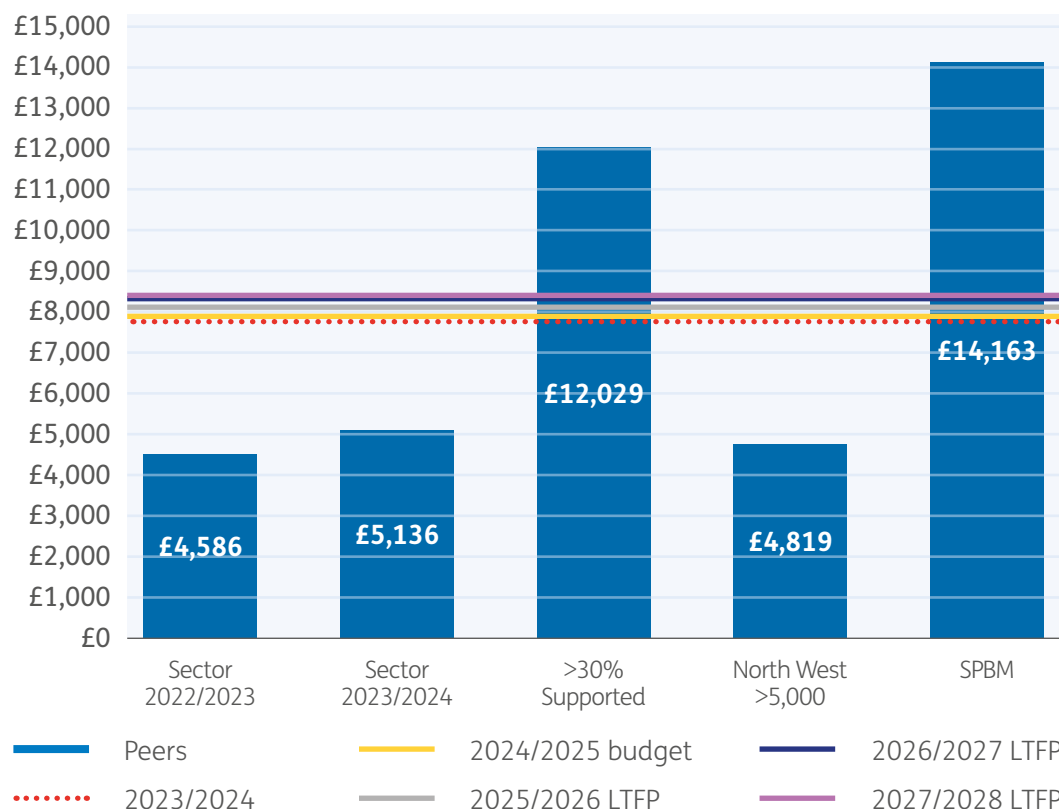
The last approved financial plan in June 2025 forecasted the cost per unit to increase by 15% from £7,511 in 2023/24 to £8,626 in 2030. However, based on the budget for 2025/26, we will see an increase in cost per unit of £258 (3.3%) compared to 2024/25. This is primarily related to an increase in major repairs and compliance costs, and additional employee costs. The long-term financial plan assumes growth in development output in line with the approved Development Strategy. This is expected to have a long-term positive effect in reducing the cost per unit because the growth in units is not being matched by the increase in management costs.

Benchmarking

The RSH has identified supported living as a cause of higher unit costs compared to the sector. We can see from the table below that RPs with more than 30% supported housing (Progress Housing Group is one of these) have an average cost per unit of £12,029, which is 134% greater than the sector median. This unit cost increases compared to the SPBM peers, who are predominantly RPs with very high levels of supported housing. This is compared further below when looking at the cost per unit by need category.

We are comfortable with our positioning as we are targeting spending to deliver our objectives, which impact our cost per unit in the short term.

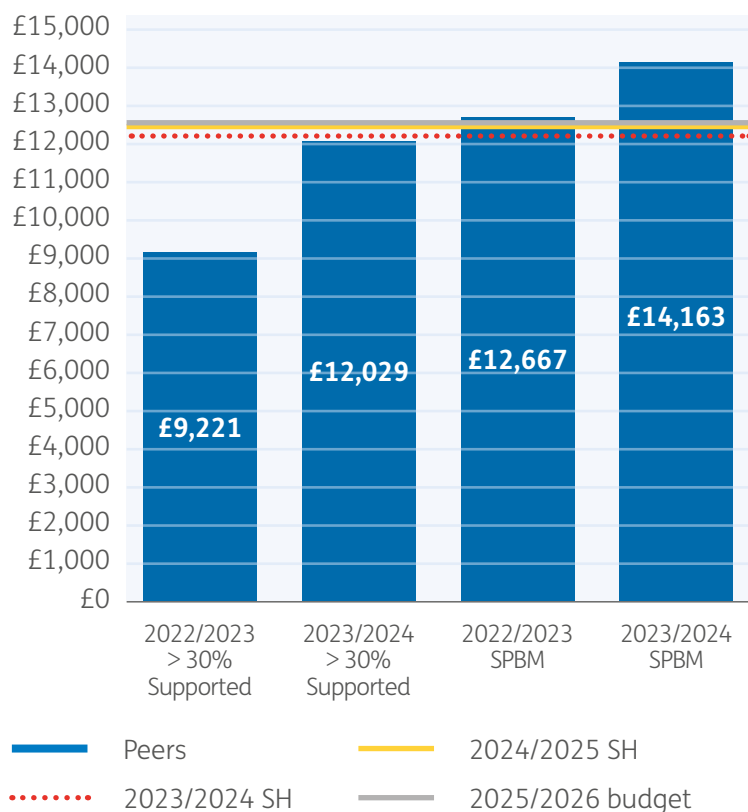
The overall cost per unit



LTFP = Long-term financial plan

The overall cost per unit	Peers 2023/24	Progress Housing Group 2023/24	Progress Housing Group 2024/25	Budget 2025/26
Headline social housing	£5,127	£7,511	£7,787	£8,044
Management	£1,271	£1,211	£1,296	£1,358
Service charge	£592	£1,414	£1,341	£1,308
Maintenance	£1,523	£1,676	£1,762	£1,797
Major repairs	£1,289	£1,539	£1,766	£1,954
Lease costs	£0	£1,163	£1,183	£1,182
Other	£255	£508	£440	£446

Supported housing cost per unit



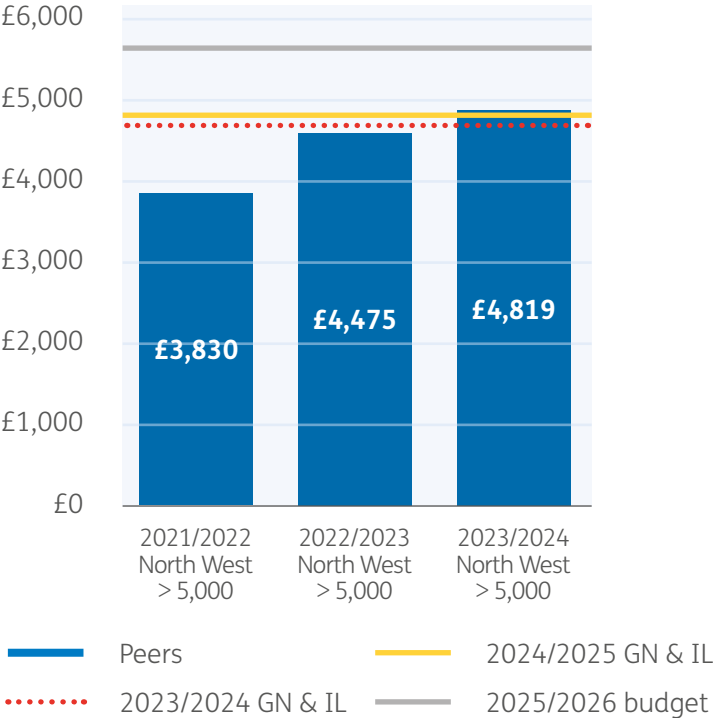
Supported housing (SH)	30% Supported housing 2023/24	SPBM Peers 2023/24	Progress Housing Group 2023/24	Progress Housing Group 2024/25	Budget 2025/26
Headline social housing	£12,029	£14,163	£12,206	£12,555	£12,459
Management	£1,924	£2,030	£1,903	£2,119	£1,815
Service charge	£3,084	£2,256	£2,934	£2,735	£2,757
Maintenance	£1,589	£1,814	£2,072	£2,314	£2,219
Major repairs	£719	£1,317	£1,487	£1,549	£1,747
Lease costs	£12	£753	£3,034	£3,137	£3,186
Other	£872	£872	£777	£700	£736

The sector median cost per unit for RPs with greater than 30% supported housing is £12,029 compared to the Group at £12,555. The Group's costs are above other RPs in this need category. The term supported housing can include a variety of different functions from long-term housing solutions, e.g. supported living to short-term housing provisions, e.g. refugees. In terms of supported living, three other RPs in the SPBM group have the closest client group to supported living.

	Supported living – Progress Housing Group 2024	Supported living – Progress Housing Group 2025	Advance Housing Group 2024	Golden Lane Housing 2024	Inclusion Housing 2024
Social housing cost	£12,206	£12,555	£17,336	£10,991	£18,451
Management	£1,903	£2,119	£636	£2,657	£2,150
Service charges	£2,934	£2,735	£3,331	£1,281	£1,676
Routine and planned	£2,072	£2,314	£2,811	£1,031	£2,334
Major repairs	£1,487	£1,549	£616	£1,548	£0
Lease costs	£3,034	£3,137	£343	£4,068	£11,618
Other	£777	£700	£9,598	£406	£672

The table above shows large variances, highlighting the sensitivity of cost differences between RPs.

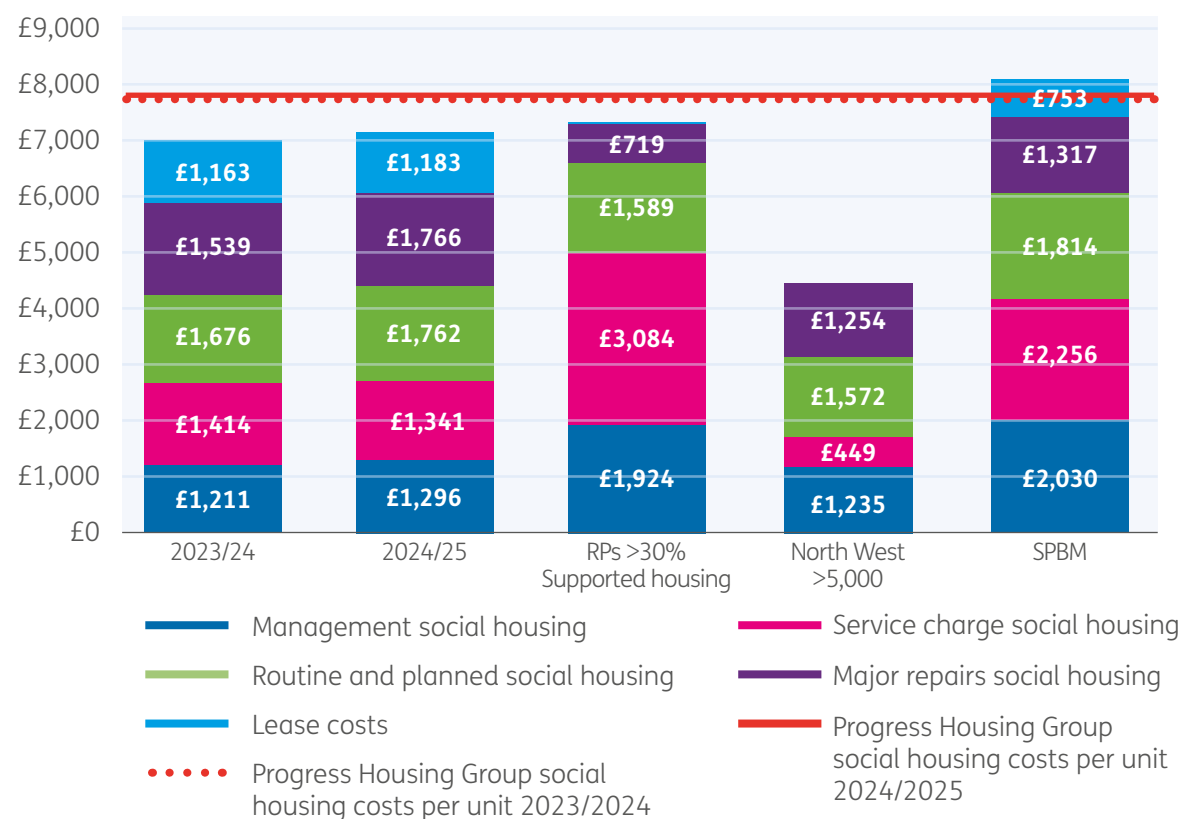
General needs and independent living cost per unit



General needs and independent living (GN & IL)	Peers 2023/24	Progress Housing Group 2023/24	Progress Housing Group 2024/25	Budget 2025/26
Headline social housing	£4,819	£4,627	£4,757	£5,659
Management	£1,235	£796	£814	£1,113
Service charge	£449	£488	£513	£470
Maintenance	£1,572	£1,507	£1,502	£1,645
Major repairs	£1,254	£1,577	£1,717	£2,201
Other	£260	£259	£211	£230

The sector median cost per unit in the North West region is £4,819. This shows the Group’s costs are above other RPs for this need category. We are forecast to increase to £5,659 for next year due to increased maintenance costs; the sector is also anticipated to increase.

The chart below shows the headline social housing costs per unit by cost type.



We look at the individual elements within headline social housing costs to see where our costs differ from the sector's. We can see the SPBM comparator varies considerably from the sector median, and as previously noted, the RSH has identified supported housing as having higher costs.

- **Management costs** – the sector's median management costs increased 6.1% from the previous year; we saw an increase of 2.1% in 2024, significantly lower than the sector median. Costs increased for 2024, mainly due to increases in employee costs.
- **Service costs** – the sector median has increased from the previous year by 11.8% compared to our increase of 17.8%.

We can see that the SPBM and RPs with more than 30% supported housing have a significantly higher cost per unit.

- **Routine and planned** – the sector has seen the median increase by 12.3% compared to a 22.7% increase by ourselves. The Group's cost per unit of routine and planned work exceeds the median cost per unit of the peer groups. Due to the geographical dispersion of the Group's stock, we subcontract repairs out of our local area, which we know, following previous analysis, is more costly than delivering the repairs by our in-house maintenance delivery team.
- **Major repairs** – the sector has seen the median increase by 17.9% compared to an increase of 7.2% by the Group. The decrease is due to a reduction in the Group's investment in compartmentation works, as significant investment has been made in previous years.
- **Other costs** – the sector has seen the median increase by 3.1% compared to an increase of 11.8% by the Group. It is important to remember that other costs comprise, on average, only 7% of our overall cost per unit.
- **Lease costs** – 65 of the 198 RPs included in the Global Accounts have lease costs. The sector median cost per unit has not changed from the previous year and is £0, compared to the Group's £1,163. Our higher cost per unit is due to the rental costs of supported living leased in units.

Metric 6 – Operating margin Efficiency

The Group's operating margin (social and overall) exceeds our peer group for supported housing. However, it is lower than the sector median. The metrics measure the profitability of operating assets before exceptional expenses by dividing operating surplus/deficit by turnover (both social housing and overall). The Group projects a growing surplus from increases in social rents and rent income from new developments. However, there are also upward cost pressures relating to compliance and fire safety works.

The table below shows our social housing operating margin.

Actual			Budget	2025 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
15.1%	15.6%	19.4%	17.9%	17.9%	20.0%	20.7%	21.9%

The table below shows our overall operating margin.

Actual			Budget	2025 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
13.9%	12.3%	16.1%	17.3%	16.3%	18.6%	19.5%	20.5%

Results

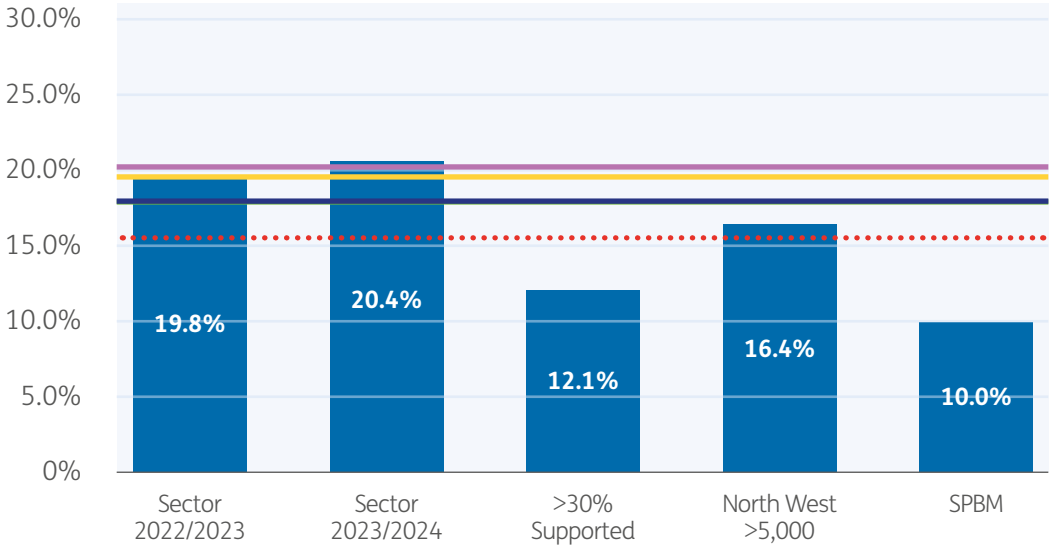
Our social housing operating margin has increased by 3.8% compared to last year, despite increased maintenance and management costs as we have sought to contain expenditure where possible. When looking at the overall operating margin, it is noted that RPs are operating a variety of 'non-social housing' type businesses, so each business model will deliver different operating margin levels.

The overall operating margin for 2024/25 increased by 3.7% to 16.1%. There has been a 5.3% increase in turnover, and the Group's operating expenditure has remained stable with a 0.4% increase. The main reason for the increase in operating margin is due to:

- 19% increase in shared ownership surplus
- Planned maintenance and major works costs have decreased by £0.8 million, mainly due to reduced disrepair, painting, asbestos surveys, and compartmentation survey works.

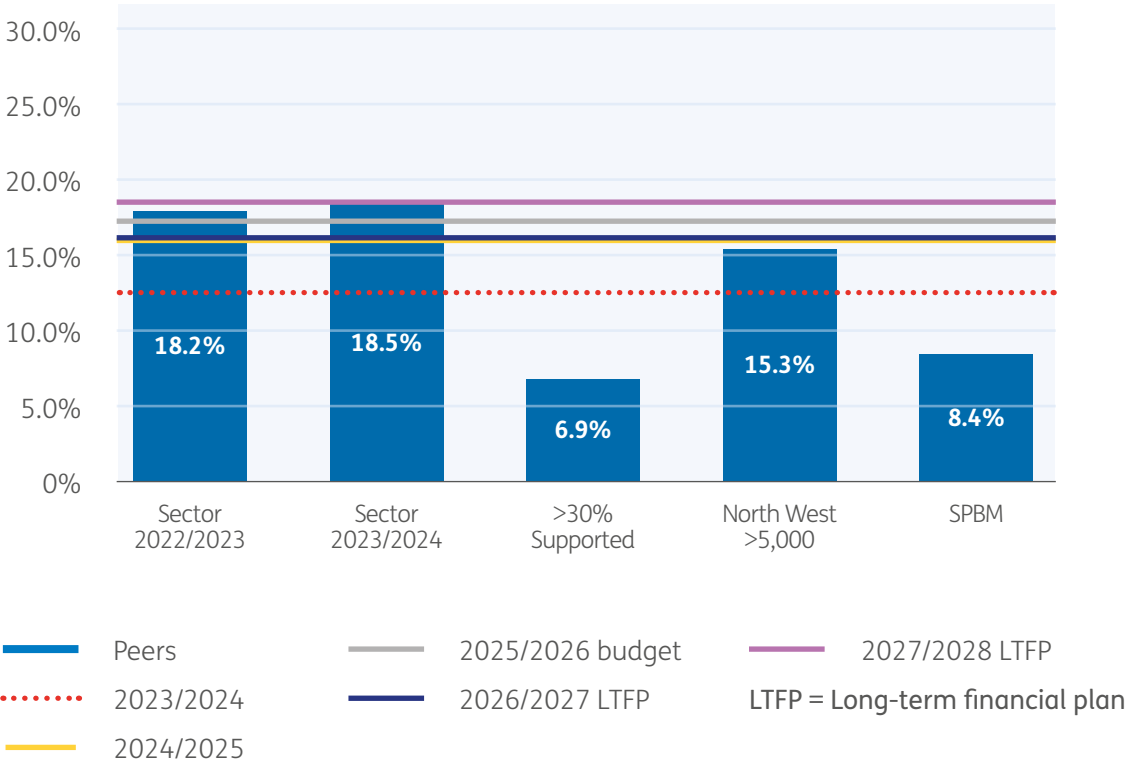
Benchmarking

The chart below shows the social housing operating margin against peers.



- Peers
- 2025/2026 budget
- 2027/2028 LTFP
- 2023/2024
- 2026/2027 LTFP
- LTFP = Long-term financial plan
- 2024/2025

The chart below shows the overall operating margin against peers.



For 2023/24, the sector has seen an increase in social housing and overall operating margin. We can see that those with higher proportions of supported housing have lower operating margins. When looking at the comparative group of the 14 RPs with more than 30% supported housing, nine have overall operating margins lower than 10%. Other RPs operate very different capital structures, which can be noted from their gearing positions.

Long-term financial plan

Overall operating margin is set to increase from 16.1% in 2025 to 20.5% in 2030. This is due to a forecast increase in an operating surplus of 58.4% compared to a forecast increase in turnover of 26.7%, increasing the margin. The increase in operating surplus is noted above regarding EBITDA MRI. The rise in turnover is a result of increased rent assumptions, increased growth from Progress Lifeline and shared ownership sales. For the 2025/26 budget, there is an increase in operating margin of 1.2% compared to 2024/25.

Metric 7 – Return on capital employed (ROCE) Economy

The Group is above our peer groups and the sector median for return on capital employed (ROCE). This metric measures operating surplus compared to total assets less current liabilities and assesses the efficient investment of capital resources. ROCE is expected to increase due to planned increases in the operating surplus. The Group's choice of accounting policy is deemed cost, resulting in a lower ROCE compared with the majority of the sector.

The table below shows our ROCE actual and future plans.

Actual			Budget	2025 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
2.7%	2.3%	3.1%	3.1%	2.9%	3.3%	3.4%	3.6%

Results

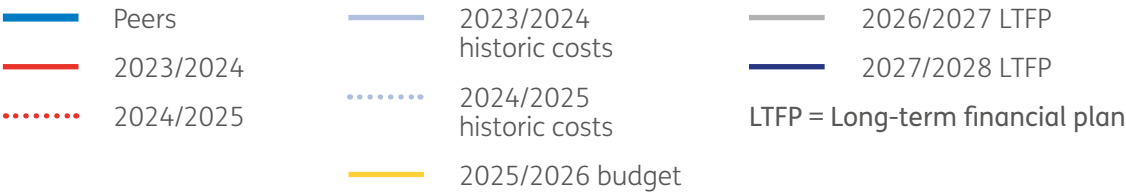
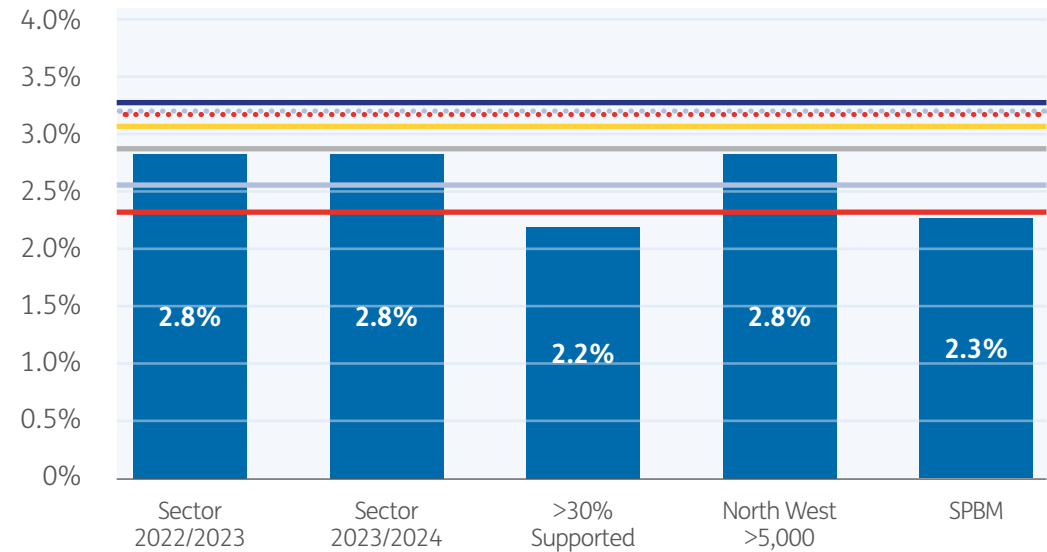
This indicator compares adjusted operating surplus to total assets less current liabilities, which can fluctuate each year. Our ROCE is slightly below the North West comparator group but in line with other comparators and the sector. The forecast is set to increase and exceed this group.

The table below shows our ROCE actual and future based on historical costs.

Actual			Budget	2025 Financial Plan			
2023	2024	2025	2026	2027	2028	2029	2030
3.6%	3.0%	4.0%	3.8%	3.7%	4.2%	4.3%	4.4%

Peers

The chart below shows the ROCE against comparator groups.



The sector median has remained the same for the ROCE metric at 2.8%. Progress Housing Group has had a decrease of 0.4%. We can see from the chart above that those peer groups with a higher proportion of supported housing show a lower level of ROCE. Return on capital at 3.1% is above the sector and benchmark groups. However, this is due to the impact of a change in accounting policy on implementing FRS 102 to freeze existing property valuations at their 2014 values, which became their deemed cost. Properties developed after 2014 are reported at historical costs. The majority of RPs had previously reported housing assets at historic cost before 2014 and continue to do so. Expressing return on capital on a comparable basis of historic cost gives an estimated return on capital of 4.0%, which is also above the sector median.

Summary performance against the metrics

For 2024/25, we can demonstrate from the benchmarking undertaken that overall, the Group is performing better or in line with the sector as a whole or relevant benchmark groups. There is one exception, operating margin, where we are currently underperforming against the sector, but our forward-looking plans show this will improve.

The RSH-specific expectations of VFM

The 2018 VFM Standard states that RPs must demonstrate compliance against their expectations.

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.

What does this mean?

When the Group makes expenditure decisions, we understand the importance of cost, quality, outputs required, and what matters most to our tenants. We consider how our properties, offices, and employees operate and whether this is the best use of our resources or whether these resources should be allocated elsewhere. In addition, we compare against other possible alternatives and understand how expenditure delivers our strategic objectives.

Employee costs are one of the Group's highest resource investments, and many of our achievements rely on employees for delivery. The Group continues to grow in many of its business streams in accordance with the Strategic Plan, which requires increased investment in people to generate future turnover, maintain quality services and achieve outputs.

What is our approach, and what decisions have we made?

Our Strategic Plan clearly outlines our intention to provide more and better homes and deliver a stronger organisation. This links to several of our strategies, including development, asset management, treasury, and VFM. These

strategies are aligned with our long-term financial plan and are set by our board. We have operational teams to deliver the actions as detailed in their operational plans.

During 2024/25, we have:

- We commenced delivery of our new 2024-2029 Development Strategy. A balanced programme continues to be delivered. The overall programme net present value (NPV) performance remains the same, but there is greater flexibility in the NPV performance of individual schemes within the programme. A proportion of newly developed properties have a negative NPV to enable social objectives to be achieved, whilst other properties in the programme have a positive NPV to maintain our financial strength. Total development spend during the 2024/25 financial year was £36.7 million, with grants received of £11.5 million
- We completed 37 Affordable Rent homes and 10 shared ownership homes under our Homes England Strategic Partnership programme with a capital spend of £12.5 million and a grant received of £10.7 million. In addition, we completed 42 Affordable Rent homes, 8 social rent homes and 19 shared ownership homes through nil grant planning gain acquisition, with a capital spend of £8.3 million. £8.8 million spend was also incurred against projects that will deliver homes in future years, predominantly the Lancaster Extra Care scheme, with

a Homes England grant of £203,000 received against these future projects

- A total of £7.0 million was incurred in delivering 30 new homes for supported living, against which a grant of £615,000 was received
- Our Financial Appraisal Team made investment approval decisions to ensure new developments are delivered in line with the 2024-2029 Development Strategy and that the overall programme meets the required financial performance
- We continue to deliver the five-year Asset Management Strategy, updated in 2023/24, which forms the basis of our long-term investment priorities for future investment. The revised strategy continues to place safety as the core priority and introduces a greater focus on data quality, and the use of predictive analytics and insight to manage property risks. This is closely linked to our Environmental Sustainability Strategy, which was also updated and continues to focus on the journey to EPC C by 2030 and net zero by 2050. The Group reviews the social and economic performance of our assets annually using SHAPE modelling. It can determine the best options for their future use. This is managed through the Strategic Asset Management Group, which meets on a quarterly basis and has considered a number of options appraisals throughout the year, approving the disposal of eight properties in line with the Ethical Disposal Policy

- We have sold two units (excluding Right to Buy, Right to Acquire and shared ownership), which generated £435 thousand in sales proceeds. Concert Living has sold seven units for outright sale in 2024/25, generating £2.7 million in sales proceeds. This income helps us to re-invest in new and existing homes
 - We have achieved over £7.1 million in income from our Progress Lifeline and TECS service, with more than 65,000 connections. This service has grown significantly over the last couple of years. We submit competitive bids to secure new contracts whilst providing a quality service to a wide range of customers. We approved further investment in employee resources to continue growing the business and reinvest in social housing activity
 - We have continued to support agile and mobile working to improve the way services are delivered to our tenants. The Group has been reviewing all office accommodation and workspaces. We have improved the offices at Sumner House in Leyland to create a working environment that supports a collaborative workforce, which benefits colleagues' wellbeing and enhances the services delivered to our tenants
 - We will reduce our office footprint and running costs by closing our office in London due to an increase in agile working and colleagues working from home
 - We continued to develop the 'Customer First' operational model for our Housing Operation Teams. This way of working, now embedded, has created better alignment between colleagues within geographically based teams, who collectively have greater insight and understanding of our tenant's challenges/needs. We are seeing good performance in income collection indicators, with reduced void turnover since the introduction of the Tenancy Sustainability Team. We also aim to see higher customer satisfaction levels with the services provided
 - Our RAMP framework and the extensive training undertaken are paying dividends. We have seen improved communication, an overall reduction in complaints and a 12% improvement in satisfaction relating to the way that we are dealing with complaints
 - Our Customer Promises have been reviewed in the year and have been linked to the RAMP principles, resulting in greater clarity and consistent messaging
 - We continued to play an important role in the supported living sector. Through our specialist supported housing business stream, RWP, we played an important part in influencing the policy agenda in our sector, playing an active role in the Learning Disability and Autism Housing Network (LDAH) (of which we are a founding member)
 - As a specialist housing provider and leader in the supported living sector, our tenants are very much at the heart of RWP. We aim to provide Easy Read accessible communications on all aspects of our service to tenants with a learning disability and/or autistic adults
 - We embedded our approaches to customer engagement, developing six engagement hubs across the country and using creative ways to involve our tenants in all aspects of our service delivery
 - We completed a governance review, developing two new tenant committees for our general needs and supported living tenants. These committees have adopted good practices around inclusive governance by including tenants with a range of support needs. The committees are served by existing group resources, resulting in marginal changes in cost, but will focus on improved service delivery for tenants.
- 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**
- What does this mean?**
- This means we should consider potential opportunities to achieve VFM in all of our activities. This includes understanding VFM in

our procurement arrangements, diversification into different business areas, investment in non-social activities, and our operations geography.

What considerations have we made?

Below are the key areas where we have focused our service delivery. In addition, the board has reviewed its Partnership and Merger Strategy to ensure this is fit for purpose, of which costs and benefits are assessed for each opportunity.

1) Provision of maintenance services for supported living tenants

During 2024/25 we have re-procured the national repairs contract. This process was completed in February 2025 and we have awarded to four contractors, each covering a defined area. We have entered into a period of mobilisation ahead of the new contract going live in July 2025.

Repairs are costed based on NATFED schedule of rates +%. Alongside the contracts, we will monitor VFM through a tracker and these will be reviewed monthly at contractor management meetings. We will also maximise social value through these contracts.

In addition, we regularly review the operating area for the in-house Repairs Team and have increased this area to maximise VFM. We have seen performance improve through the year, with tenant satisfaction in repairs increasing by 4.9% year on year to 89.3% for 2024/25.

Financial year	Additions properties/units	Disposals properties/units	Net attrition properties/units	Total at the end of period properties/units
2020/21	11 / 31	32 / 79	-21 / -48	467 / 1,751
2021/22	10 / 24	30 / 102	-20 / -78	447 / 1,673
2022/23	0 / 0	50 / 155	-50 / -155	397 / 1,518
2023/24	0 / 0	30 / 81	-30 / -81	367 / 1,447
2024/25	5 / 29	15 / 76	-10 / -47	357 / 1,400
Totals	26 / 84	157 / 493	-131 / -409	

2) Leased in accommodation for supported living tenants

During the year, there have been a number of actions and reviews of the Group's leased-in portfolio. RWP leased-in units comprised 1,400 rental streams at the end of March 2025.

The number of leased units has fallen away due to lease attrition. The table above provides lease attrition details over the last four years.

The majority of leases that ended are loss-making leases, and the RWP existing leased-in property portfolio has generated an overall gross surplus of £3.9 million at a gross margin of 18%.

The costs associated with these leases affect a number of the VFM metrics; the main one to note is the headline social cost per unit. The lease costs are included within this metric, which can skew the comparability to other providers.

If the properties were owned, the equivalent operating expense would be depreciation, which is excluded from the calculation; therefore, the cost per unit for these rental streams is somewhat higher than the 'owned' alternative.

3) Efficiency improvement for support services

The support services for the homeless and refuge-supported housing schemes are managed by Key Unlocking Futures Limited (Key). The main advantages of delivering these services through Key are:

- As a specialist support organisation, Key has developed skills in delivering support services and connections within the support sector, which Progress Housing Group employees, particularly at senior management levels, find increasingly difficult to mirror

- Their cost base is slightly lower than Progress Housing Group's. This is a consequence of the management and overall reward structures, which are more geared toward the support sector rather than the housing sector
- They can better offer the governance structure required to achieve the Women's Aid National Quality Standards, which will increase the ability to grow the refuge service
- They have specialist skills that Key has developed, which have produced an improved quality of service for tenants.

4) Housing operations

For our general needs and independent living business stream, after three years, we have reviewed our 'Customer First' operating model to further enhance our service offer in response to our customer's needs; the benefits achieved to date are as follows:

- Operational teams are now working together in one geographical area to understand the customer base better and share learning more efficiently to improve customer satisfaction
- Increased visibility within our operational areas allows for more first-point resolution and improves accessibility for tenants
- Efficiencies in how we process queries and requests to remove any double handling of queries

- Created a more performance-driven culture through enhanced reporting and monitoring
- Provided increased resources where needed to meet service demands
- Delivered VFM by maximising outcomes from customer visits and minimising travel
- Further enhanced our ability to develop services with the support of the Continuous Improvement Team, instrumental in the tenant journey project
- Expanded our focus on performance and excellence
- Improved customers' ease of access to services with the launch of our new Customer Access Strategy (CAS) and the creation of a CAS Action Group to identify and focus on priority areas
- Enabled us to gain a greater insight into our customers' needs and expectations
- Enabled more effective collaborative working between specialists, to improve our customer experience and satisfaction by removing 'silo' working
- Positioned customers at the heart of our services
- Launched the Tenancy Sustainability Team, which is delivering a customer-focused support services offer focused on early intervention, prevention and income maximisation

- Embedded a 'One Team' approach - creating integrated Housing Operations Teams offering holistic services within a geographically defined area to build greater insight into the area and rapport with our customers
- Refined our income collection process to ensure a more person-centred approach, reducing the amount of legal action taken, thereby reducing legal expenditure
- Further developed our systems with the launch of the Tenancy Details App, so the Area Housing Teams have the technology that facilitates mobile working, enabling us to be more efficient and effective
- Implemented a review of the caretaking service, incorporating compliance checks to provide a holistic service and prevent repeat visits by multiple colleagues.

5) Operating model reviews

Operating model reviews have been undertaken across the Group to ensure we are fit for the future and are as efficient and effective as we can be, focusing our efforts on strategic priorities to deliver maximum impact for our tenants, customers and communities. Objectives set out by the Executive Team include:

- To find efficiencies in processes, streamline procedures and reduce workload
- To remove duplication and focus individuals on the delivery of good customer service

- To identify new skill requirements and where resources are required to ensure we are fit for the future
- To contribute to the operating surplus of the organisation to ensure we remain a strong organisation and find savings in costs.

As an example in the Group, RWP implemented an operating model review. The review complemented a process already started in RWP - the Better Quality Services project.

The focus of the operating model review was to look at:

- Process mapping and re-engineering
- Training and expertise
- Making savings through reviewing fixed-term posts and natural attrition
- Reviewing and better targeting of resources.

The areas of focus have been contract management, income and energy. An Energy Working Group has made significant improvements to the way utilities are managed and improvements to the income collection process have already started to show positive results - enabling all arrears targets to be met. A new way of managing contracts meant directing resources to that team and creating a new Contracts Manager role. Overall, in terms of savings alone, the review created

efficiencies, reducing the salary budget by £31 thousand as well as improving outcomes. Further improvements are also being planned.

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.

What does this mean?

This means that when we consider growth opportunities that are not traditionally social housing, i.e. TECS and Concert Living, we analyse the risk involved, have mitigating strategies for failure and ensure a financial return reflects the level of risk on the activity. If no financial return is envisaged, the business case should justify other intended benefits. In addition, VFM should be in our day-to-day operations, including procurement, in line with our strategy.

How have we considered VFM in non-social housing activity?

Our current non-social housing activity mainly relates to Progress Living, Progress Lifeline activities and Concert Living.

Progress Living is the brand that provides key worker accommodation, with 573 units for 42 years, starting from 2006. We can choose to extend the contract if the required rate of financial return has not been achieved after 42 years. The board approved this activity to meet housing needs, generate a financial

return and diversify. The risks are regularly monitored; financial and operating performance is reported annually to the board and United Lincolnshire Hospital Trust. This activity is financially performing better than anticipated, generating a surplus of £0.6 million annually.

Progress Lifeline activities currently generate more than £7.1 million in turnover with over 65,000 connections. They have seen growth over the last few years. We aim to grow new provision by 15,000 connections over the next three years. We have a proven track record in providing TECS services. Each new contract is financially appraised and priced before bidding.

The board has reviewed the operating model for Concert Living and decided to exit the private residential housing market due to the prevailing economic conditions. The assets of Concert Living Limited are therefore being marketed for sale.

We monitor and report on all of these non-social housing activities separately, and whilst our growth in this non-social activity is significant, the long-term financial plan does not rely on this activity to support our Plan requirements. Our social housing activity remains our core operation. Our long-term financial plans have been risk-tested and include mitigations in the event of the loss of contracts and sales.

The updated 2025 VFM Strategy includes specific VFM outputs for each of the business streams.

Considering VFM in our day-to-day business

Our operational teams across the whole business incorporate VFM in their activities.

During 2024/25, we have:

- Embedded the contract for the supply of materials to the in-house Property Services Team. The initial procurement exercise was completed in early 2024, with the contract now mobilised. Whilst the Group has not realised any significant cost savings, largely due to the wider inflationary environment, there has been a significant improvement in the processes, including increased opening hours, and providing increased flexibility in relation to site deliveries, indirectly saving operative downtime. Work is ongoing to realise all the benefits within the new contract, with an additional storage unit, additional office space, and a new warehouse to house a joinery workshop and to allow van audits to be completed, already delivered
- Re-tendered several large contracts related to delivery of the repairs, maintenance and investment service. Supported by the Procurement Team to ensure full compliance with all regulations, VFM and high-quality services, Property Services has retendered building and materials, flooring supply, aids and adaptations delivery, windows and doors supply and installation, commercial gas servicing and maintenance, lift consultancy and surveys and roofing repairs
- Completed the procurement of the national repairs service, replacing the current emergency arrangements in place since December 2023. The new contracts are moving through the mobilisation period ahead of contract commencement in July 2025
- Increased the number of properties with a valid EPC from 77% to 81% whilst also reducing the number of properties at EPC D or below to 27%. The Group has also delivered the 50% grant-funded Wave 2 Social Housing Decarbonisation Fund (SHDF) retrofit project, installing energy efficiency measures ranging from external wall insulation to air source heat pumps in 46 properties across Lancashire and Cumbria with the aim of bringing all properties to C rated. In addition, the Group continues to work to improve energy efficiency across its largest energy-consuming assets, seeing results from the 2023/24 communal LED upgrades at Derby House, Tuson House and Laidley's Manor with an energy saving of up to 33.5%, far outweighing the savings targeted. Water saving surveys have been completed to around 420 homes, saving up to 18,500 litres of water per day
- Re-procured the asbestos testing services to a single provider covering a 5-year contract that has been ongoing for 12 months, and this has realised savings of £43,500 per annum
- Procured services to help the Group make appointments for annual gas servicing visits covering a 3-year period. This has been ongoing for six months. The idea behind this is to reduce no-access visits for gas operatives, which will reduce costs in the long term, and it is estimated there will be annual savings of £20,000
- Procured over 26 contracts, including our national maintenance, roofing repairs, window and door replacements, energy, several IT software systems and a number of development projects, with a total value of £34.35 million. The economic environment has been challenging, and we have sought to achieve savings, avoid or minimise cost increases, and improve services for our tenants
- Increased the number of signed contracts that the Group now holds, as well as offering contract support to contract managers ensuring best practices are followed. The contract management framework for social value and KPIs has been simplified, which has helped with ensuring our contracts are being monitored with the support of the Procurement and Contract Support Team

- Continued to invest in new IT software and developments, which will deliver improvements to processes, automation of processes and better oversight and visibility of data
- Continued development of the telephony platform, enabling enhanced reporting and analytics. This will provide an opportunity to improve business processes within the Customer Contact Centre, improving the customer contact experience and supporting the Customer Access Strategy
- Continued to work with all business streams, delivering IT solutions to improve business processes that will benefit and improve the customer experience
- Reviewed our document management systems, exploring the use of SharePoint to improve the management and quality of our data
- Continued implementation of a new data protection system, which will provide a complete solution for maintaining the essential documentation required under data protection law
- Continued our investment in cyber security, partnering with Artic Wolf, which provides continuous alerting and incident response in the event of a cyber-attack
- Established a Cyber Security Forum bringing together professionals from across the Group to enable the review of cyber incidents, risks, and to continue to provide regular mandatory cyber security awareness training to all colleagues
- Continuing our investment in Microsoft 365, piloting the use of Co-Pilot and AI to enable colleagues to work efficiently and collaboratively
- Continuing our investment in Microsoft 365, utilising the Microsoft Power Platform to build Power Apps to support numerous areas of the business. Developments have included in-house delivery of a CRM application for Progress Futures and solutions to replace emergency call handling and installation documents for Progress Lifeline. In-house development of a CRM to replace the service manager platform is also underway
- Improved and continue to develop our business intelligence and reporting platform to provide quality information to all levels of management
- RWP launched its Better Quality Services review to deliver a programme of continuous improvement focused on process, people, and technology. Significant improvements in processes around income collection and voids resulted in all KPI targets being met for these key areas.

For 2025/26, we are planning to:

- Continue to closely manage and realise further benefits from the material supply contract, which commenced in April 2024.
- Mobilise and embed the national repairs contracts. VFM will be monitored closely through the life of the contracts, a key priority area when considering requirements for the new service
- Deliver the first year of Social Housing: Warm Homes Fund (SH: WHF) wave three funding. This is likely to see a programme to retrofit around 400 homes over a three-year period between 2025-28
- Complete the pilot of the expansion of the repairs service in the North West to include evening and weekend appointments across the core trades, together with a flexible employment trial comprising a compressed four-day working week

- Increase the number of planned window replacements completed by the in-house team aligned to our planned investment programme
- Align the Healthy Homes Team and wider business operations to deliver on the requirements of Awaab's Law and introduce a proactive approach to managing Housing Health and Safety Rating System hazards
- Undertake a health check on our repairs scheduling system (DRS) to ensure we are effectively planning our available resources
- Review and enhance our repair performance management information
- Review and re-procure our asset management system to improve our understanding of the condition of our homes
- Pilot different technologies to support how we proactively manage damp and mould and explore how these systems can be monitored through Progress Lifeline
- Re-procure over 50 contracts, including scaffolding, flooring, roofing and pointing programme and specialist baths, with a total value of £13.5 million. We will seek to achieve savings, avoid or minimise cost increases, and improve services for our tenants
- Establish a procurement framework covering consultant services to support the future delivery of the RWP element of the development programme, ensuring greater consistency and efficiency in the specification, quality, cost certainty and delivery timescales, assisting in reducing resource input both during the development phase and subsequently in management
- Increase delivery of supported living accommodation leased schemes to mitigate stock attrition, maintain stock numbers for RWP and ensure ongoing financial strength
- Review and refresh the Digital Services Strategy, working collaboratively with each business stream to achieve operational objectives and goals. Future investment in new and emerging technology will aim to improve efficiency, reduce costs and improve the customer experience
- Invest in several new IT projects. Whilst there will be implementation costs, each project will have a business case to justify improvements through automation. These include:
 - A review of our housing management system to include market research to explore new technology, including AI to improve business processes and enhance the customer experience
- A review of our service change management system to continue to provide regular mandatory cyber security awareness training to all colleagues. We will review our current backup solution and disaster recovery service to identify improvements and other products used by the Group. This will be linked to the business streams, business continuity plans, and the management of the Group's risks
- Future investment in cyber security for cyber attack monitoring; this solution will provide us with a greater level of visibility into the threats the Group faces and an alerting mechanism for priority events
- A review of Identity Access Management and a password vault solution for employees to improve password security and control access to external systems
- Working with all business streams, delivering IT solutions to improve business processes that will benefit and improve the customer experience

- The Housing Operations Team aims to:
 - Further develop the management of environmental improvement work to achieve greater value by grouping works together
 - Improve management of property condition cases by ensuring active monitoring with support and escalation where necessary
 - Improve the number of cases dealt with at the first point of contact within the Customer Contact Centre by piloting a duty officer approach
 - Review the cost of tenant activity in relation to the cost to the Group ensuring the most effective use of resources
 - Improve management of cases relating to safeguarding to ensure better tracking of concerns raised and better recording of actions taken to support customers
 - Continue our programme of continuous improvements, looking at systems, processes and people across all areas of housing operations
 - Make improvements to the management of utilities with the rollout of SMART meters and review of contracts.

Current and planned performance against our VFM Strategy

Our VFM Strategy sets out our plans for continued investment in our properties, asset growth through new developments and operating margin.



The operating margin has been reported in detail within the metrics earlier in this document. In summary:

- a) Maintenance of a high level of re-investment in our existing homes over the coming period, which we believe will result in expenditure at or above the sector median. This includes an increasing level of investment in decarbonisation, as set out in our Environmental Sustainability Strategy. We aim to ensure that our stock remains in good condition and in high demand, that we support our tenants in dealing with increased fuel costs and that we make a significant contribution to the government's carbon reduction targets. We will deliver the component investment programme, respond to tenant feedback and deliver the goals within the Environmental and Sustainability Strategy by 2029
- b) Provide new homes over the next five years in line with the capital capacity identified within the long-term financial plan, to help reduce the massive shortage of good quality, low-cost housing, and supported housing
- c) Achieve a steady improvement of the operating margin

VFM Strategy Priority 1 – Asset management

In 2024/25, we invested £41.8 million on repairs and maintenance and plan to spend more than £42 million in 2025/26. With regard to component investment, our budget for 2025/26 is to deliver 2,258 components for circa £14.5 million.

Asset performance and long-term sustainability

Understanding the performance of our assets is essential for our decision-making. We recently invested heavily in completing additional stock condition surveys, five years old or less, from 60% to over 93%, and during 2025/26, we will continue to invest in this area, targeting an increase to 98%. The updated information will inform our long-term financial plans and our assessment of performance via a net present value calculation using Savills Housing Asset Performance Evaluation (SHAPE). SHAPE highlights the properties performing poorly on both financial and social measures, which are subject to annual review and options appraisals through our Strategic Asset Management group.

The Group has developed an Environmental Sustainability Strategy, which was approved by the board in March 2024; this strategy is

the driver to begin our journey to achieve net-zero carbon emissions by 2050. It sets out our commitment to deliver a minimum SAP C rating on all our rented properties by 2030, helping to offset increasing fuel costs for our tenants. We will need to deliver significant carbon reduction across all of our Group business activities, including existing homes, new homes, fleet transport and offices.

During 2025/26 we will re-procure our asset management software. The system collects, stores, and analyses our stock condition information and our energy performance data. As part of this exercise, we will explore if there are opportunities to hold this data within our housing management system QLx.

We continue with our set of priorities for investment in the long-term sustainable stock, prioritising essential health and safety compliance first in addition to maintaining decent homes and property conditions, whilst also improving the energy efficiency and increasing clean energy sources of our properties.

We use these priorities to develop medium and long-term investment priorities, which are updated annually to meet changing priorities or budget constraints.

Stock geography

The geography of our stock was not the primary driver of performance and cost. However, the number of properties within the geographic area had a more significant influence. Performance in relation to achieving targets was not affected by the impact of geography but rather was influenced by the choice of contractor. We have improved our procurement routes, standard documentation, contract management arrangements and contractor quality control.

Within our 2024-2029 Development Strategy, we have provided greater clarity with regard to our existing geographical spread for both capital and lease-based RWP delivery, with parameters that schemes need to meet with regard to their location against existing maintenance contract arrangements.

Also, the choice to develop in new areas is made only when a suitable critical mass of new properties can be developed and where a suitable maintenance provision can be secured. We continue to monitor and manage these issues, both during the development phase of schemes and subsequently during management, to ensure any performance issues are addressed and resources are effectively managed.

The priority areas for delivery of our general needs have been slightly amended to ensure future efficiency in management and maintenance.

Asset Management Strategy

The Asset Management Strategy is key to delivering our Strategic Plan, and VFM objectives. We have several clear actions going forward which underpin these requirements:

- a) We will continue to monitor the delivery of the Asset Management Strategy, where we have worked with tenants to develop a standard for the component replacements
- b) In 2024, we updated the Environmental Sustainability Strategy, which reaffirms our commitment to the carbon reduction agenda
- c) We will continue to implement the Group's Asset Management Strategy to identify poor performers requiring options appraisal, medium performers requiring some investment or other action, and good performers to continue to invest. This approach has also shaped the Ethical Disposals Policy, where stock is deemed appropriate for divestment
- d) The Group fully understands the social and economic performance of our assets and can determine the best options for their future use; this now includes all properties, land and sites we own or manage

- e) The Group is utilising its understanding of social and economic performance to establish principles of targeting investment where it can deliver maximum return (financial and non-financial) against our social housing objectives - demonstrating VFM
- f) The Group has established a set of priorities for investment in the long-term sustainable stock, prioritising essential health and safety compliance in the first instance, and also including maintaining decent homes, carbon reduction and reducing long-term repair costs
- g) The Group has used the priorities to develop a rolling three to five-year investment programme that is updated annually to meet any changing priorities or budget constraints coming to light
- h) The Group has worked with tenants to develop an investment standard that reflects their priorities; this was made possible by tenant forums
- i) The Group continues to ensure that stock condition data is updated, with a significant survey programme completed since 2023 with a view to achieving 100% compliance. As investment work is completed the data is updated to inform future asset management decisions and to manage carbon reduction works and priorities.

VFM Strategy Priority 2 – Asset growth

The Group's 2024-2029 Development Strategy is to provide new homes in line with the capital capacity identified within the long-term financial plan to help reduce the shortage of good quality, low-cost housing and supported living accommodation. This is key to achieving our Strategic Plan and VFM objectives. In 2024/25, we spent £36.7 million and delivered 146 new units. For 2025/26, we have an approved budget of £50.5 million to deliver 236 new units. Key activities within our Development Strategy are:

a) Growth

Continued growth of the asset base through newly developed homes assists in improving the overall standard and quality of our stock-holding. This also assists in spreading overheads and reducing management and maintenance costs per unit. A significant proportion of RWP's stock is leased, and this is subject to attrition as leases come to an end. It is important to ensure VFM in management and maintenance that attrition is minimised or lost units are, as a minimum, replaced. New leased delivery is therefore vital to ensure VFM in management and the financial strength of the organisation, and is a priority within the new 2024-2029 Development Strategy.

Consideration is given to the geographic location of all developments, specifically for RWP delivery, to ensure efficiency and VFM of schemes during their development phase, but also of management and maintenance provision once schemes are complete. The Development Strategy is supported by the long-term financial plan, which establishes capital capacity, and this, in turn, drives the anticipated delivery numbers.

b) Design and specification standardisation

Our scheme layout and design principles reflect our desire to create schemes that contribute positively to the quality of the place. These vary depending on the business stream and the location of each scheme.

Our standard house types for affordable delivery provide clear design and layout principles. This facilitates efficiency in construction cost procurement across our programme, along with greater control and consistency in our offer to the market. These principles are applied to our grant-funded programme and also assist in influencing the nil grant properties that we acquire and are delivered through Section 106 planning gain.

Standard layouts and design principles are also established for our supported living delivery programme. These are used as a baseline which can be supplemented to reflect specific requirements from

commissioners or relevant user groups. This facilitates greater efficiencies in initial construction costs.

Our design brief covers the specification requirements for all newly developed Affordable Rent, social rent, shared ownership and supported living properties. It continues to be reviewed periodically. This process is supported by post-completion reviews for completed development schemes. These reviews assess defects that may have occurred, along with issues identified by our Asset Management Team and capture tenant feedback through our Neighbourhoods Team to improve our standard product and maximise future sustainability.

Standard house types, design principles and design brief specifications across both business streams and all tenures ensure ease for the future retrofit of new technologies related to carbon reduction, along with ease of component replacement and repairs, ensuring cost and resource input in management are minimised. They assist in meeting tenant and buyer expectations whilst minimising running costs for properties, through appropriately targeted capital input and expenditure. This can assist in prolonging the life of tenancies, reducing void costs and rent losses.

c) New build and development refurbishment approach to carbon reduction

Our approach to net-zero carbon for our new build development programme across all need categories continues to be based on fabric first, whilst ensuring that any future retrofit technology can be easily installed and accommodated. Lessons will be gained from the approach utilised on our Extra Care scheme that remains under development, which will support our thinking with regard to the future development programme. This will ensure that maximum value is delivered through any additional capital investment, without creating significant future investment legacy issues for maintenance and asset management.

Development refurbishment schemes will usually be for supported living accommodation and the approach to carbon reduction needs to be sensitively considered to ensure any installation does not impact on the needs of the tenants that may live there. This may reduce tenancy length, or create voids in shared accommodation, that may impact negatively upon financial performance.

d) Procurement and partnerships,

The Cutting Edge Framework comes to an end during 2025/26, so our future approach to procurement is currently being explored. We will need to access a different procurement framework, although the intention is to develop our own, given the scale of procurement we undertake to deliver our development programme. In relation to consultancy services, there are specific requirements attached to supported living delivery, including the management of leased delivery, and therefore, a small selection of consultants that can meet these requirements is needed. The majority of schemes for general needs are delivered through package deals, and therefore, construction procurement is not required. The majority of schemes for supported living will require specific construction procurement, and due to the geographic spread of developments, a procurement framework for construction may not prove suitable. Additionally, the procurement of development construction contracts is also key to ensure we maximise the outputs from our capital investments.

Our overall assessment of VFM

The board believes that, in completing this comprehensive VFM self-assessment, it has complied with the regulator's VFM Standard.

We have produced a full and honest assessment to enable our stakeholders to understand how we are currently performing against the targets we had set ourselves and what our forward-looking targets are to demonstrate our continuing commitment to VFM.

Further details can be found on the Group's website www.progressgroup.org.uk



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