VALUE FOR MONEY REPORT

2025/26

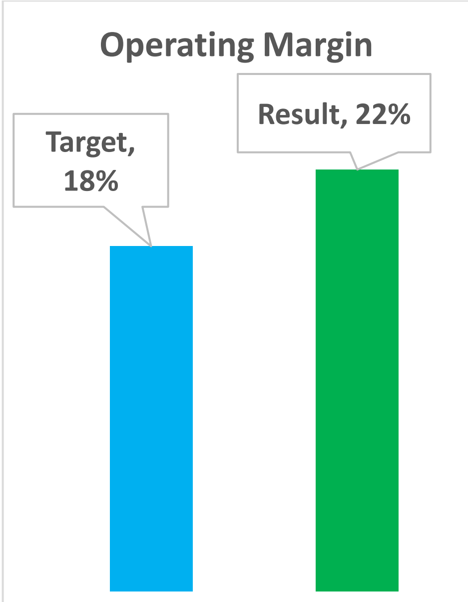
ARAWAK WALTON
HOUSING ASSOCIATION

Value for Money Report 2025/26

Executive Summary

Arawak Walton Housing Association (AWHA) has used Acuity and the Regulator of Social Housing's (RSH) VFM metrics and 2025 Global Accounts figures to help understand and compare its performance across a range of value for money metrics and identify priorities for the future. At the time of writing 2025/26 comparative data is not available.

Our operating margin improved during the year with an end of year result of 22% against a target of 18%.



AWHA's headline cost per unit (cpu) for 2025/26 was £5,007 (£4,670 in 2024/25) which is £859 per property lower than our peer's median of £5,866 in 2024/25.

Our approach to VFM is cross-cutting and part of everything we do and has been made more important during the past few years with the impact of increasing costs against the aim to keep rents affordable for our tenants.

A key priority during the year has been the continued embedding of the revised operational structure, designed to strengthen service delivery, enhance engagement with tenants and community stakeholders, and ensure that services are increasingly informed by tenant feedback and insight.

Our achievements during the year include:

- ❖ Tenant Satisfaction measures survey completed with 87% overall satisfaction score
- ❖ Improved our void relet process which has reduced the time taken to relet our properties and the average cost to bring the properties back up to lettable condition;
- ❖ Conducted over 500 property condition surveys to assess the condition of our homes and the priority of our investment plans;
- ❖ Reviewed and retendered some scheme services such as gardening and communal utilities – this has saved £36k for our tenants;
- ❖ Continued our programme of bi-ennial Home Visits with over 90% of eligible tenants having received a visit;
- ❖ The Association retained its Customer Service Excellence accreditation during the year, providing independent assurance of the quality of its customer service and its commitment to continuous improvement;
- ❖ Reviewed the provision of tenancy support and commissioned Pocket Power and Golden Centre of Opportunities who have a proven track record of generating direct financial benefits for tenants (e.g. debt relief, bill savings, welfare benefit claims) that often far exceed the cost of the service.

1. Our Value for Money Approach

As a specialist black and minority ethnic (BME) housing provider, Arawak Walton's mission is to champion the provision of quality affordable homes in sustainable multi-cultural communities. We aim to redress the inequity faced by BME communities in accessing good housing, health, education, training and employment. To do this, we work in areas where BME communities predominantly live or aspire to live. We are committed to actively supporting the local economy by employing local personnel and engaging the services of regional contractors and suppliers whenever possible.

Value for money is about delivering our corporate objectives in the most cost-effective way possible. Our Corporate Plan 2025-30 sets out four strategic priorities, all of which rely on effective Value for Money (VfM) practices to succeed:

- **Homes and Growth**

- Evaluate all development and acquisition opportunities for financial and social return.
- Ensure retrofit programmes deliver energy efficiency within cost-effective investment frameworks.
- Use asset performance data to prioritise reinvestment and avoid unviable stock.

- **Customers and Communities**

- Maintain cost-effective, culturally sensitive services.
- Balance investment in digital tools with access for digitally excluded tenants.
- Use VfM indicators such as Tenant Satisfaction Measures (TSMs), repairs satisfaction, and local engagement to assess outcomes.

- **People and Culture**

- Support staff development and retention through effective investment in CPD and wellbeing
- Encourage internal efficiency through staff engagement and inclusion initiatives that reduce absenteeism and turnover.

- **Financial Sustainability**

- Retain strong G1/V2 and aim for V1 through prudent risk and treasury management.
- Embed VfM in procurement, treasury, growth assessment and service delivery.
- Benchmark key indicators annually and take corrective action as needed.

The Board has overall responsibility for the Association's Value for Money Strategy and each year sets annual targets in line with the approval of the Business Plan and KPIs. Value for Money is at the centre of everything we do in terms of achieving our Corporate Plan objectives and targets.
Specific elements of our approach to value for money are:

Managing our costs and assets	Reviewing our services	Monitoring & improving our performance
• Zero-based budgeting, including assessment of priority areas • Annual review of asset management strategy • Annual treasury strategy review • Mid-year Board review of costs to enable flexible allocation of resources • Robust procurement process to ensure best price and quality	• Annual review of our customer profile. • Annual independent tenant satisfaction survey • Service contracts and contractor performance reviews • Complaints & tenant quality panels	• Weekly, monthly and quarterly KPI reporting. • Regular reviews of contractor's performance • Benchmarking with peer associations • Membership of a number of groups & partnerships to enable sharing of best practice and partnership working & cost sharing;

Value for Money Metrics

The Association measures 12 key VFM performance indicators which are monitored by Board every quarter.

The table below shows our results and targets for our VFM KPIs and compares these against our peers' data from 2024/25 (2025/26 peer data is not yet available). Whilst we are keen to keep costs as low as possible but know that investing in our properties is key to providing good quality homes for our tenants.

No	Detail	PEER (latest available)		AWHA Previous Yr Actual	AWHA			VFM TARGETS				
		RSH VFM Data (1k - 2.5k units)	ACUITY PEER Median		Target	Actual	Target Achieved?	Year 1	Year 2	Year 3	Year 4	Year 5
		2024/25			2025/26			26/27	27/28	28/29	29/30	30/31
1	Operating Margin (overall)	20%	14%	20%	17.8%	22%	✓	17.5%	19.2%	19.9%	20.4%	21.3%
2	Operating Margin (social Housing)	19%	17%	20%	17.8%	21%	✓	18%	19%	20%	21%	22%
3	Interest Cover (EBITDA MRI) %	136%	185%	136%	134%	167%	✓	135%	144%	143%	141%	140%
4	New Supply Delivered %	0.5%	0%	0%	0%	0%	n/a	0%	1%	1%	0%	0%
5	New Supply Delivered % (non-social)	0.0%	0%	0%	0%	0%	n/a	0%	0%	0%	0%	0%
6 *	Gearing	31%	17%	42%	41%	40%	✓	39%	42%	44%	43%	42%
7	Reinvestment % (new & existing)	4.7%	3%	2.6%	2.0%	2.6%	✓	2.6%	7.9%	7.7%	2.9%	3.2%
8	Return on Capital Employed	2.7%	3.1%	4.1%	3.30%	4.30%	✓	3.4%	3.7%	3.8%	4.0%	4.3%
9	Cost Per Unit	£5,377	£5,866	£4,970	£5,078	£5,007	✓	£5,411	£5,550	£5,633	£5,819	£6,017
10	Customer Satisfaction	72.1%**	84.8%	84%	>84%	87%	✓	>85%	>85%	>85%	>85%	>85%
11	Occupancy	n/a	n/a	100.0%	>99%	100%	✓	>99%	>99%	>99%	>99%	>99%
12	Rent collected	n/a	100.40%	99.9%	>99%	101%	✓	>100%	>100%	>100%	>100%	>100%

Notes

* A significant part of AWHA grant (£26m) was gained via stock transfer, which is shown differently in the accounts compared to other HA's grant. If the treatment was consistent our gearing figures would be around 24%.

** RP size from 1k to 5k properties

Equal to / better than Acuity peer

Within 10% of peer

Below / worse than peer

Our peer data

Our Acuity peer group includes all Registered Providers in the benchmarking group based in the North and Midlands. The group largely consists of smaller RPs from with 0 – 5,000 properties. These results are shown together with the RSH's peer results selected for all North & Midlands based providers under 2,500 properties from the RSH's latest global accounts (click here for RSH's VFM reports for 2025).

3. Summary of Performance

The analysis in this section focuses on the seven key metrics together with our own KPI’s as chosen by the Board.

KPI 1 - Operating Margin (overall): 22%

Our 2025/26 operating margin of 22% is higher than our target, largely due to savings achieved over a number of operational areas.

In the year we were able to reduce our arrears levels and also our void relet times, both of which has saved over £100k compared to our budget. Savings were also achieved on staffing due to vacancies within the year. We were also able to achieve savings on professional advice, PR & marketing costs.

In terms of maintenance costs (our highest spend area), we did see an increase in costs on responsive repairs and stock condition surveys, however these were able to be offset by savings achieved on gas repairs and reduced void relet costs.

Our key challenges for the future to ensure Value for Money will be:

- Continue to ensure all properties are safe and warm and damp, mould and condensation is dealt with appropriately and effectively;
- Keeping rent levels as low as possible whilst ensuring that the Association has sufficient funds to provide a quality service to tenants;
- Implementing a carbon reduction programme that is affordable;
- Continuing to grow without compromising the need for investment in our existing properties.

KPI 2 - Operating Margin (social housing): 21%

The majority of the Association’s activities relate to social housing therefore our result for this is very similar to KPI 1, above.

KPI 3 - Interest Cover: 167%

The Association’s interest cover ratio for 2025/26 is 167% which is an improved position from the previous year and also better than our target.

Our operating surplus and interest cost positions were both better than planned during the year, resulting in our Interest Cover being considerably higher than our target of 134%.

We continue to invest in capital improvements to properties and our plan to continue this, together with upgrading properties to improve energy efficiency shows that our interest cover will be around 135-145% in the next 5 five years.

Around 40% of our loans are on variable interest rates and whilst we have benefited in the past from low interest rates, the ongoing relatively high rates have continued with only small reductions during the year, Whilst our Board has appetite to increase our fixed proportion, some of our loans do not currently allow this. During the year a loan restructuring project commenced which will aim to look at our loan portfolio as a whole from a value for money perspective whilst also increasing our capacity to borrow in order to invest in new homes.

KPIs 4 & 5 New Supply

During 2025/26 our strategy to grow via acquisitions was put on hold whilst we review and set a new 5 year corporate plan.

Our new corporate plan has set clear goals to grow by around 10 properties each year through opportunities for new housing supply, by way of partnership or section 106 arrangements. (click here for our corporate plan).

Our plans for 2026/27:

- A new growth plan to be approved by Board
- Loan portfolio review - loan restructuring options to be agreed to release financial capacity to grow further

KPI 6 Gearing: 40%

The Association has a gearing figure of 40% as per the RSH's metrics calculation. This is above the 2024/25 median figure of 17% Acuity peer group and 31% RSH peer group. However, it must be noted that with FRS102, any grants received by the Association via acquisition are required to be netted off against fixed asset costs with the result that cost of assets are reduced by £26m. If these grants were added back in, the calculation would show a gearing calculation of 24% which would put the Association more in line with the RSH peer group.

As at 31.3.26 we have £15.75m of loans and undrawn loan facilities of £4.8m which is expected to meet our requirements until early 2029.
Our plans for the year ahead are to conduct a refinancing exercise looking at the VFM of our loans and seek further borrowing to fund our growth plans.

KPI 7 Reinvestment 2.6%

During the year we exceeded our target of 2.0% and invested 2.6% (£961k) on improving our properties in the following ways:

- We spent £279k replacing 37 kitchens;
- We spent £268k replacing 68 bathrooms;
- We spent £215k replacing 84 windows and doors;
- We spent £199k on other property improvements such as boilers and structural upgrades;

Our revised 30 year financial plan incorporates our stock condition data and shows the requirement to increase our investment in this area in the next few years which will increase this percentage, as shown in our future targets. This together with investment in growth will mean our over the next 5 years is that our reinvestment % will be an average of 5%.

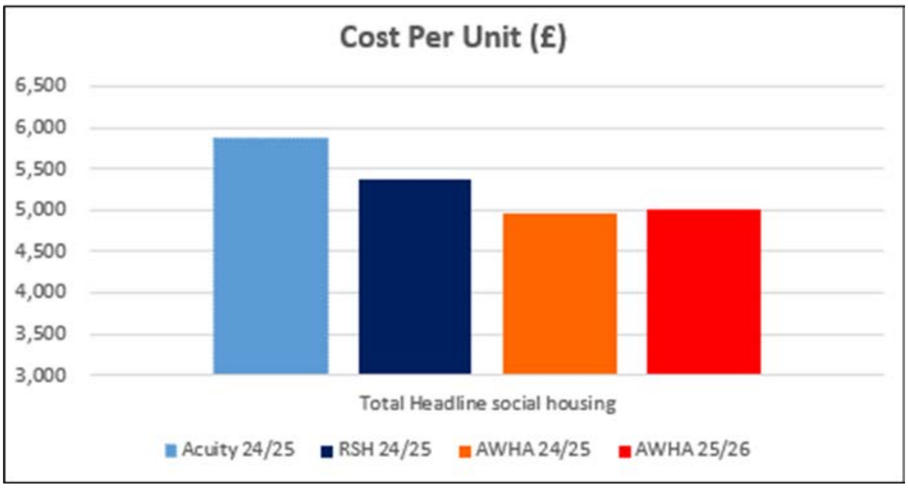
KPI 8 Return on Capital Employed (ROCE) : 4.3%

Our ROCE result for 25/26 of 4.6% is above our target of 3.3% and above our peer median of 3.1% demonstrating a good return on investment for the Association's assets compared to its peers.

Our long term financial plan shows that ROCE will reduce slightly in the short term, returning to 4% by year 5 (2030/31).

KPI 9 Cost Per Unit : £5,007

The chart below shows our cost per unit (cpu) figures for 2025/26 together with our previous year and our peer unit costs for 2024/25.



During the year we:

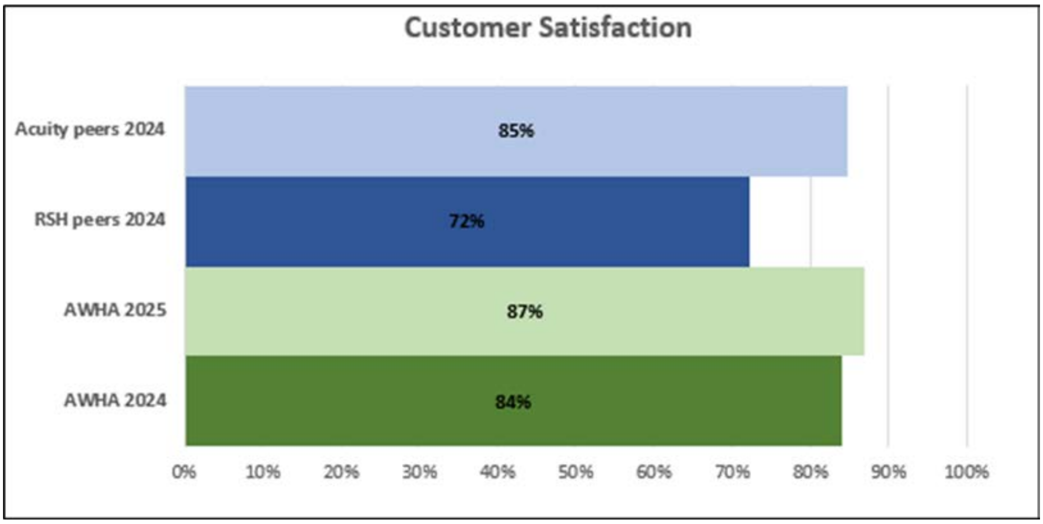
- Tendered all contracts over £20k in order to seek the best price and quality;
- Increased and improved monitoring and scrutiny of all repairs include better diagnosis and prioritisation and review of quality and timeliness of contractors;
- Tendered our gas servicing programme for a 3 year contract with fixed rates;
- Improved our void relet process which has reduced the time taken to relet our properties and the average cost to bring the properties back up to lettable condition;
- Conducted over 500 property condition surveys to assess the condition of our homes and the priority of our investment plans;
- Reviewed and handed back 6 properties which were managed on behalf of another housing association, which had become financially unviable;
- Reviewed and retendered our internal and external audit functions to ensure we are getting good value for money in assessing and scrutinising our processes and financial accuracy;
- Reviewed and retendered some scheme services such as gardening and communal utilities – this has saved £36k for our tenants;
- Continue to work with other community housing associations (CHP). We share a Policy Officer to enable a more affordable solution to policy updates and keeping up to date with legislative changes.

Our future priorities are :

- Completion of our 100% on stock condition survey in order to complete our investment plans;
- Assess investment requirements to reach EPC for all our properties and consider how best to procure these;
- Implement a Growth Strategy which will aim to grow by c 10 properties per year, prioritising new supply where possible;
- Explore future funding sources and complete a refinancing exercise to enable further capacity to grow within our financial business plan. As part of this we will seek to increase our percentage of fixed loans to bring greater certainty of interest costs and mitigate against any future interest rate rises.

KPI 10 Customer Satisfaction - 87% - Tenants Satisfaction Measure (TSM)

Our latest TSM overall customer satisfaction result is 87% for 2025 (84% 2024), we continue to perform better than our peers.



The full results of our Tenant Satisfaction Survey can be found on our website – see here.

The Association applies a structured and evidence-based approach to reviewing service delivery to ensure services remain effective, responsive and provide value for money. This includes:

- Independent tenant satisfaction surveys (TSMs)
- Ongoing monitoring of contractor and service performance
- Tenant scrutiny through complaints learning forums, tenant panels and service focussed surveys
- Tenant Experience Committee (sub-committee of Board)

KPI 11 Occupancy : 100%

Our occupancy levels continue to be high with 100% for 2025/26. This is a result of the relatively low turnover of our customer base, improved relet times and no difficult to let properties in our portfolio. Our performance continues to be well above our peers. The Association currently has a waiting list for properties which is shows a very high demand for all types of properties in our areas.

KPI 12 Rent Collection: 99.9%

The amount of rent collected in the year has increased to 101%.

Income management remains a critical area of focus of the operating model with an increased Housing Officer resource and the resulting reduction in patch size, intended to ensure sufficient time is available to manage income effectively. Our approach is built on creating and maintaining sustainability through diligent allocations, early intervention and the provision of appropriate support, either directly or via a third party e.g. Step Change, Pocket Power. Legal enforcement and/or eviction is very much a last resort and all other options will be pursued prior to seeking an eviction. Arawak Walton complies with all requirements of the Pre-Action Protocol for Possession Claims and approval to pursue an eviction must be obtained from 2 x SMT members.

4. Social Value

The Association is committed to playing a wider role in the community than just housing people. Resources deployed deliver demonstrable social value and align with the Association's social purpose. The Social Value Created Through Community Investment Mechanisms are detailed below:

Community Donations Fund & Strategic Sponsorship

Social value delivered:

- **Community cohesion & identity** - Funding of events such as *Manchester Carnival, Black History Month, and Eid celebrations* fosters cultural pride and cross-community understanding.
- **Strengthening grassroots capacity** Supporting groups like *North Manchester Community Partnership and St Mary's Break Out Space* builds local infrastructure and sustainability.
- **Leveraging local assets (ABCD approach)** Investment aligns with a strengths-based model, mobilising existing community resources rather than imposing external solutions.

Strategic Local Cooperation - Participation in housing partnerships and local networks.

Social value delivered:

- **System-wide influence** Membership of Greater Manchester and local partnerships enhances coordinated responses to housing and community challenges.
- **Resource alignment** Aligns housing, health, and third-sector interventions for greater cumulative impact.

Social Value Through Direct Community Engagement Activities

Cultural & Celebratory Events eg Carnival, Eid, Black History Month, Christmas events.

Social value delivered:

- **Reduced social isolation** Particularly impactful for older tenants and those living alone.
- **Inclusion and diversity** Targeted support for BME communities in a highly diverse city context.
- **Community cohesion** Brings together different demographic groups.

Health & Wellbeing Activities

Examples: McMillan Coffee Mornings, BBQs, fun days, vouchers.

Social value delivered:

- **Improved mental and physical wellbeing** Social interaction and informal support networks improve quality of life.
- **Cost-of-living support** Vouchers and events alleviate financial pressures on vulnerable households.
- **Prevention-focused outcomes** Reduces demand on health and social services by tackling loneliness early.

Social value has been created through a well-rounded, multi-layered approach combining funding, participation, events, and partnerships. The strongest impacts are seen in reducing isolation, strengthening community cohesion, empowering tenants, and supporting diverse communities, with a clear strategic framework underpinning delivery.

Section 5. How will we use Value for Money gains?

Value for money gains which generate a cash saving will be used to reinvest back into our properties, reduce the cost of borrowing and will contribute to our future plans to build new homes.

Section 6. Conclusion

The Association has delivered strong value for money performance in 2025/26, demonstrating effective financial management alongside a continued focus on high-quality services for tenants. The Association exceeded key financial targets, including achieving an overall operating margin of 22% against a target of 18%, while maintaining a cost per unit that remains below peer median levels.

This performance reflects a clear and consistent approach to driving efficiencies, including improvements in void management, procurement, and contract retendering, as well as tighter cost control across operational areas. Importantly, these efficiencies have not been achieved at the expense of service quality, with tenant satisfaction increasing to 87% and occupancy and rent collection levels remaining exceptionally strong.

Benchmarking against sector peers and the Regulator of Social Housing's metrics continues to play a central role in understanding performance and identifying areas for improvement. The Association has used this insight to reinforce a culture of continuous improvement and ensure that resources are directed to areas of greatest impact.

Looking ahead, the Association recognises the challenges associated with maintaining value for money in an environment of rising costs, increased investment requirements, and the need to deliver carbon reduction programmes. Despite these pressures, Arawak Walton remains committed to reinvesting in its homes, strengthening its communities, and delivering sustainable growth in line with its Corporate Plan.

Overall, the Association is well positioned to maintain financial resilience while continuing to deliver its social purpose—providing quality, affordable homes and excellent services to tenants. Arawak Walton Housing Association remains fully compliant with the requirements of the Value for Money Standard and is committed to building on its strong performance in the years ahead.