newlon
HOUSING TRUST

MANY VOICES ONE *community*

Value for money statement and metrics **2024-2025**

Value for money

The Board considers value for money (VfM) to be integral to delivering our core objectives. The principles of VfM are embedded within Newlon's Corporate Plan, improving performance, and responding to sector-wide challenges—including building safety, environmental efficiency, service standards, and economic pressures.

In a challenging financial environment, we have continued to make strategic choices to support long-term sustainability. This includes strengthening performance management and, where necessary, identifying new partners who can help us deliver our objectives more economically and effectively. Our focus remains on making best use of our assets, investing in smarter ways of working, and aligning spending with our priorities.

To deliver value for money across all areas of our work, we have embedded VfM principles within each of our five strategic objectives. Our approach is summarised below:

Excellent services

We continue to improve service quality and efficiency by streamlining processes, making better use of data, and working closely with partners to deliver services that meet residents' needs and represent good value.

High quality homes

We invest in maintaining safe, decent homes and take a strategic approach to improving environmental performance and cost-efficiency across our stock.

Sustainable growth

We ensure that new homes are delivered in a way that is financially sustainable, securing good value through procurement, partnerships, and careful project selection.

A diverse and dynamic organisation

We are developing a culture of professionalism, collaboration, and accountability—creating the conditions for continuous improvement, better decision-making, and stronger value for money outcomes.

An efficient and effective business

We manage our resources prudently, adapting to economic pressures while maintaining strong foundations. We continue to strengthen our internal systems, reduce overheads, and use automation and insight to support more agile, responsive ways of working that deliver better outcomes and reduce waste. Where costs are passed to residents, we act on their behalf to ensure these are well-managed and represent fair value.

Our VFM performance

We have reported value for money metrics at both Group and Association level, in line with the presentation of the financial statements. The following section (page 9) sets out performance at Group level, followed by a more detailed focus on the Association, where we assess performance against both the Regulator of Social Housing's VfM metrics and the Board's selected indicators. Targets were set by the Board, informed by:

- The VfM principles and priorities embedded in our Corporate Plan;
- Peer group median performance—drawn from eight comparable groups at Group level, and from all London-based providers at Association level;
- Relevant budgets and performance expectations agreed through corporate planning;
- A commitment to continuous improvement, which underpins the Board's wider approach to performance management.

Group VFM metrics

Registered providers are required by the Regulator of Social Housing to report their performance against the value for money metrics set out below. As the Newlon Group includes non-registered entities—most notably Outward, our care and support provider—the figures presented offer a broad view of Group-level costs but do not capture all sources of income, as explained in the accompanying commentary.

To provide context, we have compared our performance with a small peer group of organisations with similar group structures. The median of that peer group is shown alongside our results in the table below.

Group performance		2025	2024	Peer median 2024	Target 2025	Target 2026
Business health	Operating margin	**13.9%**	20.8%	14.2%	**22.8%**	18.3%
	Operating margin social housing lettings	**13.1%**	16.2%	16.2%	**23.5%**	18.5%
	EBITDA MRI interest cover	**34.2%**	66.0%	70.1%	**69.2%**	56.4%
Development	New supply social	**1.8%**	0.3%	0.6%	**1.9%**	0.4%
	New supply non-social	**0.0%**	0.0%	0.0%	**0.0%**	0.0%
Debt	Gearing	**48.6%**	47.9%	42.3%	**54.0%**	50.9%
Outcomes	Reinvestment	**2.60%**	4.22%	5.0%	**5.85%**	7.20%
Asset management	ROCE	**2.0%**	1.7%	2.0%	**2.5%**	2.4%
Cost per unit	Headline social housing cost [1]	**£12,291**	£11,110	£8,207	**£10,850**	£13,031

Despite ongoing inflationary pressures and sustained investment in building safety, our operating margin and overall financial performance remain broadly in line with our peer group. While the operating margin has declined to the peer median and our EBITDA MRI is now significantly lower, these outcomes reflect the scale of our building safety programme rather than underlying weaknesses in financial management or longer-term viability.

[1] Headline social housing cost excludes the cost of building defect works. If these costs were included the headline social housing cost would be £14,281 (2024: £12,862).

We have continued to deliver new social homes in line with our strategic priorities, even as financial constraints have intensified. Headline social housing costs have risen slightly above expectations, largely due to a higher level of investment in repairs and maintenance. This metric is expected to remain suppressed in the short-term, as it includes the cost of fire wardens at sites impacted by fire related defects and £2.5m of legal costs incurred in seeking compensation from third parties involved in the development of buildings with defects.

It is also important to note that our reported headline social housing cost per unit at Group level includes care and support activity delivered by our subsidiary, Outward. This inflates the figure under the Regulator's definition. A more accurate reflection of our housing management costs can be found in the Trust-only calculation on page 13, which excludes contractual care activities.

Reinvestment was below target for the year, primarily due to delays in development such as the Patchworks scheme, in Waltham Forest, following the insolvency of the developer. We have now entered into contract with an alternative partner and expect 156 rented units and 72 shared ownership units to complete between September 26 and April 28.

Group entities

When assessing Group performance, the Board considers the role and contribution of each subsidiary to the Group's overall value and objectives.

Four subsidiaries operate without dedicated staff, sharing central services and back-office functions provided by Newlon Housing Trust. NewlonBuild and NewlonInvest support the development programme, helping to optimise resources and deliver new homes. Access Homes channels profits from commercial activity back into the Group via gift aid. Newlon Fusion, a charitable subsidiary focused on fundraising and community investment, continued to operate during the year but was formally dissolved in June 2025, following the end of the financial year.

Outward, our care and support subsidiary, is the only entity in the Group whose activities generate significant non-housing costs and introduce a broader risk profile than is typical of core housing operations.

Outward operates under an intra-group agreement and benefits from shared governance and support, including finance, landlord compliance, and health and safety. With oversight from the Group Audit and Risk Committee, the Board considers the risks associated with Outward to be lower than those involved in commissioning external care and support providers, particularly in a complex and volatile market.

Does Outward add value and make the best use of properties?

In 2024/25 Outward attracted £14.0m in funding for care and support services, up £1.6m on the previous year. Newlon residents are beneficiaries of many of those services that have been especially vital over the past year. Occupancy was maintained at a level of 94.7% which is marginally below Outward's target of 95%.

Does Outward provide high quality services?

Outward has maintained 100% good ratings from the Care Quality Commission (CQC) and the latest customer survey showed high levels of satisfaction amongst service users and stakeholders.

Is Outward financially independent and secure?

Despite the very challenging economic conditions and their commitment to paying the London Living Wage, Outward made a surplus of £340k. The Board are pleased to see Outward continues to be profitable in a difficult operating environment and takes additional comfort from the £6.7m Outward holds in cash reserves, which would provide some time and flexibility in the event of a serious downturn in financial performance or unexpected loss.

Is Outward efficient?

The Outward Board is seeking continuous improvement in relation to occupancy, financial performance and efficiency. In the year, there was particularly pleasing progress in relation to arrears with ambitious targets being met. Void losses, meanwhile, exceeded target due to issues with referrals from local authority clients. Though it has been a challenging time to reduce costs and deliver efficiency savings, Outward have maximised their capacity by securing circa 1,500 hours from community volunteers. Overall, Outward's financial performance remains stable.

Association metrics

We benchmark the Association's performance across a broad set of indicators that reflect financial strength, new home delivery, asset performance, service quality, efficiency, and overall cost. The indicators used remain consistent with previous years, supporting meaningful year-on-year comparison. Where possible, we have included the latest available London medians for context, drawing on data from the Regulator of Social Housing's Global Accounts (2024), HouseMark (2024), and, for customer satisfaction, benchmarking provided by our partners at Acuity Research (2025).

Business health

Association performance	2025	2024	Median 2024	Target 2025	Target 2026
Operating margin overall	**17.1%**	24.6%	14.2%	**27.2%**	22.2%
Operating margin social housing lettings	**12.8%**	15.4%	16.2%	**26.3%**	19.9%
EBITDA MRI interest cover*	**36.7%**	67.0%	70.1%	**40.3%**	31.7%
Weighted average interest rate	**4.20%**	4.50%	-	**4.52%**	4.30%

* EBITDA MRI is defined as operating surplus excluding surplus on disposal of fixed asset, amortised grant in year, capitalised major works plus interest receivable and depreciation, as a proportion of gross interest payable.

While the Association's operating margin remains above the 2024 peer benchmark, performance fell short of our internal targets. This was due to a combination of sector-wide cost pressures and specific operational challenges, particularly in relation to repairs and maintenance and the legal fees incurred pursuing third parties for defect-related costs. During the year, we experienced increased costs driven by the need to supplement core contractor capacity and address issues affecting quality and reliability. In many cases, this required the use of smaller, higher-cost contractors to maintain service levels and deliver more complex works.

Recognising the need to improve performance in this area, we have now procured two new contractors for our core maintenance services, which are due to commence in July. This dual-provider model is designed to improve quality, increase resilience, and provide greater flexibility in driving performance improvements whilst benefiting from the lower rates and efficiency advantages associated with long-term partnering agreements.

We expect EBITDA MRI to remain under pressure over the coming years, largely due to sustained investment in building safety and major works, but we anticipate a strengthening position in the medium term as these programmes are completed. The Chancellor's Spending Review in June 2025 improved prospects for cost recovery and the availability of additional funding for works will also have a positive impact.

Our weighted average interest rate remains favourable — both in comparison to the wider sector and relative to expectations set at the beginning of the year. This is a significant factor for Newlon given the scale of our borrowing as it supports long-term resilience in the face of inflationary pressures and funding uncertainty.

Growth

Association performance	2025	2024	Median 2024	Target 2025	Target 2026
New supply (social units) as a percentage of current stock	**1.8%**	0.3%	0.6%	**1.9%**	0.4%
New supply (non-social units) as a percentage of current stock	**0.0%**	0.0%	0.0%	**0.0%**	0.0%
Gearing	**49.9%**	49.1%	42.3%	**54.6%**	51.7%

In light of the challenging economic climate, we have temporarily reduced our development pipeline and are aiming to deliver around 100 new homes annually. We delivered 132 new homes during the year and priority remains meeting housing need across a mix of tenures. Total delivery was marginally below target due to a delay in the handover of some low-cost rental homes in Tower Hamlets, which were taken into management shortly after the year-end.

Asset management

Association performance	2025	2024	Median 2024	Target 2025	Target 2026
ROCE	**2.1%**	1.9%	2.0%	**2.5%**	2.4%
Occupancy %	**97.5%**	99.9%	99.8%	**99.8%**	99%
% of residents satisfied with property condition	**63%**	61%	61%	**65%**	70%
Reinvestment %	**2.6%**	4.3%	5.0%	**5.9%**	7.2%

The Board has approved a comprehensive programme of disposal, development, and improvement to enhance the overall quality, safety, and economic performance of our housing stock. Our level of investment in new and existing properties is reflected in the reinvestment percentage, which falls below target due to the delayed start of some tall building safety projects.

Our Return on Capital Employed (ROCE) stands at 2.1%, slightly above the median but below our target, primarily due to increased investment costs and delayed project starts.

Outcomes

Association performance	2025	2024	Median 2024	Target 2025	Target 2026
Customer satisfaction with the service overall (Rented)	**61%**	60%	60%	**65%**	65%
Customer satisfaction overall (Supported Housing)	**91%**	85%	-	**90%**	90%

Overall resident satisfaction has continued to improve this year, marking the third consecutive year of upward progress. While the improvement has been modest, it reflects a positive and sustained trajectory in how residents experience our services. This is a significant achievement given the wider sector challenges - overall sector satisfaction had been in decline for five successive years until 2025. This demonstrates that our efforts to listen, respond, and improve are beginning to have an impact.

This improvement has been driven in part by our Trust Newlon service improvement programme, which brings together targeted actions across key areas of resident experience. Alongside this, the introduction of the Newlon Way framework has provided a clear set of behaviours and values that are helping to embed a more positive, resident-focused culture across the organisation. Together, these initiatives are laying the foundations for more consistent and responsive service delivery, and we will continue to build on this progress in the year ahead.

Operating efficiency

Association performance	2025	2024	Median 2024	Target 2025	Target 2026
Rent collected %	**99.7%**	97.7%	99.7%	**99.7%**	99.9%
Overheads as a % of adjusted turnover	**11.0%**	10.5%	15.7%	**15.7%**	11.6%

Our overhead costs remain well-controlled and below sector benchmarks, reinforcing our commitment to operating efficiently. By keeping central costs lean, we have been able to direct more resources to frontline services, ensuring we remain responsive to residents' needs while maintaining long-term financial resilience.

Our overall rent collection improved from the previous year and we achieved our target.

Cost per unit

Association performance	2025	2024	Median 2024	Target 2025	Target 2026
Headline social housing cost [1]	**£9,957**	£8,942	£8,061	**£8,553**	£9,612
Management cost	**£1,443**	£1,383	£1,695	**£1,332**	£1,523
Maintenance [2]	**£6,052**	£5,519	£3,998	**£3,088**	£5,895
Service charge costs	**£2,040**	£1,694	£1,375	**£1,658**	£1,839
Other social housing costs	**£422**	£346	£993	**£338**	£355

Operational Value for Money targets

A key element of our Value for Money Strategy is enhancing efficiency through the more effective delivery of services. The Board has prioritised reducing failure demand, setting a target to significantly decrease overall telephone and email contact. We aim to achieve this by integrating systems more closely with our contractors, providing timely updates to residents, and enhancing the reliability of the repairs service. The Board is pleased to observe early signs that this approach is yielding results, and we have included an update on progress below:

Increase in satisfaction and reduction in avoidable contact

We continue to see a steady improvement in tenant satisfaction across almost all TSM metrics, with a slight increase in overall satisfaction and a significant decrease in the number of residents expressing dissatisfaction. This reflects the impact of an effective change programme, Trust Newlon, but has also been driven by increased spending on repairs and maintenance to ensure the quality of the service is maintained.

Continued increase in online service access

Over 50% of households are now registered for online services and we took close to £5m in rent payments via our portal last year. Uptake for repairs has continued to increase too but there is scope for further improvement here with only around 10% of repairs ordered online. We expect this to improve further over the next year with an improvement in user experience as we take on new contractors with more comprehensive IT integrations.

[1] Headline social housing cost excludes the cost of building defect works. If these costs were included the headline social housing cost would be £11,972 (2024: £10,717).

[2] Maintenance excludes the cost of building defect works. If these costs were included the maintenance would be £8,067 (2024: £7,294).

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Newlon Housing Trust is a charitable housing association

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Newlon Housing Trust is a Community Benefit Society – company no. 18449R, registered with the Regulator of Social Housing no. L0006, HMRC charities reference no. EW91301, VAT registration no. GB778532683.

Access Homes is a Community Benefit Society – company no. 24992R, registered with the Regulator of Social Housing SL3605

Outward Housing, trading as Outward, is a company limited by guarantee – company no. 02151434, registered charity no. 800529.

Finsbury Park Homeless Families Project is a company limited by guarantee – company no. 2879813, registered charity no. 1030970.

Newlon Fusion is a company limited by guarantee – company no. 04000022, registered charity no. 1119673.

NewlonBuild Ltd is a private limited company no. 07884092.

NewlonInvest Ltd is a private limited company no. 09492006.

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