



Homes. Communities. Support.

Value for Money Strategy Building Better Value

2026-2029



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The Group's Business Strategy

The Group's Business Strategy was developed in consultation with colleagues and executive management and includes the Group's strategic priorities and values and gives clear strategic direction for the future.



The strategy is focused around doing the best for our customers, whilst recognising that to do that we need to ensure our homes are of the highest quality and we have the right people working in line with our organisational values.

Our aim and our key measure of performance is to make our customers happy, and whilst our customers consistently rate us highly, we know there is always room to improve on this.

To support delivery of the strategic plan we need a value for money strategy which will underpin delivery of the key objectives through ensuring our resources are used effectively and efficiently.

What value for money means to Thirteen

The Board approved our first standalone value for money strategy in July 2024, with a progress report being made to the Board in July 2025. Whilst the strategy ran from 2024-2029 so wasn't due to be refreshed, we felt that as the majority of the actions from the last strategy have been completed or now superseded, we felt 2026 was the right time to review and seek approval for a refreshed strategy.

Our fundamental approach hasn't changed, and we continue with the same message - ensuring we have the right balance between social and business aspects of our work and integrating and embedding a value for money ethos across all activities. We focus on driving change to add value and give the best outcome to our customers whilst maintaining the quality of our services. We recognise that cheapest is not always best, we need to balance cost against quality and outcomes.

Our refreshed strategy from 2026 embraces our continuous improvement campaign **Building Better Value**, which is focused on efficiency, removing waste and workarounds and improving customer and colleague experience.

Through understanding our cost base and questioning and challenging how we deliver our services, we can release financial capacity to deliver our strategic objectives, meet legislative requirements and customer demands.

In practice, delivery of our value for money strategy is vital in the delivery of our strategic objectives and to support ongoing viability:

Happy customers

The economic climate has been difficult for our customers over recent years with many of our customers facing ongoing financial hardship. Being aware of value for money principles enables our colleagues to consider the impact of every decision on the customer, be it in how we deliver our services – is service delivery as efficient as possible to deliver the outcome expected by the customer, or investment decisions made – will investment in a property improve a customer's quality of life and provide homes which are economic for our customers to run?

Fantastic homes

We need to consider the future needs of our customers when developing long-term plans. Our existing housing stock may not be cost effective or meet the changing needs of our customer base in the future. The correct investment decisions are crucial both for existing homes and those we will develop in the future. Effective use and planning of our available resources provides us with the capacity to build the homes we need to meet customer demand for affordable homes, both for rent and to enable our customers to make the first step into property ownership through low-cost home ownership. We also have an obligation to consider the impact of our actions on the environment so all new homes are required to meet environmental requirements and delivery partners must be accredited with the ISO 14001 Environmental Standards.

Brilliant people

Our colleagues are at the core of everything we do and are critical to delivering the desired outcomes to our customers. By investing in our colleagues and growing our talent, we can ensure continuity for service delivery, enabling us to deliver long-term plans and service improvements.

Scrutiny and monitoring

Value for money is owned by the Board but is the responsibility of everyone across Thirteen, from the Executive and Service Directors to all colleagues.

Role of the Board

Through the Business Strategy, the Board has set out clear objectives and priorities for Thirteen. Challenging targets are reviewed and set by the Board annually and monitored through a suite of critical success KPI's linked to our strategic objectives. These KPI's are underpinned by operational KPI's for every area of activity and reviewed monthly to monitor performance and customer outcomes and enable swift remedial action to be taken if necessary. As part of the financial planning process, the Board also considers the impact of investment decisions on the Regulator of Social Housing (RSH) VfM metrics, with progress being monitored during the year.

A strategic priority is 'growing the offer' and we have a clear process and framework in place which is overseen by the Board, to review opportunities and risk in the operating environment in relation to business growth. Potential growth is categorised as:

- Growth in capacity as a housing association – working with partners
- Growth in new homes
- Growth in support services

A merger strategy is in place which clearly sets out what factors are important to Thirteen and criteria to follow which will inform a decision on potential mergers.

To grow our supply of new homes, all proposed housing developments undergo robust appraisal to assess value for money and financial viability of the scheme using the industry standard Proval system. This provides long-term discounted cashflow models to give a net present value which can be assessed against Board approved hurdle rates. All decisions on whether to progress with a proposed development scheme is subject to approval by the Board via delegated authority to the Development and Investment Committee. Given the rapidly changing external environment, eg inflation, interest rates, rent caps, the parameters used in the appraisal model are reviewed and benchmarked annually, and are considered by the Board in varying scenarios as part of stress testing of the financial plan.

We need to keep our existing assets and activity under review to ensure they are performing as required, contributing to the financial robustness of the Group, and not detracting from our core purpose of social housing lettings. This sometimes requires us to disinvest in certain assets or services we are delivering. Annually a commercial review of our subsidiaries is undertaken for consideration by the Board. In recent years this has led to the decision to wind up our construction company, Gus Robinson Developments, and support the decision to exit the Thirteen Homes development site at West Park.

Role of our customers

Meeting at least four times a year, the Customer Committee has the following remit:

- Oversee services which impact upon customers
- Ensure use data insight and voice of the customer in services
- Promote great customer experience

This includes the monitoring of Group performance and scrutiny of KPI's. The Committee also considers new contracts, major proposals and significant business decisions which impact upon customers. 'Deep dives' are conducted in specific service areas, enabling our customers to directly challenge and influence service delivery. Recent examples include a review of the repairs provision and consultation on the cleaning charter, both of which

directly influenced the services customers receive. To promote great customer experience, the Committee reviews complaints and how this influences service delivery and works to improve communications and relationships between the Group and our customers.

Role of our colleagues

Our values of; proactive, accountable, considerate and courageous support our colleagues to consider value for money in all they do. They are encouraged to be accountable for their actions and be proactive in considering how a service is delivered, courageous to challenge the status quo, whilst being considerate of other people's views, both colleagues and customers. This encourages colleagues to embrace positive change and take ownership of decision making.

Financial and operational performance of our assets and services is kept under consideration by all levels of management. We undertake sustainability assessments on our property assets, utilising Savills Housing Asset Performance Evaluation (SHAPE) model to enable development of our strategic appraisal process and so ensure we make the optimum long-term decisions for our homes. This could be continued investment or a decision to disinvest through sale or demolition. Decisions follow the scheme of delegation and are referred to the Board as appropriate.

The decision to tender for new or continued delivery of contracts for external organisations is subject to full appraisal, with the decision not necessarily being made on the financial implications. The financial impact is fully assessed through following the financial appraisal model. Margins on Care and Support contracts can be minimal but, if the contract is a good fit for our objectives, providing support to our customers to sustain tenancies, and in support of the commissioning body or local authority, the decision may be made to progress or continue the contract.

Role of the Regulator

The RSH has set out a clear expectation that we optimise our resources to deliver high quality services and outcomes to our customers and that we report how we deliver this in our annual accounts.

The VfM standard is one of the economic standards which registered housing providers are expected to comply with. The standard is intended to assess whether a provider is making best use of its resources to enable it to achieve its objectives. To monitor adherence to this standard we conduct an annual assessment which is scrutinised and challenged by the Board. We are also required to report against a prescribed set of metrics to support transparency, provide consistency and enable us to be compared to our peers across the sector.

We also monitor our performance against the RSH consumer standards to ensure our service delivery is line with expectations. The RSH is currently consulting on proposed changes to these standards and we will contribute to this consultation exercise, with the outcome forming the foundation of a new integrated regulatory framework for social housing.

How we monitor performance against our objectives

Our Business Strategy sets out the 3 key objectives which Thirteen aim to deliver, including our ambitions for 2030 and 2035. To monitor progress against these objectives, the Board has set a suite of critical success KPI's to ensure operational performance meets the targets set by the Board and the desired outcomes for the customer. These targets and KPI's are reviewed annually by the Board to ensure they remain relevant and challenging.

Current critical success KPI's we use to monitor our performance are:

Happy Customers

- Satisfaction with our services
- Overall satisfaction with services provided by Thirteen (1)
- Repairs completed within target timescale (non-emergency) (2)
- Total current tenant arrears (% of debit)
- Tenancy turnover (rolling 12 months)
- Empty homes loss (% of debit)
- Empty homes

Fantastic Homes

- % satisfied their home is well maintained (1)
- % satisfied their home is safe (1)
- Satisfaction with the quality of new build homes
- % stock with energy rating of C or above
- New homes delivered
- % spend on maintenance – investment vs. reactive repairs

Brilliant People

- Employee engagement score
- Average days lost to sickness per FTE
- Voluntary staff turnover (rolling 12 months)

These are underpinned by key financial measures which ensure strong foundations:

- EBTIDA MRI interest cover (excluding sales)
- Cash efficiencies delivered

(1) *RSH Tenancy Satisfaction Measure*

(2) *Based on working days*

We also use the RSH VfM metrics:

- Reinvestment %
- New supply delivered
 - Social
 - Non social
- Gearing
- EBITDA MRI interest cover
- Headline social housing cost per unit
 - Total
 - Management
 - Service cost
 - Maintenance
 - Investment
 - Other social housing costs
- Operating margin – social housing lettings
- Operating margin – overall
- Return on capital employed

Performance against the regulators VfM metrics and key operational KPI's for the year are reported in our Annual Accounts.

How we deliver value for money

Our approach to value for money and its integration with the delivery of the Group's overall and key strategies is essential to how value for money is embedded across the Group.

The integration of VfM with the Group's overarching strategy and objectives has already been discussed. To provide a holistic view of VfM which is embedded in all activities, we need to ensure that VfM is considered and is an integral component of all strategies which provide the framework to delivery of all activities.

A Team Thirteen effort

Delivering VfM is a team effort across the Group following the following principles:

- Why this matters - better outcomes for customers and easier jobs for colleagues
- Customer first - value over activity - if it doesn't add value, challenge it
- Reducing waste is about care, not cuts - remove barriers to great service
- Continuous improvement is everyone's job - the best ideas come from the front line
- Learning culture, not blame culture - fix the process not the person
- Using data to make better decisions - insight over assumption
- A shared commitment - this is how we work at Thirteen

Treasury strategy

The Treasury strategy sets out the Group's key treasury risks and specifies the strategy for managing each risk, plus potential treasury management opportunities for the Group. Each risk is considered by the Board to ensure there is appropriate balance between the Board's risk appetite and the most effective use of the available resources. Opportunities are also considered to ensure that appropriate options are pursued to ensure effective use of our loan facilities to maximise return on our assets. A suite of KPI's and golden rules are reported to the Board to monitor adherence against the strategy.

Development strategy

The development strategy was refreshed in April 2026 to underpin the Social and Affordable Homes Programme bid. It sets our clear objective of delivering high quality affordable homes and great places to live through maximizing opportunities from the affordable homes programme, whilst balancing this against the demands of existing homes and customers. The strategy includes consideration of the impact of external factors and acknowledges the requirement to be flexible on the scale and pace of delivery. It also considers the impact upon our future customers, ensuring we future-proof our homes and reduce energy costs for our customers by building to evolving regulatory standards, along with other VFM considerations such as the affordability of service charges on new developments for our customers.

Asset management strategy

A significant proportion of our operating costs is on maintaining and investing in our current properties. The asset management strategy underpins the value for money strategy through ensuring understanding of the long-term value and required investment to meet building safety, fire safety, energy efficiency regulations, customer standards and the changing expectations of our customers. Our refreshed strategy was approved by the Board in May 2026 and structured around the following 6 strategic aims:

- Customer informed asset management
- Data-driven decision making
- Investment in existing homes
- High-performing modern maintenance services

- Warm, efficient and low-carbon homes
- Active asset management, renewal and end-of-life homes

Procurement strategy

Whilst value for money is not just about cost, the procurement strategy closely supports the delivery of value for money across the group. The key objective defined in the procurement strategy is the delivery of value for money through engagement with service teams from project concept to contract award, and robust contract management procedures.

People strategy

Our People strategy was approved by Board in December 2025 and spells out the importance of our people in delivery of our vision and objectives. The strategy focuses on the need for a brilliant culture, the right skills and rewards for our people, and high performing and continually improving people services. We invest a huge amount in our c1,600 people with a pay bill of over £72m in 2025/26 and £1.2m invested in development and support, so we need to ensure that this cost also delivers value for money to our customers. The people strategy supports the VfM strategy by supporting our people in embedding our values, ensuring they have the right skills to be able to be proactive and courageous, continually improve and look at alternative ways to deliver better outcomes.

Data and AI strategy

The strategy sets a clear direction for our data and AI transformation – what, why and when – so we can deliver better decisions, safer homes and improved customer experience. This ensures we have absolute clarity and control when designing services and making decisions, whilst embracing and delivering innovation. The strategy supports VfM through:

- Reduced manual work and few handoffs freeing time for meaningful, value adding activities
- Faster, clearer decision-making supported by automated insights and AI
- Customers receiving quicker responses, consistent information and personalised support
- Proactive services that anticipate needs and resolve issues earlier, building trust and confidence.

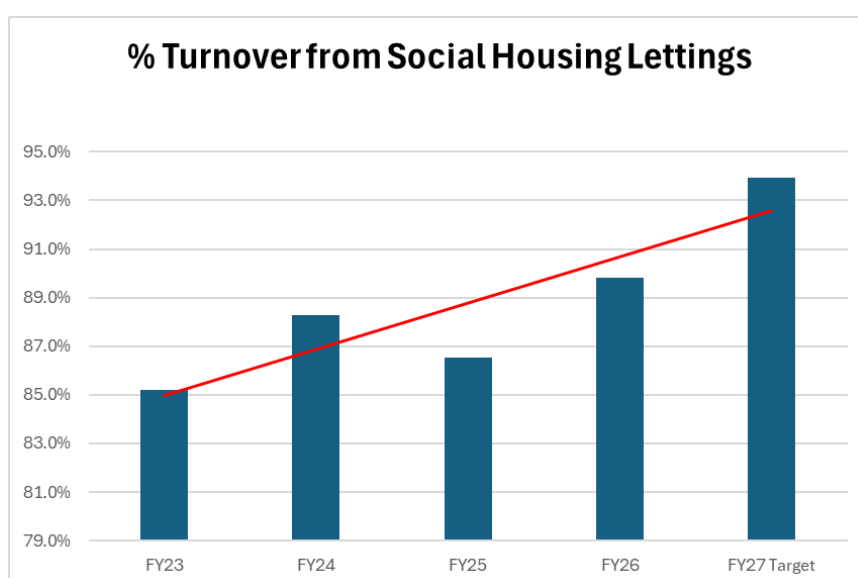
Understanding our financials

Key to delivering a value for money service, is clear understanding of where our income comes from, both now and in the future, and where this money goes, along with robust decision making to understand why we chose to spend where and how we do, and what pressures and priorities will impact upon our costs and income in the future through robust financial planning.

Being aware of the margins delivered on different activities across the Group means we can make informed decisions to direct our valuable resources to the most cost-effective and effective outcomes.

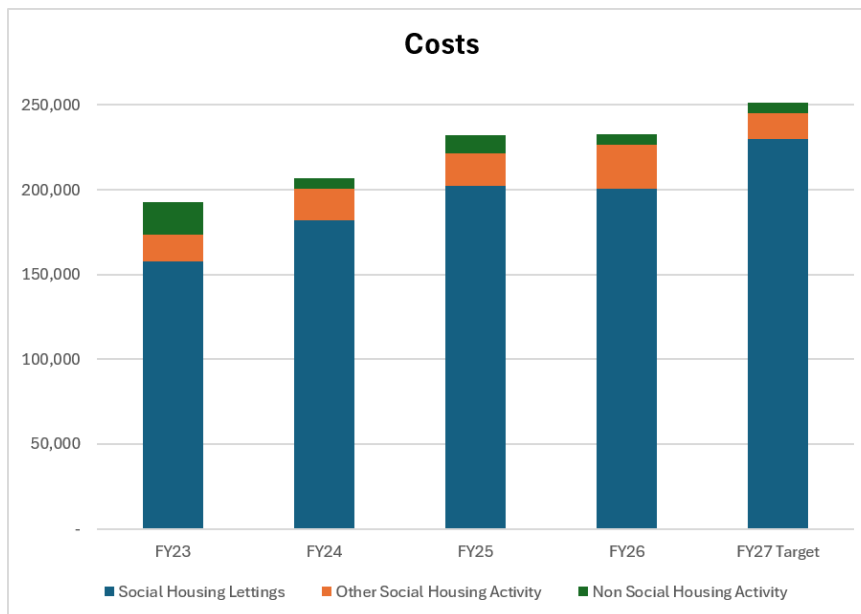
Income

The majority of our income comes from our core activity of social housing lettings, with 89.8% from this source in 2025/26. As this activity delivers a higher margin with a lower risk, focusing on this as our main income stream means we are able to direct more of our resources to delivering services to our customers, protecting our assets and delivering on government targets for our homes such as minimum energy efficiency standards (MEES).



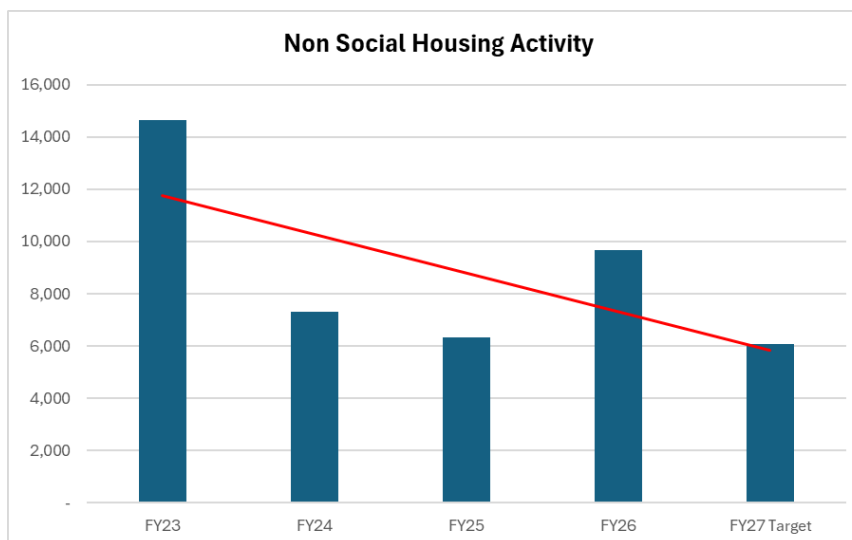
Costs

Recent years have seen significant cost pressures for the group, both from inflation, government policy, eg national insurance increases, energy efficiency targets and property standards, as well as increasing customer demand and expectations. Cost pressures are expected to continue with total spend, excluding development, forecast to rise from £232.7m in 2026 to £251.3m in 2027. Costs associated with non-core activity are showing a reduction as we focus on our core activity of social housing lettings.

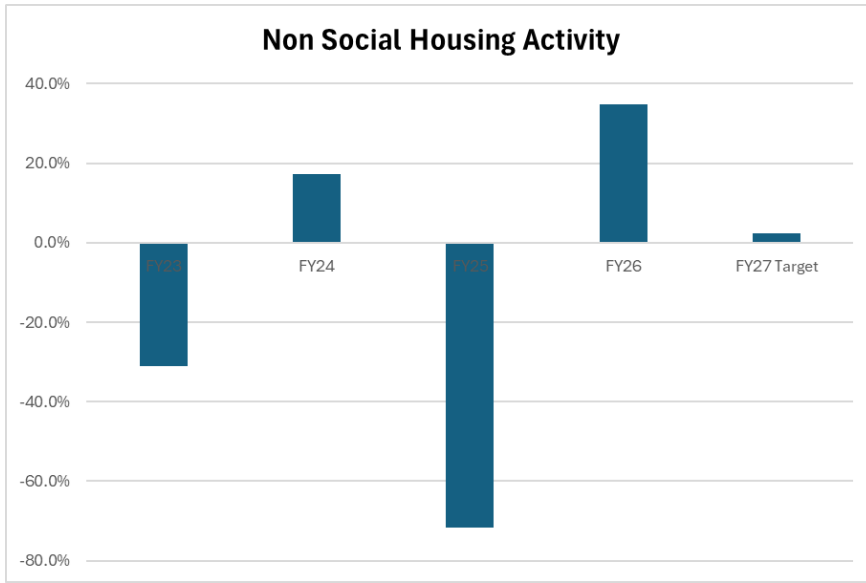


Non-core activity

Historically we have seen a higher proportion of our income comes from non-core activity such as house building activity by our subsidiaries with an associated lower margin. The Board approved a move away from this activity to reduce the risk to the group and minimise the financial impact of this activity, and we have seen an improvement in the proportion of income from our core activity. The graph below demonstrates the reduction in turnover from non-social housing activity over recent years.



This strategy of reducing risk from non-core activity is demonstrated by the improvement in margin for this activity, moving from a negative margin of 71.8% in 2024/25 to a small target positive margin of 2.4% in 2026/27. The negative margins are mainly driven by losses incurred by the subsidiary companies, Gus Robinson Developments and Thirteen Homes.



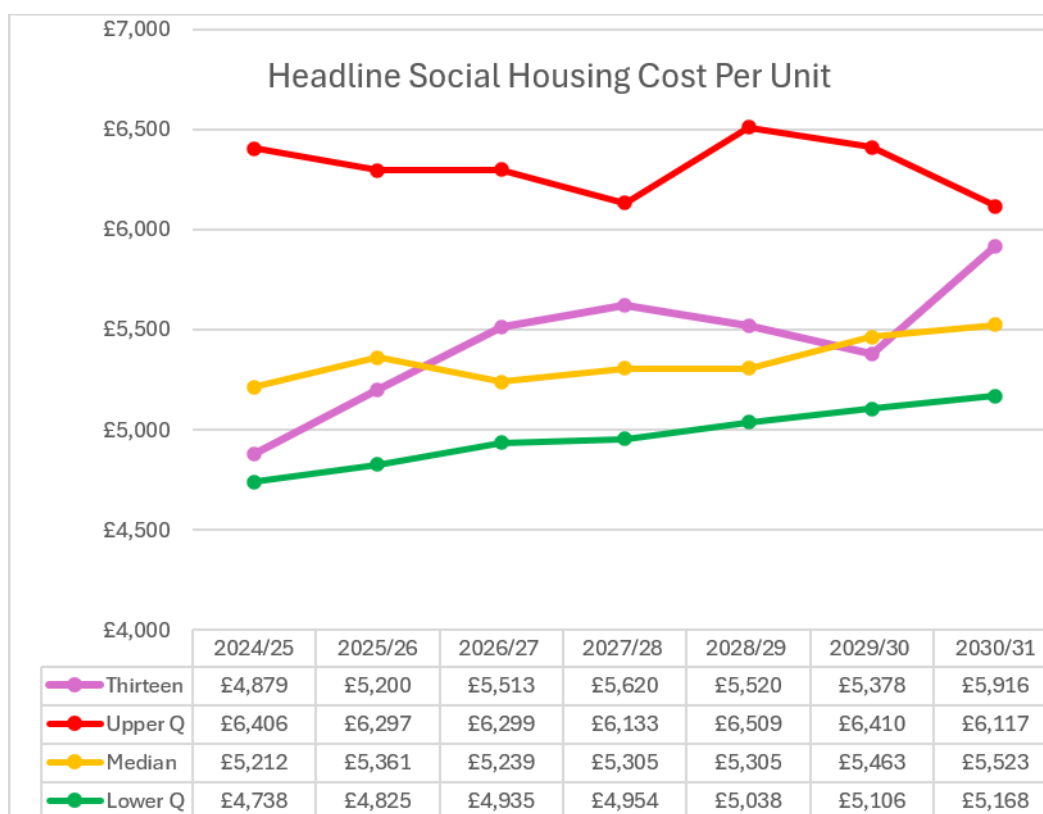
Comparison to our peers

We have access to a wide range of data from across the sector through the Global Accounts published by RSH, which provides a standard set of metrics. To provide meaningful comparisons we use this data to compare ourselves against organisations of similar sizes and location enabling us to better understand our performance and inform improvement plans.

We also utilise peer network groups, comparing both the RSH VfM metrics and other operational KPI's.

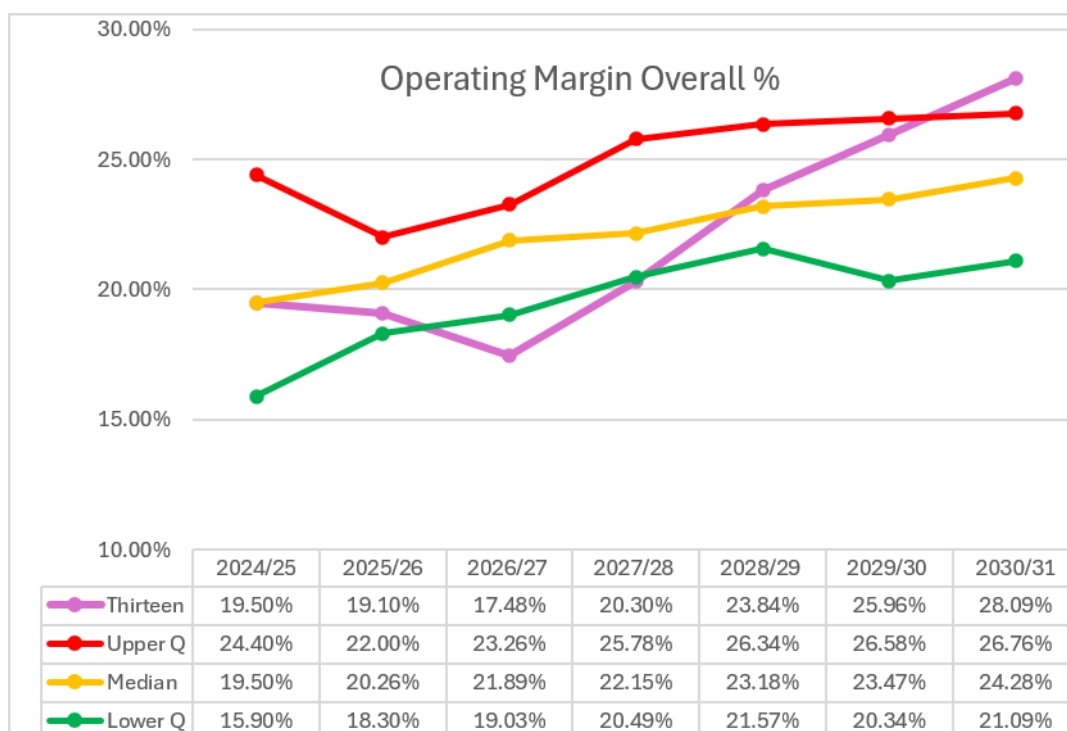
Utilising these peer comparisons, we are able to compare historic and future performance against our peers:

Headline social housing cost per unit (CPU)



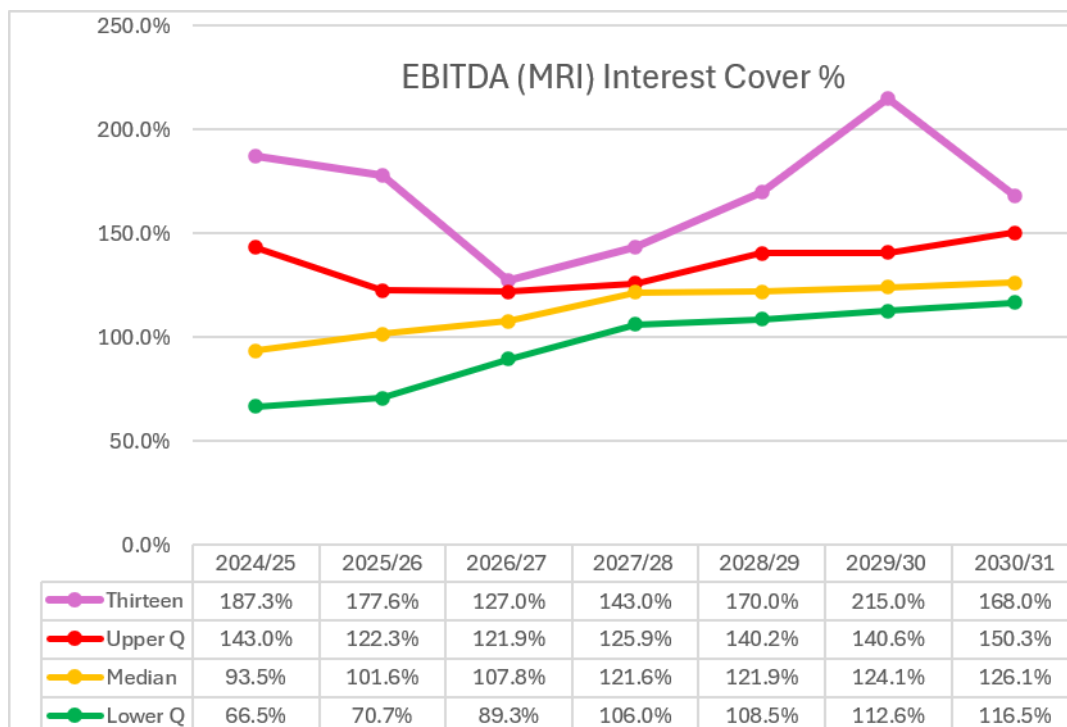
Historically our housing cost per unit has been lower than our peers, although, in line with the rest of the sector, we have seen a trend of increasing costs due to inflationary pressures, government regulation, and customer demand and expectations. Costs are expected to increase further in coming years due to the impact of government regulation and increased investment in our homes and services, including MEES and DHS, plus the conscious decision to release available capacity against our golden rules.

Operating margin



Operating margin is expected to decrease in FY27 as investment increases but improve in future years as the impact of rent convergence and the delivery of efficiencies is realised.

EBITDA MRI interest cover



EBITDA MR IC continues to be strong when compared to our peers. Whilst the graph shows a reduction in the short term, this is expected to reduce for another 2 years then stabilise whilst remaining above 100% as we continue to release capacity to meet our strategic priorities, including increased investment on our existing homes.

What we've achieved

We report on our achievements each year through the value for money report in the Annual Report and Financial Statements. For 2025/26 these included:

- Subsidiary performance – we conduct a commercial investment review at least once a year to ensure the activity and financial performance of our subsidiaries give a positive contribution to the group and don't detract from delivery of our core purpose of social housing. As a result, during the year we continued to finalise activity delivered by Thirteen Homes and as planned, Gus Robinson Development entered into a members voluntary liquidation aimed at protecting all stakeholders with an orderly windup of the company.
- Sustainability assessments – we have adopted Savills Housing Asset Performance Evaluation (SHAPE) model to enable development of our strategic appraisal process and so ensure we make the optimum long-term decisions for our homes
- Procurement – our specialist procurement team ensures that value for money is considered throughout the life of every contract through the use of competitive procurement processes which encompass value for money principles and social value and sustainability considerations.
- Partnership working – we work closely with a range of partners to deliver more than we could on our own. Examples include working with our payment solution providers to bring in additional services for customers which have contributed to reducing rent arrears levels, and reduced costs and great environmental benefits through a fridge recycling initiative
- Technology – we've also started to look at how we can use AI to help us deliver more efficient services, though we're mindful that we need to ensure our customers data remains secure, so we've been cautious in our approach to date
- Income generation – successfully sourced external funding for a number of initiatives, including continued delivery of our employability services and a number of support schemes valued by our customers. We have also undertaken a review of heating tariffs in all our schemes to ensure charges are in line with costs incurred and are being accurately passed onto our customers. We look to access external funding for energy efficiency measures and were successful in obtaining £1.5m EC04 funding for PV panels.
- Savings – we've identified £5.2m value for money savings through cost savings, cost avoidance and income generation, including cost savings through contract negotiation, cost avoidance through 'doing things differently'.

These achievements have enabled us to:

- Increase investment in our existing homes by £12.3m to £67.2m
- Provide PV panels to 276 customers with subsequent cost savings for our customers
- Meet increased demand for our repairs service with an additional 3,948 jobs completed in the year
- Continue to provide vital support services to our most vulnerable customers.
- Continued to provide financial support through our discretionary housing and hardship funds to help our customers sustain their tenancies and retain their homes.
- Increase investment in empty homes. The number of empty homes during the year was higher than expected, partly due to our decision to redirect resources in the previous year to addressing damp & mould in customers' homes. We were able to redirect funding to bring more properties back into use and make more homes available to meet customer need, as well as realising longer term benefits through increased rental income.

- Deliver service improvements, from direct benefits to our customers through developing and extending payment solutions, to improving efficiency in processes across the group through utilising technology and doing things differently.
- Deliver the best possible outcomes for our customers, be that in delivering the best possible services or delivering fantastic homes for them to live in.

What we want to achieve

Whilst we have made significant progress against the existing strategy's objectives, and we now have more certainty on income streams through the 10-year rent settlement issued by the government; the economic environment remains challenging at a time when there is more demand than ever for our services and limited financial capacity. We can't take our focus off delivering a value for money service to our customers and can always strive to deliver more. Delivery of value for money across the organisation therefore remains at the forefront of our objectives and future plans.

Effective financial planning will ensure we clearly understand the resources available to deliver our objectives and this strategy underpins delivery of the financial plan. We will continue to work with our peers to identify best practice and further explore partnership working to share resources and prioritise outcomes.

The key aims of this refreshed strategy include:

Year 1

- Commencement of our Building Better Value campaign, a continuous improvement campaign focused on efficiency, removing waste and workarounds and improving customer and colleague experience, in summary 'Less waste, more impact'. This will focus on delivery of value for money through three key approaches:
 - Financial optimisation – doing the same thing more cheaply
 - Simplification / automation – doing things in a better or smarter way
 - Transformation – doing different things

Delivery will be supported by our transformation team to ensure initiatives are co-ordinated and supported following this path:

Idea – Shape – Prioritise – Deliver – Realise Value

- Delivering on a 'hard' target for efficiency savings. Over recent years we have had a 'soft' target of 3% of social housing lettings costs. We are now looking to embed a 'hard' cash savings target into future financial plans in order to drive down costs and really focus and understand the cost of delivery and look to ways to reduce by doing things differently.
- Embed the SHAPE (Savills Asset Performance Evaluation tool) to measure performance of assets against financial and social objectives, and make the appropriate decisions on whether to retain and invest or dispose of assets
- Develop a Net Zero Strategy and gain a clear understanding of our decarbonisation programme based on government requirements with the aim to have an environmentally sustainable business.
- Leverage additional grant funding via the Government's Social and Affordable Homes programme to support the government target of 1.5 million new homes in this parliament and meet the need for cost effective and energy efficient homes in the areas our customers want.

Longer term

- Transforming our delivery model to ensure it is fit for purpose for the future, and we are able to deliver on our strategic objectives whilst being flexible to meet emerging risks.
- Accelerating digital transformation to ensure our systems can support our delivery model and deliver efficiency savings, freeing up staff resources to more value-added tasks. This will include:
 - Complete implementation of our new asset management system which will give us a single source of asset data with increased integrity and quality, and

- so improve investment planning & forecasting, property evaluation decisions and provide simplified reporting
 - Commence implementation of new housing management system and customer portal, including intense customer journey mapping to inform optimum setup
 - Progress review of other systems, including finance, people and repairs systems, to ensure we have the tools to deliver on the strategic objectives whilst utilising technology to deliver efficiency savings
- Focusing on our data. We have good data governance and controls, but we know that robust data is absolutely key to good decision making, to give us the necessary insight to plan, provide a deep understanding of business activity, improve and optimise resource allocation and so improve efficiency and customer outcomes
- Increasing the energy efficiency ratings of our homes. Targets for EPC C will only be achieved at significant cost to Thirteen but will provide much needed cost savings for our customers at a time when their personal finances are under continuing and growing pressure, particularly from energy prices and growing fuel poverty. To mitigate this we will source and maximise available grants
- Deliver the refreshed asset management strategy, covering our diverse portfolio including over 36,000 homes, 2,962 garages, plus high-rise blocks, specialist housing and commercial buildings, which covers:
 - External factors, particularly the government policy paper ‘Delivering a decade of renewal for social and affordable housing’, including how we will deliver mandatory minimum energy efficiency standards (MEES) by 2030 and the impact of new decent homes standards
 - Our approach to stock quality, health & safety, planned investment and adaptations
 - Assessment of poorly performing assets which divert resources away from other priorities and consideration of whether to invest or divest
 - Viability and long-term options for our high-rise properties which are challenging both in terms of customer demand but particularly with regard to the level of future investment required.
- Continue to be at the forefront of innovation in payment solutions to make it as easy as possible for our customers to pay and so optimise our income.
- Extend partnership working to gain optimum outcomes for all parties
 - Further develop partnership working to grow our long-term strategic partnership arrangements with local authorities, combined authorities and housing developers, to develop shared values and ambitions, and work together to deliver a cost-effective solution to addressing housing need. This will also facilitate a longer-term pipeline of schemes, enabling us to be more selective as to the opportunities we take forward to ensure it delivers our strategic objectives and is the correct long-term investment decision.
 - Work with partners to deliver additional support services for our vulnerable customers, including sourcing of income streams to fund additional services
 - Work with our suppliers to extend opportunities for our customers, including training and job opportunities and discount schemes.
 - Progress conversations around joint procurement and partnership approaches to investment through the North-East Housing Partnership