Value for Money Statement 2025-26

Introduction

Our Value for Money (VFM) strategy was refreshed and approved by Board in January 2022. It runs for a four-year period from 1 April 2022 to 31 March 2026 and reflects the requirements of the Regulator's 2018 VFM Standard and Code of Practice.

Bernicia's corporate strategy and VFM

VFM is embedded throughout Bernicia's business and is a constant theme that runs throughout our corporate and associated operational strategies. 2025/26 was the final year of our 2022 to 2026 corporate strategy, Housing People, Helping People that continues to place our work as a social landlord at the heart of what we do. We believe that a good home makes lots of other things possible, so we aim to continue to provide great homes and services that do just that.

Our purpose, or mission continues to be to invest in homes, services, and people to make a positive impact on the communities of the North-East. We will invest to provide quality new and existing homes, and provide services that respond to our tenants, customers, and market-place requirements, in our people and the communities within which we operate.

The corporate strategy forms the basis of our operational strategies and plans. These detail the specific targets and measures in our core social housing business.

The Group has four strategic objectives, which were refreshed and updated in the new corporate strategy, and are as follows:

- Listening and delivering exceptional services
- Investing in homes and neighbourhoods
- Demonstrating organisational effectiveness and inclusivity
- Working collaboratively to support the North-East region

Performance against our corporate strategy 2022 to 2026 objectives, set at the beginning of the corporate strategy period, is set out below. Targets for the new 2026 to 2031 corporate strategy and financial year have been approved by Board and performance will be reported against these in future financial statements.

The new 2026 to 2031 Corporate Strategy can be accessed via the following link https://www.bernicia.com/corporate/transparency-reports/corporate-strategy/

Priority one – Listening and delivering exceptional services

Key action and targets	Bernicia Target 2026	Bernicia 2026	Bernicia 2025	Bernicia 2024	Bernicia 2023
Customer satisfaction with overall service	N/A	80.8%	81%	81%	81%
Segmental Analysis of satisfaction and complaints	N/A	Completed	Underway	Underway	N/A
Tenants confirm compliance with the Bernicia Promises	Published	Published	Published	Published	Published
Triennial external review of tenant engagement	Completed	Completed	Completed	On Track	N/A

Customer satisfaction – Satisfaction measures are a combination of the Regulator's new Tenant Satisfaction Measure (TSM) survey responses, completed with Bernicia customers in 2025/26, and internal transactional surveys. Overall satisfaction, as measured via the TSM perception survey, was positive at 80.8%. The Regulator's latest available headline report for 2024/25 highlighted overall satisfaction above 78.9% was top quartile.

Segmental analysis – Significant progress has been made in strengthening tenant data to support meaningful segmental analysis of satisfaction and complaints, enabled through the implementation of our new customer relationship management (CRM) system, Salesforce and through our Knowledge and Information Management (KIM) project. Data completeness is improving, with key customer and vulnerability information being brought together into a single system which ensures that colleagues have the insight needed to tailor services appropriately. This is enhanced by targeted engagement to gather information and improved day-to-day processes. This supports a shift from data collection to active use of insight, enabling improved targeting of services, consistent application of service adjustments, and a stronger evidence base to identify and address variation in customer outcomes.

Progress against the wider Equality, Diversity & Inclusion (ED&I) action plan was reported to Board during the year.

Tenants' annual report to Board on compliance with the Consumer Standards - An assessment of our compliance to the consumer standards has been shared with Involved Tenants for scrutiny and to inform their workplan for the coming year. A report including a statement from Involved Tenants confirming compliance was provided to the Board.

External validation of tenant involvement/engagement – TPAS completed an assessment in 2024 which included an assessment against the National Engagement Standards. The findings were positive, providing valuable insight into the effectiveness of our current approach and informing how we will strengthen engagement within our 2026–2031 Corporate Strategy.

Priority two – Investing in homes and neighbourhoods

Key actions and targets	Bernicia Target 2026	Bernicia 2026	Bernicia 2025	Bernicia 2024	Bernicia 2023
Good stock condition data - % refreshed annually	20%	29%	20%	19%	12%
Valid gas certificate	100%	99.9%	99.80%	99.82%	99.80%
Valid solid fuel/oil certificates	100%	99%	100%	98.14%	98.73%
Electrical testing	100%	99.9%	100%	99.89%	99.85%
Water hygiene	100%	100%	100%	100%	96.95%
Asbestos	100%	100%	100%	100%	99.17%
Fire risk assessments	100%	100%	100%	100%	100%
Passenger lifts	100%	100%	100%	100%	100%
90% of homes at least SAP C -av score 73, by the end of the strategy period	73	74.65	74.24	72.37	72.06
New homes on site (cumulative)	680	677	466	369	124

Bernicia has good stock condition data and uses it to drive satisfaction - Intelligence and clarity are two key drivers of our Asset Management Strategy. We continue to have 100% decent homes compliance, and our five yearly external stock condition validation review was completed in 2025 by Savills who confirmed appropriate financial provision in our long-term business plan. We hold representative data for 100% of our stock, with 98.65% of homes having previously been subjected to a comprehensive survey. We continue to improve our knowledge of the stock through a five-year rolling programme of detailed stock condition surveys, with 85% of properties being surveyed within the past 5 years. We have seen a slight decrease in the number of properties surveyed due to higher levels of refused access. Whilst we continue to pursue opportunities to gain access, our high levels of stock information and the representative data held on the no access dwellings mean this does not present a risk to the organisation.

Full suite of Health & Safety Indicators - Bernicia has a zero-risk appetite for health and safety non-compliance hence all compliance targets are 100%. Where we have not hit a 100% target, the classification would only be amber rather than red, if we can demonstrate that the reason a property does not have a valid certificate is due to no access and that the “no access procedure” has been followed. One gas service’s renewal date was overwritten in error, resulting in our red classification. The issue was identified through robust internal compliance monitoring and was rectified immediately. Controls have since been strengthened to significantly reduce the risk of recurrence. Audits are regularly carried out in this area to ensure all actions are being taken appropriately. All health and safety compliance areas are currently rated at substantial assurance level following an internal audit review, we have a three-year rolling programme of these reviews.

Percentage of homes at least SAP-C - We have exceeded our strategy target for at least 90% of our homes to achieve a rating of SAP C or above by the end of the strategy period, with 92.47% of properties currently achieving a C rating or above in the period.

New homes –We delivered 677 new homes on sites across the strategy period, exceeding the strategy target of 600. We added an additional measure during the strategy of 680 start on sites which performance has been broadly aligned to with 677 achieved.

Priority three – Demonstrating organisational effectiveness and inclusivity

Key action and targets	Bernicia Target 2026	Bernicia 2026	Bernicia 2025	Bernicia 2024	Bernicia 2023
Retain regulatory compliance	G1/V2	G1/V2	G1/V1	G1/V1	G1/V1
Retain IIP gold accreditation	Gold	Gold	Gold	Gold	Gold
Annual assessment of ED&I action plan	Complete	Complete	Complete	Complete	Complete
Meeting financial targets: • Golden rule compliance • Strategies fully funded • Improved covenants	Compliant Funded Complete	Compliant Funded Complete	Compliant Funded On-going	Compliant Funded On-going	Compliant Funded On-going

Retain regulatory compliance – G1/V1 regulatory standard was retained following the Regulator's stability check in November 2025. A range of supporting codes and accreditations are also in place to ensure ongoing compliance.

Retain IIP gold accreditation – Gold accreditation was achieved in the assessment completed in 2024. This demonstrates our commitment to communicating with and supporting our colleagues.

ED&I Action Plan – The EDI action plan was reported to Board during 2025/26, with all actions progressing or completed, in line with timescales.

Meeting financial targets – We continue to achieve our golden rules (internal financial metrics), have fully funded strategies, and continue to maintain adequate financial headroom and covenant compliance.

Priority four – Working collaboratively to support the North-East region

Bernicia welcomes the opportunity to work collaboratively with other like-minded partners and will seek to influence and deliver plans aimed at improving the North-East of England region. By growing its knowledge and understanding of the communities and markets it serves, Bernicia will position itself to promote and champion the needs of its current and future tenants. To evaluate delivery on this objective it is important to refresh how we are perceived by our stakeholders.

Positive stakeholder perception report – An external stakeholder perception study was undertaken and reported to Board in 2023/24. This found stakeholder's sentiments to be overwhelmingly positive.

Delivering social value (£15million over the strategy period) –Bernicia's 2025/26 involvement contributes to social value gains this year in excess of £15 million, with our strategy period total at £48.6m, significantly exceeding the target of £15m for period. This is measured using HACT's recognised methodology for calculating proxy monetary values

Affordability of rents – As a socially responsible landlord, we undertake affordability assessments of our rents. These assessments are used to inform the annual rent setting process. Affordability is assessed using two markers, 33% of net income (lower marker, Affordable Housing Commission) and 35% net household income (higher marker, Good Economy White Paper). All general needs and housing for older people 2025/26 rents have been checked to confirm affordability using this methodology and Bernicia's rent affordability policy. Board receives the assessment annually, demonstrating affordability, along with the rent policy and rent plan being approved by Board each February.

Funding added value initiatives – Optimising resources, be it financial or physical, and obtaining value for money across the business creates the opportunity for reinvestment in providing quality homes and services and delivering added value initiatives.

Our Community Investment strategy focuses on both economic and social inclusion. In 2025/26 we continued to address poverty through employment, driven by aspiration, skills and jobs.

Our Employability Team is active in schools and in 2025/26 the team delivered support to over 1,500 young people, undertaking a range of activities such as mentoring, mock interviews, jobs fairs and world of work events.
We also offer community-based aspiration activities and skills training. Our Learning Hives provided employability sessions to 286 people in 2025/26, resulting in 32 obtaining employment, 10 securing better work, 24 starting voluntary work and 44 achieving qualifications.

In addition, we support community organisations and expert companies to deliver aspiration and skills training for people with specific barriers to work, such as those with disabilities, care leavers, armed forces veterans or people with low skills attainment. In 2025/26, we supported partner-led projects that reached 498 people, with 203 moving into employment, 4 starting apprenticeships, 28 entering volunteering and 307 gaining qualifications.

Priority four – Working collaboratively to support the North-East region (continued)

Our Intensive Housing Management Team achieved an 84% success rate in successful tenancy outcomes. 451 tenants were helped to sustain their tenancy, and over £752,696 was secured in personal gains for tenants.

We continued to support customers at risk of loneliness and isolation. Our check-in and chat service, with activity focused on vulnerable tenants, typically handles around 200 calls per week. In addition, community engagement has continued both within our retirement housing schemes and estate-based community facilities that Bernicia owns and funds which provide a range of social activities and employability support.

Over £70,500 has been provided in emergency grants to 120 customers from the Bernicia Hardship Fund to support customers with the costs of food, energy, and essential equipment, like white goods.

Over 600 aids and adaptations have been fitted in 2025/26, to help people remain in their homes.

During 2025/26 we have funded 17 Inclusion projects and 8 Inspirational young people awarding over £182,000 in grants. This took the Bernicia Foundation's total amount of grant support for local people and communities, since it was launched in 2020, beyond £1.4million.

Key financial ratios

Historically the Group has reported performance against a number of key financial ratios covering growth, profitability, and our ability to service debt. The table below sets out the changes over the last three years.

Key financial ratios	2026	2025	2024	2023
Growth				
➢ Growth in turnover	4.7%	5.8%	4.9%	7.3%
➢ Growth in total assets	5.2%	4.1%	1.5%	2.2%
➢ Growth in total debt	5.5%	(0.9%)	(1.2%)	12.2%
Profitability				
➢ Effective interest rate	4.3%	3.9%	4.0%	3.9%
Debt servicing ability				
➢ Adjusted net leverage	36.4%	36.3%	33.2%	31.7%
➢ Debt to turnover	1.62	1.61	1.72	1.84

Growth

Growth in turnover of 4.7% was driven by three separate revenue streams in the year. Income from social housing activities was 3.9% higher than that of the previous year. Rental and service charge income increased by £2.7million to £78.9million (2025: £76.2million), c3.8%, from rent increases in line with those allowed by the rent standard and income from new properties. First tranche low-cost home ownership sales were £0.1million lower at £2.4million (2025: £2.5million). Finally, the Group's other activities continued to generate strong revenues at £1.4million higher, £12.3million, than that of the previous year. Turnover for 2026 increased by £4.4million to £98.1million favourably contributing to the Group's overall growth in turnover.

Growth in total assets reports a year-on-year increase of 5.2% (2025: increase of 4.1%). Property, plant, and equipment assets have increased by £28.3million during the year as new supply units were added to the statement of financial position. Net liabilities have increased by £2.0million largely due to higher accruals at year end. This is a timing issue only.

The Group's increase in total debt of 5.5% reflects the impact of drawing on loan facilities during the period.

Profitability ratios

The Group's effective interest rate increased by 0.4% to 4.3% as a result of the drawing on loan facilities.

Debt servicing ability

This remains strong and well below the sector averages. Bernicia remains lowly geared with sufficient capacity for further investment to support the Group's overall objectives.

How we perform against the RSH VFM metrics

Bernicia routinely reports its performance, against the sector as a whole and a regional peer group, to the Board, ensuring performance information is used to inform decision making.

Demonstrating Bernicia's continued emphasis on value for money and understanding its performance, the following sections present how Bernicia has performed against the VFM metrics published by the RSH, along with Bernicia's own internal targets and performance measures. The 2026 results have been compared to the 2025 Global Accounts median VFM metric results with commentary provided where appropriate.

Business health

Global Accounts VFM Metrics [1]	Bernicia 2027 Target	Bernicia 2026 Target	Bernicia 2026 (Group)	Bernicia 2025 (Group)	Bernicia 2024 (Group – As restated))	Global Accounts 2025 Median	Global Accounts 2025 local peer group Median
Operating margin – overall	18.3%	17.5%	18.8%	19.7%	19.2%	17.6%	19.6%
Operating margin – social housing lettings	19.1%	19.9%	21.2%	21.6%	22.2%	20.5%	22.6%
EBITDA MRI interest cover	154%	182%	184%	240%	221%	113%	153%

Operating margin – overall - the 2025 global accounts median across the peer group was 19.6% and that of the national dataset at 17.6%. Bernicia had an operating margin of 19.7% for 2025 which would have positioned the Group at the median for the peer group in 2025, and above the national median. Performance in 2026 is slightly lower than that in 2025, although still remains strong, with an operating margin overall of 18.8% being reported. This is higher than the 2026 target. The Group consist of Bernicia (the Association), Kingston Property Services (Commercial company) and the Bernicia Foundation. Due to the nature of the activities in these other group companies, surpluses are traditionally at a lower levels and lower operating margin percentages, and in the case of the Foundation negligible to nil as it is a grant giving organisation. These therefore impact the operating margin overall adversely.

Operating margin – social housing lettings - the 2025 median for the national dataset and peer group was 22.6% and 20.5% respectively. In 2025 Bernicia was just below the median for the peer group at 21.6%. Margins in the peer group ranged from 10.0% to 27.0%. Despite a challenging year, Bernicia's 2026 result of 21.2% compared favourably with the in-year target of 19.9% and was broadly aligned with the 2025 Global Accounts peer group median.

EBITDA MRI interest cover is a key measure of liquidity and investment capacity. The Group's Interest cover continues to remain strong, with 2026 performance at 184% exceeded the 2025 Global Accounts median for the national dataset and the peer group. While underlying performance remains consistently strong as highlighted in the operating margin above, EBITDA MRI for 2026 has reduced when compared to the prior year, this is mainly due to the repayment of a loan facility in-year as part of our treasury modernisation strategy. EBITDA MRI for 2027 is targeted at 154%. The reduction reflects the new asset requirements, particularly in respect of Decent Homes 2, as announced by Government and the financial requirements of our new Corporate Strategy.

[1] Calculations as outlined by the Regulator of Social Housing in the Value for Money metrics

Development (capacity and supply)

Global Accounts VFM Metrics[2]	Bernicia 2027 Target	Bernicia 2026 Target	Bernicia 2026 (Group)	Bernicia 2025 (Group)	Bernicia 2024 (Group)	Global Accounts 2025 Median	Global Accounts 2025 local peer group Median
New supply delivered – social housing units	61	200	197	192	85	n/a	n/a
New supply delivered – social housing %	0.6%	1.3%	1.4%	1.3%	0.6%	1.3%	1.2%
New supply delivered –non-social %	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Gearing	29.7%	30.0%	26.5%	26.2%	24.7%	45.5%	40.8%

Bernicia continues to deliver appropriate housing accommodation, to meet local demand and strengthen communities. In 2026, Bernicia delivered a new supply of Social Housing accommodation totalling 197, these translated to a new supply percentage of 1.4%, comparable with the 2025 national dataset and peer group median. During 2025/26 there were 227 social housing units which started on site, with a further 250 starts expected in 2026/27. Due to circumstances outside our control, programme/development bid delays, 61 social housing units are targeted to complete in 2026/27, thereafter we anticipate delivery to once again increase.

Bernicia's gearing is low when compared to other providers. As such, gearing relating to 2025 is recognised in the lower quartile of both the Global Accounts national data set and the regional peer group, where Bernicia is ranked third lowest. 2026 gearing levels continues to remain low and reflect decisions made historically in relation to the repayment of expensive legacy debt.

[2] Calculations as outlined by the Regulator of Social Housing in the Value for Money metrics

Outcomes delivered

Global Accounts VFM Metrics[3]	Bernicia 2027 Target	Bernicia 2026 Target	Bernicia 2026 (Group)	Bernicia 2025 (Group)	Bernicia 2024 (Group)	Global Accounts 2025 Median	Global Accounts 2025 local peer group Median
Reinvestment %	8.4%	7.8%	7.7%	8.7%	6.7%	7.6%	8.9%

In 2025/26, Bernicia made a combined investment in existing stock and new stock of £42.9million (2025: £45.9million), with £27.8million (2025: £29.8million) invested in the new supply of properties and £15.1million (2025: £16.1million) invested in existing properties. This represents a reinvestment of 7.7% when compared to the overall value of housing properties, which is between lower and median quartile for the 2025 Global Accounts peer group, and median when compared to the national dataset.

Investment in existing properties considers only the capital expenditure spent on improvement and modernisation of existing housing stock.

Works continue to be informed by our information in relation to the condition of the stock, which supports the investment in existing properties. This approach to stock investment, the associated data and the linkage between this data and our business plan was externally validated in May 2025 by Savills. We are therefore confident that the correct levels of investment are being made in our existing assets. The Board aims to ensure the quality and safety of its tenant's homes remains at the highest standards possible.

The Group's actual investment in new supply reflects the requirements of both the current Corporate Strategy and its predecessor.

With a total spend of £27.8million on the development of new properties in 2025/26 this compares favourably with the 2025 Global Accounts peer group median for new supply numbers.

[3] Calculations as outlined by the Regulator of Social Housing in the Value for Money metrics

Effective Asset Management

Global Accounts VFM Metrics[4]	Bernicia 2027 Target	Bernicia 2026 Target	Bernicia 2026 (Group)	Bernicia 2025 (Group)	Bernicia 2024 (Group)	Global Accounts 2025 Median	Global Accounts 2025 local peer group Median
Return on capital employed (ROCE)	3.1%	3.0%	3.5%	3.6%	3.2%	3.1%	3.2%
Ratio of responsive repairs to planned maintenance	68.7%	67.7%	74.6%	68.4%	64.3%	n/a	n/a

The Group is proud of its robust approach to asset management. This is underpinned by significant capital investment deployed into the Group's property portfolio. Investment decisions are informed through the use of the Group's sustainability model, further demonstrating the Group considers effective asset management critical in its strategic and operational activities. The metrics above focus on how well Bernicia has taken care of its assets, ensuring the high quality of homes that people want to live in, now and in the future.

Return on Capital Employed is essentially a profitability ratio focused on returns over the long-term aspect and is a measure of how well net assets are performing. The ratio focuses on two primary calculations, operating surplus and the capital employed in the business. The Group's profit margin performance is detailed in the Business Health section on page 26.

The Return on Capital Employed at 3.6% for the year 2024/25 was slightly above the median quartile when compared to the 2025 Global Accounts peer group and national dataset. The Group can demonstrate it is using its debt and capital to effectively manage its assets. The results for the year 2025/26 report a Return on Capital Employed of 3.5%, which would align with the peer group midpoint between median and upper quartile for 2025, therefore continuing to represent strong performance.

Ratio of responsive repairs to planned maintenance explains how much money is spent on responsive repairs when compared to the amount invested into planned maintenance. Generally, a lower percentage is regarded as more favourable. In 2024/25, Bernicia's ratio of responsive repairs to planned maintenance was 68.4%, meaning for every pound spent on planned maintenance, Bernicia spent a further sixty-eight pence on responsive repairs. The results for 2026 report that Bernicia spent 74.6% on responsive maintenance when compared to planned maintenance which is an increase on the prior year, however, it should be noted that responsive repair expenditure continues to be significantly impacted by cost inflation for both materials and sub-contractors, and labour shortages associated with trade staff.

Strategic asset management
Our property and assets are crucial to our long-term business plans. Our updated Asset Management Strategy continues to be informed by full financial appraisals of current stock collectively and individually, together with the assessment of other factors such as social and

[4] Calculations as outlined by the Regulator of Social Housing in the Value for Money metrics

Effective Asset Management (continued)

environmental issues of each estate, enabling us to take a view on the future potential of each asset we own.

In informing our decisions we consider:

Stock condition information	Surveying of our existing stock enabling better planning of work and expenditure. This has helped us to identify savings within the investment programme.
Asset management matrix	We have developed the matrix to enable the analysis of a range of indicators to assess the future sustainability of our homes including; property condition, demand and socio-economic factors. From this we categorise our estates as high, medium high, medium and low risk.
Financial return on assets	To help us determine the financial return on our assets and inform investment decisions we have implemented a model to assess the net present value (NPV) of each estate and individual property, taking into account income and expenditure.

This information tells us a considerable amount about our properties and estates. We have a full financial appraisal of our current stock, and this helps us form an overall assessment when making decisions to invest in our existing homes.

In taking those decisions, the Board balances financial investment decisions against the overall objectives of the organisation, which take into consideration issues such as the geographical areas where we operate, the local housing market and the nature of the communities that we want to help. We take particular note of the relatively deprived nature of some of the communities and the positive impact that good quality affordable housing can have on the quality of life there.

In terms of assessing the overall returns from our assets a sustainability matrix is used. The matrix is re-run in full every three years and uses a range of indicators including demand and socio-economic factors to assess sustainability of estates and provide us with an indication of the social value that our estates provide to our communities. The model was re-run in 2025/26, and the results will inform the Group's future spending priorities.

Operating efficiencies

Global Accounts VFM Metrics[5]	Bernicia 2027 Target	Bernicia 2026 Target	Bernicia 2026 (Group)	Bernicia 2025 (Group)	Bernicia 2024 (Group - Restated)	Global Accounts 2025 Median	Global Accounts 2025 local peer group Median
Headline social housing cost per unit (CPU)	£5,564	£4,894	£4,991	£4,826	£4,484	£5,576	£4,853
Management CPU	£1,088	£1,018	£952	£937	£869	£1,406	£954
Service charge CPU	£586	£556	£556	£529	£552	£602	£437
Maintenance CPU	£1,888	£1,733	£1,860	£1,719	£1,564	£1,691	£1,736
Major repairs CPU	£1,803	£1,358	£1,389	£1,448	£1,315	£1,458	£1,457
Other social housing CPU	£198	£229	£234	£193	£184	£216	£89
Other Support Services CPU	£0	£0	£0	£0	£0	£0	£0

Bernicia's headline social housing cost per unit for 2025/26 was £4,991 which shows an increase of £165 (3.4%) from the 2025 figures and was slightly higher than the targeted headline social housing cost per unit for Bernicia for 2026. All CPUs were on or below target with the exception of Maintenance CPU, which exceeded target by £127 (7.3%). Headline social housing CPU was lower than the national dataset median for 2025 of £5,576, but higher than the peer group median for 2025 of £4,853. It should be noted that the North-East region typically has the lowest CPU levels.

The review of service charges continues to be progressed with the service charge CPU reflecting the costs of the services being provided. The largest increase is in respect of maintenance and is due to a continued increase in demand for the service, along with proactive Board decisions to invest more in this area. Inflationary pressures continue to be a factor resulting in rising costs, this is being compounded by a reliance on sub-contractors due to some vacant trade posts. Expenditure on major repairs reflects the requirements of our stock as determined by our 100% validated, stock condition survey, and the acceleration of SAP C energy efficiency works due to the availability of capital grants to partially fund this investment. Again, the acceleration of the energy efficiency works was an in-year Board decision.

When compared to the 2025 Global Accounts, Bernicia's cost per unit for 2024/25 was £27 per unit lower than the regional peer group median. For 2025/26, headline cost per unit was £138 higher than the peer group. Given the current economic and operating environment, caution should be taken when comparing the prior year position. We anticipate that the 2025/26 headline cost per unit will be broadly comparable to the 2026 peer group median once the figures are available.

[5] Cost per unit calculations as outlined by the Regulator of Social Housing in the Value for Money metrics

Future plans

2025/26 was the fourth and final year of the 2022 to 2026 Corporate Strategy. During the year, a new five-year Corporate Strategy running from April 2026 to March 2031 has been developed and approved by Board on 17th February 2026. The new strategy, the Bernicia Effect, Supporting Opportunity looks to build the key themes and objectives of its predecessor. The strategy remains focussed on the North-East region, this is where are homes are located, where our tenants and the communities we serve live, and where we have established positive stakeholder relationships and an excellent understanding of housing markets and the wider strategic landscape. Our new strategy is our most ambitious strategy to date.

Whilst Bernicia's business plan has been updated to reflect the economic environment which continues to be challenging, we continue to focus our work around the four strategic objectives identified within the new strategy.

We will invest in our homes and communities: we understand the impact that good quality, safe and secure homes can have on the health, quality of life and life opportunities of tenants and customers and their families. We are committed to ensure that appropriate resources are made available to invest in our existing properties and to increase the number of new homes we provide, with up to 1,000 new homes (starts on site) being targeted.

We will listen to, and work with our tenants and customers, and will deliver value for money services. Our customers want to live in safe, secure, affordable and comfortable homes. They want to live alongside considerate and respectful neighbours in safe, welcoming and well managed neighbourhoods. They also want the ability and opportunity to connect and engage with likeminded people in their community.

We will demonstrate our organisational effectiveness. This begins with clarity and strength, of purpose and in leadership. We will be clear on the value we wish to deliver and provide strong and transparent leadership that is evidence based, and outcome focussed. We will also have robust risk management and financial controls and align our resources, both financial and people, to deliver our objectives. All of this will be supported by a clear policy framework and investments in technology that will enable delivery.

We will work collaboratively to support opportunity across the North-East. We believe that our region is one of opportunity and that a good and secure home can be a launchpad to closing equality gaps, improving the quality of life and life chances of our tenants and wider communities. As an anchor institution we are rooted in and trusted by our communities and as such we are well placed to deliver opportunity to and for them. By innovating and working with trusted partners, both within and outside our sector we believe we can have an even greater impact.

Commercially, Bernicia will continue to grow and develop its commercial division with the intention of maximising profit through the provision of high-quality leasehold block and open spaces management and estate agency services, and the professional management of private rented accommodation portfolios.

As detailed in the financial review and supported by the financial statements, the Group has had a further year of solid financial performance despite the on-going challenges presented by regional, national, and wider world events. This operating environment and changing requirements of the sector were all considered in the development of the strategy.

Future plans (continued)

As a responsible landlord, Bernicia is aware of its Corporate Social Responsibilities. As part of the suite of documents developed to support the Corporate Strategy 2026 to 2031, is a Community Investment Strategy. Central to this, an additional £600,000 for each year of the strategy period is committed to support enhanced community activities focused on employability initiatives, and economic and social inclusion

T: 0344 800 3800
E: enquiries@bernicia.com
W: www.bernicia.com

Oakwood Way, Ashwood Business Park, Ashington, Northumberland NE63 0XF