



NORTH STAR

Creating homes, building futures

**Value for Money
Annual Report
2025**

Contents

Introduction	1
The North Star Approach to Value for Money	2
Value for Money Activity during 2024/25	8
North Star in comparison to other Housing Associations	25
2025/26 and Beyond	32

1. Introduction

Current Context

The social housing sector continues to face both a complex and challenging environment shaped by economic pressures, policy shifts, regulatory changes and an increasing demand for affordable homes. Driving Value for Money (VFM) in the business is now more critical than ever before, as we look to preserve the financial resilience of North Star against the backdrop of continuing financial and other economic pressures.

Comparatively higher rates of interest and cost increases in the construction industry have significantly impacted the sector with higher costs affecting the development of new homes and maintenance of existing stock. Balancing the need to build new homes whilst addressing the needs of existing stock, achieving safety compliance and meeting environmental objectives is a significant challenge for all that must be approached whilst maintaining financial health and resilience.

Our customers are still living with the effects of the cost-of-living crisis and demand on the service of our Welfare Benefits team remains strong. We are conscious that the impact of the economic environment we live in has a disproportionate impact on key areas of our geography, further effecting low-income households who are already exposed to poverty and deprivation. It remains critical that North Star can deliver VFM, so we are able to invest in our assets, our communities and the services we deliver.

The scrutiny of and requirements from the sector has grown and higher standards on property condition and tenant experience must be met as outlined in the Social Housing Regulation Act 2023. We know that housing is a key focus for the Labour government and as a sector we need to ensure we deliver value for money both in delivering new homes and investing in existing homes and services. We need to ensure we are increasingly efficient with the resources available to us as we look to deliver more outcomes to meet stakeholder expectation. We need to continue to be proactive in addressing these challenges to ensure that we remain financially resilient whilst we continue to operate in an external environment that remains uncertain.

There is a wide range of information on VFM in this report covering costs, performance, and outcomes. There is data showing trends within North Star and comparing North Star with our peers. The report also highlights areas of strong performance and areas of challenge with actions to improve. The report largely provides a retrospective view on performance. We have detailed how we compare to peers on published data available up to March 2024.

Detail about each section is set out below:

The North Star Approach – this sets out the aims of the VFM strategy, a high-level view of the regulatory requirements and how VFM is embedded within North Star.

Value for Money Activity 2024/25 - this section provides details of the key activity and performance against our targets and objectives during 2024/25.

North Star in Comparison to other Housing Associations – this section compares North Star costs and performance to peers. The main sources of benchmarking data are HouseMark and Vantage along with data from the Regulator of Social Housing VFM metrics published through the 2024 Global Accounts.

2025/26 and beyond – this sets out the VFM actions for 2025/26 which are synonymous with those already captured within the Corporate Plan approved by Board in March 2025.

2. The North Star Approach to “Value for Money”

2.1 Our Approach

The Board approved the Value for Money (VFM) strategy in January 2025.

VFM is a constant for North Star. VFM is about doing more with our resources so that we can achieve our corporate objectives. By optimising VFM throughout the organisation, we are better able to maintain our existing homes and increase the supply of new properties in our communities. We are also able to release additional capacity to invest in services to ensure customers have safe, secure and well-maintained homes to live in.

Delivering VFM is part of an integrated and embedded approach, rather than something that is separate or an annual task that must be completed. VFM is a critical business tool. VFM at North Star is not just about reducing costs. Quality and cost are both important, as is the relationship between investment and performance, and these form the basis of our VFM measurement and monitoring.

In summary, at North Star VFM means combining the outstanding efforts of our people with the best use of our assets and resources, delivering quality services for our customers and communities. To do this we have a detailed understanding of:

- The cost of providing our services
- The effectiveness and quality of services we provide for customers
- Our ability to invest in new and existing homes.
- Our capacity to provide social value & environmental sustainability.

Our comprehensive approach to VFM is not new, but it has been progressively honed over the years working closely with staff. The focus of our people on continuous improvement has enabled us to develop and invest in keeping North Star strong.

Our guiding principles for VFM are based on the 4 E's:

- **Economy:** Minimising the cost of resources that go into delivering our services, without compromising on quality.
- **Efficiency:** Delivering services to our customers with little to no waste of our efforts or energies.
- **Effectiveness:** Measuring the performance of our services against other organisations, capturing quantitative and qualitative outputs.
- **Equity:** Ensuring our services are available and accessible to intended customers, ensuring that the benefits our work are distributed evenly throughout our communities.

We will deliver these objectives through strong resource management. This will require us to be creative, connected, and courageous by being at the forefront of new thinking.

2.2 RSH VFM Standard

The RSH VFM Standard was issued in April 2018 and sets very clear expectations. The Standard can be viewed [here](#).

At the heart of the Standard is a requirement for Board to own and understand the VFM approach within their organisation. The specific requirements of the standard are:

Registered Providers **must**:

- Clearly articulate their strategic objectives.
- Have an agreed approach to achieving VFM in meeting these objectives and demonstrate their delivery of value for money to stakeholders.
- Through their strategic objectives articulate their strategy for delivering homes that meet a range of needs.
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of their strategic objectives.

Registered providers must **demonstrate**:

- A robust approach to achieving VFM.
- Regular and appropriate consideration of potential VFM gains. This must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures.
- Consideration of VFM across their whole business, including their approach to investment in non-social housing activity. They should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.
- That they have appropriate targets in place for measuring performance in achieving VFM in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

The VFM Standard is supported by a Code of Practice which can be viewed [here](#). The Code of Practice is designed to help providers understand what the Regulator is looking for when seeking assurance on compliance with the Standard.

Registered providers must publish evidence in their accounts to enable stakeholders to understand:

- Performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers.
- Measurable plans to address any areas of underperformance, stating any areas where improvements would not be appropriate and the rationale for this.

This report provides Board with a summary of the VFM activity across North Star and will also be used to create the VFM statement that will be included in the 2023/24 Financial statements.

2.3 Corporate Strategy to 2026

As set out in section 2.1, a sustained focus on VFM is essential if we are to achieve our strategic objectives.

Within the vision are the following corporate objectives with a specific reference to VFM:

1. Customers and Communities

To ensure properties, communities and neighbourhoods are sustained, we intend to concentrate our resource and investment in those areas experiencing some of the greatest challenges. Our services are, and will continue to be, built around the needs of customers who with a strengthened voice will enhance our decision making and accountability.

2. Growth, Assets & The Green Agenda

Our commitment to deliver new affordable homes in both urban and rural locations remains strong. We will look to deliver a minimum of 225 new properties over the next three years. Homes and external spaces will be co-designed with customers to meet both current and future need. Our investment in existing homes will ensure our customers continue to have a well maintained and decent home. Data will play an important role in managing our assets and reducing our carbon footprint. Our commitment to meeting government targets on EPC C two years early continues, as we look to protect our environment and reduce fuel poverty for customers.

3. Technology

Technology will be used to improve services for our customers, delivering efficiencies and value for money whilst maximising effectiveness. The pace of technological and digital change continues to increase. We will mirror this pace of change by innovating and finding solutions for the challenges faced.

4. People and Culture

We will continue to develop and maintain our relational culture whilst experimenting with new ideas and approaches. This will help to develop future leaders, improving our ability to recruit and increase our agility and resilience in an uncertain world. We aim for our workforce and Board to broadly reflect the diversity of our communities, and we will take positive action to address areas of under-representation.

5. Value for Money

Value for money will continue to be embedded, driving effectiveness within the organisation. Our approach to VFM continues to support the delivery of our strategic objectives and will ensure the organisation remains financially resilient.

6. Governance

The Board will be more diverse and will be well connected and informed. The Board will operate generatively whilst maintaining strong fiduciary control. Consumer standards will be met fully and creatively, and the organisation will be prepared for a C1 regulatory judgement at its next

regulatory inspection (former In-Depth Assessment), matching the G1/V1 ratings already in place.

2.4 Board, Customers and Staff Leadership

Board

Board lead and drive VFM within the business and approved a VFM strategy in January 2025.

Assurance is provided to Board through regular reports and metrics that include:

- **Quarterly Reporting** - quarterly performance, finance and development reports including benchmarking data where relevant. The finance reports also include a selection of the RSH VFM metrics.
- **Annual Business Plan (April 2025)** – this contained a section on VFM, including RSH VFM metric performance in past, present and future years to allow trend identification.
- **Annual Budget (March 2025)** – the report contains narrative on VFM, comparing the performance of the budget with that of peers in the sector using the RSH VFM metrics. The report also considers where savings have been identified and quantifies the effectiveness of any new areas of expenditure. The report sets out how the budget embodies the 2025 VFM strategy and the objectives contained within.
- **Benchmarking and VFM Metric Update (December 2024)** – this report included benchmarking data upon RSH VFM metrics, Vantage Club and Housemark following the publication of financial statements from peers in September 2024. The report also provided Board with a self-assessment against the RSH's VFM Code of Practice as well as offering a high-level assessment of the latest return on assets modelling (Savills SHAPE model).
- **Annual VFM Update (June 2024)** – this shares a range of VFM information including benchmarking data several sources on costs, performance and on the delivery of economy, efficiency, and effectiveness. The report captured VFM targets and objectives for 2024/25.

VFM also drives discussions on a range of topics including the business plan, corporate plan, customer satisfaction, the annual rent increase, and our development plans for new units.

Customers

During the year we reviewed our tenant engagement structures, developing 'The Tenants' Voice (TTV). TTV is a key group of North Star customers who are from a mix of different places, backgrounds and ages to ensure all of our communities are represented as we look to drive service improvement. During the year the Board appointed a Member Responsible for Complaints (MRC) and two members Responsible for Customer Engagement.

The insight, experience and challenge of our customers supports North Star to achieve its value for money objectives. Specifically involving customers enables us to:

- Improve efficiency, acting on feedback relating to the quality and performance of our services to drive improvements.

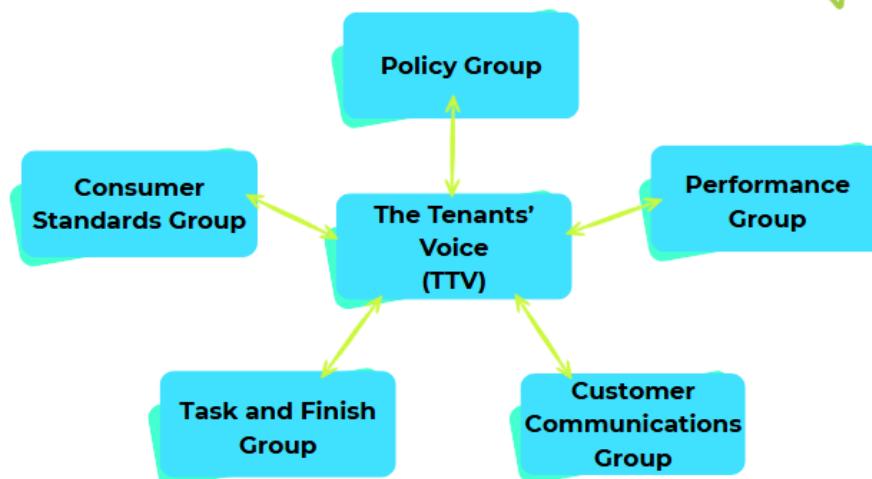
- Achieve greater value from our supply chain, informing procurement of services delivered to customers.

We have a range of opportunities for customers to challenge and influence North Star. The following groups are in place which have specific links to our work on value for money:

- **The Tenants Voice (TTV)** – undertaking detailed reviews of performance and presenting findings to Board.
- **Consumer Standards Group** – Scrutinise North Star's performance against the Regulator of Social Housing consumer standards.
- **Performance Group** – meeting quarterly to scrutinise operational performance of North Star.
- **Customer Task & Finish Groups** – focussing on specific issues. Its work often includes VFM.
- **Customer Communications Group** – Focus on the transparency elements of the Consumer Standards, ensuring the website and customer communications are appropriate, accessible and understood.
- **Policy Group** – influences and reviews North Star policies to ensure they are fair and appropriate



NORTH STAR
Creating homes, building futures



During 2024/25 involved tenants have:

- **Worked directly with the Communities team** to understand and explore the new RSH Consumer Standards, including participation in a live session with the Regulator of Social Housing.
- **Delivered three scrutiny reviews** with reports and recommendations shared with Board, covering:
 - The definition and scope of tenant involvement
 - Implementation of easy-read documentation across key policies

- Improvements to the repairs service, focusing on getting it right first time
- **Piloted a customer journey mapping approach** for repairs, helping to identify where communication, follow-on work, and customer expectations can be improved.
- **Reviewed and influenced key service policies**, including:
 - Damp and Mould Policy
 - Aids and Adaptations Policy
 - Customer Service Standards
 - Health and Safety Policy (including seven tenant-led recommendations)
- **Supported a new Customer Complaints Deep Dive**, examining how complaints are investigated and why some escalate. This included direct engagement with customers who had made complaints in the past year.
- **Reviewed real customer service calls** during a Consumer Standards session, providing seven improvement recommendations while confirming fairness and respect were consistently demonstrated.
- **Renamed and refreshed their main forum**, changing from the Tenants' Voice Panel (TVP) to **The Tenants' Voice (TTV)**, with elections held for Chair and Vice Chair roles to strengthen leadership and accountability.
- **Actively used the Recommendation Tracker**, holding North Star accountable for responding to tenant suggestions, with regular updates provided back to customers.
- **Advised on the allocation of small community grants**, ensuring grassroots projects offered meaningful value to local residents
- Supported the distribution of vital small grants to grass roots community groups ensuring an assessment of the value of the projects to their communities.

Staff & Leadership

Our approach to leadership began to be developed in 2013 in response to operating in an increasingly complex environment and, the need to ensure that our people remained healthy, resilient, and well. We have developed people to be involved, included, influential, leaderful, accountable and involved in decision making across the business. Skills are applied flexibly, and everyone engages with development and training. Investing in the development of individuals and teams is a constant and is in addition to annual training, academic and professional qualifications. Our strategic priorities ensures that our unique culture continues to develop.

Our cultural approach attracted warranted attention with the re-accreditation of our Investor in People Platinum (IiP) status in November 2023. In relatively recent times we have experienced some of the most demanding and dramatic incidents including global political turmoil, economic downturns, climatic crises, a pandemic of epic proportions and an ongoing war in Europe and the Middle East. Our commitment to, and strong valuing of, staff ensures we are well placed to respond to the demands placed upon us by external events.

Our latest corporate strategy (L&G to 2026), co-developed by Board, staff, and customers of North Star holds VFM at its heart. This ensures we remain

disciplined and well governed to meet the expectations of key stakeholders, whilst preserving our financial resilience.

Staff have led on VFM approaches and initiatives in several ways:

- Staff have been involved in functional reviews within the business for our Technical Services teams (Compliance, Property Services, Asset Management and Development. The reviews have consisted of sourcing key areas of best practice in the sector with a view of driving efficiency in the delivery of our services to customers. The reviews continue to further embed cultural ways of working within the business.
- Following the successful launch of our Repairs Module in the year, we now have delivered the major components of our new Housing Management System (HMS Endeavour) whilst serving notice with our legacy provider. The smaller remaining aspects of the new system will be managed by the Digital & Data team featuring for introduction in 2025/26. Further innovation will involve the co-creation of a mobile app for customers to access our services. Since the start of its phased implementation in 2023, the new system is generating efficiencies and importantly improving service delivery to customers.
- The 2024/25 budget included £122k worth of saving. We surpassed this expectation achieving a total of £426k during the year. The largest contributions were generated from staffing costs. These savings have helped to somewhat reduce the impact of cost increases elsewhere in the business.

3. VFM Activity During 2024/25

3.1 Financial Outturn 2024/25

This section includes:

- The overall financial performance of North Star.
- Year-end performance against VFM targets.
- The savings, efficiencies and reinvestments delivered.
- A summary of the social value and asset management activity in relation to VFM.
- Measures of effectiveness including customer satisfaction and performance.

£'000	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Draft
Revenue	20,740	21,327	22,381	24,649	27,802
Operating expenditure	(14,573)	(15,209)	(17,254)	(19,005)	(21,290)
Operating surplus	6,167	6,118	5,127	5,644	6,513
Operating margin (%) [*]	29.7%	28.7%	22.9%	22.9%	23.4%
Amortisation of goodwill	(32)	(32)	(32)	(32)	(32)
FA surplus	50	32	115	0	403
Net interest	(2,554)	(2,658)	(2,656)	(2,912)	(3,788)
Net surplus	3,631	3,460	2,554	2,700	3,097
Net margin (%)	17.5%	16.2%	11.4%	11.0%	11.1%

^{*} RSH Technical Guidance Note Definition

The table excludes exceptional items relating to the refinancing project in 2020/21.

Our operating margin has averaged at 25.5% over the last five financial years, however the metric has been subject to cost pressure during the last 3 years where it has averaged at 23.1%.

In December 2023 Board approved the application of a 7.7% rent increase. At the time of approval the increase reflected a one-year rent settlement in place with providers. Whilst benefitting from an increase to revenues in 2024/25, we have also seen a sustained increase within our operating costs, most notably within property maintenance. Demand for our repairs service continues to be high and the condition of properties being returned to us, are often requiring a broader scope of works prior to being relet. We are seeing an increased volume of repairs as we look to swiftly address issues of damp, mould and condensation. We have also incurred additional cost as we take a rigorous approach to responding to the fire safety and compartmentation needs of our stock.

Further increases in cost have been realised following the commissioning of external support as we look to move to a 5 year cycle for stock condition surveys. During the year we have seen an increased volumes of disrepair claims which has driven additional legal fees within the business. These factors in addition to further computer maintenance costs to deliver our Digital ambitions have all contributed to an eroding of the benefit generated by additional revenues. Our operating margin has marginally increased over the last 12 months. The measure continues to be area of strength where we continue to outperform our peers. More detail on our operating margin performance and comparison to the wider sector is shared in section 4 of this report.

As referenced above, Board approved rent increase of 7.7% to take effect from 1st April 2024. Inflation has steadily declined from the September 2023 CPI figure of 6.7% that featured as part of the agreed rent settlement calculation. However, the high inflation has continued to impact our supply chain during 2024/25 and inflation has remained stubborn, sitting above the Bank of England's 2% target for much of the year. Global uncertainty driven by US tariff announcements, have seen for an upward trajectory in inflation in recent months. This has continued to have an impact on our cost base during the year, from which we have seen costs increasing at a not dissimilar rate to that of our income.

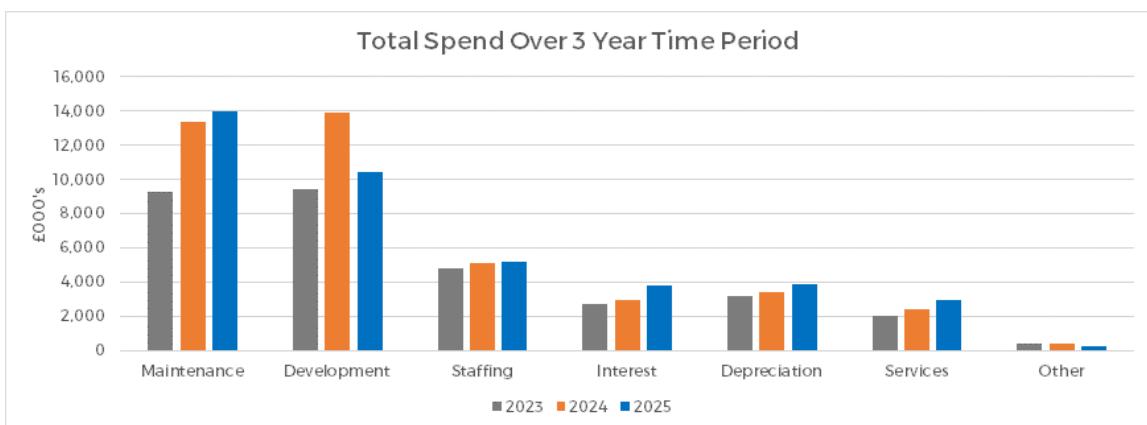
A key focus of our approach to financial management is demonstrated in the 2025/26 budget, which aims to further improve the performance of our operating

margin to preserve the financial resilience and strength of the organisation. The 2025/26 budget approved by Board is at an operating margin of 25%.

The Building Cost Information Services (BCIS) reported in their March 2025 forecast that inflation in the construction industry is forecast to increase by 17% over the next five years. The impact of cost increase for materials and labour remains and this can be further compounded by contractor availability, where a scarcity of contractors can present additional challenges for providers.

Our exposure to the above inflationary increases in cost of materials and labour from the construction industry, continue to make for a challenging environment driving further increases in the cost of delivering our services to customers. This is a shared experience with others in the sector and as outlined above, our operating margin continues to remain above that of our peers as shown in section 4.

Total Spend Comparison - 2022/23 to 2024/25



The most significant changes between 2024 and 2025 are:

- A decrease in overall spend of just under £1m, most of which (£3.5m) is attributable to a reduction in net spend on the development of new units. In 2024 we delivered 83 units and spent £13.9m; whereas in 2025 we delivered 74 new units incurring costs of £10.4m. The level of investment is reflective of the profile of our development schemes and our aspiration outlined in our 3-year corporate strategy to deliver a minimum of 225 new homes between 2024 and 2026.
- An overall increased investment in maintenance costs of £0.7m, which has been caused by several factors outlined below.
 - The value of capitalised major repairs has decreased by £0.5m compared to 2023/24. The level of investment in 2024/25 was closely aligned to the expectation of the original budget. This investment is based on the latest available energy performance certificate (EPC) information and detailed stock condition survey (SCS) held on our properties. During 2024/25, 1,439 improvements were made to our customers' homes at a cost of £5m.

- We have continued to see an increase in the cost of delivering our Responsive Repairs services with costs increasing by £700k on the prior year. During 2024/25 we experienced a 21% increase in the volume of day-to-day repairs compared to the assumption of the original budget. We have continued to experience more specialist works carried out on areas such as roofing, joinery and ground works to address drainage issues –the average cost for these repairs is significantly higher than that of a standard repair.
- Our void costs have increased by £243k compared to the 2023/24 financial year. During 2024/25 we experienced a 7% increase in the number of properties becoming void compared to the assumption of the original budget. We continue to see some properties requiring a broader scope of works to be undertaken prior to relet due to costs of clearance, repairs and redecoration. During the year we engaged consultants to review our approach to voids. This work concluded that our processes and housing management arrangements were strong and costs in line with Peers.
- We have spent an additional £105k (Capital & Revenue expenditure) to address issues of damp, mould and condensation (DMC) in our properties in comparison to last financial year. We have seen both the number of reported incidents and the average cost of the subsequent repair increasing. We have reviewed processes, reporting, inspection regimes, enhanced training for staff and provided advice for tenants. Continued vigilance in treating DMC issues remains a priority for us as we plan for the implementation for Awaab's Law in October 2025.

Whilst there is no peer data publicly available for 2024/25, following dialogue with other providers in the region we are anecdotally aware that many of our peers have had similar increases in maintenance spend during the year.

In response and in the summer of 2024, we commissioned 4i Solutions to undertake a review of our existing repairs contract with Ian Williams. The review considered an assessment of the contract's commercial sustainability and the level of value for money being delivered by the contract. Key findings of the review are summarised below;

- **Cost** – from the review and benchmarking exercise undertaken we are paying 'competitive prices' per repair across both responsive maintenance and voids. 4i also commented that the level of site and central overheads '*are sufficient to deliver contracts of the nature to achieve acceptable levels of performance*'.
- **Value for Money** – performance scores show that service levels are broadly in line with KPI targets with VFM being achieved through a composite of both cost and quality.
- **Peer Comparison** – the service being delivered by Ian Williams compares favourably across a range of benchmarked measures such as customer satisfaction and job completions etc.

Some key comparative benchmarks emerging from the review are outlined below:

Health Check Measure	North Star	Peer Benchmark	Variance
Contractor Overhead %	18.0%	22.0%	4.0% below peer average
Central Overhead %	5.0%	5.2%	0.2% below peer average

4i have provided a series of recommendations to further improve control in relation to cost management that have been implemented by staff.

3.2 Performance against Targets

The actions and targets were set in the annual corporate plan for 2024/25 and the annual VFM report shared with Board in June 2024. The outcomes marked in green have been completed, those in orange have been delayed and those in red the target was not met in 2024/25. Where actions have not been achieved there is an explanation in the outcome column. The VFM themes relate to the July 2021 VFM Strategy that was in place when Board approved the objectives in June 2024.

VFM Theme	Objective	Target	2024/25 Outcome
Customers			
Efficiency	Understand the diverse needs of customers.	Improve the data held on the key characteristics of customers. Analyse and use data to assess equality of access, outcomes, improve services and communication. Evidence the impact	We are following the guidance issued by NHF on the collation and use of customer data. We hold the data on between 98-100% of our customers. This now enables us to thoroughly assess fair access to and equality of outcomes with landlord services including access to housing, levels of satisfaction, levels and nature of complaints. This information is included in the annual report to the Board.
Efficiency	Ensure that the voice of customers influences decisions	Review the impact of the existing models of Community Investment/Tenant Involvement Develop a model/framework that enables customers to influence how North Star operates, is regulatory compliant and strengthens decision making	An external review has been concluded. A new framework has been co created with Board, Customers and Staff, and a new panel recruited to. The connections between the new panel and Board will be evolutionary and will continue to develop, with two Board Members taking lead roles to provide assurance to Board on the efficacy of North Stars approach.
Growth, Assets & The Green Agenda			
Enable Growth	To grow North Star by delivering 75 new units	Deliver at least 75 homes	74 homes are on target to have been delivered during the year. Additionally, North Star purchased 40 affordable rented units at Rosedale court, Middlesbrough, securing the long-term future of this building for our tenants.
Enable Growth	Using research, develop proposals for the provision of new supported housing	Develop a model with one Local Authority for the provision supported housing in 2025/26	Working with Stockton Council's adult services, and following the exit of the previous provider, we have developed a model for accommodating people who are homeless at Norton Road, Stockton. We have also expanded the service at Parkfield Hall and now hold Ofsted registration.
Active Asset Management	To improve the energy performance of our properties	100 properties upgraded to meet EPC (Energy Performance Certificate) C	Upgraded 122 to achieve EPC C
Smart Procurement	Develop a green procurement strategy	A production of a framework to select contractors not only on cost/ quality, but on their environmental credentials	The strategy and approach now require contractors to outline its green credentials. The procurement of all services includes the assessment of contractors' performance.

People & Culture			
Efficiency	Develop staff from across the organisation	<p>Design and deliver a programme to develop aspiring Managers.</p> <p>Further develop the staff skills for change programme.</p> <p>Support staff to access Higher Level Apprenticeships and professional qualifications.</p> <p>Employ and develop three apprentices</p>	<p>The programme for Aspiring Managers has been developed and is being delivered to six members of staff.</p> <p>Skills for Change has been delivered to 12 new members of staff.</p> <p>Six staff have been supported to access University course or work towards Professional Qualifications</p> <p>We are currently employing two apprentices and intend to employ another in 2025/26.</p>
Governance			
Maximise Income	Retain G1/V1 rating	Confirmation from the RSH in November 2024	G1/V1 rating confirmed in December 2024.
Efficiency	Create more time for generative discussions	Board and SMT residential to be held in the Autumn of 2024	Additional Board meeting held in July 2024 which included new Directors. Board residential held in October 2024.
Maximise Social Value	Continue to develop the approach to EDI at Board	<p>EDI is a considered as part of the succession planning by RECC</p> <p>Continuation of the NHF Chair's Challenge started in 2023/24</p>	<p>New Board member recruitment focus was on Finance skills.</p> <p>Four HDN Board trainees recruited in May 2025.</p>
Technology & Data			
Efficiency	To complete the transition to new Housing Management System (HMS)	HMS Endeavour modules are all live and we are able to serve notice on Capita Open Housing	All major modules implemented, and notice served on Capita in September 2024.
Efficiency	To improve data in the business	<p>Schedule of primary data in place to ensure high quality data and analysis for relevant staff that provides confidence and assurance and assists with improved decision making.</p>	<p>Initial meeting held with Heads of Group in March 2024.</p> <p>Transition to new HMS has led to data cleanse and processes in place to ensure accuracy of HMS data. There were also detailed reconciliation processes for each module.</p> <p>Work underway to create new Data strategy which is part of 2025/26 Corporate Plan.</p>
Smart Procurement	Review and re-procurement of IT infrastructure	Review completed with recommendations used to inform a new procurement process with transition planned for 2025/26	Objective carried forward to 2025/26 due to a number of key vacant roles during the year. A review of the infrastructure has taken place with procurement activity planned for the first quarter of 2025/26.
Efficiency	To continue to develop our approach to innovation	Run at least two sprint projects to trial new ideas and concepts	Three innovation sprints have been completed in the first part of the year – robotics, Amazon Key and boiler sensors. Innovation workshop held in January 2025 with projects to be progressed over coming months.
VFM			
Enable Growth	Develop a medium-term funding strategy	Funding strategy to be agreed at November 2024 RAC meeting	Paper shared on funding plans at November 2024 RAC meeting. Work supported by Centrus with plans to put new funding in place during 2025.
Active Asset Management	Establish a property options appraisal process to assess the sustainability of our assets and can be used for invest/divest decisions	New software is in use and headline data is shared with Board to inform decisions on assets	Working with Consultants, Savills we have purchased a model and updated our data to better understand the performance of our stock utilising their SHAPE

		Information shared as part of VFM update for Board on Asset performance	platform. This analysis and information was shared with Board in April 2025.
Efficiency	Carry out an in-depth review of maintenance costs to ensure the delivery of VFM	Reviews of each area of maintenance (repairs, voids, compliance and investment) carried out to assess VFM and key controls and assurances on maintenance spend	Consultants 4i have been commissioned to review our day-to-day repair costs to provide assurance around delivery of VFM. We received the final report in December 2024 with some details shared in the deep dive for RAC in February 2025. Staff have actioned the recommendations with Ian Williams.

There were a number of other objectives that were delivered in the year but don't directly link in the VFM themes. These include:

- A review of communications with, and information for customers involving a review and redesign of our website. A Communication Policy and framework has also been developed to ensure we meet the needs of our customers.
- Utilising ethnographic data, we have engaged with customers to inform the designs standards of new build homes.
- We have developed an approach for the formulation of North Stars next strategic vision which will be delivered in 2025/26.
- We have increased levels of diversity in the staff team from 4% to 7% and focused our attentions on the recruitment of four HDN trainee Board members.
- We have successfully appointed a new Chief Executive and Executive Director of Finance & Business Support.
- New Chairs to the subcommittees of the Board have been appointed, with updated Terms of References being agreed for RECC to take a lead role in succession planning for Board.
- We have completed a review of the Compliance & Property Services teams which has seen for the introduction of new processes and staffing structures.

3.3 Savings & Efficiencies

We have outlined below a definition of savings and efficiencies and captured their application in the business over the last 12 months.

- **Efficiencies** – there is a focus across North Star on working effectively and economically. This applies to both front line services as well as functions in the back office. Being efficient in our processes, allows us to maximise the effectiveness from our levels of available resource. Whilst this can lead to both staff and contractors being able to deliver more, it won't always result in cashable savings.
- **Savings** – this is where a reduction in cost has been delivered by a new or redesigned process or generated as a result of newly procured contract. A savings is created where a particular process requires less resource to achieve the same level of effectiveness.

Efficiencies

There have been improvements or changes made during the year, which may not directly impact or reduce costs but do support a more effective use of our resources. Some of the efficiencies introduced during the year are outlined below.

- During the year we leveraged funding through a North East partnership to work with the National Innovation Centre for Data (NICD). Working with a Data Scientist, we shared our repairs data to forecast the failure of boilers in our properties based on both the type and frequency of repairs experienced. The funding secure was worth approximately £25k.
- As a part of our HMS Endeavour project, a new Repairs module was introduced during the year as part of a phase implementation. The module streamlined the number of systems used by our Customer Services Team to one singular system. This simplified approach increases both the speed and ease at which repairs can be raised for customers.
- We introduced [Housing Perks](#) for both our customers and staff. Housing Perks is a nationally used discount scheme which offers the ability for customers to use their savings to pay off any rent arrears.
- We have introduced a formal Change Advisory Board (CAB) to support the change management of IT systems within the business. This ensure all changes, including associated spend and system modifications are tracked reviewed and authorised through a robust process which is well governed. Changes introduced, as suggested by staff, have delivered further aspects of automation within our new Housing Management System.
- In conjunction with our Repairs contractor, we have introduced SkyVac Technologies to clean the guttering of our properties. The new technology reduces the need for scaffolding, reduces costs, improves safety and speeds up the delivery of maintenance to our properties. The innovation has been welcomed by customers.

Savings

The delivery of £122k of savings was set out in the 2024/25 budget approved by Board in March 2024, with this value being surpassed during the year. There were savings of £208k made during the year from vacant roles, £140k from savings relating to procurement and a further £78k savings on property leasing costs.

Whilst we have secured cost savings during the year, we have seen areas of operating cost increase most notably so within responsive maintenance and central administration costs. Savings secured have been utilised to reduce the impact of cost increase elsewhere in the business.

3.4 Community Investment and Generating Social Value

At North Star we have a long history of operating right at the heart of the communities we serve. We work hard to be not only a responsible landlord, but an active partner in our communities. We believe in working with a community's strengths to address the challenges they face, rather than focussing on perceived issues and problems.

Connecting communities to our business gives us the opportunity to understand what really matters to our tenants, demonstrate our role as an anchor organisation and support people to realise their ambition and achieve their potential.

This year we have conducted a community survey to find out what our tenants really want to see us supporting and developing in their communities. From this research and analysis of over 200 responses we know what individual communities want us to invest in as well as our tenant population as a whole. This will generate a refreshed strategy that focusses on challenging poverty, increasing opportunity and improving the physical environment of communities. It is a key strategic decision to invest in our communities, working with people to address community challenges and improve the quality of their lives. In 2024/25 North Star invested £320k.

North Star's investment generates social value which is measured, calculated and reported annually using a treasury approved method of calculation combining qualitative and quantitative outcomes. As a result of the investment North Star has delivered more than £4.3m of social value. This figure is made up of:

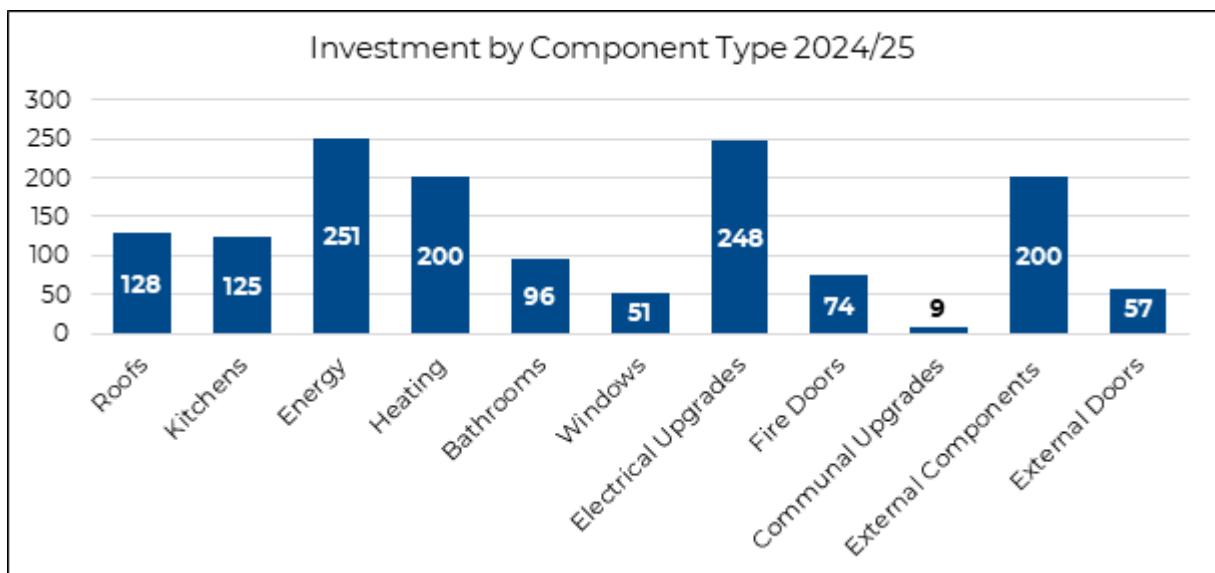
- Over £3.25m generated through community investment projects targeting food poverty relief, tackling the cost-of-living crisis and addressing loneliness.
- £100k generated by tenant connection activity reviewing of policies, procedures and performance of North Star.
- £1m generated in health and wellbeing outcomes through planned maintenance work improving the quality of homes we own.
- £70k generated through successful moves of people from supported housing to independent tenancies.

3.5 Asset Management

Our property portfolio is diverse. Our Asset Management Strategy sets out how we manage, maintain, and review the performance of our stock. Utilising staff and

consultants we have developed a 5-year cycle of stock condition surveys and will survey 789 properties each year to maintain this cycle. This robust data helps to inform our strategic decisions relating to stock investment. Our investment programme is developed to combine works to both minimise disruption for customers and achieve efficiencies for North Star through procurement.

During 2024/25 we invested £5.0m in our existing properties. In total 1033 properties benefited from improvement works. Active asset management and planned investment is not only vital to ensuring homes meet customer expectations and meet the decent home standards, but it is also reduces the need for responsive repairs.



*Some properties benefited from more than one component upgrade

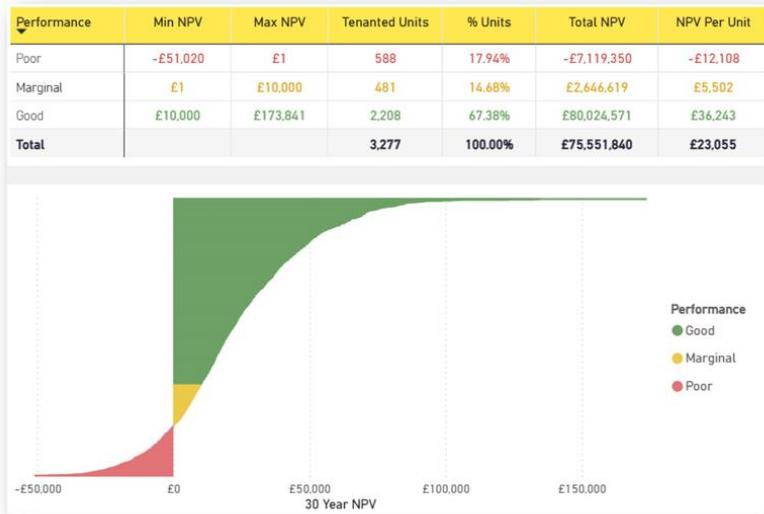
We are committed to the long-term aim of decarbonising our stock and meeting the Governments targets of getting our properties to EPC Level C by 2030. During the year we have continued to invest in the decarbonisation of our stock with 122 properties upgraded to EPC level C and have attracted Government funding of over £950k from round three of the Social Housing Decarbonisation Fund (SHDF).

Return on Assets

Understanding the performance of our assets, not just from a financial perspective but also their performance against social objectives is a driver of value for money. During 2024/25 we wanted to enhance our Return on Assets model, and commissioned consultants Savills to work with us utilising their sector leading SHAPE platform.

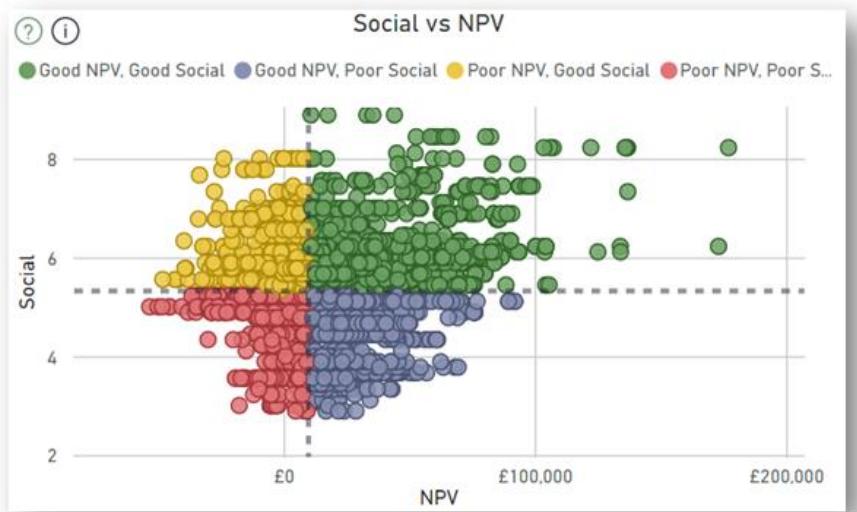
The model provides information on the performance of assets on a more granular basis, allows for options analysis and ability to access benchmarking information. We shared the model and outcomes with Board in April 2025 and will be refreshed annually for review. The model will help support decision making on the investment needs of assets and will be an important tool in the strategic asset management of our properties and neighbourhoods.

The below graphic considers the Net Present Value (NPV) of stock, categorising performance as either 'Good', 'Marginal' or 'Poor'.



67.4% of our stock has an NPV over a 30-year period exceeding £10k. Savills have indicated that typically providers' portfolios consist of between 20% - 25% of marginal or poor performing stock. The NPV of properties has been negatively impacted in 2024/25 as a result of more prudent assumptions upon major repairs and operating costs acting to apply downward pressure. The updated model is based on the 2025 Business plan assumptions on rental income and therefore captures the extension of a CPI + 1% rent settlement to 2031.

The below graphic compares both the social and financial performance (NPV) our properties. The measures of social value are informed by 11 different 'Data Indicators' based upon a range of areas including anti-social behavior, complaints, customer satisfaction, energy efficiency as well as aspect of digitalisation.



We are in the process of developing our strategic approach in this area with a revised Asset Management Strategy due to be considered by Board in the summer of 2025. The next steps will be to incorporate our supported housing assets into the model and review in more depth the reasons behind the poorer performing assets groups (red quadrant). As appropriate, we will use SHAPE modeling to explore options and develop strategies to enhance performance.

3.6 Customers

At North Star, our commitment to delivering exceptional services goes hand in hand with understanding our customers' experiences. Customer satisfaction isn't just a metric—it's a reflection of how well we meet our customers' needs, drive value for money, and continually raise the standard of our services.

We capture customer satisfaction through two robust methods: Rant and Rave and Tenant Satisfaction Measures (TSMs):

- **Rant and Rave:** Our real-time feedback system, capturing customer experiences immediately after a service is delivered, providing instant insight into transactional satisfaction.
- **Tenant Satisfaction Measures (TSMs):** These delve deeper, measuring customers' perceptions of our services over the last year, offering a broader view of their overall experience with North Star.

Our dual approach ensures we have both the pulse of day-to-day service delivery and the broader perspective on long-term customer experience.

As members of the Institute of Customer Service (ICS), we don't just measure ourselves against housing providers; we benchmark against the best in every sector. This gives us access to cutting-edge research, industry-leading innovations, and a platform to continuously improve. ICS's research underlines a powerful truth: *great customer service drives financial performance and delivers value for money*.

In our most recent ICS perception survey (December 2024), North Star scored 80.7 out of 100, the benchmarking of this score for the ICS overall is 75.8 and for Public Services (Local) is 70.3.

3.6.1 Customer Satisfaction

Through analysis of perception survey data, we continually identify key themes, emerging trends, and areas for improvement. This intelligence is at the core of our decision-making, driving enhancements in service quality and elevating customer experience.

Tenant Satisfaction Measures (TSMs)

- Top Quartile Performance in 12 out of 12 categories.

RAG rated to RSH 2023/24 results				RSH Average results 2023/24		
TSM indicator	TSM Description	2023/24	2024/25	Lower Quartile	Landlord Average	Upper Quartile
TP01	Satisfaction with overall service	83.2%	86.4%	63.7%	71.3%	78.4%
TP02	Satisfaction with the overall repairs service	78.5%	79.6%	65.7%	72.3%	78.7%
TP03	Satisfaction with time taken to complete most recent repair	74.7%	77.3%	61.1%	67.4%	75.3%

TP04	Satisfaction that their home is well maintained	83%	85%	64.4%	70.8%	77.6%
TP05	Satisfaction that their home is safe	91.1%	89.3%	70.5%	76.7%	82.5%
TP06	Satisfaction that North Star listens to tenant views and acts upon them	77.5%	79.4%	52.3%	60.4%	67.9%
TP07	Satisfaction that North Star keeps tenants informed about things that matter to them	80%	83.6%	63.8%	70.3%	75.9%
TP08	Proportion of respondents who report that they agree North Star treats them fairly and with respect	88.1%	89.2%	70.8%	76.8%	82.8%
TP09	Satisfaction with North Star's approach to handling complaints	50.8%	56.2%	27.5%	34.5%	41.1%
TP10	Satisfaction that North Star keeps communal areas clean and well maintained	75.8%	81.4%	58.2%	65.1%	71.7%
TP11	Satisfaction that North Star makes a positive contribution to neighbourhoods	72.3%	79.5%	55.1%	63.1%	70.4%
TP12	Satisfaction with North Star's approach to handling anti-social behaviour	71.3%	78.8%	51.3%	57.8%	64.8%

Our Rant and Rave platform gives us immediate feedback on key service areas, driving timely improvements:

Rant and Rave Customer satisfaction KPI	2021/22	2022/23	2024/25	Target 2024/25	Housemark median
Repairs	88.6%	85.6%	86.5%	88%	88%
Customer Service	97%	95.5%	96.4%	88%	No data available

We know that repairs are a cornerstone of customer satisfaction. Recent feedback indicates that communication and completion times are key drivers of dissatisfaction. We investigate every instance of low satisfaction to understand root causes and drive targeted improvements. Our commitment to refining the repairs service is resolute, with enhanced oversight and management focus.

We also measure satisfaction, in the same method across:

- Gas Servicing
- New Homes
- Complaints Handling
- Adaptations
- Moving In Experiences
- Planned Maintenance

3.7 Performance

Another measure of effectiveness is the KPI performance and the annual performance for 2024/25 was shared with Board in June 2025. A wide range of KPIs are captured and reported during the year with the key metrics for housing management, repairs and staff shown below:

KPIs	2022/23	2023/24	Target 2024/25	Outturn 2024/25	HouseMark Quartile Position
Current arrears – General Needs & Older Persons (GN&OP)	3.10%	3.02%	2.90%	2.35%	Median
% rent lost through homes being empty (GN&OP)	0.94%	0.79%	0.78%	0.79%	Upper
% of appointments kept	95.80%	96.50%	98.00%	94.40%	Lower
% of gas services completed before expiry date at quarter end	99.74%	99.94%	100.00%	100.00%	Upper
% of time lost to sickness	2.03%	1.57%	N/A	1.62%	Not available

We set challenging performance targets informed by three-year trend data and consideration of our operating environment.

We continue to support our customers through the delivery of benefits advice and income maximisation. During 2024/25, the Team supported customers to increase their income by over £1m.

Our performance on the percentage of repairs appointments kept was less than the specified target at the end of March 2025. In response to the underperformance in repairs targets, we have implemented several changes to drive improvement;

- Follow-on and rebooking processes have been redesigned in collaboration with Ian Williams or main contract partner for repairs
- Continued focus on resource allocation and monitoring trends.

- Working with CST team to ensure appropriate classification of repairs and use of diagnostic technology.

3.8 Financial Capacity

Following our In-Depth assessment from the Regulator in 2022/23, our top regulatory judgements of G1/V1 were confirmed again in December 2024 as a part of the Regulators Annual Stability Check. This next section sets out our approach to assessing, and evidencing use of, the financial capacity within the business.

Borrowings

As at the end of March 2025, the organisation had £129.6m of drawn debt to support investment in both new and existing properties. The level of debt drove gearing of 50.3%, which is higher than a sector median of 45.6% as outlined in [VFM metrics and reporting](#) for 2024. This indicates North Star is leveraging more debt from its available asset base to drive investment in our communities. Our VFM measure in relation to New Supply Delivered is further evidence of this. The measure is reflective of our Growth Strategy and indicates the organisation ‘sweats’ its assets more in comparison to similar sized providers.

In 2024 we introduced a new funder to the organisation (Clydesdale Bank Plc t/a Virgin Money) as a part of the latest refinancing project to replace our revolving credit facility with Yorkshire Building Society (YBS). The new facility, totalling £50m, increased our access to liquidity by £25m and allowed us to retain a harmonised suite of covenants across all principal funders. The new facility also allows us to manage interest rate risk, but also benefit from any future decline in the variable rate of interest.

As part of our medium-term funding strategy, we are on course to raise an additional £20m of new finance in the summer of 2025 from Santander UK Plc. The proposed facility from Santander permits the hedging of up to 100% of the drawn balance. The facility also has an availability period of up to 24 months, allowing us to only draw funds as they are required reducing the cost of carry during the early years of the agreement. Importantly the facility allows us to maintain a harmonise covenant suite across all principal lenders.

We have continued to model debt capacity stress testing in our Business Planning process for 2025. Similar to 2024, this has shown there continues to be more exposure to the availability of asset cover in our financial planning compared to other aspects of covenant risk. The April 2025 Business Plan does however make good use of the available security and holds sufficient headroom to help mitigate covenant risk.

Assumptions around the valuation growth of our stock, have been modelled alongside levels of projected borrowings to identify if we are sufficiently maximising the financial capacity of our plan. The 2025 Business plan approved by Board saw the percentage of available security reach as low as 29.2%, thus meaning the level of investment profiled is in line with the risk appetite and Golden Rule parameters approved by Board.

In 2025 we have continued to provide further analysis focusing upon the short-term liquidity impact generated by stress events. As at the end of March 2025, we had access to 37 months of liquidity (April 2028).

Investment

The 2024 Business Plan captured a commitment to deliver 375 new units between 2026 and 2031, and to deliver an EPC rating of 'C' across all our properties by 2028. In February 2025, the Regulator published the results of the Quarter 3 financial & risk survey outlining continued significant financial pressures within the sector. Capital works to existing stock are set to continue to record levels as providers deal with increased demand for repairs, whilst responding to the Social Housing Regulation Act 2023. In response it continues to be reported that providers in the sector are continuing to reduce capital expenditure in new development as a response to the challenging economic environment. There continues to be uncertainty as revised expectations around stock decency (Decent Homes II), provision of new homes (Future Homes Standard) and decarbonisation continue to emerge.

The financial strength of North Star has allowed for these investment commitments to continue in the 2025 Business Plan approved by Board in April 2025. The investment allows us to meet the housing need of future customers as well as support existing customers as we look to alleviate the impact of fuel poverty.

Investment in delivering social value remains at the core of North Star. Our financial strength, as evidenced by our strong operating margin, allowed us to spend £320k on Community Investment in 2024/25 with our work delivering more than £4.3m of social value during the period.

Over the last three financial years our operating margin has remained strong, averaging at 23.1% and continues to outperform our peers as outlined in section 4.2. Mirroring the approach of previous years, the Guiding Principles used to develop the 2025/26 Budget ensured there remained a focus upon identifying essential and discretionary spend within the business, with areas of discretionary spend being required to demonstrate 'positive business impact'.

Inside the last five years, we have undertaken two separate refinancing projects, to raise a combined debt value of £160m. The outcomes of the refinancing projects remain at the heart of increasing and sustaining capacity within the business. Reduced interest, liquidity, refinancing and covenant risk for North Star has offered us the flexibility to deal with economic challenges and emerging issues. This robust approach towards the management of all aspects of treasury risk will be further bolstered by the introduction of new funding in the summer of 2025, as we meet the needs of our medium-term funding strategy.

Sustaining our financial resilience continues to be an area of critical focus, with several references captured upon our Strategic Risk Register;

- [SRR2 - Ineffective strategic cost control](#)
- [SRR3 - Failure to Manage Assets Effectively](#)
- [SRR5 - Failure to secure long-term financing to fund the Business Plan](#)
- [SRR11 – Inability to maintain the organisation's financial viability due to legislative or social housing policy changes](#)

Each specified risk has a series of risk controls that are being operated to both manage and mitigate potential impacts. The stress testing of our April 2025 Business Plan evidenced we are able to withstand aspects of financial uncertainty.

4. North Star Trends and Comparison to other Housing Associations

4.1 Benchmarking

Benchmarking enables us to assess our costs and performance against our peers.

There is a time lag to the publication of benchmarking data so the most up to date peer information is for the 2023/24 financial year. We know from speaking with peers and our own financial performance that there have continued to be cost pressures during 2024/25 mainly around maintenance costs.

There is a range of information available which can be used to benchmark the performance and costs of North Star. It can identify areas of high cost or poor performance that can be investigated by staff and action taken to improve if required. There can be difficulties in drawing absolute comparisons on benchmarking data. We use benchmarking in the following ways:

HouseMark

HouseMark as a tool is designed to offer high-level insights and forecasts to support decision making within the business. We pay an annual fee to be a member, submitting quarterly performance and annual cost data. The most recent peer group data is for the 2023/24 financial year. Due to the retrospective nature of the tool and its resulting limitations, we are ending our membership with Housemark in November 2025.

Vantage Club

In 2022/23 we joined Vantage Performance Improvement Club. A focus of the club is to share and report on benchmarking performance more readily than HouseMark. Vantage also allows for comparisons to be made based upon both historical and forecast data. We have made use of the forum in 2025 as part of benchmarking key business plan assumptions with peers.

RSH Global Accounts

In September of each year, we are required to submit financial information to the RSH via the Financial Viability Assessment (FVA). All registered providers owning more than 1,000 units are required to submit this data. In January 2025, the RSH then published an annual paper along with the data for all organisations. The 2024 Global Accounts report can be viewed [here](#).

RSH VFM Metrics

As part of the RSH VFM standard we are required to publish a set of prescribed VFM metrics. This data is then shared for all organisations along with a report. The full report for the 2024 metrics can be viewed [here](#).

Peer Groups

Where possible the standard peer group as set out below has been used in the analysis. The standard peer group is taken from organisations in the North East, North West, Yorkshire and Humberside with between 2,500 and 7,500 units with supported housing. However, not all of this peer group submit data onto HouseMark and to ensure there is a sufficient sample size we have used a different peer group for the HouseMark analysis – details of this peer group are shared later in the report.

Broadacres HA Ltd	Muir Group HA Ltd
Calico Homes Ltd	Mosscare St Vincent's Housing Group

Community Gateway Association Ltd	South Lakes Housing
Connect HA Ltd	South Liverpool Homes Ltd
Irwell Valley HA Ltd	South Yorkshire HA Ltd
'Johnnie' Johnson Housing Trust Ltd	Southway Housing Trust (Manchester) Ltd
Leeds Federated HA Ltd	Weaver Vale Housing Trust Ltd

4.2 RSH VFM Metrics

The table below show the performance on the VFM metrics over the last three years and includes the draft North Star figures for 2024/25.

RSH metrics	2022	2023	2024	2025	2022	2023	2024
	NS	NS	NS	NS (Draft)	Peer	Peer	Peer
1. Reinvestment %	3.5%	6.6%	9.5%	7.1%	7.1%	5.9%	7.9%
2. New supply delivered (Social Housing Units) %	1.04%	1.78%	2.12%	1.86%	1.08%	1.62%	1.15%
3. Gearing %	45.8%	47.2%	48.8%	50.3%	42.4%	42.8%	43.9%
4. EBITDA MRI interest cover %	201%	169%	86%	121%	183%	152%	120%
5. HSCU	£3,930	£4,354	£5,332	£5,563	£3,908	£4,399	£5,158
6a. Operating Margin (Social Housing Lettings) %	27.6%	21.7%	21.7%	22.4%	20.7%	18.6%	15.5%
6b. Operating Margin %	28.7%	22.9%	22.9%	23.4%	21.0%	19.0%	16.1%
7. ROCE	2.9%	2.3%	2.4%	2.7%	3.4%	3.1%	2.9%

* RSH Technical Note Guidance Definition

There is no peer group data available yet for 2024/25.

North Star Trend

The key points to note from the North Star data are:

- The reinvestment metric has decreased in with £4.2m less spent on the development programme during 2024/25. Despite the reduced level of spend we delivered 74 new properties in the year. During last financial year we have also invested £5.0m to meet the component needs of our existing properties as determined by stock condition and energy performance data.
- As a result of conscious accelerated investment decisions and inflationary pressures, our EBITDA MRI interest cover declined during 2023/24 to 86%. In 2024/25 the metric has recovered and has been delivered in line with the expectations of our original budget. The delivery of the metric has been supported by our robust approach to budget management in addition to a well-managed treasury portfolio with high levels of hedged debt protecting us from interest rate risk.

North Star v Peer Group Metrics

Data from our peers on their performance against the VFM metrics for 2024/25 is not yet available. To compare with others in the sector we have used our 2024/25 performance comparing with that of the trend from peers over the last three financial years. This makes absolute comparison difficult, as the impact of continued economic uncertainty will not yet fully visible on peer metrics.

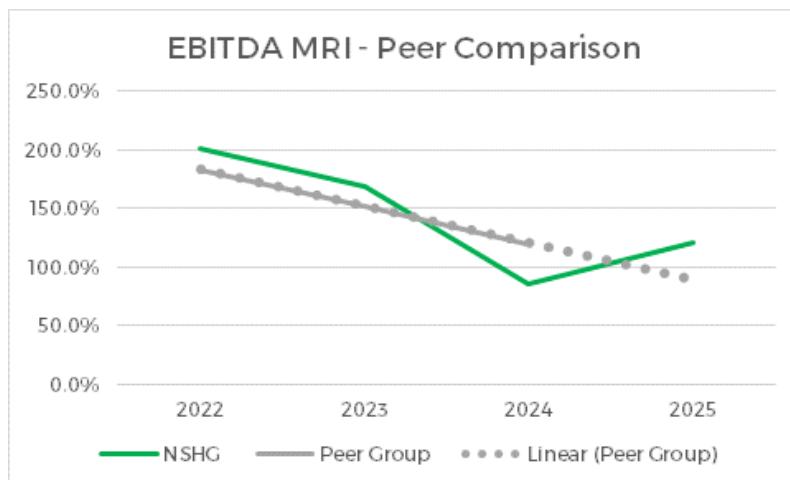
In many of the metrics, our experience is either reflective of or better than that of our peers. Our operating margin continues to be an area of strength, we sweat our assets to leverage comparatively more debt than peers to outperform on the level of new housing supply that we generate.

In recent years we have provided further analysis in relation to Headline Social Housing Cost per unit (HSCU) as a result of being more costly than our peer group. The draft 2025 position is in line with the forecast trajectory of the peer group and subsequently no further detail has been provided below. There are however, two metrics where the trend demonstrates a positive movement from our peer group.

The areas which are outlined further below, with updates being provided when peer data for 2024/25 becomes available.

EBITDA MRI Interest Cover

In 2022 and 2023 our performance in this area sat comfortably ahead of the peer benchmark. However, the recent experience in the sector has seen for a downward pressure on this metric as a result of cost increase coupled with an overall growth in interest rates since late 2021. The 2024 Global Accounts reported a decline of over 40% in the metric since 2021.



In 2024 we made conscious decisions to accelerate investment in the health and safety and energy efficiency of some our properties. The investments ensured we prioritised the safety of our customers and supported tenant to alleviate the impacts of fuel poverty. This demonstrates North Stars strong social purpose, however the additional investment led to a deterioration in the metric that benchmarked less favourably than peers in 2024.

In 2025, the metric demonstrates recovery whilst a continued deterioration in interest cover is outlined in the forecast trend for the peer group. Whilst we have experienced cost challenges during the year, we have generated comparable levels of operating surplus to support the delivery of strong performance against this measure. Our investment in existing properties of £5m, was delivered to budget demonstrating our approach of robust financial management within the business. The level of investment represents a 10% decrease upon the level of capitalised repairs from the previous year.

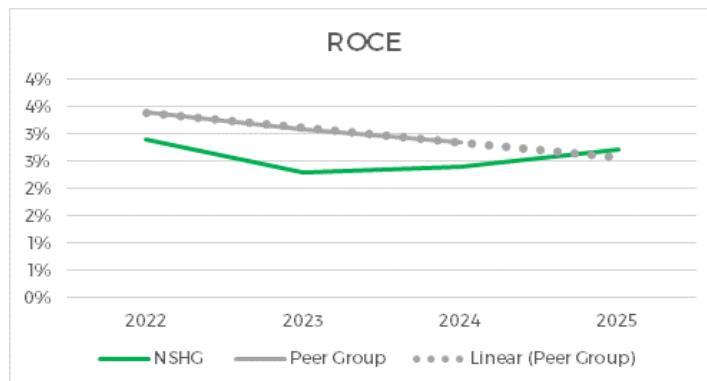
Drawing absolute comparisons with other providers in this area can be difficult given the fluctuating level of capitalised repair costs forming part of the calculation. The level of capitalised repairs is informed by stock condition and energy performance information held on housing stock, which ultimately vary between different organisations as a result of their stock investment needs.

We remain well protected from interest rate risk, where a rise in the rate of variable interest could further reduce this metric. As at the end of March 2025, 90% of our debt was drawn at fixed rates of interest meaning our exposure in this area continues to be low. For peers with a greater exposure to variable debt, performance may have continued to be challenging in an environment where interest rates remain comparatively high in the context of the last 16 year.

Whilst EBITDA MRI Interest Cover is a key measure of financial health; we continue to have flexibility to meet the investment needs of our properties without giving rise to covenant risk as a result of a harmonised EBITDA only covenant suite in place with our principal funders.

Return on Capital Employed (ROCE)

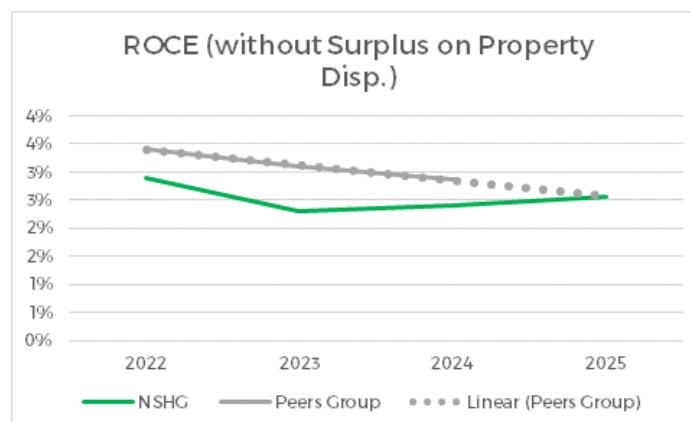
In recent years our ROCE performance has been below the average of our peer group. As reported in previous years, other providers generate higher levels of surplus from other and non-social housing activities (largely from Shared Ownership Sales) to bolster their performance in this area.



The metric for North Star has increased from 2.4% in 2024 to 2.7% in 2025. Improved performance in the metric has been supported by:

- **Improved Operating Margin** – our margin increased by 0.5% to 23.4% in 2024/25. Revenue was bolstered by the application of a 7.7% rent increase in 2024/25 as we looked to funds the growing investment needs of our properties and improve the quality of services we provide to customers.
- **Increased Volume of Statutory Property Disposals** – in the seven years prior to 2024/25, we averaged 3 statutory property disposals per annum. In this context, the disposals refer to Right-to-Buy (RTB), Right-to-Acquire (RTA) and Shared Ownership sales where a customer exercises a right to purchase their property. During 2024/25 eight separate property disposals were processed generating a surplus of more than £400k. This value is included in the ROCE calculation as defined by the Regulator.

We have restated our base performance in the below graph to exclude the impact of higher volumes of property disposals. On this basis, our 2024/25 performance is expected to in line with the measure expected to be recorded by our peers.



RSH have published trend analysis of the sectors performance against VFM metrics between 2022 and 2024. The analysis can be viewed [here](#) and demonstrates our experience over the last three years is reflective of or better than peers. Further analysis upon the RSH VFM metrics will be shared with Board as a part of the VFM Update in December 2025 once providers have published their financial statements for last financial year.

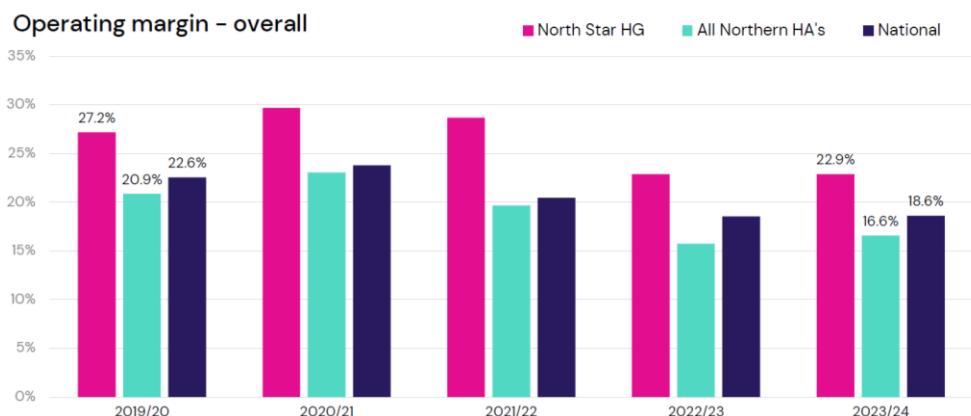
4.3 HouseMark

The level of analysis from HouseMark included in this report is brief as a result of the lag in data publication the inconsistencies between peers relating to aspects of cost allocation.

The peer group used in this analysis is different to the standard peer group referenced in section 4.1 – it is made up of either all participating organisations in the North East, and Yorkshire & Humberside or all participating organisations in the North. The criteria for this peer group is consistent with the analysis from HouseMark provided to Board as contained within the Annual Report on Value for Money in June 2024 and the VFM & Benchmarking Update shared in December 2024.

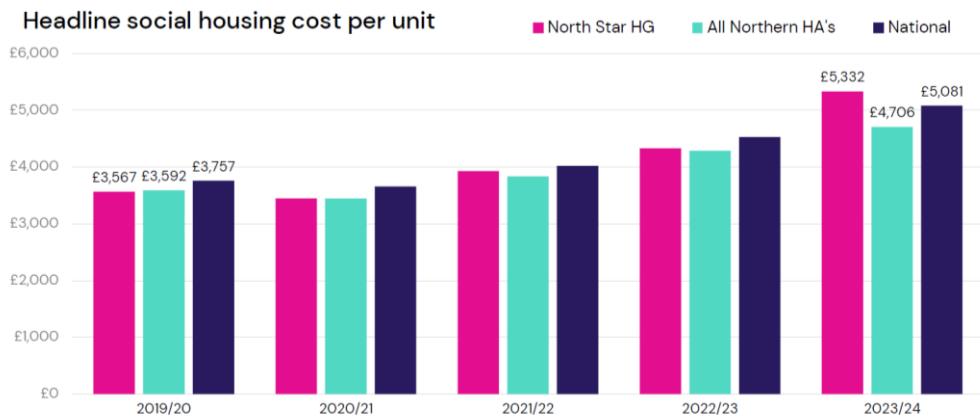
The next section highlights both areas of strength and underperformance within the organisation.

Our operating margin continues to be an area of strength as demonstrated by the below graph. During 2023/24 we achieved an operating margin of 22.9% which was comfortably above that of our peers and the national sector average.



Our margin has increased in 2024/25 to marginally increased to 23.4%. Whilst we have experienced areas of cost increase during the year, our robust approach to budget management and ability to surpass savings targets have supported to deliver an improvement in this measure. Within our budget we make prudent assumptions in relation to the timing of income from new developments, which has also been surpassed following the accelerated handover of new properties on some schemes.

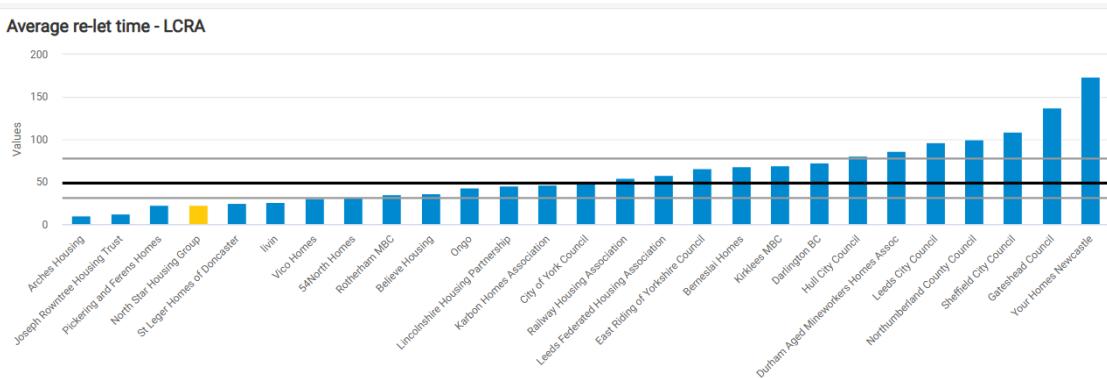
Whilst the operating margin has seen improvement in 2024/25, our recent experience of cost increase has also been experienced by other providers in both the region and nationally, as demonstrated by the below graph on Headline Social Housing cost per unit (HSCU) performance.



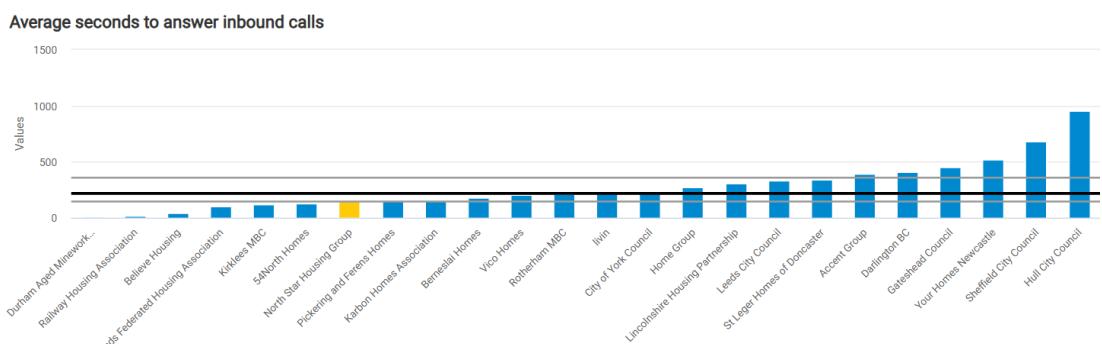
Whilst there is a consistent upward trajectory in the analysis for both ourselves and peers, it should be noted HSCU is impacted by the level of capitalised major repairs in any one year. The level of investment can fluctuate, with property investment needs being driven by stock condition survey and energy performance information. In 2023/24 an increased HSCU was reflective of conscious decision making to accelerate investment in existing properties as we looked to prioritise tenant health & safety.

The HouseMark data for 2023/24 shows that North Star continues to perform well in many key performance metrics. We have set out below some areas of strong performance:

- Average relet times at 23 days missed the internal target of 20 days but are significantly lower than the peer group median at 48.6 days.



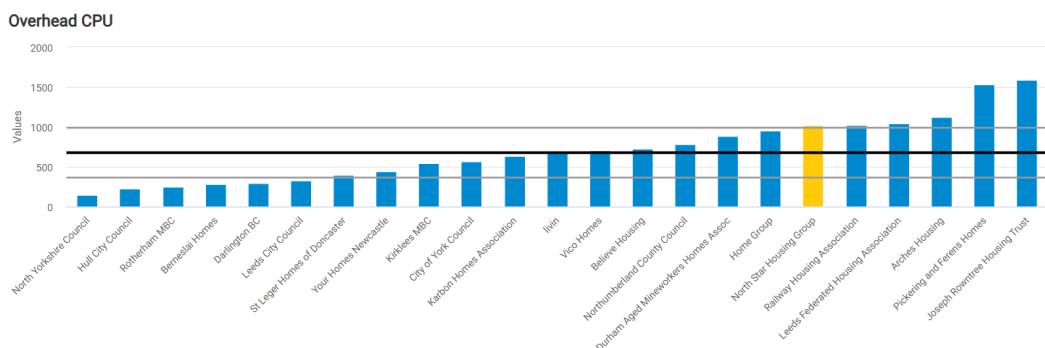
- Metrics recording our customer experience are also strong, where North Star performs well against peers when responding to inbound telephone calls.



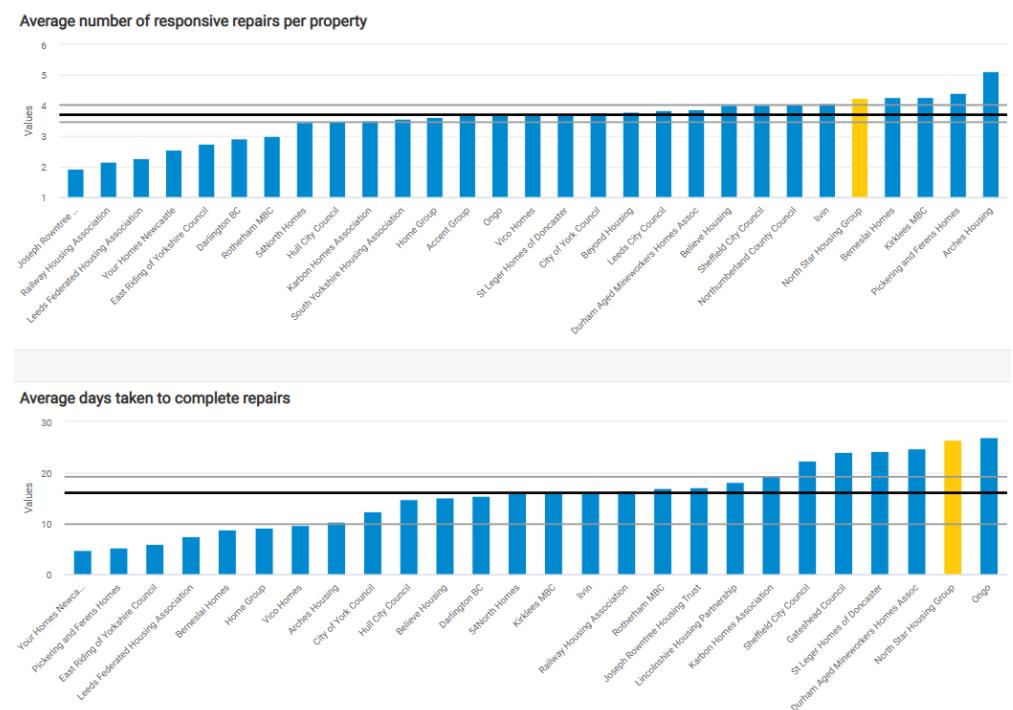
We have set out some analysis below of areas where North Star has recorded lower quartile performance in 2023/24:

- Overhead cost per unit (£1,017 vs Peer Median of £681). Spend captured in this area includes Finance, IT (Digital & Data), HR (People Services) and premises costs. Housemark no longer record 'Overheads as percentage of Turnover', which we have used for sharing with Board in previous iterations of the Annual Report on VFM. However, this similar measure increased from 13.7% in 2021 to 15.3% in 2023 and was similarly an area of outlying performance.

The main impact on the performance of this metric has been the level of investment needed to deliver our strategy for Digital and Data over recent years. The data can also be impacted by varying cost allocations techniques between peers.



- Both the average number of responsive repairs per property and the average number of days taken to complete repairs are higher than the medians recorded by peers. During the year we have continued to experience more complex works requiring the involvement of specialist contractors to undertake works relating to roofing, joinery and ground works to address drainage issues.



Despite the increased volume of repairs compared to peers, satisfaction with the overall repairs service at 83.6% was very close to the peer group median of 84.2%.

5. 2024/25 and Beyond

VFM remains at the heart of our corporate objectives, budgeting and business planning processes. During the year Board approved a new VFM Strategy with its guiding principles based on the 4 E's of Economy, Efficiency, Effectiveness and Equity. VFM underpins the health of the organisation and is key to keeping North Star strong as we aim to achieve our strategic objectives.

Over the last 12 months the external environment has remained challenging. Stubborn inflation has seen our operating costs rise at a not dissimilar rate to our income, resulting in marginal increase our operating margin for the year. During the year we have seen exposure to cost increase, particularly within property maintenance, as we responded to an increasing level of demand from our customers and a continued broadening scope of works required in our properties.

In 2025/26 we will be introducing new funding as we look to sustain our access to liquidity and operate with a continued harmonised covenant suite, supporting effective management of treasury risk within the business. The facility ensures there is an availability of cash to meet the ambitions of L&G to 2026 to invest in both new and existing properties.

The strength of our financial viability and the preservation of our financial resilience remains of critical importance. Continuing to deliver VFM will be key to enabling North Star to remain strong, to support our customers and communities. Working with colleagues and customers to fully embed our new VFM Strategy will be part of the work we undertake in 2025/26. By ensuring we are both conscious of and connected to VFM, we will be ideally placed to unlock efficiencies through transformational projects, service reviews and listening to the voice of the customer to improve the quality of services we provide.

It is from this perspective our future financial plans ensure savings are captured and discretionary spend is identified as we look to sustain our strong operating margin performance.

2025/26 Value for Money Targets and Objectives

The table overleaf captures the Corporate Plan objectives approved by Board in March 2025. We will continue to drive our approach on VFM within the business and embed our updated VFM Strategy during the year. Where additional VFM objectives emerge during the year as we respond to the needs of our customers, we will share with Board as a part of the VFM Update due to be provided in December 2025.

2025/26 Value for Money Targets and Objectives

The 2025/26 Corporate Plan contains a range of objectives – those linked to the VFM themes are set out and will be the 2025/26 VFM actions:

Objectives 2025/2026				
Objective	Purpose	VFM Strategy Objective	Actions (SMART targets where possible)	Lead/Date
CUSTOMERS				
Ensure that the voice of customers influences decisions	To strengthen decision making	Equity	Customer Recommendation tracker to be reported to Board quarterly via the Customer Voice paper and to be visible for all customers on the North Star website	EDC Quarterly and by July 2025
Review communication with and information for customers	To ensure it is clear, accessible, relevant and timely	Efficiency & Equity	Develop an app for and with customers to access services. Launch effectively to maximise take up	EDC December 2025
Use insight to drive improvement	To ensure that the delivery of excellent services is consistent	Effectiveness	Increase levels of customer satisfaction (transactional and perception) with the maintenance service to 86%	EDAG March 2026
		Effectiveness	Increase levels of customer satisfaction with complaints handling to 70% (Transactional and Perception)	EDC March 2026

GROWTH, ASSETS AND GREEN				
Objective	Purpose		Actions (SMART targets where possible)	Lead/Date
To develop our Planned Investment offer to customers	To ensure North Star provides a tenant-focussed planned investment service	Equity	Utilising insight from customers develop and implement a new service standard for planned maintenance.	EDAG September 2025
		Effectiveness	Using customer insight to assess performance against the new service standard	EDAG March 2026
To grow North Star's housing portfolio	To help meet housing need and add income to North Star	Efficiency	Grow by 75 new units during 2025/26. This will include: <ul style="list-style-type: none"> Five units of supportive housing Developing a zero-carbon scheme in Darlington 	EDAG March 2026
To ensure North Star's housing stock meets the Government target of EPC C by 2030	To improve the energy performance and reduce carbon emissions from our properties	Efficiency	To invest in properties so that at least 100 existing properties are improved to reach EPC level C	EDAG March 2026
		Economy	Secure £500k of grant funding through the Government Warm Homes Plan	EDAG March 2026
Enhance North Star's repairs offer for customers	To ensure we are delivering a customer focussed and effective repairs service	Efficiency	Ensure 85% repairs are completed on the first visit	EDAG March 2026
		Efficiency	Working with contractors and customers to implement a new follow up repairs process.	EDAG August 2025
		Efficiency & Equity	Develop an app for and with customers to access the repairs services.	EDAG December 2025

GOVERNANCE				
Objective	Purpose		Actions (SMART targets where possible)	Lead/ Date
Retain G1/V1 rating from Regulator of Social Housing	To provide a robust validation of North Star's governance & viability	Effectiveness	Confirmation from the RSH in December 2025 of the Governance and Viability ratings	EDFBS Dec 2025
TECHNOLOGY AND DATA				
Objective	Purpose		Actions (SMART targets where possible)	Lead/ Date
Review and re-procurement of ICT infrastructure	To ensure our infrastructure is fit for purpose, secure and future-proof and continues to deliver VFM	Economy	Review of current infrastructure completed with recommendations	EDFBS December 2025
			Procurement of new infrastructure with transition planned during 2026	EDFBS March 2026
Develop a Digital Strategy and deliver Year 1	To ensure our use of technologies and other digital tools are aligned to meet the needs of our customers	Economy	End use of Citrix virtual desktop	EDFBS March 2026

VALUE FOR MONEY (VFM)				
Objective	Purpose		Actions (SMART targets where possible)	Lead/ Date
Execute a medium-term funding strategy	To ensure there is funding in place to deliver the strategic objectives	Economy	Funding strategy to be executed at June 2025 Board	EDFBS June 2025
Embed January 2025 VFM Strategy across the business.	Maximise the use of our available resource to better meet the needs of customers and keep North Star strong.	Efficiency & Equity	Engage TTV and customer feedback/suggestions on VFM	EDFBS December 2025
		Efficiency	Provide opportunities for staff engagement, devising mechanisms for both suggestion and influence in the business.	EDFBS March 2026
Delivery of consistent Financial Performance	To keep North Star financially strong, ensuring we can continue to deliver our strategic objectives	Economy	Achieve the 2025/26 budgeted expectations for: <ul style="list-style-type: none"> Operating Margin at 25% EBITDA MRI (Interest Cover) at 121% 	EDFBS March 2026

There are a number of other actions featuring within the 2025/26 Corporate Plan that foster the delivering of VFM within the business. All actions featuring within the 2025/26 Corporate Plan can be access [here](#).