



NORTH STAR

Creating homes, building futures

**Value for Money
Annual Report
2026**

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1. Introduction

Current Context

We continue to operate within a challenging environment. Over the last 12 months we have experienced continued cost pressure, most notably within maintenance costs. Increasing levels of demand on our repairs service driven by a range of factors, has seen for a slight decline in some of our key financial metrics. Our commitment to prioritise tenant health and safety, coupled with increasing regulation has seen for the cost of delivering our services to customers increase.

The sector as a whole, continues to face sustained and intensifying costs pressures driven by a combination of regulatory and economic factors. Standards on property condition and tenant experience must be met as outlined in the Social Housing Regulation Act 2023 and the Regulator's Consumer Standards introduced in April 2024. The sector is also required to deliver more following the direction from government to improve the energy efficiency and quality of our properties which will require additional investment (EPC C, Minimum Energy Efficiency Standards and Decent Homes II). The Spending Review announced by the Labour Government in June 2025, continued to signal strong support for the sector, with £39bn of funding for new homes and an extension of the CPI + 1% rent settlement to 2035/36.

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 ever strong. We are conscious that the impact of the economic environment we live in has a disproportionate effect on key areas of our geography, further effecting low-income households who are already exposed to poverty and deprivation.

Inflation in the construction industry continues to out-pace the Office of National Statistics broad measure for inflation, the Consumer Price Index (CPI). The challenges of regulation and remediation, coupled with experience of cost increase, has resulted in a strain on the viability grading of providers across the sector. As of Spring last year approximately two-thirds of the sector were rated as 'V2' by the Regulator, which is a record high. Balancing the need to build new homes whilst addressing the requirements 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.

As a sector we need to respond to the challenges outlined, ensuring 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. Driving Value for Money (VFM) in the business has always been important. Now it has critical significance as we look to preserve the financial resilience of North Star and protect the welfare of our customers against the backdrop of continuing financial and other economic pressures.

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 us 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 2025.

Detail about each section is set out below:

The North Star Approach to “Value For Money” – 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 2025/26 - this section provides details of the key activity and performance against our targets and objectives during 2025/26.

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 2025 Global Accounts.

Conclusion & Next Steps – this summarises 2025/26 and sets out the VFM actions for 2026/27 which are synonymous with those already captured within the year 1 Delivery Plan and strategy approved by Board in April 2026.

This report does contain information that is contained in other Board reports. The report is written to be a standalone review, demonstrating the importance and embedding our strategy across the business and delivering VFM services to customers.

2. Executive Summary

North Star is operating in a challenging environment. Customer demand and cost pressures, along with increased regulation and compliance requirements have all led to increased operating costs. This has impacted financial performance with a marginal reduction in some of our key financial metrics (particularly EBITDA MRI), as we continue to borrow to invest in our existing properties and develop new homes in line with our Leading & Growing Strategy. Despite this, we remain financially resilient. We have significant financial capacity, developed in refinancing exercises carried out over the last 5 years.

As outlined in the benchmarking analysis provided within section five of this report, our operating margin (excluding impairment) shows the strength of our underlying business. We outperform peers both regionally and nationally in this measure. Our C1/V1 regulatory judgements were reaffirmed in December 2025 offering external validation of our effective governance and the strong financial position demonstrated through our Business Plan and Stress Testing.

The effectiveness of our services is outlined in the upper quartile performing Tenant Satisfaction Measure (TSM's) survey results and a range of strong performance across all areas of the organisation. The role of our Involved Customers ensure tenant voice shapes service delivery within the business across our VFM strategy objectives.

The Board approved VFM strategy is fully embedded. We have a proven track record of delivering savings and our 'VFM Call to Arms' initiative in 2026/27 will build on this.

Our VFM focus over the next 12 months is based on delivering further efficiencies through improving repairs performance, strengthening data & digital capability and continuing to invest in homes and communities.

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

3.1 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 – the North Star values - by being at the forefront of new thinking.

3.2 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 2025/26 Financial statements.

3.3 Leading and Growing Strategy to 2026 & 2031

As set out in section 3.1, a sustained focus on VFM is essential if we are to achieve our strategic objectives. Our previous Corporate strategy, L&G 2026 contained the following objectives with specific references to VFM.

1. Customers and Communities

We will prioritise investment in communities facing the greatest challenges, targeting resources where they have the greatest social impact and value for money. Services will be shaped by a stronger customer voice to ensure decisions reflect need, improve outcomes, and maximise the effectiveness of spend.

2. Growth, Assets & The Green Agenda

We will look to deliver a minimum of 225 new properties over the next three years. Our investment in existing homes will ensure our customers continue to have a well maintained and decent home. Data-driven asset management will optimise investment decisions, reduce carbon emissions, and lower fuel costs for customers, improving both efficiency and social value.

3. Technology

Technology will be used to improve services to customers whilst driving efficiency savings and better value for money. We will invest in digital innovation that streamlines processes, reduces cost, and enhances the effectiveness of our services.

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, delivering better outcomes and value for money.

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 provide strong oversight to ensure value for money is achieved across the business, alongside robust financial resilience and regulatory compliance.

During 2025/26, working with customers, Board and staff, we co-created a new 5-year strategy - Leading and Growing (L&G) to 2031. The development of the strategy was highly iterative taking place over an 18-month period and saw for a high-level of engagement with customers. The strategy was formally approved by Board in April 2026. The ambition statement of L&G to 2031 is outlined below;

“Within 5 years we will be recognised as the most trusted landlord within our region, known for safe, welcoming homes, exceptional services and deep-rooted partnerships that strengthen communities.”

Our strategy has been created around four pillars - Customers, Homes, People and Foundations. Each pillar contains its own ambition statement as outlined below.

<p>Customers <i>"We are leaders in delivering excellent customer service through customer led approaches, right-first-time services, zero tolerance for racism, action on child poverty, and bold, place-based community solutions."</i></p>	<p>Homes <i>"We continue to invest in and deliver more high-quality, affordable, and supported homes; ensuring that both existing and new homes are safe, warm, and decent, that are shaped by our customers and our environmental ambitions"</i></p>
<p>People <i>"North Star is a vibrant and inclusive organisation where people, personal development, leadership and culture continue to drive strong performance, innovation and wellbeing."</i></p>	<p>Foundations <i>"We have strong foundations, financially, in governance, data management and cyber security that enable efficient delivery, innovation and social value for customers."</i></p>

The pillars are underpinned by annual delivery plans that are managed by the Senior Management Team, with Board focussing on the strategic outcomes and assurances that have been agreed for Customers, Homes, People and Foundations.

3.4 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 2026)** - this contained a section on VFM, including RSH VFM metric performance in past, present and future years to allow trend identification.
- **Annual Budget (March 2026)** - 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 2025)** - this report included benchmarking data upon RSH VFM metrics, Vantage Club and Housemark following the publication of financial statements from peers in September 2025. 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 2025)**– this shares a range of VFM information including benchmarking data several sources on costs, performance and on the delivery of economy, efficiency, effectiveness and equity. The report captured VFM targets and objectives for 2025/26.

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

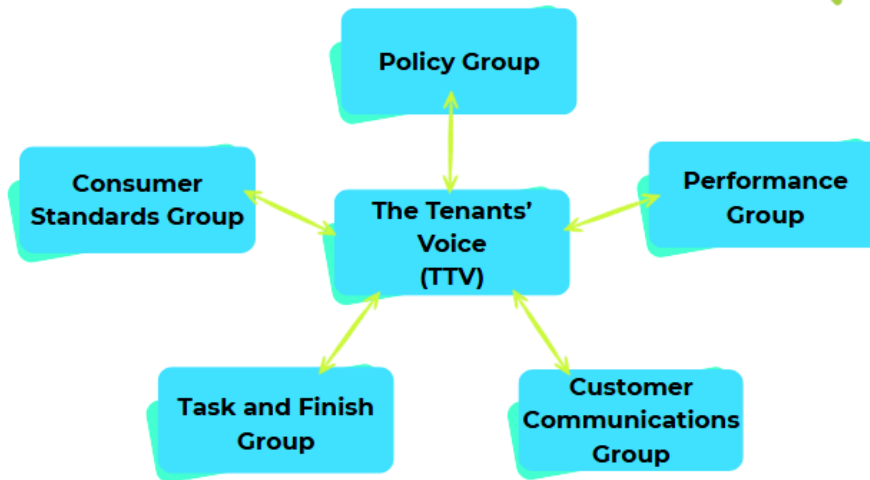
In 2024/25 we reviewed our tenant engagement structures, developing 'The Tenants' Voice (TTV). TTV is a key group of North Star customers who are from a mix of different places, backgrounds and ages to ensure all of our communities are represented as we look to drive service improvement. In 2024/25 the Board appointed a Member Responsible for Complaints (MRC) and two members Responsible for Customer Engagement. The Board are due to review their approach in this area in the summer of 2026.

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



During 2025/26 involved tenants have supported the drive for economy, efficiency, effectiveness and equity in the following ways:

- Played a key role in the Repairs Task and Finish Group, helping to shape improvements focused on reducing repeat visits, improving communication, strengthening accountability and increasing right first-time repairs making the contract more efficient and effective.
- Supported the development and testing of new digital services through North Star Online, helping shape features including customer feedback opportunities, vulnerability information updates and improved self-service options. These have enabled customers to contact us more effectively and efficiently.

Involved tenants have also contributed to the business through the following activities:

- Delivered customer-led scrutiny and challenge activity across key service areas, including repairs, complaints handling, communication and Anti-Social Behaviour (ASB), with findings and recommendations shared with senior leaders and Board.
- Worked alongside North Star to review and improve customer communications, including website content, customer letters, North Star Online functionality and accessibility of information.
- Contributed to the ongoing review of complaints performance and learning, including discussions around complaint themes, communication failures, compensation, and how learning from complaints is embedded across services.
- Worked with North Star to strengthen community connections and customer engagement activity through local projects, events and partnership working.

In September 2025 and January 2026, sessions were held with TTV on Value For Money and what it means for customers. Actions taken for development in 2026/27 include:

- Review of information provided on rent and service charges – what do we spend and why?
- Review of the VFM section of the website to allow for customer suggestions

These will be actioned and reported to TTV in 2026/27.

Staff & Leadership

Our approach to leadership reflects 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. 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 corporate strategy (L&G to 2031), co-created 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 led on the Heartbeat initiative, which involved utilising the North Star commitment to charity and volunteer hours for staff. Community events and works were carried out, resulting in the utilisation of 445 hours of staff time. The outcomes included visible improvements in community facilities, additional support to customers and additional community investment from ourselves and suppliers.
- Staff led on procurement initiatives across the organisation, with a particular focus on repairs areas. Through market testing and re-procurement, over £195k was saved on major contracts including gas repairs and electrical testing contracts. These savings will be ongoing.
- During the year we have reviewed and reprocured our ICT infrastructure. This has seen us migrate to a public cloud solution supported by our new Managed Service provider, ANS Group. This will generate savings of £28k per annum for the duration of the contract and has also secured Microsoft licence savings of £16k. Whilst delivering cost savings, the new infrastructure arrangements strengthen our cyber resilience.
- In 2025/26 we launched new modules within our Housing Management system for Anti-Social Behaviour and Every-Visit Counts amongst other system enhancements requested from colleagues. As part of our Digital strategy, the system developments support efficiencies driven by automation and strengthen the data integrity of our reporting in key areas.

- The 2025/26 budget included £530k worth of saving. We surpassed this expectation achieving a total of £598k 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. Further detailed is outlined in section 4.3 of this report.

4. Value For Money Activity During 2025/26

4.1 Financial Outturn 2025/26

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	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Actual	Draft
Revenue	21,327	22,381	24,649	27,722	28,529
Operating expenditure	(15,209)	(17,254)	(19,005)	(21,266)	(22,450)
Operating surplus	6,118	5,127	5,644	6,456	6,079
Operating margin (%)*	28.7%	22.9%	22.9%	23.3%	21.3%
Amortisation of goodwill	(32)	(32)	(32)	(32)	(32)
FA surplus	32	115	0	416	84
Impairment of Housing FA	0	0	0	0	(449)
Net interest	(2,658)	(2,656)	(2,912)	(3,788)	(3,983)
Net surplus	3,460	2,554	2,700	3,052	1,700
Net margin (%)	16.2%	11.4%	11.0%	11.0%	6.0%

* RSH Technical Guidance Note Definition

Our operating margin has averaged at 23.8% over the last five financial years. To understand underlying business performance, we have excluded impairment values in 2026 from the calculation of this measure. The metric has been subject to cost pressure during the last 3 years where it has averaged at 22.5%.

In December 2024, Board approved a 2.7% rent increase, based on September 2024 CPI of 1.7% - this was the maximum allowable increase under the rent settlement in place. Whilst benefitting from an increase to revenues in 2025/26, we have also seen a sustained increase within our operating costs, most notably within property maintenance. Demand for our repairs service is at its highest ever level. There is no single factor that has driven demand, but customer expectations, legislation and inclement weather have all been factors.

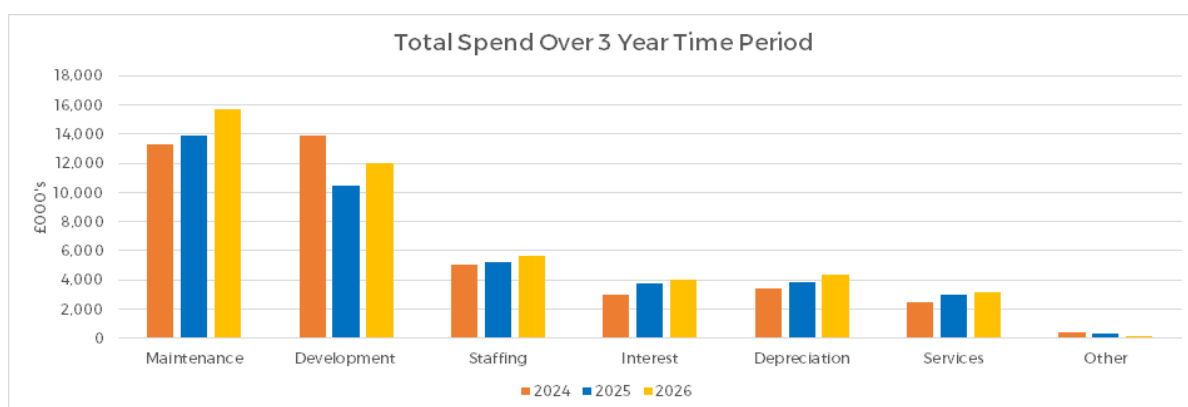
During the year we have seen an increased volumes of disrepair claims which has driven additional legal fees within the business. These factors in addition to further computer maintenance costs to deliver our Digital ambitions have all contributed to erosion of the benefit generated by additional revenues. Our operating margin has decreased over the

last 12 months and is lower than the 2026 budget (21.3% against a target of 25%). The measure does however remain an area where we continue to outperform our peers. More detail on our operating margin performance and comparison to the wider sector is shared in section 5 of this report.

Inflation has steadily declined from the September 2023 CPI figure of 6.7% but remains stubbornly above the Bank of England target of 2%. Reductions in inflation were forecast throughout 2025/26, leading to interest rate cuts. However, persistent food inflation and the impact of the middle eastern conflict have led to inflation rising to circa 3% in 2026.

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. Despite this challenge our operating margin continues to remain above that of our peers as shown in section 5 of this report.

Total Spend Comparison – 2023/24 to 2025/26



The most significant changes between 2025 and 2026 are:

- An increase in overall spend of just under £4.6m.
- Development spend has increased by £1.6m from £10.4m to £12.0m (17%) with 93 new properties being delivered in year (against 74 in 2024/25)
- An overall increased investment in maintenance costs of £1.7m, which has been caused by several factors outlined below.
 - The value of capitalised major repairs has increased by £1.5m compared to 2024/25. The level of investment in 2025/26 was higher than the expectation of the original budget. This included a large number of capitalised reactive repairs, particularly relating to damp and mould and roofing expenditure. This work has allowed us to complete significant larger repairs rather than revisit properties which would be detrimental to customer experience and inefficient. The planned investment is based on the latest available energy performance certificate (EPC) information and detailed stock condition survey (SCS) held on our properties. During 2025/26, 1,261 (2025: 1,439) improvements were made to our customers' homes at a cost of £6.5m. This included grant funded expenditure on energy efficiency measures, which attracted £276k of grant from Tees Valley Combined Authority through the Social Housing Decarbonisation Fund.

- We have continued to see an increase in the cost of delivering our Responsive Repairs services with costs increasing by £597k on the prior year. During 2025/26 we experienced a 14.5% 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 £94k (7%) compared to the 2024/25 financial year. The average cost of a void increased from £3,257 to £3,514 (7.9%). 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 2025/26 we experienced a slower turnaround time on voids that impacted customer satisfaction. We worked with our main contractor Ian Williams to develop a performance improvement plan to deal with this.
- Following the implementation of Awaab’s Law in October 2025, we experienced an increase in both emergency and non-emergency repair activity, reflecting increased reporting, improved hazard awareness and strengthened triage arrangements across frontline services. £60k was spent on a dedicated team within Ian Williams to support our approach. In total, nearly £1m was spent on damp works in the year.

4.2 Performance against Targets

The actions and targets related to VFM were set in the annual corporate plan for 2025/26 and the annual VFM report shared with Board in June 2025. The outcomes marked in green have been completed, those in orange have been delayed and those in red the target was not met in 2025/26. Where actions have not been achieved there is an explanation in the outcome column.

VALUE FOR MONEY				
Objective	Purpose		Actions (SMART targets where possible)	Outcome
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	Our Medium-Term Funding strategy was executed at the June 2025 Board. The completion of the objective saw for the introduction of Santander UK Plc as a new funder to North Star, offering a 10-year term loan for £20m.
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	<p>The EDFBS and Director of Finance (DoF) met with TTV to provide an overview of North Stars financial position in September 2025 and delivered a session on our current approach to VFM in January 2026. A key focus of the session held with TTV in January of this year was to solicit feedback and suggestions from customers. As series of questions and discussion points were shared with TTV who collated and shared feedback with staff in March 2026. We have used feedback from customers to shape VFM actions for the 2026/27 financial year.</p> <p>Members of TTV were also present at our open space event in July 2025, to discuss the development of our L&G to 2031 strategy, where VFM was a key area of discussion.</p>
		Efficiency	Provide opportunities for staff engagement, devising mechanisms for both suggestion and influence in the business.	<p>A key focus over recent months has been the finalisation of the 2026/27 budget, which has been a challenging process with more staff involved than ever before in its collation, review and challenge.</p> <p>In February 2026, RECC approved a 5% pay award for staff from April 2026.</p>

				<p>We have launched of a new VFM initiative with staff designed to engage all teams in finding savings. All staff sessions have been held in April and May 2026 and suggestions now received back for collating and action.</p> <p>This VFM “call to arms” will generate savings of £350k.</p>
Delivery of consistent Financial Performance	To keep North Star financially strong, ensuring we can continue to deliver our strategic objectives	Economy	<p>Achieve the 2025/26 budgeted expectations for:</p> <ul style="list-style-type: none"> • Operating Margin at 25% • EBITDA MRI (Interest Cover) at 121% 	<p>This objective will not be met. The draft outturn (before external audit) anticipates we will achieve an operating margin of 21.3% and EBITDA MRI Interest Cover of 0.76 at the end of the 2025/26 Financial Year.</p> <p>Increased repairs demand and investment in properties (particularly roofing and damp works) have significantly impacted these measures.</p>

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 were shared with Board in March 2026 and can be accessed [here](#).

Key deliveries include:

- 93 new homes at a cost of £12m
- Invested in existing properties at a cost of £6.5m, improving 1,261 homes
- Developed a mobile app to allow customers to contact us in an easier way
- Reviewed and added a dedicated role to oversee complaints, resulting in increased customer satisfaction with the process.
- Developed a Data, Digital and Technology strategy to drive future savings and improve services

4.3 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 launched North Star Online, a customer app, to allow self-serve functionality for customers. Over the six-month period since launch, there have been 634 registrations and 12,692 logins, demonstrating consistent engagement with the platform. The launch proved successful allowing customers to log repairs, check rent balances and request other services. This has reduced the number of calls being taken by our Customer Services team.
- As part of our team review of Digital and Data, new posts were created for a Head of Data and a Head of Digital to offer defined, strategic leadership in each area. Together the roles will deliver our Digital, Data & Technology strategy to maximise the effectiveness of these services across the business.
- We reviewed how we handle complaints, appointing a dedicated staff member to lead on this process. Complaints performance improved significantly during the year, with all Stage 1 and Stage 2 complaints responded to within target throughout 2025/26. Transactional satisfaction with complaints handling ended the year at 88.9%.
- Our Heartbeat initiative has involved our staff, customers and communities in local projects. This has meant that staff have maximised their paid voluntary hours in promoting additional services to our customers.

The 2025/26 budget assumed £530k of saving would be delivered during the current financial year. The below outlines the levels of anticipated savings and what has been delivered during the year.

Cost Category	Description	Savings Anticipated	Savings Delivered
Other Housing Management Costs	Savings in lease costs following the purchase of Rosedale and the return of PSL properties	£170k	£170k

Computer Maintenance Costs	Cessation of our agreement with Capita Housing	£60k	£60k
Staffing Costs	Centrally held vacancy provision	£200k	£314k
Central Administration Costs	Savings covering central office costs, professional fees and subscriptions	£74k	£39k
Remaining Savings	Several contributions from a number of areas across the business	£26k	£15k
Total		£530k	£598k

The level of savings anticipated by the 2025/26 budget has been delivered as outlined above.

The 2026/27 budget includes £630k of savings across several areas. The main items relating to this value are:

- **Staffing Costs** – a saving of £250k capturing a vacancy provision to reflect the timing of recruitment to vacant posts within the business.
- **Computer Maintenance Costs** – savings of £50k with the tender of the managed service provider contract (£28k) and a review of Amazon and Dell consumables (£22k).
- **Compliance** – a saving of £110k on efficiencies in fire door registration works and £11k saving on electrical checks following review of the planned programme of inspections.
- **Repairs Procurement** - £145k saved across a number of reprocured contracts, including Gas Servicing, Electrical Testing and Lift maintenance.
- **Central Administration Costs** – a £20k saving in central office costs following a new office location in Barnard Castle.
- **Remaining savings** – the remaining £55k of savings is made up of several smaller contributions from the rest of the business.

As part of the budget process, Board approved a sector leading 5% pay award, to recognise the importance of our staff to the business. As a challenge, Board asked that staff work together to generate savings within the business. In April and May, all staff meetings were held to discuss potential savings ideas, with an aim to save £350k. These ideas will be put into practice throughout the year to generate savings.

4.4 Community Investment and Generating Social Value

At North Star, we continue to place communities at the centre of everything we do. We recognise that strong communities are created by working alongside people, listening to what matters to them and investing in opportunities that improve wellbeing, reduce inequality and strengthen local connections. As an anchor organisation within our communities, we are committed to creating lasting social value through partnership working, community investment and customer involvement.

In 2025, the Heartbeat initiative was launched to strengthen connections between North Star colleagues, customers and communities. Through volunteering, engagement

activities and community projects, the programme aimed to improve customer understanding, build trust and support local communities.

Key outcomes from the initiative included 445 staff volunteer hours, 662 customers given additional services and support, and £8,230 invested in our communities.

Heartbeat created positive outcomes for both communities and staff. The initiative strengthened relationships across teams, increased understanding of customers and communities, and delivered visible improvements in neighbourhoods.

In addition, North Star supported 25 community projects, directly benefiting over 2,100 people across Tees Valley and County Durham. Through targeted investment and partnership activity, we continued to support initiatives focused on reducing poverty, improving health and wellbeing, increasing educational opportunities and strengthening sustainable communities. North Star invested over £78k directly into community projects during the year, alongside an additional £17k to support the running and maintenance of community buildings.

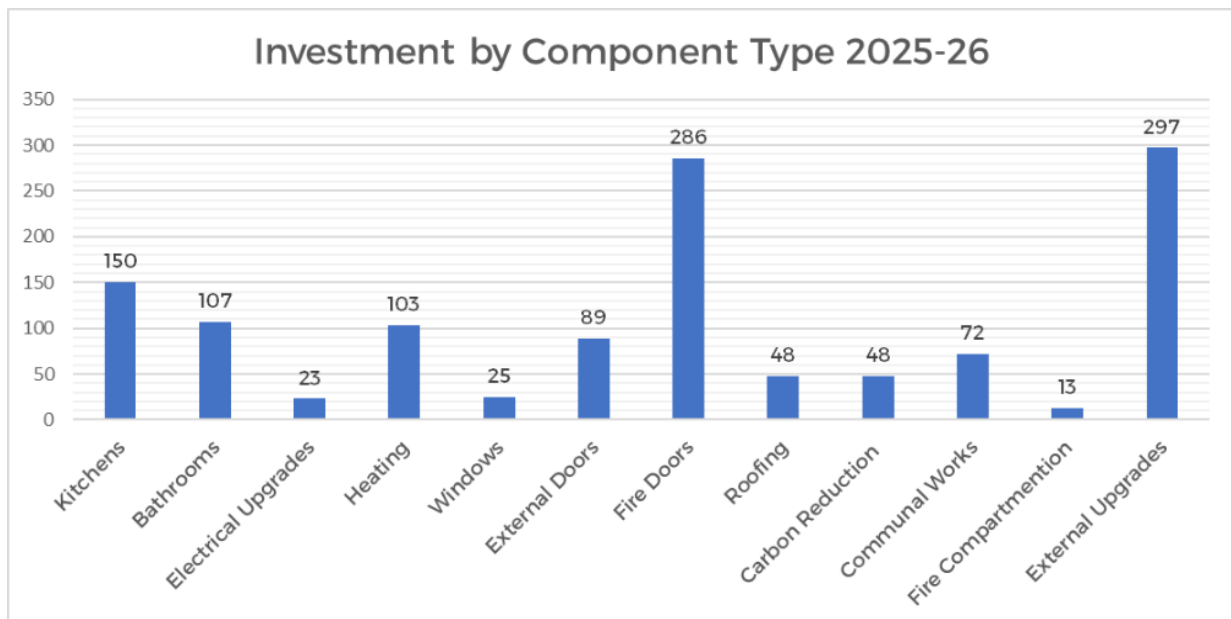
- This work aligns closely with the United Nations Sustainable Development Goals, particularly around tackling poverty, supporting health and wellbeing, improving educational outcomes and creating sustainable communities.
- North Star's investment generated £4m of measurable social value using HACT's Social Value methodology. This included:
 - £1.5m generated through community investment projects supporting local people through initiatives focused on food poverty, social isolation, health and wellbeing and community resilience.
 - £121k generated through tenant involvement and customer connection activity, including the work of TTV, Performance Group and Task and Finish Groups influencing services, policies and organisational decision making.
 - £2.1m generated through improvements to customers' homes through planned maintenance and investment activity, improving the quality, safety and comfort of homes.
 - £197k social value delivered through contractor social value contributions and partnership working.
 - £82k generated through positive move-on outcomes from supported housing into independent living.
- Support provided to 695 households through welfare benefit and income maximisation advice, helping customers increase household income by over £1.05m.
- Examples of this year's community investment activity included family social clubs and gardening projects in Evenwood, dementia-friendly musical memory sessions, creative wellbeing workshops, breakfast clubs for local schools and community hub activities delivered in partnership with organisations including Groundwork, Creative Village Community Interest Company (CIC), Young at Heart User Led Organisation (ULO) CIC and Teesdale Community Resources (TCR) Hub. Feedback from participants demonstrated improvements in confidence, reduced loneliness, increased social connection and stronger community pride.

- Customer voice and involvement also remained a key part of North Star's social value approach during the year. Tenant groups including TTV, the Performance Group and Task and Finish Groups continued to influence service delivery and organisational priorities, including improvements to complaints handling, repairs and customer communication. This work has contributed directly to improved customer satisfaction and strengthened accountability across services.
- From 2026 North Star will transition from the HACT Social Value methodology to an internally developed wellbeing measurement framework, enabling a more locally focused understanding of the impact community investment has on customers and communities.

4.5 Asset Management

Our property portfolio is diverse, and our Asset Management Strategy, updated in July 2025, 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 around 800 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 2025/26 we invested £6.5m in our existing properties. In total 1,261 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 also reduces the need for responsive repairs.



*Some properties benefited from more than one component upgrade

Working in collaboration with the Tees Valley Combined Authority through the Warm Homes Fund, we delivered a significant programme of decarbonisation and energy efficiency improvements during 2025/26.

In total, we invested over £600k to improve 118 homes to EPC 'C', helping customers benefit from warmer homes, improved thermal comfort and lower energy costs. This included more than £550k of Warm Homes Fund supported works delivered to 62 homes in partnership with the Tees Valley Combined Authority.

Return on Assets

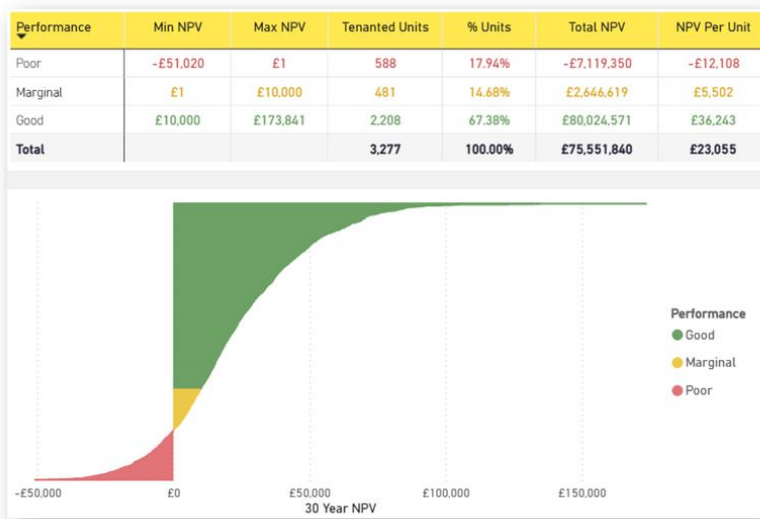
Understanding the performance of our assets, not just from a financial perspective but also their performance against social objectives is a driver of value for money.

In 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 and allows for options analysis with the ability to access benchmarking information.

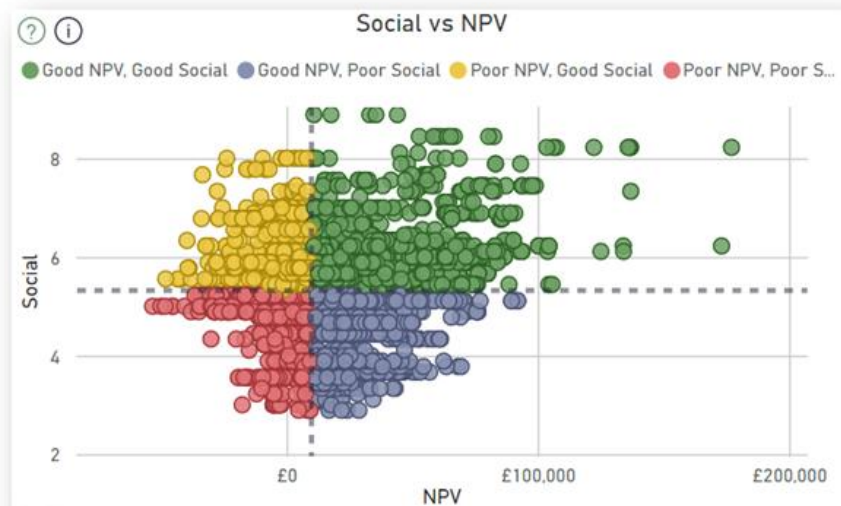
The model helps support decision making on the investment needs of assets and is an important tool in the strategic asset management of our properties and neighbourhoods.

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 were negatively impacted in 2024/25 as a result of more prudent assumptions upon major repairs and operating costs acting to apply downward pressure.

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 behaviour, complaints, customer satisfaction, energy efficiency as well as aspect of digitalisation.



We are currently working with Savills to update the assumptions of the SHAPE model with revised outputs expected later this summer.

As part of our active asset management strategy, we plan to dispose of 3 properties in 2027. These properties have been poorly performing, inefficient and required significant investment. As a result, an impairment has been recognised in the accounts for 2026, but in the longer-term significant savings will be realised from reduced maintenance costs. In addition, the capital receipts will be reinvested to provide better, more energy efficient homes for our customers in the areas where we are disposing. All disposals have been approved by Board.

4.6 Customers

At North Star, delivering value for money is closely linked to the quality of services our customers receive and how those services are experienced. Customer satisfaction provides a key measure of whether services are effective, responsive and delivering positive outcomes for customers.

We continue to use a combination of transactional and perception-based measures to understand both day-to-day service delivery and customers' wider experience of North Star. This allows us to identify trends, target improvement activity and ensure resources are focused where they will have the greatest impact for customers.

Customer satisfaction is measured through:

- **Transactional satisfaction surveys** – capturing immediate feedback following key services such as repairs, customer service interactions, gas servicing, complaints handling and new tenancies.
- **Tenant Satisfaction Measures (TSMs)** – measuring customers' perceptions of North Star's services over the previous 12 months, providing insight into overall service quality, trust and customer confidence.

As members of the Institute of Customer Service, North Star continues to benchmark performance beyond the housing sector, enabling us to compare our services against wider customer service standards and identify opportunities for continuous improvement. Research from the Institute consistently demonstrates the strong

relationship between customer experience, organisational performance and value for money.

During 2025/26, customer satisfaction performance remained strong across a number of key service areas. Satisfaction with customer service, gas servicing, complaints handling and moving into a home all exceeded target performance at year end. Repairs satisfaction continued to improve throughout the year, increasing from 74.1% in Q1 to 79.4% by Q4, reflecting the impact of continued focus on repairs performance, contractor management and customer communication.

4.6.1 Transactional Customer Satisfaction

Customer satisfaction KPI	Q1 June 2025	Q2 Sept 2025	Q3 Dec 2025	Q4 Mar 2026	2025/26 Target	Proposed 2026/27 Target	Housemark median	Performance against target-Traffic light definition
Repairs	74.1%	76.1%	76.4%	79.4%	86%	85%	86.6%	On target < 1.9% outside target >2% outside target On target < 4.9% outside target >5% outside target
Gas servicing	97.6%	98.6%	98.1%	97.8%	89%	92%	No data available	
Customer Service	92.8%	94.1%	93.1%	92.6%	89%	93%	No data available	
Moving Into a home (New Tenancy)	100%	100%	100%	97.9%	96%	100%	No data available	
Complaints	100%	91.7%	88.2%	88.9%	70%	90%	No data available	

The year-end position demonstrates continued strong customer experience across core landlord services, particularly in areas linked to customer contact and tenancy management. The sustained improvement in repairs satisfaction during the year is particularly positive given the ongoing service pressures experienced across the housing sector and reflects the impact of targeted improvement activity.

4.6.2 Tenant Satisfaction Measures (TSMs)

North Star continued to perform strongly against the Regulator for Social Housing's published Tenant Satisfaction Measure benchmarks during 2025/26, achieving upper quartile performance in all 12 perception measures.

TSM	TSM Description	2024/25	2025/26	Lower Quartile	Landlord Average	Upper Quartile
TP01	Satisfaction with overall service	86.4%	85.3%	64.7%	71.8%	78.9%
TP02	Satisfaction with the overall repairs service	79.6%	83.6%	66.8%	73.6%	79.6%
TP03	Satisfaction with time taken to complete most recent repair	77.3%	79.5%	63.0%	69.5%	76.5%
TP04	Satisfaction that their home is well maintained	85.0%	85.3%	65.5%	71.9%	77.8%
TP05	Satisfaction that their home is safe	89.3%	87.8%	71.8%	77.6%	82.9%

TP06	Satisfaction that North Star listens to tenant views and acts upon them	79.4%	82.2%	54.1%	61.6%	69.3%
TP07	Satisfaction that North Star keeps tenants informed about things that matter to them	83.6%	88.0%	65.9%	72.0%	77.3%
TP08	Satisfaction that North Star treats tenants fairly and with respect	89.2%	91.7%	72.6%	77.9%	83.9%
TP09	Satisfaction with North Star's approach to handling complaints	56.2%	61.5%	29.6%	35.5%	42.1%
TP10	Satisfaction that communal areas are clean and well maintained	81.4%	77.9%	60.7%	66.7%	72.8%
TP11	Satisfaction that North Star makes a positive contribution to neighbourhoods	79.5%	83.3%	57.7%	64.6%	71.7%
TP12	Satisfaction with North Star's approach to handling anti-social behaviour	78.8%	80.9%	54.7%	59.5%	66.4%

The results demonstrate continued strong customer perception across the majority of service areas, with notable improvements in repairs satisfaction, complaints handling, communication and perceptions of North Star listening to and acting on customer views.

Particularly strong performance was achieved in:

- Customers feeling treated fairly and with respect (91.7%)
- Customers being kept informed (88.0%)
- Customers feeling their home is safe (87.8%)
- Customers feeling North Star listens and acts on feedback (82.2%)

The increase in satisfaction with complaints handling from 56.2% to 61.5% is particularly positive and reflects the impact of changes introduced through the dedicated complaints handling approach, increased focus on learning from complaints and improved communication with customers throughout the complaints process.

While overall performance remains strong, communal areas satisfaction reduced during the year and remains an area of continued focus during 2026/27, alongside ongoing improvements to repairs services and contractor performance.

4.7 Performance

Another measure of effectiveness is the KPI performance and the annual performance for 2025/26 was shared with Board in June 2026 in three reports, Customers, Homes and People. 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	2024	2025	Target 2026	Outturn 2026	HouseMark Quartile Position
Current arrears – General Needs & Older Persons (GN&OP)	3.02%	2.35%	2.90%	2.96%	Median
% rent lost through homes being empty (GN&OP)	0.79%	0.79%	0.80%	0.82%	Upper
% of appointments kept	96.50%	94.40%	98.00%	98.00%	Upper
% of gas services completed before expiry date at quarter end	99.94%	100.0%	100.0%	100.0%	Upper
% of time lost to sickness	1.57%	1.62%	N/A	4.29%	Not available

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

Rent arrears performance improved significantly during March 2026, reducing from £70,755 above target in February 2026 to £12,033 above target at year end. This represents a substantial and sustained improvement, bringing performance significantly closer to the agreed target position

We continue to support our customers through the delivery of benefits advice and income maximisation. During 2025/26, the Team supported customers to increase their income by over £1m.

Income lost due to empty homes is marginally above target by 0.18%, (£3,288). This variance is attributable to a small number of properties requiring more extensive repair works than initially anticipated before they could be let.

Throughout the year, both RAC and Board have been updated on the performance of our main contractor on repairs, Ian Williams. The costs of the contract and the outcomes have been regularly scrutinised to ensure VFM. Customer satisfaction is included in section 4.6.1. Our performance on the percentage of repairs appointments was on target at 98%.

On compliance works, 100% of gas safety compliance was recorded.

Staff sickness has been impacted by 11 long term absences in the year, a much higher figure than previous years. This has predominately arisen due to long-term medical conditions requiring hospital treatment

4.8 Financial Capacity

Following our In-Depth assessment from the Regulator in 2022/23, our regulatory judgements of G1/V1 were confirmed again in December 2025 as a part of the Regulators Annual Stability Check. As part of our In-Depth Assessment from the Regulator in 2022/23, feedback was shared on North Star ensuring they were making effective use of

our VI capacity. 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 2026, the organisation had £144.7m (2025: £129.6m) of drawn debt to support investment in both new and existing properties. The level of debt drove gearing of 52.8% (2025: 50.3%), which is higher than a sector median of 46% but marginally below the upper quartile of 55% as outlined in [Value for money metrics and reporting 2025 - GOV.UK](#). 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. (2.36%, 93 new properties, Peer 2025 figure of 1.10%) The measure is reflective of our Growth Strategy and indicates the organisation 'sweats' its assets more in comparison to similar sized providers.

In June 2025 we secured £20m of term funding from Santander plc. The facility 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 harmonised covenant suite across all principal lenders.

We have continued to model debt capacity stress testing in our Business Planning process for 2026. Similar to 2025, 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 2026 Business Plan does however make good use of the available security and holds sufficient headroom to help mitigate covenant risk and achieve golden rule positions.

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 2026 Business plan approved by Board saw the percentage of available security reach as low as 17% (2025: 29.2%). This demonstrates that the level of investment profiled is in line with the risk appetite and Golden Rule parameters approved by Board.

In 2026 we have continued to provide further analysis focusing upon the short-term liquidity impact generated by stress events. As at the end of March 2026, we had access to 34 months of liquidity with £36.5m of undrawn facilities.

Investment

The 2026 Business Plan captured a commitment to deliver 300 new units between 2026 and 2032, and to deliver an EPC rating of 'C' across all our properties by 2030. The investment allows us to meet the housing need of future customers as well as support existing customers as we look to achieve Minimum Energy Efficiency Standards (MEES) by 2039, bringing forward zero-carbon spend in the plan. The 2026/27 Budget outlines investment in new properties of £12.1m and total investment (revenue and capital spend) of £13.8m in existing properties.

In February 2026, the Regulator published the results of the Quarter 3 financial & risk survey outlining continued significant financial pressures within the sector. Repairs and maintenance costs continue to rise, with an increase of 7% on the previous year. This follows a marginal reduction in spend on new homes. EBITDA MRI interest cover is at 78% and is expected to remain at this level throughout the year.

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 £382k (2025: £320k) on Community Investment in 2025/26 with our work delivering £4m of social value during the period.

Over the last five financial years our operating margin has remained strong, averaging at 23.8% (where impairment costs are excluded) and continues to outperform our peers as outlined in section 5.2. Mirroring the approach of previous years, the Guiding Principles used to develop the 2026/27 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 six years, we have undertaken three separate financing projects, to raise a combined debt value of £180m. The low-rated, long-dated debt secured in 2020 has allowed us to maximise borrowing capacity and insulated us from interest rate risk. 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 2026/27, 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 being operated to both manage and mitigate potential impacts. The stress testing of our April 2026 Business Plan evidenced we are able to withstand aspects of financial uncertainty.

5. North Star Trends and Comparison to other Housing Associations

5.1 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 2024/25 financial year. We know from speaking with peers and our own financial performance that there have continued to be cost pressures during 2025/26 mainly around maintenance costs. A Benchmarking & VFM Update was provided to Board in December 2025.

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 to support decision making within the business. The most recent peer group data is for the 2024/25 financial year.

Vantage Club

We are also a member of the Vantage Performance Improvement Club. A focus of the club is to share and report on more current benchmarking performance data 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 2026 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 2026, the RSH then published an annual paper along with the data for all organisations. The 2025 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 published in the VFM statement contained within the Annual Financial Statements. Based on the Financial Viability Assessments (FVA) submitted by providers each year, the Regulator compiles a report of performance across the sector. The full report for the 2025 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	South Lakes Housing
Community Gateway Association Ltd	South Liverpool Homes Ltd
Connect HA Ltd	South Yorkshire HA Ltd
Irwell Valley HA Ltd	Southway Housing Trust (Manchester) Ltd
Leeds Federated HA Ltd	Weaver Vale Housing Trust Ltd
Mosscares St Vincent's Housing Group	

5.2 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 2026. There is no peer group data available yet for 2026.

RSH metrics	2023	2024	2025	2026	2023	2024	2025
	NS	NS	NS	NS*	Peer	Peer	Peer
1. Reinvestment %	6.6%	9.5%	7.15%	7.64%	5.9%	7.9%	8.5%
2. New supply delivered (Social Housing Units) %	1.78%	2.12%	1.91%	2.36%	1.62%	1.15%	1.10%
3. Gearing %	47.2%	48.8%	50.3%	52.8%	42.8%	43.9%	42.3%
4. EBITDA MRI interest cover %	169%	86%	111%	76%	152%	120%	121%
5. HSCU	£4,354	£5,332	£5,622	£5,999	£4,399	£5,158	£5,290
6a. Operating Margin (Social Housing Lettings) %	21.7%	21.7%	22.2%	19.9%	18.6%	15.5%	18.0%
6b. Operating Margin %	22.9%	22.9%	23.3%	21.3%	19.0%	16.1%	16.0%
7. ROCE	2.3%	2.4%	2.7%	2.3%	3.1%	2.9%	3.0%

*2026 Metric Calculations exclude impairment from Operating expenditure to assess underlying business performance

North Star Trend

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

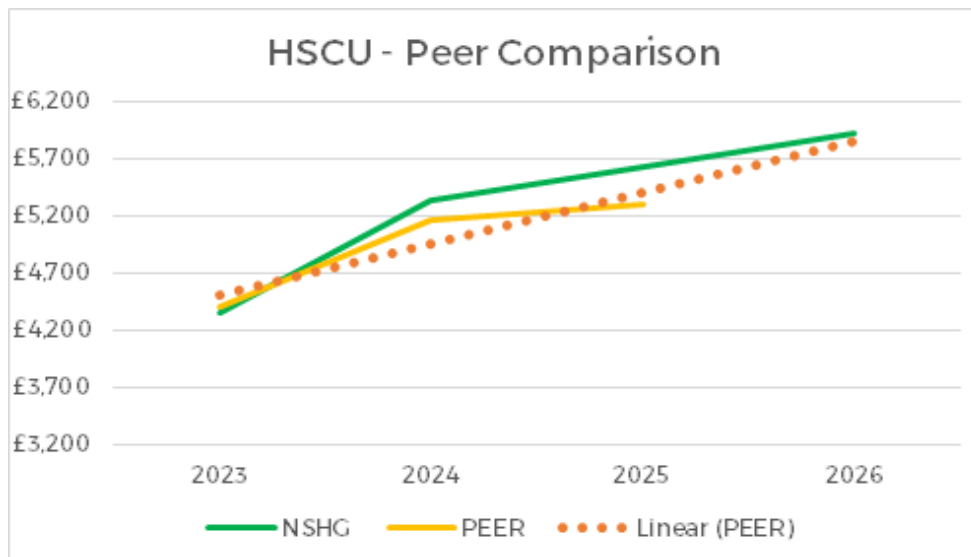
- The reinvestment metric has increased in 2026 with £1.6m more spent on the development programme and £1.7m more spent on capitalised repairs. The spend delivered 93 new properties in the year and improved 1,261 of our existing homes.
- EBITDA MRI (Interest Cover) is impacted by higher operating costs, higher interest costs and a larger than forecast investment in planned maintenance capital spend (£1.5m). The actual EBITDA MRI metric of 76% is reflective of both higher operating expenditure and capitalised planned maintenance. Whilst our covenants with funders permit an EBITDA MRI of less than 1.00 this is not a position that is sustainable year-on-year. As outlined in the 2026 Business Plan approved by Board in April 2026, recovery of this metric to above 100% is forecast in the medium term.

North Star v Peer Group Metrics

Data from our peers on their performance against the VFM metrics for 2025/26 is not yet available. To compare with others in the sector we have used our 2025/26 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 be fully visible on peer metrics.

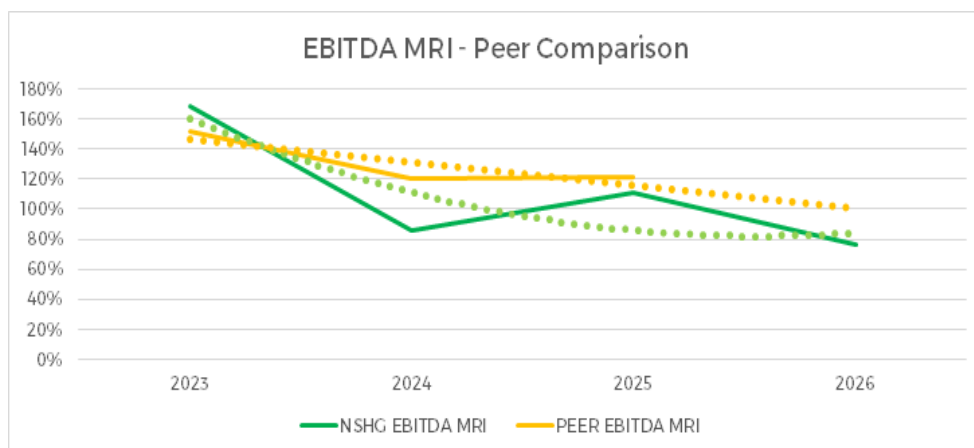
In many of the metrics, our experience is either reflective of or better than that of our peers. Our operating margin continues to be an area of strength; we sweat our assets to leverage comparatively more debt than peers to outperform on the level of new housing supply that we generate.

In recent years we have provided further analysis in relation to Headline Social Housing Cost per unit (HSCU) as a result of this metric being higher than our peer group. The draft 2026 position is in line with the forecast trajectory of the peer group and subsequently no further detail has been provided below.



EBITDA MRI Interest Cover

As referenced above, this metric reduced for NS in 2026.



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. The comparison is against historical performance. As reported in the quarter 3 Finance & Risk survey from the Regulator, the EBITDA MRI position of the sector was 76%.

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 2026, 83.8% 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 17 years.

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.

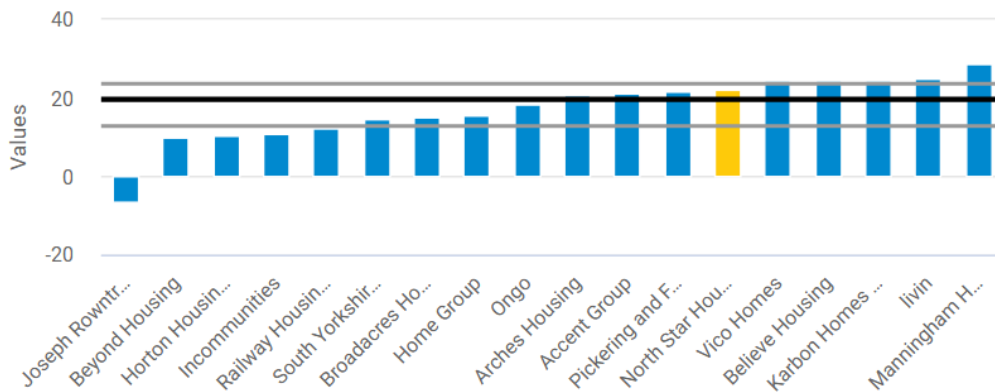
5.3 HouseMark

The peer group used for HouseMark benchmarking is made up of all participating organisations in the North East and Yorkshire & Humberside. 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 2025. As with previous reports, the peer group used in this analysis is different to the standard peer group outlined in section 5.2.

2024/25 Performance

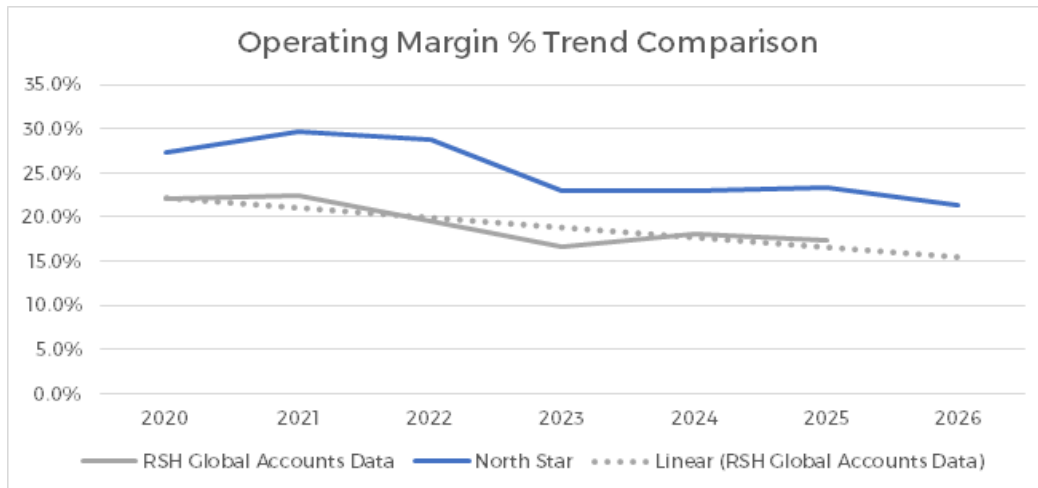
The chart below shows the 2024/25 operating margin for the peer group, with North Star achieving second quartile performance in this area. The 2024/25 operating margin at 23.3%, was higher than the peer median of 19.7%. The measure of efficiency also compares well with all organisations who participate in HouseMark, where a median of 18.1% was recorded last financial year.

Operating margin - overall

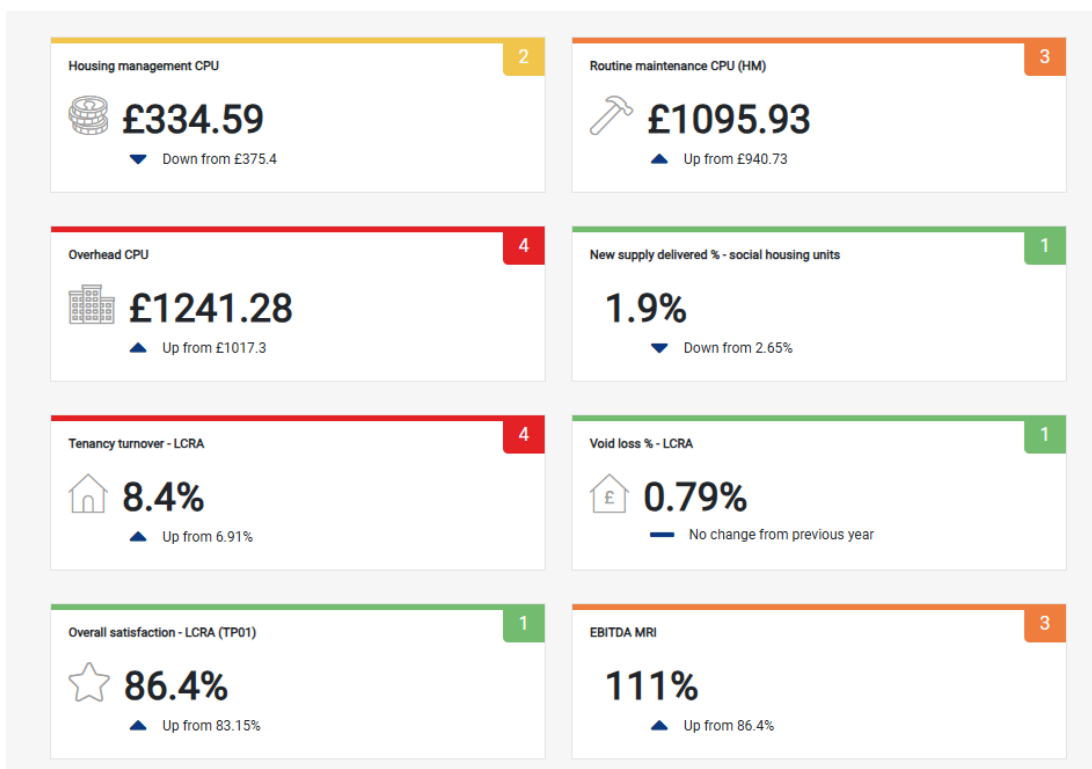


Maintaining financial resilience through a healthy operating margin, is a key consideration within our financial planning and reforecasting.

The below graph compares the recent performance of our own operating margin, with that of the wider sector as reported in the RSH 2025 Global Accounts, where the median result was 17.4%. Whilst a trajectory of general decline in operating margin has been experienced by the wider sector, we have been able to prevent any further material deterioration of this measure over the last three financial years, with a slight increase to above 23% in 2024/25. This remains comfortably ahead of many other providers and is 21.3% (excluding impairment) in 2026.



The dashboard below offers an assessment of performance across a range of areas. The areas selected cover a balanced assessment of key cost, efficiency, and satisfaction measures from across the organisation.

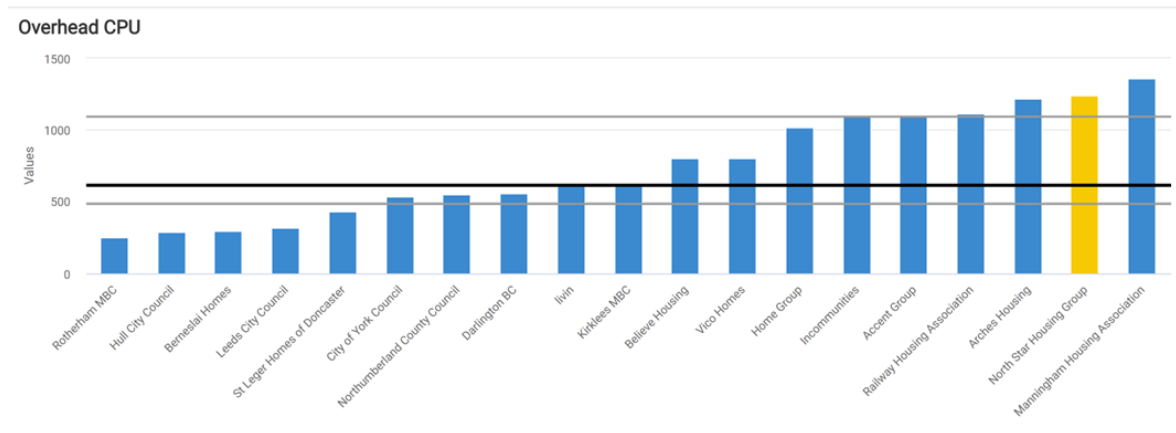


Importantly benchmarking data should be viewed in the context of considering both cost and performance information. More analysis on these areas is shown below. Two measures present on the dashboard are also RSH VFM Metrics. These measures are outlined further in section five (above) of this report.

Areas of Underperformance

- **Overheads**
In previous years this has been an area of outlying performance for North Star and continues to be an area where we remain above the median measure in 2024/25. Spend captured in this area includes Finance, IT (Digital & Data), HR (People Services) and premises costs.

Our overhead CPU is £1,241 compared to a peer median of £930 and is representative of fourth quartile performance as outlined below. We have seen an increase of 22% in this area against a peer increase of 29% when measured against the prior year.

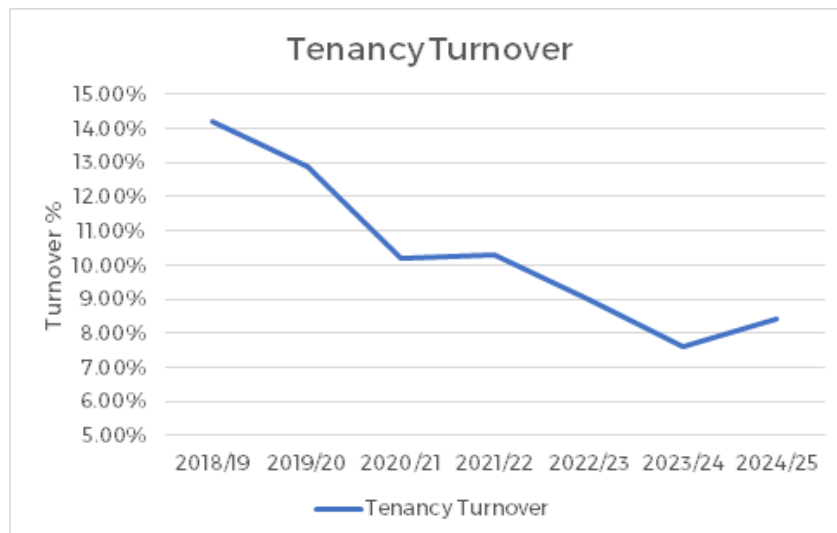


In recent years we have reported an upward trajectory in the level of overheads being incurred as a result of the investment required to deliver the strategy for Digital & Data. Compared to peers we're investing 15% more in this team to achieve our digital ambitions and this drives an increase in CPU for this area.

Controlling non-essential spend as a part of the annual budget setting process has proved effective, with our overall increase in this measure being 7% lower than our peers. This remains a key area of focus across the whole of the organisation, and has been reflected in the Guiding Principles established to support the 2026/27 budget setting process.

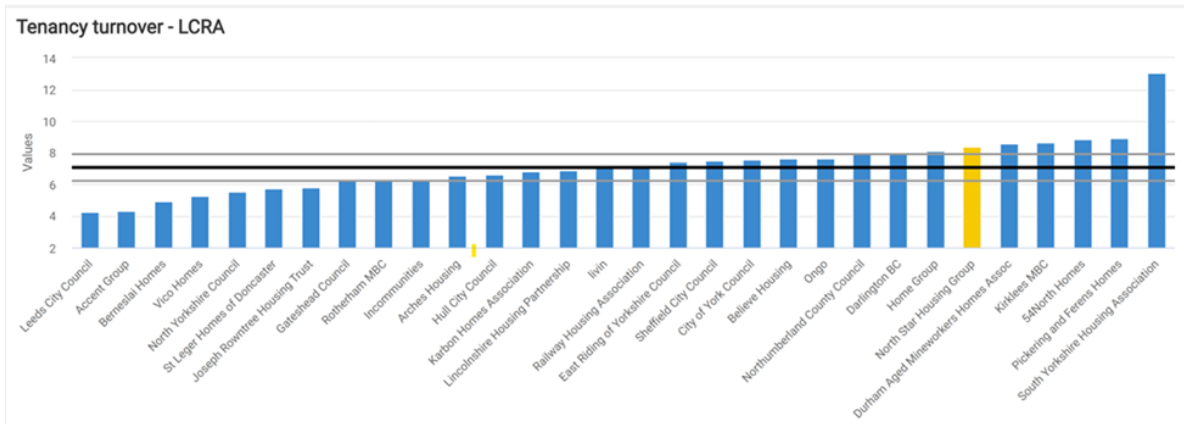
- Tenancy Turnover

Prior to COVID, our tenancy turnover was significantly higher than peers. Although there has been a noticeable improvement in tenancy turnover in the last 6 years (as demonstrated by the below graph) we remain at a high level when compared to our peers. Whilst some of the improved performance is attributable to our investment in a Tenancy Support Officer role within the business in 2021, in some cases cost-of-living pressures have often restricted a customer's ability to move.



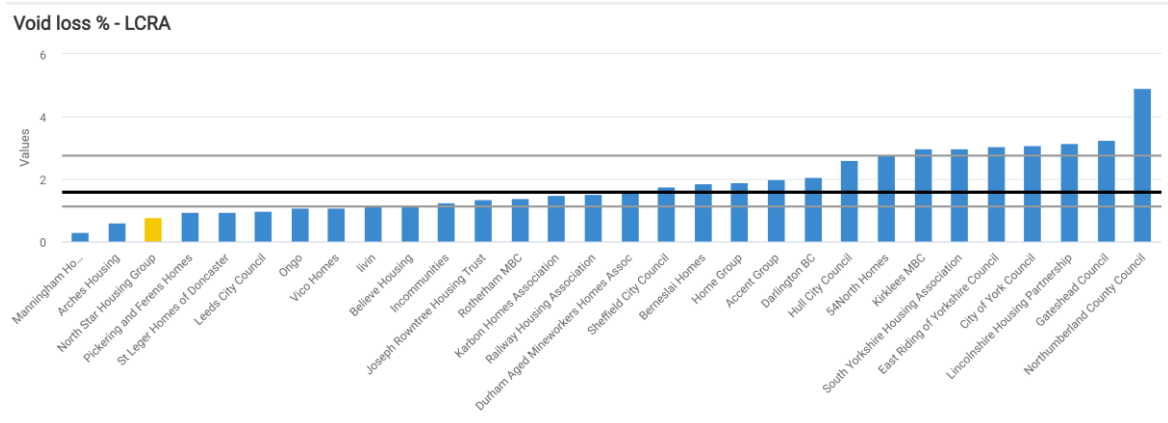
Reducing tenancy turnover continues to be an area of focus. A small increase in this measure was recorded in 2024/25. We have analysed the reason for tenancy terminations over 2024/25 and found that single people in flats were most affected with flats having the highest proportion of terminations compared to other property types.

Despite a positive trajectory for North Star, 8.4% is higher than the peer median and marginally records 4th quartile performance, as shown in the graph below. We are anticipating an improvement in this measure in 2025/26, will current projections expecting tenancy turnover to be circa 7.6%.



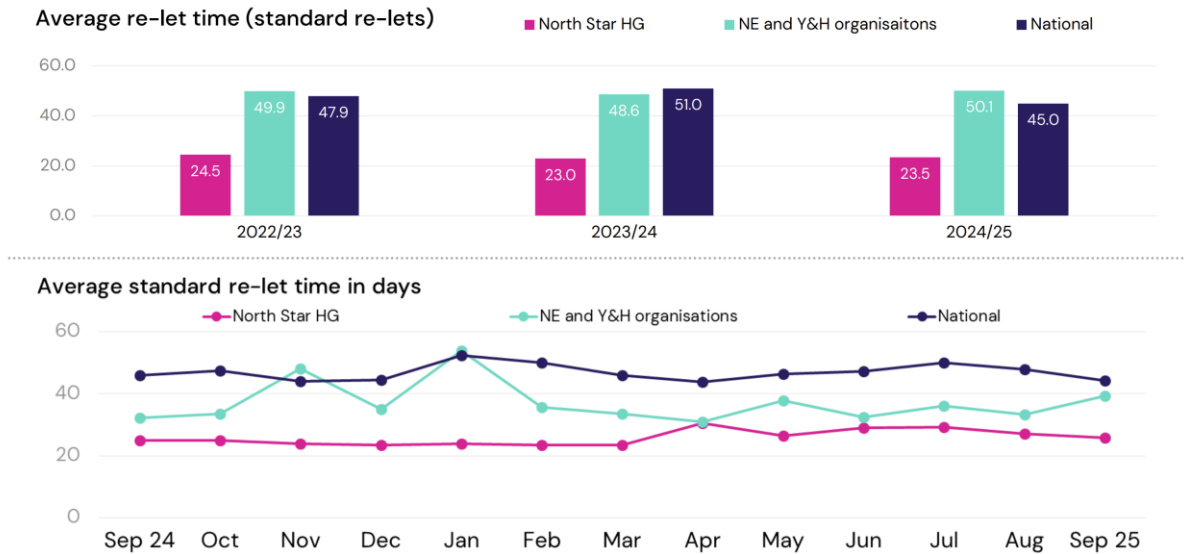
Areas of Strong Performance (Top Quartile)

- **Void Loss & Re-let Times**
 Similar to last financial year, we continue to record top quartile performance upon void loss and property relet times.



Void loss remains low due to continued strong performance in relet times as outlined in the below graph. Our Void loss at 0.79% remains entirely consistent with the level of void loss incurred in the prior year.

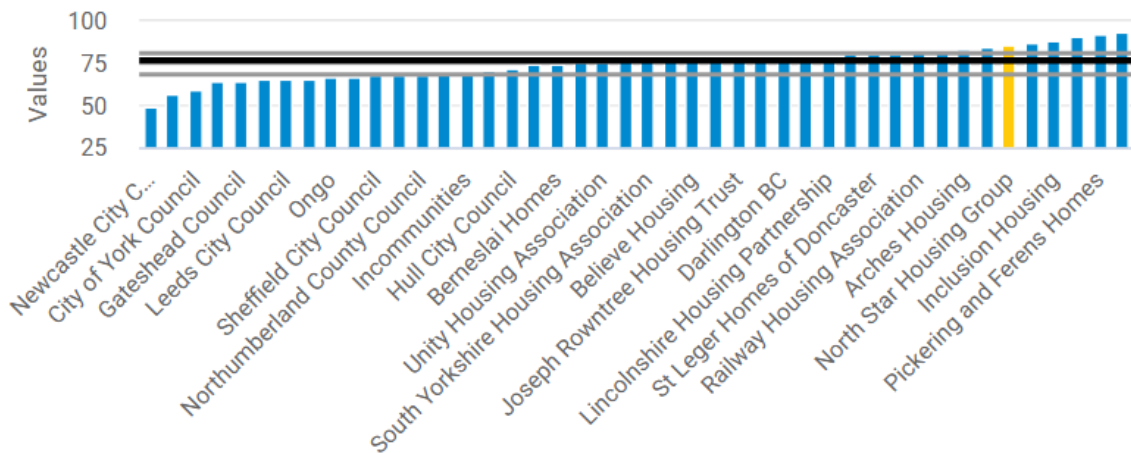
Re-let Times



- Satisfaction with Service Provided**

From a sample size of 44 providers, we recorded a satisfaction score of 86.4% achieving top-quartile performance. The levels of satisfaction achieved were comfortably ahead of the peer group median at 77%.

Overall satisfaction - LCRA (TP01)



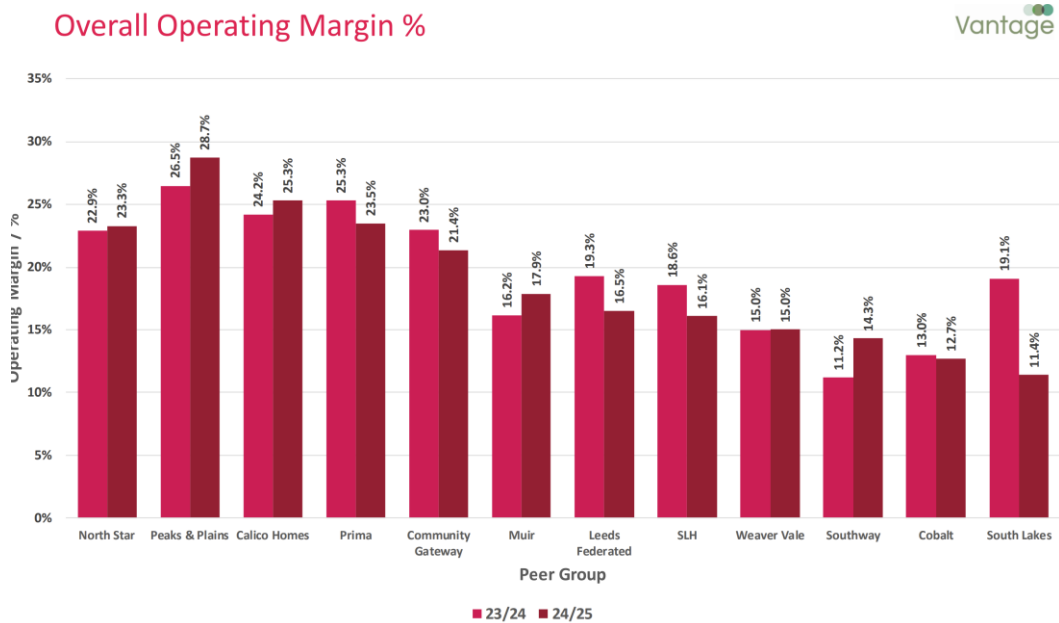
It is positive to see levels of overall satisfaction being in line with higher-performing landlords. In the Benchmarking & VFM update provided to Board in December 2025, we reported that detailed analysis of our 2024/25 results showed that the speed of completing a repair was cited as a reason of driving lower satisfaction scores. Over the last 12 months we have seen increasing levels of satisfaction relating to repairs through our TSMs (TP02 – Satisfaction with the overall repairs service and TP03 – Satisfaction with time taken to complete most recent repair), with a number of interventions from staff driving an increase in satisfaction from customers in these areas.

Vantage Club

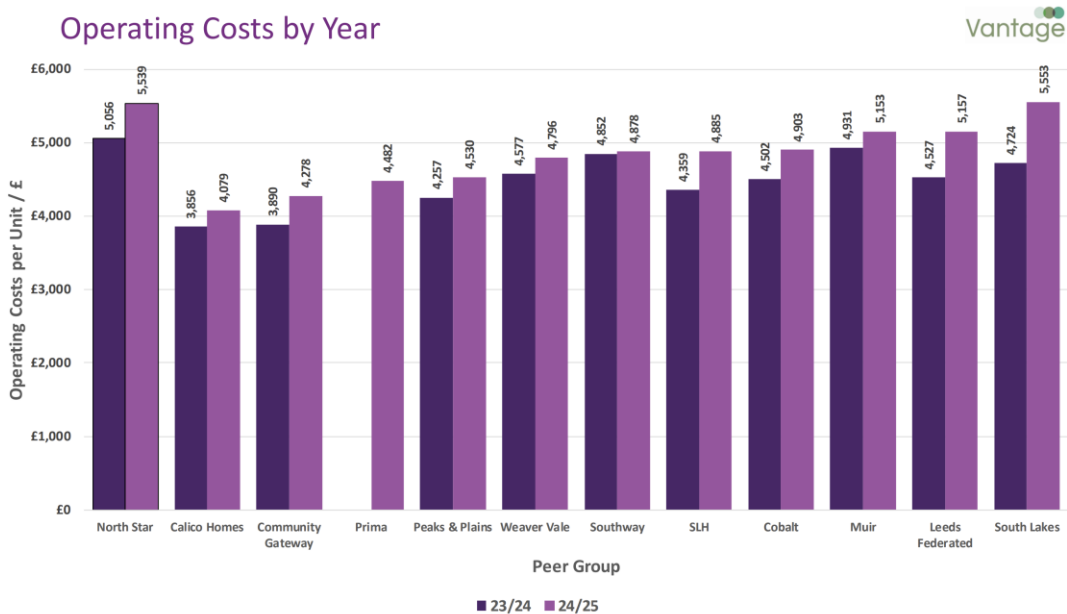
We are also members of an additional benchmarking group with Vantage Performance Improvement Club. A focus of the club is to share and report on benchmarking performance more readily than HouseMark. Vantage also allows for comparisons to be made based upon both historical and forecast data.

In November 2025, Vantage produced a tailored VFM report for North Star based on 2024/25 data. The peer group used in this analysis is selected using participating organisations with the following criteria.

- 70% Stock similarity with a range of between 2,000 and 7,500 units
- Located in the North East, North West and Yorkshire & Humberside
- Social Housing Lettings turnover between £15m and £40m per annum



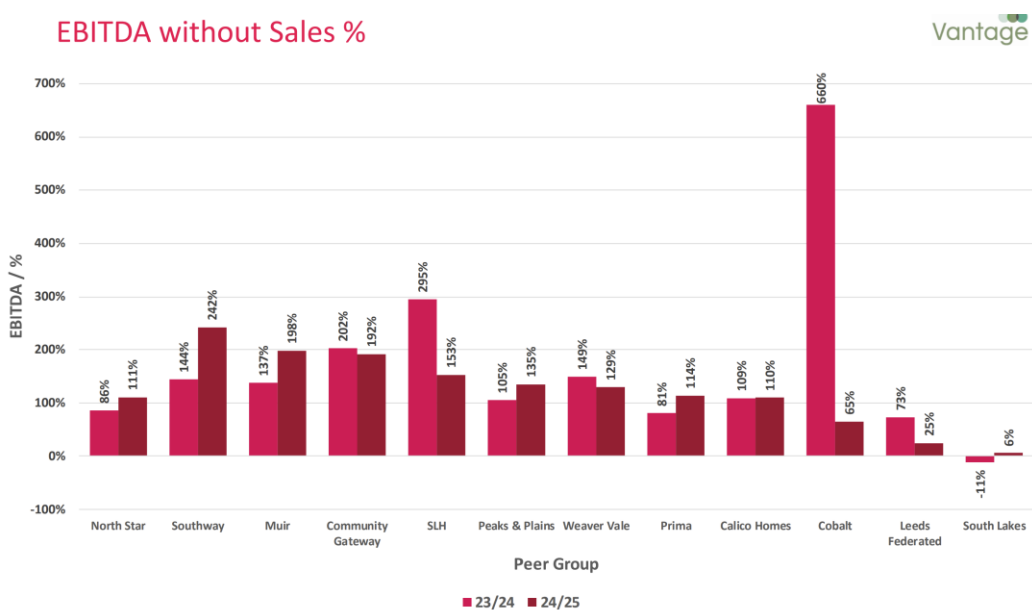
Overall operating margin shows an average decrease for our peers within this data set over the last year. The median has reduced from 19.2% to 17.2% across our Vantage peer group. We compare favourably however, showing a marginal increase from 22.9% to 23.3%.



Vatange capture performance against an Operating Cost per unit metric. This measure differs to Headline Social Housing Cost Per Unit (HSCU), recording costs for depreciation and amortisation and excludes investment in major repairs.

Operating costs show an increase for all providers over the last 12 months as outlined above. Overall the peer group have seen a movement in the median operating cost per unit from £4,527 to £4,882 (an increase of 7.8%). Our operating cost per unit has increased by 9.5% over this time frame and is the second highest in this particular peer group with 11 other providers. Whilst higher than most peers as outlined above, our operating cost per unit is closely aligned with that of the national average of organisations that participate in the Vantage club.

EBITDA-MRI is often difficult to compare across providers as the level of major repairs spend that directly impacts this measure can vary significantly depending on stock condition and EPC information.



Earnings before interest, tax, depreciation and amortisation (EBITDA) is considered a key measure of viability by the Regulator. The measure looks at the ability of an organisation

to fund its investment in existing properties as well as cover interest payable costs, from a cashable operating surplus. Further analysis is provided in section five as this is a RSH VFM metric. Our performance against the Vantage peer group shows a recovery of the metric in 2024/25 to 111% from 86% in the prior year. However this remains below the Vantage peer group average of 124% which has declined by 6.3% from the prior year.

As outlined above, NS (and across the sector) performance in this measure has deteriorated in 2025/26 (NS 76%, Sector median (as at Q3) 78%). Board have requested that this metric remains under review (as demonstrated in the budget 2026/27 paper) and more information will be provided on this in the December 2026 report on benchmarking, when more up to date comparators are available.

6. Conclusion and Next Steps

VFM remains at the heart of our corporate objectives, budgeting and business planning processes. In January 2025 Board approved a 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. Inflation has remained ahead of the Bank of England target, with expected falls and therefore reductions in interest rates not materialising. This means the cost of borrowing (at variable rates) remains comparatively higher. We remain to a large part insulated from this by our high levels of fixed debt (84%).

We have seen increased customer demand, with repairs job numbers at a historic high (of over 19,000). The impact of regulation has also driven repairs spend, with Awaab's law leading to an increase in both revenue and capital damp works. Capitalised repairs was £1.5m higher than last year, with damp works and roofing being large contributing factors, as well as spend (that is partly grant funded) in improving the energy efficiency of our existing homes.

Overall, increasing operating costs and continued capital investment have eroded some of our measures of financial performance, although the underlying business performance (as demonstrated by operating margin excluding impairment) remains strong.

Outcomes for our customers continue to be at a high level, with new homes delivered (£12m, 93 new properties) and investment in our existing stock (£6.5m) helping to drive high levels of customer satisfaction, as demonstrated in our TSM performance.

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. 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.

The views of our customers will help drive our VFM. Our staff will deliver £350k of additional savings through the VFM "call to arms" project that will involve all teams across the business.

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.

2026/27 Value for Money Targets and Objectives

The table overleaf captures the main VFM elements of the Year 1 delivery plans of L&G to 2031 as approved by Board in April 2026. We will continue to drive our approach on VFM within the business and make sure our VFM Strategy continues to be fully embedded 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 2026.

2026/27 Value for Money Targets and Objectives

The 2026/27 Corporate Plan contains Year 1 Delivery Plans that have been set around the four pillars of L&G to 2031, Customers & Communities, Homes, People and Foundations. Several key statements contained within the Delivery Plans, linked to our VFM strategy objectives are set out in the table below:

YEAR ONE DELIVERY PLANS - 2026/2027				
Pillar / Statement	Commitment	Delivered By	VFM Strategy Objective	Key Assurance
Customers / Excellent Customer Services	We are leaders in delivering excellent customer services	<ul style="list-style-type: none"> Redesign the delivery of front-line customer services to meet customer needs. Reduce avoidable contact. 	Effectiveness & Efficiency	Top 10% national customer satisfaction among landlords with 4,000–6,000 homes, with year-on-year improvement across all core measures.
Customers / Customer Led	Services and decisions are made with our customers, not for them	<ul style="list-style-type: none"> “No voice – No decision” ... 100% of relevant strategies and decisions evidence customer voice, involvement and impact. 	Equity	No Voice – No decision
Homes / New Homes	An increase of at least 300 homes, with ambitions for 400 homes strengthening access to housing across our communities	<ul style="list-style-type: none"> Developing and acquiring over 55 new homes. 	Efficiency	Number of new units delivered

<p>Homes / Excellent Maintenance Services</p>	<p>North Star will have a leading-edge repairs service, reflecting the needs of our customer base and data informing investment decisions - with an aim to top quartile performance.</p>	<ul style="list-style-type: none"> • Research and explore options for a leading edge and future proofed repairs service. • Improve satisfaction with the repairs service from 79% to 85%. 	<p>Economy, Efficiency & Effectiveness</p>	<p>Activity carried out and measured including improvements made from customer insight and feedback</p>
<p>Foundations / Financial Resilience</p>	<p>Sustained financial resilience ensuring we are able to provide safe and affordable homes in our communities, deliver value for money services to our customers and meet the investment needs of new and existing properties.</p>	<ul style="list-style-type: none"> • Execute Medium Term funding strategy that minimise treasury risk and maximises borrowing capacity. • Achieve the expectations of the 2026/27 Budget <ul style="list-style-type: none"> . Operating Margin – 22.8% . EBITDA MRI Interest Cover – 0.79 • Involve Customers and Staff in the development of the next iteration of a VFM Strategy. 	<p>Economy & Efficiency</p>	<p>Financial performance in 2026/27.</p>
<p>Foundations / Strong Data Governance</p>	<p>People, processes and technology manage data as a strategic asset within the business, ensuring data is both secure and of high quality to enhance data-driven decision making.</p>	<ul style="list-style-type: none"> • Establish a Data Governance Forum to coordinate efforts, align priorities, and assure Board-level oversight. 	<p>Efficiency</p>	<p>Data assurance provided to Board on key areas (Customer, repairs and performance).</p>

<p>Foundations / Drive Digital Innovation & Inclusion</p>	<p>We will harness digital technology to modernise & improve services, enhance accessibility and efficiency, and ensure all customers can engage confidently with our digital services.</p>	<ul style="list-style-type: none"> • Host at least two outreach events to advance digital equity in our communities • Delivery of AI pilots and training for staff on effective use of AI. 	<p>Equity & Efficiency</p>	<p>Feedback on pilots and case studies on use of AI across North Star</p>
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The objectives outlined above will be supplemented with the suggestions received from involved customers as outlined in section 3.4 of this report.