



NORTH STAR

Creating homes, building futures



Annual Report and Financial Statements

Year ending 31st March 2026

Contents

Board Members, Executive Directors, Advisors and Bankers	3
Report of the Board	4
Statement of the Board's responsibilities in respect of the Board's Annual Report and the Financial Statements	52
Independent Auditor's Report	53
Association Statement of Comprehensive Income	56
Association Statement of Financial Position	57
Association Statement of Cash Flows	58
Association Statement of Changes in Reserves	59
Notes to the Financial Statements	60

Board Members, Executive Directors, Advisors and Bankers

Board

Anna Urbanowicz (Chair – Retired September 2025)
 Claire Warren (Deputy Chair – resigned April 2025)
 Graeme Allinson (Chair of Risk & Audit Committee)
 Mark Thompson (Chair of Remuneration & Employment Conditions Committee)
 David Walker
 Simon Wake
 Nicki Clark (appointed Chair September 2025)
 Joanne Todd (appointed Deputy Chair September 2025 & appointed Interim Chair March 2026)
 Manisha Sharma (resigned August 2025)
 Richard Hukin (resigned September 2025)
 Sarah Roxby (appointed November 2025)
 William Fullen (appointed November 2025)
 Richard Fryer (appointed November 2025)
 David Butcher (appointed November 2025)
 Deborah Lewis-Bynoe (appointed November 2025)

Chief Executive

James Walder

Executive Directors

Emma Speight, Executive Director of Assets & Growth
 Carole Richardson, Executive Director of Customers
 Andrew Carlton, Executive Director of Finance & Business Support

Registered office

Endeavour House
 St. Mark's Court
 Thornaby
 Stockton-on-Tees
 TS17 6QN

Registered numbers

Co-operative & Community Benefit Societies Act 2014 – registered number 21256R
 Regulator of Social Housing registered number LH0084

External Auditor

Menzies LLP
 One Express
 1 George Leigh Street
 Manchester
 M4 5DL

Principal Bankers

Lloyds Banking Group Plc.
 Corporate Markets
 Lloyds Banking Group
 25 Gresham Street
 London
 EC2V 7HN

Report of the Board

Results for the year

The Board presents its Annual Report and the audited Financial Statements for the year ended 31st March 2026.

Organisation Structure and Activities

North Star Housing Group (the Organisation) is a charitable, asset owning Housing Association (HA) and a registered society under the Co-operative and Community Benefit Societies Act 2014.

The principal activity of the Organisation is the provision of affordable rented accommodation for people with a diversity of needs and aspirations.

Review of the Year

It feels like there is now a standard opening for the review of the year – it has been another year of change for North Star and a volatile and challenging operating environment.

The most significant change at North Star was on the Board with three Chairs in the year, two Chairs of RECC and five new Board members. Anna Urbanowicz retired as Chair in September 2025 after eight years of valued service – her passion for customers and especially rural communities were evident throughout her time at North Star. Nicki Clark succeeded Anna but then had to take a leave of absence due to ill health and Joanne Todd stepped from Deputy to Chair from 1st March 2026. It was positive to see over 50 applications for the Board member roles with a number of strong and appointable candidates. The changes to roles at Board and recruitment and induction of new Board members have been carefully managed.

The year started positively with the announcements in the Comprehensive Spending Review in June 2025 – a 10-year rent settlement of CPI+1% and a £39bn Social and Affordable Homes Programme. These were heralded as a once in a life time investment in social housing. However, a combination of policy announcements and economic conditions countered this early positive news.

The key policy announcements were Minimum Energy Efficiency Standards (MEES) and Decent Homes Standard 2 but others such as the Competency and Conduct Standard, Social Tenant Access to Information Requirement (STAIRS) and Supported Housing Regulatory Oversight Act will also impact the sector operationally and financially. Our 2026 business plan included the impact of MEES which created financial pressures in the 2030s with an net investment of more than £20m.

Economic and political uncertainty have impacted the communities where we operate where extreme views on both sides of the political spectrum create tensions and difference. Having joined the North East Anti-Racism Coalition in 2024, we were proud to be an early adopter and the first housing association to sign up to the Become the Bridge campaign to build a fairer and stronger North East. This sends a clear message to our customers, staff and partners about our stance on this.

Despite inflation and interest rates falling the cost-of-living crisis is still an issue for many of our customers with fuel and food prices remaining high. For the second year in a row our welfare benefits team increased customer income by over £1m in supporting 879 customers in 2025/26. Staff within our Housing Management teams are working with many customers with complex needs and we need to work with local authorities, partners and other stakeholders to ensure customers receive support. These issues require innovative and creative solutions so we can maximise the help we can provide our customers and the impact we can have in our communities.

Devolution is now established in the region with the Tees Valley Combined Authority and North East Combined Authority in place. North Star are members of the Tees Valley and North East Housing Partnerships working with the housing sector, local authorities, Combined Authorities and partners to maximise the impact we have in these regions. There is a clear desire from the housing sector and local authorities to work more collaboratively across the North East to maximise our combined positive impact in communities.

It is more important than ever for North Star to maintain our financial strength to manage economic volatility and uncertainty. Our financial resilience has allowed us to continue to build new properties and invest in our existing stock whilst many in the sector have had to scale back their development aspirations. As set out below we built 93 new homes in 2025/26 as well as investing £6.9m in existing homes and developing services for customers.

We have plans in place to improve our financial performance in 2026/27 as we know how important financial resilience is during times of uncertainty. Never has value for money been so critical in supporting our ambitions and priorities. Our surplus and operating margin remain strong which is testament to the robustness of the business. Our values, social purpose and people approach have never been more needed and the work we have done to create high levels of trust through strong relationships continues to support our resilience.

We were pleased to retain our G1/V1 Regulator of Social Housing (RSH) rating in December 2025 and are working hard to achieve a C1 rating at our next RSH inspection in the autumn of 2026. Board continue to provide ongoing oversight and scrutiny work on the Consumer Standards with regular updates of the work done by staff and lessons learned from RSH inspections.

We have appointed a Member Responsible for Complaints who has worked closely with staff and customers to improve complaints handling. All Board members attended at least two customer meetings as we wanted to ensure that there was a clear link and a strong relationship between The Tenant Voice (TTV) and Board.

Despite this context and the challenges faced by North Star, we are pleased to report another successful year. A culture of strong financial management has provided resilience in the operating model and enabled us to withstand repeated external shocks. In addition, we have had an even stronger focus on the business and financial plans, budgets, risk management and assurance to ensure we can deliver our ambitions and promises. Our commitment to customers remains a priority, not only delivering high-quality services but regular and planned stock investment, decarbonisation work and building new homes. We have targeted support in communities and to individuals as we look to sustain our customers' tenancies. North Star has worked to balance these priorities, by listening to customers and understanding what matters.

We are proud of what we have achieved in 2025/26 whilst managing changes to our Board and navigating a complex and ever-changing external environment. In May 2026 we were notified by the RSH that our inspection would be taking place in June and July with the judgement issued on 30th September 2026. This will be our first inspection of the consumer standards, and we are hoping that our focus on customer outcomes, hard work and high-performance levels over the last two years will be rewarded with a C1 rating.

Finances

The Organisation achieved an operating surplus for the year of £5,728k (2025: £6,872k) and an overall net surplus for the year of £1,713k (2025: £3,052k). Our Surplus for Purpose Statement captures our intention to ensure all surpluses are invested back into the business, and ensures North Star remains strong for the future.

There were some financial challenges during the year – the highest ever level of repairs and damp jobs, one off issues that required urgent action and delays to a development scheme impacting income. We have worked hard to mitigate the impact of these issues and are carrying out a review to ensure we learn lessons and evolve the financial controls environment to ensure it is robust and fit for purpose. Despite these pressures we have continued to deliver on our strategic objectives and deliver outcomes for customers and communities. We have shared details of some of these below, but this is only a small sample of what we have delivered in 2025/26.

We have very good external connections, partnerships, and links, which we highly value as we know strong relationships and good collaboration are critical to the success of the business. Our positive local and national reputation holds strong but is never taken for granted; we value all we achieve.

We continue to ensure we have sufficient liquidity to deliver our strategic objectives. In 2025 we agreed a new £20m loan with Santander and at the 31st March 2026 we had 34 months available liquidity. We will continue to use hedging to manage interest rate risk and protect North Star from any risk in interest rates and we work closely with our external advisors, Centrus, to manage all aspects of Treasury risk.

Our performance across all main KPIs is benchmarked through HouseMark and has remained solid despite external challenges. Many areas of Health and Safety KPIs have been at 100% throughout 2025/26.

The Value for Money section contains further details about our 12-month performance. Our core strategic objectives for 2025/26 were customers and communities, growth, assets and the green agenda, technology, people and culture, value for money and governance. Progress against some of the main objectives in the third and final year of our Leading & Growing to 2026 three-year strategy which has directed business priorities during the year is detailed underneath:

Objective	Outturn
To develop an app for and with customers to access services.	North Star online app launched in October 2025, and customers involved in development and user testing. Over 2,000 monthly log ins by March 2026.
To increase levels of customer satisfaction with complaints handling to 70% (transactional and perception)	Recommendations from customer task and finish group on complaints implemented in summer 2025. Transactional satisfaction for year was 89% and TSM perception improved from 56% to 62%.
To ensure customer insight, themes, learning, involvement activity and impact are reported to Board quarterly	Updated the Customer Voice report which is shared every quarter and includes range of data. TTV members attended Board meetings to share update on their work and details also shared on the website.
To ensure 85% of repairs are completed on the first visit	Performance improved in this area and was at 87% by the end of the year.
To improve the energy performance of our properties	Works completed at 118 properties to improve them to EPC 'C'.
To deliver 75 new units	We delivered 93 new homes in the year.

To create a new induction programme	New approach developed with managers and uses People First to track progress.
To establish a Board trainee programme with three trainees on the programme	Four Board trainees started the two-year HDN programme in July 2025.
To appoint a new Chair and have a successful transition process	Nicki Clark appointed as Chair at September 2025 Board meeting and successful transition with outgoing Chair.
To procure and transition to a new ICT infrastructure	ANS successful in procurement process and transition completed in early 2026. Savings of £29k per annum on new contract.
To execute a medium-term funding strategy	10-year term loan of £20m agreed with Santander in the 2025 summer.

Digital progress

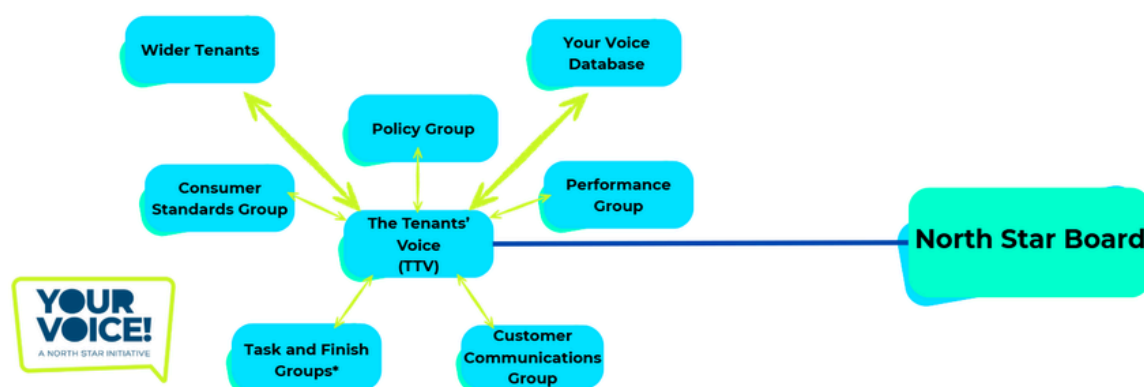
We finished the final elements of our transition to a new Housing Management System on MS Dynamics and have continued to work in 2025/26 to enhance the system and processes to ensure we are operating efficiently and allowing staff to focus on providing services and support to those customers who need it most. The system provides one version of the truth and was key to ensuring we could implement the first phase requirements of Awaab's Law in October 2025. During the year we moved to a new ICT infrastructure hosted on MS Azure and supported by ANS.

We have created a new three-year Digital, Data and Technology strategy that was launched in Summer of 2026. Alongside this we restructured our Data and Digital team and created a new Head of Data role who will take a lead of this key area. A key area for the first year of this strategy will be developing our approach to Artificial Intelligence – making sure we integrate this with our cultural focus on relationships among staff and with customers.

We continue to focus on cyber security with regular updates provided to staff and work closely with our infrastructure partner, ANS and their security team, to ensure our network, software and devices are secure and protected.

Customer Insight, Satisfaction and Involvement

The focal point of our customer engagement is The Tenants' Voice (TTV) that took over from Tenant Voice Scrutiny Panel in early 2025. TTV has a role to coordinate and connect across all engagement groups to ensure that North Star captures and acts upon customer insight. The group is representative of the wider tenant base and has a direct link to the Board. TTV members attend Board meetings on a quarterly basis sharing updates on their work as well as sharing feedback and recommendations. All Board members go to at least two customer meetings a year so they can hear directly from customers. This helps Board to consider the voice of the customer when it makes decisions that will affect them. A graphic illustration of the involved structure co-created with customers is outlined below.



We now have 400 customers that state they want to be involved in ways that suit their needs. This includes challenging performance, Consumer standards policy consultation, task and finish groups and tenant scrutiny. Several customers were involved in the creation of our new website.

We have continued to collect the Tenant Satisfaction Measures (TSMs) using an external specialist company providing independence and confidence. We collect these measures across the full year allowing us to act if there are any areas of concern or lower performance. Our performance on the TSMs is shared later in this report and more information is available on our website. We are pleased with the outturn for 2025/26 but know we need to continue to improve our repairs service and our approach to complaints handling.

We capture customer satisfaction for a range of services daily – this is used to understand service quality and enables the quick resolution of issues. A key area of focus has been satisfaction with complaints. We have a complaints clinic that meets every six weeks to review complaints, identify themes and ensure lessons are learned and changes are made quickly. The Member Responsible for Complaints attends these meetings and provides feedback at Board. TTV has also carried out a review of complaints with all its recommendations implemented. There is more information about customer satisfaction performance later in this report.

We carried out an Institute of Customer Service (ICS) survey with our staff and customers at the end of 2025. It was pleasing to see our staff score remain high at 87.6 and our overall customer satisfaction score increased from 80.7 (July 2024) to 81.6. We successfully completed the ICS re-accreditation process with the assessor commenting that “North Star’s approach to involving tenants in all activities to share products and services really shone through... this ranged from creation of the company strategy, surveying tenants post routine interactions, through to task and finish groups helping target know pain points.” We are working closely with the ICS and customers to improve this score and also had a number of staff and contractors complete ICS customer service training during the year.

We continue to work in partnership with a range of organisations to benefit our customers and communities. Our partnership with regional housing associations through the Housing Employment Northeast Network (HENNE) project has continued to grow, with HENNE funding two new roles during 2025/26 specifically focused on supporting North Star customers.

We have also continued to strengthen partnerships with organisations including Little Sprouts, Cornerhouse and Groundwork, helping to provide a wide range of activities, support and opportunities across our communities. Groundwork have continued to operate from our community hub in Evenwood, delivering community activities and opportunities for customers in the Teesdale area.

Alongside this, through our Heartbeat programme, we have worked with colleagues, customers and local partners to strengthen community connections and increase visibility within our neighbourhoods. The first year of our Heartbeat project was a success with 662 people reached by a range of activities and over 500 volunteer hours from staff. This has included community events, patch-based activities, customer engagement sessions and collaborative projects designed to bring teams and customers together, improve local relationships and ensure customers have more opportunities to influence services and access support within their communities.

Delivering New Homes

During 2025-26 we delivered 93 new homes across Teesside, North Yorkshire, County Durham and Sunderland. New homes included 2 to 4 bedroomed houses for small households and families and 2 bedroomed bungalows, to meet the needs of older and less mobile customers. Our first zero carbon development comprised of 12 houses on a brownfield site in Darlington.

The majority of the new homes were for Social or Affordable Rent with a small number for Rent to Buy. We completed our commitment to an empty homes renewal scheme in a regeneration area of Stockton.

Many of our new homes, including high-quality bungalows in Middleton St George, have been purchased from volume builders as Section 106 units and are therefore integrated within private, for sales sites, thus bringing a rental opportunity to those who do not have the means to purchase homes in those areas.

We have a strong pipeline for the next two years and are keen to play our part in building the new homes needed for the North East. We continue to experience increases in costs across both new build and those purchased through planning gain (S106) which has required us to continually review our development appraisal model, affordability, costs of borrowing and business plan capacity.



Investing in homes and decarbonisation

In 2025/26 we invested £6.9m in planned improvement works to existing homes, helping to keep homes safe, warm and well maintained for customers.

We also continued to strengthen our asset intelligence, completing 778 stock condition surveys during the year to support long-term investment planning and maintain our five-year survey cycle.

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.

Working with consultant Savills, we implemented a new asset sustainability model during 2024/25. This is a tool in helping us understand the options for managing our stock in low value, challenging areas where sustainability is challenging. We have also set up a Strategic Property Options group to review specific properties with complex or bespoke investment requirements.

The cost of achieving EPC level C by 2030, an initial estimate for achieving MEES by 2039 and further investment towards the net zero government targets are included in the business plan.

Equality, Diversity and Inclusion

Our commitment to equality, diversity and inclusion was reinforced by stretching targets for the diversity of the workforce and housing allocations by protected characteristics. More information is available on our website.

We know there is more work to be done and how important diversity is at all levels of the organisation including the Board. Our inclusion group meet on a regular basis to review data, training and activities. Our targets will continue to be ambitious, our data will be stronger, and our intelligence and knowledge improved.

We were an early adopter of the Become the Bridge Campaign, set up by the North East Anti-Racism Coalition. As the first housing association to sign up to this campaign we have also worked to persuade others in the sector to sign up sending a clear message to customers, communities and staff.

We continue to work closely with Housing Diversity Network who support our Board trainee programme, and a range of other organisations in this area to ensure diversity of thought is brought into the Board and the wider organisation.



Future Developments

During the year we created our new strategy – Leading and Growing to 2031. The strategy was developed working with customers, staff and Board members providing real relevance, ownership and understanding across the organisation. This co-created and collaborative vision was carefully designed by all involved to create a balance of ambition and strength. Over 100 staff, more than 100 customers and the Board helped influence and create the strategy based around the four pillars – Customer, Homes, People and Foundations. The strategy was developed during an ever-changing operating context but is a balance of ambition and realism over the next five years. We have created an ambition statement that will be our reference point over the next five years:

“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.”

This relatively unique approach to process, design and outcome is leading to high performance and effective delivery of priorities. It will also keep North Star strong well into the future; everyone knows and understands their role, and we have collective ambition and mutually agreed outcomes.

Corporate Governance

We fully comply with all the RSH Regulatory Standards, and the National Housing Federation (NHF) Code of Governance 2020. We have signed up to the NHF Code of Conduct for everyone across the business and we have adopted the Housing Ombudsman Code. We annually self-assess against these, identifying areas to strengthen. We have also adopted the NHF Mergers, Organisation Structures and Partnerships Code, which is voluntary and useful when faced with options. Enhancing this is a revised Merger Strategy, approved by Board in April 2026. This demonstrated there was no imperative to merge, but the organisation would consider others joining North Star where value is added for both parties.

The Board has recently fully reviewed its risk appetite and carried out an extensive effectiveness review, including a skills assessment through a rigorous individual and collective appraisal process. The Board effectiveness review was supported by an external consultant and included a review of the key governance documents. The recommendations from this review were captured in the strategic delivery plan for 2026/27. This ensures Board is progressive, constantly learning and moving at a pace that fits with the current requirements.

The organisation has an effective risk and business planning framework which includes:

- A three lines of defence risk mapping process, with clear segregation of oversight between Risk & Audit Committee (RAC) and Board, regular deep dives of a strategic risk area and detailed discussions on emerging risks, along with oversight of the operational risk register. Risk is embedded across the business, not only through well-managed frameworks and systems but also through dialogue and discussion.
- The business planning process is well established and is the cornerstone to all decision-making. With the support of external consultants, the process is validated at all levels to ensure external scrutiny, challenge and intelligence are embedded.

- Robust stress testing is carried out at least annually, against identified strategic risks and combinations of risks across a range of scenarios with and without mitigations. The Business Plan is agreed by Board annually and reviewed bi-annually as a minimum. The current Plan was fully stress tested and agreed in April 2026. Board understands the cause of major failure in the Plan which would be significant unplanned costs with no mitigations, or the impact of a rent decrease on a scale never experienced.
- We maintain accurate and up to date records of our assets and liabilities and use the records frequently.
- The annual Internal Audit Plan is approved by Risk & Audit Committee. This provides oversight to key aspects of the business and can focus on emerging issues. There is always at least one area of health and safety included in the Plan.

Board succession is well planned through regular reviews of terms of office. The terms of reference of the Remuneration and Employee Conditions Committee were updated in 2024 to allow RECC to lead on succession planning for the Board. This ensures we plan early for known vacancies and recruit effectively and RECC will be working on the succession planning during 2026.

The new NHF Code reduced terms for Board members to a maximum of two three-year terms. In 2021, the Board agreed to extend the current Chair's term beyond the maximum six years which would be reached in 2023. The Board's decision was for an extension of the Chair's term up to a further 3 years to 2026 which was reviewed annually through the appraisal process. The Chair retired in September 2025. The Chairs of both Committees and new Chair of Board were all appointed to these roles with a new three-year term which will take their tenures into the seventh year. This is to ensure there is stability and continuity at Board and both Committees.

As well as a strong fiduciary focus, the Board values its generative approach, that is brought not only at Board meetings but also at regular residentials that are externally facilitated. This also enables strong relationships to develop to enable Board to manage the complexity and changing requirements of its role. Board members are committed to learning and development and attend a wide range of external seminars and training events, complemented by planned internal briefings and overviews. During the year there was a session on Health and Safety led by Pennington Choices.



Employees

The organisation highly values its employees and their continued health and well-being. A cultural change process that has led to the organisation working with high levels of trust and accountability has been very successful, as evidenced in our business success and achievement of the Investors in People Platinum (IiP) accreditation in 2023. Our people focus and relationships set us apart from many other housing providers and help to keep North Star strong. In the reaccreditation survey, 92% of staff responded with 98% stating they share the same values as North Star and 94% saying that North Star is a great place to work and 98% say that North Star has a positive impact on society.

Hybrid working is now part of how we operate which meets the needs of both the business and people employed. This not only protects the relational culture, but also provides more flexibility, fluidity and builds further on trust. It is a successful model that is regularly reviewed with staff and as new requirements emerge, we are well-placed to adapt. The office remains an important hub that is well used and valued.

Going Concern

The organisation's business activities, together with the factors likely to affect its future development, performance and position are set out in this report and the Financial Statements.

The organisation meets its day to day working capital requirements through the current account, which was cash positive throughout the year. The organisation meets its development programme requirements through a combination of grant and debt funding. Note 23 of the Financial Statements highlights the current level of debt and repayment terms.

The organisation's forecasts and projections show that it should be able to continue to operate within the level of its current facilities and no matters have been drawn to its attention to suggest that future funding may not be forthcoming on acceptable terms.

Our net current liability position at the 31st March 2026 was expected and is not considered to be a going concern issue. The net liability position was a result of increased short-term creditors due to the timing of major repairs and development spend. Undrawn secured loans are at £36.5m (as at 31st March 2026), with 34 months of liquidity remaining. Loans are only being drawn when necessary for effective cashflow management.

The organisation's business plan that was approved by Board in April 2026 sets out the financial plans for the next 30 years and includes a range of stress tests to give the Board additional assurance over the strength of these plans.

After making enquiries, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the organisation continues to adopt the going concern basis in preparing these Financial Statements.

Value for Money

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 2). 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.

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 Es:

- **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 of 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.



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.

Leading and Growing Strategy to 2026 & 2031

A sustained focus on VFM is essential if we are to achieve our strategic objectives. Our previous Corporate strategy, L&G to 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.

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



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.

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 from 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 later in 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 over 500 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 £29k 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.

Value For Money Activity During 2025/26

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	Actual
Revenue	21,327	22,381	24,649	27,722	28,529
Operating expenditure	(15,209)	(17,254)	(19,005)	(21,266)	(22,431)
Operating surplus	6,118	5,127	5,644	6,456	6,097
Operating margin (%)*	28.7%	22.9%	22.9%	23.3%	21.4%
Amortisation of goodwill	(32)	(32)	(32)	(32)	(32)
FA surplus	32	115	0	416	79
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	1,713
Net margin (%)	16.2%	11.4%	11.0%	11.0%	6.0%

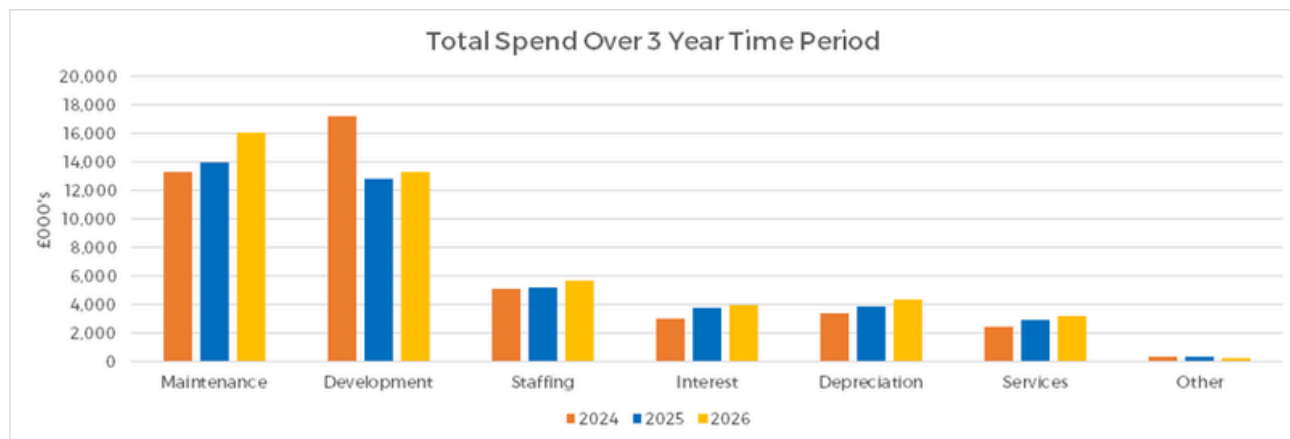
Our operating margin has averaged at 23.8% over the last five financial years. To understand underlying business performance, we have excluded impairment values in 2026 from the calculation of this measure. The metric has been subject to cost pressure during the last 3 years where it has averaged at 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 (21.4% against a target of 25%). The measure does however remain an area where we continue to outperform our peers.

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 as outlined above.

Total Spend Comparison – 2023/24 to 2025/26

The most significant changes between 2025 and 2026 are:

- An increase in overall spend of £3.9m (from £42.7m to £46.6m).
- Development spend has increased by £0.5m from £12.8m to £13.3m with 93 new properties being delivered in year (against 74 in 2024/25),
- An overall increased investment in maintenance costs which has been caused by several factors outlined below.
- The value of capitalised major repairs has increased by £1.9m 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 £6.9m. 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 £595k 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 (which already included a 10% uplift on previous years). 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.

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.

Objective	Purpose	Actions (SMART targets where possible)	Outcome
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.	Engage TTV and customer feedback/suggestions on VFM	The EDFBS and Director of Finance (DoF) met with TTV to provide an overview of North Star's 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. A 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. 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.
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.	Provide opportunities for staff engagement, devising mechanisms for both suggestion and influence in the business.	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. In February 2026, RECC approved a 5% pay award for staff from April 2026. We have launched 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. This VFM "call to arms" will generate savings of £350k.

Performance against Targets (continued)

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	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.
Delivery of consistent Financial Performance	To keep North Star financially strong, ensuring we can continue to deliver our strategic objectives	Achieve the 2025/26 budgeted expectations for: - Operating Margin at 25% - EBITDA MRI (Interest Cover) at 121%	This objective will not be met. The financial outturn shows an operating margin of 21.4% and EBITDA MRI Interest Cover of 0.68 at the end of the 2025/26 Financial Year. Increased repairs demand and investment in properties (particularly roofing and damp works) have significantly impacted these measures.

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.

Key deliveries include:

- 93 new homes at a cost of £13.3m
- Invested in existing properties at a cost of £6.9m, 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.

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 savings 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

Efficiencies (continued)

The level of savings anticipated by the 2025/26 budget has been delivered as outlined in the table on the previous page.

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 repocured 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.

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 over 500 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.

Community Investment and Generating Social Value (continued)

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 879 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.



Community Investment and Generating Social Value (continued)

North Star's investment generated £4m of measurable social value using HACT's Social Value methodology. This included:

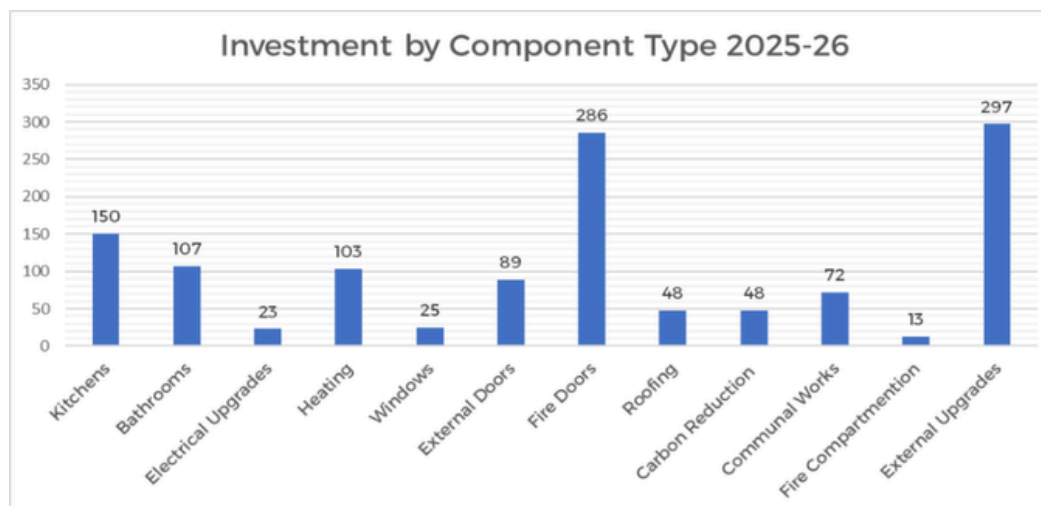
- £1.5m generated through community investment projects supporting local people through initiatives focused on food poverty, social isolation, health and wellbeing and community resilience.
- £121k generated through tenant involvement and customer connection activity, including the work of TTV, Performance 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 879 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.

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.

In total 1,261 properties benefited from improvement works in 2025/26. 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*

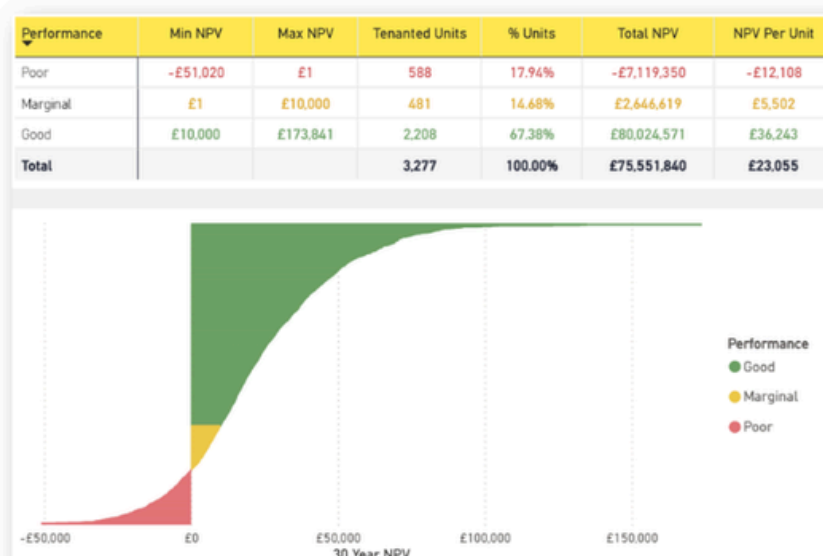
Return on Assets

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.

Our SHAPE 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.

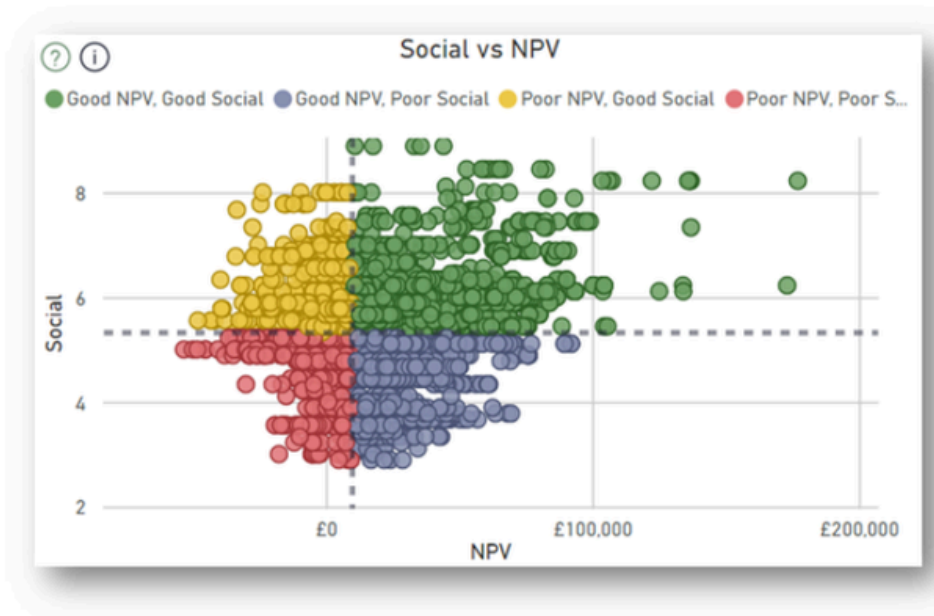
The below graphic considers the Net Present Value (NPV) of stock, categorising performance as either 'Good', 'Marginal' or 'Poor'.



Return on Assets (continued)

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.



The assumptions of our model will be next updated during 2026/27.

As part of our active asset management strategy, we plan to dispose of 3 properties in 2026/27. These properties have been poorly performing, inefficient and required significant investment. As a result, an impairment has been recognised in the accounts for 2025/26, 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.

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 we 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.

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%	86.0%	85.0%	86.6%	On target <1.9% outside target >2% outside target
Gas servicing	97.6%	98.6%	98.1%	97.8%	89.0%	92.0%	No data available	
Customer Service	92.8%	94.1%	93.1%	92.6%	89.0%	93.0%	No data available	
Moving Into a home (New Tenancy)	100.0%	100.0%	100.0%	97.9%	96.0%	100.0%	No data available	
Complaints	100.0%	91.7%	88.2%	88.9%	70.0%	90.0%	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.

Tenant Satisfaction Measures (TSMs)

North Star continued to perform strongly against the Regulator of 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.

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)	0.78%	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%	100.00%	100.00%	100.00%	Upper
% of time lost to sickness	1.57%	1.62%	N/A	4.29%	Not available

Performance (continued)

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. 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. 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

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 Regulator's Annual Stability Check. As part of our In-Depth Assessment from the Regulator in 2022/23, feedback was shared on North Star ensuring we were making effective use of our V1 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: £129.8m) 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 new term loan 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.

Investment

The 2026 Business Plan captured a commitment to deliver 300 new units between 2026 and 2031, 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 June 2026, the Regulator published the results of the Quarter 4 financial & risk survey outlining continued significant financial pressures within the sector. Repairs and maintenance costs continue to rise, with an increase of 5% on the previous year. This follows a marginal reduction in spend on new homes. EBITDA MRI interest cover is at 79% for the 12 months.

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.

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. 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 2026 Business Plan evidenced we are able to withstand aspects of financial uncertainty.

North Star Trends and Comparison to other Housing Associations

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.

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
Mossacre St Vincent's Housing Group	

RSH VFM Metrics

The table below show the performance on the VFM metrics over the last three years and includes final figures in the signed accounts. There is no peer group data available yet for 2026.

VFM calculations including Impairment

RSR metrics	2023	2024	2025	2026	2023	2024	2025
	NS	NS	NS	NS	Peer	Peer	Peer
1. Reinvestment %	6.6%	9.5%	7.15%	7.68%	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%	68%	152%	120%	121%
5. HSCU	£4,354	£5,332	£5,622	£6,078	£4,399	£5,158	£5,290
6a. Operating Margin (Social Housing Lettings) %	21.7%	21.7%	22.2%	18.4%	18.6%	15.5%	18.0%
6b. Operating Margin %	22.9%	22.9%	23.3%	19.8%	19.0%	16.1%	16.0%
7. ROCE	2.3%	2.4%	2.7%	2.1%	3.1%	2.9%	3.0%

VFM Calculations excluding Impairment to assess underlying business performance (impacts on operating margin metrics)

RSR metrics	2023	2024	2025	2026	2023	2024	2025
	NS	NS	NS	NS	Peer	Peer	Peer
Units							
1. Reinvestment %	6.6%	9.5%	7.15%	7.68%	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%	68%	152%	120%	121%
5. HSCU	£4,354	£5,332	£5,622	£6,078	£4,399	£5,158	£5,290
6a. Operating Margin (Social Housing Lettings) %	21.7%	21.7%	22.2%	20.0%	18.6%	15.5%	18.0%
6b. Operating Margin %	0.0%	22.9%	23.3%	21.4%	19.0%	16.1%	16.0%
7. ROCE	2.3%	2.4%	2.7%	2.3%	3.1%	2.9%	3.0%

The commentary that follows is based on the VFM calculations excluding impairment.

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 £1.9m 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 68% is reflective of both higher operating expenditure and capitalised planned maintenance. Whilst our covenants with funders permit an EBITDA MRI of less than 100% 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.

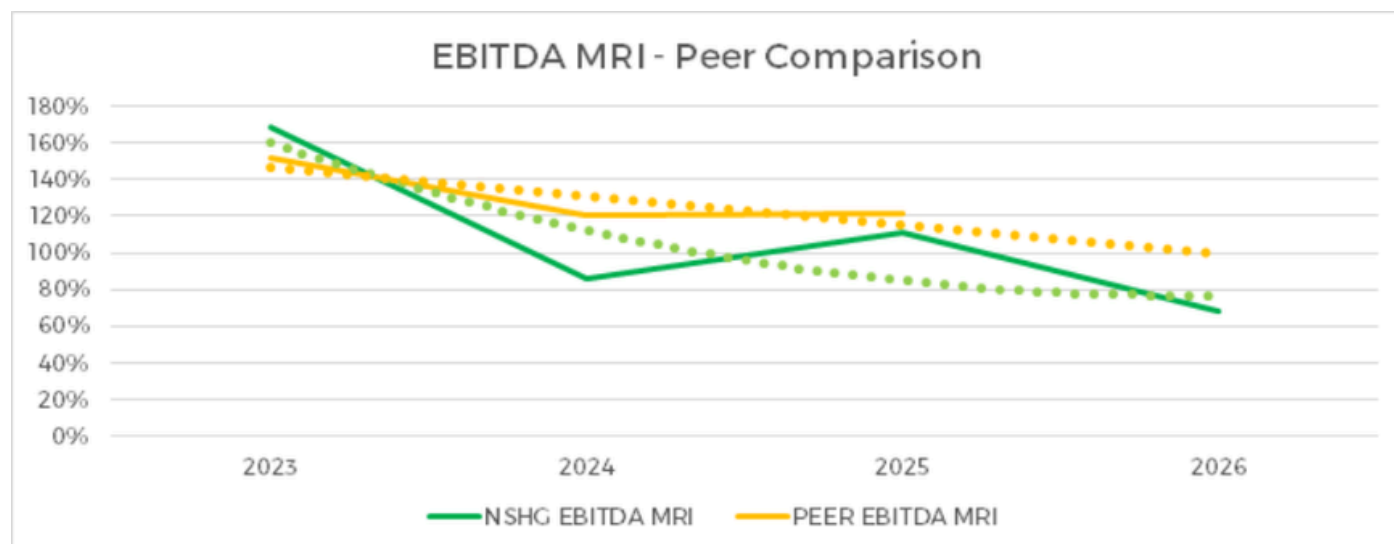
North Star v Peer Group Metrics

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.

EBITDA MRI Interest Cover

As referenced elsewhere in this report, 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 4 Finance & Risk survey from the Regulator, the EBITDA MRI position of the sector was 79%.

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.

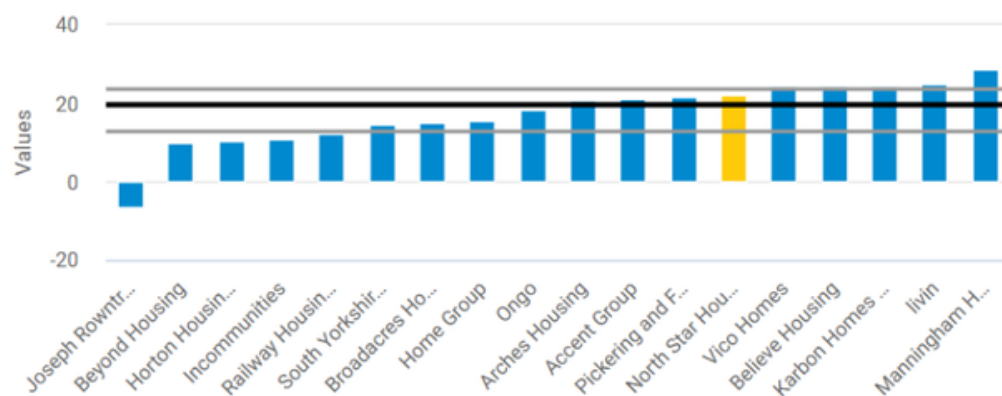
HouseMark

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.

2024/25 Performance

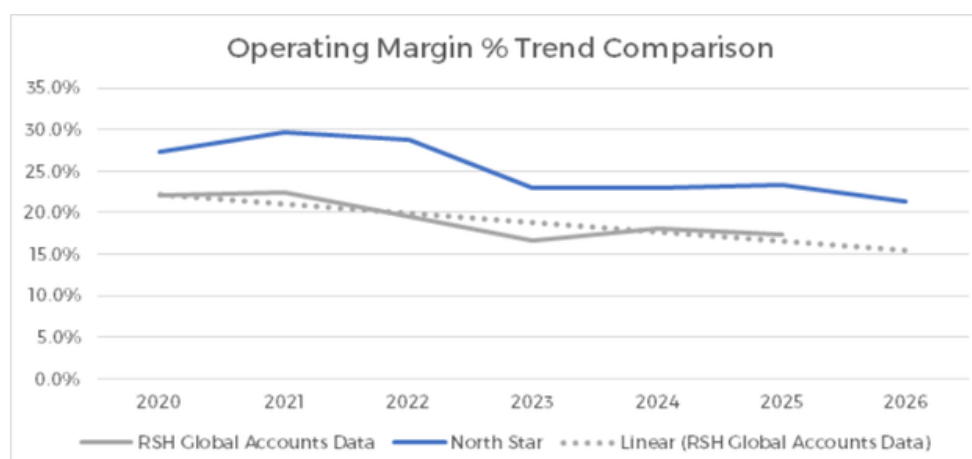
The chart below shows the 2024/25 operating margin for the peer group, with North Star achieving second quartile performance in this area. The 2024/25 operating margin at 23.3%, was higher than the peer median of 19.7%. The measure of efficiency also compares well with all organisations who participate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

Operating margin - overall

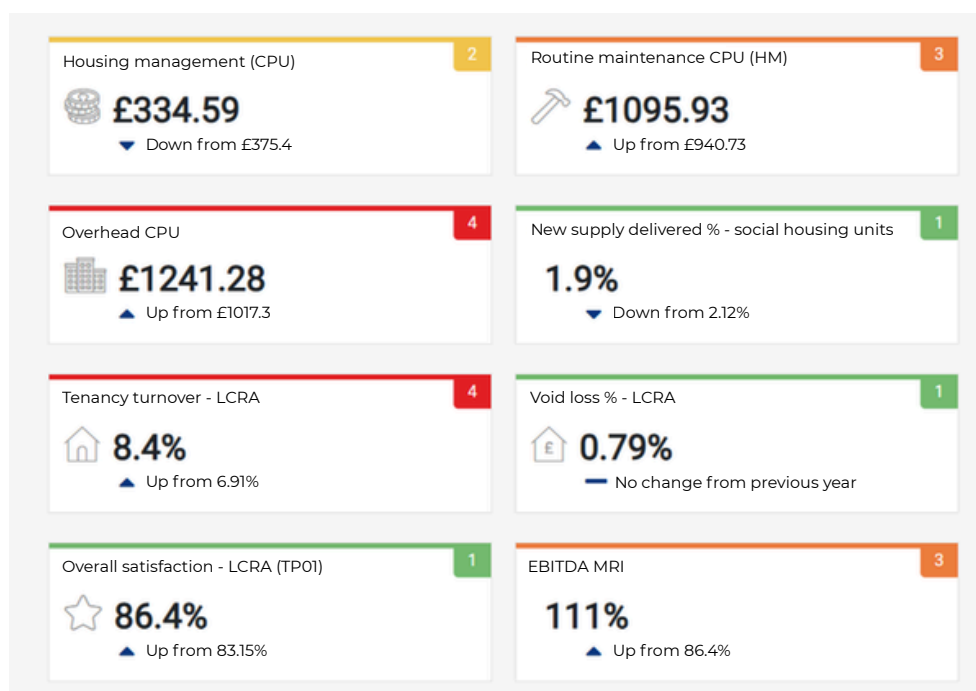


Maintaining financial resilience through a healthy operating margin, is a key consideration within our financial planning and reforecasting.

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.



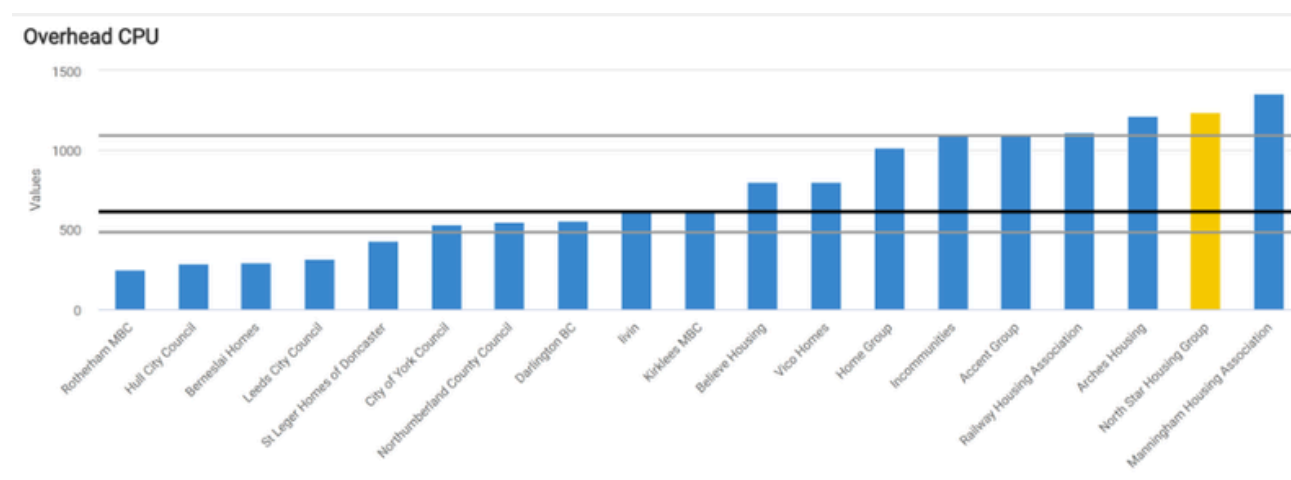
Importantly benchmarking data should be viewed in the context of considering both cost and performance information. More analysis on these areas is shown below. Two measures present on the dashboard are also RSH VFM Metrics.

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 remained 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.

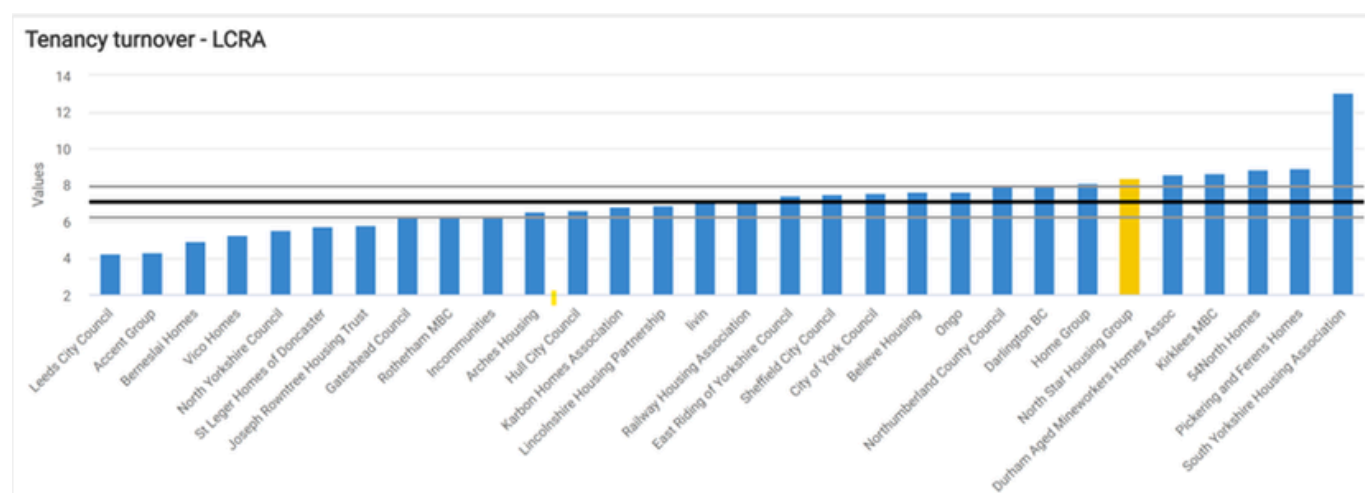
Tenancy Turnover

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. In 2025/26 we saw improvement in this measure with tenancy turnover being 7.8%.

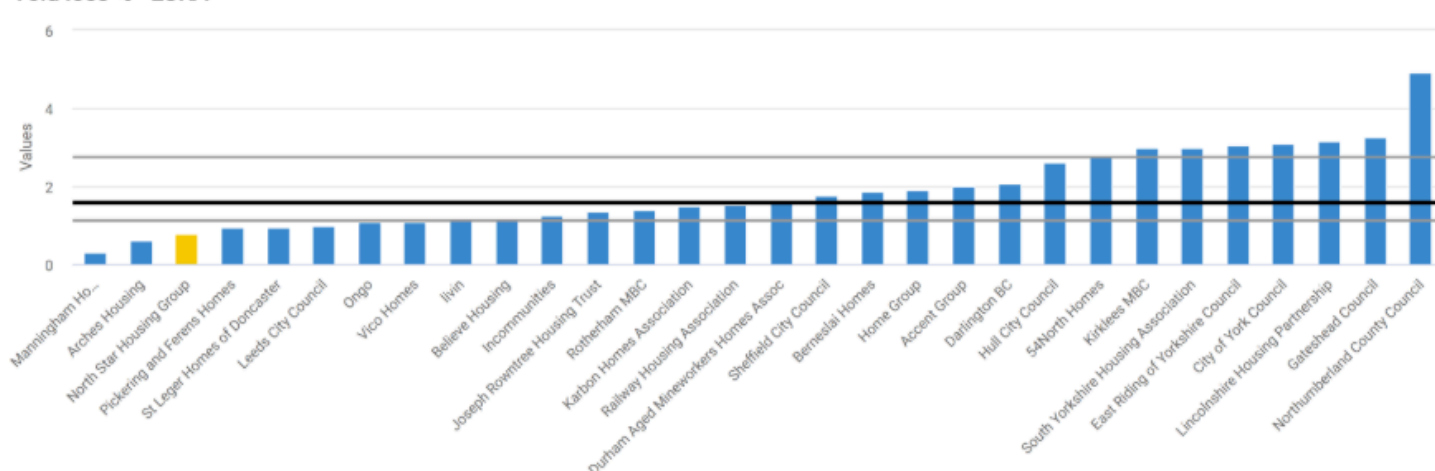


Areas of Strong Performance (Top Quartile)

Void Loss & Re-let Times

Similar to last financial year, we continue to record top quartile performance upon void loss and property relet times.

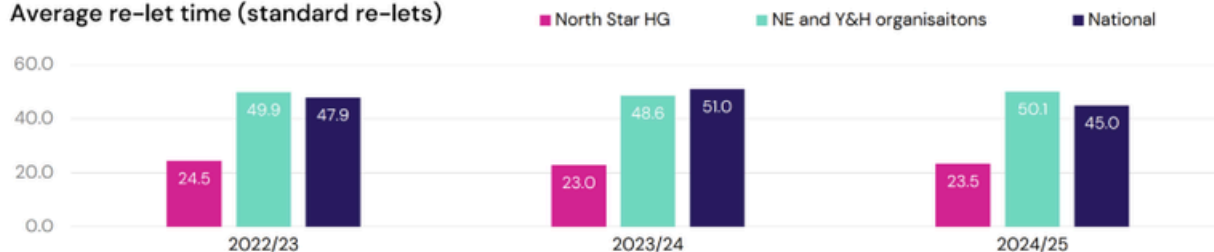
Void loss % - LCRA



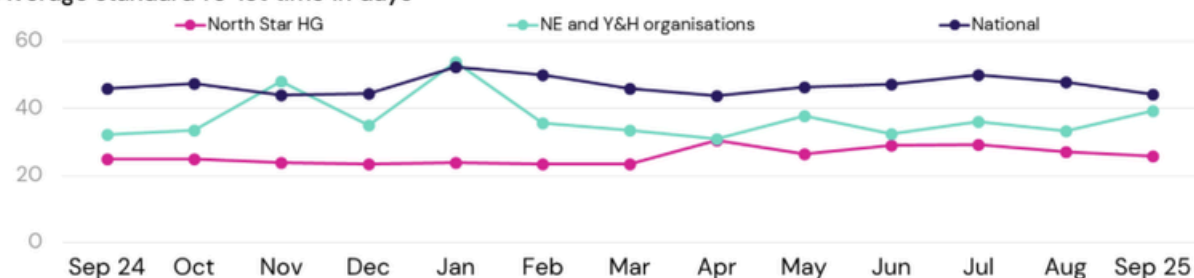
Void loss remains low due to continued strong performance in relet times as outlined in the below graph. Our Void loss at 0.79% remains entirely consistent with the level of void loss incurred in the prior year.

Re-let Times

Average re-let time (standard re-lets)



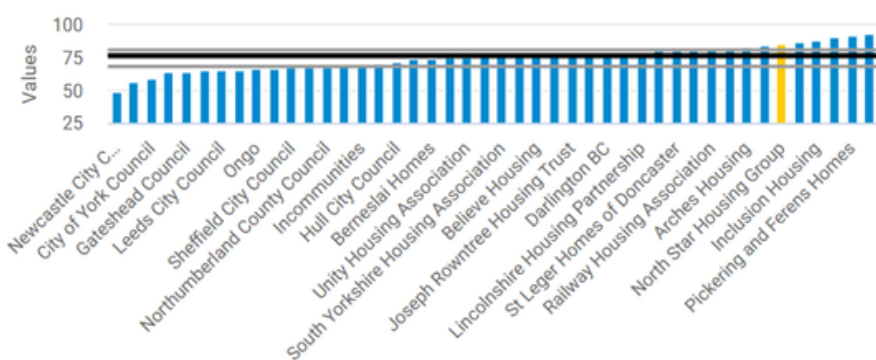
Average standard re-let time in days



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)



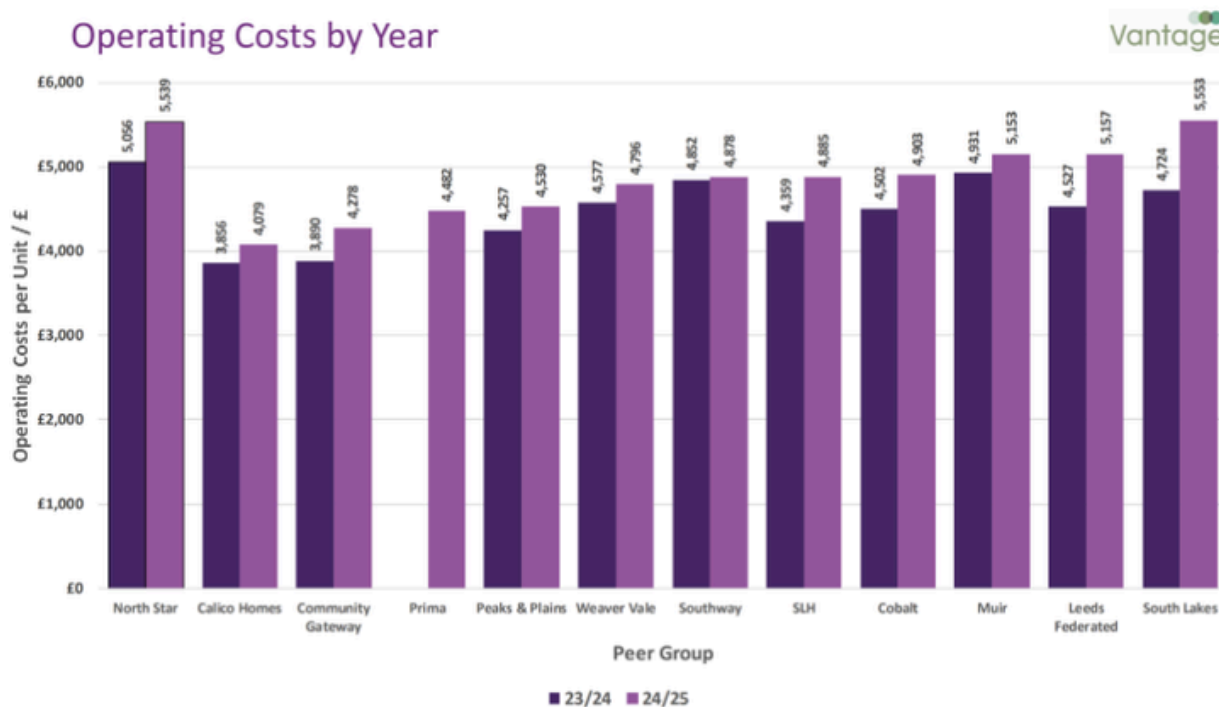
It is positive to see levels of overall satisfaction being in line with higher-performing landlords. In the Benchmarking & VFM update provided to Board in December 2025, we reported that detailed analysis of our 2024/25 results showed that the speed of completing a repair was cited as a reason of driving 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



Vantage Club (continued)

Vantage 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 has 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.

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 (£13.3m, 93 new properties) and investment in our existing stock (£6.9m) 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 VFM. Our staff will deliver £350k of additional savings through the VFM "call to arms" project that will involve all teams across the business during 2026/27.

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 main VFM elements of our L&G strategy to 2031 were approved by Board in April 2026, and can be found [here](#). 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.

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, though not absolute, assurance against material misstatement or loss.

The Board has received the annual review of the effectiveness of the system of internal control for the Organisation, as approved by RAC, and the Annual Report of the Internal Auditor. Both reports provided assurance that there were adequate systems of internal control and that these had operated effectively throughout the year.

The process for identifying, evaluating and managing the significant risks faced by the Organisation is ongoing and has been in place throughout the period commencing 1st April 2025 up to the date of approval of the Report and Financial Statements.

Key elements of the control framework include:

- Assessing compliance with the Regulator of Social Housing Regulatory Standards. Detailed self-assessments against all RSH standards were shared with Board at the June 2026 meeting.
- Adoption of and compliance with the National Housing Federation 2020 Code of Governance - Promoting Board Excellence in Housing Associations.
- Compliance with the Regulatory Standard on Governance and Financial Viability as evidenced by our G1/V1 rating in December 2025.
- Board approved terms of reference and delegated authorities for the Risk & Audit Committee and ad hoc working groups.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Formal recruitment, retention, training and development policies for staff and Board.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A risk management framework, approved by the Board in December 2024, which includes the 'three lines of defence' assurance model for all risk registers.
- The annual review of the effectiveness of the systems of internal control, which considers a range of areas including risk management, internal audit arrangements, and the approach to procurement and fraud. The 2025/26 review concluded that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and that those systems were aligned to an on-going process for the management of the significant risks facing the Organisation.
- An independent Internal Audit function which agrees an annual programme of work with the Risk & Audit Committee (RAC), meets with the Committee (with and without management in attendance) and provides reports to the Committee detailing levels of assurance for each area reviewed, as well as an Annual Report.
- A comprehensive approach to treasury management which is subject to external review on an annual basis. RAC approved the Annual Treasury Strategy in May 2025, and this included a presentation from Centrus, the retained treasury advisors to the Organisation.

Internal Controls Assurance (continued)

- Updated 'Golden Rules', which cover liquidity, covenants and key operational metrics which are reflective of our funding agreements. Performance against these is reported to the Board quarterly as part of the finance report.
- Regular reporting on key business objectives, targets and outcomes.
- A regular review of Internal and External Auditors and their roles/periods of appointment.

Risk Management

The Standing Orders, approved by Board in April 2026 state that:

'The Board shall lead the Association within a framework of sound governance, continuous improvement and effective control which enables risks to be properly assessed and managed.'

The Risk Management Framework was approved by Board in December 2024 and sets out the roles and responsibilities for risk management as well as the risk management process.

Risk Management Responsibilities

Board is responsible for leading the Organisation within a framework of sound governance, continuous improvement and effective control which enables risks to be properly assessed and managed. Board also oversees a risk management framework in order to safeguard the assets and reputation of the Organisation and review the high scoring strategic risks.

Board delegate the oversight of the risk management process to the Risk & Audit Committee. RAC review the quarterly risk management report, focusing on low and medium risks, assessing the direction of travel of risk scores, identifying and highlighting any issues in relation to these to the Board including any proactive measures which would prevent these risks being scored as high risks. This supports the Board with its overall responsibility for risk and enables the Board to focus more time on high scoring risks.

The Senior Management Team make up the Strategic Risk Group, and they are responsible for supporting the Board in the strategic development and implementation of a pro-active approach to risk management for the Organisation. The Strategic Risk Group ensures the most significant risks faced by the Organisation are identified, analysed, prioritised, effectively managed and presented to RAC and Board. The Strategic Risk Group is also responsible for ensuring that any new or emerging risks are identified, assessed and presented to Board and RAC.

Risk Management Process

There are four aspects for managing and addressing risk – Tolerate, Treat, Transfer or Terminate – and there are four categories of controls – Preventative, Corrective, Directive and Detective. The controls and assurances are captured in our 4Risk software, and we use the Three Lines of Defence model to classify assurances:

- **1st Line of Defence** – this is front line staff, policy and procedures.
- **2nd Line of Defence** – this is the review of management and/or Board, RAC and RECC.
- **3rd Line of Defence** – this is external validation of the control. For example, internal audits of a service area provided third party validation of controls.

There are owners for each risk control, and these owners are responsible for assessing the level of assurance for that control.

Risk Management Process (continued)

The Strategic Risk Group meet every quarter and as well as discussing the strategic risks also consider feedback from the operational risk group and discuss emerging risks. The Strategic Risk Group meeting notes are made available to all Board members.

The Strategic Risk Register is reported to Board and RAC quarterly. The quarterly risk report also includes details of the emerging risks that have been considered by the Risk Group.

Operational risks within the business are owned and managed by the Functional Directors and Heads of Services Risk Group. The group meets quarterly to identify, assess and escalate where appropriate to the Risk Group areas or activity that could threaten the achievement of corporate objectives. The Operational Risk Register is also reported to the RAC annually.

Risk Management Activity 2025/26

Following an update of the Risk Management Framework in December 2024, there were only a small number of key risk management actions to complete during the year. This involved:

- Board approving annual stress testing scenarios for featuring within the 2026 Business Plan (January 2026)

The Board reviewed, updated and approved its Risk Appetite in June 2025. There is a robust risk management framework in place with clear responsibilities set for Board, RAC and the Risk Group with a clear risk management process in place.

Financial Risk Management

The Organisation's operations expose it to a variety of financial risks including credit risk, interest rate risk and liquidity risk. Principal financial instruments comprise of cash and bank deposits, bank loans and overdrafts, other loans and obligations under operating leases, together with debtors and creditors that arise directly from its operations.

The main risks arising from financial instruments can be analysed as follows:

Credit Risk

Principal financial assets are bank balances, cash and rent debtors, which represent the Organisation's maximum exposure to credit risk in relation to financial assets.

Exposure to credit risk is primarily attributable to rent debtors. Detailed arrears monitoring processes are in place and the amounts shown in the balance sheet are net of a provision for doubtful debts estimated by management, based on prior experience. Performance on arrears has been strong in 2025/26 despite the ongoing challenging economic environment.

The credit risk on liquid assets is limited because the counterparties are banks that retain high credit ratings with international credit rating agencies.

Interest Rate Risk

The Organisation's policy is to ensure that between 70% and 100% of its long-term borrowings are held on fixed interest rate arrangements with a range of maturity dates to ensure that the Organisation's exposure to significant movements in interest rates is limited. The Organisation continues to be well protected against this risk, where at the 31st March 2026, 83.8% of drawn debt was at fixed rates of interest.

Financial Risk Management (continued)

Liquidity Risk

The Organisation continues to ensure that its liabilities can always be met when due and that adequate liquidity is at all times available to meet unexpected expenditure requirements that may arise from time to time. One of our 'Golden Rules' prescribes a minimum level of cash reserves. As at the 31st March 2026, North Star had access to £38.5m of liquidity made up of cash balances (£2m) and secured and undrawn loan facilities (£36.5m).

Disclosure of Information to Auditor

The Board members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Organisation's Auditor is unaware; and all Board members have taken all steps that they ought to have taken as Board members to make themselves aware of any relevant audit information and to establish that the Organisation's Auditor is aware of that information.

Auditor

A resolution to re-appoint Menzies LLP as Auditor will be proposed at the Board meeting on 14th September 2026.

Statement of the Board's responsibilities in respect of the Board's Annual Report and the Financial Statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014, and registered social housing legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Organisation and of the income and expenditure of the Organisation for that period. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Organisation will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Organisation and enable it to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Organisation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

Approval

This Report was approved by the Board on 14th September 2026 and signed on its behalf by:



J Todd
Interim Chair of Board

Opinion

We have audited the financial statements of North Star Housing Group (the 'Association') for the year ended 31 March 2026 which comprise the Association Statement of Comprehensive Income, the Association Statement of Financial Position, the Association Statement of Cash Flows, the Association Statement of Changes in Reserves and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014, or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities in respect of the Board's Annual Report and the Financial Statements set out on page 52, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

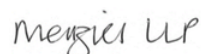
- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the NHF Code of Governance 2020, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed the controls the Board has in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board has in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.

- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



Menzies LLP
 Statutory Auditor
 One Express
 1 George Leigh Street
 Manchester
 M4 5DL

Date: 24-Sep-2026

Association Statement of Comprehensive Income for the year ended 31st March 2026

	Note	Year ended 31 st March 2026 £000	Year ended 31 st March 2025 £000
Turnover	3	28,529	27,722
Operating expenditure	3	(22,880)	(21,266)
Operating surplus subtotal	3	5,649	6,456
Surplus on disposal of fixed assets	7	79	416
Operating surplus		5,728	6,872
Amortisation of intangible assets & goodwill	16	(32)	(32)
Interest receivable and similar income	8	7	8
Interest payable and financing costs	8	(3,990)	(3,796)
Surplus for the year before taxation		1,713	3,052
Tax on surplus on ordinary activities	13	-	-
Surplus for the year after taxation		1,713	3,052
Other comprehensive income			
Actuarial gain in respect of pension scheme	12	62	145
Total comprehensive income for the year		1,775	3,197

All results derive from continuing activities.

The Financial Statements, on pages 56-87 were approved by the Board and authorised for issue, on 14th September 2026 and signed on its behalf by:



J Todd
(Interim Chair of Board)



G Allinson
(Chair of Risk & Audit Committee)



A Carlton
(Secretary)

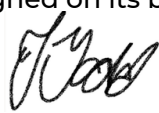
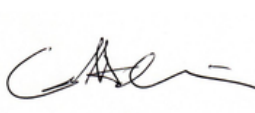
The Notes on Pages 60-87 form part of these financial statements.

Association Statement of Financial Position at 31st March 2026

	Note	At 31st March 2026 £000	At 31st March 2025 £000
Fixed assets			
Housing properties	14	270,159	254,347
Other tangible assets	15	2,205	1,779
Intangible assets	16	4	36
Total fixed assets		272,368	256,162
Current assets			
Investments	17	30	30
Debtors (including £156k (2025 £181k) due after more than one year)	18	3,532	2,576
Cash and cash equivalents		2,050	1,707
Creditors: amounts falling due within one year	19	5,612 (7,112)	4,313 (6,282)
Net current (liabilities)		(1,500)	(1,969)
Total assets less current liabilities		270,868	254,193
Creditors: amounts falling due after more than one year	20	(228,181)	(212,874)
Provisions for liabilities and charges			
Pensions	12	(896)	(1,312)
Other provisions	24	(62)	(53)
Total net assets		41,729	39,954
Capital and reserves			
Non-equity share capital	25	-	-
Restricted reserves		566	566
Revenue reserves		42,059	40,700
Pension reserves		(896)	(1,312)
		41,729	39,954

All results derive from continuing activities.

The Financial Statements, on pages 56-87 were approved by the Board and authorised for issue, on 14th September 2026 and signed on its behalf by:


J Todd
(Interim Chair of Board)

G Allinson
(Chair of Risk & Audit Committee)

A Carlton
(Secretary)

The Notes on Pages 60-87 form part of these financial statements.

Association Statement of Cash Flows for the year ended 31st March 2026

	Year ended 31 st March 2026 £000	Year ended 31 st March 2025 £000
Cash flows from operating activities		
Surplus for year	1,713	3,052
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	4,656	4,208
Impairment of tangible fixed assets	449	-
Amortisation of intangible fixed assets	32	32
Amortisation of Government grant	(1,049)	(1,017)
(Increase) in trade and other debtors	(441)	(693)
Increase/(decrease) in trade and other creditors	921	(961)
Increase/(decrease) in provisions	9	(16)
Pension costs less contributions payable	(418)	(435)
Surplus on sale of tangible fixed assets	(79)	(416)
<i>Adjustments for financing activities;</i>		
Interest and financing costs	3,990	3,796
Interest receivable	(7)	(8)
Net cash from operating activities	9,776	7,542
Cash flows from investing activities		
Purchase of tangible fixed assets	(20,938)	(18,560)
Proceeds from sale of tangible fixed assets	204	817
Grants received	986	3,237
Interest received	7	8
Net cash used in investing activities	(19,741)	(14,498)
Cash flows from financing activities		
Interest paid	(4,285)	(3,748)
New secured loans	21,000	10,500
Loan Issue Costs	(392)	37
Repayments of borrowings / amortised loan fees	(6,046)	(118)
Net decrease in other loans	31	9
Net cash from financing activities	10,308	6,680
Net Increase/(decrease) in cash and cash equivalents	343	(276)
Cash and cash equivalents at 1 st April	1,707	1,983
Cash and cash equivalents at 31st March	2,050	1,707

The Notes on Pages 60-87 form part of these financial statements.

Association Statement of Changes in Reserves

for the year ended 31st March 2026

	Share capital	Restricted reserves	Revenue reserve	Pension reserve	Total reserve
	£000	£000	£000	£000	£000
Balance at 1st April 2024	-	566	38,005	(1,814)	36,757
Total comprehensive income for the financial year					
Surplus for the year	-	-	3,052	-	3,052
Other comprehensive income					
Actuarial gain recognised in the pension scheme	-	-	-	145	145
Transfer to pension reserves	-	-	(357)	357	-
Balance at 31st March 2025 & 1st April 2025	-	566	40,700	(1,312)	39,954
Total comprehensive income for the financial year					
Surplus for the year	-	-	1,713	-	1,713
Other comprehensive income					
Actuarial gain recognised in the pension scheme	-	-	-	62	62
Transfer to pension reserves	-	-	(354)	354	-
Balance at 31st March 2026	-	566	42,059	(896)	41,729

1. Legal Status

The Association is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014, registered number 21256R. The Association is registered with the Regulator of Social Housing as a Registered Provider under the terms of the Housing and Regeneration Act 2008, registered number LH0084. The Association is a public benefit entity (PBE) with its principal activity being to provide social housing.

2. Accounting Policies

Basis of Accounting

These Financial Statements are prepared in accordance with the Housing SORP 2018: (Statement of Recommended Practice for registered social housing providers), the Housing and Regeneration Act 2008, the Co-operative and Community Benefit Societies Act 2014, the Accounting Direction for Private Registered Providers of Social Housing 2022 and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"). The Association has taken the exemption not to restate business combinations that took place prior to 1st April 2014.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements. The accounts are prepared under the historical cost basis of accounting and are presented in pounds sterling and, unless otherwise noted, amounts are rounded to the nearest £'000.

Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for 2025/26 and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Our net current liability position at the 31st March 2026 was expected and is not considered to be a going concern issue. The net liability position was a result of increased short-term creditors due to the timing of major repairs and development spend. Undrawn secured loans are at £36.5m (as at 31st March 2026), with 34 months of liquidity remaining. Loans are only being drawn when necessary for effective cashflow management.

Key Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

Categorisation of Housing Properties

The Association has undertaken a review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that it does not hold any investment properties.

Development Expenditure

The Association capitalises development expenditure in accordance with the accounting policy described on Page 62. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

2. Accounting Policies (continued)

Impairment

The Association considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considered expected future performance of the asset. Any impairment loss is charged to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Association performs impairment tests based on fair value less costs to sell or a value in use calculation. During 2025/26, active asset management decisions on two properties resulted in the recognition of their impairment. The carrying value of the properties was higher than the valuation of the properties for disposal, and therefore an impairment of £449k was recognised in the accounts (2024/25:£0).

Key Estimates and Assumptions

Key Estimates applied in preparation of these financial statements:

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values. The carrying value of the tangible fixed assets at the 31st March 2026 was £272,364k (2025: £256,126k).

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

We have undertaken some sensitivity analysis in relation to the assumptions used to calculate the pension deficit as outlined in note 12. The impact on the estimated pension provision of any movement in the assumption is outlined in the table below.

Assumption	Change in Assumption	Pension Provision Impact – (Increase)/Decrease
Discount Rate	+ 0.1% p.a	£101k
Inflation Rate	+0.1% p.a	(£57k)
Salary Growth	+0.1% p.a	(£1k)

2. Accounting Policies (continued)

Housing Properties

Housing properties are stated at their historical cost less depreciation and any provision for impairment. Costs include the costs of acquisition, construction, a fair proportion of direct and incremental internal staff time engaged on the development of the housing properties, interest which is capitalised up to practical completion and expenditure incurred in respect of improvements. Properties are transferred from schemes under construction to completed schemes on practical completion.

Improvements are works which result in an enhancement of the economic benefits of the asset to the Association arising from an increase in the net rental income over the life of the asset, such as a reduction in future maintenance costs, or which result in a significant extension of the useful economic life of the property in the business.

The Association operates a component accounting policy in relation to the capitalisation and depreciation of its completed housing property stock. All housing properties are split between their land, structure costs and a set of major components which require periodic replacement. Refurbishment or replacement expenditure on such major components is capitalised and depreciated over the estimated useful economic lives of the components. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

These useful economic lives are as follows:

Component	Useful Economic Life (Years)
Structure	100
Roof	60
Windows & Doors (incl. Fire Doors)	30
Kitchen	20
Bathroom	30
Boiler (inc Air Source Heat Pumps)	15
Electrics	30
Heating	30
Flooring (No Service Chargeable)	20
Cladding	25
Insulation (Cavity Wall, Loft & External Wall)	30-50
Damp Works	20
Service chargeable Communal replacements	3-30
Garage Additions	20
Solar Panels	25
Environmentals	25
Re-point/rendering	55
Ventilation Systems	10

The estimated useful economic life for each component has been based on the Association's current experience of component replacement. We are working with our Asset Management Teams to review the useful economic life (UEL) experience for energy efficiency components; where currently a range in UEL has been offered pending more detailed data on lifecycle becoming available.

2. Accounting Policies (continued)

The Association will continue to monitor and review the useful economic lives of all components and make revisions where sustained material changes arise.

Depreciation of Housing Properties

Depreciation is provided to write down the cost of housing properties, other than freehold land, to their estimated residual value on a straight-line basis over their expected useful economic life. Freehold land is not depreciated.

Low-Cost Home Ownership (LCHO)/Shared Ownership Properties

The costs of shared ownership properties are split between current and tangible fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a tangible fixed asset and subsequent sales treated as sales of fixed assets/property sales in operating profit.

Capitalisation of interest and management costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the properties into their intended use.

Property managed by Agents

Where the Association carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income. Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Association.

In both cases, the assets and associated liabilities are included in the Association's Statement of Financial Position.

Other Fixed Assets and Depreciation

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The following annual rates are used:

i) Freehold office premises	2% to 5%
ii) Office furniture, fittings and equipment	10% to 33%
iii) Computer equipment	10% to 33%

Intangible Fixed Assets and Amortisation

The Association establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. The estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Purchased goodwill (representing the surplus of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1st January 1998 is capitalised. Positive goodwill is amortised to nil by annual instalments over its estimated useful life of 20 years.

2. Accounting policies (continued)

Short Term Debtors & Creditors

Debtors and creditors with no stated interest rate; receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

- **Tenant Arrears, Trade and Other Debtors**

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

- **Trade and Other Creditors**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example where payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at the market rate of interest for a similar debt instrument.

Mortgage Debtor Properties (HomeBuy)

The Association participated in a scheme to lend a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of social housing grant (SHG). On redemption:

- The SHG is recycled
- The SHG is written off, if a loss occurs
- The Association keeps any surplus

HomeBuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances which are reflected at transaction value.

Bad Debt Provision

The Association holds a provision for bad and doubtful debts. 100% of former tenant arrears are provided for at the point of tenancy termination. The Association provides for 20% of all current tenant arrears.

Provisions

Provisions represent the Association's liabilities to carry out obligated future repairs on managed schemes as detailed in Note 24.

John Pease Cottages

North Star Housing Group is the Corporate Trustee of John Pease Cottages (JPC), an almshouse charity. JPC owns 4 properties and exists to provide housing for persons in need with preferences given to those who are members of the Society of Friends. JPC is a registered charity and registered with the RSH. The financial performance of JPC is not consolidated into the financial performance of North Star Housing Group on the basis that the impact is not material.

2. Accounting Policies (continued)

Categorisation of Loans

Under FRS102 the loans of the Association have been classified as Basic Financial Instruments in accordance with Paragraphs 11.8 and 11.9 of FRS102 and are measured at transaction price. Interest payable is calculated using the effective interest method of the difference between the loan amount on initial recognition and amount of maturity of the related loan and is charged to the Statement of Comprehensive Income in the year.

Social Housing and Other Government Grants

Social Housing Grant (SHG) is utilised to subsidise the capital costs of housing properties. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. All SHG received by the Association is to assist with the cost of development of its housing properties, and therefore there is an ongoing linkage between the cost of constructing housing properties and Government grant.

SHG is initially recognised at fair value as a long-term liability, specifically as deferred grant income, and released through the Statement of Comprehensive Income as turnover over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords holding housing properties at cost.

On the disposal of properties, all associated SHG is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the Social Housing Grant funding regime.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Restricted Reserves

Restricted reserves represent amounts that are set aside for specific purposes where their use is subject to external restrictions. These restrictions arose from the stock transfer with Teesdale Council (now Durham County Council). The Association agreed to ring fence a portion from its share of the proceeds from Right to Buy sales to a restricted reserve for use only to develop additional social housing in Teesdale.

Turnover & Revenue Recognition

Turnover of the Association represents rental income, service charges, amortised capital grant, revenue grants from Local Authorities and Homes England, other income receivable from properties owned or managed by the Association and income from the sale of shared ownership properties.

Rental Income is recognised when the property is available for let, net of void loss. Income from property sales is recognised upon legal completion. Supporting People Income is recognised under the contractual arrangements.

Sale of properties developed for shared ownership are included in turnover and cost of sales and are recognised on legal completion.

Service Charges

Service charge income and costs are recognised on an accruals basis. The Association operates variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Where periodic expenditure is required, the Association will incur a capital cost on behalf of residents and recharge the depreciation through the service charge until full recovery is made.

2. Accounting Policies (continued)

Supported Housing Schemes Managed by Agents

Social housing capital grants are claimed by the Association as developer and owner of the property and included in the Statement of Financial Position of the Association. The treatment of other Income and Expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Association and its managing agents and on whether the Association carries the financial risk.

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's Income and Expenditure is included in the Statement of Comprehensive Income (Note 3).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the Statement of Comprehensive Income includes only that Income and Expenditure which relates solely to the Association. Other Income and Expenditure of projects in this category are excluded from the Statement of Comprehensive Income (Note 3).

Taxation

The Association is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 meeting the definition of charitable companies for UK corporation tax purposes.

Accordingly, the afore referenced undertakings are potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

VAT

The Association charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Leased Assets

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the reporting date.

Right to Buy Sales

The gains or losses on disposal of social housing properties under Right to Buy arrangements are calculated as being the difference between the proceeds of a sale of a property and the balance sheet value of the property.

The gains or losses on disposal of Right to Buy properties are recognised in the Statement of Comprehensive Income at the date of transfer of title after deducting the element of proceeds that is payable to the Local Authority under the Right to Buy sharing arrangement.

2. Accounting Policies (continued)

Pension Costs

The Association operates a Defined Contribution Scheme under which the Association pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

The costs of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates and future pensions increases.

Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the actuary considers the interest rates of corporate bonds in the respective currency. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rates are based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

• Social Housing Pension Scheme

The SHPS surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the Scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Comprehensive Income, actuarial gains and losses.

Pension plan assets are measured at fair value, and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the pension plans are in Note 12.

3. Turnover, Operating Expenditure and Operating Surplus

	Turnover £000	2026 Operating Expend. £000	Operating Surplus £000	Turnover £000	2025 Operating Expend. £000	Operating Surplus £000
Social housing lettings	28,041	(22,880)	5,161	27,344	(21,266)	6,078
Other social housing activities						
Charges for support services	435	-	435	320	-	320
Other	32	-	32	34	-	34
	467	-	467	354	-	354
Activities other than social housing						
Other	21	-	21	24	-	24
Total	28,529	(22,880)	5,649	27,722	(21,266)	6,456

3. Turnover, Operating Expenditure and Operating Surplus (continued)

	General Housing	Supported Housing (including housing for older people)	LCHO	Other Housing	Total 2026	Total 2025
	£000	£000	£000	£000	£000	£000
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	19,849	2,950	22	157	22,978	22,503
Service charge income	278	2,887	11	-	3,176	2,938
Charges for support services	-	23	-	-	23	20
Net rental income	20,127	5,860	33	157	26,177	25,461
Amortised Government Grants	777	270	2		1,049	1,016
Other income from lettings	16	787	-	-	803	860
Other grants	12	-	-	-	12	7
Turnover from social housing lettings	20,932	6,917	35	157	28,041	27,344
Expenditure on social housing lettings						
Management	3,312	2,258	-	77	5,647	5,190
Service charge costs	650	2,322	-	126	3,098	2,930
Routine maintenance	5,304	1,514	5	2	6,825	6,230
Planned maintenance	1,037	669	1	4	1,711	1,725
Major repairs expenditure	476	131	-	14	621	1,004
Bad debts	100	(3)	-	1	98	83
Lease Costs	22	39	-	15	76	191
Depreciation of Housing Properties	3,517	827	11	-	4,355	3,913
Impairment of Housing Properties	221	228	-	-	449	-
Operating expenditure on social housing lettings	14,639	7,985	17	239	22,880	21,266
Operating surplus/(deficit) on social housing lettings	6,293	(1,068)	18	(82)	5,161	6,078
Void losses	(155)	(200)	-	(1)	(356)	(336)

4. Accommodation in Management and Development

The number of units managed by the Association as at 31st March was as follows:

	No. of Properties 2026		No. of Properties 2025	
	Owned No.	Managed No.	Owned No.	Managed No.
SOCIAL HOUSING				
Under Development at Year End				
General Needs Housing Social Rent	4	-	14	-
General Needs Housing Affordable Rent	36	-	62	-
Supported Housing at Affordable Rent	4	-	-	-
	<u>44</u>	<u>-</u>	<u>76</u>	<u>-</u>
Under Management at Year End				
General Needs Housing Social Rent	2,282	29	2,266	35
General Needs Housing Affordable Rent	1,147	-	1,074	-
Supported Housing	277	-	281	-
Housing for Older People	193	-	193	-
Intermediate Rent	10	-	10	-
Low-Cost Home Ownership	13	-	15	-
	<u>3,922</u>	<u>29</u>	<u>3,839</u>	<u>35</u>
Summary Owned and/or Managed				
General Needs Housing at Social Rent	2,266	20	(4)	-
- Owned & Managed				
General Needs Housing at Social Rent	35	-	(6)	-
- Managed for Others				
General Needs Housing at Affordable Rent	1,074	75	-	(2)
Supported Housing at Social Rent	403	1	-	2
Housing for Older People at Social Rent	193	-	-	-
Intermediate Rent	10	-	-	-
Low-Cost Home Ownership	28	-	(2)	-
	<u>4,009</u>	<u>96</u>	<u>(12)</u>	<u>-</u>
				<u>4,093</u>

Where other organisations manage accommodation owned by the Association and those organisations carry the financial risks associated with management, then the Income and Expenditure accounts of the Association include only the Income and Expenditure which relates solely to the Association.

There were no (2025: 3) general needs affordable rent units which had reached practical completion but had not been handed over to housing management by 31 March 2026.

4. Accommodation in Management and Development (continued)

The Association owns 142 (2025: 135) supported housing units and registered care homes as set out in Note 5 that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

5. Accommodation Managed by Others

The number of units managed by others as at 31st March was as follows:

	2026 No.	2025 No.
SOCIAL HOUSING		
Under Management at Year End		
Supported Housing	126	119
Registered Care Homes	3	3
Low costs Home Ownership	13	13
	142	135

6. Operating Surplus

This is arrived at after charging/(crediting):

	2026 £000	2025 £000
External Auditor's remuneration in their capacity as auditors (excluding VAT)	37	37
Depreciation of housing properties	4,355	3,913
Depreciation of other tangible fixed assets	301	294
Impairment of housing properties	449	-
Surplus on sale of Fixed assets	(79)	(416)
Operating lease rentals (Land and Buildings)	76	190
Amortised government grants	(1,049)	(1,016)

7. Surplus on Disposal of Fixed Assets

	2026 £000	2025 £000
Disposal proceeds	238	832
Carrying value of fixed assets and costs of disposal	(113)	(330)
Retained by Durham County Council	(30)	(10)
Transfer to Recycled Capital Grant Fund	(16)	(76)
	79	416

In relation to the original Teesdale Housing Association properties, Durham County Council retains a proportion of Right to Buy sale proceeds as agreed under the Transfer Agreement.

8. Net Interest

Interest Receivable and Similar Income

	2026 £000	2025 £000
Interest Receivable and Similar Income	7	6
Interest Receivable from short term deposits	-	2
	7	8

Interest Payable and Financing Costs

	2026 £000	2025 £000
On Loans wholly or partly repayable in more than 5 years	4,332	3,763
Amortisation of loan fees	115	99
Other interest expense on SHPS (pension scheme Note 12)	64	78
Other interest payable	5	3
	4,516	3,943
Less interest capitalised on Housing Properties under construction (Note 14)	(526)	(147)
	3,990	3,796

9. Payments to Members of the Board

The members of the Board received the following emoluments:

	2026 £000	2025 £000
Relating to North Star Housing Group Board membership	63	67
	63	67

Expenses reimbursed to members of the Association's Board were £1,288 (2025: £3,368).

	2026 £	2025 £
Anna Urbanowicz	6,589	12,172
David Lyall	-	3,806
Jason Ridley	-	4,713
Claire Warren	669	7,429
Mark Thompson	6,823	5,075
Graeme Allinson	7,384	5,982
Simon Wake	5,957	5,075
David Walker	5,243	5,075
Nicki Clark	9,435	5,075
Joanne Todd	6,827	5,075
Manisha Sharma	874	5,075
Richard Hukin	1,868	2,550
David Butcher	2,185	-
Deborah Lewis-Bynoe	2,185	-
William Fullen	2,185	-
Richard Fryer	2,185	-
Sarah Roxby	2,185	-
	62,594	67,102

10. Directors' Emoluments

The remuneration of the Chief Executive, who was also the highest paid director in the year, was as follows:

	Gross Pay*	2026 Basic salary	National Insurance contributions	Pension contributions	Total	2025 Total
	£000	£000	£000	£000	£000	£000
Chief Executive	162	158	22	26	206	179

*Gross Pay prior to Salary Sacrifice

The Chief Executive is an ordinary member of the Social Housing Pension Scheme, has no enhanced or special pension terms and has no other pension arrangements to which the Association contributes. Pension contributions during the year totalled £26k (2025: £19k).

Staff members are able to make pension contributions via a salary sacrifice arrangement. For staff members opting into the scheme, employer pension contributions were increased in favour of an equal and opposite reduction in salary. The total remuneration payable to staff remained unchanged.

The remuneration of the Executive Directors (being the key management personnel) in the year was as follows.

	Gross Salary*	Basic Salary	2026 National Insurance contributions	Pension Cons.	Total	2025 Total
	£000	£000	£000	£000	£000	£000
Aggregate emoluments of Executive Directors (excluding Chief Executive)	377	353	48	85	486	493
Aggregate emoluments of Executive Directors including Chief Executive & Board Members (Key Management Personnel)	602	574	70	111	755	739

*Gross Pay prior to Salary Sacrifice

11. Employees

Average monthly number of employees expressed in full time equivalents and are calculated based on a standard working week of 35 hours.

	2026 No.	2025 No.
Office Staff	96	88
Wardens, Caretakers and Cleaners	2	2
	98	90
	2026 £000	2025 £000
Wages and salaries	4,299	4,016
Social security costs	565	421
Pension costs: Social Housing Pension Scheme	468	375
	5,332	4,812

At 31 March 2026 nil (2025 nil) was outstanding in respect of unpaid pension contributions.

Aggregated number of full-time equivalent number of staff (including directors) whose remuneration payable in the year fell above £60,000 was:

	2026 No.	2025 No.
£60,001 - £70,000	1	3
£70,001 - £80,000	2	4
£80,001 - £90,000	3	3
£90,001 - £100,000	4	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	2
£140,001 - £150,000	3	-
£150,001 - £160,000	-	-
£160,001 - £170,000	-	1
£170,001 - £180,000	-	-
£180,001 - £190,000	1	-

Loans totalling £36k have been made to employees in the year (2025: £46k). All loans are at a fixed rate of interest with the term of the loans not exceeding 5 years.

12. Pension Obligations

The Social Housing Pension Scheme (SHPS)

The organisation participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

12. Pension Obligations (continued)

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the organisation is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

The liabilities are compared, at the relevant accounting date, with the organisation's fair share of the Scheme's total assets to calculate the organisation's net deficit or surplus.

The financial assumptions underlying the latest valuation of the Scheme for FRS102 purposes were as follows:

	31 st March 2026	31 st March 2025
	%	%
Discount Rate	6.08	5.82
RPI Inflation	3.31	3.10
CPI Inflation	3.03	2.79
Salary Increases	4.03	3.79
Allowance for Commutation of Pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

12. Pension Obligations (continued)

The approximate split of assets of the Scheme as a whole are as follows:

	Asset Split at 31st March 2026 £000	Asset Split at 31st March 2025 £000
Global Equities	909	872
Absolute Return	-	-
Distressed Opportunities	-	-
Credit Relative Value	-	-
Alternative Risk Premia	-	-
Emerging Markets Debt	-	-
Risk Sharing	-	-
Insurance –Securities	12	24
Property	401	390
Infrastructure	-	1
Private Equity	18	7
Real Assets	773	932
Opportunistic Illiquid credit	-	-
Private Credit	991	953
Credit	327	298
Investment Grade Credit	483	240
High Yield	-	-
Cash	2	106
Liquid Alternatives	1,461	1,444
Long Lease Property	-	2
Secured Income	249	130
Liability Driven Investments	2,502	2,358
Currency Hedging	-	12
Net Current Assets	80	17
Total Assets	8,208	7,786

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2026 (2025)	20.9	20.5
Female retiring in 2026 (2025)	23.2	23.0
Male retiring in 2046 (2045)	22.2	21.7
Female retiring in 2046 (2045)	24.6	24.5

12. Pension Obligations (continued)

The estimated net pension deficit at the end of the year is as follows:

	Value at 31 st March 2026 £000	Value at 31 st March 2025 £000
Fair value of plan assets	8,208	7,786
Present value of defined benefits obligation	(9,104)	(9,098)
Net (deficit)	(896)	(1,312)
	Value at 31 st March 2026 £000	Value at 31 st March 2025 £000
Defined benefit obligation at 1 st April	9,098	9,697
Expenses	11	8
Interest expense	517	466
Actuarial (gain)/loss due to scheme experience	(89)	411
Actuarial loss due to changes in demographic assumptions	83	-
Actuarial (gain) due to changes in financial assumptions	(85)	(1,115)
Benefits paid and expenses	(431)	(369)
Defined benefits obligation at 31st March	9,104	9,098
	Value at 31 st March 2026 £000	Value at 31 st March 2025 £000
Fair value of plan assets at 1 st April	7,786	7,883
Interest income	453	388
Experience on plan assets (excluding amounts included in interest income – (loss))	(29)	(559)
Employer contributions	429	443
Benefits paid and expenses	(431)	(369)
Fair value of plan assets at 31st March	8,208	7,786

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2025 to 31 March 2026 was (£424,000) (2025: £171,000).

12. Pension Obligations (continued)

Analysis of amounts charged to Statement of Comprehensive Income

	2026 £000	2025 £000
Expenses	11	8

Analysis of amounts (charged)/credited to other finance cost

	2026 £000	2025 £000
Expected return on Scheme assets	453	388
Interest on Scheme liabilities	(517)	(466)
	(64)	(78)

Defined benefit cost recognition Other Comprehensive Income (OCI)

	Value at 31 st March 2026 £000	Value at 31 st March 2025 £000
Experience on plan assets (excluding amounts included in interest income – (loss))	(29)	(559)
Experience of gains and losses arising on the plan liabilities – gain/(loss)	89	(411)
Effects of changes in the demographic assumptions underlying the present values of the defined benefits obligations – loss	(83)	-
Effects of the changes in the financial assumptions underlying the present value of the defined benefits obligations- gain	85	1,115
Total amount recognised in the Other Comprehensive income – gain	62	145

Analysis of amounts recognised in the Statement of Comprehensive Income

	2026 £000	2025 £000
Actuarial gain	62	145

13. Tax on Surplus on Ordinary Activities

	2026 £000	2025 £000
Total Tax Charge in the Statement of Comprehensive Income	-	-
Current tax reconciliation		
Surplus on ordinary activities before taxation	1,713	3,052
Theoretical tax at UK corporation rate 25% <i>(2025: 25%)</i>	(428)	(763)
Effects of:		
Charitable income not taxable	428	763
	-	-

14. Tangible Fixed Assets – Housing Properties

	Completed properties		Under construction	
	For rent £000	*LCHO £000	For rent £000	Total £000
Cost				
At 1 st April 2025	287,519	854	6,684	295,057
Development of New Properties	154	-	13,157	13,311
Works to Existing Properties	6,895	5	-	6,900
Interest Capitalised	-	-	526	526
Disposals	(643)	(60)	-	(703)
Schemes Completed	16,453	-	(16,453)	-
At 31st March 2026	310,378	799	3,914	315,091
Depreciation				
At 1 st April 2025	40,382	137	-	40,519
Charge for year	4,344	11	-	4,355
Disposals	(582)	-	-	(582)
At 31st March 2026	44,144	148	-	44,292
Impairment				
At 1 st April 2025	191	-	-	191
Charge for year	449	-	-	449
At 31st March 2026	640	-	-	640
Net book value				
At 31 st March 2026	265,594	651	3,914	270,159
At 31 st March 2025	246,946	717	6,684	254,347
*Low-Cost Home Ownership				
			2026 £000	2025 £000
Housing properties cost comprises:				
Freehold			261,268	245,677
Long leasehold			8,891	8,670
			270,159	254,347
			2026 £000	2025 £000
Expenditure on works to housing properties:				
Amount capitalised			6,900	5,270
Amount charged to Income and Expenditure account			621	1,004
			7,521	6,274

14. Tangible Fixed Assets – Housing Properties (continued)

Freehold land and buildings and leasehold properties with a carrying amount of £212,687k (2025: £185,368k) have been pledged to secure borrowings of the Association.

15. Tangible Fixed Assets – Others

	Freehold office premises £000	Office furniture fittings and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 st April 2025	2,076	303	1,471	3,850
Additions	4	15	708	727
Disposals	-	(1)	(319)	(320)
At 31st March 2026	2,080	317	1,860	4,257
Depreciation				
At 1 st April 2025	402	192	620	1,214
Charge for year	23	31	247	301
Disposals	-	(1)	(319)	(320)
At 31st March 2026	425	222	548	1,195
Impairment				
At 1 st April 2025 and 31 st March 2026	857	-	-	857
Net Book Value				
At 31st March 2026	798	95	1,312	2,205
At 31st March 2025	817	111	851	1,779

The £857k impairment provision relates to the difference between the actual costs held in the accounts compared to the most recent valuation (February 2019) after the completion of the refurbishment works carried out at the Registered Office, St. Mark's Court, Thornaby, Stockton-on-Tees, TS17 6QN completed in 2018/19.

16. Intangible Fixed Assets

	Goodwill £000
<i>Costs</i>	
At 1st April 2025 and 31st March 2026	<u>630</u>
<i>Amortisation</i>	
At 1 st April 2025	594
Charge for year	32
At 31st March 2026	<u>626</u>
<i>Net book value</i>	
At 31st March 2026	<u>4</u>
At 31st March 2025	<u>36</u>

Goodwill of £630k arising on the acquisition by Teesdale Housing Association of assets and liabilities from Teesdale District Council is being amortised over 20 years, being the period over which the Board believes that the Association will continue to derive economic benefit.

17. Investments

	2026 £000	2025 £000
Other Investment	<u>30</u>	<u>30</u>
	<u>30</u>	<u>30</u>

The Association is a shareholder in MORhomes, a borrowing vehicle for the social housing sector. Over 60 Housing Associations have come together to set up a new PLC whose public debt is listed on the London Stock Exchange. MORhomes raises finance on the bond markets and lends it on to Housing Associations.

18. Debtors

	2026 £000	2025 £000
Due within one year		
Arrears of rent and service charge	1,138	978
Less: provision for doubtful debts	(249)	(231)
Other debtors	889	747
Loan to managed Association	669	637
(John Pease Cottages)	31	37
Prepayments and accrued income	1,787	974
	3,376	2,395
Due after more than one year		
Loan to managed Association		
(John Pease Cottages)	75	75
Employee loans	37	62
Mortgage debtors	44	44
	156	181
	3,532	2,576

19. Creditors: amounts falling due within one year

	2026 £000	2025 £000
Housing loans (Note 23)	301	46
Other taxation and social security	-	4
Trade creditors	2,160	1,776
Other creditors	451	1,010
Accruals and deferred income	2,726	2,014
Rents and service charge paid in advance	421	381
Deferred income – grant (Note 21)	1,053	1,051
	7,112	6,282

Loans are secured by Housing Properties, see note 14.

20. Creditors: amounts falling due after more than one year

	2026 £000	2025 £000
Housing loans (Note 23)	143,609	129,187
Deferred Income Grant (Note 21)	84,467	83,541
Recycled Capital Grant Fund (RCGF) < 3 years (Note 22)	104	146
	228,181	212,874

Loans are secured by Housing Properties, see note 14.

21. Deferred Capital Grant

	2026 £000	2025 £000
Cost at 1 st April	103,570	100,990
Additions in the year	1,989	2,658
Disposals in the year	(16)	(78)
At 31 st March	105,543	103,570
Amortisation at 1 st April	18,978	17,973
Charge in the year	1,049	1,016
Disposals in the year	(4)	(11)
At 31 st March	20,023	18,978
Deferred income total at 31 st March	85,520	84,592
	2026 £000	2025 £000
Amounts falling due within one year	1,053	1,051
Amounts falling due after more than one year	84,467	83,541
	85,520	84,592
Recognised in the Statement of Comprehensive Income	20,023	18,978
Held as deferred income	85,520	84,592
	105,543	103,570

The total accumulated amount of financial assistance and other Government grant received or receivable at the balance sheet date, based upon the properties owned at that date, was recognised as outlined above.

22. Recycled Capital Grant Fund

	2026 £000	2025 £000
Opening balance	146	67
Inputs to fund	16	76
Grants recycled	(63)	-
Interest accrued	5	3
	104	146
Recycling of grant		
New build	-	-
Repayment of grant to Homes England	-	-
Closing balance	104	146

23. Housing Loans Analysis

Housing loans from private lenders are secured by fixed charges on individual properties.

Housing loans are repayable via a profile of instalments or 'bullet' repayments as outlined in the facility loan agreements. The organisation has facilities at both fixed and variable rates of interest ranging from 2.22% to 10.91%. The final redemption payment against existing loan facilities falls due in 2060.

At 31st March 2026 the Association had undrawn facilities of £36.5m (2025: 31.5m), consisting of an undrawn revolving credit facility of £30m and access to a further £6.5m upon a term loan facility. The maturity profile of the Associations borrowings is as follows:

	2026 £000	2025 £000
Within one year	301	46
Between one and two years	1,057	283
Between two and five years	3,212	2,966
In five years or more	140,138	126,460
Unamortised loan fees	(798)	(522)
	143,910	129,233

24. Provisions for Liabilities and Charges

	2026 £000	2025 £000
Opening balance	53	69
Income (increase in provision in the year)	6	33
Expenditure	3	(49)
Closing balance	62	53

The provision exists for the costs of future repairs across one scheme.

25. Non-Equity Share Capital

	2026 £	2025 £
Shares of £1 each issued and fully paid		
At 1 st April	10	11
Shares issued during the year	5	1
Shares surrendered during the year	(4)	(2)
At 31st March	11	10

The shares do not provide members with any rights to dividends or distribution on winding up.

26. Capital Commitments

	2026 £000	2025 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	10,762	8,857
Capital expenditure that has been authorised by the Board but has not yet been contracted for	27,389	23,035
The Association expects these commitments to be contracted within the next year and financed with:		
Committed Loan Facilities	33,481	28,044
Social Housing Grant	4,670	3,848

27. Operating Lease Commitments

Total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2026 £000	2025 £000
Land & Buildings:		
Less than one year	72	94
Between two and five years	173	213
More than five years	199	216
Others:		
Less than one year	9	21
Between two and five years	17	26
	470	570

During the year £95k was recognised as an expense in the Statement of Comprehensive Income in relation to operating leases (2025: £213k).

28. Related Party Transactions

During the year the following transactions arose between the Association and John Pease Cottages:

	2026 £000	2025 £000
Management expenses recharged to John Pease Cottages	7	7
Day to day repairs recharged to John Pease Cottages	5	3

John Pease Cottages is an alms-house of four properties where the Association provides housing management and maintenance services.

During 2020/21 the Association entered into a loan agreement with John Pease Cottages, details are disclosed in Note 18. The loan made to John Pease Cottages is for an amount up to £150k. The facility comprises of a £75k 30-year term loan and a £75k five-year revolving credit facility. Other related party transactions and balances in relation to John Pease Cottages are disclosed in Note 18.

29. Analysis of Changes in Net Debt

	As at 1 st April 2025 £000	Cash flows £000	Other non- cash items £000	At 31 st March 2026 £000
Cash	1,707	343	-	2,050
Bank loans due within one year	(46)	46	(301)	(301)
Bank loans due after more than one year	(129,709)	(15,000)	301	(144,408)
Unamortised Fees	522	-	276	798
	(127,526)	(14,611)	276	(141,861)