



NORTH STAR

Creating homes, building futures

**Value for Money
Annual Report
2024**

Contents

Introduction	1
The North Star Approach to Value for Money	2
Value for Money Activity during 2023/24	7
North Star in comparison to other Housing Associations	22
2024/25 and Beyond	29

1. Introduction

Current Context

The social housing sector faces unprecedented challenge with increased demand for services, growing regulation, and high costs. Driving Value for Money (VFM) in the business remains critical as we look to preserve the financial resilience of North Star against the backdrop of a challenging UK economy. Interest rates are at a sixteen year high, and whilst inflation has declined over the last 12 months, it has remained higher than the Bank of England's (BoE) 2% target all of the last financial year.

We are acutely aware this not only impacts ourselves but also our customers, who are continuing to feel the effects of the cost-of-living crisis driven by a range of external factors. We are conscious that the impact of the economic environment we live in has a disproportionate impact on key areas of our geography, further effecting low-income households who are already exposed to poverty and deprivation. It remains critical that North Star can deliver VFM, so we are able to invest in our assets, our communities and the services we deliver.

Stubborn inflation, most notably within the construction industry, has had a detrimental impact on the finances of North Star. Over the last 12 months we have experienced cost pressures and inflationary increases across the business. More detail on this was shared with Board in September 2023 as a part of the Cost Increase Paper which outlined the challenges being faced.

In recent years, the scrutiny of and requirements from the sector has grown. It is necessary we are increasingly efficient with the resources available to us as we look to deliver more outcomes to meet stakeholder expectation. Similar to 2023, the dynamic of VFM remains shifted from previously delivering cost savings (which remains important) to one of more managing and mitigating cost increases. We need to be proactive in addressing these challenges to ensure that we remain financially resilient whilst we continue to operate in an increasingly uncertain world.

There is a wide range of information on VFM in this report covering costs, performance, and outcomes. There is data showing trends within North Star and comparing North Star with our peers. The report also highlights areas of strong performance and areas of challenge with actions to improve. The report largely provides a retrospective view on performance. We have detailed how we compare to peers on published data available up to March 2023. We have also included intelligence to supplement gaps in externally published data.

Detail about each section is set out below:

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

Value for Money Activity 2023/24 - this section provides details of the key activity and performance against our targets and objectives during 2023/24.

North Star in Comparison to other Housing Associations – this section compares North Star costs and performance to peers. The main sources of benchmarking data are HouseMark along with data from the Regulator of Social Housing VFM metrics published through the 2023 Global Accounts.

2024/25 and beyond – this sets out the VFM actions for 2024/25 which are synonymous with those already captured within the Corporate Plan approved by Board in March 2024.

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

2.1 Our Approach

The Board approved the Value for Money (VFM) strategy in July 2021.

VFM is a constant for North Star. It is about doing more with our resources so that we can achieve our corporate objectives. By optimising VFM throughout the organisation, we release additional resources to invest in services to tenants, maintain our existing homes and increase the supply of new homes.

Delivering this is part of an integrated and embedded approach, rather than something that is separate or an annual task that must be completed. It 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 measurement and monitoring.

In summary, what VFM means to us includes:

- Economy, efficiencies, and cost savings.
- Effectiveness and enhanced quality for tenants.
- Investment in new housing and existing homes.
- Added social value.

Our comprehensive approach is not new, but it has been progressively honed over the years. Our focus on continuous improvement has enabled us to develop and invest in keeping North Star strong.

The Regulator of Social Housing (RSH) has specific expectations of housing associations in relation to VFM which are set out in the April 2018 VFM Standard. Our VFM strategy enables us to express how we achieve these RSH expectations. During 2024/25 we are planning to review our strategy to ensure it reflects areas of best practice across the sector.

2.2 RSH VFM Standard

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

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

Registered Providers **must**:

- Clearly articulate their strategic objectives.
- Have an agreed approach to achieving VFM in meeting these objectives and demonstrate their delivery of value for money to stakeholders.
- Through their strategic objectives articulate their strategy for delivering homes that meet a range of needs.

- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of their strategic objectives.

Registered providers must **demonstrate**:

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

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

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

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

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

2.3 Corporate Strategy to 2026

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

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

1. Customers and Communities

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

2. Growth, Assets & The Green Agenda

Our commitment to deliver new affordable homes in both urban and rural locations remains strong. We will look to deliver a minimum of 225 new

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

3. Technology

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

4. People and Culture

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

5. Value for Money

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

6. Governance

The Board will be more diverse and will be well connected and informed. The Board will operate generatively whilst maintaining strong fiduciary control. Consumer standards will be met fully and creatively, and the organisation will be prepared for a C1 regulatory judgement at its next regulatory inspection (former In-Depth Assessment), matching the G1/V1 ratings already in place.

2.4 Board, Customers and Staff Leadership

Board

Board lead and drive VFM within the business and approved a VFM strategy in July 2021.

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 2024)** – this contained a section on VFM, including RSH VFM metric performance in past, present and future years to allow trend identification.
- **Annual Budget (March 2024)** – 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.

- **Benchmarking and VFM Metric Update (December 2023)** – this report included benchmarking data upon RSH VFM metrics and Housemark following the publication of financial statements from peers in September 2023. The report also provided Board with a self-assessment against the RSH's VFM Code of Practice.
- **Annual VFM Update (June 2023)** – this shares a range of VFM information including benchmarking data from HouseMark on costs, performance and on the delivery of economy, efficiency, and effectiveness. The report captured VFM targets and objectives for 2023/24.

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

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:

- **Tenant Voice Scrutiny Panel (TVSP)** – 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.

During 2023/24 involved tenants have:

- Worked with the Communities team to understand the new RSH Consumer Standards. This included attending a meeting with the Regulator.
- Completed three scrutiny reviews with recommendations and reports published and shared with Board in relation to:
 - Defining tenant involvement
 - Implementing easy read documentation
 - Getting repairs right first time

- Piloted a customer journey mapping approach to better understand the repairs service and how it can be improved.
- Influenced service delivery through policy reviews of North Star's Damp and Mould Policy, Aids and Adaptations Policy and Customer Service Standards.
- Reviewed the Your Home and Your Tenancy section of the North Star Website.
- Provided feedback on North Star's void standard and areas in which it could be improved. In all 153 tenants (from 643 that moved into a North Star home in the last two years) provided feedback.
- Supported the distribution of vital small grants to grass roots community groups ensuring an assessment of the value of the projects to their communities.

Staff & Leadership

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

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

Our latest corporate strategy (L&G to 2026), co-developed by Board, staff, and customers of North Star holds VFM at its heart. This ensures we remain disciplined and well governed to meet the expectations of key stakeholders, whilst preserving our financial resilience.

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

- Staff have been involved in functional reviews within the business for our Compliance and Property Services teams. There is also an ongoing review of our Asset Management and Development Teams which is expected to conclude in August 2024. The reviews have consisted of sourcing key areas of best practice in the sector with a view of driving efficiency in the delivery of our services to customers. The reviews continue to further embed cultural ways of working within the business.
- During the year we have made substantial progress on the implementation of our new Housing Management System (HMS Endeavour). Modules for compliments & complaints, anti-social behaviour, property compliance and rents & tenancies have all been

introduced since the summer of 2023. The new system is generating efficiencies and importantly improving service delivery.

- The 2023/24 budget included £484k worth of savings, which have been partially achieved during a year. The largest contributions were generated from staffing costs. These savings have helped to somewhat reduce the impact of cost increases elsewhere in the business.

3. VFM Activity During 2023/24

3.1 Financial Outturn 2023/24

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	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Actual	Draft
Revenue	20,381	20,740	21,327	22,381	24,652
Operating expenditure	(14,840)	(14,605)	(15,241)	(17,286)	(19,032)
Operating surplus	5,541	6,135	6,086	5,095	5,620
Operating margin (%) [*]	30.0%	29.6%	28.6%	22.8%	22.8%
FA surplus	172	50	32	115	0
Net interest	(3,004)	(2,554)	(2,658)	(2,656)	(2,910)
Net surplus	2,709	3,631	3,460	2,554	2,710
Net margin (%)	13.3%	17.5%	16.2%	11.4%	11.0%

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

Our operating margin has averaged just under 27% over the last five financial years, however the metric has been subject to cost pressure during the last 24 months.

Faced with inflation at a 40-year high, in January 2023 Board approved the application of a 7% rent increase in line with the Autumn 2022 statement from central government. Whilst benefitting from an increase to rental income in 2023/24, we have also seen a sustained increase within our operating costs, most notably within property maintenance. Demand for our repairs service continues to be high and the condition of properties being returned to us, are often requiring a broader scope of works prior to being relet. We continue to swiftly address issues of damp, mould and condensation and take a rigorous approach to responding to the fire safety and compartmentation needs of our stock.

A further increase in our insurance premiums, as well as additional costs incurred to shorten the cycle of our stock condition surveys, have all contributed to an eroding of the benefit generated by additional revenues. Our operating margin has plateaued over the last 12 months; however, we continue to outperform the operating margin of our peers reported 12 months ago. More detail on our operating

margin performance and comparison to the wider sector is shared in section 4 of this report.

As referenced above, Board approved rent increases of 7% for General Needs properties and 11.1% for Supported Housing units to take effect from 1st April 2023. As shown in the graph below, inflation has steadily declined from its peak of 11.1% in October 2022. However, throughout 2023/24 (marked by vertical red lines) inflation has remained significantly above the BoE's target of 2%. This has impacted our cost base during the year, from which we have seen costs increasing at a similar rate to that of our income.

A key focus of our approach to financial management is demonstrated in the 2024/25 budget, which aims to bolster our operating margin to preserve the financial resilience and strength of the organisation. The 2024/25 budget approved by Board is at an operating margin of 24.5%.

UK CPI Inflation Rate – October 2022 to April 2024

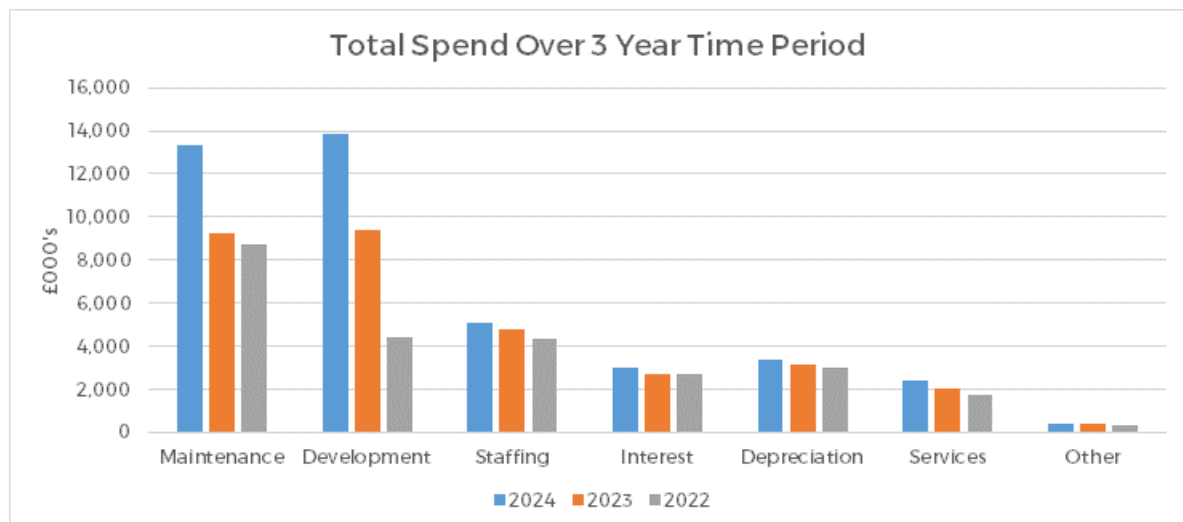


Source - [Office of National Statistics \(ONS\)](#)

The Building Cost Information Services (BCIS) reported in their March 2024 forecast that inflation in the construction industry is also following a similar pattern of decline, with the 'General Building Cost Index' expect to average in the region of 3% over the next five years. The impact of cost increase for materials and labour continues to be well documented amongst peers in the sector. The issue is further compounded by contractor availability, where a scarcity of contractors can present further challenges for providers.

Our exposure to the increasing cost of materials and labour, particularly within the construction industry, has made it challenging to improve our operating margin during the year. This is a shared experience with others in the sector and as outlined above, our operating margin continues to remain above that of our peers as shown in section 4.2.

Total Spend Comparison – 2021/22 to 2023/24



The most significant changes between 2023 and 2024 are:

- An increase in overall spend of £9.7m, most of which (£4.5m) is attributable to a growth in spend on the development of new units. In 2023 we delivered 71 units and spent £9.4m; whereas in 2024 we delivered 83 new units incurring costs of £13.9m. The increase in cost is reflective of the aspiration outlined in our 3-year corporate strategy to deliver a minimum of 225 new homes between 2024 and 2026.
- An overall increased investment in maintenance costs of £4m, which has been caused by several factors outlined below.
 - The value of capitalised major repairs has increased by £3m compared to 2022/23. Over the last 12 months we have been exposed to areas of cost increase within our planned maintenance programme. The Cost Increase paper shared with Board in September 2023, outlined cost increases of between 30% and 40% that were impacting the delivery of the capital programme. We have also seen an increase in the volume of works delivered compared to the expectation of the original budget, particularly upon the roofing and externals programmes. There was investment in 992 properties during the year.
 - We have spent over £700k carrying out works to upgrade and replace fire doors as well as some compartmentation works at our properties with a stay put evacuation policy.
 - We have continued to see an increase in repair volumes during 2023/24 which have risen by 30% in the last three years. There have also been more specialist works carried out on areas such as roofing and to address drainage issues – the average cost for these repairs is almost three times that of a standard repair.

- Voids costs have increased by £362k compared to the 2022/23 financial year. Whilst the number of voids properties in each financial year has been broadly comparable, the condition in which void properties have been returned to us has deteriorated. This has meant the units have required a broader scope of works to be undertaken prior to relet, acting to increase cost in this area. A review is underway with the help of consultants to review our processes and cost base.
- We have spent an additional £140k to address issues of damp, mould and condensation (DMC) in our properties in comparison to last financial year. We have seen both the number of reported incidents and the average cost of the subsequent repair increasing. We have reviewed processes, reporting, inspections regimes, enhanced training for staff and provided advice for tenants. Continued vigilance in treating DMC issues remains a priority for us.

We know that many of our peers have had similar increases in maintenance spend in 2023/24 - there is no peer data available for this financial year.

Staff are working on a number of initiatives to better understand, and control maintenance spend. This includes:

- Making better use of repairs data to identify drivers at high demand properties.
- Engaging a consultant to carry out a VFM review of repairs.
- Working with staff from across the business to review options to ensure our maintenance services deliver VFM.
- We are looking to re-procure a number of maintenance contracts over the next 18 months.
- Reviewing the specification for planned and remedial works.
- Carrying out a review of void spend and the void specification.

3.2 Performance against Targets

The actions and targets were set in the annual corporate plan for 2023/24 and the annual VFM report shared with Board in June 2023. The outcomes marked in green have been completed, those in orange have been delayed and those in red the target was not met in 2023/24. Where actions have not been achieved there is an explanation in the outcome column.

VFM Theme	Action	Target	2023/24 Outcome
Customers & Communities			
Efficiency	To protect our income by providing sustainable models of housing	Complete a strategic options appraisal and develop plans to address identified issues.	An options appraisal tool has been developed and used to assess the viability of one service. The service required some remodelling but remains viable. The tool can be used to help inform similar decisions
Maximise Social Value	Invest in priority communities	Review the impact of two existing community hubs, research and identify the future needs of communities	Staff have reviewed the impact of the existing hubs. Independent research into the priority communities and future needs has concluded. However, there is more work needed to review our approaches and ensure its impact. This is a strategic priority for 2024/25
Maximise Social Value	To provide more efficient and joined up service for customers	New communications software to be launched. Maintain customer satisfaction levels at 88%	The system has been implemented. Customer satisfaction for call handling for the period to March 2024 was 95.1%
People & Culture			
Effectiveness	To differentiate North Star as an employer leading to improved recruitment and retention	Retain IIP Platinum Accreditation	IIP Platinum has been awarded to 2026.
Effectiveness	To ensure we can effectively recruit and retain staff	Commission a consultant to review Terms and Conditions and present findings to Board	Consultant review presented to Remuneration Committee and Board. Salaries broadly in line with the market, no adjustments necessary.
Efficiency	Continue to invest in staff wellbeing, building resilience and keeping absence levels low	Establish the needs of staff and develop a support framework. Deliver four sessions on managing and reducing anxiety. Evaluate take up and impact.	All staff were surveyed to establish their needs. A Staff Wellbeing group has been established to develop and coordinate activity. Sessions on managing anxiety have been co designed and are being rolled out across the business. Feedback so far is highly positive.

Maximise Social Value	Monitor the impact of investment in staff	Analyse the attrition rates associated with recruitment and develop approaches. Conduct a demographic survey.	Demographic surveys of staff and Board have been completed and an annual report on EDI activity and progress shared with Board. Work on attrition rates has been concluded. A range of training has been arranged including Anti Racism, Unconscious bias, and neurodiversity. Levels of Diversity will be reported to Board following the 2024 staff census/survey.
Growth, Assets & The Green Agenda			
Active Asset Management	Continue to improve the energy performance of our properties	At least 100 homes will be improved to EPC level C.	102 properties have been upgraded to achieve EPC Level C and have attracted £ 159K grant from the Social Housing Decarbonisation Fund (Wave 2).
Active Asset Management	Develop a strategic approach for assessing the sustainability of our assets to support investment and divestment decisions.	Develop a framework to assess the sustainability of assets	Introduced a Savills tool (SHAPE) to understand the performance of assets and assess sustainability
Active Asset Management	Reduce carbon emissions from North Star business operations	Install Photovoltaic panels on Endeavour House to reduce North Stars carbon footprint by 2% and deliver efficiencies of £12k per annum.	Photovoltaics installed with a proposed 2 % reduction of our carbon footprint Capturing the savings will be monitored during 24/25
Enable Growth	To deliver at least 75 homes that are Energy Performance Certificate B	Deliver 75 new units during 2023/24	83 new units were added to our stock portfolio by 31 st March 2024.
Governance			
Efficiency	Retain G1/V1 rating	Achieve G1/V1 rating from the Regulator	G1/V1 rating confirmed by the Regulator in November 2023
Maximise Social Value	Comply with Consumer Standards	Deliver actions in the Consumer Regulation Action Plan	A critical assessment of performance against the standards has been conducted. An update was provided to Board in January 2024
Value for Money			
Efficiency	Maintain strong operating margins	Achieve an operating margin of at least 20% for the 2024/2025 budget	2024/25 Budget approved by Board has an operating margin of 24.7%.
Technology			

Efficiency	To deliver a new Housing management system	Develop an implementation Plan to effectively roll out modules during 24/25.	Complaints and Compliance modules are now both live and Housing modules will go live on 8th April 2024 as per original project plan. Final modules – repairs, voids, and a customer portal are scheduled for first half of 2024/25 financial year. Staff engagement is high, and updates have been provided to Board on Convene.
Efficiency	Further develop our approach to data cleanse, data quality and assurance	There are clear KPIs for Data assurance for SMT and Board to understand customer, compliance and performance data quality and accuracy.	Significant data cleanse completed on transition to new HMS – 100% of compliance certificates were validated before being loaded to the new HMS. Work on data is ongoing with work in March to identify primary and secondary data which will then be used to inform KPIs on quality and accuracy.
Efficiency	Enhance our approach to innovation	Run two sprint projects to trial new ideas and concepts	A project is underway with York and Warwick University on damp sensors and the ethics of sensors. Following an innovation workshop with staff there were three sprint projects – use of robots, Amazon smart key and preventative boiler repairs.
Smart Procurement	Implement an improved data management system for the Customer Service Team	New communications software to be launched in Q1 to improve the efficiency of the Customer Service Team. Maintain customer satisfaction levels at 96%	New software went live in June 2024. System provides more functionality for the Team Manager and the wider business. Customer satisfaction for call handling for the period to February 2024 was 96.3% and can be viewed here

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

- Improve satisfaction with how North Star handles complaints – this was improved from 33% to 64% which was slightly less than our target of 70%.
- Carry out a skills audit, workforce analysis, planning, and develop staff – a new framework has been developed and skills for the future identified.
- To diversify the workplace demographic – we recruited three apprentices in the year with two of these successfully applying for new roles at North Star.
- Increase levels of diversity on the Board – one Board apprentice was appointed as a full Board member and a session was held about the NHF Chair's Challenge.
- Review the role of RECC – revised terms of reference agreed with Board with RECC leading on Board member recruitment.
- Transition to Sharepoint and Microsoft Teams for all colleagues within the business – work will continue in 2024/25 linked to new HMS but usage 85%+ staff using Teams and Sharepoint.
- Review the Technical Services function – Property Service and Compliance reviews completed with Development and Asset team to carry forward to 24/25.

3.3 Savings & Efficiencies

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

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

Efficiencies

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

- Our new Compliance Module (within HMS Endeavour) introduced in October 2023 makes use of Artificial Intelligence to scan property compliance certificates. This has saved around 16 hours per week which has allowed the team to increase our focus upon difficult to access properties.
- Also delivered via HMS Endeavour, our new Complaints Module allows for certain aspects of our complaints process to be automated and ensures compliance with the Housing Ombudsman Complaint Handling Code. The module also allows for reports to be more readily produced and improves the customer experience for tenants who have submitted a complaint.
- Within our Customer Services Team, we have also introduced a new system (Charis) to speed up the process for making awards of compensation to customers in instances of service failure. This has freed up resource within both the Housing Management & Finance Teams.
- In June 2023 we introduced an e-learning platform (Polaris) for staff. The platform hosts and delivers training across a range of areas (H&S, lone working, Cyber) and avoids involvement of the involvement of third parties. Training can be accessed remotely and reflects our approach to digitisation and agile working.
- Continued rollout and use of Sharepoint and Microsoft Teams in the business, complementing our approach to digitisation and improving ways of working for colleagues.
- We've also recently introduced a new mediation scheme for neighbour disputes to support the management of Anti-Social Behaviour (ASB) cases in our communities. It is anticipated the cost of the service will help reduce legal costs but also reduce demand upon staff time when involved in escalating cases.

Savings

The delivery of £484k savings was set out in the 2023/24 budget approved by Board in March 2023, with this value being partially achieved (£331k) during the year. There were savings of £168k made during the year from vacant roles and a further £116k from procurement savings. We also generated £47k in interest receivable as a result of effective management of cash surpluses during the year.

Similar to 2022/23 financial year, our ability to secure further cost savings during the year remains restricted in the face of high inflation. In areas where we have achieved savings, this has allowed for reinvestment to facilitate new roles in Supported Housing and Property Services. The remaining element of saving have been utilised to reduce the impact of cost increase elsewhere in the business.

3.4 Community Investment and Generating Social Value

At North Star we have always recognised the impact our work has on the communities we work in. We have always worked hard to ensure this impact is as positive as possible to benefit our customers.

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

Our geography and the communities we work in, can present unique challenges. From high levels of child poverty in Teesside, to lack of access to services in some of our rural communities in County Durham, we work hard to understand the challenges communities face but, more importantly, the strengths and assets they possess to tackle them.

It is a key strategic decision to invest in our communities, working with people to address community challenges and improve the quality of their lives. In 2023/24 North Star invested £342k.

North Star's investment generates social value which is measured, calculated and reported annually using a treasury approved method of calculation combining qualitative and quantitative outcomes. As a result of the investment North Star has delivered more than £4m of social value. This figure is made up of:

- Over £3,000k generated through community investment projects targeting food poverty relief, tackling the cost-of-living crisis and addressing loneliness.
- £100k generated by tenant connection activity reviewing of policies, procedures and performance of North Star.
- £850k generated in health and wellbeing outcomes through planned maintenance work improving the quality of homes we own.
- £70k generated through successful moves of people from supported housing to independent tenancies.

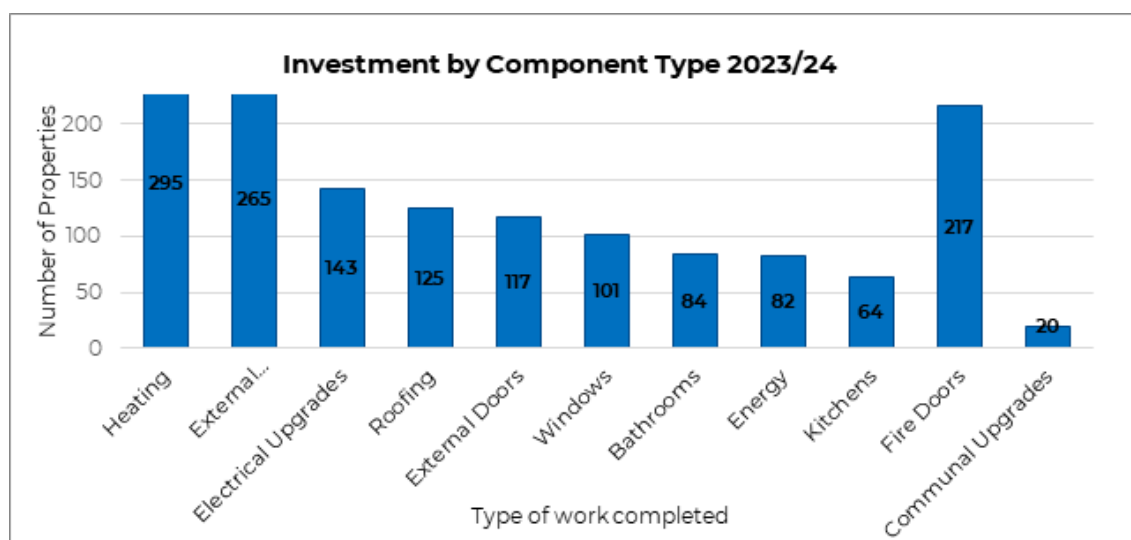
3.5 Asset Management

Our property portfolio is diverse. Our Asset Management Strategy (approved by Board in June 2022) sets out how we manage, maintain, and review the performance of our stock. We hold stock condition data on over 99% of our assets which is externally validated every two years – this was last shared with Board in

March 2023, with consultants confirming high levels (92%) of data accuracy with our approach to internal stock surveys.

We are working towards a 5-year cycle of stock condition surveys, with 996 surveys completed during 2023/24. This robust data helps to inform our strategic decisions relating to stock investment. Our investment programme is developed to combine works to both minimise disruption for customers and achieve efficiencies for North Star through procurement.

During 2023/24 we invested £5.5m in our existing properties. In total 992 homes benefited from investment work during the year with customer satisfaction at 91%. Active asset management and planned investment is not only vital to ensuring homes meet customer expectations and meet the decent home standards, but it is also known to reduce the need for responsive repairs.



We are committed to the long-term aim of decarbonising our stock and meeting the Governments targets of getting our properties to EPC Level C by 2030. During the year we have continued to invest in the decarbonisation of our stock with 102 properties upgraded to EPC level C and attracted £159k grant through the Government's Social Housing Decarbonisation Fund (SHDF). During 2024/25 we will continue to capture and enhance our knowledge of the energy performance of our stock through further EPC surveys. Where possible, we will look to maximise our investment by accessing grant subsidy through further rounds of the SHDF and work collaboratively with Local Authorities and peers to achieve efficiencies through partnership working and procurement.

Return on Assets

Understanding the performance of our assets, not just from a financial perspective but also their performance against social objectives is a driver of value for money. During 2023/24 we wanted to enhance our Return on Assets model, and commissioned consultants Savills to work with us utilising their sector leading SHAPE platform – find out more about this [here](#).

The model provides information upon the performance of assets on a more granular basis, allows for options analysis and ability to access benchmarking information. We are in the process of updating the model with real time data and working with Savills to refine the information. We plan to share key outputs of the model with Board later this financial year. This model will help support decision making on the

investment needs of assets and will be an important tool in the strategic asset management of our properties and neighbourhoods.

3.6 Customers

We pay close attention to the satisfaction levels of customers – this is key to understanding if we are delivering high quality and effective services that meet the needs of customers.

We capture satisfaction with services in two ways: Rant and Rave, and Tenant Satisfaction Measures (TSMs). Rant and Rave is the system used to collect customer satisfaction with a specific service (transactional) where surveys are conducted immediately after the service has been delivered. The satisfaction data relevant to the TSMs is linked to services the customer has received in the last year or so (perception) and provides a broader view of customers overall experience.

We are members of the [Institute of Customer Service](#) (ICS), and this enables us to access leading edge research on customer experience, connect with customer service innovators operating in a range of sectors and benchmark ourselves against non-housing service providers. Research from ICS shows a direct correlation between the delivery of great customer service and the financial performance of an organisation which helps to drive VFM.

The last perception survey with ICS was in May 2022 where North Star scored 83.6/100, the highest score recorded by a housing association. We will be carrying out a further customer perception survey with ICS during 2024/25.

3.6.1 Customer Satisfaction

Through the analysis of the TSMs and Rant and Rave, we have identified themes, trends, and the actions needed to improve services and increase customer satisfaction.

TSM indicator	TSM Description	23/24	HouseMark* benchmarking – National		
			Lower Quartile	Average	Upper Quartile
TP01	Satisfaction with overall service	83.2%	65%	72.3%	79.2%
TP02	Satisfaction with the overall repairs service	78.5%	67%	74.5%	80%
TP03	Satisfaction with time taken to complete most recent repair	74.7%	62.8%	70%	76.3%
TP04	Satisfaction that their home is well maintained	83%	66%	72.2%	80%
TP05	Satisfaction that their home is safe	91.1%	72.2%	78.7%	85.6%
TP06	Satisfaction that North Star listens to tenant views and acts upon them	77.5%	53.2%	61%	69.4%
TP07	Satisfaction that North Star keeps tenants informed about things that matter to them	80%	65%	71.4%	78.8%
TP08	Proportion of respondents who report that they agree North Star treats them fairly and with respect	88.1%	72%	78.2%	84.6%
TP09	Satisfaction with North Star's approach to handling complaints	50.8%	28%	34%	42%
TP10	Satisfaction that North Star keeps communal areas clean and well maintained	75.8%	58.9%	66%	72.4%
TP11	Satisfaction that North Star makes a positive contribution to neighbourhoods	72.3%	57.3%	64%	74%
TP12	Satisfaction with North Star's approach to handling anti-social behaviour	71.3%	51%	57.6%	64%

*Housemark data at Q2. This is the most recent data available.

We are achieving top quartile performance in nine categories, with the other three performing better than the average. There is more detailed commentary on TSMs in the annual performance report. The table below shows Rant and Rave satisfaction on the two key areas – repairs and customer service:

Rant and Rave Customer satisfaction KPI	2021/22	2022/23	Target 2023/24	2023/24	Target 2024/25	Housemark median
Repairs	88.6%	85.6%	88%	83.8%	88%	88%
Customer Service	97%	95.5%	88%	95.1%	96%	No data available

We know how important the repairs service is for customers. The dissatisfaction levels with repairs relates to communication, and the length of time taken to complete the work. We actively investigate every instance of low satisfaction to identify trends and improve services to customers. The delivery of our repairs service continues to be a priority for North Star with intense management focus and oversight to improve performance.

We also capture satisfaction data on a range of other services including gas servicing, new homes, complaints, adaptations, moving in and planned maintenance.

3.7 Performance

Another measure of effectiveness is the KPI performance and the annual performance for 2023/24 was shared with Board in June 2024. 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	2021/22	2022/23	Target 2023/24	Outturn 2023/24	HouseMark Quartile Position
Current arrears – General Needs & Older Persons (GN&OP)	2.54%	3.10%	2.9%	3.02%	Average
% rent lost through homes being empty (GN&OP)	0.89%	0.94%	0.9%	0.78%	Upper
% of appointments kept	99.3%	95.8%	95%	96.5%	Upper
% of gas services completed before expiry date at quarter end	99.8%	99.74%	100%	99.94%	Lower
% of time lost to sickness	2.16%*	2.03%	N/A	1.57%	Not available

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

Rent arrears (General Needs) were outside of target by 0.12%. During the year, the number of customers in receipt of Universal Credit (UC) increased and now account for 42.7% of all customers. The migration from housing benefits to UC results in a five week wait for the first payment building up arrears for many customers. 78% of North Star customers on UC are in arrears. The cyclical nature of other monthly payments including direct debits and housing benefit payments also impacts our performance figures with arrears dropping the week following these payments. This can be demonstrated with arrears in week one 2024/25 reducing to 2.62%.

We continue to support our customers through the delivery of benefits advice and income maximisation. During 2023/24, the Team supported 792 customers, increasing their income by £757k.

Our performance on gas servicing was less than the specified target at the end of March 2024. This is due to two properties where we experienced access issues when attempting to undertake servicing. As at June 2024, both properties are now compliant.

3.8 Financial Capacity

Following our In-Depth assessment from the Regulator in 2022/23, our top regulatory judgements of G1/V1 were confirmed again in November 2023 as a part of the Regulators Annual Stability Check. This next section sets out our approach to assessing, and evidencing use of, the financial capacity within the business.

Borrowings

As at the end of March 2023, the organisation had £111.3m of drawn debt to support investment in both new and existing properties. The level of debt drove gearing of 47.2%, which placed us in the top quartile when compared to our standard peer group as referenced in section 4.1 below. The peer median for the same period was 42.8% and indicates North Star is leveraging more debt from its available asset base to drive investment in our communities. In 2023, our debt per unit calculation was £29k comparing to a peer average of £18k, this indicating the organisation 'sweats' its assets more in comparison to peers.

Our drawn debt has been used to support the development of new units and this translates into strong performance in recent years on the RSH's VFM metric for percentage of new supply delivered. As reported to Board in December 2023, our trend in recent years on this metric demonstrates an outperformance against the peer group for delivering new properties.

In 2020/21 the organisation completed a refinancing and group consolidation project, which saw us incur £7m worth of break costs on our legacy loans. Despite the one-off cost recorded, the new financing arrangements reduced our interest costs and secured covenants that gave us greater flexibility to meet the investment needs of our existing stock, whilst growing our plans for new development.

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

We have continued to model debt capacity stress testing in our Business Planning process for 2024. Similar to 2023, 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 2024 Business Plan does however make good use of the available security and holds sufficient headroom to help mitigate covenant risk.

Assumptions around the valuation growth of our stock, have been modelled alongside levels of projected borrowings to identify if we are sufficiently maximising the financial capacity of our plan. The 2024 Business plan approved by Board saw the percentage of available security reach as low as 21.4%, thus meaning the level of investment profiled is in line with the risk appetite and Golden Rule parameters approved by Board.

In 2024 we have provided further analysis focusing upon the short-term liquidity impact generated by stress events. As at the end of March 2024, we had access to 57 months of liquidity (December 2028).

Investment

The 2023 Business Plan captured a commitment to deliver 450 new units between 2025 and 2031, and to deliver an EPC rating of 'C' across all our properties by 2028. Whilst we have seen a slowdown in inflation since its peak in October 2022, inflation remains ahead of the Bank of England's (BoE) long-term target of 2% representing a challenge for North Star and customers alike. This has subsequently led the BoE

to hold interest rates at 5.25% since August 2023, increasing the cost of funds for providers looking to invest in new and existing properties. It is reported that providers in the sector are continuing to reduce capital expenditure in new development and limit their investment in decarbonisation as a response to the challenging economic environment.

The financial strength of North Star has allowed for these investment commitments to continue in the 2024 Business Plan approved by Board in May 2024 of this year. The investment allows us to meet housing need as well as support customers to alleviate the impact of fuel poverty.

Investment in delivering social value remains at the core of North Star. Our financial strength, as evidenced by our strong operating margin, allowed us to spend £342k on Community Investment in 2023/24 with our work delivering more than £4m of social value during the period.

Over the last two financial years our operating margin has remained strong at 23% and continues to outperform our peers as outlined in section 4.2. The Guiding Principles used to develop the 2024/25 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 four years, we have undertaken two separate refinancing projects, to raise a combined debt value of £160m. The outcomes of the refinancing projects remain at the heart of increasing and sustaining capacity within the business. Reduced interest, liquidity, refinancing and covenant risk for North Star has offered us the flexibility to deal with economic challenges and emerging issues.

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

- [SRR2 - Ineffective strategic cost control](#)
- [SRR5 - Failure to secure long-term financing to fund the Business Plan](#)
- [SRR11 - Inability to maintain the organisation's financial viability due to legislative or social housing policy changes](#)
- [SRR19 - Impact of external cost increases is detrimental to North Star and financial wellbeing of customers and staff](#)

Each specified risk has a series of risk controls that being operated to both manage and mitigate potential impacts. The stress testing of our April 2024 Business Plan evidenced we are able to withstand aspects of financial uncertainty.

4. North Star Trends and Comparison to other Housing Associations

4.1 Benchmarking

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

There is a time lag to the publication of benchmarking data so the most up to date peer information is for the 2022/23 financial year. We know from speaking with peers and our own financial performance that there have continued to be cost pressures during 2023/24 mainly around maintenance costs.

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

HouseMark

HouseMark are the leading data and insight company for the UK housing sector. HouseMark as a tool is designed to offer high-level insights and forecasts to support decision making within the business. We pay an annual fee to be a member, submitting quarterly performance and annual cost data. The most recent peer group data is for the 2022/23 financial year.

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 December 2023, the RSH then published an annual paper along with the data for all organisations. The 2023 Global Accounts report can be viewed [here](#).

RSH VFM Metrics

As part of the RSH VFM standard we are required to publish a set of prescribed VFM metrics. This data is then shared for all organisations along with a report. The full report for the 2023 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	Leeds Federated HA Ltd
Calico Homes Ltd	Muir Group HA Ltd
Community Gateway Association Ltd	South Lakes Housing
Connect HA Ltd	South Liverpool Homes Ltd
Irwell Valley HA Ltd	South Yorkshire HA Ltd
'Johnnie' Johnson Housing Trust Ltd	Southway Housing Trust (Manchester) Ltd
Weaver Vale Housing Trust Ltd	

4.2 RSH VFM Metrics

The table below show the performance on the VFM metrics over the last three years and includes the draft North Star figures for 2023/24.

RSH metrics	2021	2022	2023	2024	2021	2022	2023
	NS	NS	NS	NS - Draft	Peer	Peer	Peer
1. Reinvestment %	3.0%	3.5%	6.6%	9.6%	6.7%	7.1%	5.9%
2. New supply delivered %	1.75%	1.04%	1.78%	2.12%	1.37%	1.08%	1.62%
3. Gearing %	45.9%	45.8%	47.2%	48.8%	41.0%	42.4%	42.8%
4. EBITDA MRI interest cover %	65%	201%	169%	84%	158%	183%	152%
5. HSCU	£3,449	£3,930	£4,354	£5,352	£3,580	£3,908	£4,399
6. Operating Margin %*	30.0%	29.0%	22.9%	22.9%	21%	21%	19%
7. ROCE	2.9%	2.9%	2.3%	2.4%	3.4%	3.4%	3.1%

There is no peer group data available yet for 2023/24.

North Star Trend

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

- The reinvestment metric has increased in 2024 with higher spend on the development programme, delivering 83 new units in the year. During this period, we have also invested £5.5m to meet the component needs of our existing properties as determined by stock condition and energy performance data.
- Inflation has continued to have an impact during the year, acting to increase the cost of component replacement within our existing stock. Board were updated upon the additional financial pressure being felt across the business as a part of the Cost Increase Paper shared in September 2023. Material cost increases to deliver Decent Homes works, has had a negative effect upon Social Housing Cost Per Unit (HSCU) and EBITDA MRI Interest Cover where performance has deteriorated.

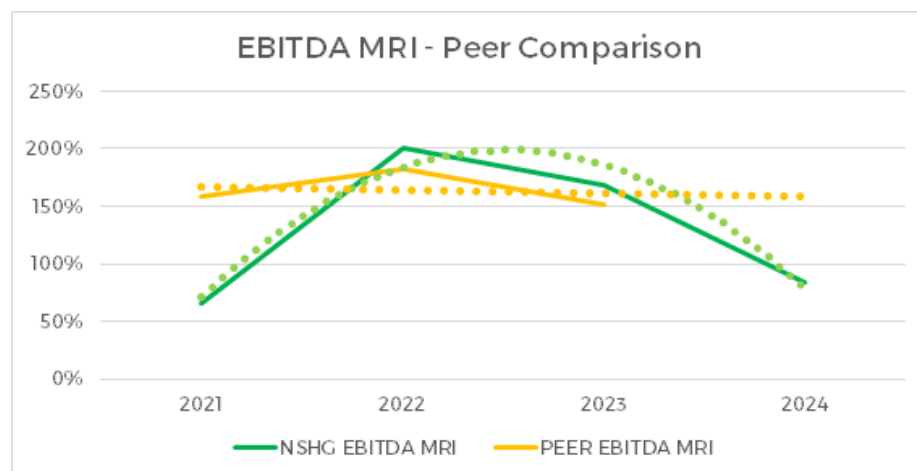
North Star v Peer Group Metrics

Data from our peers on their performance against the VFM metrics for 2023/24 is not yet available. To compare with others in the sector we have used our 2023/24 performance comparing with that of the trend from peers over the last three financial years. This makes absolute comparison difficult, as the full impact of persistent inflation and a continued higher interest environment is not yet fully visible on peer metrics.

Comparing recent data, there are two metrics where the trend demonstrates a negative movement from our peer group. The areas which are outlined further below, will continue to be an area of focus with updates provided when peer data for 2023/24 becomes available.

EBITDA MRI Interest Cover

The EBITDA MRI interest cover was significantly reduced during 2021 as a result of the exit costs incurred as a part of the 2020 Refinancing Project. Over 2022 and 2023 our performance in this area sat comfortably ahead of the peer benchmark. However, the recent experience for both ourselves and peers on this measure has seen for downward pressure as a result of cost increase in recent years.



In 2023 a reduction in our operating surplus was partly responsible for the reduction in EBITDA MRI Interest Cover. In 2024 our operating margin has plateaued, yet the reported level of interest cover has continued to deteriorate. This is due to the

increasing cost of capitalised major repairs where it has become more expensive to deliver the major works requirement of our existing properties.

The investment of £5.5m in existing properties in 2024 represents a 94% increase upon the level of capitalised repairs from the previous year. On this basis absolute comparisons with other providers can be difficult given the fluctuating level of capitalised repair costs forming part of the calculation. The level of capitalised repairs is informed by stock condition and energy performance information held on housing stock, which ultimately vary between different organisations as a result of their stock investment needs.

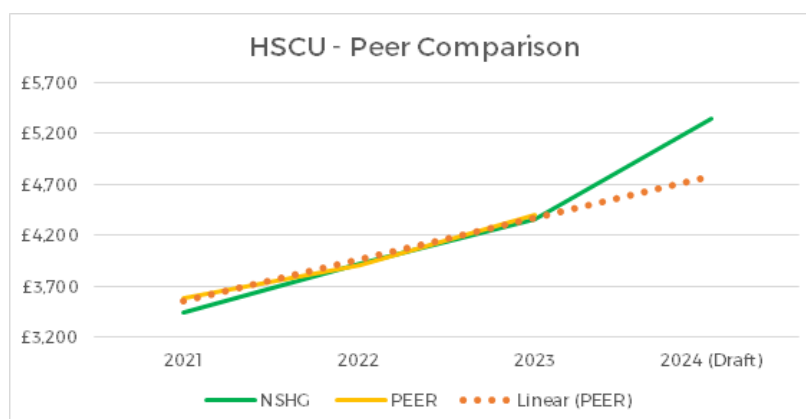
We remain well protected from interest rate risk, where a rise in the rate of variable interest could further reduce this metric. As at the end of March 2024, 97% of our debt was drawn at fixed rates of interest meaning our exposure in this area continues to be low. For peers with a greater exposure to variable debt, this will be an area of risk and will have likely resulted in challenging performance on interest cover during 2023/24.

Whilst EBITDA MRI Interest Cover is a key area of focus, as featuring with the Regulators suite of VFM metrics; downward pressure on the measure driven by meeting the investment needs of our properties, does not give rise to covenant risk with our funders.

Headline Social Housing Cost (HSCU)

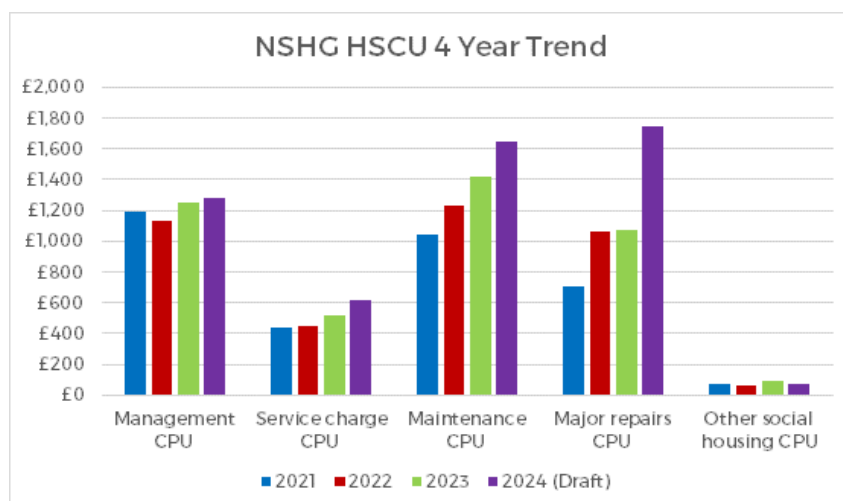
The HSCU is a measure of efficiency within the business. Whilst the trajectory of both our own and our peers HSCU is increasing, analysis of the trend as shown on the below graph indicates the metric for North Star may be rising faster than that of our peers.

The impact of a further challenging year during 2024 as a result of persistent inflation is not yet visible on our peers. It will be possible to undertake further analysis upon this metric and revisit peer comparisons once the Financial Statements of other providers are published in September 2024.

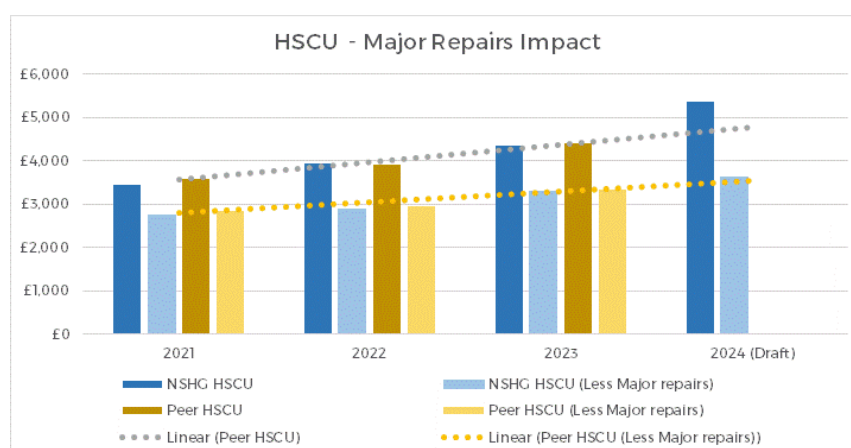


HSCU Four Year Trend

The graph below shows how the HSCU has changed for North Star over the last four years and also includes the draft HSCU analysis for 2023/24. In 2023/24 our HSCU is expected to be £5.3k, an increase of 22.2% on the prior year. Over a four-year period, HSCU has increase by £1.8k per unit with most of this increase being attributable to Major Repairs (£1k per unit) and Maintenance (£0.6k per unit) as demonstrated by the below graph.



The graph below compares our performance over the last four year with that of our peer group and also shows the HSCU both inclusive and exclusive of major repairs costs. The graph also makes use of the historical performance of peers to inform projections for 2024 in the absence of published data.



Over the three-year period from 2021, the North Star HSCU increased by 26% and the peer HSCU increased by 23% and is reflective of a consistent experience during a period of high inflation. During this time the sector has had to respond to new requirements around fire safety and compartmentation, damp & mould and decarbonisation, all acting to increase the maintenance and major repair CPUs.

The high-level nature of the HSCU means that it is hard to drill down to investigate the variances and any further analysis would need organisations to share more detailed financial information.

RSH have published trend analysis of the sectors performance against VFM metrics between 2021 and 2023. The analysis can be viewed [here](#) and demonstrates our experience over the last three years is comparable with peers. Further analysis upon the RSH VFM metrics will be shared with Board as a part of the VFM Update in December 2024 once providers have published their financial statements for last financial year.

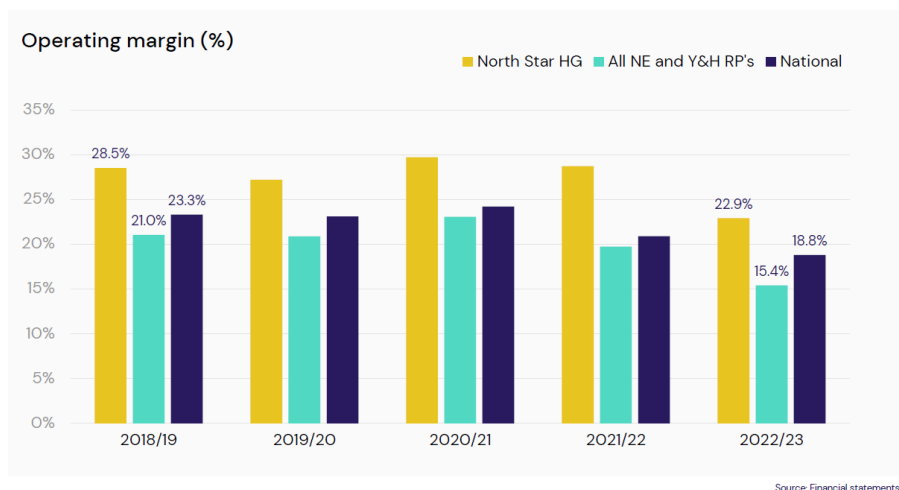
4.3 HouseMark

The level of analysis from HouseMark included in this report is brief.

The peer group used in this analysis is different to the standard peer group referenced in section 4.1 – it is made up of all participating organisations in the North East, and Yorkshire & Humberside with 2,500 to 7,500 units.

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

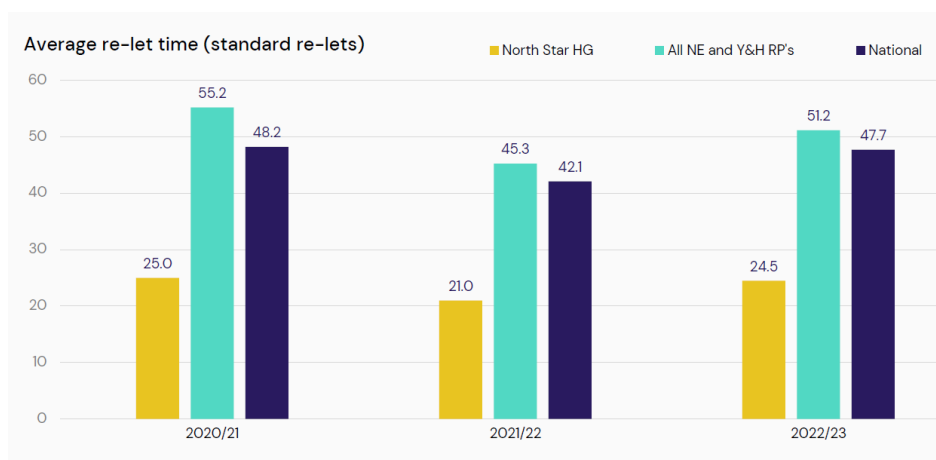
Our operating margin continues to be an area of strength as demonstrated by the below graph. During 2022/23 we achieved an operating margin of 22.9% which was comfortably above that of our peers and the national sector average.



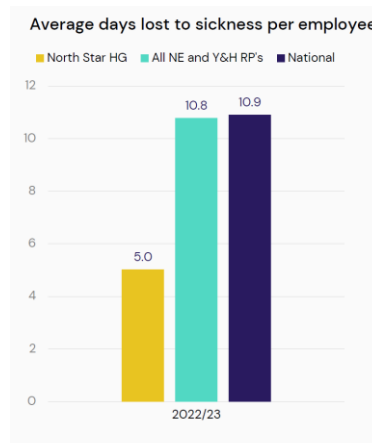
Our margin has decreased in 2023/24 to 23% predominately as a result of increases to property maintenance costs.

The HouseMark data for 2022/23 shows that North Star performs well in many of the cost and performance metrics. We have set out below some areas of strong performance:

- Average relet times missed the internal target of 20 days but are significantly lower than local and national averages.

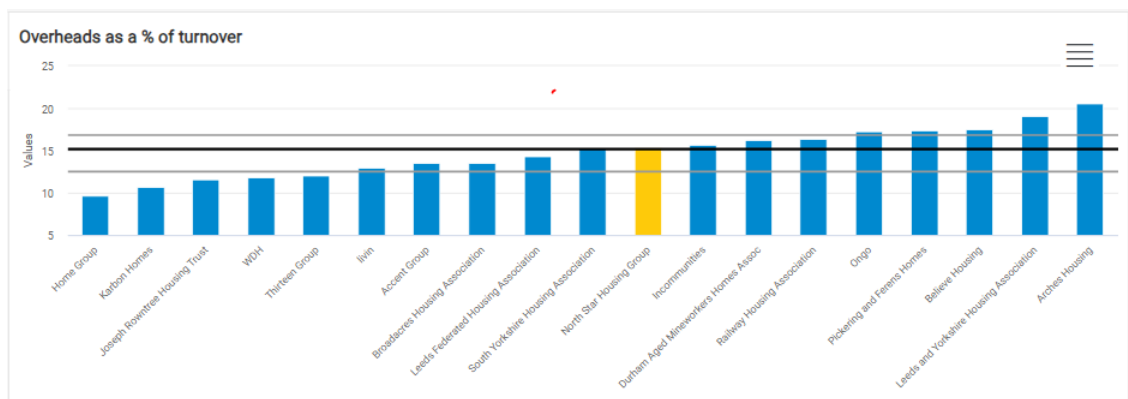


- Our staff turnover and average sickness are both in the top quartile.

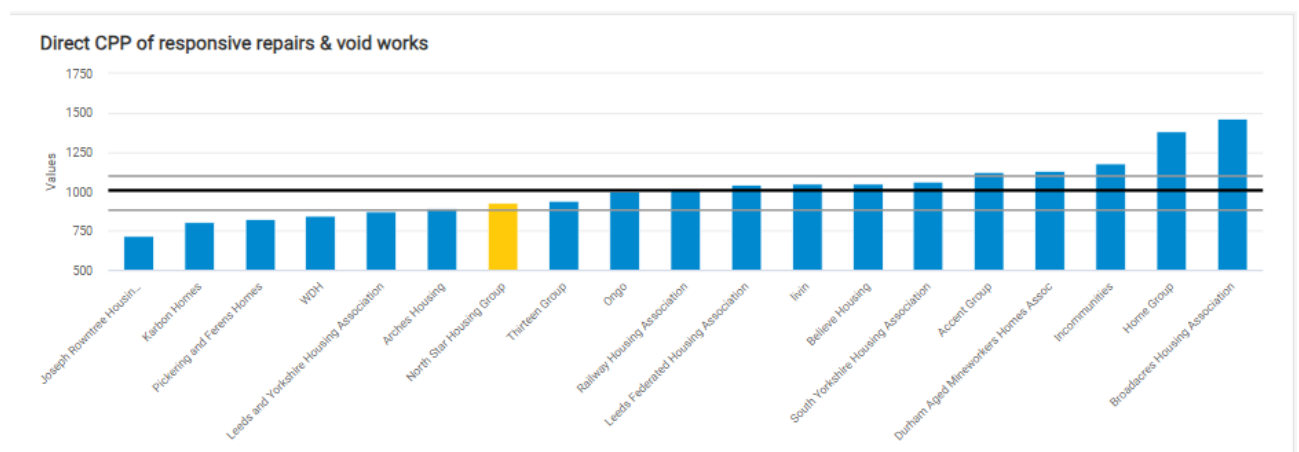


We have set out some analysis below of areas where North Star has seen cost increases in 2022/23:

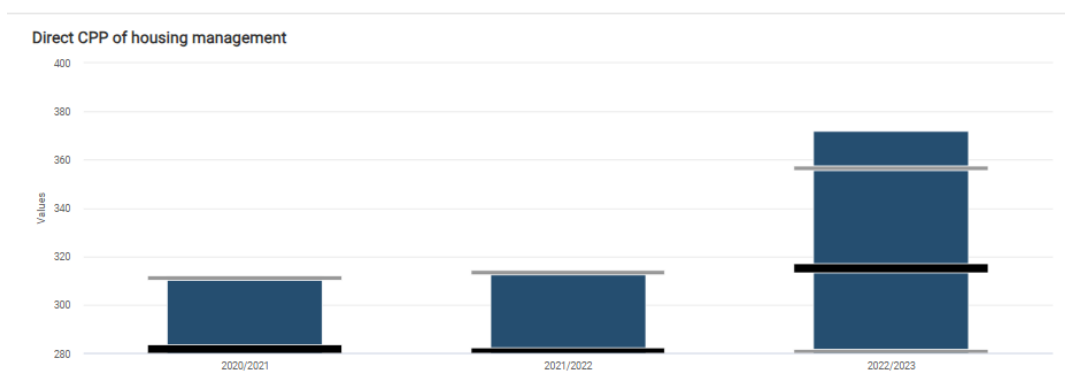
- Overheads as a % of turnover (15.3% v median of 15.2%). Spend captured in this area includes Finance, IT (Digital & Data), HR (People Services) and premises costs. Over the last three years, this measure has increased from 13.7% to 15.3%. The main impact has been the level of investment needed to deliver our strategy for Digital and Data.



- In previous years our repair and void cost per property were both in the top quartile but a combination of the new contract with Ian Williams and the volume of jobs has seen repair and void costs move closer to the median (NS - £930; Median - £1,010). These costs have increased for North Star in 2023/24 and staff know that many peers have seen similar pressures on this spend.



- Direct cost per property for Housing management has increased to £372 per unit – this was a result of the £200k Hardship fund that was set up to support customers and communities – this increased the cost per unit by c.£60 and was a strategic decision approved by Board.



5. 2024/25 and Beyond

VFM is at the heart of our corporate objectives, budgeting and business planning processes. VFM remains a key area of focus and supports our approach to deliver good quality services to customers.

Over the last 12 months the external environment has remained challenging. Persistent inflation has seen our operating costs rise at a level broadly similar to our income, resulting in a stabilising of our operating margin. During the year we have seen exposure to cost increase, particularly within property maintenance, where we have responded to an increasing level of demand from our customers and a broadening scope of works required in our properties.

New funding introduced in the year, increases our access to liquidity and supports effective management of treasury risk over the life of the facility. The facility ensures there is an availability of cash to meet the ambitions of L&G to 2026 to invest in both new and existing properties.

The 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. Unlocking efficiencies through transformational projects as well as effective smart procurement are some of the tools at our disposal to support the management of this risk.

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.

2024/25 Value for Money Targets and Objectives

The table overleaf captures the Corporate Plan objectives approved by Board in March 2024. We will continue to drive our approach on VFM within the business and review our Strategy later this 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 2024.

2024/25 Value for Money Targets and Objectives

The 2024/25 Corporate Plan contains a range of objectives – those linked to the VFM themes are set out and will be the 2024/25 VFM actions:

VFM Theme	Objective	Target	Lead/Date
Customers			
Efficiency	Understand the diverse needs of customers.	Improve the data held on the key characteristics of customers. Analyse and use data to assess equality of access, outcomes, improve services and communication. Evidence the impact	EDC March 2025
Efficiency	Ensure that the voice of customers influences decisions	Review the impact of the existing models of Community Investment/Tenant Involvement Develop a model/framework that enables customers to influence how North Star operates, is regulatory compliant and strengthens decision making	EDC Jan 2025
Growth, Assets & The Green Agenda			
Enable Growth	To grow North Star by delivering 75 new units	Deliver at least 75 homes	EDAG March 2025
Enable Growth	Using research, develop proposals for the provision of new supported housing	Develop a model with one Local Authority for the provision supported housing in 2025/26	EDAG March 2025
Active Asset Management	To improve the energy performance of our properties	100 properties upgraded to meet EPC (Energy Performance Certificate) C	EDAG March 2025
Smart Procurement	Develop a green procurement strategy	A production of a framework to select contractors not only on cost/ quality, but on their environmental credentials	EDAG/ EDFBS March 25
People & Culture			
Efficiency	Develop staff from across the organisation	Design and deliver a programme to develop aspiring Managers. Further develop the staff skills for change programme. Support staff to access Higher Level Apprenticeships and professional qualifications. Employ and develop three apprentices	EDPC March 2025

Governance			
Maximise Income	Retain C1/V1 rating	Confirmation from the RSH in November 2024	EDFBS Dec 2024
Efficiency	Create more time for generative discussions	Board and SMT residential to be held in the Autumn of 2024	EDFBS Nov 2024
Maximise Social Value	Continue to develop the approach to EDI at Board	EDI is a considered as part of the succession planning by RECC Continuation of the NHF Chair's Challenge started in 2023/24	CEO March 2025 March 2025
Technology & Data			
Efficiency	To complete the transition to new Housing Management System (HMS)	HMS Endeavour modules are all live and we are able to serve notice on Capita Open Housing	EDFBS Sep 2024
Efficiency	To improve data in the business	Schedule of primary data in place to ensure high quality data and analysis for relevant staff that provides confidence and assurance and assists with improved decision making.	EDFBS March 2025
Smart Procurement	Review and re-procurement of IT infrastructure	Review completed with recommendations used to inform a new procurement process with transition planned for 2025/26	EDFBS March 2025
Efficiency	To continue to develop our approach to innovation	Run at least two sprint projects to trial new ideas and concepts	EDFBS March 2025
VFM			
Enable Growth	Develop a medium-term funding strategy	Funding strategy to be agreed at November 2024 RAC meeting	EDFBS Dec 2024
Active Asset Management	Establish a property options appraisal process to assess the sustainability of our assets and can be used for invest/divest decisions	New software is in use and headline data is shared with Board to inform decisions on assets Information shared as part of VFM update for Board on Asset performance	EDAG Dec 2024
Efficiency	Carry out an in-depth review of maintenance costs to ensure the delivery of VFM	Reviews of each area of maintenance (repairs, voids, compliance and investment) carried out to assess VFM and key controls and assurances on maintenance spend	EDFBS & EDAG March 2025