



**NORTH STAR**

Creating homes, building futures

**Value for Money  
Annual Report  
2023**

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## 1. Introduction

### Current Context

Value for Money (VFM) has never been so critical for the organisation and our customers, who are at the forefront of the cost-of-living crisis driven by a range of external factors. Over the last three years Brexit, a global pandemic and ongoing war in Europe have driven inflation to a 40-year high. We are conscious that the impact of inflation has a disproportionate impact on low-income households many of whom are already experiencing poverty and destitution. It remains critical that North Star can deliver VFM, so we are able to invest in properties, services and communities.

Cost-of-living pressures have also had an 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 2022 as a part of the [Cost Increase Paper](#). The recent events of high inflation and interest rates in the UK economy, have shifted the dynamic of VFM from delivering cost savings (which remains important) to more recently 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 2022. 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 2022/23** - this section provides details of the key activity and performance against our targets and objectives during 2022/23.

**North Star in Comparison to other Housing Associations** – this section compares North Star costs and performance to peers. The main sources of benchmarking data is HouseMark along with data from the Regulator of Social Housing VFM metrics published through the 2022 Global Accounts.

**2023/24 and beyond** – this sets out the VFM actions for 2023/24 including those actions already captured within the Corporate Plan approved by Board in March 2023.

## 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.

### 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 2022/23 Financial statements.

### **2.3 Corporate Strategy to 2026**

A sustained focus on VFM is essential if we are to achieve our strategic objectives. To quote from the vision to 2026:

*“VFM is a constant for North Star. It is about doing more with resources so that corporate objectives are achieved. By optimising VFM throughout the organisation, additional resources are released and invested in services for customers, asset management and the supply of new homes.*

*Delivering VFM 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 and is not just about reducing costs”.*

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. We are committed to meeting government targets on EPC C two years early, 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 IDA, 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 2023)** - this contained a section on VFM, including RSH VFM metric performance in past, present and future years to allow trend identification.

- **Annual Update (July 2022)** – 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 2022/23.

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 against our customer commitments and presenting findings to Board.
- Consumer Standards Group – test North Star’s performance against the Regulator of Social Housing consumer standards.
- Performance Group – meeting quarterly to scrutinise operational performance of North Star.
- Tenant advisors – participating in procurement exercises to ensure customers influence decision making and value for money.

During 2022/23 tenants have:

- Co-created North Star’s Vision to 2026 to ensure this represents the views of tenants on quality, future services, and value for money.
- Completed three scrutiny reviews with recommendations and reports published and shared with Board in relation to:
  - Effectiveness of tenant involvement
  - Accessibility of information for tenants
  - Complaints and tenant feedback.
- Reviewed North Star compliance with the RSH Neighbourhood & Community Standard making recommendations for further improvement.
- Influenced service delivery through policy reviews of North Star’s access to housing policy, customer service standards and the aids and adaptations policy.
- Contributed to design and procurement of a new repairs service for North Star, ensuring cost and quality expectations of tenants influenced the final outcome.

- Participated in functional reviews of the repairs service and handling of complaints making recommendations to improve the performance of both services.
- Undertook pilot projects on two new methods of engagement to enhance accessibility, effectiveness and choice of opportunities for tenants to influence North Star.

### 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 many people are involved in decision making. 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 the unique culture continues to develop.

The life span of the previous strategic vision for North Star (2018 – 2023) covered some of the most demanding and dramatic incidents ever experienced. These included global political turmoil, economic downturns, climatic crises, a pandemic of epic proportions and a war in Europe, which, amongst other events, triggered a significant energy crisis.

There is no sense that any of the above incidents will quickly disappear or be alleviated in the coming few years. In fact, things may deteriorate before they get better. It is within this context that the Board, senior team, staff, and customers of North Star embarked on co creating the organisational strategy to 2026. A key element of the strategy is to ensure that North Star continues to be well governed holding VFM at its heart.

Staff have led on VFM approaches and initiatives in a number of ways:

- Staff have been involved in ongoing functional reviews within the business for our Supported Housing and Property Maintenance teams. The reviews have consisted of identifying best practice in the sector and expect to deliver more efficient ways to providing services to customers in 2023/24. The reviews have further embedded cultural ways of working within the organisation.
- Colleagues have driven further aspects of digitisation as we see more teams migrating to Sharepoint to host our files and data. During the year we have begun to review our approach to systems following the re-procurement of the Housing Management System (HMS) and the introduction of a Learning Management System (LMS) in 2023/24.
- Our approach to budgeting and the reforecasting of our financial position continues to be robust and involves colleagues from across the business. The 2022/23 budget included £246k worth of savings, which have been partially achieved during a period where we have seen other cost increases driven by high inflation.



### 3. VFM Activity During 2022/23

#### 3.1 Financial Outturn 2022/23

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	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Actual	Draft
Revenue	19,861	20,381	20,740	21,138	22,381
Operating expenditure	(14,200)	(14,840)	(14,605)	(15,353)	(17,238)
Operating surplus	5,661	5,541	6,135	5,785	5,143
Operating margin (%)	28.5%	27.2%	29.6%	27.4%	23.8%
FA surplus	183	172	50	67	115
Net interest	(3,056)	(3,004)	(2,554)	(2,868)	(2,656)
Net surplus	2,788	2,709	3,631	2,984	2,602
Net margin (%)	14.0%	13.3%	17.5%	14.1%	11.6%

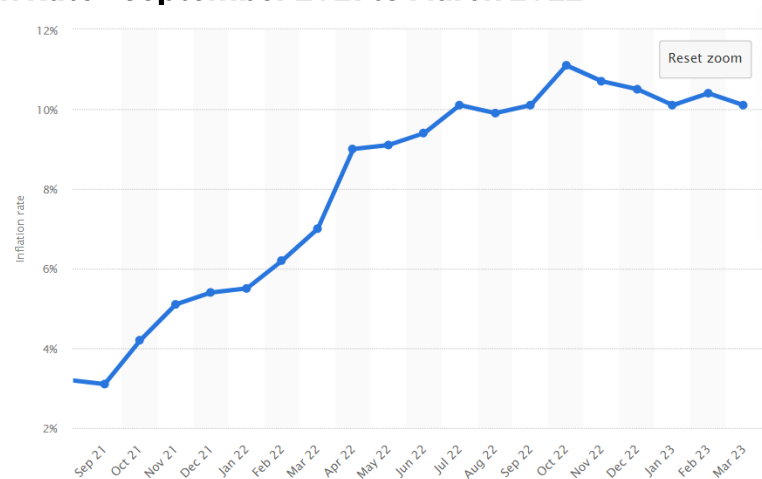
The table excludes exceptional items relating to the office refurbishment in 2018/19 and the refinancing project in 2020/21.

Our operating margin has averaged just above 28% over the last four financial years. During 2022/23 we have seen increases within our operating costs across several areas. The condition of social housing properties has been subject to media attention over the last 12 months acting to increase demand on our repairs service to deal with issues such as damp, mould and condensation. Furthermore, significant increases in our insurance premiums have all contributed to a weakening of our operating margin in 2022/23 to 23.8%. Despite the reduction, we continue to outperform the 2021/22 margin of our peer group which averaged at 21%. More detail on our operating margin performance and comparison to the wider sector are shared in section 4 of this report.

In December 2021, Board approved a 4.1% rent increase to take effect from 1<sup>st</sup> April 2022. As shown in the graph overleaf, during 2022/23 inflation peaked at 11.1% in October and remained above 10% for the remainder of the financial year. This has impacted our cost base during the year, from which we have seen costs increasing at a faster rate than our income. This has affected revenue and capital costs.

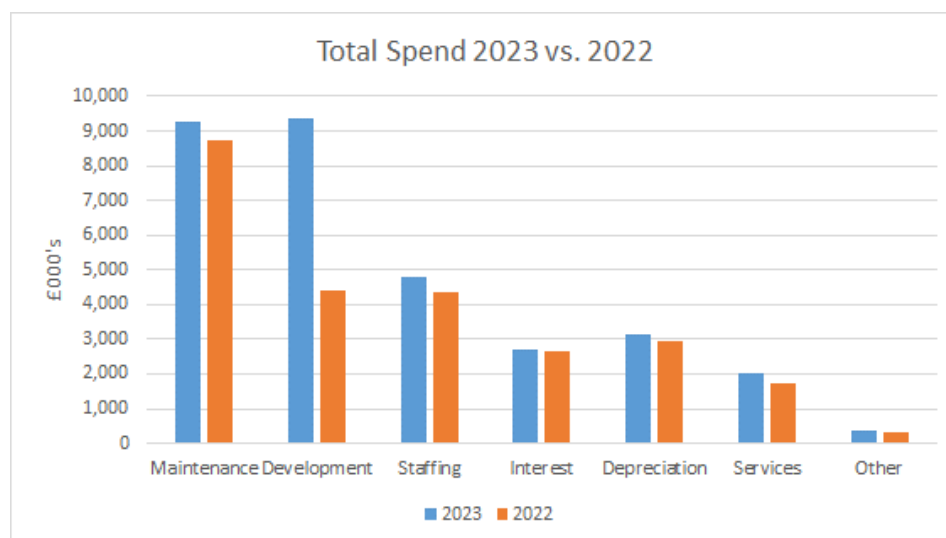
A key focus of the 2023/24 budget, was to restore our operating margin to preserve the financial resilience and strength of the organisation. The 2023/24 budget approved by Board is at an operating margin of 25.6%.

## UK CPI Inflation Rate – September 2021 to March 2022



In August 2022 the National Housing Federation reported inflation on property repairs and maintenance costs were 16.8%. BCIS reported in their 2022 review of the construction industry, that material price inflation had peaked at 26%. The well documented increase in material and labour costs have weakened operating margins in the sector. Despite a reduction in our operating margin in 2022/23, our operating margin continues to remain above that of our peers as shown in section 4.2.

## Total Spend Comparison – 2022/23 vs. 2021/22



The most significant changes between 2022 and 2023 are:

- An increase in overall spend of £6.5m, most of which (£4.9m) is attributable to a growth in spend on the development of new units. In 2022 we delivered 32 units and spent £4.4m; whereas in 2023 we delivered 71 new units incurring costs of £9.3m. The increase in cost is reflective of a 2022/23 VFM objective to '*develop and grow by at least 75 new units*'.

- An overall increased investment in maintenance costs of £520k, most of which is attributable to the routine maintenance of our properties. This increase in cost has been caused by several factors.
  - During the year we onboarded our new property maintenance contractor. The cost of works agreed as a part of the procurement exercise where at an increased rate compared to the previous contractor.
  - We saw a significant increase in the number of repairs between September 2022 and January 2023. More than an additional 1,000 repairs were undertaken in comparison to the same period in the prior year. This experience is similar to that of other providers who have anecdotally experienced a 15% to 20% increase in repairs volumes.
  - We have also spent an additional £135k to address issues of damp, mould and condensation 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 also increased levels of spend to complete necessary fire risk assessment remedial works at a total cost of £83k.
- The level of capitalised investment in our existing properties remain broadly comparable between the two years, with £2.5m spent in 2023 and £2.8m of investment recorded in 2022.

### 3.2 Performance against Targets

The actions and targets were set in the annual corporate plan for 2022/23 and the annual VFM report shared with Board in July 2022. The outcomes marked in green have been completed, those in orange have been delayed and those in red the target was not met in 2022/23. Where actions have not been achieved there is an explanation in the outcome column.

VFM Theme	Action	Target	2022/23 Outcome
<b>CUSTOMERS</b>			
Efficiency	Pilot new online chatbot and promote online services to customers	Increase digital transactions > 20% and reduce call volume by 10%	Satisfaction with customer service team - 96%. Call volume has reduced by c.30% and we have launched a new omni-channel system to manage customer contact. The increase in digital transactions has not been achieved however, the new omni channel will streamline customer contact.
Efficiency	Continue to reduce tenancy turnover	To continue positive direction on tenancy turnover and are targeting an incremental 1% improvement annually. 9% target for 2022/23	Tenancy turnover target of 9% achieved, this is a continued reduction over the last four years.
Maximise Social Value	Capture outcomes from the £200k community fund	Track spend and outcomes and include in update to Board at December 2022 meeting	Outcomes captured and updates published on Convene.
Efficiency	Complete ICS customer survey UKCSI benchmark and implement actions for improvement areas	Survey completed and action plan developed	ICS survey completed. Overall satisfaction score increased from 82.9 to 83.6/100, the strongest in the sector. North Star has received accreditation from the ICS. Customer feedback identified complaint handling as a priority and a corporate objective to improve complaints is being taken forward in 2023/24.
Efficiency	Review the capture and reporting of customer satisfaction	Processes and systems developed to report against the new Tenant Satisfaction Measures	Customer feedback is reported to Board quarterly. Tenant Satisfaction Measures will be reported to Board on a six-monthly basis.
Maximise Social Value & Efficiency	Explore and pilot ways of strengthening customer involvement at a strategic level through structures and/or systems	Method of involvement identified by September 2022 and piloted by December 2022.	Two pilots have been concluded. A citizen jury approach which is influencing North Star's approach to environmental improvements, and a digital democracy platform capturing the customer experience of the cost-of-living crisis. This was shared with Board in the rent review.  Further work on strategic involvement is continuing in 2023/24 to ensure this meets the requirements of enhanced consumer regulation.

Efficiency	Complete a review of key customer experiences to address customer need and improve effectiveness of delivery.	Reduce our customer effort score <3.5/10 (ICS)	The ICS customer survey highlighted a strong customer effort score of 3.5/10 compared to 5.8/10 sector average. The repairs experience has been reviewed introducing new direct lines of contact between customers and contractor, last mile tracking to improve efficiency/effectiveness of services. Periodic measurement of customer effort will be completed in Q4 2023/24.
<b>GROWTH AND ASSET MANAGEMENT</b>			
Enable Growth	Develop a strategic offer to tackle homelessness	6 new homes to alleviate homelessness	Six 'move-on' homes have been delivered in Middlesbrough, two in County Durham during the year.
Active Asset Management	Undertake a feasibility study into the transformation of terraced properties in Darlington	To develop a costed feasibility by Q2	A costed model has been produced. This will help to focus discussions, with local politicians and partners, including the Tees Valley Combined Authority, to access Levelling up funding.
Active Asset Management	Deliver a decarbonisation pilot on a Victorian terrace property in Middlesbrough	Complete a whole house retrofit project to an EPC A standard.	The property achieves an EPC Level A. New tenants will work with us to monitor performance.
Enable Growth	Develop and grow by at least 75 new units, including five units of supported housing	75 units by March 2022.	71 new homes were completed during the year, including the purchase of 8 supported properties for people facing homelessness
Enable Growth & Active Asset Management	Explore models for the delivery of zero carbon new build homes	Produce costed model for our Future Homes Standard	Options have been developed. Work with consultants is ongoing to refine costs, which range from £230k to £245k.
Enable Growth	Engage with Local Authority/ Health partners in Tees Valley and County Durham to develop a plan increase new supported housing	Access the £300m funding available 2022-25	The £300m identified by Government as part of the Social Care White Paper to provide new supported accommodation was scrapped as part of the budget.
Active Asset Management	Through targeted investment, increase the energy performance of properties to EPC level C	189 properties to EPC C by Q4	133 properties were upgraded to EPC level. Challenges procuring contractors and grant eligibility criteria led to us falling short of our target. Works carried forward into 2023/24.
Active Asset Management & Maximise Income	Bid for grant subsidy to support the decarbonisation of properties	Receive at least £200k in additional funding	Bids to the Social Housing Decarbonisation Fund and the Energy Companies Obligations (ECO 4) have secured £180k.  North Star is taking part in a carbon credits pilot that allows investment companies to purchase carbon credits to offset carbon emissions. The Charitable Housing Trust (HACT) is running the pilot with us securing £3k per year for 10 years. (£30K)

CULTURE			
Efficiency	Use internal resources to design and facilitate staff development	£25k efficiency	Delivered using North Star Staff: Three-day development programme for all new staff A leadership programme for all Managers & Directors. Mentors trained and mentoring staff across the organisation
RESOURCES			
Maximise Social Value	Publish an Environmental, Social and Governance report for the 2021/22 financial year	Report published by end of Q2	Report published and now available on the website
Efficiency & Maximise Income	Review of investment options for cash balances with Centrus	Return of at least 0.50% on invested funds	Paper shared at November 2022 RAC meeting and funds now invested in line with Treasury Management Policy.
Smart Procurement & Efficiency	Implement a new repairs and voids service that will create efficiencies for NS and improve customer satisfaction	A new service to be in place by September 2022	The new contract started on the 1 <sup>st</sup> September 2022.
Efficiency	Review of recruitment and selection. Ensuring our approach is efficient, effective and meets the requirements of NS and Candidates	£20k efficiency	The policy and process has been reviewed. Changes to process have been implemented, and impact assessed.
Efficiency	Deliver a data solution to replace the HR database.	£12k efficiency	We intend to deliver efficiencies and improve the system by using a module in the new base system due to be procured in 2023. In the interim we are identifying short term gains.
Efficiency	Complete a review of the property services team (processes and resources)	Review to be complete by end Q3	Will be complete in mid-June 2023.
Efficiency & Maximise income	Deliver savings target set in the 2022/23 budget	Savings of at least £247k; void loss 1.35% and bad debt 1.04%	Void loss at the end of the year was 1.53% with bad debt at 0.7%. Void loss performance for general needs was in line with the target but there have been some issues with supported housing lettings during the year. Supported housing void loss was 3.7% compared to a target of 2.75% and more details about this are set out in section 3.7 below.

TECHNOLOGY			
Efficiency & Active Asset Management	Implement a remote water safety monitoring system	£10k efficiency	Water safety monitoring in place at six supported housing schemes. Staff resource efficiencies achieved.
Efficiency	Review of licencing arrangements to maximise use of Microsoft and other licences	£5k saving	Savings made with transition from Forcepoint and roll out of Teams telephony
Efficiency	Automation of compliance records and monitoring	£5k efficiency	Automated scanning implemented.
Smart Procurement	Procurement of a new Housing Management system and plans developed for implementation in 2022/23	Procurement process completed	Procurement process completed in March 2023.
Smart Procurement	Implement a new development contractor and professional services framework with Partners	To attract more SMEs and to create cost efficiencies.	Professional services framework in place. Contractor framework will be in place by end June 23. Delays due to requests from bidders for an extension of time – agreed by all partners.
Efficiency	Implement Power BI for performance reporting	Power BI used in Board and management performance reports	A dashboard has been developed to capture performance data on Health and Safety compliance, customer service delivery, arrears, and contractor performance. Power BI is not yet used in Board reporting.
Efficiency	Use of Sharepoint for file sharing across North Star – this will support agile and collaborative working	New working practices in place	SharePoint has been fully implemented in Supported Housing and other teams. Work will continue in 2023/24 to embed SharePoint.
Efficiency	Approach YBS to see if there is an incentive to cancel the RCF and move to a new funder	-	Option not pursued following discussions with Centrus – update provided at the November 2022 RAC.
Enable Growth & Efficiency	Review the development pipeline and ensure the YBS RCF is the right size	Potential saving of £25k if the RCF is reduced by £5m	Option not pursued following discussions with Centrus – update provided at the November 2022 RAC.

### **3.3 Savings, Reinvestment & Efficiencies**

#### **2022/23 Savings Delivered**

The delivery of £246k savings was set out in the 2022/23 budget approved by Board. There were savings of £168k made during the year with £95k from vacant roles and £73k from procurement savings. Our ability to secure cost savings during the year has been restricted by the significant shift in the UK economy over the last 12 months.

#### **2022/23 Reinvestment Activities**

Delivering savings has proved challenging as outlined above, and subsequently the opportunity to reinvest those savings has been limited. During the year the main reinvestment was in fire door remedial works (£33k) and periodic electrical inspections (£66k) as we endeavour to prioritise tenant safety.

Where we have generated savings, they have been used to mitigate some of the impact of the cost increases rather than invested in new unbudgeted activity.

#### **2022/23 Efficiencies**

These are improvements or changes which may not directly impact or reduce costs but do help with resources as follows:

- Continued migration to and use of Sharepoint functionality as we identify and embrace more collaborative ways of working
- Ongoing service reviews within our Supported Housing and Property Services Teams. The reviews are expected to improve the way in which we deliver services to customers driving effectiveness in the business.
- In line with our Treasury Management Policy, we invested surplus cash in both fixed-term and instant access deposit accounts. The interest received helped mitigate some of the 'cost to carry' on our existing loans.
- The introduction of new functionality such as the Chatbot feature, the automated storing of property compliance records and the remote monitoring of water safety systems have acted to free-up resource within our Customer Service and Asset Management teams.
- A continued reduction in tenancy turnover of 1.3% on the previous financial year generates additional capacity.

### **3.4 Community Investment and Generating Social Value**

North Star cares about its customers and communities. We focus our community investment on priority neighbourhoods working with the strengths and supporting the sustainability of these areas.

Teesside has the second greatest poverty rate in Britain exacerbated by the pandemic, 69% of children in some parts of Middlesbrough live in poverty. The impact of the cost-of-living crisis, is already being felt acutely in the communities we work in.

In this context it is a key strategic choice to invest in our communities, working with people to address community challenges and improve the quality of their lives. In 2022/23 North Star invested £396k.



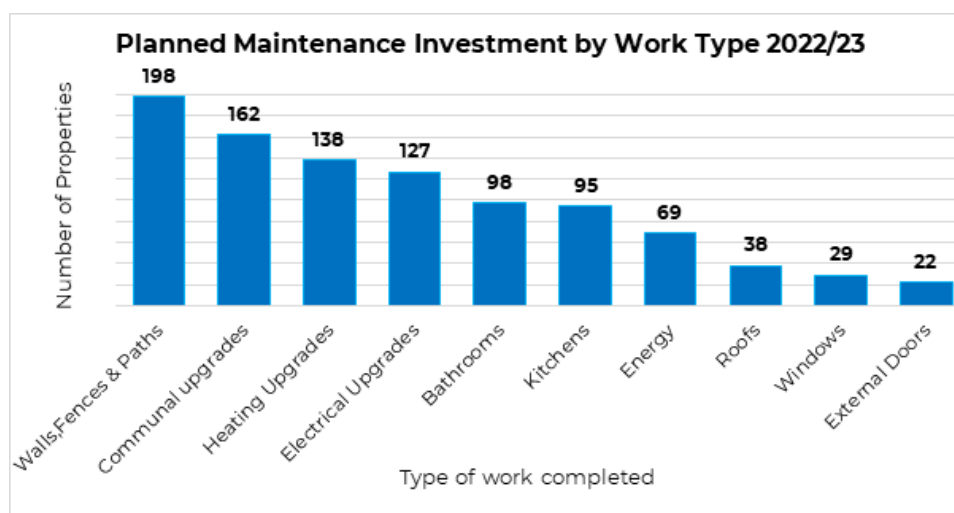
North Star's investment generates social value which is measured, calculated and reported annually using a treasury approved method of calculation combining qualitative and quantitative outcomes. As a result of the investment North Star has delivered approximately £4.8m of social value across our business. This figure is made up of:

- £3.5m generated through community investment projects targeting food poverty relief, tackling the cost-of-living crisis and addressing loneliness.
- £280k generated by tenant connection activity reviewing of policies, procedures and performance of North Star.
- £750k generated in health and wellbeing outcomes through planned maintenance work improving the quality of homes we own.
- £300k 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. 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 2022/23 we invested £3,479k with a focus on energy and environmental works, electrical and heating upgrades, as well as a large external works programme. In total 976 homes benefited from investment work during the year with customer satisfaction at 93%. 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 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 C Level C by 2030. During the year we have continued to invest in the decarbonisation of our stock with 133 properties upgraded to EPC level C, including 46 properties receiving funding from the Governments Social Housing Decarbonisation Fund (SHDF). Also, during the

year, we increased the number of low carbon heating systems through the installation of Air Source Heat Pumps to replace existing solid fuel or outdated storage heating systems in 25 homes in the Teesdale area. During 2023/24 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, working collaboratively with Local Authorities and peers to achieve efficiencies through joint research and procurement.

#### Return on Assets

We are in the process of updating the financial model but having made some changes to the model it is not ready to share in this report. The VFM update at the December 2023 meeting will include information on the Return on Asset Model and Neighbourhood Sustainability matrix.

### **3.6 Customers**

We capture customer satisfaction in two ways, through a periodic survey focusing on customer's perception of North Star and secondly through transactional surveys following customers interactions with services. Satisfaction is also used to benchmark North Star against other providers of social housing.

#### **3.6.1 Customer Perception**

Our membership of the Institute of Customer Service (ICS) enables access to leading edge research on the customer experience, connection with customer service innovators operating in a range of sectors and a non-housing sector benchmarking scheme, the [UK customer service index \(UKCSI\)](#).

Detailed research from ICS the shows a direct correlation between great customer service and the financial performance of an Organisation which can help drive VFM.

Periodic perception surveying of customers enables North Star to assess the overall customer perception of the business. In May 2022, North Star scored 83.6/100 overall, this is the highest score amongst housing associations. Customers highlighted North Star strengths in the competence of staff, the range of communication channels and the ethics of the business. Complaints handling was identified as the primary area for improvement leading to an independent review being completed and the inclusion of a corporate objective for 2023/24.

Additionally, the introduction of Tenant Satisfaction Measures (TSM) by the Regulator in 2023 will strengthen our understanding of customer perception and enable insight on housing specific areas such as quality and safety of the home. North Star has commissioned The Leadership Factor to collect these 12 perception measures on a quarterly basis which will be reported to Board twice per annum.

#### **3.6.2 Customer Satisfaction**

We capture satisfaction data covering a number of service areas. The performance is set out below including actions for key areas of underperformance:

% of Customer Satisfaction with	2020/21	2021/22	Target 2022/23	2022/23	HouseMark Quartile Position
Rent provides VFM	92%	96%	95%	84%	Median

The overall service	90%	85.3%	92%	84.8%	Upper
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Customer perception of North Star reported in May 2022 was strong however, subsequent transition of our repairs service in September 2022 has impacted satisfaction in a number of key areas resulting in targets being missed. We capture satisfaction across a range of services and with the exception of complaints we benchmark at median or upper level where data is available.

We know how important the repairs service is for customers. During 2022 we appointed new repairs contractors, Ian Williams following an internal review of the service and comprehensive procurement exercise. Ian Williams experienced difficulties with the implementation of the contract, primarily securing adequate staffing resource. This combined with an increased level of repairs reported during the year as experienced across the sector, led to repairs taking too long to complete, issues with missed appointment and poor communication; resulting in a drop in satisfaction with repairs. Action plans have been put in place with an intense management focus and oversight to drive performance improvement. This is on an upward trajectory with current satisfaction at 91%.

Customers surveyed in 2022/23 reported 84% satisfaction with rent providing value for money. Communication relating to the rent increase in 2022/23 was enhanced with more in person meetings and sharing of information given the pressures on household budgets. This provided greater detail and transparency on how North Star spends income with a QR code link from the rent letter to connect customers to this information held on our website.

Satisfaction with the overall service remains below the target set for the year. The most common causes for complaint were dissatisfaction related to the length of time taken to complete repairs and poor communication during the repairs process. Satisfaction also suffered as a result of a spike in call wait times in January 2023 due to increased demand on the repair service. Overall satisfaction within the housing sector has reduced. HouseMark states generally satisfaction is between 7% and 8% lower than they were pre-pandemic.

### 3.7 Performance

Another measure of effectiveness is the KPI performance and the annual performance for 2022/23 was shared with Board in June 2023.

Arrears	2020/21	2021/22	Target 2022/23	2022/23	HouseMark Quartile Position
Current arrears – General Needs & Older Persons (GN&OP)	2.50%	2.54%	2.5%	3.10%	Median
Current arrears – Supported	0.70%	0.77%	0.75%	0.71%	Not available
% rent lost through homes being empty (GN&OP)	1.02%	0.89%	1%	0.94%	Upper
% rent lost through homes being empty (Supported)	2.72%	2.94%	2.75%	3.70%	Not available

Tenancy turnover rate	10.2%	10.1%	9%	9%	Lower
Average number of repairs per property	3.1	3.9	3.4	4.0	Not available
% of appointments kept	93%	99.3%	96%	95.8%	Lower
% of gas services completed before expiry date at quarter end	100%	99.8%	100%	99.74%	Lower
% of time lost to sickness	1.5%	2.45% 2.16%*	2%	2.03%	Not available

\*Performance adjusted to removed impact of absence due to Covid

We set challenging performance targets informed by three-year trend data and consideration of our operating environment. We missed our performance targets in a number of areas and more information about these areas is set out below.

Rent arrears in North Star general needs homes missed the target by 0.6%. During the year, the number of customers in receipt of Universal Credit (UC) increased by 7%. The transition to UC from Housing Benefit (HB) results in a 'five week wait' for the first payment to be made, building in arrears for many customers. Payments of UC are made directly to customers rather than directly to the landlord as with HB, this change can also impact the consistency of rent payments. The timing of payments to North Star also impacts this figure, with arrears dropping to 2.6% following payments in April 23 for example. However, the remains a strong focus on rent collection and support provided by the Welfare Benefit Team.

During 2022/23 the Welfare Benefit team supported 1066 households, increasing their income by £602k with an £110k direct impact of additional rent to North Star. A significant 150% increase in demand for this service highlights the impact of the cost-of-living crisis on households. We introduced a new Tenancy Support Officer position to support new tenants with start of their tenancy in 2022/23 and we are evaluating the impact of this post. In 2022/23 we have seen tenancy turnover reduce to a four year low of 9%. The length of tenancy has increased and healthy performance reletting properties in general needs has been achieved.

The number of tenancies ending in supported housing has reduced by 6% in 2022/23. However, along with other providers of supported housing, we have experienced challenges in letting some of our shared accommodation in supported housing. Factors impacting this include depleted local authority resources to support the referral process, increasingly challenging client behaviour impacting the appropriateness of shared accommodation and preference of clients for their own space. A corporate objective to review the viability of the shared living model has been adopted for 2023/24.

The increases in our repairs volumes is primarily attributed to electrical, roofing repairs joinery work and damp repairs. As with many organisations we saw an increase in demand for repairs in the late 2022.

Our performance on gas servicing was due to our inability to gain access primarily due to self-isolation of tenants suffering from covid. Performance has now returned to 100% as of June 2022.

### **3.8 Financial Capacity**

During 2022/23, North Star received an In-Depth assessment from the Regulator. A top regulatory judgement of C1/V1 was confirmed in March 2023. Overall feedback from the Regulator was positive with only a small number of best practice recommendations suggested.

This next section sets out our approach to assessing and evidencing use of financial capacity within the business.

#### **Borrowings**

As at the end of March 2022, the organisation had £101.4m of drawn debt to support investment in both new and existing properties. The level of debt drove a gearing calculation of 45.8%, which placed us in the second quartile when compared to our standard peer group as referenced in section 4.1 below. The peer median for the same period was 42.4% and indicates North Star is leveraging more debt from its available asset base to drive investment in our communities.

In 2022, our debt per unit calculation was £26k comparing to a peer average of £16k, this indicating the organisation 'sweats' its assets more in comparison to peers.

The funding supported the development of new units and this translates into strong performance on the RSH's VFM metric for percentage of new supply delivered. Our trend in recent years on this metric demonstrates an outperformance against the peer group for delivering new properties.

During 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 2023, we introduced debt capacity stress testing into our Business Planning process. This showed that there is more exposure to the asset cover covenants than the interest cover covenant and demonstrated that the business plan was making good use of the available security, whilst also managing covenant risk.

Assumptions around the valuation growth of our stock, were modelled alongside levels of projected borrowings to identify if we were sufficiently maximising the financial capacity of our plan. The Business plan approved by Board saw the percentage of unencumbered assets reach as low as 14.4%, thus meaning the level of investment profiled is in line with the risk appetite and golden rule parameters approved by Board.

#### **Investment**

The 2022 Business Plan captured a commitment to deliver 525 new units between 2024 and 2031, and to deliver an EPC rating of 'C' across all our properties by 2028. The economics of the last 12 months has been challenging with rising inflation and interest rates. It is reported that many providers in the sector are reducing capital expenditure in new development and decarbonisation in response to the challenging economic environment and multiple priorities.

The financial strength of North Star has allowed for these investment commitments to continue in the 2023 business plan approved by Board in April 2023 of this year.

The investment allows us to meet housing need as well as supporting 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 for us to spend £396k on Community Investment in 2022/23 with our work delivering a total of £4.8m of social value during the period.

Despite a reduction in 2022/23 from 28% to 23%, our operating margin continues to outperform our peers as outlined in section 4.2. During periods of rent reduction or more recently rent restriction; scrutiny of our cost base involving colleagues from across the business, has generated an understanding of essential and discretionary spend for the organisation. This was a key area of focus in the 2023/24 budget where areas of discretionary spend were required to demonstrate 'positive business impact'.

The outcomes of the refinancing project remain at the heart of increasing 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 is a critical focus going forward as outlined in our Strategic Risk Register with the inclusion of a specific risk; SRR19 (*Impact of external costs increases is detrimental to North Star*), within which a series of risk controls are being operated. The stress testing of our April 2023 Business Plan evidenced we are able to withstand significant 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 2021/22 financial year.

The current volatile economic environment with high inflation and rising interest rates means that there is limited value in comparing the 2022/23 performance with data for the 2021/22 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 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. HouseMark also collate the Sector Scorecard data which contain the Regulators own VFM metrics.

In 2022/23 HouseMark have reduced the number of indicators they collect data upon within the Sector Scorecard and we have subsequently removed any in-depth analysis from this report. Performance against key remaining indicators is covered in other forms of benchmarking data provided. The most recent peer group data is for the 2021/22 financial year.

#### **RSH Global Accounts**

In the 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 2023, the RSH then published an annual paper along with the data for all organisations. The 2022 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 2022 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	

Equity Housing Group Ltd did feature within our peer group for comparisons to the sector last financial year. In September 2021, Equity's stock was transferred to Great Places Housing Association who own 24,000 units and as a result they no longer feature within our peer group. Similarly, over the 2021/22 financial year the total number of units held by Mosscafe St. Vincent's has exceeded 7,500 and therefore they are not included within our peer comparison.

#### 4.2 RSH VFM Metrics

The tables below show the performance on the VFM metrics over the last three years and includes the draft North Star figures for 2022/23.

RSH metrics	2020	2021	2022	2023	2020	2021	2022
	NS	NS	NS	NS - Draft	Peer	Peer	Peer
1. Reinvestment %	5.0%	3.0%	3.5%	6.2%	7.5%	6.7%	7.1%
2. New supply delivered %	1.78%	1.75%	1.04%	1.78%	1.50%	1.37%	1.08%
3. Gearing %	43.0%	45.9%	45.8%	47.2%	40.0%	41.0%	42.4%
4. EBITDA MRI interest cover %	194%	65%	201%	177%	169%	158%	183%
5. HSCU	£3,550	£3,449	£3,930	£4,287	£3,732	£3,580	£3,908
6. Operating Margin %	27%	30%	29%	23%	20%	21%	21%
7. ROCE	2.7%	2.9%	2.9%	2.3%	3.3%	3.4%	3.4%

There is no peer group data available yet for 2022/23.

#### North Star Trend

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

- The reinvestment metric has increased in 2023 with higher spend on the development programme, which has seen us deliver an additional 39 units in comparison to prior financial year. During this period, we have also invested £2.5m to meet the component needs of our existing properties as determined by stock condition and energy performance data.
- Following a slowdown in 2021/22, the new supply delivered metric has returned to a level that is consistent with our target for new units.
- Cost inflation has had an impact across several metrics. During the year operating costs increased by £922k in comparison to the original budget. This has acted to depress operating margin and interest cover performance as well as increasing the headline social housing cost per unit (HSCU).

#### North Star v Peer Group Metrics

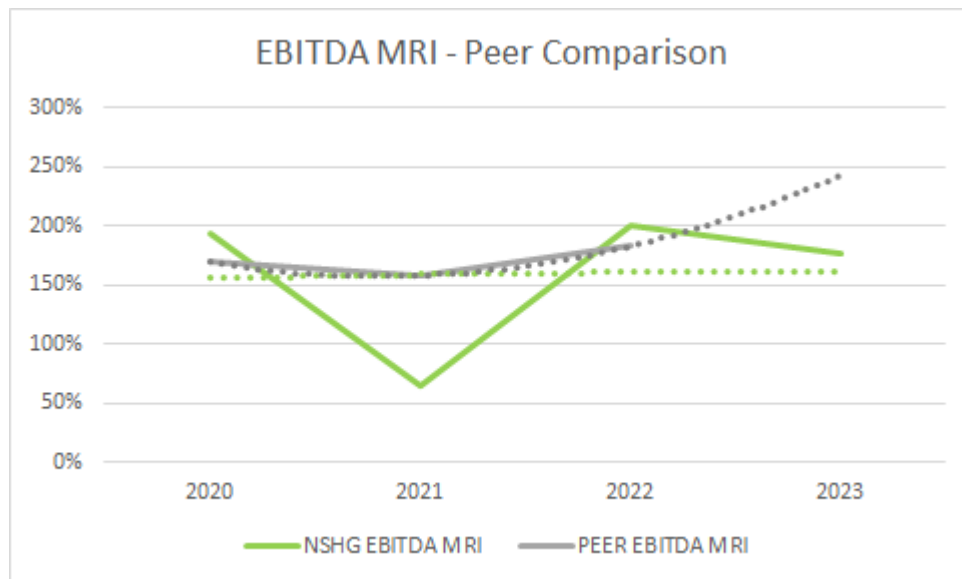
Data from our peers on their performance against the VFM metrics for 2022/23 is not yet available. To compare with others in the sector we have used our 2022/23 performance comparing with that of the trend from peers over the last three financial years. This makes absolute comparison difficult, as the full impact of the recent high inflation, higher interest environment is not yet 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 2022/23 becomes available.

### **EBITDA MRI Interest Cover**

The EBITDA MRI interest cover was significantly reduced during 2021 as a result of the exit costs incurred following the refinancing project. During 2022 the metric recovered and was reflective of historic levels seen prior to group consolidation. Last financial year the metric has reduced whilst the trend of our peers indicates an increase in the headroom of this measure.

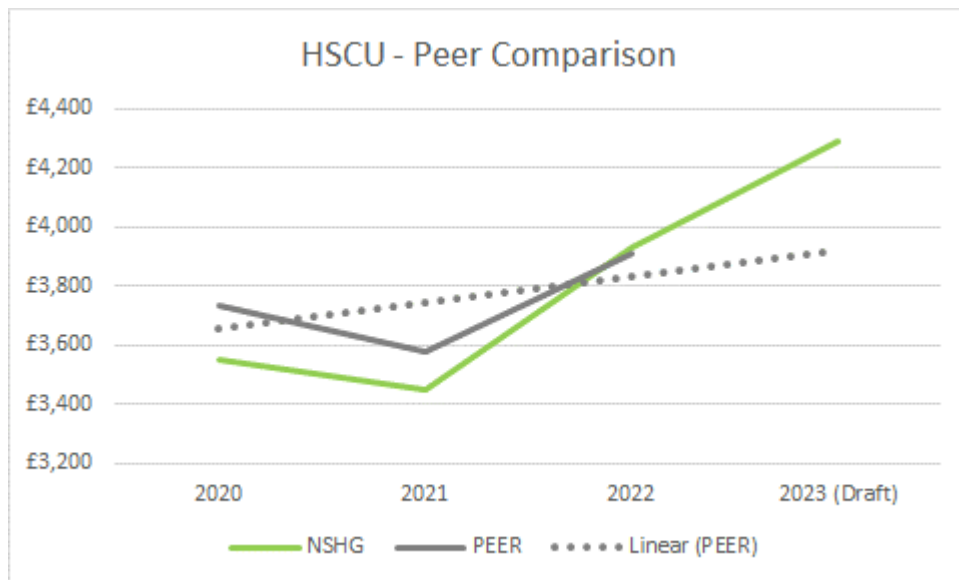


A reduction in operating surplus impacted by a high inflationary environment, is in part responsible for the reduction in this metric. Absolute comparisons with other providers can be difficult given the fluctuating level of capitalised repair costs forming part of the calculation. The level of capitalised 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.

North Star is well protected from the external environment of increasing interest rates following the hedging of all drawn facilities post completion of the refinancing project in 2020/21. For peers with an exposure to variable rate debt, this will be an area of risk and we will likely see a deterioration in peer performance in 2022/23.

### **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. As indicated above the impact of a high inflation, higher interest environment is not yet visible on our peers, and it will be important to revisit peer comparisons providing more analysis to Board once the Financial Statements of other providers are published in September 2023.

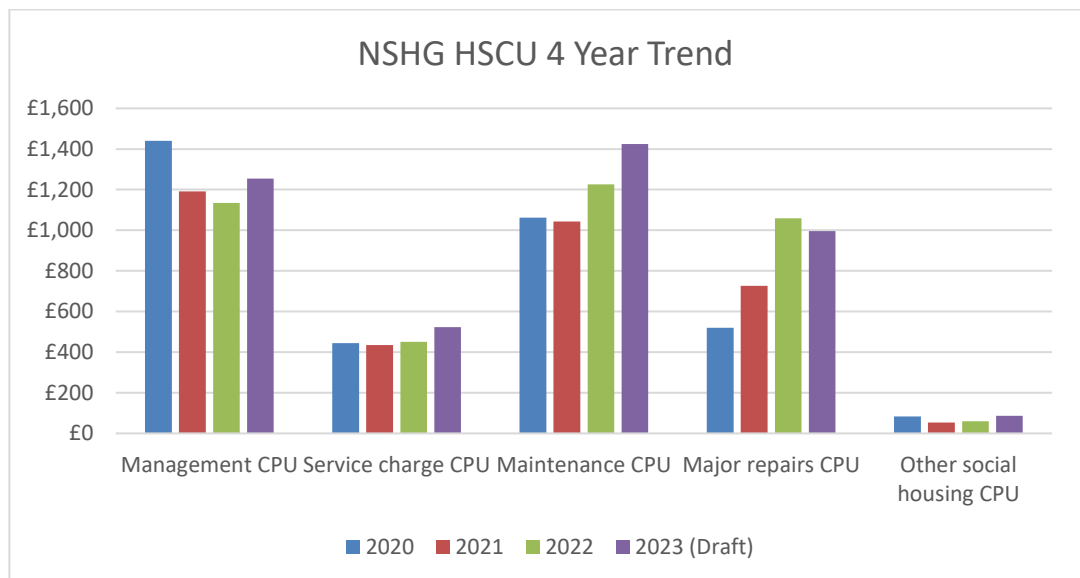


This section sets out some more detail on the HSCU.

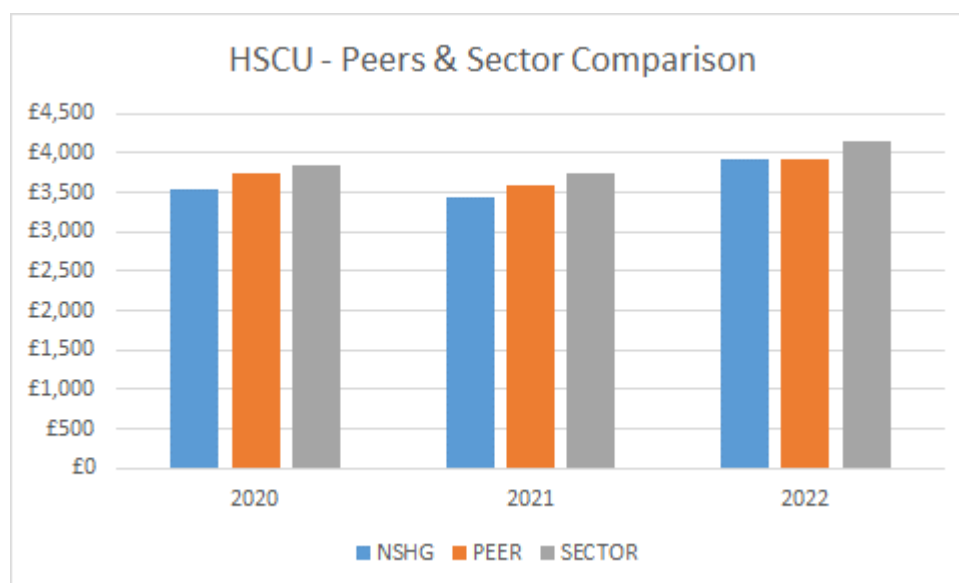
### **HSCU Four Year Trend**

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 2022/23:

In 2022/23 our HSCU is expected to be £4.3k, an increase of 9.1% on the prior year. Despite a decrease in management cost over the 4-year period, increases on maintenance and major repairs cost are driving an overall addition of £737 to our HSCU from 2020 as shown in the graph below.



### **HSCU % Change over three years (to 2021/22)**



The North Star HSCU has increased by 11% over the last three years compared to an increase of 5% for our peers and 8% for the sector. Many organisations, including North Star, have had to increase spend on health and safety and decarbonisation in this period which will impact 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.

We intend to share further analysis upon the EBITDA MRI & HSCU measures with Board as a part of the VFM Update in December 2023 once peers have published their financial statements for last financial year.

### **4.3 HouseMark**

The level of analysis from HouseMark included in this report is brief. Over the last 12 months we have seen significant shifts in the economic environment impacting both inflation and interest rates. During this time frame we have also seen the expectations of our customers increasing, and similar to others in the sector experienced an increase in the number of complaints received. Both factors have altered the benchmark of cost and performance data that can be defined as 'good'.

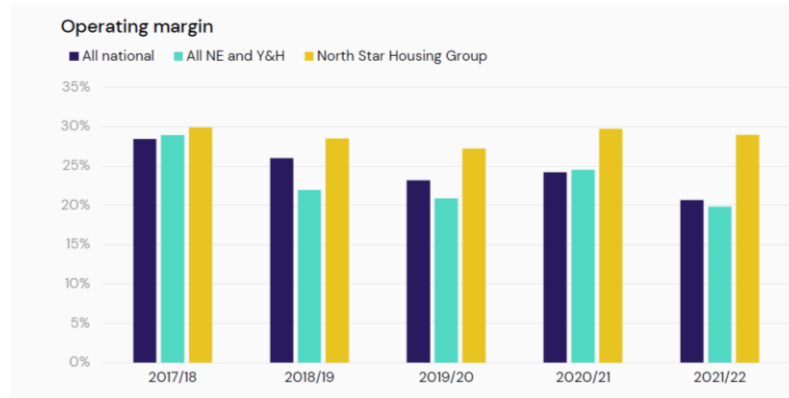
The peer group used in this analysis is different to the standard peer group referenced in section 4.1 – it is made up of all participating organisations in the North East and Yorkshire & Humberside. This is the criteria of the peer group used by HouseMark in their Annual Performance Summary report for North Star. This has allowed for an increased sample size of 36.

HouseMark as a tool contains a significant amount of cost and performance data. The below graph distils the large volume of data into a succinct measure of our operational productivity. The position on the graph compares our average cost per property results with an average performance position. As indicated below, our performance typically betters our peers whilst achieving a comparable position on cost.



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 2021/22 we achieved an operating margin of 28.6% which was comfortably above that of our peers and the national sector average.



A strong operating margin is a key consideration by our credit rating agency Standard & Poors, who undertake an annual reassessment of our rating in July of each year. Our margin has decreased in 2022/23 to 23.8% predominately as a result of increases to property maintenance costs. This has been addressed in the 2023/24 budget approved by Board, where we have looked to protect and sustain an operating margin above 25%.

The data shared by HouseMark for 2021/22, also identified other areas of strong performance as outlined below;

- The average cost of our responsive repair and void works were £89 less per property than the peer median of £893.
- The average number of days taken to complete a repair was 8.5 versus a peer median of 12.1.
- First quartile performance was achieved in relation to rent loss on general needs properties.

The HouseMark data indicates a low volume, low-cost repairs service for 2021/22, however the events of 2022/23 as outlined in section 3 are likely to have altered this position when comparing to peers.

We continue to benchmark less favourably with our peers in relation to several areas as outlined below;

- Overheads as a percentage of turnover where the metric for North Star records overheads at 14.1% compared to a peer median of 12.4%. Investment in ICT infrastructure and higher costs on a range of other professional fees have also acted to increase the level of overheads incurred in 2021/22.
- Tenancy turnover continues to be at a rate higher than that of our peers. In 2021/22 tenancy turnover was recorded at 10.3% versus a peer median of 7.4%. Tenancy turnover continues to be an area of focus for the organisation over recent years where we have seen a positive movement in trend. In 2022 we made additional investment in the Welfare Benefit team and have seen further improvement in this metric in 2023.
- The number of formal complaints received per 1,000 properties in 2021/22 was recorded at 31.6 compared to a peer median of 21. Increases in complaints and dissatisfaction are reported across the sector. HouseMark report a long-term reduction in satisfaction following the pandemic. More widely, research by the Institute of Customer Service reported a 17% increase in complaints in 2022. Complaints remain an area of focus, two reviews have taken place by our Tenant Voice Scrutiny Panel and an independent consultant. A corporate objective to improve complaint handling is included in the 2023/24 VFM targets outlined further in this report.

## 5. 2023/24 and Beyond

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

We continue to operate in an extremely challenging and uncertain economic environment with high inflation impacting North Star, our supply chain and our customers. Rising interest rates, labour market and material shortages add to the financial pressures being faced by all. Continuing to deliver VFM will be key to enable North Star to support our customers and communities whilst remaining financially strong and resilient.

We were conscious of the increases in operating costs and the impact this could have on our operating margin and S&P credit rating. Therefore, a key focus of our 2023/24 budget was to maintain this margin. The Guiding Principles developed by SMT, made it mandatory for budget managers to identify areas of either essential or discretionary spend within their budget submissions. This granular focus upon all areas of cost generated savings of £484k as outlined the 2023/24 budget report shared with Board in March.

### **2023/24 Value for Money Targets and Objectives**

The table overleaf captures the Corporate Plan objectives approved by Board in March 2023. We will continue to drive our approach on VFM within the business and review our Strategy in 2023/24. We fully expect additional VFM objectives to emerge during the year as we respond to the needs of our customers faced by a dynamic external environment. Any additional objectives will be captured and shared with Board as a part of the VFM Update provided in December 2023.

## 2023/24 Value for Money Targets and Objectives

VFM Theme	Action	Target	Lead/Date
Customers & Communities			
Efficiency	Review the ongoing viability of the shared living model for adults with a learning disability	Complete a strategic options appraisal and develop plans to address identified issues. The Simonside service in South Tyneside being a priority	EDC March 2024
Efficiency	Improve satisfaction with how North Star handles complaints	Commission an independent review of complaint handling and implement the recommendations. Increase satisfaction levels from 55% to 70%	EDC December 2023
Enable Growth	Co-create with partners, new models of housing for people with support needs	To have at least one model co-created for development in 2024/25	EDC March 2024
Maximise Social Value	Invest in priority communities	Review the impact of two existing community hubs, research and identify the future needs of communities	EDC December 2023
Maximise Social Value	Develop a training and employment offer for tenants	Research and develop North Star's tenant employment and training offer in partnership with education providers	EDC March 2024
Governance			
Efficiency	Retain G1/V1 rating	Achieve G1/V1 rating from the Regulator	EDFBS December 2023
Maximise Social Value	increase levels of diversity on the Board	Participate in the NHF EDI Chairs' Challenge. Lessons learned from 1 <sup>st</sup> HDN scheme and further develop Board trainees to ensure they are fully equipped to be the best they can be and able to reach their potential.	EDPC December 2023
Maximise Social Value	Comply with Consumer Standards	Deliver actions in the Consumer Regulation Action Plan	EDC March 2024
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	EDAG March 2024
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	EDAG March 2024

Active Asset Management	Review the lettable void standard	Provide a costed void standard	EDAG March 2024
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 p.a	EDAG December 2023
Enable Growth	To deliver at least 75 homes that are Energy Performance Certificate B	Deliver 75 new units during 2023/24	EDAG March 2024
Enable Growth	New Properties to be co-designed with Customers	Establish a design review panel that includes customers	EDAG December 2023
People & Culture			
Effectiveness	Continue to monitor the impact of investment in staff	Retain IIP Platinum Accreditation	EDPC December 2023
Effectiveness	Review Pay, Terms and Conditions	Commission a consultant to review Terms and Conditions and present findings to Board	EDPC December 2023
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	EDPC March 2024
Efficiency	Carry out a skills audit, workforce analysis, planning, and develop staff	Identify the key skills required to deliver the strategy to 2026. Capture and map staff ambition. Deliver a staff development programme. Support staff to access Higher Level Apprenticeships and professional qualifications.	EDPC March 2024
Maximise Social Value	To diversify the workplace demographic	Offer three apprenticeships per year.	EDPC March 2024
Maximise Social Value	Monitor the impact of investment in staff	Analyse the attrition rates associated with recruitment and develop approaches. Conduct a demographic survey	EDPC March 2024
Technology			
Efficiency	Transitions to Sharepoint and Microsoft Teams for all colleagues within the business	All staff trained on effective use of SharePoint and other Microsoft applications. 85% of staff using SharePoint	EDFBS March 24



Efficiency	To deliver a new Housing management system	Develop an implementation Plan to effectively roll out modules during 24/25.	EDFBS March 24
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	EDFBS March 24
Efficiency	Enhance our approach to innovation	Run two sprint projects to trial new ideas and concepts	EDFBS March 24
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%	EDFBS July 23
Value for Money			
Efficiency	Maintain strong operating margins	Achieve an operating margin of at least 20% for the 2024/2025 budget	EDFBS March 24
Efficiency	Review the Technical Services function	Complete a review and restructure of Technical Services	EDAC September 2023
Enable Growth	Renew credit rating	Credit rating of 'A' is retained with Standard and Poors	EDFBS September 23