

Stronger Foundations

Karbon Group Strategy 2024-29



Table of contents

Foreword	5
Summary	6-7
Introduction	8
Our operating environment	9-11
About our strategy	12-14
A: Homes: Provide good quality homes	16-17
A1: Improve the quality and sustainability of our existing homes	18-21
A2: Provide new homes to meet growing demand and changing needs	22-25
B: Customer: Deliver an excellent customer experience	26-27
B1: Build meaningful relationships	28-29
B2: A brilliant landlord	30-31
B3: Great digital choice	32
B4: Delivering excellent service	33
C: Place: Shape strong, sustainable places for our communities	34-35
C1: Fair Foundations approach to make the most impact	36-38
C2: Working in partnership	39
C3: Using the right processes	39
D: Enablers of success	40-41
D1: Embed sound environmental, social and governance practices	42-44
D2: Ensure we deliver value for money	45
D3: Grow our business and our reputation	46-47
D4: Identify and meet our future challenges	48-49
Measuring our performance	50-51





Foreword

We are pleased to introduce our Stronger Foundations Strategy 2024-2029.

We are refreshing our strategy at a time of significant turbulence for both customers and the housing sector more generally. However, we are looking to the future with optimism, ambition and determination.

Ensuring that our customers live in safe, secure and well-maintained homes is at the heart of our role as a landlord. We can only achieve this by continuing to invest in our properties in a way that will benefit both current and future customers – and doing so is central to our strategy.

We are also determined to uphold our commitment to being more than ‘just a landlord’. Over the next five years, we will continue to provide a strong foundation for life, helping people to shape their own future. We will also keep our customers at the heart of decision making and champion their voice in everything we do.

In the current economic climate, we are having to do more with less, so key to our strategy is securing value for money, something that our customers rightly expect.

We will ensure that the decisions we make are carefully considered and achieve the best possible outcomes for our customers and the communities in which they live.

As a housing association, we have a well-deserved reputation for being friendly and welcoming. We champion the rights of customers, promote fairness and celebrate diversity. These values are integral to our strategy, and they also inform the positive working atmosphere we seek to seek create for our staff.

We would like to thank our customers, staff and Board Members who have shaped this refreshed strategy. Now, our focus is on delivery as we make ‘stronger foundations’ a reality and our homes and communities great places in which to live and thrive.



Sir David Bell KCB DL
Group Board Chair



Paul Fiddaman
Group Chief Executive

Summary

Over the next five years, we'll continue our commitment to our mission; providing a strong foundation for life. We'll help people to shape and develop their own future through the delivery of our three strategic aims of Homes, Customer and Place, supported by our Enablers of Success.

Our most important responsibility as a landlord is to provide our customers with safe and well-maintained homes, so we'll focus our investment on continuously improving them. Our commitment to customer safety and quality, as well as our approach to the decarbonisation of our homes, will help us to ensure that we meet current and future needs.

We'll play our part in addressing the housing crisis, through meeting a diverse range of housing needs across the North of England, using the resources we have to create the best possible impact.

We'll sustain our ambition for excellence across our services. These will be locally responsive, easy to access and personalised where needed.

Our customers are at the heart of everything we do. Their voices will continue to be strengthened in order to influence the breadth of our activity. We'll strive to ensure that all customers are included and feel included in their interactions with us.

We're committed to making a difference in the communities where our customers live. We'll lead meaningful, place-based interventions in the areas where we have a large concentration of homes, and where there is significant need. Collaboration and working in partnership will be critical to our success here. In the initial years of delivering this strategy, our efforts around Place will be predominantly in Byker and Stanley, with a particular focus on how we can bring empty assets back into use. This is alongside our ongoing support throughout all our communities.





We'll ensure that a culture of inclusion and belonging is embedded in everything we do. We'll maintain the highest standards of governance, manage risk effectively and ensure value for money underpins our activity.

Our commitment to supporting and investing in our colleagues will continue, so we ensure we retain and attract high performing, engaged and talented colleagues. We'll work hard to embed a positive performance culture where everyone understands the role they play in the delivery of our strategic aims. We'll use data effectively and embrace digital innovations to make things easier for our customers and our colleagues.

We're ambitious and we'll maintain our approach to pursuing new opportunities that support our strategic objectives. We remain open to the possibility of

offering new services to our customers, as well as developing new markets and partners for our existing ones.

We'll do all of this while further building on our well-respected and established brand, maintaining our reputation for sound and sustainable financial management and retaining the confidence of our customers, investors, stakeholders and regulators.

These elements will guide everything we do. They'll provide us with the strength, capacity and capabilities to meet our strategic aims and to provide strong foundations for life. In doing so, we remain committed to ensuring we strike the right balance between our sound business head and our strong social heart.

Introduction

About us

At Karbon we build, own and manage homes for people across the North. And then we go further, we give them the strong foundations they need to thrive.

Since our formation in 2017, we've been focused on delivering our three strategic aims: to provide as many good quality homes as we can; to deliver an excellent customer service and to shape strong, sustainable places for our communities.

Our footprint covers the North of England and Yorkshire. In 2024, the Karbon Homes Group owns and manages around 34,000 homes, spanning diverse communities where customers face differing opportunities and challenges.

Some customers need a good quality home that they can afford, or a way on to the property ladder. Others

might need a bit more – financial advice, supported accommodation, health and wellbeing support or even training that can lead to a new job. Whatever our customers need to feel more secure, confident and happy with where they're at, we'll work hard to provide it.

We make the effort to really understand our customers and take the time to put ourselves in their shoes. We believe that everyone deserves respect. Everyone's voice should be heard, and everyone deserves someone in their corner. By focusing on our three strategic aims, combining a sound business head with a strong social heart and staying true to our values, we hope to create strong foundations for even more people.



Our operating environment

Socio-economic drivers

We cover the North of England, from the most rural parts of England's borderland with Scotland, to the cities and towns of Cumbria, the North East and Yorkshire. Mayoral Combined Authorities are a feature of the local government landscape in our area, with many recognising the crucial role that housing plays in the growth and prosperity of the communities they serve.

Our geography is diverse. Like many places across the North of England, some of our communities have been characterised as 'left behind places', where once thriving industries based in those areas have declined, with new employment opportunities yet to reach them. Other communities are experiencing an economic resurgence, with affordability of housing more challenging than elsewhere.

The shortage of all tenures of housing is a challenge across the country. Social housing waiting lists have reached over 70,000 in the North East alone,¹ and demand for affordable housing is rising fast. The number of people in temporary accommodation in the UK now stands at over 100,000² and the individual, familial, societal and financial implications of people spending years in this impermanent tenure are significant.

Unemployment has traditionally been higher in the areas we cover than elsewhere in England, and economic growth weaker.³



Our operating environment

A variety of economic drivers have hit national public finances hard. These include the slow post-Covid pandemic recovery and associated increased Government debt levels, the Russian invasion of Ukraine driving up global inflationary levels and exiting the European Union, leading to short term uncertainty in trading and loss of labour. The UK officially entered a recession at the end of 2023.

Recent national economic challenges have arguably hit our footprint proportionately harder than elsewhere due to embedded structural inequalities we're already facing. Higher levels of inflation, for example, are more impactful for those on lower incomes.⁴ Levels of poverty have increased, as has fuel poverty. The North's 1.04 million fuel-poor households make up around a third of this group nationally.⁵ Child poverty is notably higher in the North East than any other part of the UK, with 35% of children in the region now growing up in poverty.⁶

The UK has seen a demographic shift, with a greater proportion of older people. This is particularly the case in some of our communities.⁷ For the first time in recent decades, life expectancy has fallen⁸ and living longer doesn't always equate to a healthy life, with cases of long term illness and disabilities growing following the Covid pandemic.⁹

All of these trends have shaped and continue to shape our communities, leaving a legacy of lower quality, older housing across all tenures. This is compounded by many people feeling that economic and employment opportunities are out of their reach, as well as poorer levels of health and lower rental values for many of our homes. This means lower land and property values that make delivering a return on investment from our homes more difficult than in many other parts of England.





Housing policy

The policy environment in which housing associations operate in is changing significantly. The new Housing Consumer Regulations¹⁰ set out expectations around quality, greater knowledge of our customers and more transparent communication about performance. Important lessons have been learnt in our sector and others following the Grenfell Tower tragedy and, more recently, the tragic death of Awaab Ishak in Rochdale, directly caused by damp and mould in his home.

These significant events have rightly placed greater emphasis on safety and prioritised listening to customers and acting on what they say. There's also a continued focus on the role that housing associations are expected to play in addressing the housing crisis and lack of affordable housing options. We must continue to do what we can to support our customers in their journey towards home ownership.

Alongside this, we're being challenged to do all we can to reduce the carbon footprint of our homes and our business, in support of the Government's ambition to meet its UN Sustainable Development Goal of Net Zero emissions by 2050.

We're proud of our achievements since we launched our Stronger Foundations strategy in 2021, which have ranged from building a greater local presence in the communities we serve, investing in the quality and energy efficiency of our homes and ensuring greater transparency with our customers, plus much more.

About our strategy

Stronger Foundations

This refreshed strategy, our third as the Karbon Homes Group, is being published at a time of significant challenge, both for housing associations and for the UK in general.

Pressures on the sector range from financing development of new homes, driving up the quality of homes and services, managing increasing supply costs and difficulties in accessing skilled labour. These have collectively created a very demanding operating environment.

Against this difficult backdrop for the housing sector, we stay committed to maintaining our reputation for sound and sustainable financial management, retaining the confidence of our customers, investors and regulators.

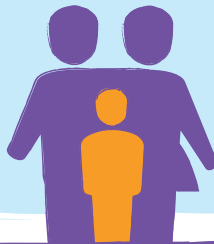
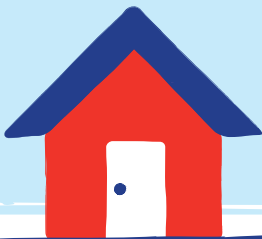
As such, we are explicitly embedding **value for money** principles across the delivery of our strategy. We must continue to ensure that we're doing the right things with our income, much of which comes from our customers. Everything in this strategy and the way that we'll deliver it will be tested on how it achieves efficiency, effectiveness and economy.

This will be made possible by ensuring our values, to be Inspiring, Dynamic, Bold, Reliable and Thoughtful, continue to underpin all that we do. They will provide a platform for our people to maintain engaged high performance.



Mission

Provide a strong foundation for life



Homes

Provide good quality homes

- Improve the quality and sustainability of our existing homes
- Provide new homes to meet growing demand and changing needs

Customer

Deliver an excellent customer experience

- Build meaningful relationships
- A brilliant landlord
- Great digital choice
- Delivering excellent service

Place

Shape strong, sustainable places for our communities

- Fair Foundations approach to make the most impact
- Working in partnership
- Using the right processes

Enablers of success

- Embed sound environmental, social and governance practices
- Ensure we deliver value for money
- Grow our business and our reputation
- Identify and meet our future challenges



Inspiring

Dynamic

Bold

Reliable

Thoughtful

Our strategy sets out our key strategic aims, underpinned by our approach to Enablers of Success. A number of cross-cutting themes run throughout the strategy, and these have emerged through customer insight, an understanding of the external environment and internal reflection on the key challenges we're facing. These themes are:



Inclusion and belonging

We'll ensure we understand individual customer and colleague needs, and we'll demonstrate high levels of empathy in everything we do. This will help us to continually improve our services for all our customers. This includes, for example, being more aware of cultural sensitivities, as well as understanding specific needs of customers with disabilities and accessibility issues, allowing us to put in place reasonable adjustments.



Data and digital solutions

Effective data will enable us to develop targeted solutions to specific problems. We will retain our joined up strategic approach to gathering and using data. We'll also leverage technology to maximise efficiency and impact, improving both customer and colleague experience.



Strengthened customer voice

We'll provide even more opportunities for customers to have influence, and we'll ensure they're engaged in what we do. This means listening, acting and providing feedback on how we have used their invaluable input.

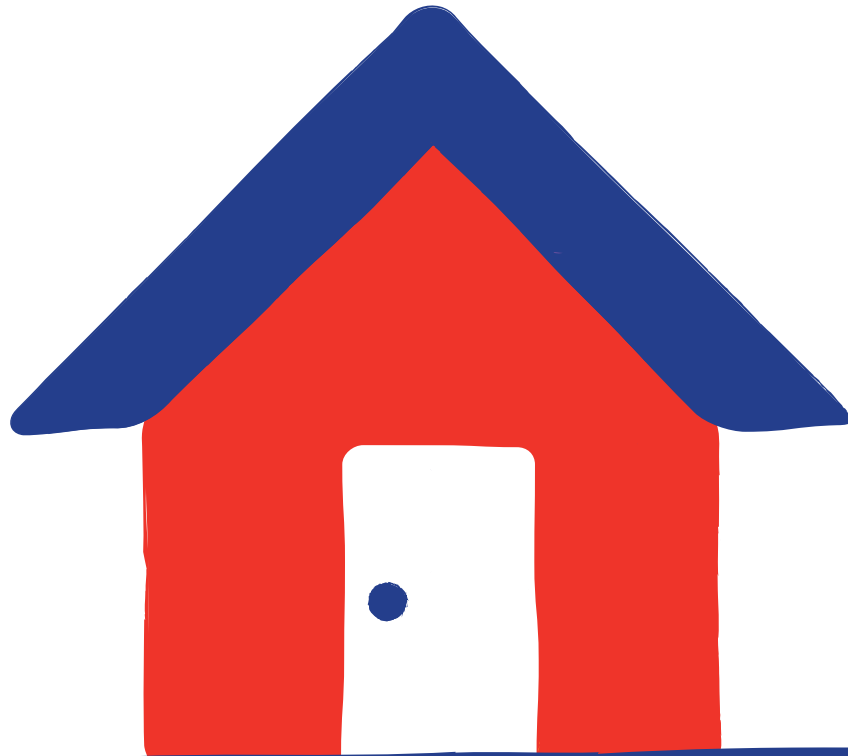


Collaboration and partnerships

Working in partnership is key to our success. This includes how we work across teams, with our customers, wider stakeholders and external groups. Partners include other housing associations, local authorities, the wider public sector, third sector and private sector organisations. We can't achieve excellence without an outward looking mindset.



A: Homes



**Provide
good quality
homes**



Our fundamental role as a landlord is to ensure our customers live in well-maintained, good-quality homes and that they feel safe, supported and satisfied.

Our strategy reflects this commitment. We'll keep investing in our homes to ensure that they continue to achieve or exceed the Decent Homes Standard, while also meeting goals around decarbonisation.

The UK is in the midst of a housing crisis. Most of the areas in our footprint lack enough good-quality, affordable homes that would enable our communities and customers to fulfil their potential. That's why

we're committed to growing the number of homes that we own and manage through a programme of development, organically growing the number of affordable homes we own each year. This commitment is further supported by a thoughtful approach to growth when it comes to mergers, acquisitions and further provision of services.



AI: Improve the quality and sustainability of our existing homes

Ensuring the ongoing quality and safety of our homes, while prioritising customer wellbeing, requires our increased investment and proactive management. This is driven by the need to provide an excellent customer experience, anticipating a new and improved Decent Homes Standard and working to meet climate change obligations.

The UK's commitment to bring all greenhouse gas emissions to Net Zero by 2050 will require significant investment and innovation. We estimate that an investment of around £465 million (around £17.5k per home) will be required over the next 25 years to meet this challenge. We expect innovation and economies of scale to reduce this over time, however it remains a considerable financial and operational challenge.

Invest more in our homes

Over the last five years, we've endeavoured to complete detailed surveys of all of our homes, in order to understand the condition of the fabric of the building, and we continue to work with customers where we haven't been able to access their homes. These surveys have provided additional opportunity in ensuring accurate data around timelines for replacing or upgrading components within the home. This evidence enables us to plan for the extent of work and investment needed.

Longer term, we aim to use our investment plans and insight to explore how strategic investment in the quality of our homes can help reduce the volume of responsive and emergency repairs.

This data-led approach will be further complemented by detailed insight on the economic and environmental performance of our homes, as well as performance in customer experience, all enabled by technology and innovation. This will consider both individual homes and the context of the neighbourhoods they belong to.





We'll use this insight to take a more proactive approach to the homes we own and manage. Data will help us make important investment decisions, from improvements and remodelling to more radical interventions when needed. Some homes may have met the end of their effective life, where it is not possible or is too expensive to make the necessary improvements to meet customer expectations or our own high standards. In these cases, we'll consider ethical disposal options, including agreements with other registered providers, demolition, substantial redevelopment or wider regeneration opportunities. Some of these will involve working in partnership with others. It's important to us that our customers are involved in these decisions, and we will ensure that they have the opportunity to shape any changes that affect their home or their community.

Decisions will be influenced by our commitment to ensuring all of our homes meet the Decent Homes Standard, at the very minimum. We need to futureproof homes for any changes to this standard when it comes to building safety and environmental performance, as well as neighbourhood improvements that we're responsible for, such as well-maintained roads, paths and open spaces.

We'll explore ways to improve and modernise the communal areas in supported schemes, extra care and general needs homes that we own. We'll work hard to ensure these spaces feel like an extension of customers' homes, while keeping rents and service charges at affordable levels. In addition, we'll consider what further decarbonisation, digitisation and building safety measures we could introduce at the same time as other works, minimising disruption to customers.

Meet the 2050 Net Zero commitment

Buildings account for around 17% of all of the UK's greenhouse gas emissions and progress to reduce this has stalled.¹¹ For individual customers, this means that they could be spending too much on energy or finding that their home is too expensive to maintain at a suitable temperature.

The UK's commitment to end its contribution to global warming, by achieving Net Zero of greenhouse gas emissions by 2050, means there is a pressing need for us to improve the energy performance of our homes. Our initial goal is to ensure that all of our homes have an Energy Performance Certificate rating of C (EPC-C) or above by 2030, and then that they are Net Zero of carbon emissions by 2050.

We're making great progress. Around 75% of our homes are already EPC-C or above, and we're investing £3.2m to bring the rest of them to EPC-C by 2030. However, 95% of our homes are below EPC-A, so there remains a challenge, with significant investment needed for us to achieve Net Zero by 2050.¹²

We expect that we'll see considerable innovation in technology and supply chains available to meet the Net Zero target, and potential changes in both the policy environment and the availability of finance to support these investments. We'll monitor this changing landscape closely. In the meantime, we'll focus on 'fabric first' improvements to ensure our properties are effectively insulated, prior to future installation of new technologies like heat pumps and currently unknown innovations.

This approach will help ease rising energy costs for many of our customers and, for some, reduce the risk of fuel poverty. We'll involve our customers in our work in this area and we'll ensure the impact of this investment in our homes is clear.



We're proud of our carbon reduction work so far, which as well as our EPC-C work, has seen us increase the use of responsibly sourced materials for building and repair work. We've also reduced our use of diesel vehicles, we're finding green ways to manage the waste we produce and we're improving biodiversity in our communities. We've established a Customer Environment Group, too, offering customers the opportunity to join and directly influence our decarbonisation work.



The North's housing crisis

The housing crisis in the North is one of low supply, but also of lack of investment in poor quality, poorly insulated and inefficient homes. In 2022, 15% or 3.7 million dwellings in the UK failed to meet the Decent Homes Standard.¹³

There is a clear need for a significant number of new homes, with around 340,000 new homes required each year to meet demand in England over the next decade,¹⁴ and only 234,000 new homes delivered in 2023.¹⁵ A significant proportion of these new homes need to be affordable. Recent research on housing need has calculated that 90,000 net new social homes are needed every year.¹⁶

The gap between housing growth and demand is making housing less affordable, whether for those renting or those looking to own their own home. This challenge is distinctive in the North of England, where

the types of housing and its density often reflect an industrial past. In many cases, the present housing offer fails to meet the needs of our communities as they are today.

Some areas within our footprint face significant affordability challenges. This includes in parts of North and West Yorkshire and the formation of 54North Homes, which joined the Karbon Homes Group in 2022, has presented greater opportunity to provide further affordable housing in these areas.

The increase in single-person households and other demographic changes, such as the growing age of people in our communities, mean that there is a shift in housing demand when it comes to housing type. The country requires homes that are better suited to the needs of individuals, couples and families at different points in their lives.

A2: Provide new homes to meet growing demand and changing needs

New routes to developing new homes

Our approach to development will support us to play our role in addressing the need for affordable housing across the North of England and Yorkshire, with a programme that meets a diverse range of housing needs.

Over the next five years, we'll deliver homes across a range of tenures. We may need to flex development targets in the longer term so that we can deliver the right level of investment in improving the quality of existing homes.

We'll focus on identifying new routes to financing development beyond available grant, to maximise the number of homes we can build. This includes, for example, cross subsidy from outright sale, homes for market rent and opportunities presented through equity investment routes.

We'll work with local communities and partner organisations to identify local demand, which will help us invest in new homes in both rural and urban areas across the North of England. Our new homes will offer a mix of tenures. They'll provide people with the opportunity to own their first home while ensuring that social, affordable and market rented homes are also available. We'll continue to provide specialist homes for those who need them.





In the construction, design and sustainability of our new homes, we'll aim to meet ambitious standards. We'll use Modern Methods of Construction (MMC) for at least 25% of our developments and we'll invest in schemes where methods are innovative, in either the types of homes they are being used to build or in the location of these homes.

We'll meet new design specifications by embedding environmental sustainability from the start and invite our customers to share their views to ensure their needs are

met. As with our existing homes, we'll adopt a fabric first approach, and our new homes will be built to at least EPC-B. Where it is financially viable to do so, we'll strive to increase this to EPC-A using the best construction specification available and affordable at that time. We anticipate a new and improved Decent Homes Standard, and increased aspirations from local authorities and customers when it comes to space standards, so we'll also continue to review our house type specification using insight and input.

Offer a variety of tenures, including a step on the housing ladder

As one of Homes England's Strategic Partners, our new homes will provide opportunities to help meet the demand in our communities for home ownership. This will include a range of affordable home ownership products on offer, with Rent-to-Buy and shared ownership, complementing our homes for outright sale.

Rent-to-Buy homes and shared ownership help provide a way onto the property ladder for those who find saving for their first home difficult. For Rent-to-Buy, customers see a reduced rent for five years while they can build a deposit for the purchase of their home. They can then choose to either buy their home, in full or through shared ownership, or continue renting. Shared ownership gives customers the chance to own a proportion of their home, increasing it incrementally when circumstances allow, while we continue to own the remaining portion of the property.

The remainder of our grant funded new homes will be rented homes and offered as either affordable (up to 80% of market rent), social (around 55-60% of market rent levels) or supported homes for customers with additional support needs. The homes that we build through the latest Homes England Affordable Homes Programme, via our Strategic Partnership, have a 'right to shared ownership' where customers can choose to purchase 10% and upwards of their home.

We'll also make some of the new homes we build available for outright sale.



There is demand for more market rent homes in parts of our footprint. To meet this, and to support mixed communities of different tenure types, we'll develop more market rent homes where local demand is unmet by the number of new homes being built.

We'll reinvest the profit we make through outright market sales and market rent into increasing the number of affordable and social housing available to rent or buy.

We'll continue to ensure our homes are affordable by comparing the rent for each new home with similar properties and average incomes in the local area. When there are proposed changes or increases to rent, we'll consider all of our homes in any decision-making.

Develop specialist and supported homes in response to societal needs

A proportion of our affordable homes for rent will be specialist homes for those with specific needs. In these, we'll reflect changing design standards and customer expectations, with many developments offering mixed tenures and opportunities for customers to secure a new home.

Some customers need specialist homes or access to additional support services. We'll partner with local and specialist organisations to develop a small number of homes that address homelessness, provide a safe home away from domestic violence, meet the needs of people with mental illness or enable those with more complex needs to live well independently.



B: Customer



**Deliver an
excellent
customer
experience**



Whether they're a tenant or a resident, to us they're a customer. We want to help build better lives for our customers, not just better homes. Everything we do is for our customers' safety, wellbeing and happiness in their homes, in their communities and in our region.

Our customers tell us that their experience of our services is of a high standard, but, like all organisations, we don't always get it right. There remains much more we can do to personalise our services, offer greater choice and be easier to communicate with. To do this, we need to get the fundamentals right first, and deliver our core services as a landlord to a consistently high standard.

Expectations on what makes excellent customer service are increasing, and the benchmark is set by our customers' experiences with retailers, hospitality businesses or health service providers. We're committed to learning what we can from

other sectors when it comes to excellence in customer experience.

We know one size doesn't fit all and we believe that our customers require a service that recognises individual circumstances and expectations, with a more personalised approach.

From summer 2024, we'll report our performance against the new Tenant Satisfaction Measures (TSMs) on an annual basis. This will include performance information on our services and customer surveys where we seek customers' views on their satisfaction with our services. We'll publish our performance so that customers and stakeholders can see how we compare with other housing providers, increasing our accountability. We'll use the insight we gain from TSMs, complemented with other customer insight, to ensure we're continuously listening, learning and acting on our customers' feedback.

B1: Build meaningful relationships

At the heart of our approach to customer experience is our continued commitment to building meaningful relationships with our customers, ensuring that their voices are heard and have a direct impact on our service delivery.

We'll always aim to be transparent in how we operate, and to increase our visibility and accountability to customers through our resident engagement framework.

Customer voice

We engage and involve our customers in decision-making and we're looking to extend this further as we deliver our refreshed strategy. This will mean proactively seeking, listening to and capturing feedback from individual customers, with an ambition

to better understand those groups of customers who share distinctive needs. We're committed to being more transparent and accountable, and we'll work with customers to further strengthen our 'you said, we did' approach across all our activity.

We'll ensure that our customers' voices are heard at all levels, including at Board level, and that they influence decision-making about their home and their relationship with us.





Understand our diverse customer base

We're committed to strengthening our understanding of our customers so that we can tailor our services to meet their needs. This requires a greater focus on improving how we collect and use customer information. We'll build this into efficient and effective systems that help us respond to enquiries quickly and in a joined-up way, delivering the best customer experience.

We always make an effort to really understand our customers and we'll continue to do this. Meaningful relationships and better customer experience are reliant on quality customer insight. Our approach to insight will become increasingly data-led, and this will help us personalise and customise our offer.

As we design and improve the services we offer, we'll ensure we understand how individuals and groups of customers want to engage and communicate with us. We'll use customer insight and segmentation to help us do this and, where appropriate, use this to more closely meet diverse customer needs. This will allow us to understand broader customer preferences, identify where there may be hidden customer needs and ensure our customers' journey is strengthened through continuous improvement. Other insights include those which we build through our customer satisfaction perception feedback, and through complaints, compliments and suggestions we receive.

B2: Be a brilliant landlord

We aspire to be a brilliant landlord. Our customers have told us there are two areas that matter to them most.

The first of these is the quality of their home and that repairs are carried out quickly, to a good standard and are easy to arrange. Secondly, they tell us that they want to feel safe and secure in their home and in the local community. We know it's important to recognise different customers have different needs. There are some services that only some customers require, such as new customers who are seeking to, or are, moving into a new home, or customers experiencing difficulties paying their rent, while other services should be available to all customers.

We want to deliver all of our services to a consistently high standard in ways that are

cost effective for customers, listen to feedback, put things right and learn when things don't go so well. We believe that these are the fundamentals of being a brilliant landlord. We're committed to learning from customer feedback, not least through complaints. Where we've made a mistake, we'll work hard to put things right. We'll also consider if wider improvements can be made and, where appropriate, we'll take action to improve the service for all customers based on individual findings.

We'll continue our commitment to service improvement by listening to our customers, making the effort to understand and meet their expectations, and measuring how we perform against them. We'll also regularly compare our performance to others in our sector.





A landlord and beyond

Not all customers need all our services. We know that supporting some customers beyond a typical landlord-customer relationship can create huge opportunities for them to improve their lives. The impact of this can go beyond the time that they live in one of our homes, staying with them for life. Our ambition to be a landlord and beyond is reflective of our sound business head and strong social heart.

Be local

We're a housing association that cares and acts, and we've made sure we're a local landlord. This means we're available to our customers locally, in their neighbourhoods and their homes. We'll continue to support our housing and other customer facing teams to be visible in our communities, as we know that having stronger relationships with our customers will ensure a stronger understanding. This will help us improve our services as a result.

In 2023, we brought together our Housing and Property Service teams within defined areas and are already providing more seamless and accessible neighbourhood-level delivery. This focused and more joined up approach will increase our efficiency and impact as well as improving customer experience, and this will continue as we deliver our refreshed strategy. Additionally, we aspire to using this new approach to develop more effective partnerships with communities and stakeholders.

We'll share with colleagues and customers what our service offering is, our core role as a landlord, how it can be personalised and what additional services we offer to support customers to live well in their home.

We'll build awareness of these services and continue to make our digital services easier to access and use. Improved data and digital investment will be key to this. We'll also continue to support customers living in their homes where we can, such as supporting those who need help with their financial wellbeing.

We recognise that we can't support all customers' needs, and our focus on collaboration means we'll signpost to other organisations and services where they are better placed to offer specific support. We'll extend our directly delivered services where there is sufficient need and where we're able to secure the appropriate investment, for example through external funding.

B3: Provide great digital choice

Demand for digital access to information and services is increasing and this reflects a wider trend of customers choosing digital access across a range of sectors. Ofcom reported that 93% of the UK population are recent internet users.¹⁷ However, the DLUHC English Housing Survey 2021 to 2022 reported that 17% of those in social housing did not have internet access in their homes.

Making it easier, reliable and secure for customers to use our digital services will enable more to 'self-serve', as many already prefer to do in other parts of their lives. While our customer portal is our primary self-serve route,¹⁸ we'll continue to enhance our offering when it comes to digital services, using customer feedback to do so.¹⁹ Direct feedback, digital channel data and segmentation will help us refine and improve our services, our customer journey and experience. In many cases, this will also help us to be more efficient and to ensure we invest in improving services even further, enabling colleagues to support more vulnerable customers or those who aren't digitally engaged.

We'll increasingly encourage customers to view digital channels as a route to access our services, while maintaining our strong levels of customer satisfaction. Over the next five years, we'll transform our systems and processes, and digital opportunities are key to achieving this. This will give our customers



and colleagues more quality information, improving customer experience and enabling greater transparency and engagement around service delivery.

Offering choice will help us establish even more ways for our customers to engage with us digitally, but we'll maintain our existing channels, including traditional, offline ways to contact us, like over the phone or in person, because we know face-to-face interactions are still vital. In doing so, our customers will have the option to choose the right channel, for the right service, in a way that works for them.

B4: Deliver excellent service

Our colleagues are passionate about making a positive difference to our customers' lives and we'll continue to promote a culture that supports an excellent customer experience through engaged high performance, throughout the organisation.

We'll support our people to gain knowledge and skills, and provide the data and systems, that enable a more personalised service. This is as well as developing a greater understanding of vulnerabilities and specific cultural needs. We'll continue to ensure that our values and behaviours are consistent with customers' expectations and that colleagues understand the significance of demonstrating them. We'll also make sure colleagues understand what we want our customer experience to be and understand the role they play in delivering the consistent Karbon experience that customers should expect from us.

We'll ensure our policies and procedures are relevant, so that our customers and colleagues remain safe while we meet legal obligations, whilst we adopt principles of excellent customer service. This will empower our colleagues to adapt our service offering and make decisions based on customer needs, within our capacity and consistent with our commitment to value for money. When we can't do this, we'll explain why and offer an alternative where one is available. This could involve collaborating with or signposting to a partner organisation.

Finally, we'll be guided by the Institute of Customer Service's ServiceMark accreditation and use this as a tool to drive continuous service improvements across the delivery of excellent customer service.



C: Place



**Shape strong,
sustainable
places for our
communities**

Our mission is to provide strong foundations for life, foundations that help people fulfil their potential. In many cases a good, affordable home, combined with excellent services, is enough to support our customers to do just that. However, we know that in some areas, place-based challenges can hold communities and households back. That's why one of our strategic aims is to shape strong sustainable places for our communities.



We're committed to making a positive difference in the neighbourhoods where our customers live. We provide a sound community investment offer across our footprint, and this is underpinned by a proactive approach to generating social value. In addition to this, we'll undertake

deep, place-based interventions in a small number of areas where we have a large concentration of homes. This will help us make a transformational impact. In doing so, we'll work alongside key partners, where our emphasis will be on improving the economic sustainability of the communities we serve.

Foundational economy and residual household income (RHI)

Although many areas within our footprint are thriving, others face deeper challenges, caused by a legacy of deindustrialisation and changing economic geographies. Recently, focus has been placed on improving these so-called 'left behind places.' While some see this as a negative term which creates stigma, others feel that it accurately describes how their community feels – 'left behind'. It does describe the sense that the traditional economic development approach, which focuses on increasing economic productivity, has failed to trickle down to some areas, while the financial fortunes of others has increased.

With traditional approaches to economic development not benefitting all areas, focus

has recently moved to the foundational economy. The foundational economy is at the core of everyday life. It includes essential services such as housing, health and education that we all rely on for a good quality of life. It also includes the essential infrastructure we need every day such as utilities, transport and communications, and basic goods such as food and toiletries.

The foundational economy represents the things that make a place more 'liveable'. It also helps recognise the economic contribution that these goods and services can have on a place, as well as the importance of a decent level of residual household income²⁰ for the wellbeing of those living in an area.

C1: Fair Foundations - an approach to make the most impact

When it comes to Place, we'll focus our efforts on the communities and neighbourhoods where we have the greatest number of homes, and where there is the greatest need. We refer to these as our 'Impact Areas'. These will be towns and neighbourhoods where we're known as an anchor institution, where we are a vital organisation, alongside local government, service providers and significant employers, that can make the most impact on an area through our work.

Research and customer feedback tells us that our first two Impact Areas are Stanley, County Durham, and Byker, Newcastle-upon-Tyne. In Stanley, we own one in four homes and in Byker we're building on the

brilliant work of the Byker Community Trust, which joined Karbon Homes in 2021. These areas are unique, and different from one another in terms of connectivity, demographic makeup and diversity. Byker is a listed estate due to its notable heritage and architecture. There are still similar challenges facing Stanley and Byker residents including employment barriers, lower levels of health, shorter life expectancy and under-used assets, with poor retail offerings and levels of footfall in their high streets.

In 2022, we set out our approach to Fair Foundations, a new movement for left behind places.

In some cases, we'll lead physical regeneration in a community to support its continued sustainability, bringing assets back into use. We'll look to generate funding for physical regeneration that supports wider community development and wellbeing, most likely in partnership with local authorities and other developers. In Stanley, we recently acquired the Old Board School site, which the community had identified as a real problem for anti-social behaviour and a blight on their high street. In doing so, our commitment has been, and continues to be, to work with the community to find a solution for the building that will restore pride in their local area and provide something that will ultimately contribute to increasing residual household income. In Byker, we're delivering our Thriving Byker Strategy, which includes working to develop





underused 'hobby rooms' and repurposing them as valued community facilities with opportunities for economic activity.

We know that we can make an impact in these places. Taking this further, we'll promote employment opportunities, apprenticeships and other routes into employment to our customers. And we'll pay our people the real living wage.²¹ We'll maximise positive social impact through a balanced approach to procurement and we'll look to support small and local businesses through our supply chain, recognising the role that we can play in supporting local economies.

In delivering this strategy, from time-to-time we might also consider other villages or neighbourhoods where our homes form a large proportion of those in that community. We know that to create the most impact, we should work in this way in a small number of places at any given time, perhaps one each year. This means it's important our engagement addresses genuine need and has the potential to deliver a tangible and long-term impact.

Case study

Giving our customers a New Start

New Start is a work placement programme with training and personal development at its heart. The programme offers paid, five-month, 30-hour per week placement opportunities with businesses and organisations across the region. It's available to those living in Karbon households.

With no prior experience or qualifications needed to qualify, the programme facilitates placements in a range of entry level and career gateway roles that help recruits build new skills and experience.

It's been designed to help customers overcome barriers to getting into employment or changing career, and local employers to tackle recruitment and skills challenges. To ensure its success, recruits and employers are helped through the programme with ongoing support and guidance from Karbon's Foundations for Life employability and skills coaches.

Karbon customer Olivia has completed a New Start placement with legal practice Muckle LLP, working as a Team Support Assistant. Olivia's struggles with anxiety had been a barrier to her getting into work.

Olivia said: "Due to my anxiety, finding work previously had always been a challenge. My anxiety prevented me from going into further education, which really stunted my development and not having that step up has made it a lot more difficult.



"The New Start scheme really supported me with my anxiety, because there was a safety net of support available if I needed it at any point. Since starting, my confidence has definitely grown.

"I've really enjoyed the role and it's given me lots of transferrable skills that I can use in and outside of the workplace. I'd definitely recommend New Start to others."

Nicola Leyden, Director of HR at Muckle LLP said: "For any business to grow and thrive, it's important to invest in our region, that's why we're delighted to work in partnership with Karbon Homes and New Start. It's a great way for us to tap into talent and give people, regardless of experience, the opportunity to take the next step in their career journey."

C2: Work in partnership

We know that working in partnership is key to success here. Effective place shaping is only possible with the drive and engagement of the local community, wider partners and true collaboration.

We'll work in partnership with the community and with local organisations like local government, health, education, community and private sector organisations.

We'll continually build a sophisticated understanding of what other organisations and bodies are doing in our communities so that we know when our role should be to support them, rather than take a leading role ourselves. Where it's not possible for others to support key agendas or to work in partnership, we will still act.



C3: Use the right processes

Driving us is our sound business head and strong social heart. In this context, that means delivering activity that improves the sustainability of our communities. We'll continue to support local businesses to become our suppliers, improve homes to reduce energy costs for customers and offer apprenticeship, employment and Board opportunities to our customers.

As we continue our work in Byker and Stanley, we'll continually evaluate the impact of what we're doing so that we know what is working and how our efforts are contributing to our aims, identifying the resources and commitments required to continue this work and make a difference.

D: Enablers of success



**We'll
continuously
improve how
we operate**



We'll continuously improve how we operate. To enable our success, we'll:

- Embed sound environmental, social and governance practices.
- Ensure we deliver value for money.
- Grow our business and our reputation.
- Identify and meet our future challenges.

This will guide everything we do and provide us with the strength, capacity and capabilities to meet our strategic aims, ensuring that we strike the right balance with our sound business head and strong social heart.

D1: Embed sound environmental, social and governance practices

Meeting the environmental sustainability challenge

We're already committed to ensuring our response to climate change reflects legislative and compliance responsibilities, but we don't want to stop there. We'll proactively deliver the decarbonisation of our existing homes and our business, continually reviewing opportunities that arise and working in partnership with others to trial new and cost-effective approaches to retrofit and other initiatives.

Strengthening a culture of inclusion and belonging

We want our colleagues, customers and partners to feel a sense of inclusion and belonging in all their interactions with us. We'll develop networks with those who share our commitment to reducing inequalities and ensure our policies, processes and training are robust.

Through living up to our values and behaviours, we'll continue to create an inclusive culture and an environment that makes sure we can learn, that everyone feels supported, thrives and belongs. We'll ensure our initiatives and governance structures reflect the communities we work with, too.





Ensure the health and safety of our customers, colleagues and partners

Our commitment to the safety of our customers in their homes has been, and will continue to be, central to everything we do. New regulatory standards, including new Consumer Regulations (2024) and the anticipated revised Decent Homes Standard, will set the legislative context for our work. But we'll go beyond simply being 'compliant'. We'll improve the standards of safety in our buildings, developing a safety culture across our organisation and enhancing the engagement and communication with customers when it comes to the safety of them and their homes.

We'll learn from experiences of damp and mould, and we'll place ourselves in our customers' shoes to truly provide an excellent and supportive service with their wellbeing at heart.

For colleagues and those who work with us, we'll invest in training and technology to support lone workers and promote a culture of vigilance toward health and safety. We'll continue to enhance our wellbeing offering and will work with partners to ensure all colleagues know how to access services when they need to.



Maintain governance best practice

We're a profit-for-purpose organisation and we recognise the unique role we play in our customers' lives. We can fulfil our role because of rental income and public funding we receive to deliver our services. We'll continue to maintain the highest standards of governance in keeping with these responsibilities. Our governance model will evolve as we ensure that the views and needs of our customers play a greater role in strategic decision-making.

We'll ensure continuous improvement of our data and systems to strengthen our governance model, embracing data-led decision-making and a single version of the truth. Enhancing our robust cyber security systems and adhering to data protection legislation will remain a priority, implementing new and innovative digital solutions to support our efforts.

Develop our resilience and effectively manage risks

We'll maintain a proactive approach to identifying and managing risk, ensuring our Board has clear oversight of risk and is able to comprehensively test the impact of potential risk scenarios on our organisation. Our risk management framework sets out our risk appetite and how it links to our key risk areas, and it will continue to be clear and considered when making decisions. We'll ensure we have assurance that risks are being identified and reviewed on a continuous basis and that they're being managed effectively. We'll also make sure that we have resilience and business continuity plans in place, and that these are tested regularly at team, leadership and organisational levels.

D2: Ensure we deliver value for money

Financial constraints

We're operating in resource-constrained times. Housing providers are facing unparalleled financial pressures, as are many sectors in the UK. We're conscious that our customers and colleagues are navigating a cost-of-living crisis. The importance of achieving value for money in how we spend our income, much of which is customer rent, has never been more significant.

Transformative

We aim to make the best use of our resources and assets to deliver our objectives, maximising quality and value for our customers and for the organisation. Over the next five years, we'll consider ways to transform how we do business. We'll explore introducing digital solutions, such as automation and artificial intelligence, embedding smarter processes and removing duplication. This will help us free resources to support customers in the best way and support our colleagues to focus their efforts on other areas of their work.

Robust financial management

We'll use our value for money approach to present a strong financial position to funders and regulators. To do this, we'll ensure that our 30-year financial model adequately supports our ambitions but also provides sufficient headroom to be resilient to potential shocks.



D3: Grow our business and our reputation

Identify new opportunities to build our capacity

Creating efficiencies through growth or by developing stronger revenue streams will support us as we deliver our strategy by offering additional financial capacity. We will grow the number of homes we own and manage as we deliver our programme of new homes development and our sound, meaningful approach to growth. We'll only consider opportunities to grow through mergers or acquisition where we're able to maintain a locally responsive service for customers, and where there's a strong fit with our well-embedded cultures and values. This may see us consolidate our existing footprint, extend into neighbouring areas or explore growth further afield where there is a compelling business case to do so.

Extend our services to new partners

We're proud of the relationships we have developed with our partners through cost sharing vehicles, which have delivered cost-effective and high-quality housing management services in a range of different ways. We'll continue to explore opportunities to work with new partners that share our values and ambitions so that we can do our bit to provide strong foundations for even more people across the North.





Maintain a respected brand and reputation

We'll continue to invest in our brand so that our colleagues, customers and stakeholders are clear in their understanding of who we are, what we do and what we stand for. We have developed a distinctive brand personality and point of difference, showcasing best practice so that we're seen as a thought leader in our sector, and we'll build on this even further as we deliver our strategy.

A respected brand and reputation that is continually honed helps us attract and retain new talent in our workforce, and new customers and partners. We'll amplify our employer brand and engage current

colleagues with our culture and our way of doing things. We'll strengthen our tone of voice so that customers and stakeholders trust and know us, using our brand and tone to truly advocate for our customers as a friendly expert in their corner. Our growing profile and influence across the sector, both regionally and nationally, will enable us to champion positive change.

D4: Identify and meet our future challenges

Ensure our people can reach their full potential

Our ambition for our people is to support a culture of engaged high performance. We'll do this through:

- **Delivering high performance:** embedding a positive performance culture where everyone understands the role they play in the delivery of our strategic aims. This includes creating a culture that encourages innovative approaches to problem solving.
- **Attracting talent, developing and retaining our people:** enhancing our reputation as a great employer and attract talented people who have great technical capability combined with a sound business head and strong social heart. We have an approach to learning and development that helps our people keep their skills and knowledge up to date and constantly builds expert knowledge. Critical to this is investing in our current and future leaders to ensure excellence in leadership and management.
- **Supporting and involving our people:** ensuring our people can enjoy a good work-life balance, feel equipped to navigate their way through different personal and work transitions and are well informed about health and wellbeing issues. This includes having trusted, open channels of communication that allow two-way feedback and promote helpful and honest conversations.

Further embed our new ways of working

In recent years, we have adopted new ways of working that are more agile and flexible, making the most of digital solutions and finding the balance between colleague, customer and the business needs. This empowers our people to balance their own work and personal responsibilities, while delivering on our customers' expectations and working collaboratively, in their immediate team and cross-teams.

But we know that one size doesn't fit all. Our working model allows many of our colleagues to work anywhere, at any time, in a way that works for their team and meets customer expectations. Our hybrid model encourages these teams to retain a level of face-to-face collaboration and many colleagues continue to use our offices to achieve this.

For other teams, such as our trades colleagues and customer-facing teams, we'll continue to explore other ways in which they can achieve flexibility and we are committed to considering all flexible working requests and using data to realise how they can best achieve this balance.

Improve our operations through powerful performance insight

We'll continue to build on our data-led decision-making by improving and extending our use of insight and analytics. There is greater focus on data as a trusted asset and this is a key element across our strategy. We'll use this to support colleagues to make informed decisions that underpin business transformation and enable improvements in performance, efficiencies and customer experience. Our approach to data quality, management and use will be captured in one place to ensure a coherent strategy and single version of the truth.

Invest in technology that enhances our performance

We will invest in digital solutions and technology to ensure effective and efficient service delivery and deployment of colleagues to best meet the needs of customers. Our investment in digital and technology solutions will support us in transforming the way in which the organisation works and will enable us to maximise both customer and colleague satisfaction.



Measuring our performance

We'll measure our success in delivering this strategy through a performance management approach with three key strands:

- A small number of headline key performance indicators (KPIs) that measure progress against each of our strategic aims. These indicators will have five-year targets so that we understand our goals for the whole strategy period.
- A performance reporting framework that is underpinned by the golden thread of our strategic aims through to operational metrics.
- Benchmarking ourselves against others in our sector and, where appropriate, other sectors.

Performance Reporting Framework

Collectively, these indicators form a balanced scorecard that reflects our strategic aims and the enablers that allow us to deliver them. These KPIs are supported by a wider portfolio of performance measures that reflect our operational effectiveness and

impact. We'll also report performance at a local level, using our operational housing areas, so that we can learn what's working in different areas and ensure continuous improvement.

Benchmarking our performance

We'll benchmark ourselves against our peers through networks like HouseMark, and combine this with more qualitative sharing through networks with our peers. This will enable us to better understand which areas of our business meet our ambition for top-quartile performance, as well as telling us where we have more work to do. The Tenant Satisfaction Measures (2024) will provide a valuable and transparent benchmarking source and we'll make the most of this.

We'll continue to engage with other sectors, such as through the Institute of Customer Service, so that we can maximise use of a breadth of insight on the changing nature of consumer preferences and to what extent we're meeting them.

Increasingly, we'll use the opportunity we have to compare our performance at a neighbourhood level, allowing us to identify the impact of our activity and the factors that shape effectiveness in specific and diverse communities.

Headline Key Performance Indicators

Our headline KPIs help us ensure we retain our purpose to provide a strong foundation for life, balance our sound business head and strong social heart and maintain a culture of engaged high performance.



Homes



Development:

New supply as a percentage of social housing units - this is the percentage that we hope to increase our total number of homes by, through growth and development.



Customer



Customer Experience:

This is the percentage of customers that are very or fairly satisfied with us as a landlord, and is a Tenant Satisfaction Measure.



Place



Neighbourhood Satisfaction:

This is how much our customers believe we make a positive contribution to their neighbourhoods, and is a Tenant Satisfaction Measure.



Quality and Decarbonisation:

This is the proportion of our homes that have an energy performance certificate (EPC) of 'C' or above.



Occupancy:

Void rent loss as percentage of annual rent debit - this is the percentage of potential rent income that is lost through homes being empty.



Building and Customer Safety:

This is how many of our homes are fully up-to-date against a range of Building Safety Indicators, and is a Tenant Satisfaction Measure. The indicators include:

- Gas Safety checks
- Fire Safety checks
- Asbestos Safety checks
- Water Safety checks
- Lift Safety checks



Enablers



Colleague Engagement:

This is how engaged colleagues feel at Karbon and how likely they are to recommend Karbon as a good place to work (Employer Net Promoter Score).



Financial Capacity:

This is how financially strong we are as an organisation and is based on how many times we could pay our interest costs from our surplus (EBITDA MRI Interest Cover %).



Value for Money:

This is what it costs for every home we manage and is sometimes referred to as our 'Social Housing cost per unit.'

Footnotes

¹Local Authority Waiting Lists (ONS), 2023

²Statutory Homelessness in England (ONS), 2023

³The unemployment rate in the North East was 4.3% compared to a UK average of 3.8% at the end of 2023. Labour market in the regions of the UK (ONS) (Feb 2024)

⁴Rising cost of living in the UK - House of Commons Library (parliament.uk) (2024)

⁵The Northern Housing Monitor (Northern Housing Consortium) (2023)

⁶Facts & figures - North East Child Poverty Commission | Every child deserves an equal chance in life. (nechildpoverty.org.uk) (2023)

⁷Population and household estimates, England and Wales (ONS) (2022)

⁸Since approximately 2011, the rate of increase in life expectancy has slowed. More recently the coronavirus (COVID-19) pandemic led to increased mortality in 2020 and 2021, and the impact of this is seen in the life expectancy estimates for 2020 to 2022. National Life Tables (ONS) (2021)

⁹The number of people economically inactive for health reasons was 2.8 million by the end of 2023, an increase of c700,000 since pre-pandemic. Labour Market Overview (ONS) (2024)

¹⁰Reshaping consumer regulation: Our new approach - GOV.UK (www.gov.uk)

¹¹2023 Progress Report to Parliament (UK Climate Change Committee) (2023)

¹²Karbon parity modelling (2024)

¹³GOV UK Dwelling Conditions (DLUHC) (2023)

¹⁴Housing Supply Requirements (Heriot-Watt for the National Housing Federation/Crisis) (2018)

¹⁵Housing supply: net additional dwellings, England: 2022 to 2023 - GOV.UK (www.gov.uk)

¹⁶The Economic Impact of Building Social Housing (CEBR for the National Housing Federation/Shelter) (2024)

¹⁷Adults Media Use and Attributes report (Ofcom) (2024)

¹⁸By Jan 2024, 32.6% of Karbon customers were signed up to our customer portal and had used it within the previous 12 months.

¹⁹For example, our website, Interactive Voice Response and our allocations portal

²⁰The amount of money a household has to spend after taxes, housing, transport and utilities costs

²¹With the exception of New Start where we look to external grant funding and employer contributions.

0808 164 0111

Find us on social media @karbonhomes

Karbon Homes is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014. Registration No.7529