

ESG Report 2021/2022



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About us

Karbon Homes builds, manages and looks after affordable homes for people across the North. The aim is to give all customers the strong foundations they need to get on with life.

Since our formation in 2017, Karbon has focused on delivering our three strategic aims - to provide as many good quality homes as we can, to deliver excellent service to our customers, and to shape strong, sustainable places for our communities.

Our footprint covers the North East of England and Yorkshire, with almost 30,000 homes across diverse communities, all facing different opportunities and challenges.

Some customers just need an affordable home, or a way onto the property ladder. Others might need more – financial advice, community services, sheltered accommodation or training that can lead to a new job. Whatever people need to feel more secure, confident and happy with their lives, Karbon staff work hard to provide it.

Karbon believes that by combining a sound business head with a strong social heart and staying true to our values, we can build strong foundations for even more people.



Foreword

Welcome to our second Environmental, Social and Governance (ESG) Report for Karbon Homes Limited. Last year, we became an early adopter of the Sustainability Reporting Standard and this year, we continue on our ESG journey during challenging times.

The growing cost of living crisis, with rising inflation and energy prices, has had an impact on our customers, our colleagues and Karbon as an organisation. Many of our customers have begun to struggle with their finances and our frontline colleagues are often the first to witness the effects of the rising cost-of-living.

Inflation, rising costs, and the need to reach net zero also pull our business in different directions, but I'm confident that we are better equipped than ever to make balanced, empathetic, and informed decisions which will protect our customers.

It's perhaps easy to lose sight of the environmental challenge when a crisis takes hold, but we know that energy efficiency and fuel poverty are inseparable.

As we mentioned in last year's ESG report, we made a pledge to The North East of England Climate Coalition (NEECCo) to help achieve their ambition of becoming England's greenest region, by bringing our existing homes to EPC 'C' by 2030. We are well on the way to fulfilling this pledge.

The year ahead will be hard but also full of opportunities. As domestic green technologies become prevalent, we can support local businesses through the provision of highly skilled work placements for apprentices in our supply chain. And as we continue to prove, the prospect of 'levelling up' can be more than a political slogan, bringing genuine innovation and opportunity to many of the areas we work in.

For example, our New Start project, funded through the Community Renewal Fund and providing paid placements for more than 70 unemployed people, provided a glimpse of how we can tackle local needs with much more direct impact than before. The report also shows how we're investing in northern communities like



Hadston, Stanley and Thorpe Willoughby and how we're seeking to make a difference not just through building new homes but also by investing in community development and building social capital.

We want to play our part in ensuring the local communities we work in can withstand the cost of living crisis. We'll be doing all we can to alleviate poverty but also ramping up our preventative measures which will give our communities the best chance to thrive in the future.

We hope you enjoy this year's report.

Paul Fiddaman
Group Chief Executive

UN Sustainable Development Goals

Our work has a direct impact against a number of the UN Sustainable Development Goals, as illustrated below, with 'sustainable cities and communities' at the heart. These SDGs helped to form the sustainability reporting standard and will be highlighted throughout:

How social housing contributes to the Sustainable Development Goals

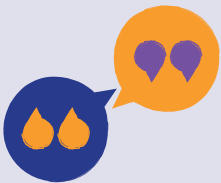


Social

In the following section we hope to demonstrate how, as a housing association, we will use our influence and operations to make a positive and measurable social impact on our customers and communities.

Our Stronger Foundations Strategy 2021-26 continues to define our key priorities, which are to provide as many good quality homes as we can, deliver excellent customer experience and to shape strong, sustainable places for our communities.

Our customer relationship is underpinned by the following drivers:



**Making sure
the customer voice
is heard**



**Increase transparency
and visibility through
our resident
engagement framework**



**Using data-led customer
insight to personalise
our service**



**Regularly measure
our performance**

We want our people, our customers and our partners to feel a sense of inclusion and belonging in all their interactions with Karbon. We'll look to develop partnerships with those who share our commitment to reduce inequalities. This includes influencing and promoting improvement in our sector and in the wider communities we work with.





Affordability and security



C1. For properties that are subject to the rent regulation regime, report against one or more affordability metric:

- 1) Rent compared to median private rental sector (PRS) rent across the local authority
- 2) Rent compared to Local Housing Allowance (LHA)

Our homes are affordable with general needs rents on average at around 75.4% of market rate across our varied geography.

Local authority	No. of properties	Average Karbon weekly rent	Average LHA for local authority	Karbon discount to LHA	Median PRS for local authority	Karbon discount to median
City of York Council	62	120.38	175.57	31.4%	207.69	42.0%
Darlington Borough Council	13	89.29	101.70	12.2%	103.85	14.0%
Durham County Council	10,117	75.23	91.92	18.2%	98.08	23.3%
Gateshead Council	546	81.99	110.38	25.7%	121.15	32.3%
Hartlepool Borough Council	316	87.35	102.37	14.7%	114.23	23.5%
Leeds City Council	11	90.13	143.52	37.2%	178.85	49.6%
Middlesbrough Council	135	95.90	105.81	9.4%	109.62	12.5%
Newcastle City Council	2,960	79.03	111.80	29.3%	161.54	51.1%
North Tyneside Council	1,118	84.96	108.76	21.9%	126.92	33.1%
Northumberland County Council	5,486	78.40	103.61	24.3%	103.85	24.5%
Redcar and Cleveland Borough Council	112	84.61	102.47	17.4%	109.62	22.8%
South Tyneside Council	869	83.96	113.33	25.9%	109.62	23.4%
Stockton on Tees Borough Council	196	98.50	115.97	15.1%	137.31	28.3%
Sunderland City Council	106	79.21	94.20	15.9%	98.08	19.2%
Wakefield Metropolitan District Council	8	107.99	112.20	3.8%	132.69	18.6%
Total	22,055	78.26	100.44	22.1%	103.85	24.6%

Please note: The 'Average Karbon weekly rent' figure is based on our general needs homes (for properties under direct Karbon ownership). General needs is often defined as social rent or formula rent. It represents the classic definition of social housing available for rent at target rents, based on the Rent Influencing Regime Guidance. Sample sizes in the private rented sector were often small so can lead to varied results. The LHA average incorporates all categories (A to E).

Affordability against earnings

Measuring housing costs against individual earnings is an important affordability test.

For a property to be considered affordable, a household should spend less than 30% of their income on rent – on the basis that housing is just one item that people need to meet their basic needs.

As a social housing organisation, our analysis* takes this one stage further and applies it to lower earners – those in the lowest 30th percentile.

For those in this lower income bracket, 93% of our properties have rent levels which equate to a spend of less than 30% of wages.

*Our analysis considers tax and NI.

C2. Share, and number, of existing homes (homes completed before the last financial year) allocated to all tenures

Please refer to the following definitions when considering the tables in C2 and C3:

Affordable rent: Homes made available for rent at up to 80% of market rate.

Social rent: Social housing available for rent at or close to target rents on the basis of the Rent Influencing Regime Guidance.

Intermediate rent: Homes made available for reduced rent as an opportunity for the customer to save towards a deposit e.g. rent-to-buy.

Older people: Accommodation specially designated for older people.

Low-cost home ownership: Includes shared ownership and shared equity homes.

Supported housing: Accommodation enabling customers to live or adjust to living independently despite specific needs.

Care home: Provides accommodation, meals and assistance with personal care but does not always employ nurses or medical staff.

The following figures represent stock balance at 31 March 2022 i.e. "homes completed before the last financial year":

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Existing homes by tenure (nos) as of 31 March 2022

Tenure	1. Owned and managed by Karbon	2. Owned by Karbon but managed by others	3. Managed by Karbon for others	Total
Affordable/general needs	2,159	205	1	2,365
Affordable/older people	286	-	-	286
Affordable/supported	35	1	-	36
Social rent/general needs	21,972	82	1	22,055
Intermediate rent	632	67	4	703
Older people	769	-	-	769
Low-cost home ownership	697	70	-	767
Non-social leasehold	2	35	-	37
Non-social rental housing	190	4	9	203
Social leasehold	602	-	-	602
Supported	345	141	-	486
Care home	-	14	-	14
Total	27,689	619	15	28,323

Existing homes by tenure (%) at 31 March 2022

Tenure	1. Owned and managed by Karbon	2. Owned by Karbon but managed by others	3. Managed by Karbon for others	Total
Affordable/general needs	7.6%	0.7%	0.0%	8.4%
Affordable/older people	1.0%	-	-	1.0%
Affordable/supported	0.1%	0.0%	-	0.1%
Social rent/general needs	77.6%	0.3%	0.0%	77.9%
Intermediate rent	2.2%	0.2%	0.0%	2.5%
Older people	2.7%	-	-	2.7%
Low-cost home ownership	2.5%	0.2%	-	2.7%
Non-social leasehold	0.0%	0.1%	-	0.1%
Non-social rental housing	0.7%	0.0%	0.0%	0.7%
Social leasehold	2.1%	-	-	2.1%
Supported	1.2%	0.5%	-	1.7%
Care home	-	0.0%	-	0.0%
Total	97.8%	2.2%	0.1%	100.0%



C3. Share, and number, of new homes (homes that were completed in the last financial year), allocated to all tenures:

The UK's housing crisis is one of the biggest challenges the country faces, and we're committed to playing our part in tackling it by developing more new homes, as well as significantly investing in our existing homes. Despite another challenging year in the construction sector, we delivered 463 new homes across the Karbon Group, investing almost £68m in their development.



New homes by tenure in 2021/2022 (Karbon Homes Association)

SDR status and tenures	1. Owned and managed by Karbon	2. Owned by Karbon but managed by others	Total
Affordable/general needs	129	101	230
Social rent	13	31	44
Intermediate rent	113	9	122
Low cost home ownership	20	22	42
Low cost home ownership (discount for sale)		2	2
Total	275	165	440

SDR status and tenures	1. Owned and managed by Karbon	2. Owned by Karbon but managed by others	Total
Affordable/general needs	29.3%	23.0%	52.3%
Social rent	3.0%	7.0%	10.0%
Intermediate rent	25.7%	2.0%	27.7%
Low cost home ownership	4.5%	5.0%	9.5%
Low cost home ownership (discount for sale)		0.5%	0.5%
Total	62.5%	37.5%	100.0%

C4. How is the housing provider trying to reduce the effect of fuel poverty on its residents?

Whereas energy efficiency conversations in the past may have centred on protecting the environment, the challenge of fuel poverty has announced itself as an equally important driver towards better standards.

We therefore strive to give customers homes that will provide sustainable lives, insulating them somewhat from the energy crisis that surrounds us.

We continue to move towards ensuring all our homes reach a minimum EPC C rating by 2030 and have ring-fenced £20m in our business plans from April 2021-2030 for energy performance upgrades. We've secured £1m from phase 1 of the UK Government's Social Housing Decarbonisation Fund (SHDF) which we're matching with a further £1million. We'll be using the money to raise 91 homes in Northumberland and Durham from EPC band D to band C using 'fabric first' measures including loft and wall insulation as well as installing solar panels. We'll be applying for future waves of SHDF funding to improve even more homes and help more of our customers in 2023.

We brokered best value deals for communal electricity and gas provision in our extra care schemes, fixing the price for five years before recent price volatility fully took hold. This will lead to substantial savings for many of our older customers.

Case study:

Turning up the heat on fuel poverty

As more and more people across the UK face rising fuel bills and potential fuel poverty, we know that customers in social housing can be particularly exposed.

Our Money Matters team support any customers who are struggling with the rising cost of their energy bills.

One such customer is Dennis from Consett. His daughter Laura contacted us on Dennis' behalf and told us that her father had resorted to not putting the heating on to try and lower his energy bills with Laura topping up his meter when she could.

However, Dennis is very unwell and has been diagnosed with stage 4 prostate cancer along with other health issues, so not being able to heat his home when he needed could worsen his condition.

Our Money Matters Team gave out 129 energy crisis vouchers worth more than £4,341 to customers to help them pay for gas and electricity and supported 184 customers with fuel poverty issues.

As well as helping customers increase their income by getting the benefits they are entitled to and providing budgeting advice, our Money Matters Team promotes the Warm Home Discount which provides around 2,500 customers with a £140 discount on winter fuel. The scheme is open to those on low income and recipients of the 'Guarantee Credit' element of Pension Credit.

We recognise that fuel poverty will continue to be a challenge for our customers going forward and our cost of living working group is looking at ways in which we can support customers.

C5. What % of rental homes have a three-year fixed tenancy agreement (or longer)

0%.

None of our general needs homes have a three-year (or longer) fixed tenancy agreement. We believe that assured lifetime tenancies are essential to build the stronger foundations and stable communities that we value.

Our Money Matters Caseworker, Phil, helped Dennis to get SupportPlus, Northumbria Water's reduced rates scheme, and made an application on his behalf for Attendance Allowance, a benefit for people over retirement age who have health issues that mean they find it difficult looking after themselves.

As a result, Dennis was awarded Attendance Allowance which has helped him receive an extra £90 a week in benefits. Phil is also working on a Pension Credit entitlement which would bring in an additional £69 a week for someone in Dennis' circumstances.

On top of that, Dennis will eventually receive a discount of around £70 per year once the SupportPlus application has been processed.

Building safety and quality

C6. What % of homes with a gas appliance have an in-date, accredited gas safety check?

On 31 March 2022, 99.65% of our homes had an in-date, accredited gas safety check. Of the 78 overdue gas services, 12 were completed the first week in April. The remaining 66 outstanding checks were due to us not being able to access the homes. Of these, 15 have reached legal proceedings. The remainder are going through our no access procedure.

C7. What % of buildings have an in-date and compliant Fire Risk Assessment?

On 31 March 2022, 98% of our buildings had an in-date and compliant Fire Risk Assessment (FRA) with the remaining 2% completed in April 2022 once we were able to fully access the buildings.

We decide on the frequency of our inspection cycles for properties based on a number of factors including the type of scheme and tenure as well as any distinguishing features which increase risk. For properties that don't have annual FRAs, a qualified fire risk assessor carries out an FRA review on site, and ensures that anything highlighted in the last report has been resolved before issuing an overall report and action plan.

C8. What % of homes meet the Decent Homes Standard?

On 31 March 2022, 100% of our homes met the Decent Homes Standard



Resident voice



C9. What arrangements are in place to enable the residents to hold management to account for provision of services?

Residents have various opportunities to get involved with Karbon and hold us to account. For example, many of our customers sit on committees or forums, or take part in focus groups, to help shape our strategy and services. We hosted and arranged 314 volunteer hours of resident involvement in 2021/22:

Resident involvement activity	Total volunteer hours
Karbon Resident Committee	125
Byker Community Trust Committee	48
Scrutiny panels	119
Grounds maintenance consultation	24
Stanley Area Forum	24
Chester-le-Street Area Forum	12
End of tenancy focus group	7
Board away day	25
Foundational Economy Research focus groups	14
Total	398 hours

Our Karbon Resident Committee (KRC) meets bi-monthly, where they discuss performance reports and issues that arise from them.

In the last year, the KRC have undertaken three new scrutiny reviews as shown in the table below. In these reviews our 'you say, we do' approach to resident involvement is captured in genuine process change:

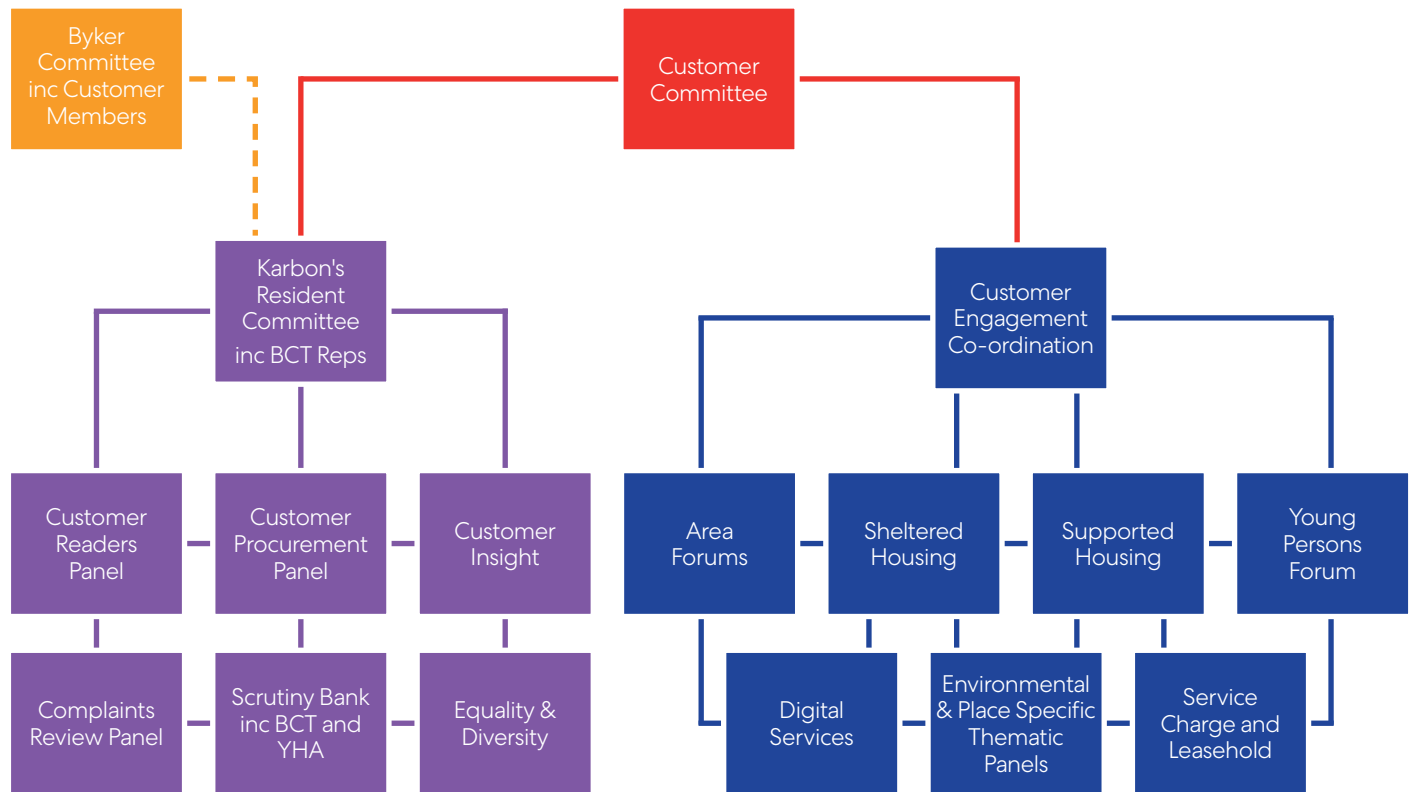
Scrutiny review	Process/strategy changes
Report and share performance information with customers	<ul style="list-style-type: none"> Improvements to presentation of performance data Easier-to-read scorecards with colour coding, trends and targets
Report and share complaints, compliments and suggestions performance information with customers	<ul style="list-style-type: none"> Section created on the Karbon website for learnings from complaints
Building safety/Customer safety	<ul style="list-style-type: none"> Ongoing



The KRC is now supported by a Customer Committee made up of two board members and two involved customers (one chair, one vice chair). Their role is to analyse our complaints and assess our scrutiny reports in a board level forum.

As well as providing a customer voice at board level, our resident involvement framework was designed to offer opportunities for customers from all demographics, areas and interest groups to get involved and have their say.

Resident involvement framework



We have a range of special interest groups such as the Environmental Group which includes three representatives from the Social Housing Climate Change Jury - a first of its kind group which made recommendations to the social housing sector on how residents would like to see landlords approach the net zero challenge. Providing localised insight, we have our Area Forums which, since last year's rollout in Stanley, now also include Chester le Street, Tyne Valley and shortly, Consett.

We also encourage more flexible methods of involvement including our Connect with Karbon Facebook Group, which gives us a combined total of around 154 involved residents at any one time. We use this channel to enable customers to share their views on our proposals, scrutinise our policies and find out more about upcoming focus group events that

they can get involved in. We also use it to share important housing sector and community news.

In 2022 it's difficult to overlook the role of social media in resident engagement and corporate accountability. We receive large amounts of feedback from customers through social media and we encourage healthy interaction through this channel, which is reflected in our statistics for last year:

- **1,436,169 social media reach (number of people which have seen our post)**
- **74,232 social media engagement (number of people which have interacted e.g commented, liked etc.)**

C10. How does the housing provider measure resident satisfaction and how has resident satisfaction changed over the last three years?

Customer Net Promoter Score (NPS) Target +52.0		
19/20: +43.5	20/21: +55.6	21/22: +49.9
<p>In 21/22 the ICS's UK Customer Satisfaction Index (UKCSI) showed the average NPS for housing associations was just +1.4 with the overall customer services NPS standing at +27.5.</p>		

Average trust Target 8.50		
19/20: 8.44	20/21: 8.69	21/22: 8.57

Right first time Target 88		
19/20: 84.54%	20/21: 87.35%	21/22: 87.22%

Overall satisfaction Target 91%		
19/20: 89.3%	20/21: 90.7%	21/22: 87.2%

% satisfied with quality of home Target 93%		
19/20: 91.56%	20/21: 92.57%	21/22: 87.87%

Average effort (lower is better) Target 3.20		
19/20: 3.69	20/21: 3.24	21/22: 2.89

Neighbourhood satisfaction Target 90%	
20/21: 90.9%	21/22: 89.9%



Resident surveys

Our resident satisfaction framework includes both transactional customer satisfaction surveys and perception surveys. Transactional surveys capture our customers' day-to-day experience of Karbon service areas. This means that we can identify pockets of over and under performance which may be impacting customer experience. The scope of our transactional surveys has grown rapidly in 2022 to include:

- **responsive repairs**
- **planned maintenance**
- **new build**
- **out-of-hours emergency repairs**
- **new tenants**
- **gas servicing**
- **electrical servicing**
- **aids and adaptations**
- **anti-social behaviour**
- **home furnishing.**

Transactional surveys are accompanied by perception surveys which seek to understand more general beliefs and feelings about the service we provide – they let us know how our efforts function overall.

What happens to the results

We publish customer satisfaction results in our Customer Annual Report and share them with our Karbon Resident Committee on a quarterly basis. Our Leadership Management Team and our Customer Committee also receive the quarterly report.

We monitor KPIs on a monthly and quarterly basis against targets and benchmarks. We hold quarterly Customer Experience Action Meetings with relevant service leads from across Karbon which allow us to:

- **understand and interpret customer feedback and trends within specific services**
- **combine the information with other customer insights, including complaints and compliments**
- **agree opportunities to improve service delivery based on feedback**
- **create an action plan for improvement.**

Highlights this year

In February we were awarded the Institute of Customer Service (ICS) 'ServiceMark' accreditation – a standard commonly used in the commercial world as a benchmark for excellence. Only five housing associations have achieved ICS (and we are the only accredited landlord in the North East).

In early 2021, we worked with ICS to research our customer priorities. This helped us clarify what was most important to customers allowing Karbon to focus more energy on areas that really matter.

The Regulator for Social Housing has introduced new Tenant Satisfaction Measures (TSMs), which become mandatory in 2023. We adopted the TSMs into our resident satisfaction framework in April 2022.





C11. In the last 12 months, how many complaints have been upheld by the Ombudsman. How have these complaints (or others) resulted in change of practice within the housing provider?

During 2021/22, no complaints have been upheld by the Ombudsman.

We share learning with Karbon leaders and our Karbon Resident Committee through a quarterly 'Complaints, Compliments and Suggestions' report where they have an opportunity to review a sample range of cases.

Our case review process is designed to evaluate specific cases and identify learning and actions which will improve the customer experience.

As well as publishing information in our Customer Annual Report, our customer magazine and email bulletin, in 2022 we added a new "Learning from Complaints" section on our website to keep customers informed. One example taken directly from our website is included below:

The feedback

Customers challenged the appointment time windows provided by our repairs team, telling us they weren't specific enough and that missed appointments could often be avoided if they had a better understanding of when the repairs operative would attend.

The action

We reviewed our current processes and data behind missed and cancelled appointments. We investigated best practice across various industries to increase appointment success rates.

The result

We invested in technology that enables us to provide customers with an "Operative on the way" text alert, providing customers with a more accurate timescale of when the operative will arrive at their home. Early feedback from colleagues and customers has been extremely positive.

Resident support



C12. What support services does the housing provider offer to its residents? How successful are these services in improving outcomes?

Mental and physical health

In 2021/22, our Supported Housing Team provided services for 269 vulnerable customers (a 14% rise on last year's figure); many of whom have mental health, mobility or learning disabilities. We supported 24 of those customers to move from supported to independent living.

Community resilience

Our Community Investment Team help strengthen the social infrastructure of our neighbourhoods. One part of their purpose is to distribute the Community Grants Programme which last year supported over 80 local charities and organisations providing £320,000 in grants.

We are home to a charitably funded project known as Silver Talk — a telephone befriending service for older people. Silver Talk provides a weekly, one-to-one phone call as an antidote to loneliness and actively connects older people to local community services. At any one time, the service is delivered by 100 volunteers to around 300 customers.

Holiday hunger

The Holiday Activities and Food programme (HAF) is part of the Government's investment of over £200 million a year to provide healthy food and enriching activities during the summer holidays, free of charge.

Many of Karbon's more urban communities across Durham are particularly exposed to the demands of childcare and affordability during the holidays so we applied to be a HAF programme organiser.

Around 300 children attended events over summer 2021, and a further 330 young people from across County Durham benefitted from our Holiday Squad this Easter, thanks to a funding boost from Durham County Council (DCC).

As part of the Fun and Food County Durham programme, our Holiday Squad received funding from the Department for Education and HAF to deliver free activities during the Easter holidays for school aged children from reception to year 6.

We wanted the service to be as engaging and stimulating as possible for children and young people, so we provided match funding to ensure we could deliver high quality activities and food. Activities included circus skills, food workshops, multi-sports, arts and crafts, and science experiments.

We have since extended the initiative using both HAF grant and our own funding to include Northumberland, North Tyneside and South Tyneside.



Income and money management

Since the introduction of Universal Credit (UC), our Money Matters Team have worked hard to help customers deal with their transition to UC. The number of Karbon customers who are UC claimants is at an all-time high of 8,572, but the year-on-year rise has slowed from a 37% increase in claimants in 20/21 to a 12% increase in 21/22. This year, the team have been working with local authorities and Job Centre Plus to create a training toolkit for our colleagues identifying which customers are better off on UC and who are better advised to stay on legacy benefits, where possible.

This year we saw 4,724 customers seeking advice and support from our Money Matters Team who helped generate income gains totalling more than £4.5million for our customers through increased benefits, or a decrease in debt owed. Our work has recently shifted to focus more on 'crisis mitigation' after huge increases in the cost of living. We have provided:

- **70 customers with support through the Social Security Appeals process with a success rate of 68%**
- **129 energy crisis vouchers worth £4,341**
- **84 food crisis vouchers worth £2,890**

Employability and skills

Our Foundations for Life Team delivers digital training and employability opportunities as well as facilitating our internal apprenticeship programme. The team coordinates four employability and digital inclusion projects financed by European Structural Funds and the Community Renewal Fund bringing in more than £550,000 this financial year alone.

The projects are open to Karbon and non-Karbon residents, who are referred in by our frontline teams if they need training or employment advice. This year, the team:

- **Supported 249 customers, moving 69% into work, education or training including:**
 - **100 into work**
 - **72 into education or training**
- **Supported the attraction and recruitment of six apprentices**
- **Supported 178 customers with £7,636 through our Foundations Support Fund – which pays for items that can help residents move into employment such as uniform, certifications or travel.**

We officially opened our bespoke 'Skills Hub' in Stanley, County Durham. As well as being home to Silver Talk, a Credit Union, and our 'Foundations for Life' education and training coaches, the Hub has become a genuine centre of gravity for social development in the town, regularly hosting local employability partners such as the Job Centre Plus and Durham Works. The venue was recently recognised as a DWP Youth Hub.





BRENDA

Case study:

Levelling up the workforce: New Start

As a social housing provider, economic policy, the cost of living and employment levels have a massive impact on our organisation and our customers. Exploring what role housing can play to make the system work is core to both our success and that of central government policy.

With that in mind, we led a consortium of Karbon, Your Homes Newcastle, Bernicia, North Tyneside Council, Northumberland County Council, Changing Lives in bidding for the UK Government's Community Renewal Fund in late 2021. We were awarded £716,000 to demonstrate how social housing is in a position to drive a more meaningful levelling up agenda by way of:

- 1. Research into barriers to employment and how the local economy effects the communities we serve**
- 2. Exploring the possibility of 'shared work placements' as a way of breaking down barriers to higher skill jobs**
- 3. A work placement called New Start providing paid work placements to local residents aged 25+**

The work was connected by one prevailing theme – the role of housing in the local economy and how this can be leveraged.

Here, we'll focus on New Start – the skills and work placement element which delivered the most impact that we've seen from any employability programme to date.

New Start: key features

In summary, New Start is a paid-placement programme offering five-month placements, over a variety of flexible working patterns. It draws inspiration from schemes like 'Kickstart' which was available for 16-24-year-olds, but importantly New Start spreads the net to an underserved over 25s age group.

People of this age and over are the ones who especially need to retrain and reskill and are at highest risk of becoming economically inactive. New Start stands out most significantly in the way that it tackles the 'whole challenge' of employability in ways that get local economies working with those who are often hardest to reach.

Firstly, it looks at individuals and their situations, analysing their personal barriers to work and what kind of opportunity could work for them.

Then it matches their aspirations with the most suitable employer from the list of businesses who have signed up to the New Start programme. Roles are then created with the client and employer needs paired together in what you could call a joint employability purpose.

There's a much greater element of local collaboration in the way New Start works. Our scheme supports local businesses as much as it does people looking to get into work, whilst working within state aid rules.



We can do this largely because of the funding model. With New Start, funding is drawn down into a beneficiary payment (circa £6,000) which we distribute to local employers in order to create fully subsidised placements. A company in North Tyneside which collaborated on the scheme noted:

“We decided to prioritise people whose employment has been affected by the pandemic. New Start allowed us to create new posts for local people.”

And as a project led by social housing, New Start draws on the wider range of services available from housing associations including FCA accredited financial advice, practical cost-of-living support, access to training, one-to-one support and careers advice. Each beneficiary receives all this provision with advice and guidance wrapped around each placement. One candidate observed:

“It has transformed my life. I didn’t want to be that same person and it gave me the chance. Everything is perfect – hours and time of day. I wish I had found it years ago. If I had I would be a different person. Keep this scheme going, it works.”

Because we’re responsible for matching-up employer and placement, we can also take more responsibility in identifying those most suitable and most in need. This might be through referrals from housing teams — for people trying to build a life in the face of rent arrears and debts — or via other employment schemes which we help coordinate such as Working Homes. The scheme was designed to be inclusive and reach out to marginalised groups. Of those taking part:

- **33% had a physical health issue or disability**
- **18% had a learning difficulty**
- **17% were from a minority ethnic group**
- **10% were ex-offenders**
- **24% had no formal qualification**
- **33% had never previously worked**



The programme ran from November 2021 to September 2022 and saw 73 residents undertake a work placement across 23 local employers.

Of the 73 placements, 24 residents have gone on to secure permanent roles with their placement employers. A further seven have used the experience to secure roles with other companies. More than 90% of residents completed or are undertaking some form of qualification and/or training.

“We have never come across a more thorough and integrated socio-economic development approach for disadvantaged areas.”

Independent assessor

We believe that initiatives like these contribute to the local levelling-up agenda and we’ll be looking to further develop the model and roll it out across our geographical footprint. As we do that, we’ll be focussing on high-skill industries like green technology which are now a key part of our supply chain – building better jobs, increasing productivity and breaking down some of the most difficult barriers to employment.

If you would like to find out more about New Start, visit www.karbonhomes.co.uk/newstart.

Or contact Christine.paxton@karbonhomes to explore being a New Start sponsor.

Placemaking



C13. Provide examples or case studies of where the housing provider has been engaged in placemaking or placeshaping activities.

Revitalising a world-famous community

The Byker Estate, located on the banks of the River Tyne, is one of the last century's defining social housing projects. Commissioned in 1968, values like community, affordability and sustainability were at the heart of renowned architect Ralph Erskine's original designs.

In the 54 years since, the estate has been awarded Grade II Listed status by Historic England and the homes have changed hands twice. Firstly, transferring from Newcastle City Council to Byker Community Trust (BCT) in 2012 which prompted a substantial investment programme.

Under the stewardship of BCT, the estate began once again to gather recognition for its ambitious design principles and was voted the 'Greatest Neighbourhood' in the UK by the Academy of Urbanism in 2018, won Inside Housing's national award for 'Neighbourhood Transformation' in 2020 and, perhaps most impressively, the Byker Wall is on UNESCO's list of outstanding 20th century buildings.

When BCT and the estate's 1,800 homes recently joined the Karbon group, we made a commitment to manage the homes and preserve a legacy, captured in our Community Pledge which not only promised accelerated investment, but also a focus on community initiatives such as the Thriving Byker Strategy led by BCT and 27 community partners.

Following the transfer to Karbon, we have begun a programme to replace customers' bathrooms, kitchens and internal doors. Any publicly visible improvements such as front doors, needed to adhere to the building's Grade II status.

The next stage of our investment will focus on the wider external environment, improving the neighbourhood as a whole. Before embarking on this, we organised a vast pre-planning consultation, gathering input from Byker residents, Newcastle Council, Historic England and our colleagues who work on the estate. We also had to ensure that any external redesign balances customers' preferences and needs with the integrity of the estate's design principles.

The consultation was split into 11 distinct neighbourhoods. It included resident meetings, pop-up events, comment cards, neighbourhood walkabouts and a devoted Placechangers website which provided maps and interactive resources. We made the consultation as accessible as possible, providing materials in 29 different languages to reach out to a diverse range of residents. As a result, we gathered more than 1,000 responses, which generated 11 different sets of priorities – one for each neighbourhood area.

The original budget for the Neighbourhood Improvement Plan was calculated at £4million but customer feedback presented the opportunity for us to do something on a larger scale. We've now committed an extra £7.7million to fund the programme, taking the entire budget to £11.7million over a six-year plan.

Following the imminent approval of each of the neighbourhood masterplans by Historic England and the city planning authority, the programme is due to start in spring 2023. This will be supported by another extensive customer and stakeholder engagement plan including education on new waste and recycling facilities.



As part of the programme, we'll be carrying out substantial hard and soft landscaping, renewal of communal and green spaces, and play spaces, and updating access routes all of which reflect Erskine's original designs as well as the wishes of current residents. The estate's rising Net Promoter Score over the last seven years provides a clear picture of success:

Year	Net Promoter Score
2014	-19
2016	-16
2018	-10
2021	+12

Levelling up the North

Karbon has a long standing and growing presence in Northern towns and rural communities, many of which were shaped by mining, agriculture and manufacturing.

As traditional industries have gone into decline, the people living in these places might well feel they have been left behind by meaningful public investment. Karbon is committed to supporting these areas to thrive and prosper demonstrated by work we undertook this year in Stanley and Hadston.

Hadston 'whole-village' regeneration

The Northumberland village of Hadston's economy was one which was historically based on farming, manufacturing and mining. Now that many of these industries have been replaced, it's easy for Hadston and countless other Northumberland villages to lose their former vitality and become 'left behind'. We've invested £1.5m in improvements to 115 homes in the village over a 10-month period, prompting a sense of optimism and a feeling that the village has had a new lease of life.

Improvements include new roofs, fencing, boundary works and energy efficiency improvements. The work was part of a wider £4.5m programme of work across Northumberland which was procured through the socially minded Prosper framework, which Karbon helped create back in 2008. Prosper uses local suppliers chosen for their commitment to the local supply chain, as well as knowledge of the local area and its needs. The money invested therefore feeds back into the local economy and all expenditure through the framework results in a "social dividend" which is essentially a virtuous circle of regional wealth.

Stanley levelling up project gathers pace

The Local Trust commissioned a piece of research in 2019, the result of which indexed a selection of places in the UK which met the criteria of being 'left behind'. Stanley in County Durham was one such place. Supported by a proud and committed local community, the town is at the heart of our place-based investment and regeneration strategy where housing is just one aspect of a broader package of community development.

We own 23% (or 3,326) of Stanley's entire housing stock and our Skills Hub, mentioned previously, is located there. The Hub is an example of an enterprising way of improving local infrastructure – in this case we took a derelict shopfront on the high street and converted it into a vibrant employment and training centre.

Continuing our infrastructural efforts into 2021/2022, we saw that we needed to address the problem of derelict garage blocks which were attracting anti-social behaviour and were in a state of disrepair. We demolished 139 garage blocks at a cost of £290,000, replacing them with green space or open car parking spaces. The programme has received very positive feedback from locals.

Futureproofed affordability in rural areas

Thorpe Willoughby, like many rural communities in North Yorkshire, has a shortage of affordable homes. Selby Council therefore agreed an initial planning policy for new builds on a brownfield site where 20% of the homes would be affordable. Although this would add to the affordable housing quota for the area, it would still have fallen short of the number of affordable homes needed in the long run.

Based on our trusted relationship with the Council, they agreed to waive the initial policy directive for 20% affordable homes, on the condition that Karbon could secure 100% affordable homes on the site with Homes England grant secured for each home.

We're now building 70 affordable homes on the site and, having maximised the grant, we opened up a range of other future-proofing possibilities. Using Modern Methods of Construction, we are building each house in just three days. The closed panel timber homes are built off site in Warrington in a process which emits 14,000kg CO2 less than a traditional brick-and-block house construction. Every single house has an air source heat pump and electric vehicle charging points will be installed across the scheme as we look to reach EPC A. The homes will be completed in summer 2023.

Environmental

Our 'Response to Climate Change' project is the backbone of our environmental strategy. In our journey towards net zero, we're prioritising getting the fabric of our existing homes right, for example, through loft and wall insulation. We can then add further environmental upgrades based on the house type to make them as efficient as possible.

We've recently started to experiment with new technologies including Tesla Power-wall batteries and infrared panels as well as installing more air source heat pumps in our homes. We pilot a range of technologies as not all energy efficiency measures are suitable for each property so it's important that we have a range of options at our disposal.

Our asset data modelling software helps us identify the measures we can take that will help us achieve EPC C most quickly and provide a clear path to get us to net zero.

Our environmental work covers many areas but in this report we're focussing on our work as a 'responsible landlord' and a 'progressive business'.



We've used the SHIFT process to inform much of the data listed in this section. SHIFT is an independent assessment scheme designed specifically for social landlords to assess their environmental performance. Their annual performance assessment helps us to:

- **measure** our data with the most appropriate methodologies
- **identify** improvements based on SHIFT's specialist recommendations
- **target** performance by showing where we stand against other providers and sector goals.



Climate change



C14. Distribution of EPC ratings of existing homes (those completed before the last financial year)

Last year 30.79% of homes were EPC D or lower. Now that figure stands at 25.78% due to a programme of environmental upgrades.

We've also seen a notable 11.02% growth in homes with EPC B ratings, which has been largely driven by our new build programme and energy efficiency measures:

EPC Rating	Percentage of homes 20/21	Percentage of homes 21/22
A	0%	0.08%
B	1.3%	12.32%
C	67.92%	58.6%
D	28.49%	24.69%
E or less	2.3%	1.09%

C15. Distribution of EPC ratings of new homes (those completed in the last financial year).

EPC Rating	Percentage of homes
A	0%
B	100%
C	0%
D	0%
E or worse	0%

C16. Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

The following analysis has been provided through our SHIFT assessment:

Scope	Activity	Current analysis	CO ₂ tonnes
1	Maintenance activities/fleet	Emissions from the combustion of gas used at offices; Emissions from the combustion of fuel for transport; Emissions from combustion of gas bought for communal heating systems (even if recharged to residents); Emissions from gas used in communal areas (even if recharged to residents).	5,856.31 tonnes CO ₂
2	Office	Emissions from electricity used at offices; Emissions from electricity used for communal areas (even if recharged to residents)	216.35 tonnes CO ₂
3	Stock	Emissions from business mileage by means Karbon does not own or control; Emissions from the transmission and distribution (T&D) losses associated with UK electricity; Emissions from housing stock – estimated from average SAP and heating types of homes if provided	64,325.76 tonnes CO ₂
Total			70,398.41 tonnes CO₂

We are working to improve the quality of our data and capture data to meet the full scope of each classification, particularly in relation to Scope 3 emissions which cover a vast area.



C17. What energy efficiency actions has the housing provider undertaken in the last 12 months

We continue to take a 'fabric first' approach to designing new homes and refurbishing older stock, which helps us reach a minimum EPC C rating and provides a strong foundation for adding in new technologies.

It's important to include customers in the process as it's their homes that we're upgrading and changing. We base our

work in this area on recommendations from the Tenants Climate Change Jury that we took part in (see C9).

We spent £1.79million on energy efficiency actions between 1 April 2021 and 31 March 2022. This includes the actions which are listed in the table showing both their carbon savings and the impact on customers' bills.

For balance, in the table below, we've shown both bill savings based on 2022 costs, and from the standard 2012 costs which are still in regular use across the industry. This way we can assess how savings look both now and in less volatile times:

Action	Number of installations	Carbon saving per annum*	Bill saving per annum (@present day costs)*	Bill saving per annum (@historic costs)*	Karbon investment
Boilers	760	-804 tCO ₂	-£289,613	-£137,188	£864k
Wall insulation	266	-133 tCO ₂	-£29,885	-£25,453	£120k
Windows and doors	58	-11 tCO ₂	-£3,889	-£2,905	£450k
Air source heat pump**	26	-58 tCO ₂	+£288.86	-£5,294.64	£290k
Smart meters***	70	N/A	N/A	N/A	N/A
Loft	129	-48 tCO ₂	-£10,748	-£9,255	£70k
Totals	1,309 energy improvement actions	-1,504 tCO₂ saved	-£333,846.14 total bill savings	-180,095.64 total bill savings	£1,794,000 invested 21/22

*Carbon and bill savings have been calculated using Portfolio energy modelling software. Data sets to calculate average savings are as follows:

- Carbon saving calculated using BEIS 2017 conversion factors
- Present day bill savings use the April 2022 price cap where applicable. Where not applicable, they use the most recent value in the SAP database, or SAP 10 where none is available.
- Historic bill savings use fuel costs from Table 12 of SAP 2012.

** Air source heat pumps replaced solid fuel systems and were accompanied by improved wall and loft insulation to mitigate potential increased fuel costs. By replacing solid fuel, we also improved customer safety, thermal comfort and air quality. Nevertheless, inflation in the electricity market has meant slight increases to bills, which will hopefully readjust as the market settles and provide even bigger gains as cheaper renewable electricity sources gain prevalence.

*** Smart meters are a required system upgrade to enable the future grid to work efficiently. Information provided by the smart meter is designed to help customers understand and adapt their behaviour, and early studies suggest that 86% of those with a meter are making good energy-saving decisions.

Net zero innovations

Environmental homes pilot

We are currently developing an environmental homes pilot in Sunderland across four new build properties. The aim is to explore how different building, design and environmental regulations will impact on the net zero performance of these properties.

We'll be able to compare the performance of homes built to 2013 regulations, 2021 regulations, 2025 regulations and the

2025 Future Homes Standard which will ensure new homes produce 75-80% less carbon emissions than homes built under current regulations.

This will enable us to better understand how current and future thinking in design of homes might impact on their day-to-day performance in reality. We will use this learning to inform our net zero home designs over the coming years.



◀ Tesla Powerwall

With help from National Energy Action and Northern Powergrid's Innovation Fund, we're trialling the use of Tesla Powerwall battery storage.

The Powerwall brings two benefits – it helps store excess power from solar panels and it can be used to support vulnerable customers using electrically powered medical equipment in the event of a power cut. We've selected five properties to be fitted with the Powerwall.

Alternative Heating Pilot ▶

Another energy saving solution we're working on is installing infrared heating panels in two blocks of flats to replace old, poorly performing electric storage heaters.

These panels are a low-cost, low-maintenance option with efficiency savings of up to 60% compared to night storage heaters.

The panels emit heat as infrared radiation which heats objects and people in its path in a radiant way, as opposed to the more traditional convective transfer which relies on heating the air in the room to enable heat transfer. As well as cost benefits, the panels may also reduce the chance of mould occurring.

The panels are easy to install and can be designed as part of bathroom mirrors, wall art or pictures.



We'll be piloting the infrared panels during 2022, which will include monitoring their performance and getting customer feedback to see if it's worth rolling them out further.

C18. How is the housing provider mitigating the following climate risks:

- Increased flood risk

- Increased risk of homes overheating

We've put in place KPIs for overheating and flooding in our Route Map to 2050. To assess flood risk, we use Geographic Information System (GIS) to map stock and Environment Agency data, allowing us to profile the risk of flooding from rivers and seas as well as from surface water. All our homes have a risk profile for flooding which is set as low/medium/high, helping us to put into place targeted mitigations that are appropriate to the risk.

As well as conducting an internal assessment of our risk register, we ask SHIFT to carry out an independent assessment of our flood risk data. Their latest analysis tool shows that 83.3% of our homes are at low risk of flooding.

When we analyse potential sites for building new homes, we combine GIS mapping with a range of other data – including satellite and Environment Agency information – enabling us to support any independent flood risk assessments with our own data.

Our overheating analysis includes baseline data such as build dates, property archetypes, presence of communal heating, population density and local climate. We also class supported housing and retirement living as potential risk factors. As with the flood risk data, we send this information to SHIFT, which provides us with an independent assessment. This shows that 97.9% of our homes are protected from overheating and 2.1% are considered medium risk.

The impact of heat affects older customer groups much more dramatically. That's why our Supported Housing Team use the HAPPI (Housing our Ageing Population Panel for Innovation) principles to shape the design of our Extra Care schemes, which combine high levels of energy efficiency with good ventilation to avoid overheating.

C19. Does the housing provider give residents information about correct ventilation, heating, recycling etc. Please describe how this is done.

Our customer magazine regularly provides tips on how to reduce your energy consumption and has a 95% readership rate.

We provide all customers with our tenant handbook to help them with day-to-day living in their homes. The handbook includes sections on how to prevent condensation by reducing the amount of moisture in the air and maintaining good ventilation.

We recently added a 'Being Green' section providing money saving tips on heating and energy usage, and sharing National Energy Action's Home Energy Checklist.

Our gas engineers also offer advice to residents on energy efficiency during their annual checks.

When customers move into a new build home, we provide them with a Home User Guide as well as the tenant handbook. The guide explains how to use various equipment in the home including heating and ventilation along with information on recycling, public transport and cycling routes. The recycling section of the guide includes bin collection dates and the impact of using internal recycling bins. The guide also encourages circular economies, recommending customers to pass on reusable waste such as unwanted furniture, providing contact details for a selection of charitable schemes.

Our Housing Team visit customers regularly and during those visits, they will ask about any problems with heating management or condensation, and provide leaflets with further information.

C20. How is the housing provider increasing green space and promoting biodiversity on or near homes?

Target for above ground biomass (AGB) by 2043	Karbon AGB (current)
11.9 tonnes per hectare	4.42 tonnes per hectare

Karbon Homes — and the sector as a whole — has a long way to go to reach the biodiversity standards which will be required in the coming years. Knowing the targets and formulating strategy around them will drive our operations, and we'll strive to use the AGB per hectare calculation each year in this report to measure progress.

At present, SHIFT applies its biodiversity calculator to our data to estimate our Above Ground Biomass (AGB), which currently stands at 3179.31 tonnes. That's 4.42 tonnes AGB per hectare owned. Research suggests that a target of 11.9 tonnes/ha should be set for housing associations, which is in line with the target of 10% biodiversity net gain for England.

We monitor green space and biodiversity using Master Map (Ordnance Survey) data and digitally mapped survey data from our grounds maintenance contracts which, in turn, informs our GIS. This gives us a view of precise view of our land holdings and shows us what the AGB proportion of our land consists of:

- **Woodland: 0.8%**
- **Grass: 21.1%**
- **Shrubland: 2%**

We'll shortly be publishing our new Tree Management Plan, which will set out how we will increase our tree stock through replanting.

AGB is made up of woody lifeforms, in most cases, urban trees. Last year, we reported on our work with the Forestry Commission's Urban Tree Challenge. Our Grounds Maintenance Team are continuing this work and will plant in the region of 50 more urban trees this year which takes us to 279 so far.

When we plant new trees, where possible, we put them in accessible spaces close to our customers' homes to improve their well-being.

We've recently reduced the frequency of grass cutting in designated areas to encourage low-growing wildflowers and pollinators, which is supported by our team proactively planting wildflowers in unsightly and difficult-to-maintain areas. Our inhouse Grounds Maintenance Team and contractors are forbidden from treating flowering weeds with pesticides, as well as glyphosate-based pesticide, peat products and chemical fertiliser.



C21. Does the housing provider have a strategy to actively manage and reduce all pollutants? If so, how does the housing provider target and measure performance?

Our SHIFT report contains a section on pollutants, supported by our own efforts to mitigate our most environmentally harmful activities such as fleet pollution.

Carbon: Reducing CO² emissions from our fleet of vehicles is part of our Route Map to 2050. We're currently renewing all 269 of our vehicles and are seeing promising results from the 10 hybrid vehicles we recently acquired. We track miles per gallon and driving behaviour for each vehicle each year to improve efficiency.

We use a distributed delivery model for repairs and maintenance, which enables us to both be efficient and reduce carbon emissions. Our field management system, Total Mobile, provides our trades colleagues with a live work schedule which is constantly updated based on their skills and location therefore ensuring they travel less mileage overall. We're continuing to phase out petrol driven gardening tools in favour of battery-powered alternatives.

Household pollutants: Our approach to household pollutants such as lead piping or mould is driven primarily by extensive surveys and supported by predictive data which help us to pre-empt any compliance and health and safety issues. We carry out stock condition surveys on more than 4,000 homes each year and if a surveyor identifies a concern about pollutants, they raise an urgent repair request. The survey incorporates the Housing Health and Safety Rating System (HHSRS), a risk-based evaluation tool often used by local authorities to identify domestic hazards. Rating the HHSRS's 29 hazards from 'None' through to 'Severe', the survey data is fed into our asset management system and

embedded algorithms produce reports identifying potential high-risk items such as lead piping, mould, asbestos and carbon monoxide. We then put in place targeted remediation programmes. All our investment programmes also include ventilation to ensure better indoor air quality, which complies with 'Part F' of the current building regulations.

C22. Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building works? If so, how does the housing provider target and measure performance?

Responsible sourcing is embedded in our procurement process (see C48) and once again, the Response to Climate Change project will look to formalise metrics and guidance to encourage main contractors to work with us to meet our requirements.

Our repairs and maintenance materials provide the opportunity for us to have most impact in terms of responsible sourcing due to the long-term relationships we have with the same suppliers — Travis Perkins and CEF. From their reports and policies, we can be assured that 74.8% of materials they use are responsibly sourced.

We intend for all our development partners to meet specific responsible sourcing requirements. The requirements are tailored to each tender but as standard, we ask that all timber materials are supplied with a Chain of Custody Certificate confirming responsible sourcing with the Forest Stewardship Council (FSC) or a Programme for the Endorsement of Forest Certification (PEFC) accreditation. Non-timber materials have to be supplied with ISO14001 or BES6001 (responsible sourcing of construction products) certificates of accreditation.



Resource management



C23. Does the housing provider have a strategy for waste management incorporating building materials? If so, how does the housing provider target and measure performance?

Building materials: We currently build 12% of our new homes using Modern Methods of Construction (MMC). As part of our new strategic partnership with Homes England, we will be required to use MMC on 25% of our new builds. Due to its modular, factory-based production, MMC has significant advantages over on-site production in terms of waste monitoring and reporting. Our use of light steel and timber frames also produces significantly less waste than traditional methods.

Karbon's contract delivery managers are working more closely than ever with main contractors to manage waste as we're doing at our development in North Hylton, Sunderland. Due to the scale of demolition, 1,750 tonnes of rubble were created. Rather than divert the waste to landfill, we agreed a plan where it could be crushed, certified and reused as road base. No need for landfill and no additional need for imported stone.

Refurbishments: Using data supplied by our primary refurbishment contractors Ken Thomas, Remondis and Travis Perkins, we have an 88.42% recycle rate from the refurbishment of stock. Our in-house maintenance team supports these efforts diverting 95% of waste they have produced from landfill. We compost all green waste from our grounds maintenance work.

C24. Does the housing provider have a strategy for good water management? If so, how does the housing provider target and measure performance?

SHIFT's water usage calculator uses data held on water efficient fixtures within homes to estimate that water consumption across our stock is 151.65 litres per person per day. SHIFT recommends 130 litres per person by 2030. We also know that:

- **74% of our homes have low flow taps and showers**
- **80% have dual flush toilets**
- **28% have a water meter**
- **0.15% use a greywater harvesting system.**



Governance

The following section shows a continued effort to promote transparency, openness and rigour in our operations. It also highlights the ways in which we encourage a healthy and responsive workforce.

We celebrated a number of successes including receiving an award for 'Large Company of the Year' at the County Durham Together Awards in 2021 and achieving Gold status in the Better Health at Work scheme.

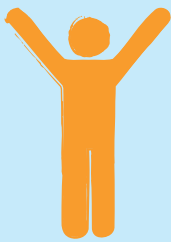
We also demonstrated our sound corporate governance and good management in a number of other ways:

- **The retention of our top regulatory rating (G1/V1)**
- **Continued improvement of our risk and assurance framework, including the adaptation of our audit policy to undertake more external challenge where we think this is valuable**

S&P confirmed our single A (stable) credit rating, recognising that Karbon continues to offer a quality social housing provision and has an experienced management team that will enable its performance to remain strong.

We believe that in a year where we expect rent rises and inflation to pose an unprecedented challenge to the sector, our experienced decision makers and our sensitive approach to managing our rents place us in a strong position to withstand the challenge. Our Strategy and Insight Team are also developing resources to enable us to better understand the impact of rent rises on specific customer groups, looking at a range of variabilities including house types, EPC ratings, earnings, welfare status and numerous others.

We have chosen the KPIs below to measure our governance, and they remain in good health despite the recent and ongoing global challenges:



Enablers



Colleague engagement:

Employee Net Promoter Score



Value for money:

Social housing cost per unit (£)



Financial capacity:

Operating margin

Structure and governance



C25. Is the housing provider registered with a regulator of social housing?

Yes

C26. What is the most recent viability and governance regulatory grading?

G1/V1 (judgement as of 29 June 2022).

C27. Which Code of Governance does the housing provider follow, if any?

The National Housing Federation Code of Governance 2020.

C28. Is the housing provider not-for-profit?

Yes.

C29. Explain how the housing provider's board manages organisational risks

We commissioned external consultants Campbell Tickell to carry out our three-yearly external governance review which informed our governance and risk action plan moving into 2021/2022. The review found that we had a strong risk management framework, closely linked to our governance structures.

Our Group Audit and Risk Committee (GARC) is an important part of this structure and a compulsory requirement of our bond financing. GARC oversees the risk management framework, scrutinises the risk register, manages our internal audit programme and reports assurances to Group Board. Its members have a range of skills which cover the varying elements of strategic risk and it's a requirement that:

- the majority of GARC members are independent
- at least one Audit Committee member has competence in accounting and/or auditing
- members have competence in the social housing sector.

GARC and our board receive detailed strategic risk reports on a quarterly basis, including risks that may be escalating or need a 'closer watch'. Niche specialists are vital in identifying and quantifying risk. We therefore use specialist committees including:

- **Group Customer Committee — which oversees landlord health and safety and consumer regulation risks**
- **Group Development Committee — which oversees risks associated with our development programme, decarbonisation and asset management**
- **Group Remuneration, Nomination and People Committee — which oversees our people and organisational development risks as well as employee health and safety**

These committees carry out deep dives into the nature of the risk before providing assurances to GARC and the board.

The group audit policy has been amended to enable us to commission very specific pieces of assurance work – for example, this year we requested an assurance from Savills on rent compliance, providing added guarantees to the board, the Regulator of Social Housing and investors.

Our centralised risk management system, known as STORM (strategic, tactical and operational risk management), helps us to manage the diversity of risk associated with our business. All individual teams have access to STORM in order to maintain their operational risk registers, while the Governance and Risk Team monitor and maintain the system. STORM enables us to consolidate data and risk scores from across all our risk registers in one place and improve our response, seeing which risks are escalating and which are stable.

C30. Has the housing provider been subject to any adverse regulatory findings in the last 12 months (e.g. data protection breaches, bribery, money laundering, HSE breaches or notices) — that resulted in enforcement or other equivalent action?

No.

Board and Trustees



C31. What are the demographics of the board? And how does this compare to the demographics of the housing provider's residents, and the area that they operate in?

The data found in this table is also shared in the National Housing Federation's equality, diversity and inclusion (EDI) data tool:

Gender	Board	Customers	Area served
Female	33.33%	56.75%	51.30%
Male	66.67%	43.25%	48.70%

Ethnicity	Board	Customers	Area served
White	91.67%	87.09%	97.51%
Mixed/multiple ethnic group: Total	-	0.57%	0.50%
Asian/Asian British: Total	8.33%	0.46%	1.51%
Black/African/Caribbean/ Black British: Total	-	0.48%	0.26%
Other ethnic group: Total	-	0.27%	0.22%
Prefer not to say ethnicity	-	0.85%	-
Unknown	-	10.27%	-

Ethnicity	Board	Customers	Area served
Current disability or work-limiting disability	0.00%	18.72%	26.9%
No disability/unknown	100%	81.28%	73.1%

C32. What % of the board AND management team have turned over in the last two years?

Of the 12 members of the board, we had six leavers in the last two years. Of the six, five had reached end of tenure.

Our Leadership Management Team (LMT) consists of:

- **1 Chief Executive**
- **4 Executive Directors**
- **3 Directors**
- **19 Assistant Directors, individually responsible for a service area.**

Just one of the Executive Directors left over the last two years and was replaced via an internal promotion giving a total management turnover of 3.7%.

In addition, 5 of the 27 mentioned have been added to the Leadership Management Team (two via internal promotions and three following the merger with Byker Community Trust)

C33. Is there a maximum tenure for a board member? If so, what is it?

In line with the NHF 2020 Code of Governance, maximum tenure is normally six years (comprising two three-year terms). Where a board member has served six years, and the board agrees that it is in Karbon's best interests, their tenure may be extended in one-year terms up to a maximum of nine years.

C34. What % of the board are non-executive directors?

91.7%. There are 12 members of the Karbon Homes Board, 11 are non-executive directors.

C35. Number of board members on the Audit Committee with recent and relevant financial experience

Five out of the current six board members on the Group Audit and Risk Committee have recent and relevant financial experience.

C36. Are there any current executives on the Remuneration Committee?

No

C37. Has a succession plan been provided to the board in the last 12 months?

Yes. The Remuneration, Nomination and People Committee's workplan covers ongoing board succession planning. Earlier this year, the board also considered arrangements for senior management succession planning.

C38. For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?

Beever and Struthers has been our external audit firm/partner for eight years, although the specific Audit Partner changed in 2022.

C39. When was the last independently run, board effectiveness review?

The last board effectiveness review was carried out by Campbell Tickell in December 2020.

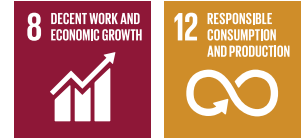
C40. Are the roles of the Chair of the board and CEO held by two different people?

Yes. Sir David Bell is the Chairman and Paul Fiddaman is the CEO.

C41. How does the housing provider handle conflicts of interest at the board?

Board members complete an annual declaration of interests and inform us of any changes during the year in line with our Code of Conduct. At board and committee meetings, members raise any potential conflicts of interest for the business being discussed. The member may then be asked not to contribute to the decision or to leave while the business is discussed.

Staff well-being



C42. Does the housing provider pay the Real Living Wage?

No colleague is paid less than the Real Living Wage. Salaries are independently benchmarked every three years using the market rates of 15 comparable (mostly local) roles from which we pay the median rate. We also have an annual pay review process with any increases taking place on 1 April each year.

C43. What is the gender pay gap?

We have been reporting on the gender pay gap since 2017, continuing to report through the pandemic when the requirement was suspended. Our most recent figures are below, showing clear progress against the median gender pay gap:

Year	Mean	Median
2019	0.06%	0.00%
2020	3.30%	2.50%
2021	2.98%	3.70%
2022	4.49%	0.97%

C44. What is the CEO-worker pay ratio?

This year we have calculated our ratio using 'Option B' of the BEIS guidance and will standardise this method in coming years so that we can provide comparative figures. Option B allows companies to identify the employees at 25th, 50th and 75th percentiles using their latest gender pay gap information which retains consistency with our gender pay gap answer:

Year	Option	25th percentile pay ratio	50th median percentile pay ratio	75th percentile pay ratio
2021/22	B	7.52:1	5.75:1	5.26:1

C45. How does the housing provider support the physical and mental health of their staff?

Wellbeing is hard to capture in one metric but in the context of the workplace, we choose to use the Employer Net Promoter Score (ENPS) as our main indicator:

Year	ENPS
2020/21	+29
2021/22	+27



Key Karbon benefits	
Flexible pot	A pot of money helping colleagues to invest in their physical, mental and financial well-being,
BHSF cash health plan	Bronze level membership of the health plan, subsidised by Karbon with various options to upgrade and add family members up to £18.99 (platinum level).
Salary exchange	Salary exchange (often called 'salary sacrifice') is offered on all pension schemes. The arrangement is designed to make pension contributions more efficient by reducing the amount of National Insurance payable.
Time away from work	26 days annual leave on commencement rising to 31 days after three years' service, accompanied by birthday leave, moving home day, volunteering day, a career break option, and a buy and sell annual leave scheme.
Cycle to work mileage scheme	Colleagues can claim 20p a mile for miles cycled to work.

Our "Approach to well-being" is part of a corporate plan which is aligned to recommendations from the Health and Safety Executive and the NHS.

Working from home is perhaps the headline workplace wellbeing challenge of recent years. At Karbon, home-worker training was quickly rolled out on our Learning Management System. Our reward and recognition programme is under review to see how we could improve the package during a new era of working practice.

Having recently achieved the Gold standard in the Better Health at Work scheme, we are now embarking on the next phase known as 'continuing excellence'. This includes mentoring smaller organisations on how to become a more thoughtful employer.

As part of the scheme, we showcased five campaigns that we ran across the year:

Campaign	Highlights and features
Financial wellbeing	<ul style="list-style-type: none"> Direct savings from payroll to a credit union. As well as good savings rates, these small ethical investments are reinvested in ethical loans and community well-being.
Men's and women's health	Content featuring: <ul style="list-style-type: none"> Haynes Manual of men's health Miss Menopause Breast cancer awareness Cervical screening
Physical health	<ul style="list-style-type: none"> The Olympic challenge tracked active miles colleagues had walked to see if our collective steps could get to Tokyo (we got to Mongolia). Mini-health checks for all staff, (147 of which were taken up). Participation in the Race for Life.
Mental health	<ul style="list-style-type: none"> Promotion of the Headspace app (297 subscriptions last year, 311 this year) Campaigns on key dates: World Mental Health Day, Mental Health Awareness Week, Time to Talk Day We are working to deliver mental health first aider training
Drugs and alcohol awareness	<ul style="list-style-type: none"> Policy and training launched for all colleagues, including help on coming forward and services available.

C46. Average number of sick days taken per employee

For the last financial year, days lost per employee (excluding long-term absence) was 6.54 days. Days lost including long-term absence was 11.26 days.



Case study:

Menopause matters – how we're supporting colleagues

Statistics surrounding menopause in the workplace are startling. For example, women over 50 are the fastest growing segment of the workforce¹, and 14 million work days are lost each year in the UK due to the menopause². Despite these numbers, the menopause is still considered a taboo topic of conversation, particularly at work, and we wanted to change that.

In September 2021, we began actively talking about the menopause at Karbon. We did this through sharing articles on our intranet, marking World Menopause Day and sharing a digital menopause toolkit.

To encourage colleague engagement, we also enlisted the help of Sharon McArthur or "Miss Menopause", who held virtual sessions for us. We held a session for colleagues

and a separate one for line managers, to help them support anyone in their team who may be affected.

Both sessions were well received, and feedback indicated that colleagues liked Sharon's 'no-nonsense' approach to what can be a difficult topic. Of colleagues who attended, 99% said they would recommend the session to another colleague.

Colleagues also asked for a way to keep the menopause conversation going. We responded by setting up a 'Menopause Matters' communication channel on Teams, so colleagues could chat with each other, be part of a support network, and share ideas and resources.

As part of our ongoing work on this topic, we're now looking at introducing a menopause policy, and making sanitary items available in all women's and accessible toilets to support the national period dignity campaign.

¹CIPD (2019) ²HR News (2019)

C47. How is social value creation considered when procuring goods and services?

We commit to obtaining a minimum 1% social value contribution on contracts over £1m, and the mandatory use of apprenticeships to deliver contracts worth over £5m. Every social value response we receive in bids is scored at a minimum 5% weighting with a minimum expectation to deliver at least 1% of the contract value.

Our Unlocking Social Value (USV) Framework underpins our social value effort, chosen for its adaptability as well as its ability to address the needs of different geographies and commissioners. The USV calculator is made up of a selection of interchangeable TOMs (themes, outcomes and measures) which belong to a nationally recognised social value framework. All the TOMs social value measures have recognised '£' values based on standardised social value calculations, resulting in a fully accountable framework.

Karbon's USV calculator can be adapted to any area's unique needs — we currently focus on 11 of the 48 measures available, due to their fit with our strategy.

We ask every supplier tendering to Karbon to complete the USV calculator which is accompanied by a Social Value Method Statement. As well as representing a formal contract commitment, the Method Statement gives the opportunity for the bidder to say exactly how their USV offering will be applied.

Karbon's Foundations for Life and Community Investment Teams ensure that all the social value promises are turned into action. Our Foundations for Life (FFL) Team manages the administration and delivery of any placements, traineeships, qualifications and apprenticeships created through social value or external funding, bringing significant added value. The Community Investment Team monitors all social value contracts and their delivery.

C48. How is environmental impact considered when procuring goods and services?

We continue to improve and fine tune our Supplier Management System, which ensures compliant tendering. For example, in the coming year, it will be able to provide supplier training when certain policies are uploaded helping small companies to be compliant and informed.

The system can adapt to the specific risks of each contract using an Environmental Impact Assessment which is unique to every major project.

During the tendering process, we ask suppliers to provide their Environmental Policy, and answer a dedicated environmental question:

“Demonstrate your organisation’s approach to environmental sustainability. Include measures taken by your organisation to achieve environmental sustainability, and compliance with relevant regulations, legislation and standards.”

We adapt the weighting of this question depending on the tender, using higher weightings for environmentally associated work.

We aim to maintain an inventory of the least environmentally impactful housing components, captured in our House Design Specification (HDS), which will establish a formal catalogue of the most efficient components and house types. The HDS is supported by an integrated system of data analytics incorporating each of our asset, finance, and repairs and maintenance systems which work together to track the lifecycle costs and performance of all housing components. As well as cost and longevity, all components are assessed in terms of:

- **origination from sustainable resources**
- **ozone depletion characteristics**
- **energy efficiency.**

We also recognise the opportunity to deliver environmental impact as a means of social value and have recently adopted the TOMs social value framework, which gives suppliers the option to commit: “time, funds and in-kind contributions for environmental conservation and sustainable ecosystem management.”



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