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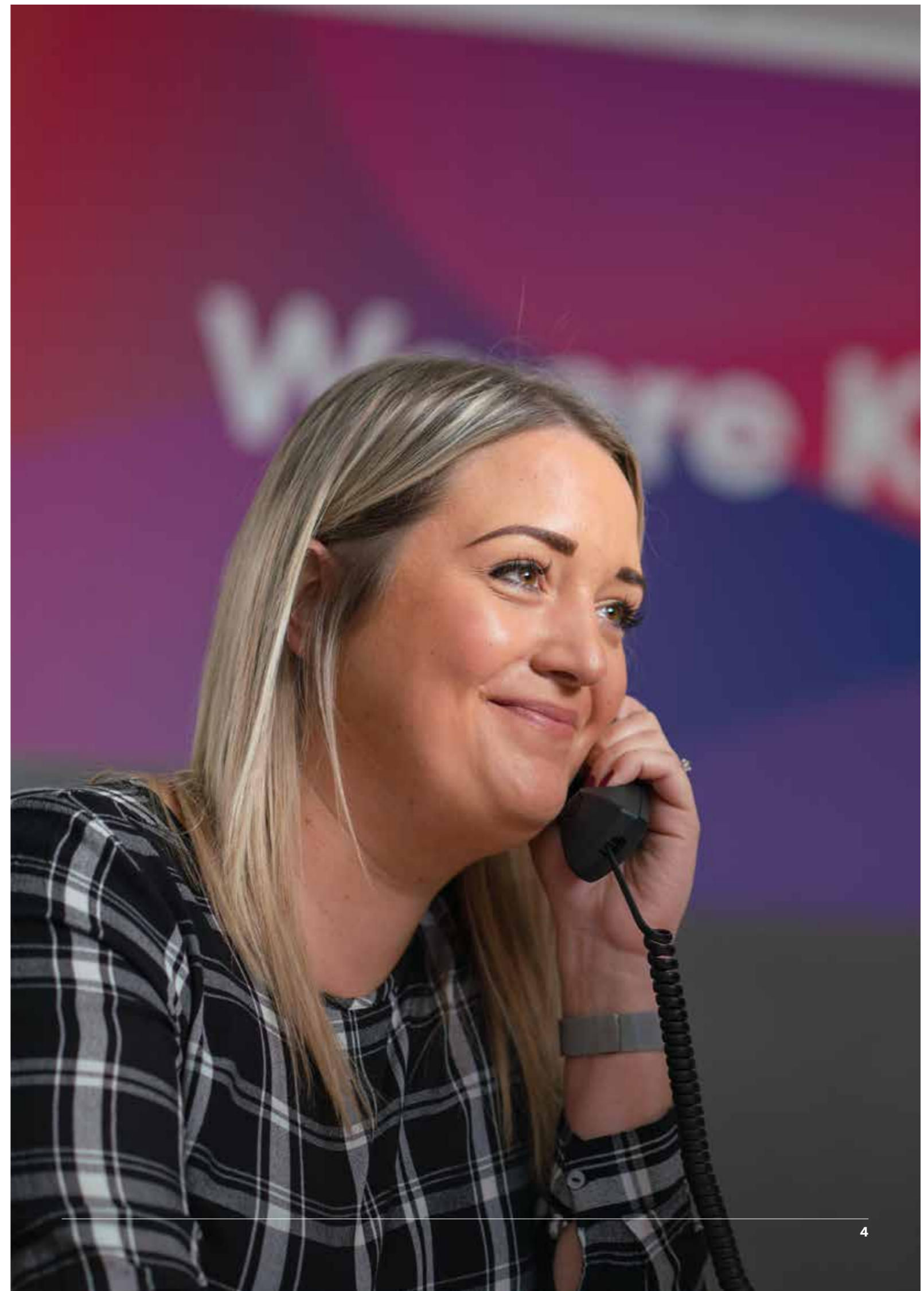
Karbon Homes is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014.
Registration No.7529

ESG Report 2020/2021



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Foreword

Welcome to our first Environmental, Social and Governance (ESG) Report. We're proud to be one of the 'early adopters' reporting against the Sustainability Reporting Standard for Social Housing. I hope you find our first report interesting and informative.

Our Stronger Foundations Strategy continues to focus on providing as many good quality homes as we can, delivering excellent customer service and shaping strong sustainable places for our communities. To help achieve this, we are embedding sound environmental, social and governance practices in everything we do. Our work has a direct impact against a number of the UN Sustainable Development Goals, as shown on the facing page, with 'sustainable cities and communities' at the heart.

As an employer of over 900 colleagues and a landlord of almost 30,000 homes, we have a unique opportunity to contribute to these goals and make positive improvements for communities as well as the planet we live on.

We're operating in an ever-changing, and often challenging setting, including the ongoing Covid-19 pandemic, and the requirement for our homes to be carbon net zero by 2050. We embrace these opportunities, and we remain committed to maintaining our reputation for sound and sustainable financial management, retaining the confidence of our customers, investors and regulators.

From a global to a more local level, I'm delighted that we have taken a lead in addressing some of these societal and environmental challenges head on. We're part of the Northern Housing Consortium's Social Housing Tenants' Climate Jury, a first of its kind group, which considers how residents and social landlords can work together to tackle climate change in homes and neighbourhoods. The group is making recommendations to the social housing sector on how residents would like to see landlords approach the net zero challenge.

We've also made a pledge to The North East of England Climate Coalition (NEECCo), England's first regional cross-sector climate coalition, to help achieve their ambition of becoming England's greenest region, by bringing our existing homes to EPC 'C' by 2030. I'm proud to be leading the NEECCo's workstream in this area.

This report shows our journey towards ensuring sound environmental, social and governance practices across our work and I welcome the opportunity to share that journey with you.

Paul Fiddaman,
Group Chief Executive



How social housing contributes to the Sustainable Development Goals



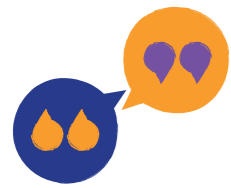
Social

The following section seeks to demonstrate how, as a housing association, we will use our influence and operations to regenerate areas, build meaningful relationships with customers and where possible, make a positive and measurable social impact.

Our customer relationship has many levels. Satisfaction surveys tell us what customers think of our core service provision but, more than that, how they view us as a trusted provider. As a social landlord we inevitably have a significant financial stake in our customers' lives.

Our Housing and Money Matters Teams deal with the fallout of financial crises and our interventions in this area have a very real impact on life chances.

Following significant investment, our processes for gathering customer feedback have been developed to reflect the depth of this customer relationship, which 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

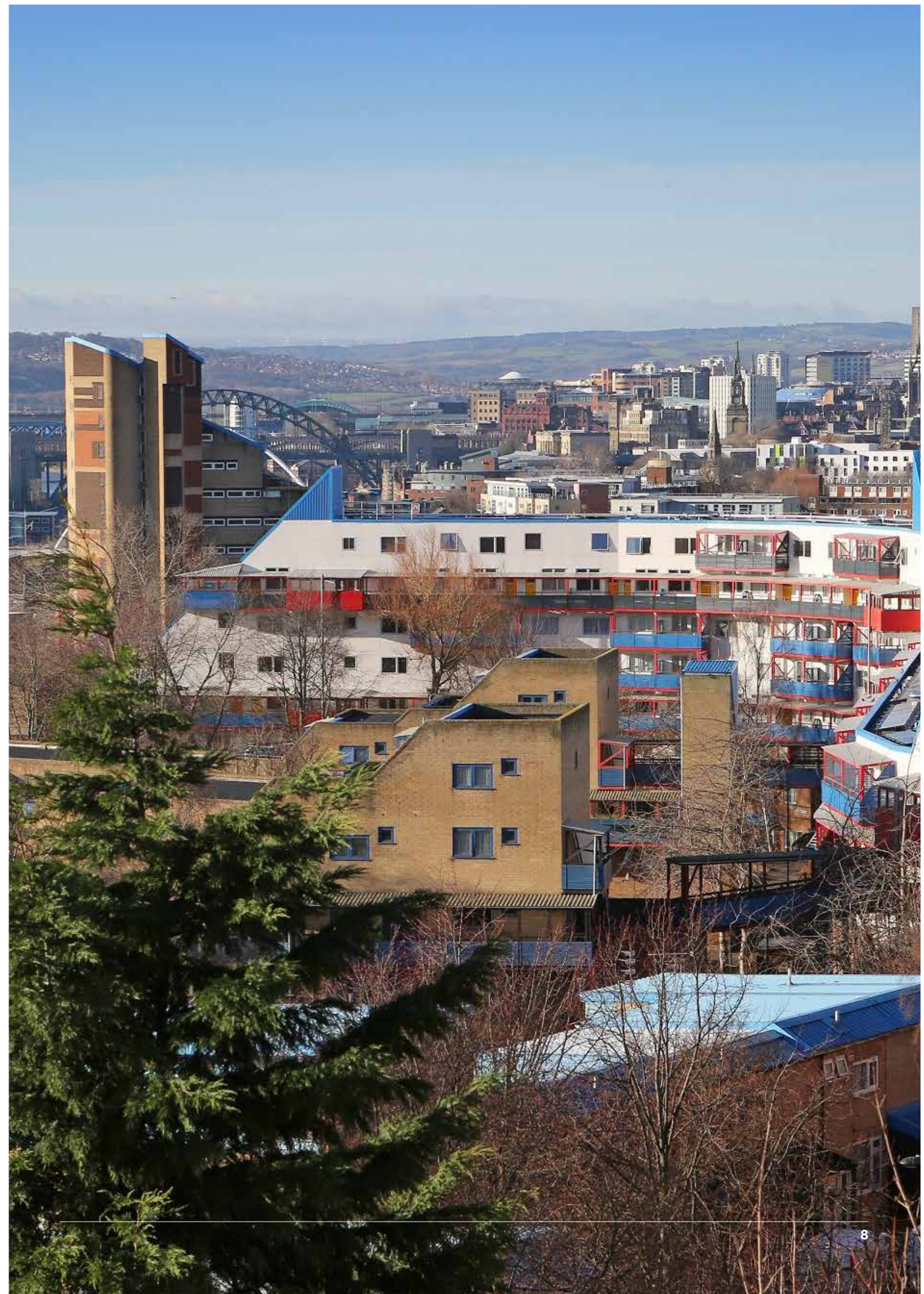


Regularly measure our performance

We continue to develop a clearer idea of how we embrace social responsibility as a whole organisation from our community work to housing management and development. Our decisive direction of travel was one of the reasons we were chosen as a Homes England Strategic Partner as our Development Team continues to help local authorities and developers to balance their commercial and social obligations on new land opportunities.

We do this as an active partner at the planning table, bringing to the debate a selection of tenures and house types along with the creative use of cross-subsidy. In other words, we facilitate a stronger social element in the planning process by bridging public and private. This makes us a useful partner to local councils, but also to private finance.

Since our creation in 2017, we have set out to be a landlord with a "sound business head and a strong social heart, to make us successful, sustainable and values-driven." We hope this comes through in this section of the report.



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 74.3% of market rate (25.7% less) across our varied geography. This can fluctuate depending on the local authority area, with some of our properties in York and Newcastle city centres offering discounts of more than 40% compared to the market rent.

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	40	115.08	172.60	33.3%	206.54	44.3%
Darlington Borough Council	13	87.97	101.70	13.5%	99.92	12.0%
Durham County Council	10,177	74.11	91.91	19.4%	98.08	24.4%
Gateshead Council	546	80.79	110.38	26.8%	115.38	30.0%
Hartlepool Borough Council	316	86.17	102.54	16.0%	109.62	21.4%
Leeds City Council	2	82.25	136.93	39.9%	164.54	50.0%
Middlesbrough Council	135	94.75	105.81	10.4%	114.23	17.1%
Newcastle City Council	1,249	80.31	108.82	26.2%	150.00	46.5%
North Tyneside Council	1,119	83.75	108.78	23.0%	121.15	30.9%
Northumberland County Council	5,520	77.24	103.62	25.5%	103.85	25.6%
Redcar and Cleveland Borough Council	117	83.27	102.48	18.7%	109.62	24.0%
South Tyneside Council	870	82.75	113.34	27.0%	103.85	20.3%
Stockton on Tees Borough Council	196	97.13	115.97	16.2%	137.31	29.3%
Sunderland City Council	106	78.05	94.20	17.1%	98.08	20.4%
Wakefield Metropolitan District Council	8	107.99	112.20	3.8%	126.92	14.9%
Total	20,414	77.13	99.18	22.2%	103.85	25.7%

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).

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

- General needs (social rent)
- Intermediate rent
- Affordable rent
- Supported housing
- Housing for older people
- Low-cost home ownership
- Care homes
- Private rented sector

Older people⁴: Accommodation specially designated for older people.

Low-cost home ownership⁵: Includes shared ownership and shared equity homes.

Supported housing⁶: Accommodation enabling residents to live or adjust to living independently despite specific needs.

Care home⁷: Provides accommodation, meals and assistance with personal care but does not always employ nurses or medical staff.

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

Affordable rent¹: Homes made available for rent at up to 80% of market rate.

Social rent²: Social housing available for rent at or close to target rents on the basis of the Rent Influencing Regime Guidance.

Intermediate rent³: Homes made available for reduced rent as an opportunity for the customer to save towards a deposit eg rent-to-buy.

The following figures represent stock balance to 31 March 2021 ie "homes completed before the last financial year":

Existing homes by tenure (nos) as of 31 March 2021

Tenure	Owned and managed by Karbon	Owned by Karbon but managed by others	Managed by Karbon for others	Total
Affordable rent/general needs ¹	2,017	104	1	2,122
Affordable rent/older people ¹	286	-	-	286
Affordable rent/supported ¹	35	1	-	36
Social rent ²	20,363	51	4	20,418
Intermediate rent ³	529	53	4	586
Housing for older people ⁴	741	-	-	741
Low-cost home ownership ⁵	554	13	-	567
Supported housing ⁶	347	141	-	488
Care home ⁷	-	14	-	14
Total social	24,872	377	9	25,258
Social leasehold	753	-	-	753
Non-social leasehold	-	-	-	-
Non-social rent housing	203	4	9	216
Total non-social	956	4	9	969
Total	25,828	381	18	26,227

Existing homes by tenure (%) as of 31 March 2021

Tenure	Owned and managed by Karbon	Owned by Karbon but managed by others	Managed by Karbon for others	Total
Affordable rent/general needs ¹	7.7%	0.4%	0.0%	8.1%
Affordable rent/older people ¹	1.1%	-	-	1.1%
Affordable rent/supported ¹	0.1%	0.0%	-	0.1%
Social rent ²	77.6%	0.2%	0.1%	77.9%
Intermediate rent ³	2.0%	0.2%	0.0%	2.2%
Housing for older people ⁴	2.8%	-	-	2.8%
Low-cost home ownership ⁵	2.1%	0.0%	-	2.2%
Supported housing ⁶	1.3%	0.5%	-	1.9%
Care home ⁷	-	0.1%	-	0.1%
Total social	94.7%	1.4%	0.1%	96.3%
Social leasehold	2.9%	-	-	2.9%
Non-social leasehold	-	-	-	-
Non-social rental housing	0.8%	0.0%	0.0%	0.8%
Total non-social	3.7%	0.0%	0.0%	3.7%
Global total	98.4%	1.5%	0.1%	100.0%



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

- General needs (social rent)
- Intermediate rent
- Affordable rent
- Supported housing
- Housing for older people
- Low-cost home ownership
- Care homes
- Private rented sector

Our focus since 2017 has been to scale up our delivery of new homes to more than 500 each year. Despite shutdowns in construction during the Covid-19 pandemic, we still delivered 452 new homes in 2020/21, investing £62m in their development. A total of 440 of these were social homes.



New homes by tenure in 2020/2021 (#)

1. Owned and managed by Karbon	New Build	Conversion	Purchased	Transfer	Other	Total	Existing stock balance	Gains as % of stock balance category	Gains as % of stock balance total
Affordable rent/general needs ¹	154	-	-	-	-	154	2,017	7.6%	0.6%
Affordable rent/older people ¹	-	-	-	-	-	-	286	-	-
Affordable rent/supported ¹	-	-	-	-	-	-	35	-	-
Social rent ²	12	-	-	-	1	13	20,363	0.1%	0.0%
Intermediate rent ³	65	-	12	-	-	77	529	14.6%	0.3%
Housing for older people ⁴	-	-	-	-	-	-	741	-	-
Low-cost home ownership ⁵	47	-	-	-	-	47	554	8.5%	0.2%
Supported housing ⁶	-	2	-	-	1	3	347	0.9%	0.0%
Care home ⁷	-	-	-	-	-	-	-	-	-
Total social	278	2	12	-	2	294	24,872	1.2%	1.1%
Social leasehold	-	-	-	-	-	-	753	-	-
Non-social leasehold	-	-	-	-	-	-	-	-	-
Non-social rental housing	-	-	-	176	-	176	203	86.7%	0.7%
Total non-social	-	-	-	176	-	176	956	18.4%	0.7%
Total owned and managed by Karbon	278	2	12	176	2	470	25,828	1.8%	1.8%

2. Owned by Karbon but managed by others	New build	Conversion	Purchased	Transfer	Other	Total	Existing stock balance	Gains as % of stock balance category	Gains as % of stock balance total
Affordable rent/general needs ¹	86	-	-	-	-	86	104	82.7%	0.3%
Affordable rent/older people ¹	-	-	-	-	-	-	-	-	-
Affordable rent/supported ¹	-	-	-	-	-	-	1	-	-
Social rent ²	29	-	-	-	-	29	51	56.9%	0.1%
Intermediate rent ³	9	-	-	-	-	9	53	17.0%	0.0%
Housing for older people ⁴	-	-	-	-	-	-	-	-	-
Low-cost home ownership ⁵	10	-	-	-	-	10	13	76.9%	0.0%
Supported housing ⁶	-	-	-	-	-	-	141	-	-
Care home ⁷	-	-	-	-	-	-	14	-	-
Total social	134	-	-	-	-	134	377	35.5%	0.5%
Social leasehold	-	-	-	-	-	-	-	-	-
Non-social leasehold	-	-	-	-	-	-	-	-	-
Non-social rental housing	-	-	-	-	-	-	4	-	-
Total non-social	-	-	-	-	-	-	4	-	-
Total owned by Karbon but managed by others	134	-	-	-	-	134	381	35.2%	0.5%

3. Managed by Karbon for others	New build	Conversion	Purchased	Transfer	Other	Total	Existing stock balance	Gains as % of stock balance category	Gains as % of stock balance total
Affordable rent/general needs ¹	-	-	-	-	-	-	1	-	-
Affordable rent/older people ¹	-	-	-	-	-	-	-	-	-
Affordable rent/supported ¹	-	-	-	-	-	-	-	-	-
Social rent ²	-	-	-	-	-	-	4	-	-
Intermediate rent ³	-	-	-	-	-	-	4	-	-
Housing for older people ⁴	-	-	-	-	-	-	-	-	-
Low-cost home ownership ⁵	-	-	-	-	-	-	-	-	-
Supported housing ⁶	-	-	-	-	-	-	-	-	-
Care home ⁷	-	-	-	-	-	-	-	-	-
Total Social	-	-	-	-	-	-	9	-	-
Social leasehold	-	-	-	-	-	-	-	-	-
Non-leasehold	-	-	-	-	-	-	-	-	-
Non-social rental housing	-	-	-	-	-	-	9	-	-
Total non-social	-	-	-	-	-	-	9	-	-
Total managed by Karbon for others	-	-	-	-	-	-	18	-	-
Global total	412	2	12	176	2	604	26,227	2.3%	2.3%



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

“Fuel poverty depends on the interaction of three key drivers... energy efficiency, energy prices and income.” (BEIS)

Energy efficiency: Matching the Government’s statutory fuel-poverty target, our 2021/22 Business Plan allows for up to £20million of planned maintenance to bring all stock to EPC-C by 2030. Our Response to Climate Change Strategy supports this initiative, targeting an average SAP of 75.70 by 2030, (current average, 70.36). As well as our own investment, we’ve secured funding through the Energy Company Obligation and Fuel Poor Network Extension schemes to enable us to insulate more than 700 homes and replace 250 poor quality electrical heating systems with access to the gas network, (see C17 for more on efficiency).

Energy prices: Our Money Matters Team granted more than £3,000 worth of gas and electricity vouchers to customers in fuel crisis in 2020/2021 and helped customers access energy supplier grants available to enable them to write off energy debts. Since January 2020, the Money Matters Team has supported 85 customers with fuel poverty issues and we will be employing a dedicated colleague to support customers with fuel poverty in 2022.

Income: According to National Energy Action, “a household will be in water poverty if it spends more than 3% of the household disposable income on their water and sewerage bill”, a cost-calculation felt by many of our customers. In response, we have forged a partnership with Northumbrian Water to reduce water bills for those most in need, saving customers £94,508 (July 2020/July 2021). 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 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.

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.

Building safety and quality



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

At 31 March 2021, 99.85% of our homes had an in-date, accredited gas safety check. That leaves 0.15% or 33 certificates overdue. Of these, 18 had future appointments, six are progressing through the no access process and nine have become subject to legal action. We follow a ‘no access’ procedure which prescribes exact times for texts, letters and, as a last resort, injunctions.

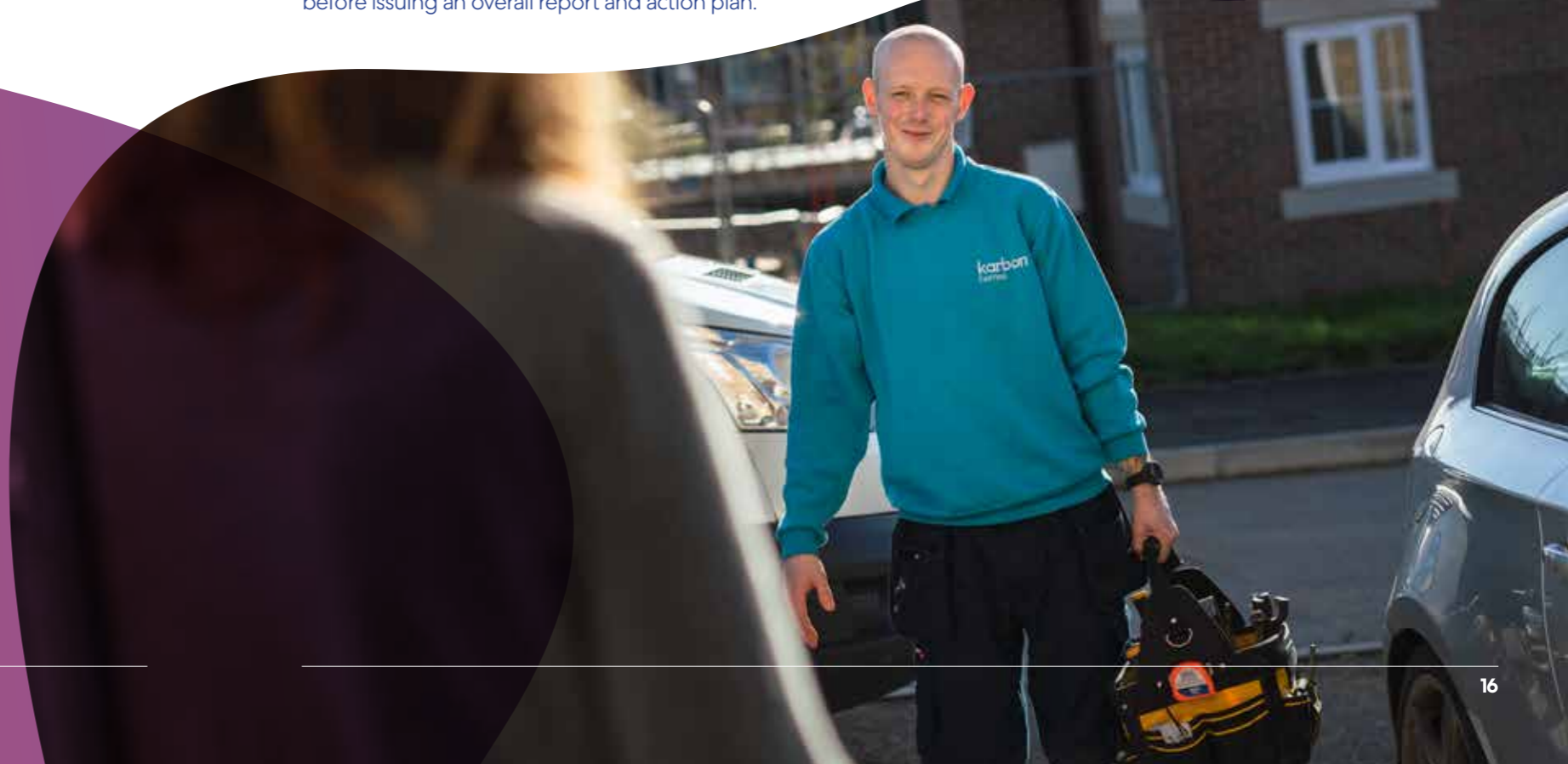
C7. What % of buildings have an in-date and compliant Fire Risk Assessment?

At 31 March 2021, 100% of our buildings had an in-date and compliant Fire Risk Assessment (FRA).

We determine the frequency of our inspection cycles for properties based on a number of factors including the type of scheme and tenure, and any distinguishing features which increase risk. For properties that don’t have annual FRAs, a qualified fire risk assessor carries out a FRA Review on site, which involves reviewing the FRA and ensuring 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?

At 31 March 2021, 100% of our homes meet the Decent Homes Standard.



Resident voice



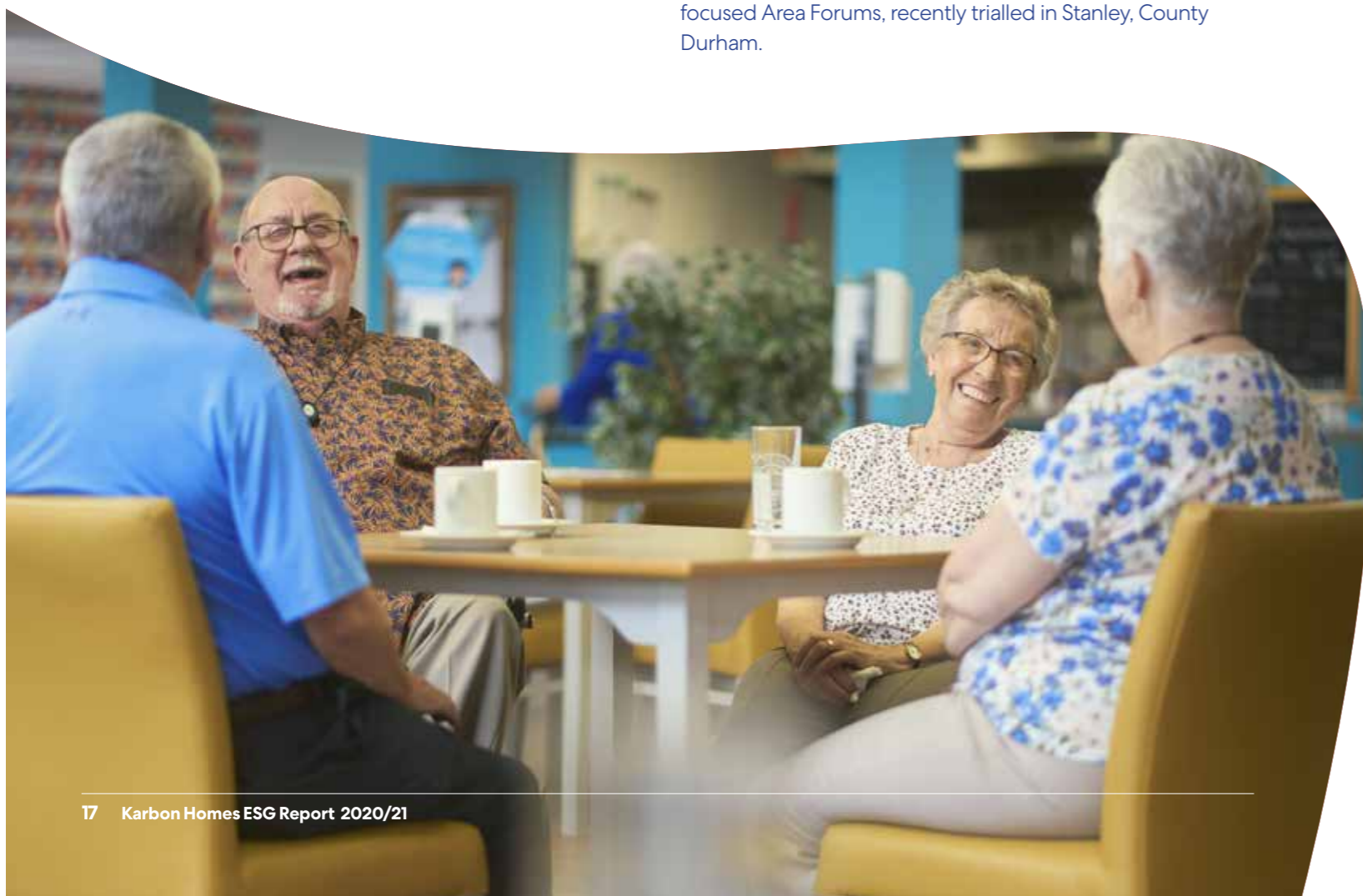
C9. What arrangements are in place to enable the residents to hold management to account for provision of services?

Our Residents' Strategic Group (RSG) is the primary forum for our residents to hold management to account. The group meets monthly and currently consists of six members serving two-year terms, with extensions considered after that.

The Group receives quarterly performance reports in a user-friendly dashboard format and forms part of our performance review process. Performance review meetings are chaired by a nominated resident, alongside an Executive Director, and our Assistant Director of Community Engagement.

The RSG has received external training from scrutiny specialists, YD Consultants, to help them develop the skills they need to deliver scrutiny reviews. They recently undertook their first focused scrutiny review on a single aspect of the service - a deep-dive analysis of our repairs and call handling service. Next year, we're planning to introduce a Scrutiny Bank, which will involve residents who have distinct specialisations in scrutinising relevant services. Other involved resident groups include the Customer Readers' Panel, Service Charge and Leasehold Scrutiny Groups. More flexible methods of involvement are also encouraged such as our Connect with Karbon Facebook Group, giving us a combined total of around 70 involved residents at any one time.

The RSG and other involved residents recently took part in a series of workshops to help us refresh our strategy. Residents told us they wanted us to deliver a higher degree of personalisation in our services which aligns with our desire to be an organisation that is locally responsive, flexing to the needs of different communities. We have therefore recently revised our involvement framework to include locally focused Area Forums, recently trialled in Stanley, County Durham.



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

We routinely collect the following customer feedback:

- **Transactional surveys** capture the day-to-day customer experience with regards to responsive repairs, out-of hours, new tenants, gas servicing, electrical testing, planned maintenance, aids and adaptations and new build homes. Four extra surveys are in development and will focus on anti-social behaviour management, call handling, complaint management and end-of-tenancy.
- **Targeted surveys** gather customer opinions on services in general. We have two live targeted surveys - grounds maintenance and communal cleaning.
- **Experiential surveys** known as Pulse and Survey of Tenants and Residents (STAR) gather responses from around 200 customers each month. The Pulse survey tracks our Net Promoter Score (NPS), while the STAR survey enables 'in-sector' benchmarking through Housemark.

The results from our surveys are fed into a management information dashboard which is reviewed by our leadership team to identify trends or areas of concern whilst showing where our current performance compares to our peers via Housemark.

Due to their immediate relationship to operational excellence, the Customer Experience Team focuses on the following set of leading KPIs:

Metric	Target	2020/21
Right first time	88%	84.1%
Quality of home	93%	92.6%
Trust	8.5 (score out of 10)	8.69
Customer effort	3.2 (lower is better, score out of 10)	3.24

The KPIs above support and influence the following organisational metrics. Introducing NPS provided an overarching metric which is common to the commercial sector:

Metric	Target	2020/21
Neighbourhood satisfaction	TBA	90.9%
Net Promoter Score (NPS)	+52	+55.6

All of which contribute to overall satisfaction:

Year	Customer satisfaction
19/20	89.2%
20/21	90.7%
21/22	88.0% (YTD)

As the next stage of our journey, we are working towards an Institute of Customer Service Accreditation, requiring our service to consider an even wider range of subtle performance indicators such as 'emotional connection', 'ethics' and 'customer ethos'.

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?

No complaints have been upheld by the Ombudsman in the last 12 months.

We have a robust complaints process that enables us to continuously improve our services and working processes in response to customer feedback. We report on complaints weekly and quarterly, and employ a dedicated Customer Feedback Specialist who works across all departments (in line with best practice advocated in the Ombudsman's latest Complaint Handling Code). Our Feedback Specialist uses complaints and feedback to proactively raise learning opportunities, enabling us to introduce changes and improvements, whether they are changes in practice, new measures or additional training.

As part of our ethos of listening and responding meaningfully, we hold quarterly Customer Experience Action Meetings (CEAM) involving service leads from across Karbon - from Development, Customer Service etc. - which allow us to:

- Understand and interpret customer feedback as an organisation
- Agree opportunities to improve service delivery based on feedback
- Create an action plan.

Seeking more than just resolution of disputes, we are due to implement satisfaction measures around our complaints process.

Resident support



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

Our core business is to provide affordable homes, but the nature of our customer relationship often prompts and even compels us towards much broader social purpose which includes socio-economic advancement and employment generation. Teams across Karbon help customers in the following areas:

Mental and physical health

In 2020/21, our Supported Housing Team provided services for 236 vulnerable customers, many of whom have mental health, mobility or learning disabilities. We were able to support 44 of those customers to move from supported to independent living.

Our Community Investment Team helps customers to build networks of social support through our Community Connectors and Community Grants Programme which distributes money to local charities and community groups. We gave out £287,843 in grants in 2020/21 - £152,117 of that was delivered through our Covid Response Fund to groups and projects supporting people through the Covid-19 pandemic.

Silver Talk

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 service users to local community services. The service is delivered by 100 volunteers to more than 300 customers.



Income and money management

In 2020/2021, 2,015 Karbon customers began claiming Universal Credit (UC), up 37% from the previous year. We also saw 5,618 customers seeking advice and support from our Money Matters Team. The team helped generate income gains totalling £5.4m for our customers through increased benefits, or a decrease in the amount of debt they owed.

This includes:

£2.26m

related to Universal Credit and housing costs

£2.7m

related to disability, health and older people's benefits

154

customers supported through the Social Security Appeals process with a success rate of 86% (10-20% higher than the published Ministry of Justice figures).

The team also helped

107

customers who were in financial crisis, awarding over £4,000 through emergency funds.

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 three employability and digital inclusion projects, funded through European Structural Funds. The projects are open to Karbon and non-Karbon customers, and act as referral routes when our frontline teams identify customers in need of training or employment advice. Last year, the team supported 257 customers, moving 153 into work, education or training (59.53%).



Craig learns new skills and lands a job

We helped Craig from Stanley, County Durham, to find a new job through our Foundations for Life service, which provides employability support and digital skills training.

Craig was made redundant in November 2020 and needed a range of support to help him get ready to apply for new jobs. We helped him complete a literacy and numeracy programme, and learn basic IT skills including how to set up and use email for job applications.

He also went on a Health and Safety course with an external provider and attended one of our 'Money Works' sessions to learn how to budget and save money so he could make the best of his income.

During lockdown, Craig was unable to contact us or continue looking for a job as he had no ICT equipment or smart phone at home. So we set up a scheme to provide IT equipment to customers like Craig most in need of support during lockdown, and provided him with a tablet to continue with his job search. As a result, he was able to take part in a video job interview with Amazon, getting a job at their new warehouse in Durham.

Craig said:

“I’m extremely grateful for the support Karbon and the Foundations for Life Team have given me. Thanks to them I was able to get this fantastic new job and I’m really enjoying the role and learning new skills.”

Placemaking



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

Cleadow Park regeneration

The £132m regeneration of Cleadow Park in South Tyneside, demonstrates our commitment to tackle the root structural causes of a place struggling to stay relevant. In this case, dilapidated stock and empty homes required a new Local Masterplan. We worked with the council and a private developer to demolish 538 units and re-build 741 new homes, including 200 Karbon homes. The local community was at the heart of decision-making, as the estate shifted from tired homes to vibrant mixed tenures where social rent and private homes were indistinguishable.

Crime fell dramatically, the local school moved from 'Poor' to 'Outstanding', and we won an HCA Gold Award reflecting 'test of time' success. Unlike private developers, we embrace a long-term stake in areas where we provide homes. A principle supported by our introduction of a Neighbourhood Satisfaction KPI – the kind of localised metric which allows us to measure customer perception of 'place' and reinforces our role as an accountable long-term stakeholder.

Placeshaping in Stanley

Stanley in County Durham is an example of a town where we are part of the infrastructure. Our presence beyond the direct provision of housing was announced with a formerly derelict town-centre amenity called 'The Store'. We acquired the shop from the council, turning the first floor into flats and the ground-floor into a provider of affordable furniture. More recently, we repurposed the Store into the Skills Hub, providing a home for Silver Talk, NE First Credit Union, and our Foundations for Life education and training coaches.

As the local network develops, the Hub has become a regular host for the Job Centre and the National Careers Service among others. This diverse partner network allows us to operate a 'no wrong door' policy, where we will signpost the customer to another service if we can't meet their needs ourselves.

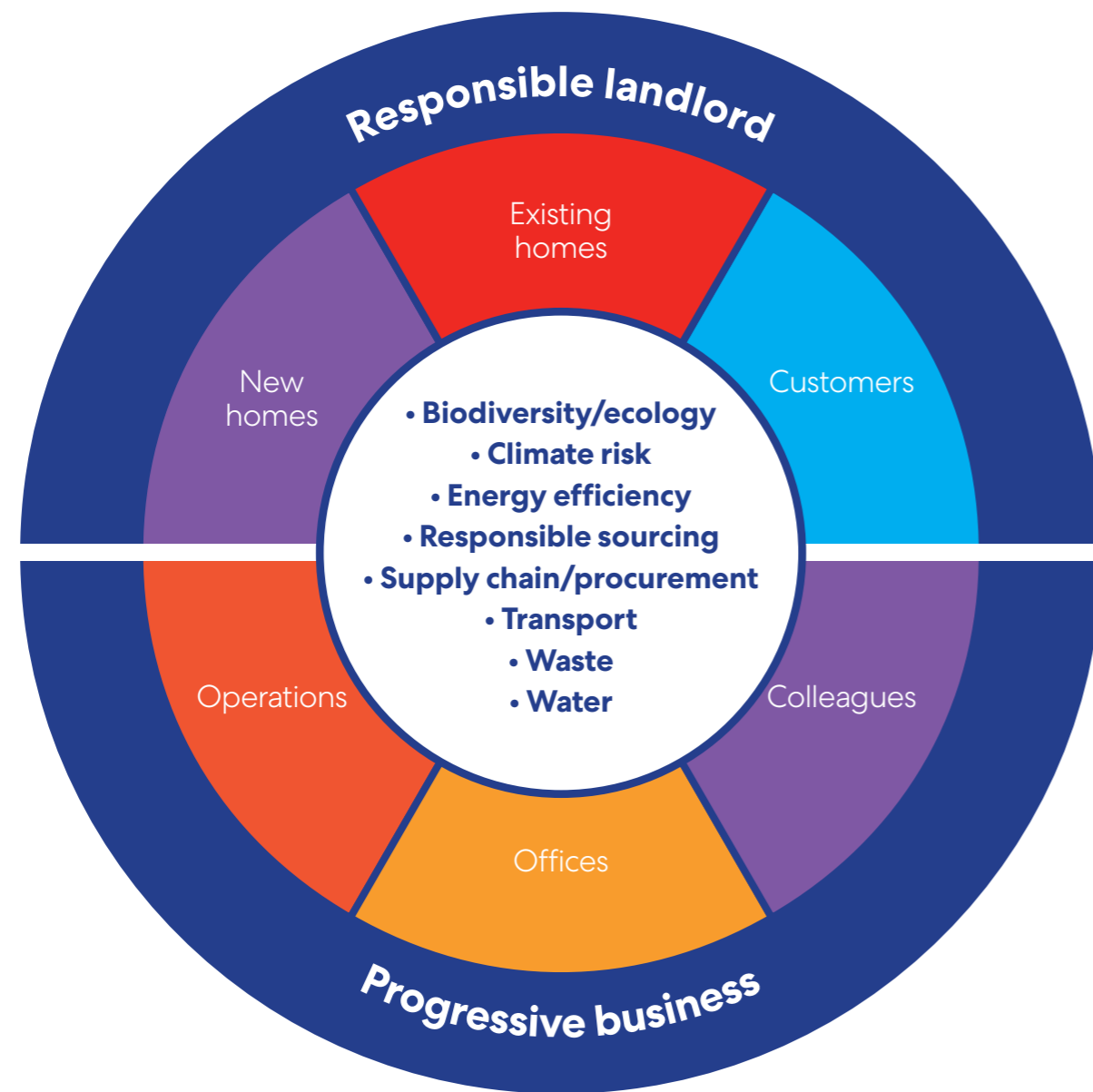
More recently, Stanley was selected as the first area we will target for tailored interventions, as well as for a pilot study on residual household income (RHI). These kinds of activities can help us make a more scientific case for the types of funding that can help level-up local inequalities.

Environmental

We updated our Environmental Sustainability Strategy in 2020, converting it into a project named 'Our Response to Climate Change'.

The plan is designed to help us deliver short to medium term actions that will mitigate our impact on the climate. Underpinning the strategy is our Route Map to 2050 which contains a series of metrics and science-based targets on our path to net zero.

Our impact on climate change covers many areas but we have chosen to focus on two perspectives in this report: as a 'Responsible Landlord' and as a 'Progressive Business'. Each perspective contains specific business areas and targets for improvement:



Some of the everyday practices behind this strategy are already in place, along with the systems that support them, while others will be added as we develop a more comprehensive environmental management approach. Embedding these efforts in our strategy, systems and metrics will provide a window into our progress for multiple stakeholders, as well as sharpening our internal efforts.

By 2024, we hope to be able to show sustained environmental performance improvements. We will use the annual Sustainable Homes Index for Tomorrow (SHIFT) assessment and our annual ESG report to demonstrate our performance against the sustainability metrics and our route map.

SHIFT, which features prominently in the following criteria, is an independent assessment scheme designed specifically for social landlords. 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)

EPC Rating	Percentage of homes
A	0%
B	1.3%
C	67.92%
D	28.49%
E or less	2.3%

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:

Activity	Scope	Current analysis
Maintenance activities/fleet	1	SHIFT calculates our maintenance emissions (Scope 1) based on DEFRA conversion factors of petrol and diesel purchased which are then converted into carbon dioxide equivalent emissions. In 2020/21 these measures indicated a total of 1,264 tonnes CO ₂ over the financial year, or 51.2kgCO ₂ per home managed.
Office	1 & 2	SHIFT calculates 263 tonnes CO ₂ per annum, or 30.3 kg CO ₂ per m ² of office space.
Stock	3	SHIFT calculated that Karbon's stock produces 67,301 tonnes CO ₂ equivalent per year at an intensity of 2.73 tonnes per home. This figure refers to 'regulated energy' from stock – that is energy resulting from fixed building services such as heating. It is calculated by both Karbon (based on 68% EPC data and 32% analytical data from stock condition), and SHIFT using our snapshot annual data return for their methodology.
Business mileage	3	Vehicle mileage is calculated from expenses claimed. Our baseline data includes fuel types of the vehicles, including petrol, diesel and hybrid electric cars. These journeys resulted in just under 100 tonnes of CO ₂ equivalent emissions per annum, or 4 kg CO ₂ per home.

We are working to improve the robustness of our data and capture the full scope of each classification, particularly in relation to Scope 3 emissions which cover a vast supply chain. Due to the need for certainty, we use the SHIFT assessment for internal performance monitoring only.

Our Response to Climate Change Project will evaluate all our data sources and enable us to report more accurately in the future.



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

Last year, we committed £45.7m to improving our existing homes as part of our long-term programme of investment. Our approach to investment in our homes is based on reliable survey data and a system which automatically updates stock information following repairs and planned investment. Last year a targeted and highly focused set of energy efficiency investments helped customers save an average of £116 on their annual bills and helped us to win Landlord of the Year at the North East Energy Efficiency Awards:

- Installed air source heat pumps in 100 homes in rural off-grid communities
- Fitted new wall insulation in 700 homes moving them from EPC-D to EPC-C in a variety of locations
- Replaced over 800 inefficient heating systems with A+ Boilers
- Fitted 174 Homes with new double-glazed windows and UPVC doors
- Connected 250 rural homes to the gas grid and fitted with A+ boilers for the first-time
- Installed around 150 smart meters in communal areas and communicated the energy management benefits to customers

We continue to take a 'fabric first' approach to designing new homes and refurbishing older stock, helping us attain EPC-C and offering the strongest foundation for investments in new technologies. For us, fabric first means optimising building structures, insulation levels, door and window standards within each home before considering the use of new systems such as air source heat pumps or solar panels.

As part of the fabric first approach, we are piloting different energy efficiency measures at four of our new-build plots in Sunderland to analyse their efficiency against current building regulations, interim regulations 2021, Future Homes Standard 2025 and full Net Zero.

We take a similar test-and-learn approach to modern methods of construction (MMC), recently completing a £6m project to build 36 new homes made from Insulated Concrete Formwork (ICF) in the village of Greatham, Hartlepool. The development is an exemplar of ICF, bringing much greater levels of insulation, less heat transmittance through the walls, and more evenly balanced temperatures across the home.



C18. How is the housing provider mitigating the following climate risks: - Increased flood risk - Increased risk of homes overheating

We have put KPIs in place covering both overheating and flooding in our Route Map to 2050. To assess flood risk, we use Geographic Information System (GIS) for stock mapping 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 in place targeted mitigations that are appropriate to the risk. As well as conducting an internal assessment for our risk register, our flood risk data is presented to SHIFT for an independent assessment which has shown that 94.5% of our homes are at low risk of flooding. When it comes to the site analysis for building new homes, we can 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 who provide us with an independent assessment, which has shown that 97.8% of our homes are protected from overheating.

As well as GIS surveillance, our management approach to overheating is increasingly embedded in pragmatic design. For example, our Supported Housing Team used the HAPPI (Housing our Ageing Population Panel for Innovation) principles to shape the design of our Elms Extra Care scheme, which combines 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.

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.

When customers move into a new build home, we provide them with a Home User Guide as well as the Tenants 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. Encouraging circular economies, the guide recommends passing 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 customer contact visits, they will ask about any problems with heating management or condensation and provide leaflets with further information. For customers in our new-build homes, our Sales and Marketing Team is developing a series of videos to communicate similar messages about managing your home.

SHIFT reports that 96% of our customers have been 'engaged passively' on energy efficiency - either through the customer magazine, which is delivered to all customers or through Facebook posts and to a lesser extent, the Karbon website. As calculated by SHIFT, engaging with customers in this way has led to a total of 1.57kg CO₂ in savings 'per home managed'.

Ecology



C20. How is the housing provider increasing Green Space and promoting Biodiversity on or near homes

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 land meterage, its overarching characteristics (woodland 1.3%, grass 21.1% and shrubland 2%). SHIFT then applies its biodiversity calculator to our data to estimate our above ground biomass (AGB), recommending in 2021 that we improve our AGB levels.

AGB is made up of woody lifeforms, in most cases, urban trees, which we sought to increase with initiatives such as the Forestry Commission's Urban Tree Challenge. Working with Durham County Council, our Grounds Maintenance Team planted 229 new trees in urban areas across the county including substantial numbers in Ouston (40 trees), Perkinsville (27), Chester le Street (142), and Sacriston (13). All the trees are in accessible spaces close to our customers' homes, establishing long term green spaces in areas which can directly impact well-being.

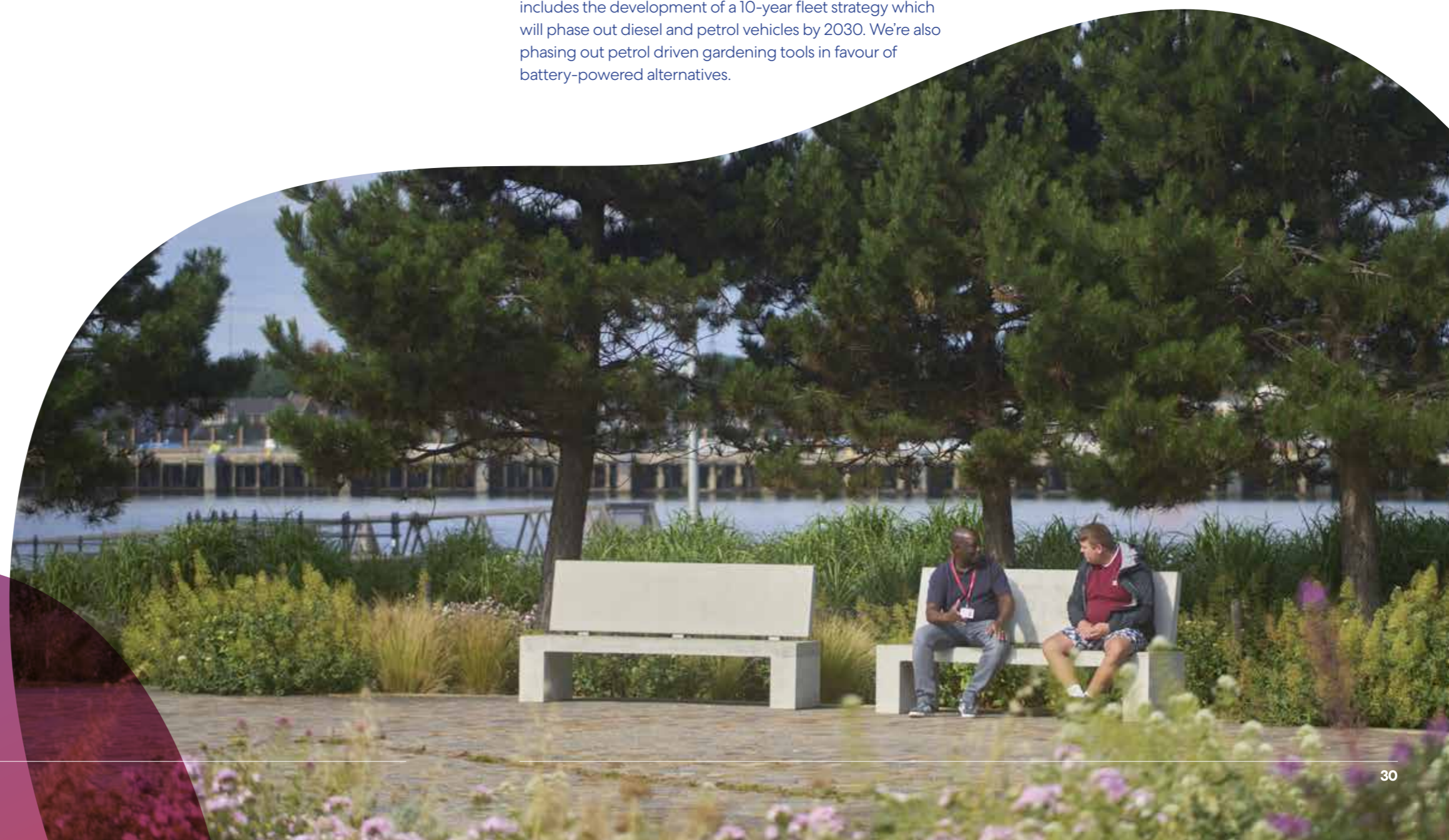
We have reduced the frequency of grass cutting in designated areas to encourage low-growing wildflowers and pollinators, which is supported by our team proactively planting wildflowers in unsightly and difficult-to-maintain areas. Our in-house Grounds Maintenance Team and contractors are forbidden from 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 revised Response to Climate Change Strategy will include action plans and metrics to measure our performance on managing and reducing pollutants. This is currently captured in our recent SHIFT report.

Carbon: Reducing CO² emissions from our fleet of vehicles is part of our Route Map to 2050. The distributed delivery model we use for repairs and maintenance is optimised for efficiency and therefore carbon reduction. 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 less mileage. We recently added 10 hybrid/electric vehicles to our fleet, and our Response to Climate Change Strategy includes the development of a 10-year fleet strategy which will phase out diesel and petrol vehicles by 2030. We're also phasing 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 assisted 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 including lead piping, mould, asbestos and carbon monoxide. Targeted remediation programmes are then set in place. In terms of indoor air quality, all our investment programmes include ventilation that complies with 'Part F' of the current building regulations.



Resource management



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 Strategy will look to formalise metrics and guidance for the areas where we intend to gain influence such as new build homes.

Our repairs and maintenance materials are the areas where we have most impact on responsible sourcing. Unlike construction/building materials, these goods are procured directly by us, predominantly from Travis Perkins and CEF. We ask for evidence of the ways each supplier enforces responsible sourcing which we then present to SHIFT who confirmed that 40% of our materials are responsibly sourced.

Our approach to responsibly sourced materials is evolving. As we build more homes from our own land buying opportunities at a greater rate than s106 developments, we have a much greater influence with our architects and developers on the build specification, and how responsible sourcing and procurement is managed. Building more homes enables us to lead on the development specification using our evaluation tools to score any designs against latest sector advice from the National Design Guide and the Future Homes Standard, both of which promote the use of responsibly sourced materials.

We ask 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.

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?

We track operational and office waste primarily from waste contractor feedback which gives us a total tonnage, along with waste recycled and waste diverted from landfill. Targets and formal assessment are provided by SHIFT who also make estimates about customer recycling. Waste management is an area of environmental impact that spans the breadth of our operations, illustrating why our pending Response to Climate Change Strategy will consider our actions as both a 'progressive business' and 'responsible landlord'.

Operations: Using data supplied by our primary refurbishment contractors, Ken Thomas, Remondis and Travis Perkins, we have an 98.8% recycle rate from the refurbishment of stock. We compost all green waste from our grounds maintenance work.

Customers: SHIFT reports a 1.6% increase in customer recycling rates over and above those of the wider local authority based on the presence of internal recycling bins.



Offices: The waste generated by our office-based colleagues has been calculated for the financial year 2020/21 using reports from our two waste contractors Suez and Biffa. Suez collected 4.2 tonnes of waste (1.9 tonnes were recycled); Biffa collected 2.5 tonnes of waste (100% was diverted from landfill). Our office waste is classified by SHIFT as low usage and equates to:

- 6.7 total tonnes of waste
- 7.8 kg of waste per full-time equivalent office-based employee
- 67% of waste collected was diverted from landfill

New homes: 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 new builds. Due to its modular, factory-based production, MMC has significant advantages over on-site production in terms of waste monitoring and reporting. MMC's use of light steel and timber frames also produces significantly less waste than traditional methods.

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

We use SHIFT methodology to measure water usage in our homes. We know that:

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

Average customer water usage currently stands at 132.6lpd (litres per day), which puts us well within the SHIFT Platinum target of 140.8lpd. To put that into context, Environment Agency research suggests that UK domestic water efficiency should be 130 litres per person per day by 2030. Water usage from our offices is calculated at 8.94m³ per employee, per annum.

Governance

At a minimum, good governance builds resilience. It helps us to manage risk and meet our legislative responsibilities, but the wider aspects of sound governance such as employee wellbeing, openness and integrity are increasingly prioritised, as this report highlights.

These themes were central to the National Housing Federation's (NHF) latest Code of Governance, and we hope that we demonstrate a far-reaching approach to governance in the following answers. The scope of our Enablers KPIs were designed to do just that:



Enablers



**Colleague engagement:
Employee Net
Promoter Score**



**Value for money:
Social housing cost
per unit (£)**



**Financial capacity:
Operating margin**

To the investor, tools like our risk management framework provide assurance that we address risk strategically and tactically, managing risks so that they can be understood and mitigated. Our increasingly centralised risk management framework, places risk firmly in the hands of specialists whilst taking visibility and control to new levels.

In the preceding year, the board received self-assessments against the NHF code (July 2020 and July 2021), demonstrating full compliance, and have now considered the outcome of our Governance Review in July 2021 which considers roles, responsibilities and accountabilities of the Group Board, Chairman and Group Chief Executive, ensuring our arrangements are clear and effective. The Regulator of Social Housing confirmed our In-Depth Assessment rating of G1/V1 in an Interim Judgement in 2021, which represents the highest rating of financial viability and governance.



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 28 April 2021)

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

Our Risk Management Strategy Framework sets out our overarching approach to risk, including our 'risk appetite', and how we embed risk throughout the organisation.

Our Group Audit and Risk Committee scrutinises our Strategic Risk Register on a quarterly basis. The board reviews the Strategic Risk Register on a six-monthly basis, moving to quarterly during 2021/2022. The board sets our risk appetite, based on the key risk themes identified within our strategic register. These are:

- Governance and control
- Mergers and acquisitions
- Financial resilience
- Diversification and innovation
- Value for money
- Reputation
- Health and safety compliance
- Technology
- Compliance and regulation
- People
- Development and asset management
- Environmental sustainability.

We distribute scrutiny of the risks on our Strategic Risk Register throughout a board and committee structure which allows specialised committees to understand and gain assurance on the management of risks allocated to them, enhancing scrutiny and reporting to both the Group Audit and Risk Committee and the Group Board.

All our service areas have operational risk registers, and we are in the process of implementing a centralised risk system for recording and monitoring risk called STORM (Strategic, Tactical and Operational Risk Management). STORM will enable us to consolidate data and risk scores from across all our risk registers in one place and improve our response to risk.

Our Governance and Risk Team works closely with colleagues across all services to review risk registers on a quarterly basis and to provide assurance that risks are well-managed. When we look at new and emerging business opportunities, we consider any associated risks alongside the proposals.

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 derived from Karbon's adoption of the National Housing Federation's Equality Diversity and Inclusion data tool in 2021.

The tool was developed to support housing associations to understand how our organisational diversity compares to our specific customer base, as well as regional and national comparisons.

We have submitted our data back to the NHF for review, aligning our data collection processes with a standardised sector practice, promoting transparency, and generating better sectoral understandings on diversity.

We continue to seek representative demographics at board level, and we try to ensure the board hears from the diverse voices in our communities. Our latest Resident Involvement Strategy seeks to address the latter point via the inclusion of specific Area Forums, ensuring that narrowly localised demographics do not get lost in the wider resident base.

Gender	Board	Customers	Area
Female	36.36%	58.13%	51.3%
Male	63.64%	41.73%	48.7%

Ethnicity	Board	Customers	Area
White British	90.91%	86.4%	79.8%
White Irish	0%	0.2%	1%
White other	0%	1%	4.6%
Mixed/multiple ethnic group: Total	0.00%	0.59%	0.8%
Asian/Asian British: Total	9.09%	0.45%	2.9%
Black/African/Caribbean/Black British: Total	0.00%	0.38%	0.4%
Other ethnic group: Total	0.00%	0.20%	0.2%
Prefer not to say ethnicity	0.00%	0.80%	0%
Unknown	0.00%	9.98%	0%

Disability	Board	Customers	Area
Current disability or work-limiting disability	0.00%	20.11%	21.6%
No disability/unknown	100%	79.89%	78.4%

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

50% (six) of our Board members have left between 1 April 2019 and 31 March 2021, five of which had reached the end of their tenure.

Our Leadership Management Team (LMT) consists of five Executive Directors, our Chief Executive, three Directors, and 14 Assistant Directors, individually responsible for a service area. Five of the 23 mentioned here have left over the last two years giving a total management turnover of 22%.

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

Yes, it is a maximum of nine years, made up of two possible three-year terms (six years), then three possible one-year extensions after that.

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

There are 11 members of the Karbon Homes Board: One Chief Executive with the remaining 91% as non-executive directors.

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

Four out of the current five board members on the Audit 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 board considered the succession plan in June 2021.

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 partner for seven years.

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 KCB DL is the Chairman and Paul Fiddaman is the Chief Executive.

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 the 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 wellbeing



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.

We feel it is important to be open and honest in reporting our gender pay gap, and this year we acknowledge that our mean figure has increased from the last time we reported for 2019 when it was -0.06%, indicating our average earnings for women at that time were slightly ahead of average earnings for men. To understand these slight but significant fluctuations, we have introduced additional analysis ensuring we are tracking across the year rather than just looking at the data at one moment in time. Our most recent figures are as follows:

Comparator	2020/21 pay gap	2019/20 pay gap
Mean hourly rate	3.3%	-0.06%
Median hourly rate	2.5%	0%



C44. What is the CEO-worker pay ratio?

We have calculated our ratio using 'Option A' of the BEIS guidance. Our Single Total Figure of Remuneration (STFR) is based on basic salary alone. Figures reflect the CEO-worker pay ratio on 31 March 2021:

Year	Option	25th percentile pay ratio	50th median percentile pay ratio	75th percentile pay ratio
2020/21	A	7.36:1	5.69:1	5.41:1

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

Persistent internal communications campaigns featuring Mental Health Awareness Week, World Mental Health Day, Time to Talk, and adoption of the Time to Change Pledge have laid the groundwork for a culture of mental health awareness. Colleagues sharing stories of their own personal mental health challenges via our intranet pages reinforced a call for greater openness around mental health and Mental Health Awareness Training is compulsory for all.

As a result, we see greater engagement in the mental wellbeing services we offer, for example, we pay a subscription for the commercially developed Headspace app offering colleagues free usage. Headspace gained significant engagement with 297 colleagues subscribing (sleep content being the most popular). Helping colleagues invest in their physical and mental wellbeing, we offer bronze level membership of the BHSF cash health plan, subsidised by Karbon with the option to upgrade and add family members.

To help our line managers recognise the signs of ailing mental health, we run the Adaptive Leaders training programme which includes modules on how to be proactive around colleague wellbeing.

When issues are identified, we make confidential telephone and face-to-face counselling available through the Employee Assistance Programme, supported by an occupational health provider, Newcastle Premier Health, and our own Wellbeing Coaches.

We achieved 'Advanced' status recognition in North of Tyne's Good Work Pledge, whilst the Better Health at Work awards system has given us a framework to improve our wellbeing culture via regular assessment. We will be assessed for the Gold Award in June 22, having been involved in 'a minimum of five health campaigns of continuous theme' (mental health).

We track the impact of these interventions and overall colleague satisfaction through our HIVE survey (68% response rate), which derives an Employee Net Promoter Score of +29, a 38-point increase on the first survey in 2019.

C46. Average number of sick days taken per employee

For 2020/2021, colleagues had an average of 8.3 sick days (note: this is higher than usual due to Covid-19).



Supply chain management



C47. How is Social Value creation considered when procuring goods and services?

Our social value income is increasingly supported by growth in housing development (rather than acquiring via section 106), meaning higher value land development contracts with greater capacity for social value. Our ability to generate social value in this way will be strengthened by our recent approval as a Homes England Strategic Partner, which will enable us to develop many more new homes.

Through our Procurement Strategic Plan, 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. We score the social value response contained within each bid we receive at a minimum 5% weighting.

We recently revamped our social value evaluation model, adopting the nationally recognised TOMs Framework whereby the 'Themes Outcomes and Measures' guide the supplier (and buyer) to much more definitive and impactful contributions. As well as aligning with the Social Value Act, this model channels the bidder down a selection of outcomes which they can adapt to reach the target social value total required for the contract value. As well as delivering ESF-funded projects, our Foundations for Life Team helps transfer social value direct to local communities by supporting apprenticeships or initiatives provided by suppliers.

Our Foundations for Life Team has supported customers into work by delivering work placements, qualification and skills training, bespoke workshops, educational visits and employability events, which have also been supported by larger companies such as Engie and Esh Group, and SMEs such as JTL Construction, Springs Roofing and Cormeton.



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

During the tendering process, we ask for an Environmental Policy as standard, along with a dedicated environmental question asking suppliers to, "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 works.

We capture our quest to maintain the least environmentally impactful inventory of housing components in our House Design Specification (HDS) which will establish a formal product 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, we assess all components 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. To help achieve this, we 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."

From next year, we will conduct an Environmental Impact Assessment (EIA) on every new project, allowing the procurement process to target and mitigate specific environmental impacts identified in the EIA. Embedding a risk-based approach in this way equates to a 'whole organisation' procurement effort from governance and legal through to procurement, who can then tender accordingly.