

# **ESG Report 2023/2024**

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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 stronger 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 over 32,000 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, we work hard to provide it.

We believe that by focusing on our three strategic aims, 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

## **Embedding sound environmental, social and governance practices is a key part of Karbon's strategy.**

Welcome to our Environmental, Social and Governance (ESG) Report. Sustainability underpins our mission to provide affordable, safe and secure homes across our communities in the North East and Yorkshire, and we welcome the opportunity that the Sustainability Reporting Standard (SRS) gives us to tell our story to you and to our wide range of stakeholders.

It's been another significant year for both Karbon and our region. We've delivered 644 new homes within the group including some of our most environmentally efficient new homes to date. Our latest Tenant Satisfaction Measure (TSM) scores show our strong performance against the sector and our stock survey programme is approaching near complete access rates, which we hope demonstrates our unwavering approach to customer safety and well-maintained properties. Then there's our employability scheme known as New Start which has gone from strength to strength with the backing of our local authorities.

It's hard to set the scene for this report without looking at the impact the new North East Combined Authority (NECA) could have on our work. As well as the development opportunities that will be created through a Strategic Place Partnership between Homes England and NECA, devolution will enable the region to review its approach to areas such as skills training and it will hopefully kickstart a range of creative partnerships. We hope to work with NECA as an anchor employer and service provider across all our geographies, helping to co-ordinate better and more efficient services that might have previously been restricted by historic local authority boundaries.

Not forgetting our wider footprint, we continue to deliver all we can for our communities in Yorkshire and Tees Valley. Sixty per cent of our new homes were delivered across North Yorkshire and the East Riding last year, and 54North Homes, our Yorkshire-based subsidiary, officially completed its first year of business under the new brand in December. In Tees Valley, alongside our local housing partners, we received significant funding from the Combined Authority which allowed us to introduce our New Start programme to the area as part of one of the biggest housing-led employability schemes to date.

We hope you enjoy the report.

Paul Fiddaman, Group Chief Executive

## Our sustainability summary

**32,664** - homes\*

**100%** - Decent Homes Standard

**644** - new homes completed in 2023/24\*

**74%** - of our homes achieve EPC C or above

**70.3%** - Our rents as an average of a typical market rented property across our region

**2,487** - energy efficiency upgrades, saving an estimated 489.675TCO<sub>2</sub>

**4,858** - customers helped through our Money Matters Team, with £5.32m generated for them in additional income

**1,039** - colleagues paid at living wage or above

**4.7%** - mean gender pay gap

**+39** - Colleague Net Promoter Score in 23/24

**G1/V1** - top governance and viability regulatory rating

**A** - S&P rating

\* Karbon Group figures

# UN Sustainable Development Goals

Our work has a direct impact against 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:

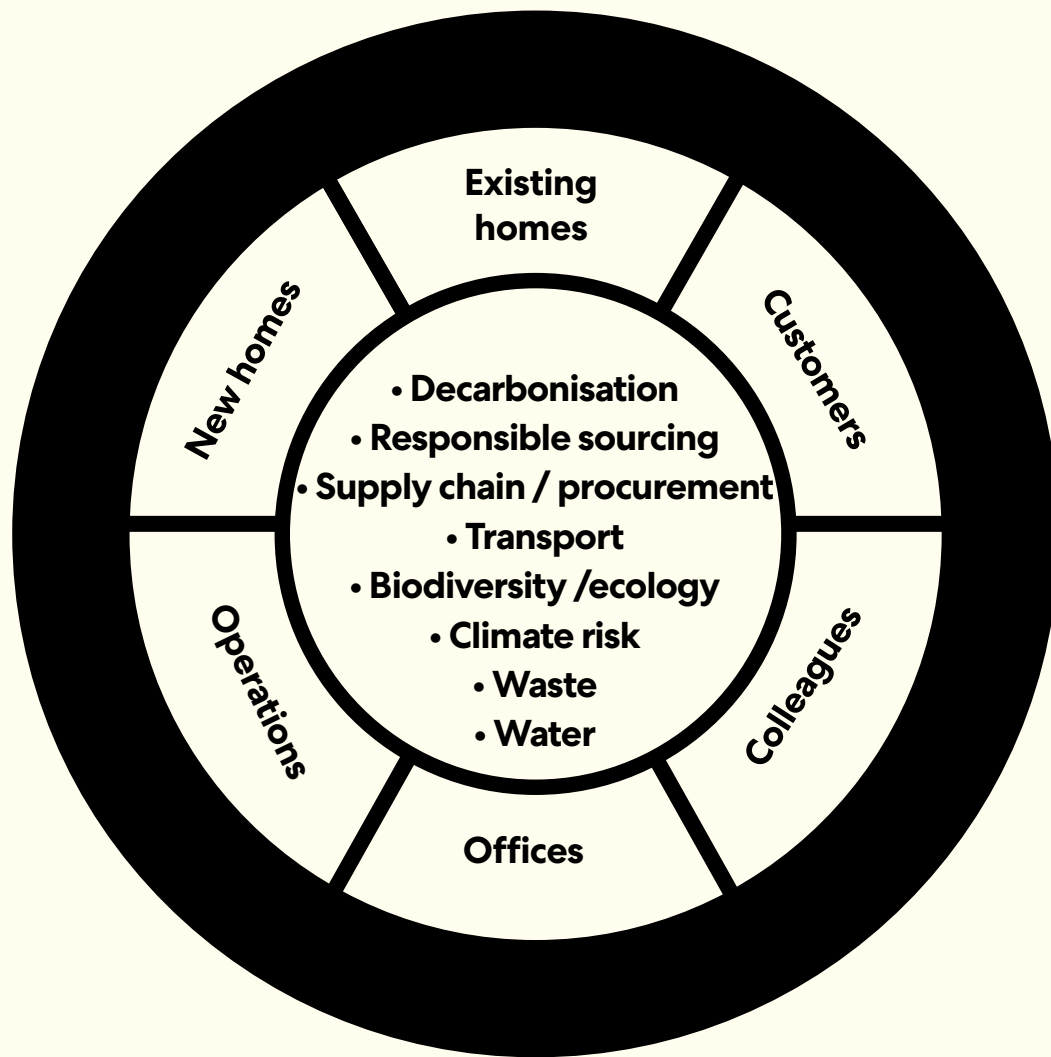


## Environmental

Our sector continues to play a leading role in retrofitting residential homes. For Karbon alone, meeting the net zero target for emissions could cost in the region of £360m by 2050. With such a huge potential investment involved, there are many things we need to get right, which is why we set up our Planned Investment Forum. The Forum will help us direct the next 25 years of investment in a way which ensures we meet key milestones and that every pound we spend on our homes is invested wisely and efficiently. Our Response to Climate Change Group shapes our net zero strategy and ensures it aligns with our investment plans so that it can be delivered most effectively.

Importantly, these working groups include representation from a range of internal teams including Asset Management, Housing, Karbon Property Services (KPS), Compliance, Finance, Communications and Procurement. This combination of talents is vital to the success of the strategy with each team adding their own expertise to meeting the environmental challenge.

For example, social value generated through procurement means we can lock as much of this investment as possible into local prosperity and jobs, while thoughtful communications help bring our customers with us on the retrofit journey. This is important particularly in light of the National Housing Federation's prediction that '22% of the carbon reductions from home energy efficiency measures are predicted to come through changing resident behaviour.'



We've used the SHIFT environmental audit process to inform this section. SHIFT (Sustainable Homes Index for Tomorrow) is an independent assessment scheme which is prevalent in housing. It is designed specifically for social landlords to assess their environmental performance. Their annual assessment helps us to measure, identify and target improvements.

# Climate change

## C1) Distribution of EPC ratings of existing homes (those completed before the last financial year).

It is common amongst housing associations to use a blend of modelled data and actual survey data when we present EPC ratings.

For example, where we have responsibility to the Decent Homes Standard our EPC results are based on actual, rather than modelled data. The data you see in the table below is actual data which is then audited through our annual SHIFT assessment for integrity.

For internal reporting across our entire stock, however, we use a degree of modelled data to provide a comprehensive picture. Housing associations are always striving to balance survey data with modelled data – an over dependence on the latter can naturally present challenges around accuracy. Because Karbon has prioritised stock surveys in the past year, we have strong confidence in our data.

EPC rating	% homes 23/24
A	0.4%
B	15%
C	56%
D	24%
E or worse	1%



**C2) Distribution of EPC ratings of new homes (those completed in the last financial year).**

All our new homes are developed to EPC B or above and it’s notable that the proportion we develop at EPC A is rising quite significantly year on year – last year we developed 11% at EPC A, this year 18%. These developments align us with the goals of the Future Homes Standard which becomes mandatory in 2025.

Our £25m development of 104 new affordable homes in Pelton is taking shape and is an example of our preferred approach to new builds. All the homes aim to achieve EPC A due to design plans which include solar panels on every home, electric charging points and air source heat pumps.

EPC rating	% new homes 22/23	% new homes 23/24
A	11%	18%
B	89%	82%
C	0%	0%
D	0%	0%
E or worse	0%	0%

The 23/24 results above are based on actual data for Karbon Homes stock and have been audited through our annual SHIFT assessment process.

Our modelled data of all Karbon Group stock (existing and new), shows that 74.4% of Karbon Groups homes were rated EPC C or above at 31st March 2024, an increase of 2.2% on the previous year.

### C3) Does the housing provider have a Net Zero target and strategy?

#### If so, what is it and when does the housing provider intend to be Net Zero by?

Our 'Response to Climate Change' project directs our path to net zero, highlighting two distinct domains over which we have control - as a 'responsible landlord', and as 'a progressive business'. Each of these two domains has unique challenges and to help us tackle them, our response is further split into six individual workstreams.

Metrics have been agreed across all six workstreams and each one has incremental targets which will get us to net zero by 2050. The key objectives we'll be looking to achieve in the short to medium term include:

- From 2025 all our new homes will be zero carbon ready in line with the Future Homes Standard.
- All our existing homes to reach EPC C by 2030.
- All our freehold offices to reach at least EPC B by 2030.
- Zero fleet emissions by 2035.
- Carbon awareness training for all colleagues beginning this financial year.

One of our key targets is for all our existing homes to be at least EPC C by 2030. With less than six years to achieve this goal, our measures will focus on improvements to fabric first, especially to our worst performing properties. The fabric first approach prioritises the thermal efficiency of our homes and measures include extra insulation, improving air tightness of windows and doors, fitting triple glazing, and looking at how best to retain heat from the sun. The result is a reduction in both energy demand and energy costs.

In the table below we provide a breakdown of what our path to EPC C and ultimately net zero means for us in terms of costs, the scale of work required, and the impact it could have on customers' bills and carbon reduction:

	<b>Investment</b>	<b>Homes affected</b>	<b>Investment per home affected</b>	<b>Average SAP score per home</b>	<b>Average CO2 emissions per home</b>	<b>Average annual fuel bill per home</b>	<b>Average annual heating bill per home (SAP)</b>
<b>Current</b>	/	/	/	72.62	2.081	£1,578	£588
<b>EPC C</b>	£17,639,411	6,885	£2,562	74	2.045	£1,478	£582
<b>Net zero</b>	£360m+	27,185	£17,472	93.73	0.025	£1,174	£481

**C4) What retrofit activities has the housing provider undertaken in the last 12 months in relation to its housing stock? How do these activities align with, and contribute towards, performance against the housing provider's Net Zero strategy and target?**

We use our planned investment budget to maintain our homes to the highest standard while also improving their energy efficiency. Last financial year, we spent £5.98m of our £23.62m planned investment budget on energy efficiency related activities and upgrades.

	<b>Number of completions</b>	<b>Total value</b>	<b>Total bill savings for all customers @ present day costs (£)</b>
<b>Heating systems replacement and upgrade*</b>	1,763	£2,642,154	£413,680
<b>Windows and doors</b>	649	£3,333,569	£32,450
<b>Total</b>	2,412	£5,975,723	£446,130

\*Total includes: 1,722 gas boilers, 2 air source heat pumps, 5 communal boilers and 30 other (includes communal heat network, storage heaters and replacing solid fuel systems)

This work is supported by £1.2m through the Social Housing Decarbonisation Fund (SHDF) Wave 2.1 and includes a £580k grant awarded in 2022. Given that 74% of our homes meet EPC C, SHDF helps us to focus on the homes which don't. We've used the funding to deliver efficiency measures such as insulation, low carbon heating and renewable energy sources. Our SHDF-based work helped us to deliver the following improvements in 23/24. The Wave 2.1 project will improve 101 homes to EPC C.

	Number of completions	Average cost per unit (£)	Total value	Average carbon saving per annum per unit (tCO2)*	Average bill savings per capita/ annum @ present day cost (£)*	Total bill savings for all customers @ present day costs (£)
<b>Loft Insulation</b>	35	£650	£22,750	0.24	£40	£1,400
<b>Cavity wall insulation</b>	2	£4,250	£2,562	0.20	£188	£376
<b>Solar PV</b>	31	£6,424	£17,472	1.10	£560	£16,800
<b>Under floor insulation</b>	7	£5,666	£39,662	0.30	£260	£1,820
<b>Total</b>	75	/	£6,424	/	/	£20,396

\*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 2023 price cap where applicable. Where not applicable, they use the most recent value in the SAP database, or SAP 10 where none is available.

## C5) Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

### Scope 1, Scope 2 and Scope 3 greenhouse gas emissions per home

If unable to report emissions data, please state when the housing provider is expected to be able to do so.

Scope	Primary source of emissions	Current analysis	CO2 tonnes (tCO2e)
1	Maintenance activities/fleet	Includes direct emissions from our maintenance activities and fuel for our vehicles. SHIFT calculates our Scope 1 maintenance emissions based on DEFRA conversion factors of petrol and diesel purchased converted into carbon dioxide equivalent emissions.	3,512
2	Karbon offices	Includes the electricity and heat we purchase for our offices.	462
3	Housing stock	Indirect emissions predominately from our housing stock which have been estimated using SAP and heating system data.	78,990
Total			82,964

## C6) How has the housing provider mapped and assessed the climate risks to its homes and supply chain, such as increased flood, drought and overheating risks?

### How is the housing provider mitigating these risks?

SHIFT carries out an independent assessment of our flood risk data and its latest analysis shows that 94.9% of our homes are classified as being at 'low risk of flooding'. SHIFT's analysis also tells us that 97.4% of homes are estimated to be at low risk of overheating.

## Ecology

### **C7) Does the housing provider have a strategy to enhance green space and promote biodiversity on or near homes?**

**If yes, please describe with reference to targets in this area.**

**If no, are you planning on producing one in the next 12 months?**

Our path to net zero includes a target to increase the biodiversity of our existing land using the metric known as Above Ground Biomass (AGB) to measure our success. AGB is made up of all our woodland, grassland and scrubland added together into a total tonnage which is then divided by the number of hectares we own. Our total AGB currently stands at 4,549.49 tonnes. That's 5.90 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.

The way we use land to develop homes will be the main contributor to our future performance and a biodiversity assessment now takes place at all new schemes, supported by biodiversity training which has been introduced for our Asset and Development colleagues. Our Seaham Garden Village scheme is an example of how providers can look to build an environment rather than just a housing estate.

<b>Target for above ground biomass (AGB) by 2043</b>	<b>Karbon AGB (21/22)</b>	<b>Karbon AGB (22/23)</b>	<b>Karbon AGB (23/24)</b>
11.9 tonnes per hectare	4.42 tonnes per hectare	4.84 tonnes per hectare	5.90 tonnes per hectare

### **C8) Does the housing provider have a strategy to identify, manage and reduce pollutants that could cause material harm?**

**If so, how does the housing provider target and measure performance?**

We are one of the increasingly few housing associations with an in-house direct labour organisation – that is a repairs and maintenance team which is employed and managed by Karbon. This gives us much more control over reducing pollutants related to existing stock and allows us to significantly reduce fuel consumption.

Sophisticated scheduling technology is used to carry out our work with the least travel possible. Working in smaller patches, trades colleagues attend the job nearest to them, and we maintain a system where one driver picks up materials and disperses them to trade operatives, avoiding repeat trips to merchants and stockists. We also actively separate and seek to reuse pollutants such as paints at our direct works depot.

# Resource Management

## C9) Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building and repairs work?

### If so, how does the housing provider target and measure performance?

Our Response to Climate Change project has targets for responsibly sourced materials used by our Property Services Team in everyday maintenance and we currently stand at 47%.

When we signed our Strategic Partnership Agreement with Homes England, they asked partners to strive to use Modern Methods of Construction (MMC) on 25% of new homes. As part of this year’s development programme, we delivered a record 22% of our new homes using MMC (up 3% on last year). This is in large part due to our increased use of timber frame construction which reduces the need for steel and masonry and, in turn, reduces the embodied carbon in the building’s structure by an average of 44%.

In our tenders, 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 must be supplied with ISO14001 or BES6001 (responsible sourcing of construction products) certificates of accreditation.

## C10) Does the housing provider have a strategy for waste management incorporating building materials?

### If so, how does the housing provider target and measure performance?

At our direct works depots, we have developed ten different waste streams so that our colleagues can effectively segregate the waste which they bring back from jobs. Effective segregation increases our ability to divert waste from landfill, increases re-use, and reduces travel to and from our waste collection sites.

Waste management can also be about promoting effective circular economies and our partnership with the community interest company known as Newcastle Wood Recycling is just that. Rather than send our wood to a distant new destination to be used as a second source material like wood chippings or fuel, we send our waste wood to NWR which they repurpose by re-cutting it and selling it on at a reduced price.

When we refurbish our homes, we aim to recycle or reuse wherever possible, and our waste broker provided the following performance information for 2023/24:

Total tonnage	Diverted tonnage	Total sent to landfill	% of waste diverted
3062.48	2916.46	146.02	95.2%

**C11) Does the housing provider have a strategy for water management?**

**If so, how does the housing provider target and measure performance?**

We set targets for water usage both in our offices and our homes. SHIFT's water efficiency calculator analyses the water efficiency measures we have installed in our homes to estimate water consumption across our stock as 129.31 litres per person per day. This puts us in line with SHIFT's recommendation of 130 litres per person by 2030. Water usage in our offices and depots was estimated to be 6,322.05 m<sup>3</sup> total usage, which is 7.62m<sup>3</sup> per employee.

[Case study: How we're improving sustainability at Karbon](#)



## Social

The Centre for Business and Economics Research predicts that building 90,000 social homes a year is estimated to be worth £51.2 billion to the economy. That value is so high because a social home is much more than bricks and mortar. A social home is a platform for social mobility which can bring a far wider range of benefits to residents. For example, social housing is the UK's biggest investor in employability initiatives behind the Department for Work and Pensions. To maximise this investment, we've been working with other northern housing associations to find new ways to help our residents back into work.

In 2019 we helped set up the Housing Employability Network North East (HENNE) and we continue to operate at the forefront of its work. This year Karbon has played a key role in HENNE projects which have received in excess of £3.6m of UK Shared Prosperity Fund investment. This has allowed us to grow the New Start programme which we co-created back in 2021 (see C24). This year, we created our 100th New Start work placement and we are keen to show how the North can lead the UK in bridging what is often a mismatch between the supply of and demand for labour.

The impact of a housing association's place-based work is increasingly what makes it stand out from the crowd. Our place-based work in impact areas such as Byker and Stanley continues to demonstrate Karbon's willingness to use our influence and leverage to go beyond the role of a traditional housing association. Our Skills Hub in Stanley became the new home of a pop-up Barclays branch, encouraging financial inclusivity and bringing much-needed additional footfall to the high street. And in close proximity to the Hub, we are working with the local community and stakeholders to explore how we can bring a derelict board school site back to life with a new social purpose.

## **Affordability and security**

**C12) 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 relevant local authority**

**2) Rent compared to the relevant Local Housing Allowance (LHA)**

Our general needs rents are on average 71.3% of market rate in the private rented sector (PRS).

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 PRS
<b>City of York Council</b>	147	£128.08	£167.39	23.5%	£232.56	44.9%
<b>Darlington Borough Council</b>	13	£99.46	£101.70	2.2%	£127.99	22.3%
<b>Durham County Council</b>	10,054	£84.02	£91.88	8.6%	£110.36	23.9%
<b>Gateshead Council</b>	544	£91.64	£110.36	17.0%	£127.17	27.9%
<b>Hartlepool Borough Council</b>	316	£97.48	£102.37	4.8%	£115.49	15.6%
<b>Leeds City Council</b>	16	£99.69	£141.46	29.5%	£208.92	52.3%
<b>Middlesbrough Council</b>	135	£106.31	£105.81	-0.5%	£127.15	16.4%
<b>Newcastle City Council</b>	2,956	£87.76	£111.26	21.1%	£175.94	50.1%
<b>North Tyneside Council</b>	1,119	£94.82	£107.84	12.1%	£129.53	26.8%
<b>North Yorkshire</b>	5	£111.14	£115.07	3.4%	£144.23	22.9%
<b>Northumberland County Council</b>	5,442	£87.59	£103.57	15.4%	£118.27	25.9%
<b>Redcar and Cleveland Borough Council</b>	111	£93.45	£102.35	8.7%	£121.08	22.8%
<b>South Tyneside Council</b>	888	£94.15	£113.30	16.9%	£120.46	21.8%
<b>Stockton on Tees Borough Council</b>	194	£109.88	£116.05	5.3%	£148.21	25.9%
<b>Sunderland City Council</b>	106	£88.73	£94.20	5.8%	£111.90	20.7%
<b>Wakefield Metropolitan District Council</b>	22	£109.19	£112.98	3.4%	£161.02	32.2%
<b>Total</b>	<b>22,068</b>	<b>£87.52</b>	<b>£100.57</b>	<b>13.0%</b>	<b>£124.41</b>	<b>29.7%</b>

Please note: The 'average Karbon weekly rent' figure is based on our general needs homes (for properties under direct Karbon ownership). General needs homes are subject to social 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).

**C13) Share, and number, of existing homes (owned and/or managed) completed before the last financial year allocated to all tenures:**

Please refer to the following definitions when considering the tables in the following questions:

**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 (LCHO):** Includes shared ownership and shared equity homes.

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

**Extra Care:** 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 2023 i.e. “homes completed before the last financial year”:

<b>Tenures</b>	<b>Owned and managed by Karbon</b>	<b>Owned by Karbon but managed by 54North</b>	<b>Owned by Karbon but managed by others</b>	<b>Managed by Karbon for others</b>	<b>Grand total</b>
<b>Affordable - general needs</b>	2,670	354	-	1	3,025
<b>Affordable - older people</b>	286	-	-	-	286
<b>Affordable - supported</b>	35	-	1	-	36
<b>Care home</b>	-	-	14	-	14
<b>Intermediate rent</b>	724	91	-	3	818
<b>Shared Ownership (LCHO)</b>	682	138	-	-	820
<b>Non-social leasehold</b>	6	-	35	-	41
<b>Non-social rental housing</b>	184	-	4	1	189
<b>Social - general needs</b>	21,876	117	2	1	21,996
<b>Social - older people</b>	771	-	-	-	771
<b>Social - supported</b>	337	-	140	-	477
<b>Social leasehold</b>	611	-	-	-	611
<b>Grand total</b>	<b>28,182</b>	<b>700</b>	<b>196</b>	<b>6</b>	<b>29,084</b>

## Existing homes by tenure as at 31st March 2024

Tenures	Owned and managed by Karbon	Owned by Karbon but managed by 54North	Owned by Karbon but managed by others	Managed by Karbon for others
<b>Affordable - general needs</b>	9.2%	1.2%	-	0.0%
<b>Affordable - older people</b>	1.0%	-	-	-
<b>Affordable - supported</b>	0.1%	-	0.0%	-
<b>Care home</b>	-	-	0.0%	-
<b>Intermediate rent</b>	2.5%	0.3%	-	0.0%
<b>Shared ownership (LCHO)</b>	2.3%	0.5%	-	-
<b>Non-social leasehold</b>	0.0%	-	0.1%	-
<b>Non-social rental housing</b>	0.6%	-	0.0%	0.0%
<b>Social - general needs</b>	75.2%	0.4%	0.0%	0.0%
<b>Social - older people</b>	2.7%	-	-	-
<b>Social - supported</b>	1.2%	-	0.5%	-
<b>Social leasehold</b>	2.1%	-	-	-

#### **C14) Share, and number, of new homes (owned and/or managed) that were completed in the last financial year, allocated to:**

Last year, we reported that our development programme was beginning to kick back into gear following the pandemic and the delays that imposed. This year, that has translated into a much higher Karbon Group completion rate of 644 homes (up from 484 last year), a stat which puts us in Inside Housing's top 30 Biggest Builders.

Of those, 60% were delivered across York, North Yorkshire and Humberside. We've seen much more land-led activity this year – that is sites owned and developed by Karbon as well as section 106 non-grant funded stock acquisitions. These acquisitions were primarily within North Yorkshire to help grow and establish Karbon as a key affordable housing provider within the area. One of our objectives for this year is to further develop a long-term land pipeline which includes larger strategic land opportunities, and our performance shows we are heading in the right direction.

<b>Tenures</b>	<b>Owned and managed by Karbon</b>	<b>Owned by Karbon but managed by 54North</b>	<b>Grand total</b>
<b>Affordable - general needs</b>	71	128	199
<b>Social - general needs</b>	-	73	73
<b>Intermediate rent</b>	173	91	264
<b>Shared ownership (LCHO)</b>	3	77	80
<b>Grand total</b>	<b>247</b>	<b>369</b>	<b>616</b>

#### **New homes built (by tenure) 23/24**

<b>Tenures</b>	
Affordable - general needs	32.3%
Social - general needs	11.9%
Intermediate rent	42.9%
Shared ownership (LCHO)	13%

### **C15) How is the housing provider trying to reduce the effect of high energy costs on its residents?**

We take a strategic approach to reducing energy costs for residents. Firstly, we try to protect those who face additional costs due to their homes being less energy efficient, by seeking to bring all our homes to at least an EPC C rating. Our stock condition surveys are vital in helping us find the homes where people may be most exposed to higher costs. We feed the data into our strategic asset management tools to help guide our efforts towards the homes we need to prioritise and to tailor different solutions to different house types. For example, our recent pilot of infra-red heating in higher rise blocks (see case study below). In cases where fuel poverty has taken hold, our Money Matters Team offers a range of support mechanisms including energy crisis vouchers and hardship loans (see C23).

### **C16) How does the housing provider provide security of tenure for residents?**

We issue tenancies appropriate to the housing model (general needs, supported, sheltered etc.) but where possible we provide the highest security of tenure - assured lifetime tenancies.

Throughout the customer journey we look to embed security, either pre-emptively or in response to crisis. For example:

- The Money Matters financial wellbeing service completed over 2,000 pre-tenancy assessments last year to make sure new customers have their incomes maximised and are given the financial advice and support they need to start their journey in the best possible way.
- With all new tenants we attempt to make three visits in their first year, demonstrating our commitment to ensuring a positive experience. We then contact tenants on an annual basis to ascertain any needs which might develop through the tenure.
- When undertaking legal action such as a section 21 eviction notice, we added an appeals process to ensure the customer's views are heard, and we commit to a 'Proportionality Assessment' to ensure that any action is taken with all due consideration to the implications it may have.
- Our recent Housing Team restructure was designed to ensure that Karbon colleagues have an even greater knowledge and familiarity with the customers they serve. We did this in two ways. Firstly, by reducing the size of our working 'patches', and then by combining the role of Allocations and Housing Officer to promote consistency of support through the lifetime of the tenancy.

Our efforts to sustain tenancies have contributed to an annual tenancy turnover of 7.43% across all tenures.



## Case study: Infrared heating panels, North Shields

With the rising costs of fossil fuels and their negative impact on the environment, we're looking at greener options that could help residents reduce their household bills.

One such energy saving solution we're currently piloting is the installation of infrared heating panels in two blocks of flats to replace old, poorly performing electric storage heaters.

Gertie Jones recently had the infrared panels installed in her flat in North Shields. Gertie originally had night storage heaters in her property and struggled to get them to work efficiently:

"The old storage heaters were difficult to work with and quite confusing. If you were warm one day you could turn it down, but then if you were feeling cold the next and turned it back up it would take a whole day for my home to heat back up. It caused me a lot of problems and meant that my home was always freezing. I suffer from bad asthma and always had to wrap up and use a hot water bottle as the cold sets my asthma off."

Since getting the infrared panels installed, Gertie has started to notice a difference:

"The panels are smashing and easy to use. You put them on when you're cool and turn them down when you're hot and that's all I wanted. They heat up very quickly and you really feel it when you come home in the evening.

"They look lovely as well. The old storage heaters were an eyesore, they were so old fashioned and difficult to clean. The panels are more modern, slimline and look great.

"They took about four days to fit in total and the guys who installed them were lovely and helpful. They put me at ease, explained everything and gave me their contact details in case I had any issues.

The infrared heating panels offer a low cost and low maintenance option. Infrared radiation is transferred by electromagnetic waves, like the heat from the sun, and heats objects and people in its path. This is different to more traditional convective heat transfer which relies on heating the air in the room.

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

We'll continue to pilot the infrared panels this year, and continue to monitor their performance, getting customer feedback to see if it's worth rolling them out on a larger scale.

# Building safety and quality

**C17) Describe the condition of the housing provider’s portfolio, with reference to:**

**% of homes for which all required gas safety checks have been carried out.**

**% of homes for which all required fire risk assessments have been carried out.**

**% of homes for which all required electrical safety checks have been carried out.**

**Karbon conducts** a programme of rolling surveys over five-year timescales. At 2023/24 year end, Karbon had a stock condition access rate of 87% (the sector averages around a 60% access rate.)

Risk factor	% completed
% of homes for which all required gas safety checks have been carried out.	99.95%
% of homes for which all required fire risk assessments have been carried out.	100%
% of homes for which all required electrical safety checks have been carried out.	100%
% of homes for which all required asbestos management surveys have been car-ried out.	100%
% of homes for which all required legionella risk assessments have been carried out.	100%
% of homes for which all required communal passenger lift safety checks have been carried out	100%

**C18) What % of homes meet the national housing quality standard?**

100% of our homes meet the Decent Homes Standard.

## **C19) How do you manage and mitigate the risk of damp and mould for your residents?**

We have a dedicated damp and mould section of our website which encourages customers to report any cases. On the same page we prompt customers to allow us to book a stock condition survey in cases where we haven't been able to get access.

This is important because our stock condition surveys include the risk assessment approach known as the Housing Health and Safety Rating System (HHSRS) which includes damp and mould as one of the key hazards which an inspection needs to identify. We have also implemented a new damp and mould inspection process which involves repeat visits to affected properties to ensure any issues have been resolved.

We continue to look to be even more proactive around the problem:

- Alongside the Energy Saving Trust, National Housing Network, PlaceShapers and the Housing Ombudsman, we've helped create the 'Healthy Home Handbook' (available in several languages) and a short website animation on managing condensation and maintaining a healthy home.
- We are trialling damp and mould detection technology in 24 homes using AICO Homelink. The system is designed to help us detect the conditions where mould could appear and make an early intervention.
- Our customer portal is being adapted so that residents can book damp and mould inspections and upload photos to provide further insight. We have also introduced telephone reminders for customers to ensure that their case has been satisfactorily closed, recognising the duty on us to find a satisfactory resolution rather than the customer.

Our efforts to tackle damp and mould are overseen and informed by our Customer Scrutiny Group who began reviewing our processes in February 2024.

## Resident voice

### C20) What are the results of the housing provider's most recent tenant satisfaction survey?

#### How has the housing provider acted on these results?

Whilst we acknowledge that all providers have substantial scope for improvement, we hope that the Tenant Satisfaction Measure (TSM) results below will provide assurances around our customer service track record. Early results for Karbon are encouraging and have indicated that our score for each TSM has a tendency to be higher than sector averages. What you see below are our 12 'customer perception' measures which we got from surveying 2,878 of our customers across the Karbon Group, in line with guidelines set by the Regulator of Social Housing. Please visit our dedicated [TSM reporting page](#) for more information:

TSM	Karbon score
TP01: Overall satisfaction	84.3%
TP02: Satisfaction with overall repairs service	84.4%
TP03: Satisfaction with time taken to complete most recent repair	79.8%
TP04: Satisfaction that the home is well-maintained	85.6%
TP05: Satisfaction that the home is safe	92.6%
TP06: Satisfaction that the landlord listens to tenant views and acts upon them	76.8%
TP07: Satisfaction that the landlord keeps tenants informed about things that matter to them	88.4%
TP08: Agreement that the landlord treats tenants fairly and with respect	90.1%
TP09: Satisfaction with the landlord's approach to handling of complaints	45.1%
TP10: Satisfaction that the landlord keeps communal areas clean and well main-tained	78.7%
TP11: Satisfaction that the landlord makes a positive contribution to neighbour-hoods	82.4%
TP12: Satisfaction with the landlord's approach to handling anti-social behaviour	70.9%

## **C21) What arrangements are in place to enable residents to hold management to account for the provision of services?**

Our TSMs tell us that 76.8% of our customers feel that their views are 'listened to and acted upon' which at least indicates that what we are doing is working well.

Surveys, complaints, social media, and in-person feedback are all ways in which customers can tell us what they think about our services. As we move forward as a company, we strive to make the feedback we get from these channels as vivid and meaningful as it can be through effective reporting and scrutiny procedures.

The following customer led committees are a key part of this process:

- **Karbon Residents Committee (KRC)** is our customer forum. The group works closely with Karbon's Board, Customer Committee and Executive Team to provide independent customer feedback on our services. Their role is to ensure that all our policies and ways of working are grounded in customer insight and experience. An important part of this is their participation in our Scrutiny Reviews which in the last year has included reviews on allocations and lettings (completed), and damp and mould (began February 2024). A copy of their recommendations is shared with Karbon's operational teams so they can take direct action on feedback and a final report is presented to our Group Customer Committee.
- **Karbon Customer Committee (KCC)** is a committee of the group board and has a membership of up to eight people including at least two residents, normally the Chair and Vice Chair of the KRC. They oversee customer experience and customer engagement and ensure that our overall performance is being monitored by residents themselves. The KCC provide reassurance that the needs and safety of customers are at the heart of the board's decision making.

In terms of public accountability, social media continues to play a huge role with many residents using social media channels for complaints and observations. On Facebook and LinkedIn alone, we had a reach of 761,915 in 23/24.

Our resident involvement framework offers many different types of groups, helping Karbon benefit from greater accountability. They include:

- **Customer Environment Group** emerged from our Climate Jury group which has made a series of notable recommendations to the housing sector since its inception. Amongst other things, the group includes customers in conversations on the types of adaptations we should be prioritising and how any retrofit work should take place. The group is vital at a time when technological adaptations to the home are becoming commonplace.
- **Area Forums** help us to understand local challenges. We currently have them in Byker, Stanley, Chester le Street, Tyne Valley and Consett, with more on the horizon. These groups play a significant role in preventing anti-social behaviour and crime, allowing residents to air their concerns to local police who also attend.
- **Sheltered Housing Forums** allow residents to hold Karbon to account on issues such as service charges, communal facilities and shared outdoor spaces.

**C22) In the last 12 months, in how many complaints has the national Ombudsman determined that maladministration took place?**

**How have these complaints (or others) resulted in change of practice within the housing provider?**

The Ombudsman upheld five complaints between 1 April 2023 and 30 March 2024 which included findings of service failures and maladministration. There were however no findings of severe maladministration. In response to these adjudications and our learnings from complaints in general, we have made several changes of practice including the following examples:

- Complaint response timescales – To ensure timely responses we added colleague alerts before complaint deadlines, we implemented weekly performance reporting, and we provided one-to-one guidance and training to colleagues. The training included effective use of extensions, accurate recording in our system and the importance of maintaining contact with customers. This resulted in a notable step change in performance and 99% of our responses were delivered on time in the last quarter.
- Accurate data capture - Aside from raising general awareness with colleagues, we worked with specific individuals on all adjudicated cases. In the new Complaints, Compliments and Suggestions procedure we placed an emphasis on the importance of good complaint record keeping.
- Supporting customers with additional needs - We developed more training and guidance for colleagues on inclusion and diversity, and we produced a Vulnerability Policy for the first time.

[Case Study: What it's like to be an involved customer at Karbon](#)

# Resident support

## C23) What are the key support services that the housing provider offers to its residents?

### How successful are these services in improving outcomes?

#### Income and money management

In 2023/24, our Money Matters advice service helped 4,858 customers achieve £5,324,124 worth of income gains, which is 33% more than we reported last year. Our work was broadly split across the following case categories:

Case category	Financial gains
Financial wellbeing	£377, 286.64
Universal Credit	£1,680, 942.66
Legacy, discretionary and contributory welfare benefits	£3,265,895.00
<b>Report total</b>	<b>£5,324,124.30</b>

Of the 2,000 'legacy, discretionary and contributory benefits' in the table above, over 50% were crucial to enabling customers to sustain their tenancy with us, highlighting the holistic support a housing association can give to customers through a good money advice service.

The Household Support Fund (HSF) is a good example of how the addition of good quality financial advice can add significant value to an often quite transactional welfare payment. The HSF funds around two-thirds of council-run local welfare provision. Each local authority has their own priorities for the fund and their own distribution mechanisms.

Karbon directly distributed £40,000 on behalf of Durham County Council to our customers and, due to the multiplier effect of our advice and our ability to generate further support funds, that £40,000 was turned into a net gain of over £130,204. These figures show the kind of impact a supportive housing sector can have on local economies and household income.

Last year we also issued the following crisis vouchers, often alongside other supportive interventions:

- 610 energy crisis vouchers (+177% rise on last year).
- 790 food crisis vouchers (+394% rise on last year).

While the vouchers were worth £74,507 in total, they also provided opportunities for customers to access a wider package of support worth significantly more than the vouchers alone.



To emphasise the importance of the substantial multiplier effect that good advice can create, we distributed £58,841 from our own hardship fund, which released net gains (follow-on benefits and payments) of over £157,000.

Part of the strength of our Money Matters service is that it works within the parameters of the local economy, building partnerships and relief networks which benefit our residents. The value of Northumbrian Water's Support Plus Scheme is a good example. In the last year alone, the scheme provided water rate discounts worth £423,203 to Karbon customers most in need.

## **Employability and skills**

Our Foundations for Life Team delivers digital training and employability opportunities as well as facilitating our internal apprenticeship and New Start paid placement programmes. This year, the team supported 414 people including:

- 138 into training
- 99 into employment

The team also works under the umbrella of the Housing Employability Network North East (HENNE), an alliance of local housing providers which has been delivering employability solutions since 2019. This year Karbon has partnered HENNE on a series of bids to tackle unemployment and economic inactivity, which have to date secured close to £4m from the UK Shared Prosperity Fund (see C24).

## **Community investment programmes**

Our Community Investment Team distributes a Community Investment Fund which has supported 156 charities with £231,742 of grants in the past year. Our work with Feeding Families stands out as a highlight.

Feeding Families is a large North East charity based in Gateshead who we have worked with since 2020, donating over £62,000 and helping out with volunteering wherever possible. As the cost of living continued to rise in 23/24, a further grant from our Community Investment Fund this year helped provide 10,000 festive food packages for households continuing to feel the pinch.

As social problems such as loneliness and lack of affordable childcare continue to trouble our communities, our services like the Holiday Activities and Food programme and Silver Talk provide practical solutions. The former has provided free meals and activities to over 1,500 primary age children during school holidays since its inception. Our telephone befriending service for the over 50s known as Silver Talk has become something of a local institution in recent years currently supporting 276 service users across the North East with weekly, 30-minute social phone calls from one of 65 volunteers.



## Case study: Silver Friends

Thanks to a grant from UK Government's Know Your Neighbourhood Fund, the Silver Talk team was able to set up a new 'in-person' branch of the service called Silver Friends.

Operating in venues across North Durham, Silver Friends provides the events and community spaces for people to meet up and more than 109 people have benefitted from the pilot so far, which has been boosted by the support of nine volunteers.

Community Volunteer Coordinator Leanne Murray has been organising events:

"Silver Friends is here to get people out of the house. A lot of older people don't necessarily have work or places to go to. They can go week to week without seeing anybody.

"Silver Friends gives people a chance to open up and have a laugh. They can meet new people and interact which is important for their mental health."

Silver Friends also runs a monthly men's group, which gives men aged 50+ the chance to come together for a free lunch and a friendly chat.

Leanne said: "The men's group gives them a chance to open up a bit more. I have men attending the mixed group and they are full of jokes, character and life. But they feel more comfortable to be a bit more serious and talk about what's going on with them and their families at the men's group.

"I think men need the right environment to be more open and we provide them with a safe space to do this."

As well as the social side of Silver Friends, the service also mobilises local service provision in one place, allowing locals to connect with a variety of lifestyle and wellbeing services which would not have presented themselves to them in the past. It does this via a series of pop-up events where various service providers set up market stalls.

Our Aids and Adaptations and Money Matters Teams are regulars at the events, along with the likes of Age UK, the Alzheimer's Society, and Northumbrian Water. The events have provided the opportunity for local leisure centres to handout free passes to promote engagement with the elderly, and local councillors have attended to discuss emerging local agendas.

# Placemaking

**C24) Describe the housing provider's community investment activities, and how the housing provider is contributing to positive neighbourhood outcomes for the communities in which its homes are located**

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

The Community Investment Team supports our place-based work and has recently joined forces with the Karbon Place Team in a mission to repurpose a derelict old board school site on the high street in Stanley, which is one of our two impact areas where we are concentrating the efforts of our Fair Foundations approach.

Having bought the school site in 2023, we intend to bring it back to life with a new purpose reflecting the needs of the local community.

So far, we have delivered a community art project on the façade of the old school, and run a public consultation to engage local people in deciding the future use of the site. Having established local need and views, we'll be looking to take the project to the next stage of its development later this year.

[Case study: Stanley Board School art project](#)

# Case study: New Start

## **New Start shows a way forward for local employment**

New Start delivered its 100th placement in March this year and is set to reach new levels of success following significant funding from the UK Shared Prosperity Fund.

Different towns and places have their own unique employment challenges and there is a growing recognition that skills providers and businesses need to work with employability initiatives to tackle these challenges. New Start is a work placement programme which was designed to facilitate this process, matching the local potential labour force with the needs of local businesses.

New Start gives candidates the opportunity to get a 'foot in the door' with jobs they may have never considered (or been considered for) and Karbon's role is vital for this to work.

We play an enabling role in the process by managing the selection process, and supporting candidates into the role on their terms. Because we have control of recruitment, we can promote hiring based on personal attributes rather than formal skills and we ensure that the candidate is supported throughout the length of the placement.

As well as the ESG benefits that adopting ethical recruitment practices can bring, host companies will also see a clear cost benefit of hiring through the New Start programme.

To illustrate this point, the average cost of recruiting one new employee is £6,125 (CIPD). However, if we offer a 50% co-funded New Start placement for £4,500, we immediately reduce the cost of recruitment by £1,625. And in addition, we offer wraparound pastoral support throughout the placement which is free to the employer, and we introduce a new talent pool to the organisation for future vacancies.

In 2023/24 the programme has been part of a series of employability programmes which have received just under £4m in total from UK Shared Prosperity Fund grants in Tees Valley, Durham, North of Tyne and most recently South Tyneside.

As well as providing the skills which help people into work, the money will create almost 120 New Start placements in the coming year, co-delivered by us and our social housing partners.

# Governance

On 29 November 2023 the Regulator of Social Housing confirmed our governance and viability rating of G1/V1, the highest grade available in our sector. The rating validates that our board and management teams are careful in ensuring that we balance our resources effectively across our strategic aims, maximising value for money, and ensuring we understand the risks faced by our business, whether these are unique to us or those that affect the sector as a whole. As a G1/V1 provider we have the capacity and ability to mitigate our exposures effectively.

On 17 May 2024, S&P Global Ratings affirmed our credit rating as an 'A' 'Outlook Positive'. S&P outlined that they thought Karbon's credit metrics would remain 'relatively strong compared to those of peers' and were able to take a positive view of our ability to deal with the range of challenges facing the sector 'thanks to (Karbon) management's solid strategic planning and adherence to conservative financial policies'.

As a housing association which prides itself on operating with a 'strong business head and a social heart', the decisions the board makes are always based on a balanced scorecard approach, so it's never just about the financials. Our board and management always aim to work within our credit rating metrics to both maximise our social outcomes but retain our financial strength, and ensure we are a sustainable business. We hope our culture and values are apparent in this report and the following section further highlights the ways in which we strive to be a thoughtful company. This is perhaps reflected most vividly in areas such as our professional development offer to our colleagues and the efforts we make to be an inclusive organisation.

## Structure and governance

### **C25) Is the housing provider registered with the national regulator of social housing?**

Yes.

### **C26) What is the housing provider's most recent regulatory grading/status?**

Karbon has held G1 and V1 ratings for six years.

### **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 a not-for-profit?**

Yes.

## **C29) Explain how the housing provider's board manages ESG risks.**

Are ESG risks incorporated into the housing provider's risk register?

On an annual basis, the Group Board considers and sets the risk appetite for all strategic risks. As ESG risks emerge, whether through new consumer legislation or new policy, they are built-in to our risk management framework. During last year's internal audit programme, our auditors analysed our risk management approach and returned a 'substantial' assurance rating, the highest available. Our Group Audit and Risk Committee (GARC) is an important part of this approach. GARC oversees the risk management framework, scrutinises our risk register, manages our internal audit programme and reports assurances to Group Board.

GARC and our board receive detailed strategic risk reports on a quarterly basis, including risks that may be escalating or need a 'closer watch'. They are supported by specialist committees which each have responsibility for overseeing specific risks:

- Group Customer Committee – oversees landlord health and safety and consumer regulation risks
- Group Development Committee – oversees risks associated with our development programme, decarbonisation and asset management
- Group Remuneration, Nomination and People Committee – oversees our people and organisational development risks as well as employee health and safety
- Treasury Task and Finish Group, made up of non-executive board members, is constituted on an 'as and when' basis to manage treasury and associated financial/ refinancing risks.

These committees carry out 'deep dives' into the nature of the risk before providing assurances to GARC and the board. Importantly, the efforts of the committees and the board are supported by our Strategy and Insight Team who provide detailed board reports including performance against key indicators, TSMs and compliance.

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

No

### **Board and trustees**

## **C31) How does the housing provider ensure it gets input from a diverse range of people into the governance processes?**

**Does the housing provider consider resident voice at the board and senior management level?**

## **Does the housing provider have policies that incorporate Equality, Diversity and Inclusion (EDI) into the recruitment and selection of board members and senior management?**

Our board's Membership and Recruitment Policy ensures that there is a fair and balanced approach to recruitment. The policy is supported by our Code of Governance which states that the board should reflect the communities it serves.

Analysis of board data against customer data tells us how representative our board is, and we work proactively to improve the diversity of our board through succession planning when we know someone is due to step down. For example, we have tried to balance the age of our board by recruiting a younger demographic. We do this through a range of tactics including:

- Employing different recruitment partners with access to different talent pools.
- Using alternative media to advertise the roles and diversify our reach.
- Launching a trainee board member programme to remove barriers.

The implementation of the Karbon Customer Committee (see C21) allows resident voice to be considered at board and senior management levels and we are keen to go further, ensuring that resident voice is present not only in the governance process but also in board decisions. To prove our commitment to this, we recently deployed a 'task and finish' group to guide us on how to move forward most effectively.

Our customer, colleague and board demographics are as follows:

<b>Gender</b>	<b>Board</b>	<b>Customer</b>	<b>Colleagues</b>
Female	41.67%	57.22%	43.31%
Male	58.33%	42.67%	56.69%
Other	0.00%	0.10%	0.00%
<b>Ethnicity</b>	<b>Board</b>	<b>Customer</b>	<b>Colleagues</b>
White	91.67%	84.24%	90.15%
Mixed/multiple ethnic group	0.00%	0.58%	0.19%
Asian/Asian British	8.33%	0.44%	1.15%
Black/African/Caribbean/ Black Brit-ish	0.00%	0.57%	0.48%
Other ethnic group	0.00%	0.33%	0.10%
Prefer not to say	0.00%	0.78%	1.24%
<b>Disability (%)</b>	<b>Board</b>	<b>Customer</b>	<b>Colleagues</b>
Current or work limiting disability	8.33%	17.46%	4.21%
No core or work limiting disability	91.67%	0.00%	87.00%
Prefer not to say	0.00%	0.00%	1.15%
<b>Age</b>	<b>Board</b>	<b>Customer</b>	<b>Colleagues</b>
16-24	0.00%	2.66%	2.58%
25-34	0.00%	11.93%	21.51%
35-44	8.33%	16.13%	28.59%
45-54	8.33%	14.98%	24.86%
55-64	50.00%	17.87%	20.27%
65+	33.33%	33.20%	2.20%

**C32) What % of the housing provider's Board have turned over in the last two years? What % of the housing provider's senior management team have turned over in the last two years?**

Two board members out of 12 have left in the last two years. These members had reached the end of their tenure.

Our senior management team includes 26 people. It is comprised of Karbon Management Team (KMT) which are our Directors and Assistant Directors, and our Executive Team. The turnover for the Senior Management Team in the last two year's is 0.2%.

**C33) Number of board members on the housing provider's 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. Two are qualified accountants or auditors.

**C34) What % of the housing provider's board are non-executive directors?**

92% (11 out of the 12 board members are non-executive directors).

**C35) Has a succession plan been provided to the housing provider's board in the last 12 months?**

Yes. Our Code of Governance requires that we have a formal succession plan and a board development plan. Our approach to board diversity was added to the Code in March this year and we report compliance every July along with our financial statements and annual accounts.

**C36) 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 ten years, although the specific Audit Partner (the individual who conducts the audit) changed in 2022.

**C37) When was the last independently run, board effectiveness review?**

The last board effectiveness review was carried out by Altair from September 2023 to February 2024. We also carry out internal effectiveness reviews of our board committees every year and, in line with governance best practice.

**C38) How does the housing provider handle conflicts of interest at the board?**

Board members complete an annual declaration of interests which informs us of any changes to their situation. 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

## C39) Does the housing provider pay the Real Living Wage?

Yes.

## C40) What is the housing provider’s median gender pay gap?

	Mean	Median
2022/23	4.9%	1.1%
2023/24	4.7%	1.1%

The future looks promising for our gender pay gap. Of those who received recognised qualifications last year, 63% were female and 37% were male. Another indicator of gender equality is our Aspire to Lead (future managers programme) where 67% of participants were female and 33% male.

## C41) What is the housing provider’s CEO-worker pay ratio?

The following figures are calculated using a standardised methodology from the Department of BEIS known as Option A. This method represents the most statistically accurate way of identifying UK employee remuneration using three percentile points for added clarity.

Year	25th percentile pay ratio	50th median percentile pay ratio	75th percentile pay ratio
2023-2024	7.88	6.26	5.77

## C42) How is the housing provider ensuring equality, diversity and inclusion (EDI) is promoted across its staff?

‘Inclusion and belonging’ is the way we talk about EDI and as a housing association we feel it’s important that our policy goes beyond the regular protected characteristics to consider additional factors such as socio-economic status and languages spoken.

Colleagues are asked to confirm familiarity with the EDI policy (as part a mandatory process which includes our annual Declaration of Interests), and we provide additional training through our learning management system.

It is hard and often inappropriate to teach diversity in real life situations so we set up a fake housing association known as ‘In Their Shoes Community Housing’ to help us role play some scenarios. In Their Shoes allows us to test our approach to diversity

in a depersonalised manner using fictional characters with a selection of diversity characteristics. The challenges we ask our colleagues to confront encompass those scenarios where an absence of inclusivity is perhaps felt most keenly including housing allocations and customer phone calls.

Karbon also hosts a number of inclusion hubs. These are colleague-led groups which so far include Gender, LGBT+, Disability and Neurodiversity, and Armed Forces. Each group brings together those with lived experience as well as those who are there to support as allies. One such hub, the Disability Hub, recently worked on a Wellbeing Passport which defines and lists the kinds of adaptations people need in a format which they can carry with them throughout their career, avoiding the need to repeat their needs over and over again.

We value the expertise our EDI team brings to all customer facing departments including, for example, our Aids and Adaptations Team who have been supported to develop their offer with even more understanding than previously.

As a mark of progress, we've already received our Level 2 Disability Confident Accreditation and now we're working towards Level 3. We're also undergoing accreditation with the National Centre for Diversity.

### **C43) How does the housing provider support the physical and mental health of its staff?**

We take mental health seriously at Karbon and provide the following support:

- The Employee Assistance Programme offers up to six face-to-face sessions with a fully qualified counsellor.
- We subsidise free access to the Headspace app which has become hugely popular with colleagues.
- The Wellness Cloud is an app which promotes live support events and remote wellbeing consultations for colleagues.

Karbon is also part of the Better Health at Work Awards, a programme which recognises the achievements of employers in the north east in promoting health and well-being. After receiving the top Gold award for excellent practice, we recently received a special merit for 'Continuing Excellence'.

In part, this is due to the range of benefits we offer, designed to retain colleagues and promote well-being. These include:

## Key Karbon benefits

<b>Flexible pot</b>	Every year, we give each colleague a pot of £580, in addition to their basic salary, which they can choose how to use. Colleagues may wish to take the money as extra cash, or use it to secure additional benefits from a range of well-being choices.
<b>BHSF cash health plan</b>	Karbon subsidises bronze level membership of the health plan with options to upgrade and add family members for an additional cost. The plan offers cover that gives money back on a range of everyday healthcare bills, consultations and scans, including those from dentists, opticians, physiotherapists, osteopaths, chiropractors, acupuncturists and homeopaths.
<b>Salary ex-change</b>	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.
<b>Time away from work</b>	26 days' annual leave rising to 31 days after three years' service, accompanied by one day's birthday leave, a moving home day, a volunteering day, a career break option, and a buy and sell annual leave scheme.
<b>Cycle to work mileage scheme</b>	Colleagues can claim 20p a mile for miles cycled to work.
<b>Maternity</b>	<p>As a family-friendly organisation, we want to support colleagues who decide to extend their family. We offer an attractive, enhanced maternity scheme as follows:</p> <ul style="list-style-type: none"><li>• Weeks 1 to 6 - Full pay, inclusive of Statutory Maternity Pay (SMP)</li><li>• Weeks 7 to 22 - Half pay, plus SMP</li><li>• Weeks 23 to 39 - SMP only</li><li>• Weeks 40 to 52 - Unpaid</li></ul>
<b>Pensions</b>	<p>The SHPS 1/120th Career Average pension (known as CARE) is a defined benefit scheme. Karbon contributes 8.4% of a colleague's salary into the scheme with the colleague contributing 8.4%. Karbon will also contribute a further 1.6% of the colleague's salary if they also make the same contribution.</p> <p>The SHPS Defined Contribution Scheme (known as SHPS DC) sees Karbon Homes contribute a minimum of 4% and up to 8% of an individual's salary into the scheme, with the colleague contributing the same amount.</p> <p>In 2021 we introduced salary exchange for pensions.</p>

Our staff turnover and sickness absence levels are two traditional KPIs which, in part, help us to measure well-being. But perhaps the most significant indicator is our Employee Net Promoter Score (eNPS). This score is generated via surveys which ask employees if they believe Karbon is 'a great place to work'. Our score has been on a clear upward trajectory over the last five years proving that our efforts are having an impact on employee perception and that we have built a culture which we can be proud of:

Year	ENPS
2019/20	-9
2020/21	+29
2021/22	+27
2022/23	+23
2023/24	+39

The organisation who designed the framework (known as HIVE) produced the following guidance which indicates that our eNPS score of +39 is 'very good':

- **+40 = outstanding**
- **+20 to +40 = very good**
- **-10 to +20 = average**
- **-10 or less = below average**

#### **C44) How does the housing provider support the professional development of its staff?**

As well as our mandatory learning programmes which all our colleagues undertake, 75% of colleagues receive additional formal training. Professional development can vary significantly from one to the next, but to demonstrate our commitment, last year, 27 colleagues received qualifications which are transformative to their career prospects. This included one masters degree, two degrees, four foundation degrees and a selection of professional qualifications with the Chartered Institute of Housing and the Royal Institution of Chartered Surveyors.

Our recently refreshed People Strategy outlines how our approach to learning and development is one that helps our colleagues keep their skills and knowledge up-to-date and continuously build expert knowledge. The diagram below summarises the key activities our people and organisation team will be focusing on in the coming months to deliver our ambition of engaged high performance.

For us, professional development is about addressing specific skills gaps so that

we can deliver our strategic objectives while also creating an environment where everybody has the opportunity to learn and grow. Development doesn't just mean training. In fact, when thinking about learning and growing, formal and structured training tends to be one of the least effective methods of development. At Karbon we talk about the three Es of development: experience, exposure and education.

Individuals can access a range of support which includes:

- One professional membership granted to each employee.
- Funded training for development in your current role, as well as potential future roles.
- Qualification funding.
- Apprenticeship opportunities.
- Learning and growing circles where colleagues gather in small groups to gain exposure to key topics.
- A learning management system (accessed via desktop and remote devices) filled with a broad range of content.
- The Adaptive Leader programme in-person and online sessions where managers develop their leadership styles underpinned by key models and common principles that we have adopted at Karbon.
- The Aspire to Lead programme for colleagues identified as potential future talent and who are looking to take their next step into leadership.

# Supply chain

## **C45) How is social value creation considered when procuring goods and services?**

What measures are in place to monitor the delivery of this Social Value?

Social housing is one of the most significant sources of spending in many local economies – especially within emerging industries such as domestic retrofit. As a large housing provider, we realise that the way we procure has an impact on the future of local economies. We therefore have a duty to turn these levels of spending into opportunities for our communities and a sophisticated approach to social value (SV) is key to how much we can deliver.

Last year we reported that we are refining our SV processes. We have since launched our 'Approach to Social Value' Policy and introduced the role of a Social Value Coordinator into the business. The role enables us to take a partnership approach to SV helping suppliers channel targeted contributions into our communities with more purpose and with lasting impact.

SV is included in all Karbon tenders over £100,000 and bidders are asked to commit to a tailored set of SV activities which have a 10% weighting in the tender evaluation. We use measures from the National TOMs (Themes, Outcomes and Measures) to evaluate and measure SV and we monitor delivery against each contract ensuring the promises made at the bidding stage are fulfilled.

This year, we've worked with 19 contractors to deliver over £922,335 of social value. Activities have ranged from volunteering at local foodbanks to the offer of apprenticeships on our sites where people can gain valuable experience.

Using the nationally recognised TOMS (Themes, Outcomes Measures) framework to account for our social value we our calculations tell us that we have delivered £922,335 of social value at the end of Q4. This includes:

- 25 local employees hired or retained £962,526
- 643 weeks of apprenticeships and T-Levels £161,900.97
- 5 weeks of paid work placements £972.50
- 127 hours of 'support into work' assistance delivered £13,408.66
- 51 hours of school and college visits £863.43
- Funding available to sponsor community projects £34,135.15
- In-kind contributions made (materials and time) £17,631.49
- 53 volunteering hours delivered £897.29

We're looking forward to building on the foundations we've put in place over the last year and have more ambitious social value projects planned. We'll be working even more closely with our supply chain and in partnership with anchor organisations such as the new North East Combined Authority to ensure that our spending capacity brings clear regional benefits.

The aim of the ESG report is to provide transparency and insight into the challenges we face but also to highlight the opportunities coming our way. For example, the ways in which we apply big spending programmes like domestic retrofit give us unprecedented economic leverage. In tandem, regional devolution has given us the political forum to do things better. We would therefore appeal to a range of stakeholders from institutional investors, local authorities, charities, public and charitable funders to read our report and we invite you to join us in tackling challenges like cost of living, and opportunities like employment and skills and net zero.

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Karbon Homes is a charitable registered society under the Co-operative and Community Benefit Societies Act 2014.  
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