

# Environmental, Social & Governance (ESG) Report

For the year ended 31 March 2022



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# Joint Statement from Chair of the Board and Chief Executive

We are delighted that this year marks the publication of Caredig's first Environmental, Social and Governance (ESG) Report and signals a step change in our response to sustainability.

We have always been an organisation who cares about the environment, and our strong sense of social purpose, matched by effective co-regulatory governance, has ensured that we stay true to our values and vision of being a landlord, employer and partner of choice.

However, we recognise that across the sector and wider economy more needs to be done to respond to this agenda, and that we, as a community housing association embedded in five local authorities with 2,887 homes, have a responsibility to play our part.

Progress during the year has been strong, both setting down foundations for the future, and achieving a number of key milestones. This report will guide you through our assessment of our progress against the Sustainability Report Standard for Social Housing (SRS).

We were particularly pleased to achieve a positive independent assessment of our ESG credentials and attained a Sustainable Housing Certificate earlier in the year. This rating drew upon our recently published Sustainability Strategy and our proactive approach to decarbonising our existing homes, alongside delivering a programme of new homes with high energy performance ratings.

In closing we would like to thank our staff for their ongoing commitment to tenants and service users, the Board for its leadership in this area, and our funders for their commitment to, and support of, our developing approach to ESG reporting.



Jackie Royall  
Chair of the Board

A handwritten signature in blue ink that reads "Royall".



Marcia Sinfield  
Chief Executive

A handwritten signature in blue ink that reads "Marcia Sinfield".

# About Caredig

Caredig is a registered charity that develops and manages social housing for general needs, older persons and extra care accommodation across five local authorities in South West Wales. We have 2,887 homes (2021: 2,897) and also provide care and support services.

We are regulated by Welsh Government and you can find out more general and financial information about us in our Annual Report and Financial Statements for the year ended 31st March 2022 by looking at our [Publications](#) page on our website.

**Our Mission** is to create strong, vibrant and resilient communities where people can live active, fulfilling lives – living independently and safely.

**Our Vision** is that by 2025 we will be a landlord, employer and partner of choice; we will continue to make a positive difference to the lives of our tenants, staff and the communities we work in; we will have achieved an ambitious development programme and supported the circular economy within the areas we work in Wales.

**Our Values** determine how we behave towards our customers, our colleagues and our partners and our work; our values influence the decisions we make as individuals and as an organisation.

## Kindness | Innovation | Accountability | Trust | Fairness | Respect

We will continue to work with our local authority partners to deliver the policy aims of Welsh Government. We recognise the importance of supporting communities to grow in a way that is sustainable, safe and kind to the environment. Social, economic and environmental conditions within the sector and society present a challenge to achieving these aims, as the housing and cost of living crisis continues, however we are determined to move forward with these aims.

Our Sustainability Strategy shows that we appreciate the scale of our ambitions in building new and retrofitting our existing homes to become zero carbon, whilst meeting higher building safety standards.

Gathering the data for this report, has provided us with further insight, as we continue our journey to become a carbon free organisation. We hope you, our key stakeholders, enjoy reading the report.

# The Key Themes of Environmental, Social and Governance Reporting

Moving towards full adoption of the Sustainability Reporting Standard for Social Housing, we intend to use the 12 key themes and 48 criteria for Environmental, Social and Governance (ESG) reporting by housing associations. Our first report focuses on the core measures.

The criteria align to international frameworks and standards including the United Nation's Sustainable Development Goals (SDGs), Global Reporting Initiative (GRI), the Value Reporting Foundation's SASB framework, the International Capital Market Association (ICMA) and the principles set out by the Loan Market Association (LMA).

In this ESG reporting period, covering the 2021/22 financial year, we have recorded performance against the Sustainability Report Standard (SRS) core metrics. We will continue to develop our approach to ESG reporting in readiness for reporting against both core and enhanced metrics in future years.

Social	<b>T1  </b>	Affordability & Security	This theme seeks to assess the extent to which Caredig provides homes that are genuinely affordable to those on low incomes. The theme is made up of five criteria, including the tenure mix of new and existing properties and security of tenure and fuel poverty.
	<b>T2  </b>	Building Safety & Quality	This theme seeks to assess how effective Caredig is at meeting its legal responsibilities to protect tenants and keep buildings safe. The theme is made up of three criteria, disclosing gas safety checks and fire risk assessments and meeting Welsh Quality Housing Standard.
	<b>T3  </b>	Tenant Voice	This theme seeks to assess how effective Caredig is at listening to and empowering tenants. The theme is made up of three themes that cover board scrutiny, complaint handling and tenant satisfaction.
	<b>T4  </b>	Tenant Support	This theme seeks to assess the effectiveness of the initiatives that Caredig runs to support individual tenants. The theme is made up of two criteria that cover what support is provided and how successful it is.

Environment	<b>T6  </b> Climate Change	This theme seeks to assess how the activities of Caredig are impacting on climate change. This theme considers current practice, as well as the changes being made to improve performance in the future. The theme is made up of six criteria, including the distribution of EPC ratings, emissions data, climate risk mitigation plan and environmental strategy.
Governance	<b>T9  </b> Structure & Governance	This theme seeks to assess Caredig's overall structure and approach to Governance. The theme is made up of six criteria covering the regulator, Code of Governance, risk management and ownership.
	<b>T10  </b> Board & Trustees	This theme seeks to assess the quality, suitability, and performance of the Board of Caredig. The theme is made up of eleven criteria including demographics of the board and independence of the board.
	<b>T11  </b> Staff Wellbeing	This theme seeks to assess how staff are supported and how their wellbeing is considered. The theme is made up of five criteria including salary information, additional support for staff and average sick days.

# T1 | Affordability and Security

**For properties that are subject to the rent regulation regime, report against one or more Affordability Metrics.**

We have adopted a living rent model which is based on lower quartile median earnings, to ensure that our rents and service costs are affordable to tenants on lower incomes. We know that service charges particularly for tenants who live in flats can increase living costs and so include service charges in our affordability calculations. Where there is a service charge rents will be no more than 33% of the lower quartile earnings and if there is no service charge the rents will be no more than 28%.

Every year we review our rents and use the following principles to guide decisions:

- Affordable
- Sustainable
- Engage
- Fair
- Accountable

Local Housing Allowance (LHA) rates are used to calculate the amount of benefit that can be paid to tenants in the private rental sector (PRS) to cover their housing costs. As we work across several local authority areas we have used the Welsh median private rent figure. The table below shows our rents are significantly less than local housing allowance.

## Caredig rent compared to local housing allowance 2021/22

Organisation	Rent per week
Caredig	£95.16
Private Sector Wales	£132.13

**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.**

Our focus is on providing rented homes that are affordable for the people who live in them.

Homes in Management	2020 / 21	%
General Needs & Extra Care at end of year	2,709	94%
Shared Ownership, Fixed Equity & Leasehold at end of year	18	<1%
Supported Housing at end of year	106	4%
	2,833	98%
Homes Managed by others		
General Needs & Extra Care at end of year	4	<1%
Supported Housing at end of year	60	2%
	64	2%
Total number of homes	2,897	100%

**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.**

Last year we completed 15 new homes, 10 of them were for general needs tenants (social rent) and 5 were new homes for people with enduring mental ill health who will receive support to maintain their tenancy and to live flourishing lives.

Number of Homes 2021 / 22	No	%
Social Housing - Grant Funded	9	60%
Social Housing - through s106	1	7%
Social Housing - Other	5	33%
Total number of homes	15	100%



## T2 | Safety and Quality

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

We have a Money Solution Team who support tenants to maximise their income and access the correct energy tariffs and any benefits that they are entitled to. We also provide energy saving measures to those tenants who need support most. We have commenced retrofitting our existing homes and have targeted homes that are least energy efficient and therefore expensive to run by adopting a fabric first approach. We provide advice to tenants on how to work their heating controls when tenants move in and in our Older Persons.

We have also measured our carbon footprint and have set challenging targets to reduce it, this will primarily be through improving the energy efficiency of our homes.

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

99.6% of our homes had a valid gas certificate on the 31st March 2022.

### **What % of buildings have an in-date and compliant Fire Risk Assessment?**

100% of our buildings have an in-date Fire Risk Assessment.

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

100% of our homes meet the Welsh Housing Quality Standard.

## T3 | Resident Voice

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

We have a Tenant Involvement Strategy which enables tenants to engage at all levels in holding us to account for the provision of services. This includes completing a questionnaires, engaging in a review of the complaint's process, taking part in estate and scheme based groups. The tenant based Caredig Reviewers group support this work.

At the centre of this is the tenant 'Hub' a tenant led group which is attended by representatives from the Board. In addition tenant member of the Hub attends Board meetings.

In addition, we carry out a survey of all Tenants every 3 years and have achieved good levels engagement. From this we develop action plans based on the survey report.

We have a co-production strategy in place in Care and Support that guides our work around service development and how we provide our services. Our Quality Assurance work engages service users are engaged with via senior managers and our Responsible Individual (also a Board Member) who visit services and discuss quality of service with the people in receipt of the service which is another way in which we are held to account for what we provide - these views are acted upon and also discussed at Board level.

### **How does the housing provider measure Resident Satisfaction and how has Resident Satisfaction changed over the last three years?**

We commission an independent research agency to survey all Tenants every three years. The report is shared with Board Members and Tenants. We last carried out a survey in January 2022 and in response to the question 'Taking everything into account, how satisfied or dissatisfied are you with the services provided by Caredig 83% were satisfied. These results compared favourably with other housing associations in the Welsh sector for the period.

## T4 | Resident Support

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

We have a wide range of services on offer to support tenants.

Our Money Solution Team supports tenants by providing budgeting advice, maximising benefits, applications for grants coupled with referrals to other agencies. During the year they generated £1.1 million additional income for tenants, this included £149k to help tenants at the beginning of their tenancy with the costs of establishing a home.

During 2021/22 we launched the Community Together Service which is funded by Swansea Council. The aim of this service is to help springboard people into their community and build exciting lives. The service has reached into the community and found that in them are people with lots of skills, and lots to offer others, and who want to help others.

These groups did not previously exist but were needed by the community and needed somebody to instigate them. We have helped set up these groups, for the benefit of the community as a whole and the benefit of the people that use our services. We have set up groups for the community, like the Cue club, Fishing club, King Pins and Art classes.

Through these groups people together can build connections and relationships with people who want to be there, not just professionals, inspiring them, developing their confidence and all to help them live a more exciting and flourishing life. These groups also support people in the community to understand the lives of people experiencing mental health issues.

We have had great success through taking more positive risks, trusting people in the community and empowering the people in our services. Service users who did not want to engage with traditional mental health day centres are engaging with this new approach.

Following on from a pilot project we embarked on our Homes not Houses project which provides flooring in our homes for those tenants who cannot afford it. It made a huge difference to the recipients. With tenants saying 'You will never know the difference you have made to our lives, financially and comfort wise' and 'I've never felt like anywhere was home, I now feel like I have a home'

Covid 19 highlighted to us the need to take a proactive approach to outreach work which an emphasis on linking with all the community services. We wanted to work better together to reach as many people as possible, as quickly as possible, to prevent people and families getting into crisis and so we established our wellbeing service Dechrau. It works alongside people so that they can take steps which will provide a consequential positive impact on their wellbeing. The Service has supported over a hundred Tenants during the year.

We provide supported housing to people experiencing mental health and substance misuse issues from 24 hour support through to floating support, part of this service is dedicated to connecting people to their communities and building links beyond services.

We support tenants to become digitally included by providing training and access to digital devices. This enables tenants to be connected to their families, access universal credit and manage their accounts.

We are committed to reducing our carbon footprint and embracing the circular economy. During 2021/22 we adopted our sustainability strategy and set ourselves challenging targets to reduce our carbon footprint. We were proud to be awarded a sustainability certificate by Ritterwald as external verification of our work.

## T6 | Climate Change

### Distribution of Energy Performance Certificate ratings of existing homes (those completed before the last financial year).

We are committed to improving the energy efficiency of our existing homes and have targeted our worst performing homes for retrofitting measures. By the end of 2021/22 88% of our homes had an Energy Performance Certificate (EPC) rating of EPC C or higher.

#### Energy Performance Certificate Ratings of existing Caredig Homes

EPC Rating	% of Caredig homes
A	0.5
B	28.5
C	59.0
D	11.5
E	0.5
F	0.0

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

During 2021/22 we completed seventeen new homes. Most of these new homes were part of our regeneration strategy and were purchased to provide much needed additional homes for people who were homeless or at risk of homelessness. Further work will be undertaken to improve their energy efficiency rating.

#### Energy Performance Certificate Ratings of New Homes

EPC Rating	Number of homes
A	11
B	1
C	
D	
E	5

## **T9 | Structure and Governance**

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

Yes, Housing for Wales Register Number L002 and The Co-Operative and Community Benefit Societies Registered Number 21057R.

### **What is the most recent regulatory grading/status?**

At our last review, Welsh Government awarded us the highest regulatory grading in both Financial Viability and Governance & Service Delivery.

### **Which Code of Governance does the housing provider follow, if any?**

Caredig complies with the Community Housing Cymru (CHC) Code of Governance issued in 2021.

### **Is the housing provider Not-For-Profit?**

#### **If not, who is the largest shareholder, what is their % of economic ownership and what % of voting rights do they control?**

Caredig is a Registered Social Landlord under the Cooperative and Community Benefits Societies and is not for profit.

### **Explain how the housing provider's Board manages organisational risks**

The Board is committed to the management of risk in order to achieve the vision and goals of the organisation, and to remain a viable and sustainable business. The Welsh Government, as regulator of the housing association sector, has continued its focus on the management of risk, expecting housing associations and particularly their Boards to fully understand the business and financial risk environment in which they operate and to be confident that these risks are effectively managed.

Our Strategic Risk and Assurance Register focuses on key strategic risks and reflects the Board's articulated risk appetite. It allows risks to be mapped, control measures identified and managed using the lines of assurance methodology and responsibility allocated. The first line identifies all controls in place to manage the risk. The second line of assurance provides internal assurance, while third line provides any external assurance in place.

The management of risk is reported to Audit and Risk Committee on a quarterly basis to monitor whether the risk profile is changing and to provide assurance that risk is being managed effectively across the organisation. The quarterly review allows for the discussion and challenge of strategic risks and the levels of assurances the Board have identified for those risks and also identifying new and emerging risks that have not yet appeared on the risk register.

Through the Audit and Risk Committee, the Board reviews the effectiveness of the systems of internal control by approving the work programme for internal audit, which reflect the main risks identified in the organisation's strategic risk register. Outcomes of both internal and external audit reviews are considered by the Committee with all recommendations appropriately acted upon.

# T10 | Board and Trustees

What are the demographics of the Board? And how does this compare to the demographics of the housing providers residents, and the area that they operate in?

Board Demographics		
<b>Age</b>	30-44	45-64
	8%	92%
<b>Ethnicity</b>	White /British	
	100%	
<b>Gender</b>	Female	Male
	33%	67%
<b>Sexual Orientation</b>	Heterosexual	
	100%	
<b>Disability</b>	No	
	100%	

The Board recognises that it has limited diversity in respect of some of the protected characteristics and is taking steps to address this.

Board Members can service a maximum term of nine years on the Board, through reappointment on three year cycles.

In respect of our demographics the Board reflects the communities it service.

## What % of the Board and management team have turned over in the last two years?

As mentioned above the Board has a regular turnover of members in accordance with the 9 year succession plan.

The current Executive team have been in place for more than two years with the most recent recruitment being the Chief Executive who took up her post in January 2020.

## Is there a maximum tenure for a Board Member? If so, what is it?

Maximum tenure for a Board Member is 9 years, as set out in our Rules.

## What % of the Board are Non-Executive Directors?

100% of the Board Members are Non-Executive Directors.

### **Number of Board Members on the Audit Committee with recent and relevant financial experience**

One Member of the Audit and Risk Committee is a qualified accountant and others have financial and risk management experience.

### **Are there any current executives on the Remuneration Committee?**

100% of the HR and Remuneration Committee are Non-Executive Directors

### **Has a succession plan been provided to the Board in the last 12 months?**

The HR and Remuneration Committee supports the Board Chair and Chief Executive to consider succession planning. The Company Secretary and Governance Manager attend this Committee to provide support.

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

Bevan and Buckland are our External Auditors and have been for 6 years.

### **When was the last independently-run, Board effectiveness review?**

The last independently run Board effective review was commissioned in 2019. The next independent Board effectiveness review is due to be commissioned shortly in line with the requirements of CHC's The Right Stuff document. In 2021, our newly appointed internal auditors undertook an audit of governance and reported that our processes and procedures provided substantial assurance.

### **Are the roles of the Chair of the Board and CEO held by two different people?**

All Board Members are Non-Executive and therefore the CEO cannot hold the position of Chair person.

### **How does the housing provider handle conflicts of interest at the Board?**

The Board logs conflicts of interests and asks for declarations of interest at every Board and Committee meeting. Board Members sign a Code of Conduct which sets out how conflicts of interest should be managed.

## **T11 | Wellbeing**

### **Does the housing provider pay the Real Living Wage?**

We are a Real Living Wage employer.

### **What is the gender pay gap?**

The mean gender pay gap is 14.75% as at 5 April 2021.



**Empowering People**  
**Creating Homes**  
**Thriving Communities**

## **Caredig**

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