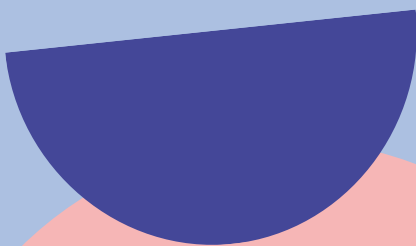


Environmental, Social & Governance (ESG) Report

For the year ended 31 March 2023



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Joint Statement from Chair of the Board and Chief Executive

Welcome to our second Environmental, Social and Governance (ESG) Report for the year ending 31st March 2023. As part of our ongoing response to sustainability, this report guides the reader through Caredig's progress against the Sustainability Report Standard for Social Housing (SRS).

This year we have, with staff, tenants and partners, reset out Vision of The Caredig Way – Together we proudly create great places to live and work and set out our Values based on Kind, Accountable, Trusting and Innovative. We recognised that a Sustainable Environment was the foundation for this Vision to ensure that we can achieve great outcomes for People, Homes and Communities.

Last year, after calculating our carbon footprint, we developed and published our Sustainability Strategy. This Strategy set out our Key Sustainability Principles and Targets to reduce our carbon footprint alongside. We recognised the importance of tangible next steps within this as recorded in our Action Plan against our four pillars of:

- Governance
- Monitoring & Reporting
- Financial & Strategic Planning
- Engagement & Collaboration

Whilst progress has been made during the year, across the sector and wider economy there is much more to be done to respond to this agenda, and we, as a community housing association embedded in five local authorities with 2,901 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. In particular we were delighted to have entered into loan agreements which are linked to ESG metrics, continued our strong progress developing new homes with high energy performance ratings and commenced an ambitious programme for decarbonising existing homes fitting energy saving measures on our extra care schemes with the support of Welsh Government.

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.



Max Humber
Chair of the Board

Max Humber



Marcia Sinfield
Chief Executive

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 2,901 homes (2022: 2,887) 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 2023.

We continue to hold the top regulatory rating from Welsh Government, for governance, finance and service delivery.

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

Our Vision - The Caredig Way, together we proudly create great places to live and work.



Our Values

Our behaviour demonstrates what we value – our values determine how we behave towards our customers, our colleagues, our partners and our work; our values influence the decisions we make as individuals and as an organisation.

Kind

We recognise that relationships are at the heart of everything we do, at the heart of good relationships is kindness

Trusting

We trust people to do the right thing, and through mutual trust and respect we want everyone to feel that they belong

Innovative

We continuously strive to be the best we can, constantly seeking creative ideas to improve and grow

Accountable

We accept the responsibility of our role and recognise the importance of being accountable for our actions

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 are intending to use the 12 key themes and 48 criteria for Environmental, Social and Governance (ESG) reporting by housing associations. They are both qualitative and quantitative and are identified as core and enhanced requirements to demonstrate strong ESG performance and 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 2022/23 financial year, we have recorded performance against the SRS core metrics in pages 6 - 19. We will continue to develop our approach to ESG reporting in readiness for reporting against both core and enhanced metrics in future years.

Social	T1 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.
	T2 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.
	T3 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.
	T4 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	T6 Climate Change	<p>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.</p>
Governance	T9 Structure & Governance	<p>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.</p>
	T10 Board & Trustees	<p>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.</p>
	T11 Staff Wellbeing	<p>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.</p>

T1 | Affordability and Security

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

We again worked with tenants to review our Rent Policy, setting out our approach to rent setting for all our general needs and sheltered homes. Staff and Board also worked closely with us to ensure we continue to make decisions about the rents we charge in line with the five key principles of:

- Affordable
- Sustainable
- Engage
- Fair
- Accountable

Where there is a service charge rents will be no more than 33% of the average incomes and if there is no service charge the rents will be no more than 28%. Our living rent model is intended to ensure that our rents and service costs are affordable to Tenants on lower incomes. It will also ensure there is a balance between the affordability and consistency of the rents we charge for similar properties and fits with the current review of service charges. 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.

We are on track to ensure that all our homes meet these targets within the next two years.

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	2022 / 23	%
General Needs & Extra Care at end of year	2,708	93%
Shared Ownership, Fixed Equity & Leasehold at end of year	18	<1%
Supported Housing at end of year	106	4%
	2,832	98%

Homes Managed by others

General Needs & Extra Care at end of year	4	<1%
Supported Housing at end of year	65	2%
	69	2%
Total number of homes	2,901	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 18 new homes, 12 of them were for general needs tenants (social rent) and 6 were new homes for tenants facing homelessness and in need of temporary support to maintain their tenancy and to live flourishing lives.

Number of Homes 2022 / 23	No	%
General Needs	12	67%
Supported Housing	6	33%
Total number of homes	18	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 Advice Service who support tenants to maximise their income and access the correct energy tariffs. This year the team have also helped tenants claim financial support from the Government for increased utility costs as well as their usual work to help people claim other targeted grants. We also provide energy saving measures to those tenants who need support most and have created a hardship fund for those most in need.

Our approach has been supplemented by targeted events, working with tenants in Extra Care schemes, who have seen the most significant increase in utility costs. We have also developed initiatives such as 'Beat the bills' to help tenants claim additional funds such as Making Ends Meet grants. We provide advice to tenants on how to work their heating controls when tenants move in to their new homes.

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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 received £299k of grants to install PV and battery storage to 35 homes during the year.

We secured a further £931k of Welsh Government Optimised Retrofit Programme funding, which we added a further £500k to install PV with battery storage at two of our Extra Care Schemes.

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?

99.47% of our homes had a valid gas certificate on the 31st March 2023.

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

97.86% of our buildings have an in-date Fire Risk Assessment.

What % of homes meet the national housing quality standard?

100% of our homes that need to meet to the Welsh Housing Quality Standard (WHQS) do. WHQS is an ongoing standard and each year homes will require component replacements to keep them within the standard and any amendments to the standard.

Some of our homes are excluded from the WHQS standard, for example, Houses of multiple occupation, Section 106, leasehold and shared ownership homes.

In addition, the WHQS standard allows for 'Acceptable Fails' which where possible Caredig continue to reduce over time. The table below illustrates the progress that the Association has made in reducing 'acceptable fails.'

	Dec 2018	March 2019	March 2022	March 2023
Properties Subject to WHQS Compliance	2520	2520	2596	2633
Fully Compliant Stock	1600	1676	2533	2573
Stock subject to acceptable fails	920	844	68	60
Non-compliant Stock	0	0	0	0

The table below shows the reasons for acceptable fails as at 31.03.23.

Overall Reason for Acceptable Fails	Number of homes
Residents Choice/Covid	35
Physical Constraint	25
Timing of Remedy	0
Cost of Remedy	0
Total	60

T3 | Resident Voice

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

Listening and acting on tenants' views is important to us and tenants have continued to influence the way we work in a number of ways.

Our Tenant Involvement Strategy enables tenants to engage at all levels in holding us to account for the provision of services. This includes completing 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.

- The 'Hub', has continued to meet regularly to oversee tenant involvement in partnership with staff and Board. They have also worked with TPAS Cymru to evaluate our approach and agree future priorities.
- Caredig reviewers have begun to review key services, directly leading to a number of improvements to the way we handle service complaints.

- We have carried out consultations on our rents and service charges, organisational values, allocation policy, pet policy and repairs service.
- We ran a number of specific sessions for tenants in Extra Care and larger schemes to support them through rent and service charge increases and cost of living pressures.
- We have set up focus groups at all our Extra Care schemes to improve communication and compliment the wide range of activities taking place in the schemes.
- Tenants have provided valuable insight to support our recruitment in 20 key roles, including a new Director for Property and Assets.
- More locally, we held 45 events in local communities, ranging from coffee mornings to our 'Beat the Bills' and new 'Love Where you Live' campaigns, designed to help improve the local areas tenants live in. Through this work, we provided tenants with over 40 much needed energy packs, 40 mobile phones and tablets and reduced Anti-Social Behaviour in a number of communities.

In addition, we survey tenants when they use our services to gauge satisfaction and carry out a comprehensive survey of all Tenants every 3 years, through which we have achieved good levels of 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.

We also have a range of service specific surveys which we use to measure satisfaction with repairs, complaints, lettings and other housing management and support services.

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 housing services have continued to take a person centred, supportive approach to working with tenants in response to a continued increase in demand, particularly related to the increased cost of living.

Dechrau, our wellbeing project also helped over 20 tenants improve their health and wellbeing, with 95% people supported by the project being more positive about the future and reporting an increase in their mental wellbeing as a result.

We also provide tenancy related wellbeing and support to tenants across South West Wales through our floating support services. These provide a more intensive service, working with tenants who need additional support to succeed in their tenancy.

We deliver both temporary and long term specialist care and support services to people living in supported housing in Neath Port Talbot and Swansea. We work closely with local authorities and Health Boards to use a Psychologically Informed Environments (PIE) approach, informed by our knowledge of Trauma and Adverse Childhood Experiences (TrACE) to ensure we support tenants and our staff. These approaches are embedding into the services we provide, empowering people with a range of support needs to be confident and independent.

As part of our Community Together project, we dealt with over 350 referrals, with 3200 members registered on Facebook and in November 2022 we were delighted when the project won a CiH Welsh Housing Award for Excellence in Health and Wellbeing. Unfortunately, funding for the project has now ceased but we continue to work with local people and communities to sustain the benefits.

The increased cost of living has affected many tenants who have found it difficult to manage significantly increasing costs over the last 12 months in particular. We have continued to provide support, advice and assistance to help people pay rent and other charges and although arrears have risen, our support first approach has prevented the need for formal action in most cases.

Our approach has been supplemented by targeted events, working with tenants in Extra Care schemes, who have seen the most significant increase in utility costs, and others through initiatives such as 'Beat the bills' and helping tenants claim additional funds such as Making Ends Meet grants. We have responded to this by significantly improving our engagement with residents in these schemes through regular focus groups and support sessions over the last 9 months.

In 2022/23, our Money Advice Service helped 174 tenants generate £1.29m annually through debt advice and support to maximise their income, including claiming benefits, grants and backdated benefit payments. This year, we have also helped tenants claim financial support from the Government for increased utility costs and other targeted grants. The feedback from tenants is extremely positive and has a huge impact on their lives.

We are committed to reducing our carbon footprint and embracing the circular economy. We continue to embed our sustainability strategy and set ourselves challenging targets to reduce our carbon footprint.

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 2022/23 89% 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	1.30
B	16.71
C	70.93
D	10.52
E	0.47
F	0.07

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

During 2022/23 we completed 18 new homes. 6 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	
B	12
C	
D	2
E	4

IT9 | 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 increased 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.

Caredig's Strategic Risk & Assurance Register allows risks to be mapped, control measures identified and managed using the three lines of assurance model and responsibility allocated. The three lines of assurance model is designed to ensure the effective and transparent management of risk by making accountability clear: 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 register is presented to Audit and Risk Committee on a quarterly basis, with a report monitoring whether the risk profile has changed and to provide assurance that risk is being managed effectively across the organisation and reflecting the agreed risk appetite. Given the current economic uncertainty, Committee are reviewing the risk appetite regularly.

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.

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. The Board is therefore able to confirm that there is a robust and ongoing process for identifying, evaluating and managing significant risks faced by Caredig.

IT10 | 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?

The Board recognises that it has limited diversity in respect of some of the protected characteristics and is taking steps to address this. This has included taking part in the Pathway to Board programme to encourage board membership from underrepresented groups.

Board Demographics			
Age	30-44	45-64	65+
	2	8	2
Ethnicity	White / British		
	100%		
Gender	Female	Male	
	5	7	
Sexual Orientation	Heterosexual		
	100%		
Disability	None		
	100%		
Nationality	British	Welsh	Other
	7	3	2
Welsh Speaking	None	Basic	Fluent
	9	2	1
Welsh Reading	None	Basic	Fluent
	9	2	1
Religion	None	Christian	Prefer not to say
	8	3	1

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

In respect of our demographics the Board has considered its diversity against the communities it serves. It continues to take active steps to improve its diversity including targeted recruitment and applying the Rooney Rule to encourage representation from all groups.

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 with two for more than four years and two for less than 4 years with the most recent recruitment being the Director for Property and Assets.

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 7 years.

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

An externally led Governance Effectiveness Review was undertaken in March 2023. The review found that governance is strong in the areas that are most important to good governance: people and culture. Developing a trusting, collaborative relationship between Board and Executive was identified as one of the Board's achievements and this was in evidence at the observed Board and committee meetings. The independent third party reviewer found a strong sense of shared endeavour, of shared purpose and values, a high level of transparency, constructive debate and a good

Meetings were well chaired, benefitting from well-judged input from the Chief Executive and good support by governance staff.

The review identified areas in which there is scope to further develop and refine arrangements as follows:

- Determining what matters and maintaining focus.
- Creating space for the Board to work in the generative mode.
- Reviewing committee structure, delegations and terms of reference both to help to create space for the Board and to take forward strategic objectives in relation to customer insight and influence and equality, diversity and inclusion.
- Board composition, skills and development.

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 Chairperson.

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.

IT11 | Staff 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 7.8% as at 5 April 2022 (14.75% as at April 2021).

Empowering People
Creating Homes
Thriving Communities

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