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ENVIRONMENTAL SOCIAL & GOVERNANCE (ESG) REPORT

For the year ended 31 March 2024



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JOINT STATEMENT FROM CHAIR OF THE BOARD AND CHIEF EXECUTIVE



Welcome to our Environmental, Social and Governance (ESG) Report for the year ending 31st March 2024. 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, set out the Strategic Objectives that will help us achieve our Vision of "The Caredig Way – Together we proudly create great places to live and work". We have embedded our Values of being Kind, Accountable, Trusting and Innovative by focusing on the behaviours that support them. This all underpins a Sustainable Environment as the foundation for a Vision to ensure that we can achieve great outcomes for People, Homes and Communities.

We continue to monitor our Sustainability Strategy. In particular, our Asset Management and Development Committee focus on the Sustainability Strategy Action Plan, against the four pillars of Governance, Monitoring & Reporting, Financial & Strategic Planning and 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 2,929 homes, have a responsibility to play our part.

We recognise the ongoing challenges that the cost of living presents to our tenants, in particular the impact of high energy bills.

We were delighted to use our decarbonisation funding to commence a programme of retrofitting photovoltaic panels and battery storage at our extra care sites.

By doing this we not only mitigate the impact on tenants, providing an element of choice linked to demand for energy, but also support the decarbonisation of these homes.

Progress during the year has been strong as we continue to seek opportunities to improve and grow, as evidenced in our growing programme to develop new, much needed, energy efficient homes. We are delighted that we continue to meet the ESG metrics in our loan agreements and, alongside new homes, we also have also been developing an ambitious programme for decarbonising and continue to lobby Welsh Government to provide the funds to support us to deliver this programme.

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 approach to ESG reporting



Kirsten Achtelsetter
Chair of the Board



Marcia Sinfield
Chief Executive



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 2,929 homes (2023: 2,901) 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 on our website Caredig.

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

INNOVATION

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 2023/24 financial year, we have recorded performance against the SRS core metrics in pages 8-18. 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

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

T9

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.

T10

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.

T11

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.



SOCIAL THEME

TI | AFFORDABILITY AND SECURITY

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

We worked closely with tenants and Board Members to review our Rent Policy, ensuring a clear approach to rent and service charge setting that balances the needs of the business and those of tenants and meets the requirements of the Welsh Government Rent Policy. The policy confirms our continued commitment to five key principles:

- Affordable
- Sustainable
- Engage
- Fair
- Accountable

As a result of our focus on affordability over recent years we are pleased to confirm that 100% of our homes meet our target whereby rents plus service charge does not exceed 33% of average local incomes (28% where it is rent only with no service charge). 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 | 2023/24 | % |
|---|---------|-----|
| General Needs & Extra Care at end of year | 2735 | 93% |
| Shared Ownership, Fixed Equity & Leasehold at end of year | 22 | <1% |
| Supported Housing at end of year | 103 | 4% |
| | 2,860 | 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 | 2,929 | 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 28 new homes for general needs tenants, which provided much needed affordable homes for people in need.

| Number of Homes 2023 /24 | No | % |
|------------------------------|-----------|-------------|
| General Needs | 28 | 100% |
| Total number of homes | 28 | 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. We also provide energy saving measures to those tenants who need support most and have created a hardship fund for those most in need. We have also developed initiatives such as 'Beat the bills' to help tenants claim additional funds such as Making Ends Meet grants.

In 2023/24, this service helped 208 tenants generate £1.46m annually through debt advice and support to maximise their income, including claiming benefits, grants and backdated benefit payments.

We continued with a programme of retrofitting our existing homes to improve energy efficiency and reduce energy costs to our tenants.

We secured £1.2m of Welsh Government Optimised Retrofit Programme funding, and we contributed £400k to install PV with battery storage at the remaining 3 Extra Care Schemes. Additionally, the funding contributed towards fabric first measures, to include External Wall insulation and the installation of PV with battery in 12 flats for persons over 55.

Initial meter readings following the installation of PV with Battery in 2 extra care schemes during 2023/24 have shown a significant saving in energy costs.

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

99.79% of our homes had a valid gas certificate on the 31st March 2024.

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 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 2019 | March 2022 | March 2023 | March 2024 |
|---------------------------------------|----------|------------|------------|------------|
| Properties Subject to WHQS Compliance | 2520 | 2596 | 2633 | 2633 |
| Fully Compliant Stock | 1676 | 2533 | 2573 | 2545 |
| Stock subject to acceptable fails | 844 | 68 | 60 | 88 |
| Non-compliant Stock | 0 | 0 | 0 | 0 |

The table below shows the reasons for acceptable fails as at 31.03.24.

| Overall Reason for Acceptable Fails | Number of homes |
|-------------------------------------|-----------------|
| Residents Choice/Covid | 61 |
| Physical Constraint | 25 |
| Timing of Remedy | 2 |
| Cost of Remedy | 0 |
| Total | 88 |

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.

- The 'Hub' has continued to meet regularly to oversee tenant involvement in partnership with staff, our new PACE (People and Customer Experience Committee) and Board. The Hub have also worked closely with TPAS Cymru, with our most involved tenant winning 3rd place in the Tenant of the Year TPAS Cymru awards for her work and dedication to getting the tenant voice heard.
- Caredig Reviewers are a group of involved tenants who scrutinise our services. In 2023/24 the Reviewers led on a scrutiny report directly leading to a number of improvements to the way we approach rubbish and fly tipping. The team are currently working on developing a set of Service Standards.
- During the year, we launched the Have Your Say page on the website to give digital access for tenants to Have their Say without attending formal meetings. We have carried out consultations on our rents and service charges, Anti-Social Behaviour & Community Safety, Pet policy and repairs scope of service.

- We ran a number of specific sessions for tenants in all Extra Care and larger schemes to support them through rent and service charge increases and cost of living pressures.
- The Focus groups at all our Extra Care schemes continue to improve communication and compliment the wide range of activities taking place in the schemes. In the year, we worked together to introduce a 24-hour night concierge service, implemented decarbonisation works including the Optimised Retrofit Programme (ORP) to provide affordable green energy for tenants through solar panels and smart meter installations.
- Tenants have provided valuable insight to support our recruitment in 8 key roles, across the organisation.
- More locally, we held 86 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 42 much needed energy packs, 40 mobile phones and tablets and reduced Anti-Social Behaviour in a number of communities. 52 tenants also referred themselves to our Money Solutions team.

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 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 two years using the Welsh Government's STAR survey. The report is shared with Board Members and Tenants. This year, overall tenant satisfaction with Caredig's services was at 78% which broadly reflected results across Wales. We are now working with staff and tenants to respond, with a particular focus on the areas tenants' said we can improve: repairs, value for money, communication and involvement and our response to anti-social behaviour.

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. These show strong levels of satisfaction in our key service areas.

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

Our housing, care and support 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 209 tenants in 23/24 improve their health and wellbeing, we have funded 6 tenants to access counselling sessions. Over 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 to over 468 individuals. 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 over 100 people living in supported housing in Neath Port Talbot and Swansea. We work closely with local authorities and Health Boards to deliver psychologically informed support that empowers people with a range of support needs to be confident and independent.

We recognise that many of our service users have experienced Ace's and Trauma and ensure all our staff are trained to work with those people. We embedded TrACE in 2020 and worked alongside Public Health Wales to create a Toolkit and Action Plan for the organisation as to how we aimed to embed it. Seen as a sector leader in this area, in February of this year, Caredig led a workshop at the annual ACEs Hub Cymru conference.

In 2023/24, our Money Advice Service helped 208 tenants generate almost £1.5m 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 a number of sources including the introduction of the Caredig funded Hardship Fund. The feedback from tenants is extremely positive and has a huge impact on their lives.

ENVIRONMENT THEME

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 2023/24 90% 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 | 7.50 |
| B | 13.06 |
| C | 70.10 |
| D | 9.01 |
| E | 0.33 |
| F | 0.00 |

Distribution of Energy Performance Certificate ratings of new homes (those completed in the last financial year).

| Energy Performance Certificate Ratings of New Homes | |
|---|-----------------|
| EPC Rating | Number of Homes |
| A | 12 |
| B | 13 |
| C | - |
| D | 3 |
| E | - |

During 2023/24 we completed 28 new homes. 3 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.

GOVERNANCE THEME

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 in October 2023, Welsh Government awarded us the highest regulatory grading in both Financial Viability and Governance (including tenant services).

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. 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 with control measures identified. The register is managed using the three lines of assurance model and 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.

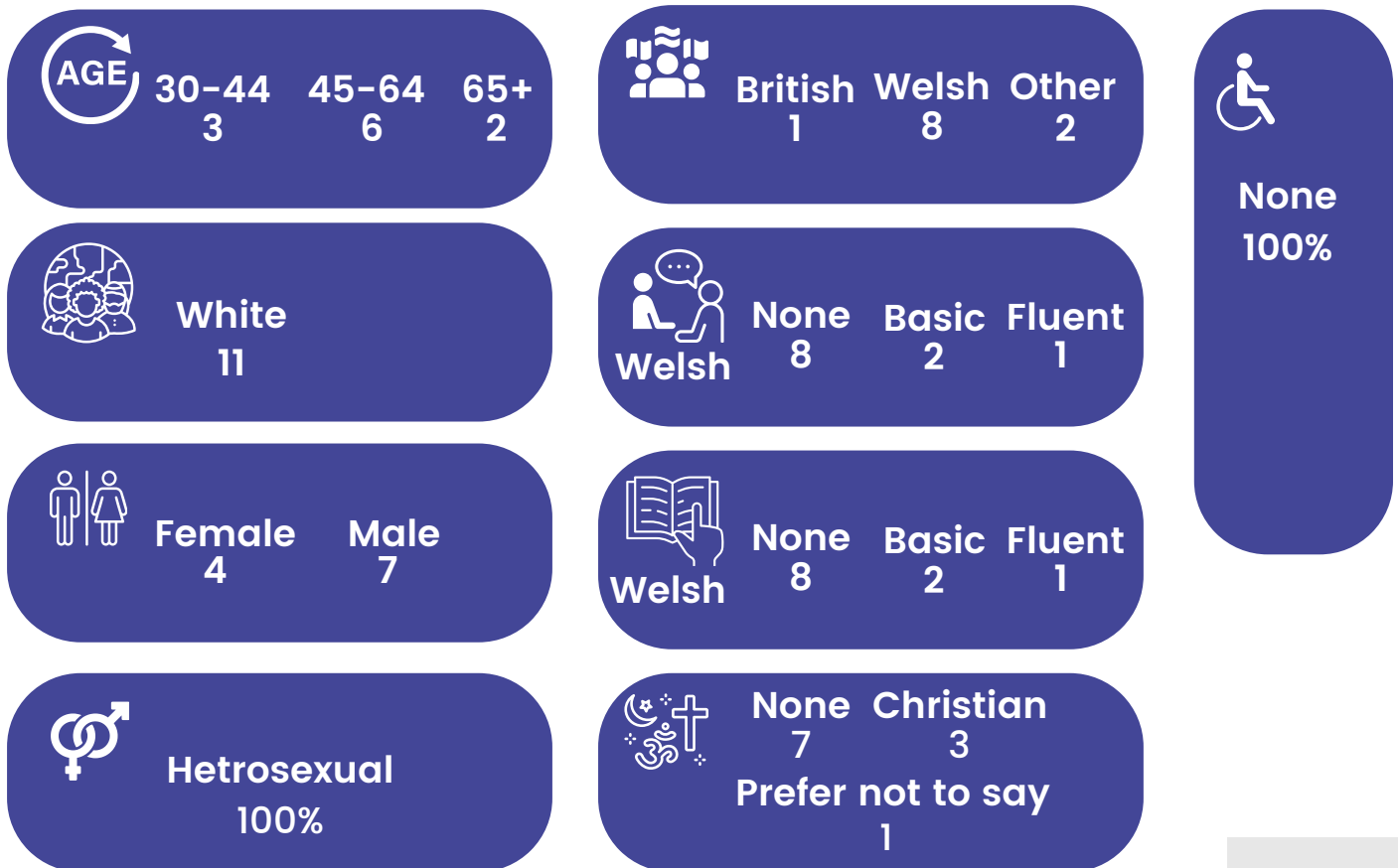
The register is presented to Audit and Risk Committee on a quarterly basis, with a report monitoring whether the risk profile has changed and provides assurance that risk is being managed effectively across the organisation as well as reflecting the agreed risk appetite. The quarterly review allows for the discussion and challenge of strategic risks and the levels of assurance the Board have identified for those risks. The review also identifies 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 reflects 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.

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?

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

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

Two Members of the Audit and Risk Committee are a qualified accountants and others have financial and risk management experience.

Are there any current executives on the Remuneration Committee?

100% of the People and Customer Experience Committee that review remuneration are Non-Executive Directors.

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

The People and Customer Experience 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 8 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 was evidenced at 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 with good meetings that were well chaired, benefitting from well-judged input from the Chief Executive and good support by Governance staff.

Internal Auditors last reviewed Governance in 2021 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.

T11 | 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 7.6% as at 5 April 2023.



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