

# Lincs Rural's Environmental, Social and Governance (ESG) Performance

2021/22

# Lincs Rural's Environmental, Social and Governance (ESG) Performance

Welcome to LRHA's second annual environmental, social and governance (ESG) report, covering the 2021/22 financial year.

ESG reporting is a global initiative that helps investors, residents and wider stakeholders understand the impact a business has on the environment, how it benefits society, and how its governance structures ensure transparency about risks and opportunities.

LRHA is a not-for-profit housing provider with 427 homes in small rural communities throughout Lincolnshire and in areas of Rutland and Kings Lynn & West Norfolk. The geographical area of operation extends over approximately 2500 square miles; its marketplace is demographic, being small rural communities of less than 5,000 population. The housing stock is predominantly new build, with a small number of refurbished properties and two grade two listed cottages.

LRHA was formed in 1986, by a few public-spirited people, for the benefit of the community. After more than 35 years our founding principle remains the same. Today, we call this commitment Environmental, Social and Governance (ESG), our ESG credentials have continued to evolve and to flow through every part of our business. It is central to our corporate strategy and is demonstrated through our business objectives but most importantly, it's what means the most to our residents.

LRHA has maintained our commitment to our

**'Vision - Helping to Maintain Sustainable Rural Communities and our Mission - To Provide Energy Efficient Homes for Rural People in Need'.**

Our purpose is clear, to support people connected to rural communities and in need of a home, through the provision and maintenance of affordable and sustainable homes for life. We provide homes in communities where our residents can live and thrive. We're constantly working to get closer to our residents, to deliver the services they expect - and to be there for them at moments of need. Our residents were some of the hardest hit by the effects of the pandemic so we created a resident engagement team who help residents access services and organisations for support.

One of our three values is to be caring. We know that positive colleague wellbeing leads to greater productivity and a better service to residents. We made sure that our colleagues received support throughout the national lockdowns, as we transitioned to a blended and flexible way of working.

LRHA has a 'Social Heart' and 'Business Head'; we are socially motivated and steadfast in upholding our beliefs of being innovative, caring, and excellent at our work, and meeting our stakeholders needs for transparency and accountability.

We are a specialist rural social housing landlord, who understands the needs of small communities and the people who live in them. We will continue to listen and learn in pursuit of improving the delivery of our objectives.

We recognise that we can work better in some kind of partnership; and we have and continue to partner with a number of organisations to deliver and develop solutions and services to enable us to deliver our mission and vision.

Having set off on our ESG journey in 2021, the focus now turns to demonstrating progress. Whilst we are very proud of our achievements to date, we know that there is still a long way to go.

We will continue to develop our ESG reporting to provide a clearer picture of our progress for our residents and stakeholders.

**Rachael Fullwood**  
**Chief Executive**



Social Value - Social value speaks directly to what really matters to our residents and communities. We're committed to deliver positive outcomes for our residents.



Operational Carbon Emissions - For our existing homes, 57% of our homes currently meet EPC C. We aim where practical and financially viable for the majority of properties to reach Energy Performance Certification (EPC) C by 2028.



Social Value - Delivery of our Equality, Diversity and Inclusion Strategy is not the responsibility of one individual but all of us at LRHA. We will direct, monitor, and review the delivery of our EDI strategy through the completion of an annually revised twelve-month action plan.

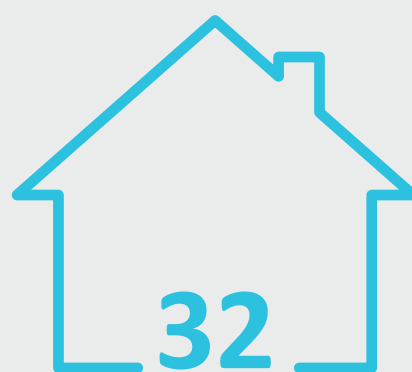
# Affordability and Security of Homes

LRHA exists to provide homes to people who cannot afford to rent or buy on the open market. Affordability is difficult to define, and varies according to local housing market conditions. Affordability has the most meaning when housing costs are compared to income, and rents are typically defined as affordable when costing no more than 35% of household's net income.

The following data illustrates the extent that LRHA provides genuinely affordable homes. As at March 2022, LRHA managed the following homes across Lincolnshire and west Norfolk.



86%  
Social rent, being approximately  
60% of market rent.



7.5%  
Affordable rent, being approximately  
80% of market rent.

Total  
**427**  
Properties



0.5%  
Intermediate rent



6%  
Shared ownership

These were all existing LRHA properties, with no new homes added during the financial year 2021/22. A key strategic objective is to maximise the number of homes being affordable to those on lower incomes, illustrated by the majority of LRHA properties being available at social rent. The information above and following comparison further illustrates the degree of affordability provided by homes owned and managed by the Association.

# Affordability and Security of Homes

LOCAL AUTHORITY	Average 3 Bed LRHA Rent	Local Housing Allowance	Average 3 Bed Private Sector Rent	% of LRHA Homes with Local Authority Nomination agreements	Affordability indicator of LRHA homes by LA Area R / A / G
General Needs					
Boston Borough	£94.37	£149.59	£158.33		
East Lindsey	£94.96	£126.86	£136.93		
King's Lynn & West Norfolk	N/A	£169.73	£172.60	100%	
North Kesteven	£95.09	£128.88	£161.10	50%	
North Lincolnshire	£100.75	£108.93	£126.58		
Rutland	£102.01	£158.41	£171.45	100%	
South Holland	£98.31	£154.96	£166.85		
South Kesteven	£97.03	£143.55	£166.85		
West Lindsey	£94.15	£115.84	£132.33	100%	

The recent increases in energy prices mean that more people will be in fuel poverty over the year ahead and faced with the choice of 'heat or eat'. The Resident Engagement Team have been undertaking an Energy Survey with residents to identify any residents who will need some additional support, guidance, and signposting.

Many of LRHA's properties located in the smaller rural villages are 'off mains gas grid', and the potential for fuel poverty by using expensive electrical installations has been a concern for many years. Renewable and energy efficient technologies have therefore been widely used to reduce the impact on residents, with a number of innovative new build schemes developed. Examples include: super insulated homes at Franklin Gardens, Spilsby; biomass heat mains at Varsity Rise, Grimoldby; Swedish built properties in Bicker; and earth banded highly eco-friendly bungalows at Unity Gardens, Long Sutton.

Low-cost heating, hot water, and lighting, combined with affordable rents are important for LRHA's existing properties built over the last three decades. The 'Affordable Warmth Programme' targeted the worst performing properties (off mains gas grid, electrically heated homes) in terms of energy efficiency with the highest household fuel bills. This work will now be combined with a 'Decarbonisation Programme', further information is provided under the climate change section of this report.

To provide maximum security of tenure, all our residents are provided with 'lifetime' tenancies, following a one year Assured Shorthold Tenancy, acting as a probationary period.



# Building Safety and Quality



**100%**

of homes have an  
in-date,  
accredited gas safety  
check.



**100%**

of buildings, where  
applicable, have an  
in-date and compliant  
Fire Risk  
Assessment.



**100%**

of homes meet the  
Decent Homes  
Standard.

**Lincs Rural retain the services of a specialist, Gas Safe registered contractor to undertake all repairs, servicing and installations of gas-fired appliances.**

All housing providers have a responsibility for building safety and LRHA ensures resident safety is our priority. All LRHA's gas properties have carbon monoxide alarms and smoke alarms hard wired to ensure Resident safety.

LRHA are in the process of installing AICO Smartlink Hubs into all properties over a five-year programme. The AICO portal and Smartlink Hubs communicate any faulty alarm units by automatically generating emails and texts messages to facilitate a quicker repair.

Over the next 30-years LRHA will be working on decarbonising all existing properties. This work will include replacing gas boilers with alternative forms of heating, installing renewable technology, and improving insulation. This will benefit the Residents with comfort, increased safety, reducing household running costs and importantly reducing carbon emissions to combat climate change.

The decarbonisation strategy includes updating the asset management plan and using this to develop a phased retrofit delivery plan for all existing homes. This work will include building on the heat pump trials already in place and developing a phased low carbon heat strategy; carrying out a solar photovoltaic (PV) feasibility study for LRHA's property portfolio and installing solar PV where there is an appropriate benefit to residents; in addition to incorporating battery storage to properties with solar PV where appropriate.

All new homes will be built to exceptionally high standards of energy efficiency, with the Board having approved a minimum requirement of Energy Performance Certificate (EPC) B and a minimum Standard Assessment Performance (SAP) of 81-91.

# Resident Voice

LRHA strives to put Residents at the heart of every decision made, an advantage of being a small association is that we know our residents. The following initiatives are being used to enable the views of the Residents to be heard, and acted upon, by staff, which are closely monitored and scrutinised by the Board of Management (Board):

The Resident Representative Network (RRN) ensures that residents are able to influence the services they receive from LRHA. It involves residents in

- LRHA's governance and decision-making processes providing a pathway for communication from residents to the Board via the Operations Committee.

● Resident Representatives liaise between other Residents and the Association, sharing information, ideas, and support.

● Consultation meetings provide opportunities for Residents, Staff and Board Members to get together to discuss issues, consult on new or existing initiatives, and receive presentations from relevant guest speakers.

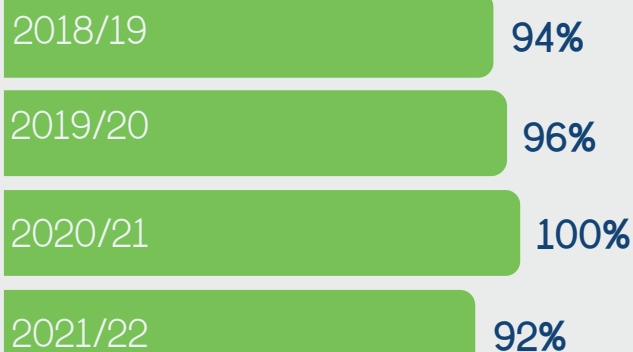
● Residents have been encouraged to apply to join the newly formed Operations Committee as an independent member which will provide the opportunity to share ideas, proposals, and views from a 'resident perspective', and importantly to challenge where appropriate.

● Residents are encouraged to provide feedback through a variety of social media platforms and the Tenant Matters, our biannual magazine.

● Resident consultation and feedback are used to formulate the annual LRHA Local Offer.

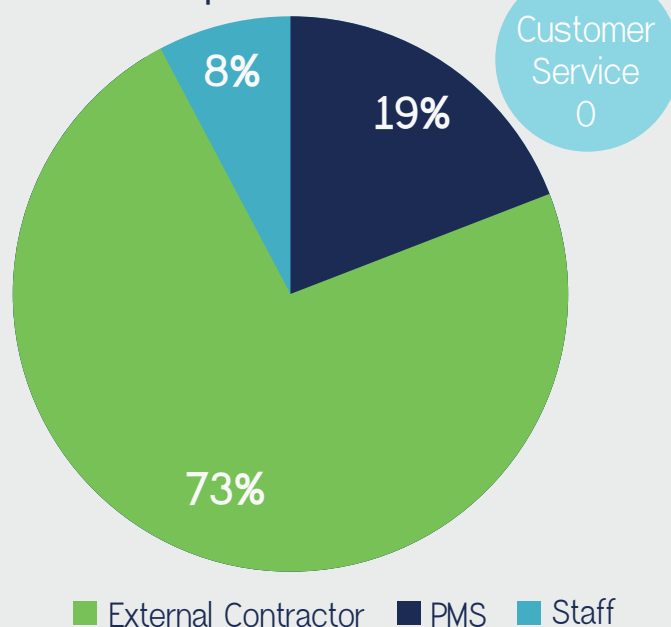
The Staff and Board Members strive to continually improve the performance and service provided to Residents. Key performance indicators (KPI) are in place for customer satisfaction, and these are tracked annually. Residents are asked to complete satisfaction surveys and the results are shared with the Board, together with any required actions to improve performance.

## Residents satisfied with the landlord's services overall



Resident satisfaction has been at least 90% over the last six years

## Complaints 2021/22



26 complaints were received in 2021/22.

One complaint escalated to the Housing Ombudsman which was determined in accordance with paragraph 54 of the Housing Ombudsman Scheme that there was no maladministration. LRHA was directed that an apology should be extended to the resident for the poor standard of communication.

# Resident Support

The work of LRHA goes beyond renting properties; its 'Social Purpose' is to support people connected to rural communities and in need of a home, through the provision and maintenance of affordable and sustainable homes for life.

AFFORDABLE

SUSTAINABLE

Provision of secure tenancies for high quality affordable homes and related support and advice services are provided by the Association. A home provides shelter, warmth and safety which are fundamental human needs. The benefits of having a safe and secure home are wide ranging and can assist with healthy, happy family environments that enable improved well-being, educational and working achievement. The Association's specialism of providing affordable housing in smaller villages and hamlets supports 'people networks' to deliver LRHA's Vision of 'Helping Sustain Rural Communities'.

Staff at LRHA are dedicated to supporting Residents and the rural communities in which they live and work. Support services for individual Residents start from the very first point of contact when a property becomes available. The Resident Engagement Manager establishes the level of local demand and the people in greatest need of the home through a structured interview process in cooperation with one of the nine Local Authorities where the homes are located. In the lead up to letting the property, individual circumstances are established with advice and guidance, to make sure the property is affordable from day one.

Financial hardship, problems with physical and mental health, bereavement, anti-social behaviour, relationship breakdowns and other social challenges are managed by skilled, trained and experienced Staff. Relationship building from the beginning is important; establishing confidence and trust to help with the many challenging life events and hardships that could occur during the tenancy.

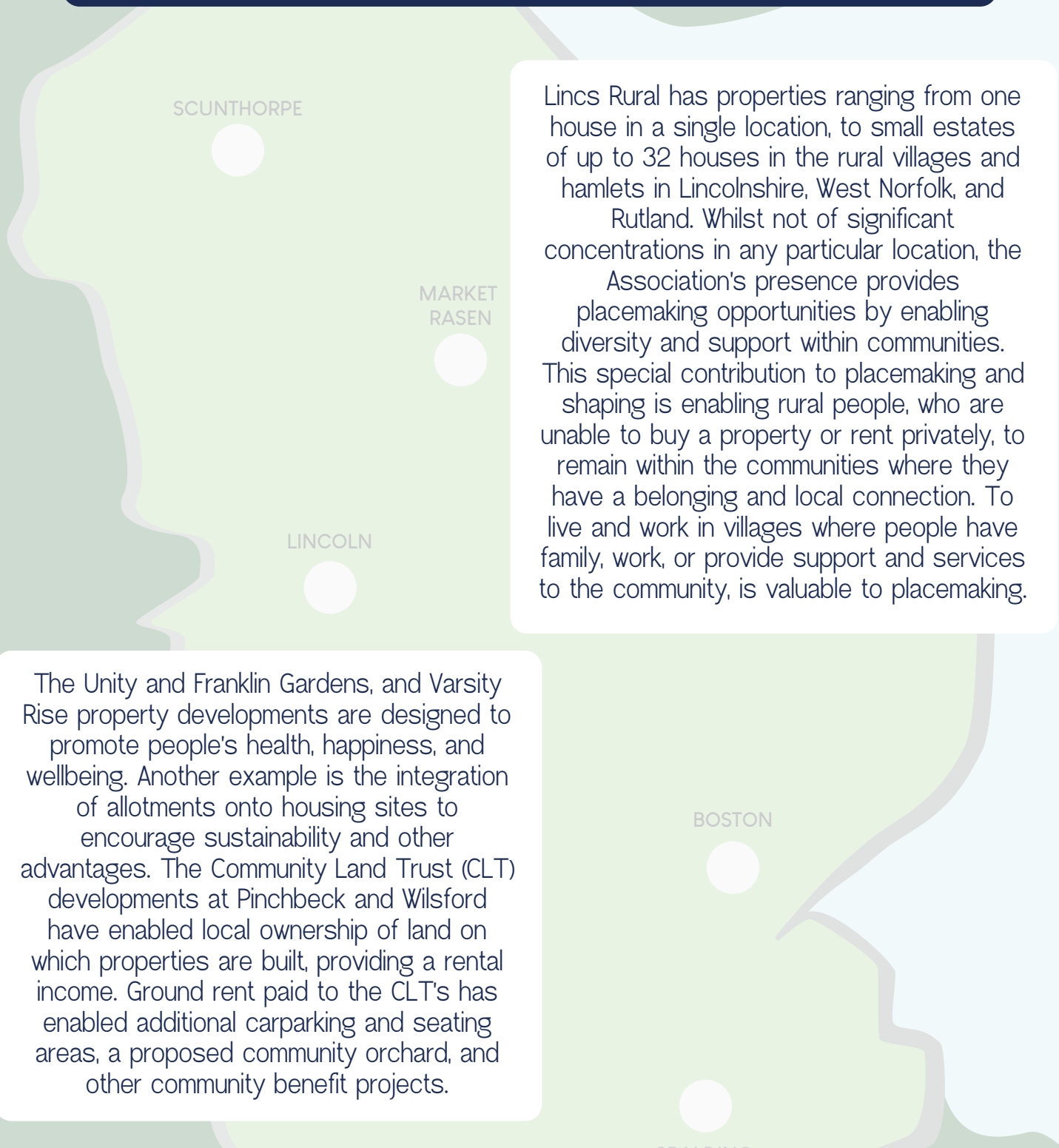
As part of LRHA's vision that all our residents are enabled to thrive, we have established a resident support fund. This fund responds to the challenges many LRHA residents face with loss of income, increased living costs and increased reliance on welfare benefits. We recognise that in challenging financial times, unexpected expenditure can tip the balance for those who are already struggling.

SUPPORT  
FUND

The resident support fund provides one off grants for residents who are faced with a financial crisis or are struggling with an unexpected expense that might cause them undue hardship and/or impact on their ability to sustain their tenancy. Continuing investment in Resident and community support is measured in various ways that evidence the social value created. During the financial year 2021/22 LRHA delivered approximately £4.1m, benefiting both Residents directly, and their communities.

# Placemaking

Placemaking is about LRHA providing well-designed homes and meeting local needs that deliver great places for people to live and enjoy.



Lincolnshire Rural Housing Association (LRHA) has properties ranging from one house in a single location, to small estates of up to 32 houses in the rural villages and hamlets in Lincolnshire, West Norfolk, and Rutland. Whilst not of significant concentrations in any particular location, the Association's presence provides placemaking opportunities by enabling diversity and support within communities. This special contribution to placemaking and shaping is enabling rural people, who are unable to buy a property or rent privately, to remain within the communities where they have a belonging and local connection. To live and work in villages where people have family, work, or provide support and services to the community, is valuable to placemaking.

The Unity and Franklin Gardens, and Varsity Rise property developments are designed to promote people's health, happiness, and wellbeing. Another example is the integration of allotments onto housing sites to encourage sustainability and other advantages. The Community Land Trust (CLT) developments at Pinchbeck and Wilsford have enabled local ownership of land on which properties are built, providing a rental income. Ground rent paid to the CLT's has enabled additional carparking and seating areas, a proposed community orchard, and other community benefit projects.

Placemaking support beyond the organisations 'Social Purpose' and statutory responsibilities has also been provided through support for other projects.

# Placemaking

## Edan Lincs

Funding was provided to Edan Lincs to support their charity. Their countywide outreach services can assist women, men and children who are still living in, or have recently left, an abusive relationship and who require advice and support with regards to options available to them. Their vision is 'life free from domestic abuse' and their mission is 'to support and empower all those affected by domestic abuse. To raise awareness of the impacts of domestic abuse and promote intolerance of it'. Working closely with Lincolnshire County Council, Lincolnshire Police, and smaller charities all over the county, they make sure everyone is heard and cared for.

## Old Bolingbroke and Hareby Parish Council

Funding was provided to assist with the renovation of the village hall, children's play area and community events field. Consultation with local residents identified the need to update the 1956 village hall and village field donated to the community in 1937. Planning approval will enable facilities to be updated to meet the needs of users in the 21st century. The Association's financial donation will also assist the Parish Council to work with a local scientific research organisation, and farmers to create a wildlife meadow, and areas of biodiversity, including new trees, hedges, a fenced pond, and bridge over a stream connecting a new path to a local vantage point.

LINCOLN

SPILSBY

GRANTHAM

## Wilsford Community Land Trust

Support has been provided to the Wilsford Community Land Trust (WCLT) 'Community Energy Project'. The initiative has been named the 'Village Green Project' which has been created to enhance the local community. LRHA has provided support services and attended meetings held to agree how to move the 'Village Green Project' forward, which includes photovoltaic panels, air source heat pumps and electric vehicle charging points. The initiative if successful will also benefit the Association's residents at Wilsford as some of the energy generated would be exported to the properties.

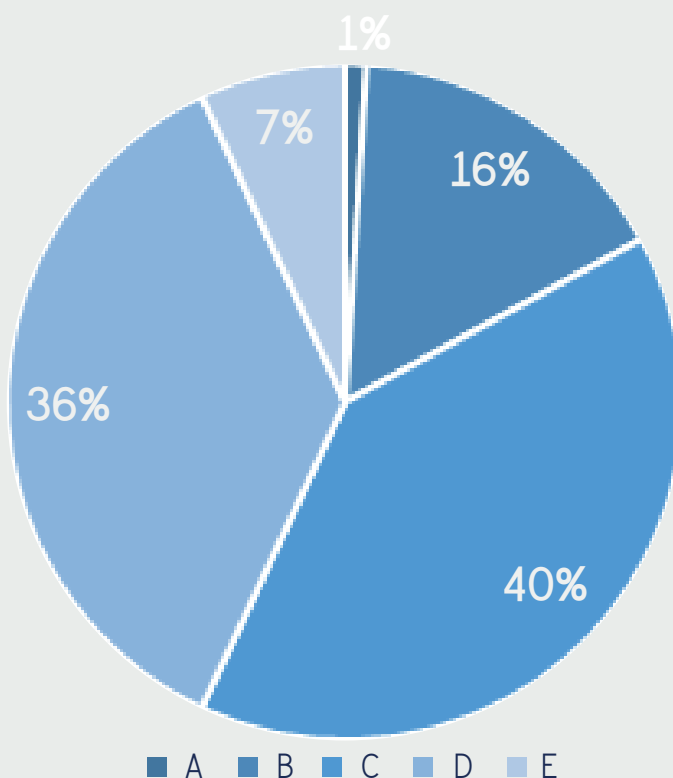
# Climate Change



LRHA actively seeks to assess the environmental impact of its activities and how it can mitigate these relating to the physical risks of climate change. The organisation through its decarbonisation plans is considering current practices, as well as physical energy efficiency work to improve property performance in the future.

Practicing environmental responsibility for over 30-years, LRHA was amongst the first social housing providers to incorporate renewable technology into its properties in the 1990's. This led to a number of notable and award winning environmentally friendly and technologically advanced developments in the last two decades, that have and will continue to reduce carbon emissions.

The current EPC position of the overall housing stock is illustrated below.



There were no new properties completed in the last financial year, however any development or property acquisitions will take account of the Governments objectives and technology likely to be implemented as part of the Associations Decarbonisation Strategy.

The Carbon Trust were contracted by LRHA to calculate a carbon footprint of our activities, excluding procured goods and services and other Scope 3 categories. This included direct and indirect emissions sources from Scopes 1 and 2, including LRHA's housing stock. The 2019/20 financial year is being used as a benchmark against which to compare future carbon consumption. The carbon footprint is an integral part in developing the wider sustainability strategy for the organisation. It is key to understanding the scale of the challenge and focusing efforts where it can have the greatest impact.

## Key Findings

- LRHA's Scope 1 and 2 emissions for the financial year 2019/2020 were 966 tCO<sub>2</sub>e.
- Scope 1 emissions were responsible for 42% of emissions (403 tCO<sub>2</sub>e), whilst Scope 2 emissions represented 58% of the total (563 tCO<sub>2</sub>e)
- 97.6% of these emissions arose from the housing stock under the financial control of the organisation (427 properties).



# Climate Change

Currently 27% of properties have PV installed on roofs, and various other renewable and sustainable technologies also improve energy efficiency for the benefit of residents and climate. These include biomass district heating, air source heat pumps, solar thermal and grey water recycling. LRHA outwardly publicises its environmental credential by using an electric vehicle as a staff pool car.

Our 'Decarbonisation Strategy' sets targets where practical and financially viable for the majority of properties to reach Energy Performance Certification (EPC) C by 2028, in line with the Committee of Climate Change's suggestion of all homes achieving EPC C rated by 2028. We have set a near-term target of a 46% reduction by 2030 in line with the Science-Based Target Initiative (SBTi) target to limit global warming to 1.5°C and a long-term target of achieving Net Zero by 2050. We align with the Government's Heat and Building Strategy of the need to focus on 'no or low-regrets activity' now, this means bringing our homes up to EPC C certified standard with fabric insulation measures before rolling out 'clean heat technologies'.

We do consider low carbon heating as boiler replacement where practically possible. An example of this work includes the four air source heat pumps (ASHP) installed by LRHA, during 2021 / 2022 and an increased reinvestment in our stock to 2.46% from 1.30%. This work will impact significantly in the reduction of fuel poverty, improve affordability, and importantly the Association's share of carbon emission reduction. Energy efficiency and sustainable work completed during 2021/22 included the installation and upgrading of 24 boilers, 29 doors, 4 patio doors, 34 properties had new windows, 11 heating systems including four air source heat pumps, 5 high efficiency storage heater installations and 2 gas systems.

A 'fabric first' approach to improve the energy efficiency of our existing homes is a vital precursor to investing in 'clean heat technologies'. Investment in 'clean heat technologies' is going to depend on the affordability of energy. For residents, heat pumps can bring great benefits, including improving their thermal comfort in their homes. However, the current high cost of electricity needs to be addressed to make them more viable.

In order to clearly define what our journey to 'Net Zero' looks like our residents must be at the heart of this work, while they will benefit from warmer, more affordable, healthier, and smarter homes, residents will also face the disruption of retrofit and installation of new heating technologies. As a result, residents' willingness to learn about, adopt and champion new low carbon technology will be crucial to our collective success.

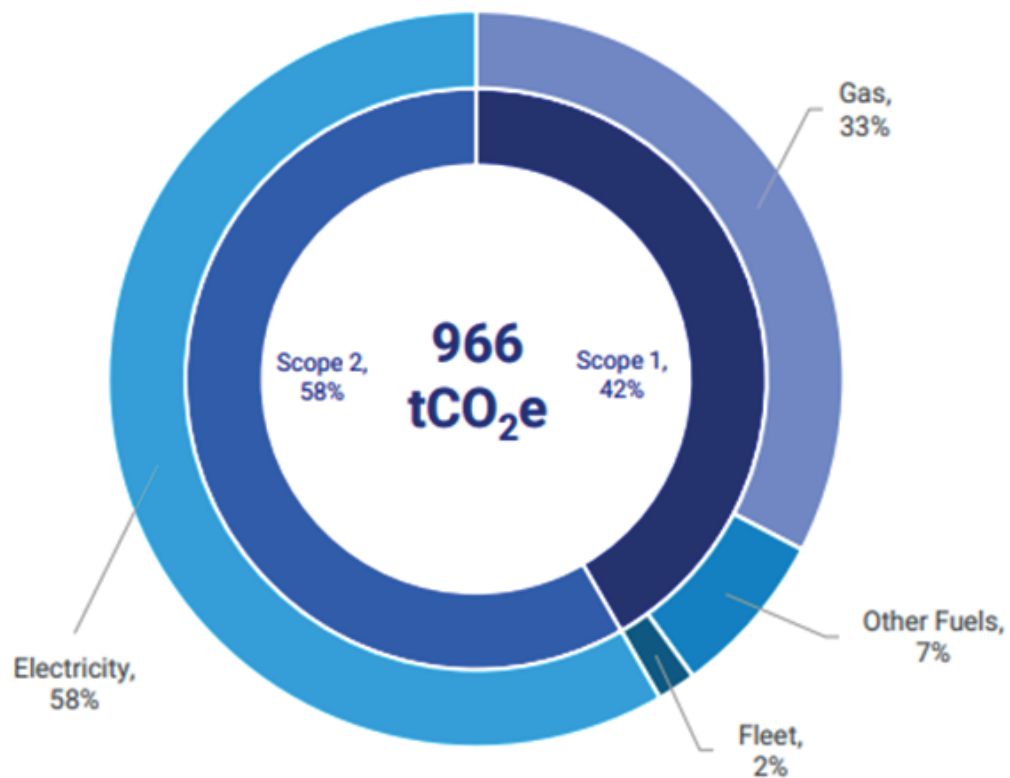


Figure 1: LRHA Scope 1 & 2 Emissions for FY19/20



# Ecology

Biodiversity is the variety of life and all forms of species on earth, being the most complex feature of the planet. Why should LRHA be so concerned with this? Because everyone relies on the air to breathe, water to drink, and food to eat, which all ultimately rely on biodiversity.

Ecology is the relationship of species and their surroundings, including humans, which the Association takes seriously when building and maintaining affordable housing.



LRHA has considered biodiversity and ecology in the past, but more must be done in the future. The aim is to develop and action strategies to increase green spaces, to promote biodiversity, and to actively manage and reduce pollutants.

As a rural housing specialist, we are fortunate to have an abundance of green space around us. In building new homes, the relationship with the open countryside has been a design feature when developing new properties over many years. Incorporating renewable technology into new and existing homes is reducing the polluting carbon emissions. Sustainable urban drainage systems have been used for estate roads and rainwater harvesting tested. On two sites, allotments are provided to promote a degree of self-sufficiency, and on another residents are managing their own bee hives.

LRHA believes that building, managing and maintaining homes should not 'cost the earth' either financially or environmentally.

LRHA is always looking for opportunities to use non-polluting renewable technologies, with approximately a quarter of our homes having photovoltaic panels installed, and have developed innovative sites, for example the earth banded properties at Unity Gardens, Long Sutton, and a biomass networked heating system at Varsity Rise, Grimoldby.

## Woodland Trust and LRHA

Two of our long-standing residents at Pinchbeck are also avid beekeepers! With 10 hives they have thousand bees who all forage and help to pollinate the local area. We have planted new trees and these will provide plenty of cover for the hives from any wind or rain. As well as providing cover they also will provide new fruit for them to forage and make lovely honey!

These trees were given to LRHA from the Woodland Trust. We applied with a statement about our association and how planting trees on our developments will help not only the environment but the welfare of the surrounding community. As well as contributing to our decarbonisation mission it plays a small role in the overall picture. The trees will count towards these incredible nationwide tree-planting projects.

- The Queen's Green Canopy marking the Platinum Jubilee of the late Queen Elizabeth II. Everyone was invited to plant a tree, creating a network across the UK and a green legacy in honour of the late Queen's service.

- The Big Climate Fightback is an initiative to get the UK involved in planting 50 million trees to help combat the climate crisis.



**WOODLAND  
TRUST**

## Swift Conservation

One of our resident's at Sutton Bridge has been dedicated to helping swifts for over 6 years. Her extensive fundraising has seen 6 swift nesting boxes in St. Matthew's Church. Not only did she raise enough money to install the boxes, but there is also a live webcam feed where anyone can view these amazing birds at any time! [www.naturewatchcam.co.uk](http://www.naturewatchcam.co.uk)

# Resource Management

Resource Management is incredibly important for the future wellbeing of the planet and people. Responsible use of resources in a sustainable way initially takes time, effort and can be costly in the short term. However, long-term costs of disposal and treatment of materials that come to the end of their useful life can outweigh the initial procurement benefits.

Sustainability is a broad term but can be described as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs.' LRHA's Sustainability Strategy commits to 'best environmental practices in all aspects of its activities'.

LRHA has delivered on its sustainability commitment on a number of projects in the past, that demonstrate the organisations ethics and knowledge of whole life costing, an example being:

**St Swithins and Bishop Way at Bicker** - Twenty four Swedish two and three bedroom high quality timber framed thermally light homes, maximising the use of timber from Swedish managed forests with chain of custody certification. The properties are designed to maximise the use of recycled or recyclable materials, and minimise materials from non-renewable sources such as oil-based products, cement, concrete etc. Off-site prefabrication reduced waste and defects, and at the completion of the life-span of the building, all elements are designed to be salvaged and recycled.

The next step is to progress LRHA's procurement policy and practices, where practically possible implementing methods for the increased use of responsibly sourced materials, and good waste and water management for all building and maintenance activity. New metrics will be developed and embedded into our contractor management processes.



# Structure and Governance

LRHA does not trade for profit (Rule A3); no financial or other benefits are paid or transferred by way of profit to Shareholders (Rule A4); and is regulated by the Regulator of Social Housing. The Board adopted the National Housing Federation's Code of Governance 2020 in December 2020. The Board undertook a self-assessment on 19 May 2022 and identified six areas of non-compliance which were still being progressed.

The Board undertakes an annual SWOT analysis to consider internal and external factors, risks and opportunities with the potential to create value.

Risk assessment is undertaken in accordance with a new Risk Management Policy and Framework and is considered regularly by the Board and Leadership Team. Inherent and residual scores, controls, and mitigating actions for identified risks are detailed in the Risk Register.

Actions are implemented to mitigate the impact on the achievement of the Corporate Strategy. The Board and Audit & Risk Committee consider risks and controls, and the Board approves updates to the Risk Register. A risk appetite statement was agreed during the year which considers the most significant risks to which LRHA is exposed and provides an outline of the approach to managing these risks. A key part of LRHA's risk appetite relates to financial tolerances. LRHA have adopted a set of golden rules, buffers and cushions which include a set of key performance measures that ensure financial planning provides sufficient headroom or tolerances for LRHA to achieve its objectives whilst remaining well within any financial covenants.

Stress testing and scenario planning is an integral part of business planning, performance monitoring and risk management. They are designed to explore specific vulnerabilities in the business plan, assessing LRHA's financial tolerances. This process considers a range of scenarios, focusing on the risk, or combinations of risks, that would be deemed to have the most significant impact on the business plan. Financial provision is then made in the business plan to ensure that should some of the risks materialise, separately or in combination the business plan could absorb the impact. This process provides the Board with sufficient assurance that its key risks relating to the delivery of its strategic objectives are being effectively managed in accordance with the requirements on governance set out in the Regulators Governance and Financial Viability Standard. The stress testing process and scenarios are linked to the risk register, which covers relevant economic and business risks, and incorporates appropriate mitigation strategies.

There have been no issues that have required regulatory or legal enforcement, or other equivalent action during 2021/22.

## THE RISK MANAGEMENT CYCLE





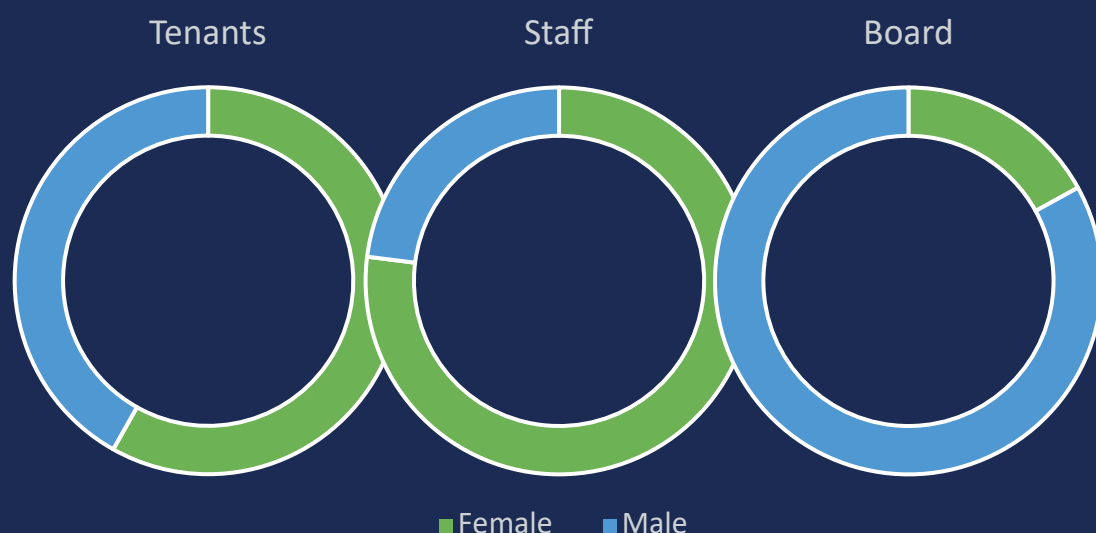
# LRHA's Board of Management and Members

The Board of Management (the Board) is a group of up to twelve people with the skills and experience to govern LRHA, with the overall objective of delivering the 'Social Purpose', whilst ensuring the Association's long-term financial viability. The following provides an assessment of the quality, suitability and performance of the Board, based on experience and independence.

LRHA is a Co-Operative and Community Benefit Societies Act 2014 Registered Society (Pre-Commencement Society - Charitable formerly I&P Society), with Housing Act 1974 Registration (IP25276R), and Regulator of Social Housing Registration (L3698). As an association with fewer than 1,000 social housing units we are not subject to Stability Checks, In Depth Assessments or Regulatory Judgements from the Regulator of Social Housing (RSH). Regulatory notices are issued where the regulator has evidence that the provider is in breach of economic standards or for serious detriment finding.

The Board comprises of eleven independent elected non-executives (92%), and the Chief Executive who cannot act as Chairman. The following charts illustrate how the demographics of the board and staff compare to LRHA residents:

## GENDER



Is this the same sex you registered as at birth?

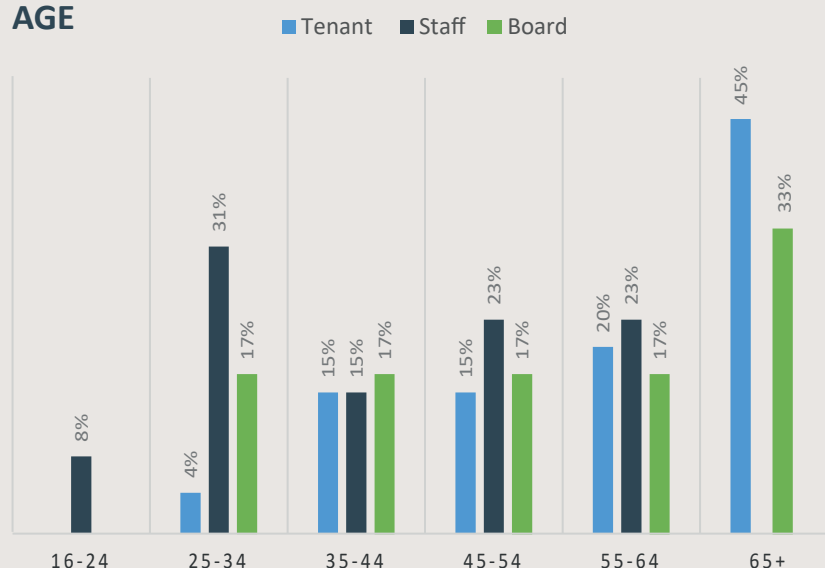
**Board**  
100% Yes

**Staff**  
100% Yes

**Tenant**  
89% Yes

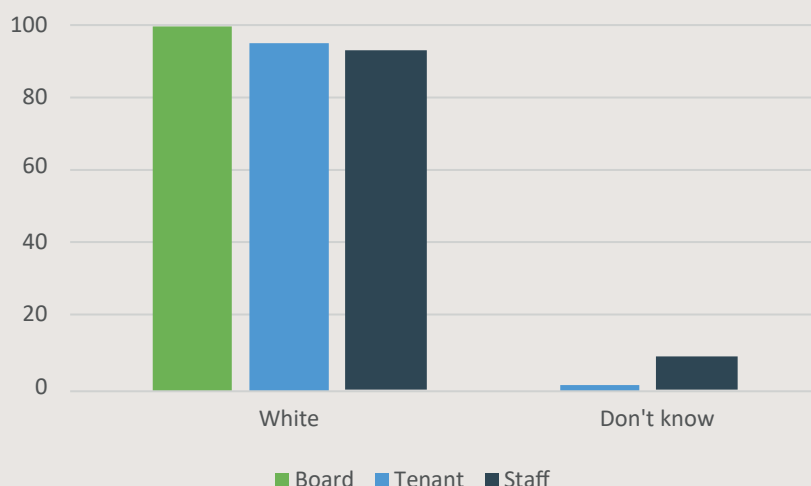
**Prefer not to say**  
11%

## AGE



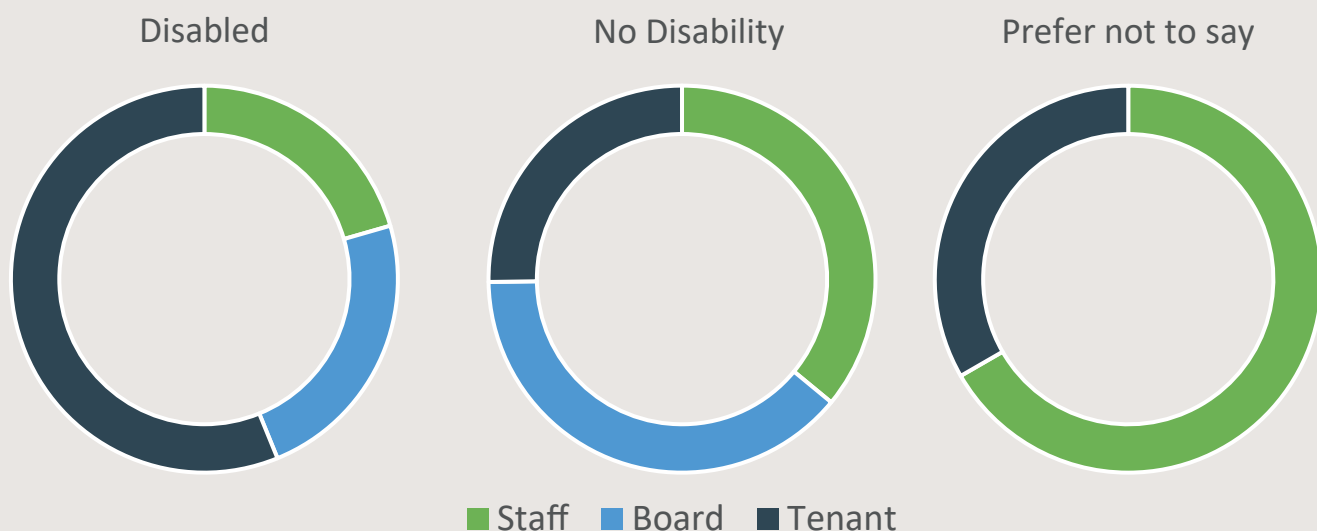
# LRHA's Board of Management and Members

## ETHNICITY



The average age of Members on the Board at 31 March 2022 was 60 years, with an average non-executive member tenure serving on the Board of 5 years. During 2021/22, turnover for the Board and Leadership Team was 50%. As at 31 March 2022, 83% of the Board were non-executive members and the roles of Chair and Chief Executive continue to be held by different individuals. Following the resignation of six Members during the year, due to a variety of reasons including relocation, work commitments, Members coming to the end of their tenure; and to enable succession planning, LRHA has undertaken a Board recruitment exercise and seven new Members have been appointed to the Board in 2022. The new Board Members complement the skills and knowledge of existing membership and the Board will be in a strong position to provide excellent governance during the many challenges that lie ahead for the social housing sector.

## DISABILITY



Rachael Fullwood was appointed Chief Executive in June 2021 following the retirement of John Howes.

There have been no other changes to the Leadership Team.

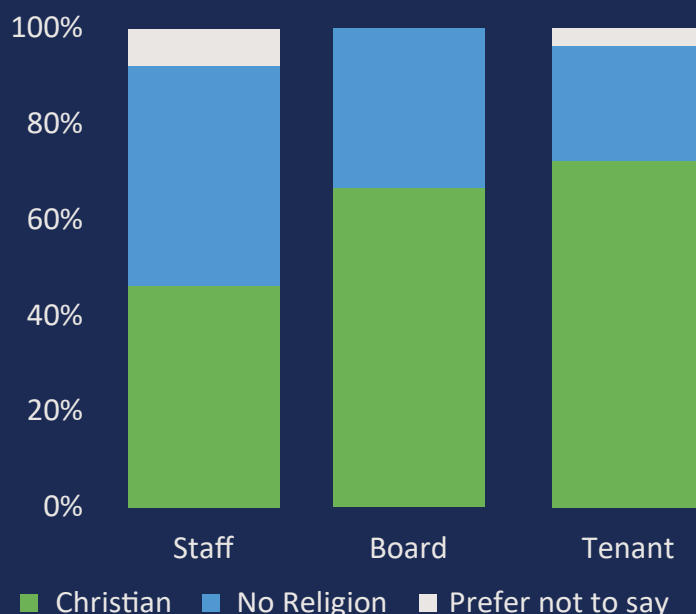
The Association's '2015 Rules' allowed for Board Members to serve for three terms of three years (nine years maximum). The adoption of the NHF 2020 Code of Governance however allows two terms of three years for new Members joining the Board.

# LRHA's Board of Management and Members

The maximum term provides openness, transparency, and continued refreshment of skills, qualification, and experience. Any conflicts of interest at Board level are dealt with by the completion of annual forms with necessary controls put in place and included as an agenda item included at each meeting.

During 2021/22, the Board had an established Audit Committee comprising of up to six voting Members, four of whom must be (voting non-executive) Board Members, along with two voting Independent Members, for the purpose of scrutinising various activities to ensure probity and transparency. Two Members of the Audit Committee had recent and relevant financial experience, one being a Board Member and the other an Independent Committee Member.

## RELIGION



RSM Risk Assurance Services LLP were the Internal Auditors for 2021/22, who assisted the Audit Committee with continuous assurance and improvement on a planned three-year audit strategy, providing independent scrutiny of policies, processes and practices. A tender exercise was undertaken for internal audit services, and TIAA have been appointed for the 2022/23 financial year.

Beevers & Struthers LLP are the External Auditors, who audit the annual financial statements. Our current Audit Partner has been responsible for auditing the accounts for two financial years.

A Remuneration Committee was established during the year comprising of at least three Board Members, all of whom shall be Non-Executive Members. The Committee may also include one or more external advisors. The Remuneration Committee met twice in 2021/22 to agree and implement remuneration levels for Board and Independent Members and undertake an annual review of the Chief Executive's salary. Board remuneration commenced on 1 January 2022 and all Members have signed an agreement for services.

LRHA's first external Independent Governance Review was undertaken in 2021/22 by Campbell Tickell. This being the Board's first introspective look at their current governance structure and how this has been operating has resulted in a series of recommendations that were already being discussed from very early on following the appointment of the new CEO. The output from this exercise will only serve to strengthen the governance structure and enable the Board to really focus in on ensuring that their focus is on risk, controls, strategy, culture and being able to clearly identify and be able to articulate where they get their assurance from.

# Staff Wellbeing

LRHA are investors in people and are IIP accredited, most recently having achieved platinum in 2019 and gold in 2022, the culture is determined by the Board of Management as:

*The Board supports a shared commitment with the Leadership Team and Staff to operate good standards of behaviour and an organisational culture of mutual trust, through collaborative working, shared decision making and delegation to engender personal development at all levels with the intention of providing a first class service to LRHA's customers, whilst achieving good governance and financial viability.*

*The Board will lead by example, promote a positive culture of continuous improvement, and seek regular assurance that the requirements are being delivered.*

Staff wellbeing is of paramount importance to ensure that LRHA's Social Purpose, and the Board's Strategic Objectives are delivered efficiently, effectively and economically. The culture is set and maintained in a variety of ways, which is constantly monitored and managed by the Chief Executive. All staff salaries in 2021/22 were above the 'Real Living Wage' ([www.livingwage.org.uk](http://www.livingwage.org.uk)) of £9.90 per hour, with average hourly rates of £15.06 per hour, excluding the Chief Executive's remuneration, which is declared in the Annual Report. No staff are paid below the living wage.

Generous terms and conditions of employment include 25 days leave with an additional five days concessionary leave. A reward and recognition scheme ensure the performance of staff as a group is acknowledged. Enhanced Compassionate and Flexible Working Policies respects that there may be occasions when employees will need to take time off work to deal with unexpected events involving one of their dependants or someone close to them.

There is no gender pay gap at the Association in accordance with Government standards ([www.gov.uk/guidance/gender-pay-gap-reporting-overview](http://www.gov.uk/guidance/gender-pay-gap-reporting-overview)). The ratio between the Chief Executive and the median pay of staff is 2.84: 1.

The physical and mental health of staff is supported in a variety of ways. Membership of a non-contributory health insurance scheme is offered to all staff after one year of service. The scheme provides mental health support and counselling, which is supplemented with a member of staff being a trained mental health first aider. An Employee Assistance Programme has been made available to all staff from January 2022, offering a 24/7 confidential employee benefit designed to help staff deal with personal and professional problems that could be affecting their home life or work life, health, and general wellbeing.

The average number of sick days taken per full time equivalent was 6.4. Covid-19 has continued to impact on absence statistics during 2021/22. Mental health conditions continue to attribute to our sickness statistics; and is being managed in accordance with our risk management framework and in accordance with our controls. The 'Absence Management, Rehabilitation and Retention' policy included in the Staff Handbook promotes the health and well-being of the association and its employees. Where employees experience problems that affect their health or well-being, the association will try to support them so that they can continue working or, if they need time away from work, to support their rehabilitation back to work.



# What are 'Supply Chains', and why so important to LRHA?

A supply chain at LRHA involves a series of steps involved to get a product or service to our residents. This could range from building a new house, to changing a tap washer, to being able to provide levels of benefit and support. The steps are wide ranging and include moving and transforming advice or raw materials into finished products and services; delivering these to the end-users, which are equally wide ranging i.e. 'People' (Residents), 'Places' (rural communities), and the 'Planet' (the surface we all love and live on).

At the moment all the products and services LRHA use in the course of delivering the organisations 'Social Purpose' revolve around value for money and availability when needed. However, more needs to be done. Global warming during this period could escalate to dangerous levels if more action is not taken to combat climate change. LRHA therefore must change its supply chain process to positively contribute environmentally to 'People, Places and the Planet'. At the moment more could be done, and so this is how changes are to be made.

The social impacts of any strategic decisions made by LRHA are fundamental to our mission, to provide homes for rural people in need. As a resident focused organisation, it is important that any strategic decarbonisation action take appropriate consideration of the social impacts they will have on our residents. There are 3.16 million households (13.2%) in fuel poverty in England\* and with the volatility seen in current energy prices, this is expected to increase. Ensuring that these fuel poor households, and other susceptible households, are not negatively impacted by decarbonisation actions and are supported on the journey to Net Zero is a fundamental pillar of energy justice and crucial if a 'just transition' to a decarbonised future is to be achieved.

The aim of a 'just transition' should be to create a more equal society, whilst still moving towards a decarbonised future. Where policymakers acknowledge the different experiences of exclusion from the benefits of the transition, and through prioritising diverse and local engagement, the costs borne by vulnerable groups could be minimised. To truly be a just transition, it must also be inclusive.

The Association's 'Social Value' and negative impact on the environment will be monitored against the aim of the Decarbonisation Strategy, to uplift the EPC rating of all properties to at least an EPC 'C' rating by the Committee on Climate Change recommendation date of 2028. With the object thereafter for a continual reduction (more information is set out on the Climate Change section of this report).

The focus of the Decarbonisation Strategy is addressing carbon emissions and outlining a set of key strategic actions that we can implement in the coming years to help achieve our decarbonisation ambitions. With this strategy, we seek to lay a foundation for success in the coming years and make our contribution to prosperous, healthy, and sustainable rural communities, which safeguard the needs of future generations in rural areas.

## We will:

★ Maximise social value through procurement, where practically possible, considering moral and ethical implications.

★ Maximise social value through procurement policies aligned to the 'Social value Act' and using local businesses where possible.

\*(UK Government (2022), Annual Fuel Poverty Statistics in England, 2022 (2020 data))