

➤ Environmental,
Social and Governance
Report 2021-22





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Statement from our Chair



We're approaching the end of our current corporate plan, Making What Matters Brilliant, which makes low carbon a key priority. It has been a privilege to lead Midland Heart during this crucial five-year period.

The Covid-19 pandemic posed significant issues for our sector and our operation, and I am proud to say that we have emerged as a stronger organisation and made significant strides in our journey to net-zero.

The COP26 conference of national and global leaders, held in Glasgow, set out a series of renewed pledges to achieve climate goals. We have joined both the UK housing and commercial sectors in committing to achieving net zero carbon by 2050 and a more sustainable future via meeting the UN's Sustainable Development Goals (SDGs). For our part, last year Midland Heart became an early adopter of the Sustainability Reporting Standard for Social Housing, putting us at the forefront of Environmental Social Governance (ESG) in the sector. Despite the increasing pressures on our sector, we have made considerable progress to our 2025 corporate plan milestone.

We achieved 55% EPC C or better, removed EPC G homes from our portfolio and made further reductions to our EPC E by installing thousands of energy efficiency measures and technologies, from fabric measures to electric heating. In addition, recording our positive impact through a reduction in our carbon emissions.

Finally, despite all the challenges we have faced, our governance remains strong with Midland Heart retaining the highest possible G1/V1 rating from the Regulator for Social Housing. I am happy and proud to say Midland Heart has met the many challenges of recent years with professionalism and fortitude, I am looking forward to seeing what comes next.

John Edwards
Chair – Midland Heart

Chief Executive's foreword

We have worked hard to build better homes and communities in the Midlands for almost 100 years; providing homes for people who cannot afford one, developing sustainable communities people want to live in, and invest in. We've done this by recognising the need to continuously adapt to change, in maintaining our homes, and improving the ways we work.

This year, we built the UK's first homes to meet the government's Future Homes Standard, using 80%-90% less carbon, saving our customers an anticipated 65% on their energy bills. The low carbon technologies used in these properties are being monitored by Birmingham City University so we can share our learning with others.

To support our customers during the cost-of-living crisis, our Money Advice Team of FSA accredited advisors is offering independent advice, helping customers get on top of their finances, and sustain their tenancies. Last year, they supported our customers with £2.468m in income maximisation, increasing income and reducing debt liability.

We also actively support and empower our colleagues to thrive and grow, irrespective of their background. We've introduced two new development schemes aimed at our female and black colleagues to help them fulfil their potential and progress their careers. We've created fifteen new apprenticeships for local young people; from a Multi-Trade Operative to a Software Engineer and promoted our apprenticeships in schools across the region, ensuring that young people in our communities know what opportunities are open to them.

Ultimately, what we do for colleagues and customers alike, matters. We take our responsibility and role as a major regional employer and landlord seriously and will continue to do all we can to do these things brilliantly.

Glenn Harris MBE
Chief Executive, Midland Heart



Our journey to net zero carbon

Low Carbon is a key priority in our corporate plan 2025 – Making What Matters Brilliant.

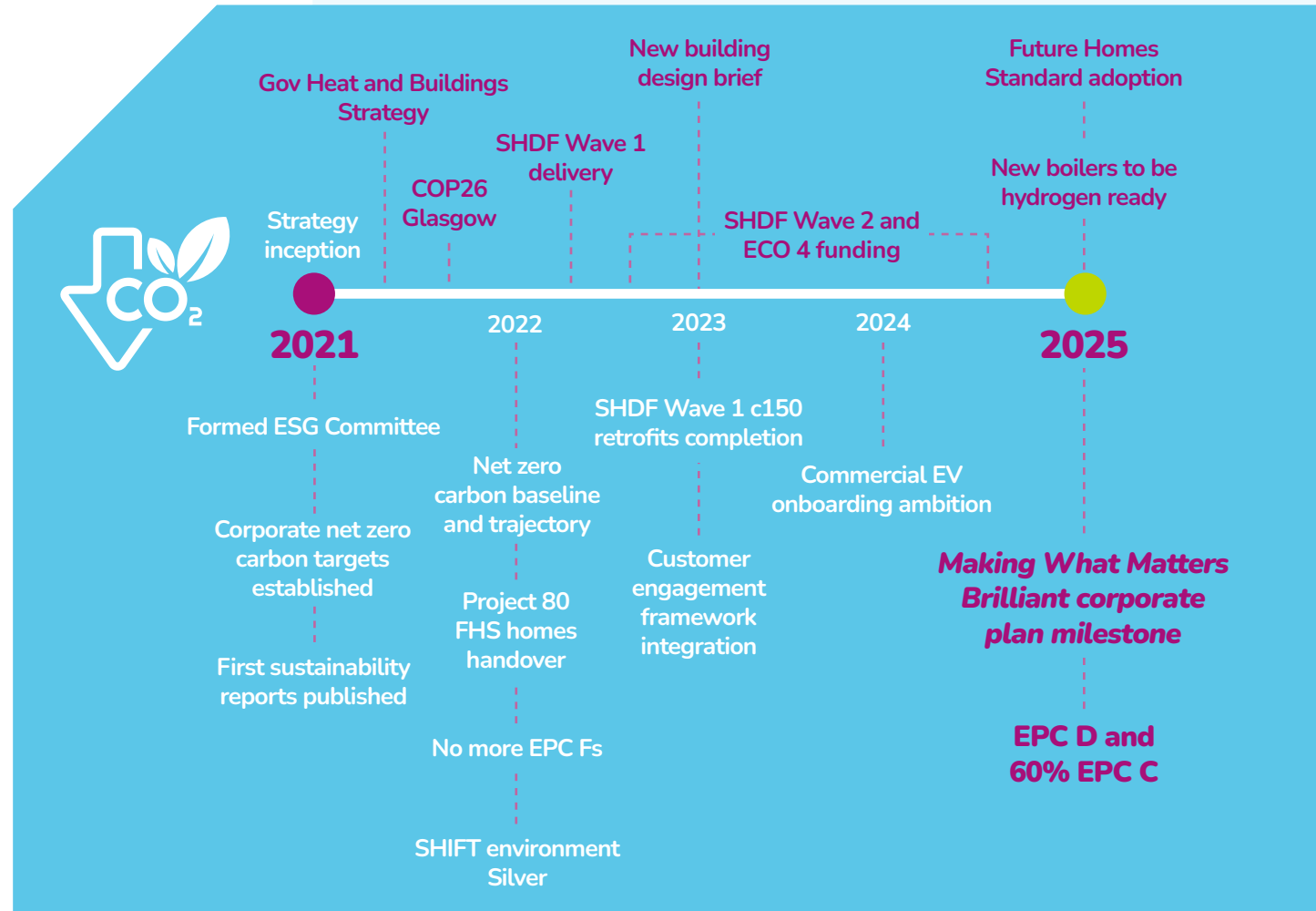
Climate change is an organisational imperative and affects us all. Our customers and communities will not be immune to the long term impact of volatile weather patterns. Rising fuel costs and the cost of living, disruption to the availability of commodity goods to increased risks from surface water flooding and overheating are just some of the impacts facing our customers and communities.

By building resilience in *the homes we rent, the homes we build and the way we work*, we can be better placed to mitigate and adapt to the impacts of climate change.

In 2021 we launched our strategic Carbon Reduction Plan which targets all our homes to reach:

- EPC D by 2025, 60% band C
- EPC C by 2030
- Net zero carbon by 2050.

Our carbon reduction plan provides a holistic approach in meeting our targets, enabling us to evaluate and measure our progress on our journey towards net zero.



Assuring our environmental performance



We have onboarded SHIFT, an external environmental consultant specialising in the social housing sector. This has enabled us to focus on our environmental performance, including the breadth and depth of data we capture and analyse, and how we measure, evaluate and validate our progress.

We have been awarded with SHIFT Silver, through the environmental sustainability assessment programme. Whilst we have embarked on a long journey towards net zero, we have made considerable progress to future proofing our organisation and communities.

This year's ESG report contains information that has been validated by SHIFT, improving the quality, reliability and accuracy of our reporting, essentially providing external assurance.

Our carbon emissions footprint



In 2021, we committed to achieving net zero carbon by 2050 against a 2019-20 baseline year, using a Paris Proof methodology, requiring us to reduce our overall Scope 1, 2 and 3 greenhouse gas emissions by over 97% by 2050. This year, we re-baselined to 2019-20 and reported our 2021-22 figures with enhanced data and a market-based approach.

➤ For our SECR figures, visit our [2021-22 Financial Statement](#)

➤ Since our 2019-20 baseline year we have recorded a reduction of 16% to 102,854 tCO₂e in 2021-22.

This 20,188 tonnes reduction in CO₂ emissions was mostly through increased performance in our Scope 3 independently heated homes, upgrades to our housing stock and our enhanced EPC assessment programme. We also recorded emissions reductions in our supply chain, mainly through increased accuracy by working with our top spend suppliers to obtain associated emissions data predominantly within the areas of new homes development, planned and reactive maintenance activities.

➤ Our 2021-22 Scope 1 and 2 emissions are 6,511 tCO₂e, a 36% reduction against the baseline year.

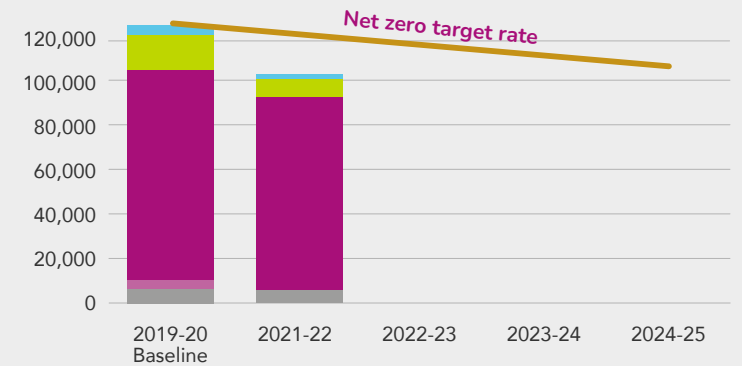
Amongst increased efficiencies in our billed estate and commercial fleet of vans, this year we sourced over 99% of our electricity from a Renewable Energy Guarantees of Origin (REGO) tariff. Up from over



Our new Sustainable Procurement Framework ensures that suppliers on major tenders are subject to questions around sustainability and social value, building on the integration of the ESG SRS framework into our operations and supply chain.

Suppliers will need to evidence their capability to provide policies, shared ambitions and related data. Scoring will be weighted alongside other tender questions.

Targeting net zero carbon (tonnes CO₂e)



- Scope 1 - Purchased gas from the estate
- Scope 1 - Commercial fleet fuel use
- Scope 1 - Fugitive emissions
- Scope 2 - Purchased electricity from the estate
- Scope 3 - T&D
- Scope 3 - Employee business travel
- Scope 3 - Employee commuting
- Scope 3 - Employee homeworking
- Scope 3 - Waste
- Scope 3 - Water
- Scope 3 - Supply chain emissions
- Scope 3 - Independently heated homes – gas
- Scope 3 - Independently heated homes – electricity

▶ The homes we rent



As a landlord with over 10,000 terrace homes built before 1920, we recognise the scale of the challenge we face as we look to reduce the carbon footprint of these homes and make them more energy efficient.

This has become even more important for our customers and their families as the cost of living increases stretch their ability to meet rising energy bills. Our Money Advice team have taken action to help approximately 2,500 families by supporting them to improve their finances, sustain their tenancies, and access the right level of support.

We have undertaken a full audit of our homes' energy performance ratings. Using this information, we have already started significantly investing in retrofitting some of our least energy efficient homes. I am proud to say that, by the end of this year, we will have no properties with an EPC rating lower than an E and we are making strong progress towards meeting our target of all homes having an EPC rating of D or above by 2025, and ensuring all homes are rated C or above by 2030.

Our energy efficiency programme engages our customers to help them reduce their energy use alongside practical measures in their homes such as insulation and more efficient heating systems. It's important to us that any investment into reducing the carbon footprint of our homes also benefits customers by ensuring their homes remain warm and they see the financial benefit of reduced energy use.

David Taylor

Executive Director of Operations, Midland Heart



We are committed to investing in our homes to reduce our largest source of carbon emissions and build resilience within our housing stock. Ensuring net zero carbon means, comfort, energy affordability and energy security.

▶ Successfully receiving and mobilising Social Housing Decarbonisation Fund Wave 1

Midland Heart was recently proud to announce that it achieved circa £2.2 million from the Social Housing Decarbonisation Fund Wave 1 for West Midlands Combined Authority and Leicester Consortium bids. It will be used to replicate the success of recent pilots and will be expanded across circa 150 homes. The aim being to deliver fabric first and improve the degree of thermal comfort in the home. This is especially important given the cost of living challenges.

▶ Building our capacity to deliver net zero carbon retrofit

We are continuously reviewing and improving our specialisms and capabilities to forward net zero carbon retrofit delivery. Through increased training and recruitment of new talent to the immediate retrofit delivery team now has 12 EPC DEA assessors with the training of a further five retrofit coordinators and two more EPC DEA assessors. The team has also embedded a Chartered Architectural Technologist (MCIAT) and Green Deal Assessor (GDA) to lead on the net zero carbon retrofit delivery programme, receiving support from multiple functions including a newly appointed Head of Sustainability, leading Midland Heart's climate change strategy and ambitions.

➤ Enhancing our EPC programme

Getting all our homes to meet EPC D and 60% EPC C by 2025 and EPC C by 2030 are key strategic objectives within our Corporate Plan to 2025.

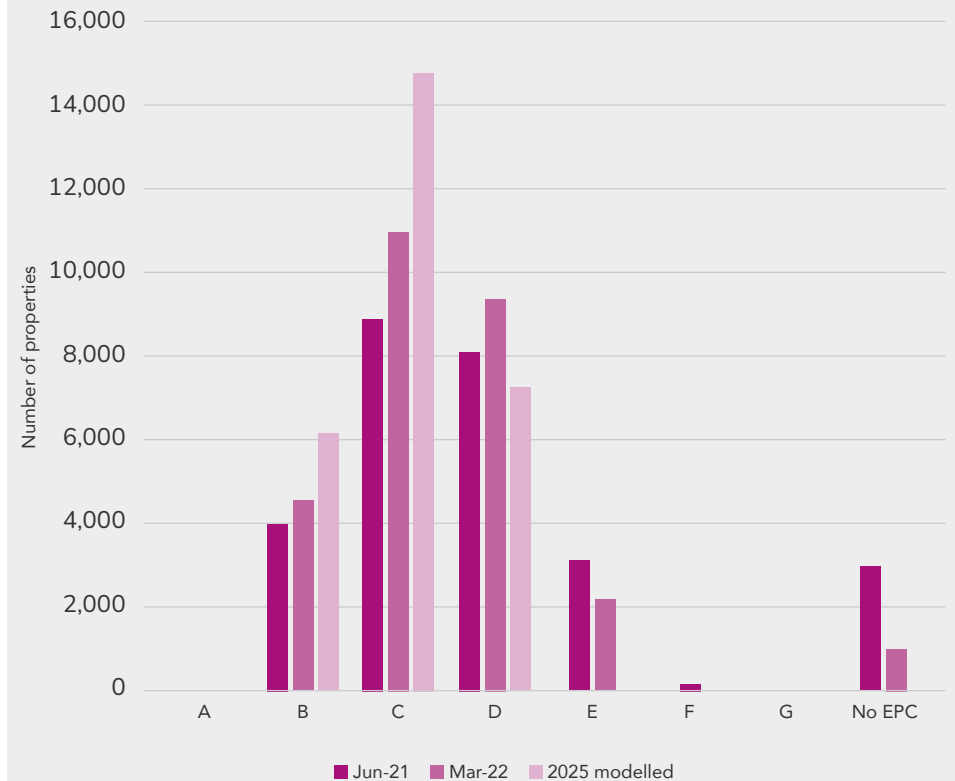
Having a comprehensive understanding of our homes enables us to track the performance of incremental retrofit upgrades and deeper net zero carbon retrofits. Accurate EPC data was a key reason for our successful application for Social Housing Decarbonisation Fund (SHDF) Wave 1 funding and our ability to mobilise a larger scale retrofit intervention programme.

We have committed to an enhanced programme of EPC assessments. Working between in-house EPC assessors and a specialist delivery provider, achieving over 200+ EPCs per month. This combined has resulted in highlighting significant uplifts to our EPC ratings.



- **2,978 below D** and non-registered properties have been uplifted to a D or above¹
- **89%** of our homes have an EPC banding of **D or better**
- **55%** of our homes have an EPC banding of **C or better**
- **No G rated** homes and only **six F rated** properties
- The result of this has meant a **12,949 tCO₂e reduction** in our carbon emissions since the baseline year.

EPC targets and progress to date



Piloting new and innovative approaches to retrofit

Havendale Close, in collaboration with British Gas

A signed memorandum of understanding with British Gas gives us greater buying power in meeting the resourcing and skills challenge at scale, specialist knowledge in understanding new technologies as well as help with navigating a complex grant funding regime.

Together we are showcasing how social housing can be retrofitted with lower carbon energy, combining conventional fabric first approaches alongside new and innovative technologies. Meanwhile, for British Gas, it is an opportunity to test the use of lower carbon solutions in a variety of homes as part of its ambition to help customers reach net zero carbon by 2050.

As part of this strategic relationship we completed a pilot intervention at our Havendale Close properties, successfully raising EPC ratings ranging between EPC band E (41-43 SAP points) to EPC band B (84-86 SAP points) through the following interventions:

- ▶ insulation and ventilation
- ▶ air source heat pumps
- ▶ hot water cylinders
- ▶ low temperature hot water radiators
- ▶ solar PV micro-generation
- ▶ HIVE demand response - the first of its kind in the UK.

Optimised by smart HIVE software and sensors, it is estimated that Havendale Close has achieved a reduction in annual carbon emissions from 4.3-4.6 tonnes to 1.3 tonnes per home.



Feedback from a Havendale Close tenant:

I am very happy with the works that have been done... It feels lovely to have a nice new heating system as my house was previously very cold and draughty. I would recommend this heating system to others and I hope in the long run I save money.

Pilot project overview

Old



- Electric shower
- Electric boiler
- Cylinder on immersion

New



- Air source heat pump
- Optimised solar PV
- Mixer shower from cylinder
- Demand response with PV optimisation
- Advanced cylinder
- Radiators designed to 45°C

The electric shower and demand response currently do not give a sap uplift, but will save the resident energy and money.

► Prioritising customer engagement in retrofit

Customer refusals can sometimes be seen as a barrier to retrofit programmes. Our Customer Scrutiny team led a project to understand why this is the case and how we can better engage with customers to find a more customer friendly approach to retrofit interventions.

We developed a new and uniquely collaborative customer engagement framework approach through Customer Scrutiny, Retrofit Delivery and the supply chain. The framework initiates early contact, aligns with our retrofit approach and selected addresses, focuses on learnings, utilises communication platforms and embeds knowledge and expertise across every touchpoint.

The Customer Scrutiny team attended an Energy Awareness Level 3 course from the Energy Networks Association. Sharing knowledge and learnings with our internal teams, they can confidently provide energy efficiency advice, pre and post intervention, in conjunction with financial and other support mechanisms.

This holistic approach saw Midland Heart highly commended at the Energy Efficiency Association Awards 2022 for the West Midlands region.



► A neighbourhood approach to service first

Service First is a core element of our Making What Matters Brilliant 2025 corporate plan. Everything we do affects what people think and say about us. That is why we want to take pride in what we do, respond quickly to our customer's needs, provide solutions not barriers and get the job done right the first time – as this will ultimately ensure our customers are able to live happy, comfortable and independent lives.

Service First means tackling the issues that matter most to our customers. Our intervention team collaboratively delivered 38 site schemes this year.

Many of our homes are located in areas that are impacted by higher than average levels of Anti-Social Behaviour (ASB) making it a key driver for our intervention schemes.

Our Priory Court scheme was subject to a number of incidents that affected our resident's homes. Working closely with the Police, Fire Service, Crimestoppers, homelessness outreach and our suppliers, we provided a neighbourhood solution.

- Customer engagement and feedback surveys.
- Encouraged reporting of crimes and unauthorised access.
- Invested in upgrades to kitchens, bathrooms and windows.
- Fitted improved and energy efficient LED lighting on new motion sensors.
- New secure by design standard doors and CCTV.
- Created a new bin store.
- Installed an outdoor clothes drying area.
- Decorated and updated communal areas.
- Reviewed and implemented local lettings plans.



89%

of customers were happy with the look and appearance of the scheme



88%

of customers said they were happy with the safety and security of the building



78%

of customers said they would recommend the scheme to others

➤ A neighbourhood approach to service first (continued)

Working closely with Lichfield District Council, at Blackberry Avenue, Lichfield we spoke with residents about correct recycling methods, whilst our rangers cleared and deep cleaned the bin stores. The solution helped ensure that waste was segregated correctly, collections could be made and recycling increased.

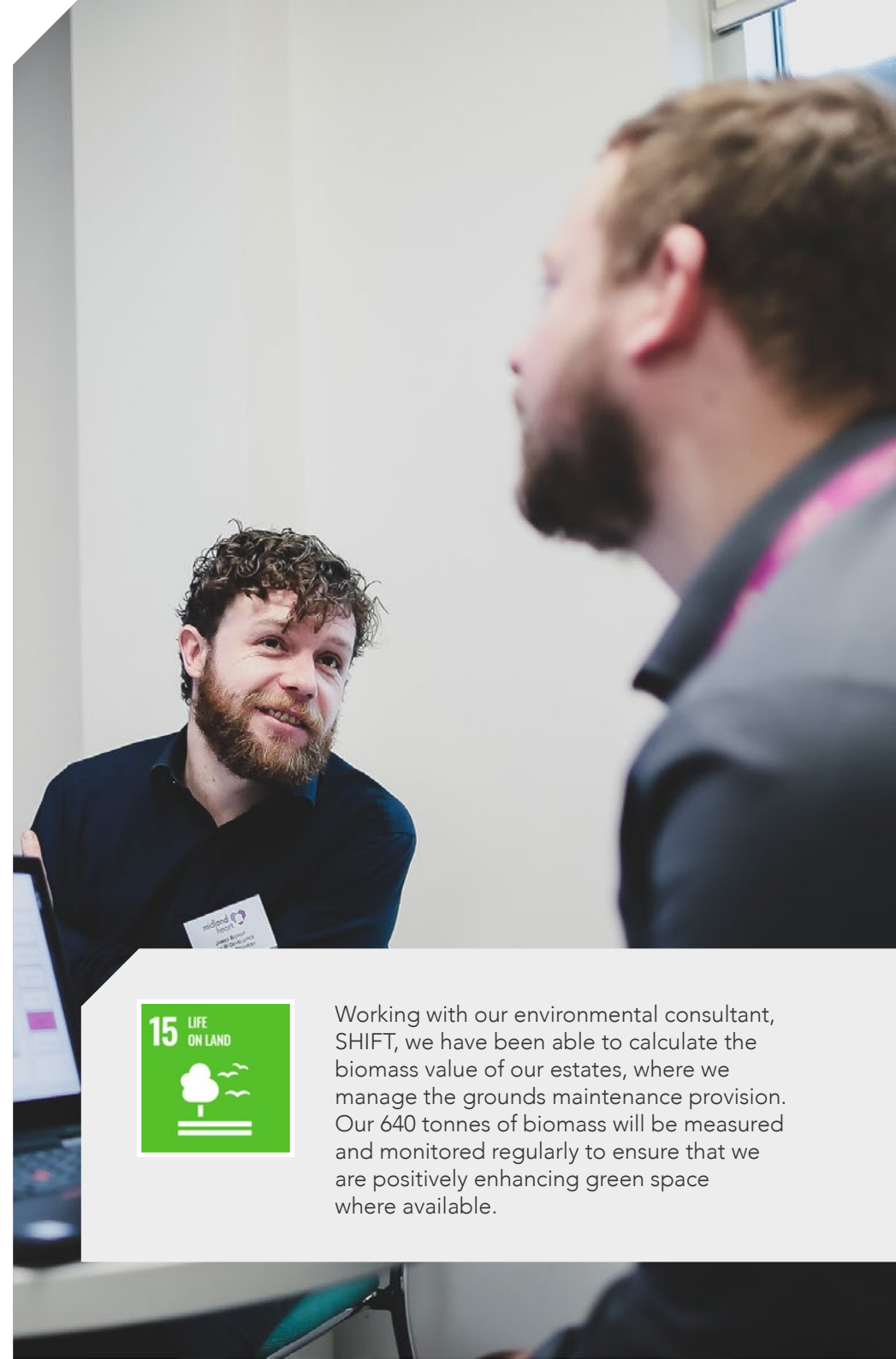
We led engagement at similar community events such as the **#LoveYourStreet** event with Birmingham City Council and Councillor Sharon Thompson, JP, supporting with waste clear up and litter picking activities across a number of streets in central Birmingham

Waste is an emotive and challenging issue for our customers. This year was particularly challenging with larger than normal volumes of waste and growing potential for fly tipping because of the extent of time people were spending at home.

Away from the doorstep, our Money Advice team provides a comprehensive money, benefit and debt advice service to our customers. The main aim of the support is to ensure that customers are able to sustain their tenancy and are financially able to meet the demands of everyday life.

The team received 2,497 customer referrals in 2021-22. Of those customers seen, 99% sustained their tenancy.

- £2.468m in income maximisation for customers, increasing income and reducing debt liability. We obtained Universal Credit awards of £506k and £93k in Discretionary Housing Payment for customers struggling to meet their rent shortfall due to financial hardship and effects of welfare reform.
- An additional £609k claimed in Housing Benefit and £41k attendance allowance were obtained for customers aged 65 to help with care and mobility needs.
- £1,800 worth of Tesco/Asda vouchers issued to customers in financial hardship, 197 customers received emergency fuel top ups and 145 food bank vouchers were issued.
- £56k was secured from charities, trust funds and tenants hardship fund to help reduce debt and purchase essential goods and services, such as TV licences, cookers, bedding and fridges.



Working with our environmental consultant, SHIFT, we have been able to calculate the biomass value of our estates, where we manage the grounds maintenance provision. Our 640 tonnes of biomass will be measured and monitored regularly to ensure that we are positively enhancing green space where available.

▶ The homes we build



One of the key objectives of our corporate plan, Making What Matters Brilliant, is to develop 4,000 homes over a six year period to 2025.

The affordability of the homes we build will be determined as much by the cost of energy consumed in the home, as the rent we charge. We recognise therefore that our homes must demonstrate affordable rent and affordable heat.

To this end we have closely worked with our developer partners to deliver energy efficient homes, the clear majority of which are at EPC B or above.

Through our partnership with Countryside Partnerships, our homes are built to Category 2 modern methods of construction, using sustainable timber frame methods with a significant value of the supply chain delivered in factory conditions, reducing the carbon footprint of the construction site.

Finally, we are very proud to have launched our first Project 80 homes in Handsworth, Birmingham. These homes are built to meet the Government's future homes standard, today. They reduce the carbon footprint of a home by over 80% of current part L building regulations, and are meeting EPC A. Utility bills will be reduced through the use of air source heat pumps, efficient hot water systems, high levels of insulation, mechanical heat ventilation and solar panels.

Our growth ambitions and investment plans have provided leadership to support the industry to transition towards net zero.

Joe Reeves
Executive Director of Finance and Growth, Midland Heart

▶ Transitioning to net zero carbon ready

Opening Bluebell Court was a unique moment for Midland Heart.

With no existing natural gas connection to the development site, we seized the opportunity to future proof the building by installing a 100% electric heating system. The new Dimplex system provides a simple net zero ready approach that is highly efficient at the point of use.

Against SAP 10.2 we anticipate reducing emissions associated with the building by around 35% per annum, with even greater reductions projected with the gradual decarbonisation of the UK national electricity grid.



This year we handed over 700 new homes, meaning we have delivered 1,620 of the 4,000 new homes we aim to build by 2025. 51% of which were offered for affordable tenures. We also became a strategic partner with

Homes England on the new Affordable Homes Programme (2021-26) that will provide £90m in grant funding until March 2026.

Welcome to
Bluebell Court

▶ Building the net zero carbon homes of the future



Winner of the Social Housing Award at the Insider's Midlands Residential Property Awards 2022.



Winner of the Energy Project of the Year – Residential at The Energy Awards 2022.

We began working on our first site in early 2021 in partnership with SME developer Tricas; a £2.8m development of 12 homes.

We are working in conjunction with research partners from Birmingham City University to assess the impact of the new standards and equipment on customers. Crucially, they will have 80% less carbon emissions against current building standards.

Of our 12 homes in Handsworth, the combination of fabric improvements, low carbon heating systems and other low and zero carbon technologies have achieved significant performance:

- ▶ A reduction of **80-90%** CO2 emissions compared to current building regulation requirements
- ▶ Plot 5 has reduced from 17 kg CO2e / m² / year to **1.7 kg CO2e / m² / year**
- ▶ Heating loads have reduced by approximately **60%**
- ▶ Overall running costs are anticipated to have reduced by **65%**.

Our 12 maisonettes at Edgbaston performed similarly with average reductions of 27 kg CO2e / m² / year to just 5.4 kg CO2e / m² / year.

We handed over the keys to our first new customers in the Spring of 2022.

Our Future Homes Standard developments feature:

- ▶ A mixture of two, three and four bedroom houses
- ▶ Newly planted shrubs, trees and lawns
- ▶ Photovoltaic panels
- ▶ Waste water heat recovery
- ▶ Air source heat pumps
- ▶ High standards of insulation and modern double-glazed windows and doors.
- ▶ Smart monitoring technologies to capture real time performance data and take learnings from our approach into our retrofit programmes and existing homes.



[Watch the West Midlands Mayor and our teams visit the site >](#)

▶ The way we work



Over the past few years, we've greatly improved our ways of working to match the needs of our people. We are now better equipped to deliver a first-class customer service from wherever we're working, which allows us to spend more time in our communities with our customers having a knock-on-effect in reducing our carbon footprint.

We have achieved this through investing in digitalising our systems and processes to create value-added capacity and automating high volume tasks where possible and adapting our work environment to reflect our new ways of working so that we can collaborate effectively. We know these changes mean it's more important than ever to keep our colleagues engaged whatever their setting, whether that be at the office, home or on the front line.

We've continued to increase our training and development opportunities, grown our diversity and inclusion networks, and launched a new consultative body that increases the representation of front line colleagues to support with engagement. We've also introduced mental health first aiders to support all colleagues with their wellbeing.

As a result of this work, we are proud to be included in Best Companies list of top 25 employers in our region and hold a coveted 24th spot as one of the most inclusive business in the UK in 2022.

Baljinder King
Executive Director of Corporate Resources, Midland Heart

▶ A spotlight on health and wellbeing

CIPD
People Management
Awards 2022

We won the CIPD People Management Awards:
Best Health and Wellbeing Initiative 2022.

Two-thirds of our colleagues were key workers during the pandemic.

We set out to support our key workers and show all colleagues that they are important to us through these difficult times.

Our wellbeing initiatives:

▶ Listened

Colleague representatives told us that the main issues were finances, juggling work and care for dependants and feelings of isolation

▶ Enabled flexibility

Early on, took the decision not to furlough anyone and enhanced our sick pay for those with Covid. Flexible working enabled for all colleagues.

▶ Kept everyone informed and reassured

Targeted comms to different colleague groups. Created a dedicated coronavirus inbox for all colleague questions and concerns.

▶ Adapted quickly

Developed additional training and resources.



We achieved the highest possible rating from the Regulator during our In-Depth Assessment (IDA), a G1 V1 (Governance and Viability rating). Also, retaining our A1 stable rating from Moody's, the highest in the sector.

▶ A spotlight on health and wellbeing (continued)

We launched our Mental Health First Aider (MHFA) programme, training 14 of our staff through the MHFA England accredited scheme to support mental wellbeing; whether we need someone to listen, help and reassure us in more challenging circumstances, or provide guidance on further support options.

Rewarded our colleagues' efforts

All key workers who physically attended a place of work received a 15% bonus payment. Increased our festive voucher to £50 and gave all colleagues an extra day's leave over Christmas. Virtual STAR Awards for recognition.

Had fun and supported people

Created Wellbeing toolkits. Regular wellbeing workshops with guest speakers. Launched a Winter Wellbeing Month. Focused on developing our talent.

We published our inaugural ethnicity pay report as part of our commitment to be transparent on pay gap information and actions to improve.

Through the work on the gender and ethnicity pay gap, we recognised that we needed greater representation of women and black colleagues in senior roles. One of the initiatives to tackle was the launch of two colleague development schemes for high performers from across the business and at different levels of seniority who were ready for career progression.

Both schemes are supplemented with leadership mentoring to ensure that participants are in a strong position when future opportunities become available.



Our outcomes:

▶ We asked our colleagues:


 **97%** felt supported during the pandemic

 **98%** felt that our approach to safety and wellbeing had been handled well

 **99%** felt that our communication had been effective

 **Best Companies One Star rating**

 **Glassdoor rating increased from 2.7 to 4 stars**

 **Maintained 100% safety compliance**

▶ Developing our people – our apprenticeship scheme

A key part of our talent strategy is to invest in developing our own people. An important way we do this is through our apprenticeship programme, which enables us to develop skills that will help us create a workforce capable of delivering on the corporate plan objectives.

Our 2020/21 cohort of six degree apprentices are performing to a high standard so we are now growing the programme for the 2022/23 intake, recruiting in October 2022. We recognise the benefits of, and are committed to, investing in talented young people as a means of developing critical skills we will need for the future success of our business.

We have also started a trade apprenticeship programme to ensure a robust pipeline of talent in a competitive market. We will recruit 24 apprentices over the next three years into our in-house maintenance team, with the first cohort of six already having started on the programme.



We ranked 8th, 24th and 50th for best housing, regional and large UK places to work respectively through Best Companies. We also ranked 24th on the national top 50 Inclusive Employers listings.



Supporting some of the lowest income households regionally with our Money Advice team securing £2.468m in income maximisation for customers. We have empowered our employees and local communities through the new trade apprenticeship programme. As part of our work as an inclusive employer we have grown our diversity and inclusion networks and championed women and black colleagues in senior roles.

Since first reporting the ESG SRS framework for Social Housing last year, as an early adopter, we have maintained our commitment and built on the quality of our report. This year's report contains information that has been validated by SHIFT, improving the quality, reliability and accuracy of our reporting, essentially providing external assurance, and allowing us to embed new performance indicators around our approach to environmental sustainability and customer engagement. Please visit the investor pages on our [website](#) to access the SRS input spreadsheet for a summary of figures.

Affordability and security – T1

C1 Rent affordability

Representing the difference between our rent compared to PRS and LHA rent.

Private Rental Sector (PRS) - 62%

Local Housing Allowance (LHA) - 76%

C2 Existing homes

Tenure Type	Units 21/22 (SDR '22)	% of Total
Social housing	28,290	82.3%
General needs social rent	20,611	60.0%
Housing for older people	2,850	8.3%
General needs affordable rent	3,327	9.7%
Supported housing	1,118	3.3%
Intermediate market rent	278	0.8%
Care homes	70	0.2%
C&S affordable rent	36	0.1%
Low cost home ownership (less than 100% eq.)	2,232	6.5%
Leasehold and other²	2,539	7.4%
Subsidiaries	1301	3.8%
Total	34,362	100.0%

C3 New homes

Newly built units in 2021/2022	No.	% of units built
General needs social rent	83	11.9%
Intermediate market rent	0	0.0%
General needs affordable rent	358	51.1%
Supported housing	10	1.4%
Housing for older people	29	4.1%
Low cost home ownership	220	31.4%
Care homes	0	0.0%
Private rented sector	0	0.0%
Total	700	100%

Both tables represent the total number of properties within our ownership or influence.



C4 Fuel poverty

This year we invested £26.5m into our homes, as part of our 'investing in homes' strategic 2025 £120m spending target. This investment is helping to increase the efficiency of our existing stock, replacing key components such as windows and roofs that are ready for renewal. It also supported energy focused interventions, including the installation of c.1,600 new energy efficient heating systems.

Our customer engagement teams have been intensely focused on supporting our customers through these increasingly difficult times. The Money Advice team's aim is to ensure that customers are able to sustain their tenancy and are financially able to meet the demands of everyday life. This year, we received 2,497 customer referrals to our Money Advice team. Of those customers seen, 99% sustained their tenancy. The Hardship Fund is essential to this and supported in almost 200 emergency fuel top ups and other forms of financial support for our customers.

Between September 2021 and March 2022, we have seen a steady increase in the number of customers struggling financially due to the increases in the cost of living. With the energy price cap risk from April 2022, we expect a higher demand for our Money Advice services so we are engaging proactively with our current partners and look for more assistance locally.

C5 Security of tenure

5.1% homes

We have continued our policy to stop creating fixed term tenancies for three beds and smaller, removing them as a tenancy option whilst renewing tenancies last year.

Building safety and quality – T2

C6 Security of tenure

100%

C7 Fire safety compliance

100%

C8 Decent Homes Standard compliance

99%

100% of our properties, that have a gas appliance, have an in-date gas safety certificate following an inspection by a Gas Safe registered engineer.

100% of our properties, that are subject to Fire Risk Assessment requirements, have an in-date fire safety certificate, undertaken by a qualified fire risk assessor.

Type 4 FRAs: Despite achieving an increase in our decent homes, 42 of our homes did not meet decent homes standard compliance. These remaining 42 homes are being targeted for improvements.



Resident voice – T3

C9 Ways our customers can hold us to account

This year we listened to our customer's voice through a combination of 12,784 transactional surveys and 752 scheme based interviews to learn what is important to our customers, where we are doing things right and where there is room for any improvement.

Our My Voice framework is a way that customers can get involved and have a direct impact on the services we offer. It enables customers to give us feedback and work closely with our Customer Scrutiny team, who will make sure that their views are listened to and changes are made. Allowing us to achieve jointly beneficial outcomes such as:

- ▶ Oversight and impact improvements
- ▶ Delivering on action plans
- ▶ Ensuring compliance with regulation
- ▶ Communicating their feedback with the customer base.

My Voice provides a number of opportunities for informed feedback, many through activities or experiences covering our services or a particular topic, such as special interest groups, tasks or service improvement activities. From mystery shoppers to consultations, doorstep chats to becoming champions or joining committees. If our customers have more time to commit, we can give them skills and training to get even more involved through customer scrutiny panels, customer led reviews and customer forums.

If they are not quite ready to chat, they can read our FAQs available on our [website](#).



C10 Monitoring customer satisfaction

Customer satisfaction



We commission a specialist supplier to conduct telephone interviews with customers covering a range of core service areas. Interviews are conducted to gather critical feedback as close to service delivery as possible. In addition, a small number of SMS surveys are completed for smaller sample areas such as Anti-Social Behaviour. In total, c.1,100 interviews are conducted each month and an overall satisfaction measure contributes to Midland Heart's overall satisfaction KPI performance. Customer feedback data is used to drive service improvement activity and monitor contractor performance.



C11 Learning from complaints

Of the 19 complaints determined by the Independent Housing Ombudsman, 11 of them have resulted in No Maladministration. Although eight came back with Maladministration, six of these were just an order to award additional compensation, only two have been related to failures of service.

It is generally the application of the processes that falls over and whilst each complaint contains their own uniqueness of events it is clear there are two common themes that underpin why complaints occur which revolve around people not having taken ownership and/or the effectiveness of our communication.

Part of our Customer First objective, entitled 'Every Transaction Matters' articulates to all front-line colleagues the minimum messages that need to be delivered for each transaction, and at what point, to ensure consistency. We have updated each core transaction with how and who should respond to our customers throughout. This is achieved practically through:

- ▶ Customer Hub overhaul to ensure first point of contact is efficient and detailed
- ▶ Complex resource in improvements teams to address in-depth cases
- ▶ Robust training and coaching programme for key teams.
- ▶ New transaction ownership model.
- ▶ Launched the new Repairs App to increase self-management and track progress.

We will continue to promote our own complaints process and make it more prominent to our customers that it is our mission to get things right first time but, if we do get it wrong, how we can make it right.

Resident support – T4

C12 Resident support

With energy bills and the cost of petrol and food prices soaring, it's no surprise that our Money Advice team has seen an influx of referrals from customers seeking assistance and guidance. Our team is on hand to help customers with their budgeting, income maximisation (such as making sure all the correct benefits are claimed), and debt management, as well as providing information about the tenant hardship fund, supporting with grant and charity applications, and signposting towards foodbanks.

Our Money Advice team received 2,497 customer referrals in 2021-22. Of those customers seen, 99% sustained their tenancy.

In addition to our graduate apprentices, we have started a trade apprenticeship programme to ensure a robust pipeline of talent in a competitive market. We will recruit 24 apprentices over the next three years into our in-house maintenance team, with the first cohort of six already having started on the programme.

Increasing health and wellbeing is central to our Intervention Schemes delivered by Tenancy Services. Our five-year programme commenced in 2019 with a target of delivering 150 sites. This project is a key KPI to delivering the corporate strategy by creating more balanced and sustainable communities. Surveys before and after the intervention activities capture customer feedback and satisfaction scoring.

Through the completion of an annual SHIFT assessment, we put our resident engagement activities for tackling energy saving and environmental issues to the test. Capturing a culmination of holistic measures, such as passive engagement through web page hits or delivered leaflets or active engagement through site based schemes, we have assessed their impact. Of our total residents it is estimated that:

- ▶ **8%** were considered actively engaged on energy efficiency
- ▶ **10%** of residents were passively engaged on energy efficiency
- ▶ **17%** of residents were passively engaged in domestic or bulky waste advice
- ▶ **30%** were actively engaged on waste initiatives equating to an estimated 3% increase in the likelihood of residents diverting waste from landfill.





Placemaking - T5

C13 Making places brilliant

Alongside Priory Court, Blackberry Avenue and the other 36 intervention schemes carried out in the last year, we set upon Jervis Court, Lichfield.

With a history of short term lets and challenges resulting from regularly reported nuisances, damages and some illegal activity, it has built a reputation as an uninviting and unfavourable place to live. It was clear that things needed to change and our programme of intervention schemes was perfectly positioned to make the transition. Following initial engagement through a survey of residents, we implemented actions to tackle these issues head on:

- ▶ Our Tenancy Services team worked closely with Lichfield's Community Safety Partnership and Staffordshire Police to remove illegal activity, safeguarding vulnerable customers throughout the action
- ▶ Upgraded internal and external lighting
- ▶ Renovated the cosmetic aspects such as walls, ceilings and flooring. Using hardwearing materials built to last
- ▶ Installed CCTV and a secure entry system
- ▶ Converted a large unused area into a new bike and buggy store

- ▶ Regenerated the external grounds with jet washing and planting in collaboration with our grounds maintenance contractor
- ▶ Opened a local lettings plan to rehouse customers with a local connection
- ▶ Repeated surveys up to 12 months post intervention to evaluate continuing success.

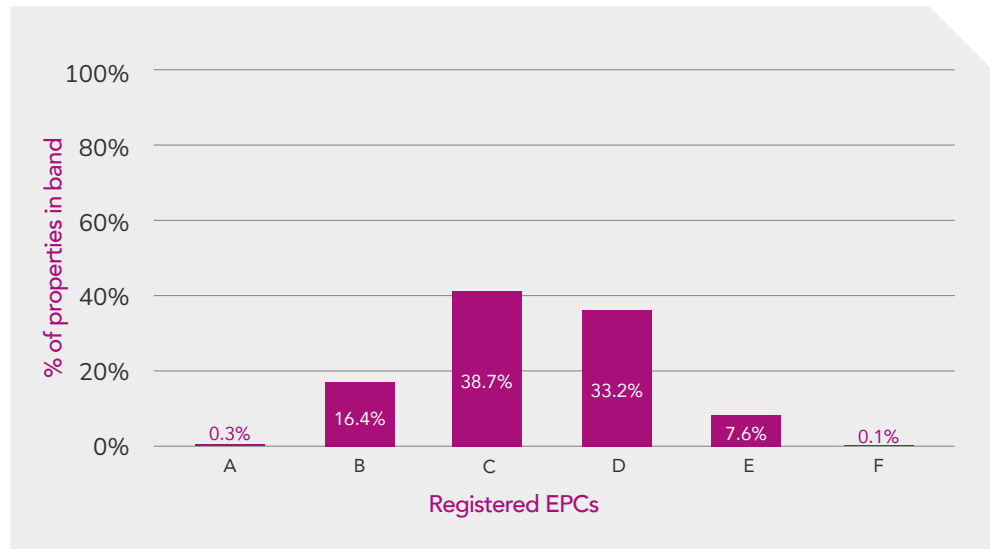
Before the interventions happened, only 25% of customers surveyed agreed that they were happy living there. Since the work has been carried out this has increased to 82%.

In order to ensure the long-term success of this scheme and our contribution towards creating balanced and sustainable communities, we have created a housing management charter setting our approach and expectations of our teams in managing this scheme. We want to promote the success of our efforts in order to continue to build a positive reputation through each intervention.

Our Intervention Dashboard, which is presented to Board and Committee every quarter, demonstrates that the schemes we have completed since 2019 are still balanced and sustainable.

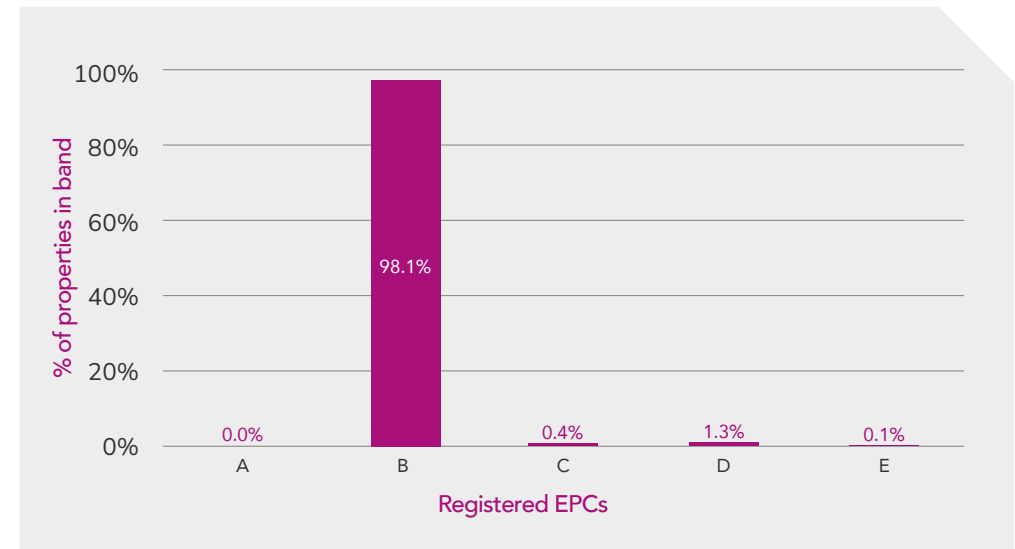
Climate change – T6

C14 Energy efficiency of existing homes (2021-22)



We have dramatically reduced the proportion of properties that are EPC E (12.6% 2020-21) and completely removed EPC Gs (F-Gs made up 1.2% in 2020-21) from our portfolio.

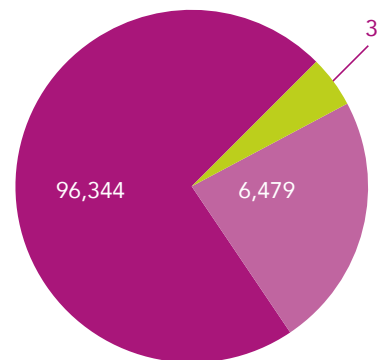
C15 Energy efficiency of new homes (2021-22)



New homes includes refurbishments of older properties that can limit the efficiencies gained through new measures and technologies, including low carbon electric heating systems not yet compatible with versions of SAP.

C16 Greenhouse Gas emissions (2021-22)

Our carbon footprint incorporates Scope 1, 2 and 3 emissions from our value chain. Our Scope 3 emissions includes a number of Scope 3 emissions categories, where appropriate, using the GHG Protocol Accounting and Reporting Principles. We have omitted Scope 3 pensions and investments and embodied carbon from materials from our reporting because of data accessibility, reliability and influence.



	2019-20 baseline	2021-22	% change against baseline
Scope 1	7,487	6,479	-13%
Scope 2	2,643	31	-99%
Scope 3	112,912	96,344	-15%
Total tCO2e	123,042	102,854	-16%

C17 Actions taken to improve energy efficiency

Our corporate objectives commit us to achieve EPC D by 2025, EPC C by 2030 and net zero carbon by 2050. The Carbon Reduction Plan targets the homes we rent, the homes we build and the way we work, generating actions to advance energy efficiency.

We continue to invest in homes to upgrade them with increasingly efficient products and systems.

Over the last year we have installed:



1,375 new efficient boilers



234 new efficient electric storage heaters



383 properties have received new double-glazed windows



93 new roofs with good thermal performance



39 schemes received LED lighting system upgrades³

We have successfully undertaken a number of pilot projects, installing low carbon technologies into highly efficient homes. These include air source heat pumps, heat recovery, solar PV, low temperature hot water (LTHW) radiators, HIVE demand response and high levels of insulation, successfully achieving significantly energy efficient, net zero carbon ready homes.

C18 Managing increased risks of flooding and overheating

Climate change modelling highlights the growing risk that severe weather events could have on our operations, our homes and our customers. This is an issue that we are increasingly researching to help mitigate and adapt to its impact.

Through an overheating risk assessment tool we estimate that 0.2% of our homes are at high risk of overheating. We are committed to maintaining ventilation and understanding air quality, working with customer support services, as we decarbonise our homes. This includes our new builds where we have ensured that 100% are at low risk of overheating.

We completed an internal GIS survey of individual property flood risk, modelling the probability of the chance of flooding. The assessment used Environment Agency Flood Risk Maps for river and surface water flooding. It determined that 7% of homes are considered at medium to high risk of flooding.

To provide additional assurance, our Emergency Response Framework plans for how we can continue to provide critical services should the worst occur. A Strategic Response Plan is generated. This ensures key roles and responsibilities are delegated, critical functions that keep people safe and well are prioritised, and our assets are protected.



³ Figure includes upgrades between 2020 and 2022.

C19 Helping customers maximise energy efficiency and air quality

Every transaction matters means what we say and how we say it is incredibly important. From the very start, our newly developed handover pack ensures that every new customer will receive advice on how to use appliances and manage utilities safely and efficiently. Our dedicated website pages provide support for customers seeking energy efficiency tips or advice on preventing damp and mould, including support for customers making the switch to low carbon heating. All our support is underpinned by our net zero carbon ambitions.

We have challenged ourselves to improve our customer feedback for the management of damp and mould, often resulting from air quality within our homes. Our new mitigation strategy includes a specialist team to quickly undertake a full survey of damp and mould root cause. We have encouraged our customers to report more and we have seen a reduction in issues occurring over the course of our strategy implementation.

To truly support our customers we need ensure we have the best teams, with the best knowledge, taking the right measures. Our Project 80 pilot homes are testing energy efficient technologies and approaches to ventilation. By recording real time environmental conditions data we can understand maximisation between technologies and our customers.

Ecology – T7

C20 Protecting and promoting green space and biodiversity

In collaboration with SHIFT, we have calculated the biomass value of our estate, where we manage the ground maintenance provision. Our 640 tonnes biomass above ground will be measured and monitored regularly to ensure that we are positively enhancing green space where available. This means protecting and regenerating our grounds; working with contractors to ensure maintenance provides benefits to local habitats, protects nesting species, installs new habitats and undertakes specialist ecological surveys where needed.

In our new developments we have carefully designed landscape plans. We have installed hedgehog friendly fencing, planted new trees and hedgerows and installed Sustainable Urban Drainage Systems (SUDS) where viable, promoting habitat creation and helping to mitigate urban overheating and flash flooding.

C21 Managing pollutants

Yes. We have a strict policy in place to carefully manage the environmental risks associated with pollutants such as paints and solvents. Risk assessments for adopted products are reviewed prior to use and can be accessed in hard copy COSHH safety packs located in storage areas and electronically via the intranet. We regularly check to identify products which can be eliminated or replaced by safer alternatives. We have excluded harmful materials from the construction of our new homes, providing strict instruction to our contractors and the supply chain.



Resource management – T8

C22 Sourcing materials responsibly

Yes. Our new Sustainable Procurement Framework ensures that suppliers in major tenders, where applicable are subject to questions around sustainability and social value, building on the integration of the ESG SRS framework into our construction operations and supply chain.

Suppliers will need to evidence their capability to provide policies, shared ambitions and related data. Scoring will be weighted alongside other tender questions.

Through the SHIFT methodology we estimate that 43% of materials sourced within maintenance and construction activities are responsibly sourced. The Sustainable Procurement Framework and design policies will drive the increase in the percentage of materials responsibly sourced, including the benefits of an collaborative approach with the supply chain to share opportunities and learnings.



C23 Reducing waste

Yes. Within our offices we have achieved zero waste to landfill through working with our office waste and confidential stream waste providers. We measure total waste (tonnes) and percentage recycling figures regularly to target better waste management and reduce the impact of our offices on the environment.

We achieved a 64% office recycling rate, up from 49% in 2019-20, encouraging our colleagues to think more carefully about waste prevention and segregation climate focused campaigns and bin designs. Our actions included:

- ▶ Working with our catering supplier to take back and re-use food delivery trays
- ▶ Reducing printing through a scan-in to print process and hybrid mail
- ▶ Using ceramic crockery rather than disposable wherever practical.

In our operations, we have worked closely with our two largest waste management providers to increase recycling and recovery and landfill diversion rates of waste from our maintenance activities. Effective sorting facilities at our depots or at the premises of waste management providers ensures waste is segregated into a variety of material based waste streams. We regularly capture and monitor data through our waste providers and discuss opportunities to reduce the environmental impact of our wastes. Of our two largest waste contracts, we achieved a 90% and 100% landfill diversion rate.

C24 Using water responsibly

No, but planning to develop a strategy. Our office environment policy targets reduced water use within our commercial office estate. This year we consumed 1,506m³. Using efficient technologies such as zip boilers, dual flush toilets, water chilling units and dishwashers we aim to minimise water usage and maintain best practice levels.

Across our wider estate and operations we regularly work with contractors to install water efficiency measures. In the homes we build we use Water Regulations Advisory Scheme (WRAS) approved contractors, fixtures and fittings. Where possible, measuring performance regularly in line with our environmental reporting commitments.

Our upcoming Energy, Carbon and Water Management Plan will act as a catalyst for implementing water conservation and innovation measures within homes we rent, driving change through smarter systems, processes and behaviours.



Structure and governance – T9

C25 Regulation

MIDLAND HEART LIMITED Co-Operative and Community Benefit Society
Registration Number 30069R. Regulator for Social Housing with number L4466.

C26 Governance and viability

G1 V1. IDA completed in 2021.

C27 Code of Governance

National Housing Federation 2020 Code of Governance.

C28 Ownership

Not-for-profit.

C29 Organisational risk management

Our risk management process aims to identify risks before they materialise, ensuring we can put mitigating controls in place and focus our assurance activities.

Our Executive Board has overall responsibility for risk management and the system of internal control within the business. The Audit and Risk Committee reviews the systems in place to identify and manage risk, and receives reports from the internal auditors, advising on the effectiveness of our internal control systems in managing risk. The Group uses an Enterprise-wide Risk Management (ERM) framework in order to support the identification and management of risk.

ERM enables us to identify, measure and manage the entire range of business opportunities and risks. Under the ERM framework, each functional area of the business regularly reports on its major risks and how these are being managed or eliminated.



Having considered our functional and project risk registers, the risks arising from our new corporate plan and external views on the sector's risks (e.g. the Regulator, Homes England and Moody's), we have identified our key corporate risks which will be actively managed and monitored by our Board. One of our corporate level risks is failing to financially plan and execute our decarbonisation plan in line with sector/regulatory requirements.

Our risk management process seeks to identify the key risk factors that may have a material impact on the group and to manage them appropriately. The risk factors cover financial, operational and reputational risk.

C30 Adverse regulatory judgements

We have not been subject to any adverse regulatory judgements over the last 12 months.

Board and trustees – T10

C31 and C32

Board diversity and management team turnover

	% Women	% BAME	% that have declared disability	Avg. age	Avg. tenure	% Turnover
Our Board	13%	26%	13%	56	4 yrs	8%
Our Residents	63%	37% ⁴	16% ⁵	51		
Our management team ⁶						8%

Figures taken on 31 March 2022 covering the 2021-22 period.

C33 Maximum tenure for Board members

Six years with the ability to extend to nine years in line with the National Housing Federation 2020 Code of Governance.

C34 Proportion of Non-executive Directors on the Board

67%

C35 Board Member involvement with our Audit and Risk Committee

Three Board members on the Audit and Risk Committee. Two of these Board members are Chartered Accountants.

C36 Executive involvement in remuneration decisions

None. This is set out as a requirement of our Governance and Control Framework.

C37 Succession planning

Yes. The Board has reviewed our succession plan within the last 12 months.

C38 Auditing our accounts

We have used our current external audit provider, KPMG, for 16 years. KPMG operates a partner rotation policy.

C39 Board effectiveness review

April 2019. To next be reviewed in April 2022 in line with our three-year cycle.

C40 Separation of the Chair of the Board and the Chief Executive

Yes. The roles are held by two different people.

C41 Conflicts of interest at the Board

At the start of each meeting, the Chair asks for any declarations of interest to be stated. This is recorded in the minutes and is a standing agenda item. Our policy for dealing with conflicts of interest is set out clearly in our Code of Professional Conduct and associated guidance documents.

Staff wellbeing – T11

C42 The real living wage

Yes. We pay more than the real living wage at £10 per hour.

C43 Our median gender pay gap

15.1%

Our median gender pay gap has reduced across consecutive years from 24.4% in 2019/20 and 17.9% in 2020/21. This is partly down to our work as an inclusive employer, including our Women's Network and this year's inaugural ethnicity pay report showing our commitment to transparency on pay gap information and actions to improve.

C44 Chief Executive to median colleague pay ration

11:1 Applying methodology Option B.





C45 Wellbeing of colleagues


We want our colleagues to feel safe, valued and that they belong. We have an extensive wellbeing offering to support them when needed and to proactively empower them to maintain and enhance their wellbeing.


This includes:


 Trained Mental Health First Aiders across the organisation with diverse backgrounds


 An Employee Assistance Programme

 Providing other specialist counselling and mental wellbeing services when needed


 Occupation Health to help inform how we can support colleagues


 Training for manager to better support their teams

 Support with operational adjustments and flexible working


 DSE assessors and assessments to make sure colleagues are working safely and making adjustments, where needed

 Free flu vaccination vouchers every year

 Health cash plans, eye care vouchers and other wellbeing related benefits

 Proactive wellbeing workshops and awareness events throughout the year with expert speakers - on topics such as stress, resilience, menopause, self development, nutrition, to name a few

 Four Inclusion Networks made up of colleagues across the organisation with a focus on supporting race, gender, LGBT+ and disability inclusion

 A team of colleague champions to ensure colleagues have a channel to provide support and act as a channel to promote employee voice.

We regularly review related employee data (sickness, turnover, etc.) and listen to colleague feedback to inform proactive wellbeing interventions and to continually develop our wellbeing offering.

C46 Sickness absence

7.6 days per employee per annum.

Supply chain – T12

C47 and C48 Delivery social value and positive environmental impact through procurement

We have a continued commitment to measure and influence the impact of the decisions we make through procurement, whether these are to deliver social value, minimise our environmental impact or generate positive collaboration. Considering the social impact of major contracts. Where appropriate, we have evaluated tender responses considering service design, social value creation, opportunities for collaboration and post procurement performance monitoring. We seek outcomes that promote job creation, training and development opportunities, giving back and supporting communities and SMEs.

We have also sought to minimise the negative impact of our goods and services on the environment. Through the review of product lifecycles, effective repairs and maintenance and considered use of materials, we have sought to reduce the frequency of replacement products and the products that we replace them with, reducing the use of raw materials, associated carbon emissions and waste.

In February 2022, we developed a sustainable procurement framework. The framework was modelled on the ESG SRS framework and our SHIFT environment assessment criteria, moreover, aligning with SDGs, our net zero carbon commitment and introducing weighted scoring. We first piloted the framework in a selected tender for whole house retrofit to test its effectiveness. The sustainable procurement framework will be integrated into significant tenders where appropriate.





► Our reporting journey to 2021-22

With under three years left to our Making What Matters Brilliant corporate plan milestone, we have made considerable progress towards achieving our key strategic objectives. The achievements and awards in this report recognise the brilliant work of our individuals, teams, projects and programmes to future proof our organisation.

By re-baselining our net zero carbon emissions to 2019-20 we have set a new clear trajectory to achieve our commitment to net zero carbon 2050. We have already achieved a 16% reduction in carbon emissions against the baseline year largely through energy efficiency measures in our housing stock, collaboration with key suppliers and the purchasing of renewable electricity.

We have been externally recognised in awards within key areas of ESG strategy. In the homes we rent, our customer engagement framework, developed for our net zero carbon retrofit pilot, was highly commended as an innovative approach to breaking down the barriers to retrofit delivery and the decarbonisation of our homes.

In the homes we build, our project to build homes that are fit for the future, Project 80, won two awards, celebrating its importance for us and our sector's journey. The sites recently hosted the West Midlands Mayor and representatives from BEIS.

In the way we work, we have been shortlisted for our brilliant health and wellbeing initiative, responding to and emerging from the Covid pandemic, and keeping our colleagues safe and engaged. This includes receiving additional recognition with a Best Companies One Star rating, which is vital in an organisation where two-thirds of our colleagues are key workers. Through strong governance we have maintained our Moody's rating and installed new resilience within the organisation.

