

Environmental, Social and Governance Report 2022

Paradigm

Our
Vision

We provide
excellent
services to
customers

and build
new homes
to help more
people.

We make
sure our homes
are safe and
sustainable

and strive to do
more by making
the most of our
resources.

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Introduction



This is Paradigm's first ESG report.

We are one of many in the housing association sector to adopt this practice. It is important to us that we set out in a clear way the contribution we make as a business to achieving a more sustainable society.

In 2021, we published our Sustainability Financing Framework, which was the basis on which we issued a £350m sustainability bond to support our investment requirements to become a net zero carbon business.

This report is one element of that framework. It incorporates both a comprehensive ESG report which follows the framework of the Sustainability Reporting Standard for Social Housing, and a use of proceeds report which shows how we have applied finance raised under the terms of that framework.

Although this is particularly important for investors, this report is also aimed at our wider group of stakeholders and our customers to demonstrate how we perform in relation to environmental, social and governance good practice.

It means we can show in a clear way how we have embedded many elements of this good practice in our culture over many years, but it also helped us to examine areas where we have made less progress and we set out here those areas where we plan to improve our performance to deliver our Corporate Plan goals.

Affordability and Security



C1. For properties that are subject to the rent regulation regime, report against rent compared to Local Housing Allowance (LHA)

	Shared accommodation	1 bed	2 bed	3 bed	4 bed	5/6 bed	Total
No. of homes in each category	24	3127	4,883	3,486	401	17	11,938
Average LHA rate	£81.93	£171.47	£214.66	£278.80	£341.94	n/a	£226.27
Average basic rent charged by Paradigm	£78.23	£105.68	£125.63	£136.21	£156.23	£161.69	£124.48
Paradigm rent (% of LHA)	95.48%	61.63%	58.53%	48.86%	45.69%	n/a	55.01%

Paradigm provides homes in areas where market housing costs are high. For homes which are subject to rent regulation, this means that the discount of our rents to market levels is significant.

We review affordability annually as part of the process of determining our approach to rent increases. When we assess the financial viability of new homes, we provide for rents to be capped at a level no higher than Local Housing Allowance (LHA) on first letting. LHA is calculated by the Valuation Office Agency based on rents in defined market areas for categories of properties based on the number of bedrooms. LHA is then used to set, for private renters, the maximum rate of Housing Benefit (or housing assistance within a Universal Credit claim) for a given property in a given location. LHA is reviewed annually and set at the lower of the 30th percentile of rents for each property type in each defined market area or the existing LHA rate.

The table here shows the extent of the discount to the LHA benchmark for Paradigm's rented properties based on an average for each category. The average discount to LHA (and other measures of market rents) increases with larger properties in part because this reflects the way in which social rent limits are calculated.

The average within each of the LHA market rent areas where we work reflect this pattern such that all property types in all market rent areas show similar discounts to LHA rates, except in relation to some of Paradigm's Category A properties which are shared accommodation, of which we have a small number of supported housing properties with shared facilities in Cherwell, Milton Keynes and Wycombe.

C2. Share, and number, of existing homes (homes completed before the last financial year) allocated between specified categories:

	Total 31 Mar 21	% of total	Total 31 Mar 22	% of total
General needs (social rent)	8,888	59.6%	9,136	61.3%
Intermediate rent	113	0.8%	128	0.9%
Affordable rent	2,387	16.0%	2,511	16.9%
Supported Housing	145	1.0%	138	0.9%
Housing for older people	25	0.2%	25	0.2%
Low-cost home ownership	2,575	17.3%	2,648	17.8%
Care homes	-	0.0%	-	0.0%
Private Rented Sector	315	2.1%	315	2.1%
Total	14,448	97.0%	14,901	100.0%

The table shows how our existing homes are distributed between these categories. Paradigm is a non-profit housing provider and its primary purpose is the provision of affordable homes to those who cannot afford the market costs of housing. This is reflected in the substantial majority of the homes that we own being either social or affordable rent. We have 315 homes we manage as market rent properties, which is less than 0.25% of the homes we own and manage, and is not a category that we are actively seeking to expand in total or as a share of our overall property portfolio.

C3. Share, and number, of new homes (homes that were completed in the last financial year), allocated between specified categories:

	Total 31 Mar 22	New homes 2021/22	As % of stock
General needs (social rent)	9,136	11	0.1%
Intermediate rent	128	-	0.0%
Affordable rent	2,511	87	3.5%
Supported Housing	138	-	0.0%
Housing for older people	25	-	0.0%
Low-cost home ownership	2,648	127	4.8%
Care homes	-	-	0.0%
Private Rented Sector	315	-	0.0%
Total	14,901	225	1.5%

Building new affordable homes is one of our main corporate objectives. It is central to our organisational purpose to house as many people in housing need as we can, while investing in our existing homes, including to reduce their environmental impact, and maintaining our long term financial viability.

Our Corporate Plan for 2021/26 includes the goal to build 2,250 homes during that period, and to maintain a development pipeline of 1,600 homes through that period.

C4. How is Paradigm trying to reduce the effect of fuel poverty on its customers?

There is a revised official definition of fuel poverty which underpins the Government's fuel poverty strategy for England – "Sustainable Warmth" (February 2021).

The definition is that households must be on a low income (which is below the poverty line after deducting fuel costs) and living in a home which has an EPC rating of D (or lower).

We set out our actions to reduce the number of homes with low EPC ratings below, in the Climate Change section of this report. The extent to which we reduce the number of homes with a low EPC rating each year will reduce the potential number of fuel poor households under the official definition. We will report on the annual change in the number of affected properties in future years.

Our approach is to prioritise low EPC rated properties for energy efficiency improvements, and this will therefore prioritise households in fuel poverty for remedial or retrofit work which keeps homes warmer using less fuel.

The increases during the year in fuel prices and the subsequent rises in the fuel price cap (already made and further expected during 2022/23) mean that many more of our customers will be fuel poor both under the official definition, and in a wider sense of being unable to easily meet the costs of heating and lighting their homes even where they are more energy efficient.

We are currently reviewing the approach to how we support customers who are experiencing financial problems, which we most often find when they get into arrears on their rent account, or when we offer them a tenancy to a new home.

Subject to this, our intention is to:

- Ensure that they are claiming specific benefits or payments that they are entitled to, both generally and specifically in relation to fuel costs (such as the Warm Home Discount)
- Assess when works are scheduled to improve the energy efficiency of their home and whether there is scope to bring forward works, which would reduce their fuel bills.

C5. What % of rental homes have a three-year fixed tenancy agreement (or longer)

FTC >3 Years	All tenancies	FTC >3 Years (% of total)
3,409	11,944	28.54%

The existing stock of Fixed Term Tenancies (FTT) arises from our grant funded development programme and our associated policy decision when Affordable Rent homes were introduced.

However, we set out in our Corporate Plan for 2021/26 that our intention was to end the use of Fixed Term Tenancies.

Our policy during 2021/22 was to issue five-year fixed term tenancies to new tenants following an initial starter tenancy period. This policy has now been changed, and we now issue an assured tenancy following an initial 12 month starter tenancy period. We are putting in place a programme from April 2022 to convert existing FTTs before their scheduled expiry and to issue new lifetime tenancies.

Building Safety and Quality



C6. What % of homes with a gas appliance have an in-date, accredited gas safety check?

We have 10,789 properties that require an annual gas safety check. 100% of our homes (as at the end of March 2022) have an in-date accredited gas safety check. Just one tenant has not allowed access, so we have initiated legal proceedings to secure that access, and which we count as compliant in accordance with the relevant provisions in Gas Safety Regulations.

C7. What % of buildings have an in-date and compliant Fire Risk Assessment?

As at the end of March 2022, 100% of the buildings that require them have an in-date and compliant Fire Risk Assessment (FRA). We have 626 blocks that require an FRA, and the frequency with which these FRAs are reviewed is based on risk criteria as set out in our document "Approach to Fire Risk Assessment Process".

The frequency of FRAs for these blocks is:

1yr	54 blocks
2yr	18 blocks
3yr	554 blocks

C8. What % of homes meet the Decent Homes Standard?

At the end of March 2022, 99.72% of the homes in scope meet the Decent Homes Standard. There are 35 out of 12,293 which do not meet the Standard.

Customer Voice



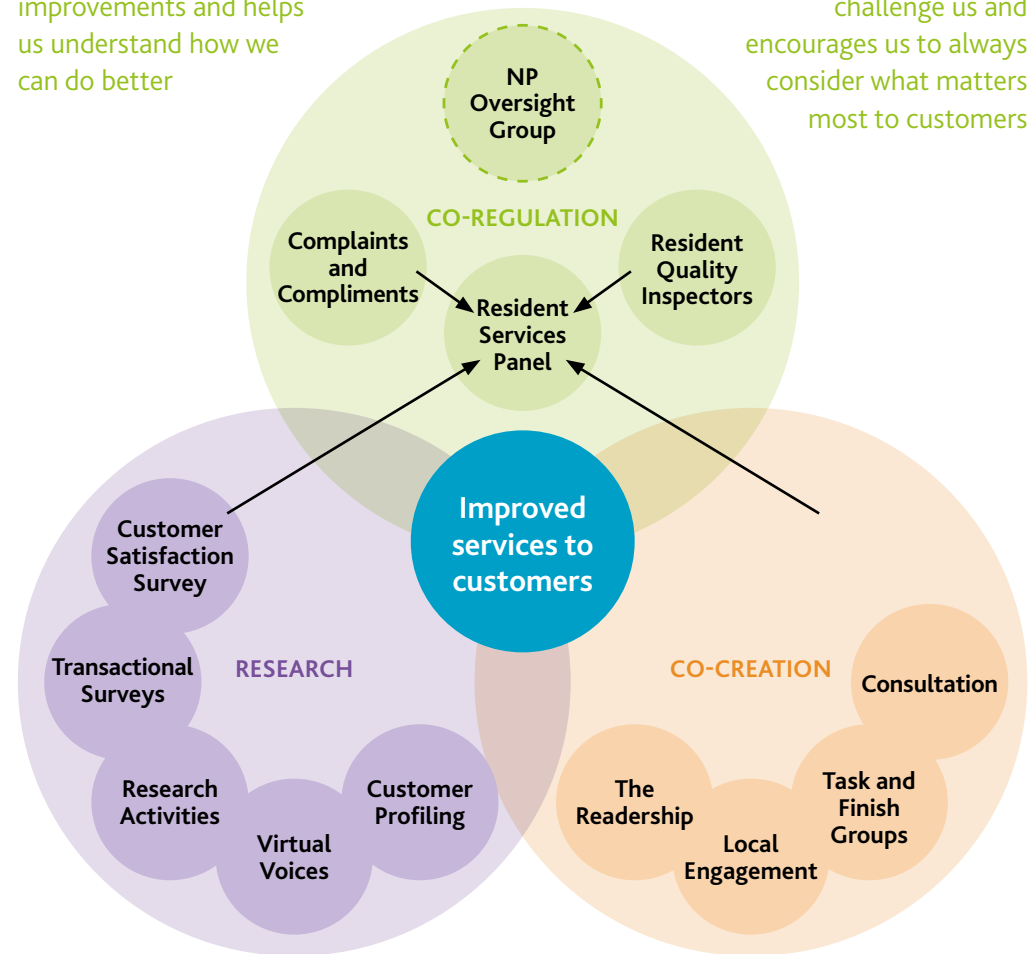
C9. What arrangements are in place to enable customers to hold management to account for provision of services?

Paradigm’s Customer Engagement framework pulls together co-regulation activities, co-creation and research with the aim of improving services to customers.

Customers are represented by the Resident Services Panel, a group of eight customers who monitor service and performance of customer service activities. They have the ability to challenge where performance is low and to influence reviews of services based on performance information and their own research. The panel is sponsored by two Board member champions, one of whom is the Chair of the Board.

Co-regulation through customer feedback, tells us where we need to make improvements and helps us understand how we can do better

Our formal Co-regulation activities, allow involved customers to directly challenge us and encourages us to always consider what matters most to customers



Research helps us to better understand our customers requirements, and priorities, as well as their opinions on how we behave and deliver services

Co-creation is working in partnership with customers to make improvements, identify what matters to them, and create efficient and cost effective services

Resident Quality Inspectors, who are a group of trained customers, undertake quality audits on a sample of estates with their findings being reported on to management and identified issues rectified. Customers are also able to challenge service provision via the complaints process and during consultation on service changes.

We have established a New Paradigm (NP) Customer Oversight Group, which is made up of tenants and shared owners. Their role is to ensure that the customer voice is a key part of the New Paradigm programme, and that customer insight and involvement is used in the development of processes connected to the core IT system and which support delivery of services. The group will work for the duration of the programme and a short time after, which will be no more than two years.

C10. How does Paradigm measure Customer Satisfaction and how has Customer Satisfaction changed over the last three years?

Since April 2019, IFF Research has conducted Paradigm's customer satisfaction survey which is a monthly tracking survey. It is designed to capture feedback from a representative sample of Paradigm's customer population, regardless of whether they have had recent contact with us.

Fixed quotas are applied to the data collection to ensure the profile of the final sample is representative of Paradigm's customer base by tenure, management region and age without the need for weighting of the data.

Overall customer satisfaction (General Needs tenants)	21/22	20/21	19/20
	80%	84%	80%

Overall customer satisfaction (Homeowners)	21/22	20/21	19/20
	55%	56%	56%

Our Corporate Plan 2021/26 sets out objectives for overall customer satisfaction by the end of the plan period:

88% - General Needs customer satisfaction of 88% for those who rent their home from us

65% - Homeowner customer satisfaction of 65% for those who are shared owners or leaseholders

Having increased over the previous three years, performance on tenant satisfaction has declined in 2021/22. The most significant driver for this has been an increased requirement for repairs, at the same time as a wider pressure on the capacity to meet this demand. We have undertaken sustained and focused work throughout the year to reduce the backlog of repairs from the COVID lockdown period and have reduced the level of outstanding repairs. We have maintained our performance and exceeded our targets for carrying out emergency repairs and fixing repairs on the first visit.

We continue to undertake focused interventions within Property Services to increase capacity and reduce overall response times for non-emergency repairs.

We have made strategic changes to our service model, adapting our structure and roles in the Customer Directorate which, in combination with our transformation programme, will provide a sustainable foundation for delivery of the Corporate Plan target. We continue to monitor and manage front line service performance closely and take decisive action to address service delivery issues which adversely affect customer satisfaction.

In addition to the overall satisfaction survey, Paradigm measures satisfaction at a transactional level for a number of key service areas.

C11. In the last 12 months, how many complaints have been upheld by the Ombudsman.

How have these complaints (or others) resulted in change of practice?

In 2021/22, eight complaints have been formally investigated by the Ombudsman. No maladministration was found in four of these cases.

In relation to the remaining four complaints:

- A redress finding was made in one case in the handling of a customer's complaint about the response to their request for an emergency repair to a leak, and compensation for the resultant loss and damage
- A partial maladministration finding in one case in relation to the handling of a case of anti-social behaviour (ASB) and the customer's request for a move to an alternative property (a "management move") and its condition on letting
- A maladministration finding in one case in relation to the handling of a case of infestation
- A finding in one further case that the issue was outside the scope or jurisdiction of the Ombudsman's scheme.

In relation to these findings by the Ombudsman, we have changed our practice in the following areas:

- **Management moves** - we have updated our website to clarify the criteria for considering a management move, our guidance documents to ensure that all requests are considered formally, and we provide a written response in all cases with an explanation for the decision

- **Damp/structural survey reports** - we now ensure follow up appointments are made to monitor structural/damp issues instead of asking customers to monitor them and having to report recurrence of the problems to us

- **Complaint handling** - we have updated our staff guidance to ensure we are investigating the end-to-end process of the service the customer is unhappy about, and not just focusing on specific points the customer has raised. It also includes guidance to consider the impact of any service failures.

We have reviewed and improved our policy and practice in relation to our findings from complaints which we have resolved internally, and which have not been referred to the Ombudsman. The following examples illustrate the range of service improvements made as a result:

- **Information about ASB service** - In response to complaints about lack of action or length of time to progress ASB, we have improved our communication with customers about ASB, and their awareness of our ASB team and how they can work with customers
- **Rent charged when customer moves to another Paradigm home** - A customer complained they were required to give four weeks' notice and pay rent at both properties when moving from one Paradigm home to another, which was not defined in their Assured Tenancy Agreement. A policy change has now been made to mean that customers with Assured Tenancies are not required to give four weeks' notice and pay two lots of rent
- **Dates changing for when new homes are available to move into** - In response to complaints about delays in new homes being ready after a customer has accepted the letting, customers are being contacted regularly up until their tenancy start date to keep them informed of progress and if there are likely to be any delays with their move in date.

- **Roofing** - After a trend in complaints about delays in roofing work was identified, a review of the service determined we were not carrying out repairs within reasonable timescales, and that we were over reliant on sub-contractors. Whilst we will still use sub-contractors, we have also now recruited our own in-house roofing team who can both specify and check subcontractor work and carry out repairs.
- **On site visits at Older Persons Schemes (OPS)** - We have received some negative feedback from customers about a lack of presence at our Older Persons Schemes (OPS). A member of the Customer and Neighbourhood team now attends these schemes on a published schedule.
- **End of tenancy visits** - These visits were stopped during the period of COVID restrictions, and we started to receive complaints that customers have been less clear on how their properties should be returned to us when they want to end their tenancy. We have recently re-introduced end of tenancy visits, so we have the opportunity to meet the customer face to face, take a look at their home and explain the steps they need to take before returning their keys.
- **Property viewing** - We adopted a photo only viewing service during the COVID restrictions. We have re-introduced in person viewings and since March 2022, customers have been viewing properties whilst works are being undertaken (rather than by video/photo) and will have more time to consider if they wish to accept.
- **Defects in new shared ownership homes** - Customers felt the information about defects provided when customers moved into their new shared ownership home, was not relevant at that time. Therefore, we now arrange follow up visits which take place a few weeks after completion, to ensure customers get the information they need, when they need it.
- **Customer Services phone message** - Customers felt the welcome message, routing options and hold music when contacting our Customer Service Team were not helpful. We have updated our welcome message and made clearer the options available to ensure customers are talking to the right person first time around.

Customer Support



C12. What support services does Paradigm offer to its customers. How successful are these services in improving outcomes?

During the pandemic, we intensified our approach to supporting customers. We instituted a systematic approach to contacting customers who we assessed as potentially being vulnerable. Of 3,986 households, we contacted 2,590 by phone (65%). The purpose of these welfare calls was to identify as far as possible where our customers were at risk of being unable to access essential food or medicine, or other assistance. This process also enabled us to improve our understanding of the circumstances of a larger number of our customers than we would in the normal course of business.

For the remaining customers we could not contact in that way, we sent texts, emails and letters, updating our contact information as we went. At the end of this process, those we had not made contact with through these routes were referred to Customer and Neighbourhood teams to review and follow up.

We established operational processes for supporting customers where we identify specific issues as part of our normal customer contact. These include:

- Rent collection team actively identifying changing patterns of payment and supporting customers to make claims for benefit
- Referring customers with more serious debt problems to our Customer Support team or to Citizens Advice to which we provide grants for the provision of debt advice to Paradigm customers in the areas where we have most of our homes
- Our Customer Support team provides additional support for customers who are identified as having relatively more complex needs than our normal service provides. This includes customers experiencing anti-social behaviour, domestic abuse or who may have a range of problems associated with mental ill-health. In these cases, the team provides a structured intervention which will often include signposting or brokering of support from other specialist public or voluntary services
- We provide an aids and adaptations service which supports customers with disabilities to remain in their homes where adaptations, including to bathrooms, more accessible entrances or similar works, will enable customers to continue to live safely in their home.

In 2021/22 we allocated funds for a grant giving programme overseen by a subcommittee of the Board – the Foundation Committee. This programme supports customers and communities in the areas where Paradigm works. It does this by making grants to charitable or community organisations to provide services or carry out activities which help to sustain or improve financial resilience or better social and health outcomes. This included emergency COVID grants to support Foodbanks and groups providing support for people suffering from domestic abuse.

The grant programme delegates to the Customer Directorate a budget of £5,000 for emergency grants to customers where there are exceptional cases of financial hardship, in addition to the grants programme summary below.

During the year we awarded grants to a range of voluntary organisations through this programme. These grants included the following:

- Local Citizens Advice in Buckinghamshire and Hertfordshire to provide debt advice to Paradigm customers which they can access directly without the need for Paradigm to refer them
- A specialist organisation which provides expert support to people with complex and serious hoarding behaviours to tackle the underlying factors which lead them to hoarding as well as practical support with hoarding itself
- A specialist organisation which provides advocacy and support to people with learning disabilities, particularly those who have autism – this grant includes the provision of training to call centre staff to help them to recognise indicators of autism.

We are currently developing our approach to measuring impacts and outcomes of the support we provide through our own teams and through the grant programme.

The grants provide services meeting the following needs:

Need met through grant	Grant amount (£)
Domestic abuse	25,500
Employment	18,000
Financial inclusion	93,975
Foodbanks	9,700
Hoarding	12,000
Isolation	4,856
Learning disability	13,000
Mental health	25,813
Mentoring - young people	30,000
Wellbeing	20,000
Total	252,844

Placemaking



C13. Provide examples or case studies of where the housing provider has been engaged in placemaking or placeshaping activities.

We develop new homes in a range of tenures which include both affordable housing for rent and shared ownership. We also develop a small number of homes for market sale and market rent usually on larger developments to support the financial viability of developments. We aim to build cohesive communities in the areas where we have housing and consider modern lifestyles when designing new homes and neighbourhoods.

Case study 1 – Garage site at Raans Road, Amersham

Our vision is to provide excellent customer service and build more new affordable homes. In line with this vision, we are redeveloping a number of the garage sites that we own in the former Chiltern District Council area in Buckinghamshire, so that we can provide more affordable housing.

Many of the garages we own are too small for modern cars. They're often unattractive and sometimes attract anti-social behaviour.

By redeveloping these sites, we provide more places for people to live. By replacing the unsightly garages with well-designed and energy efficient homes, we also provide a more attractive environment for local communities.

The homes are developed for Affordable Rent and are mainly two bed houses. In total, we will be providing 14 new homes through this initiative.

BEFORE



AFTER



Case study 2

Our rural development of a 3.5-acre site at Oak Farm Drive in Milcombe, in Oxfordshire will provide 23 new affordable rent and 17 shared ownership homes and are being built in partnership with Living Space Housing. The first homes will be occupied in 2022.

The homes will have air source heat pumps installed to provide future customers with sustainable heating technology in an area which is not on the gas grid.



Case study 3

Paradigm is working hard to improve the appearance of our estates and communities. At two sites in Buckinghamshire, we have had issues with car parking which causes damage to grassed areas, poses fire risks to the blocks and obstructs access for emergency vehicles. After listening to our local customers' concerns, we erected knee rails behind the two blocks of flats. The customers are happy that emergency vehicles now have access and the fire safety risk has been remedied.

In our customer newsletter, we invited customers to come forward with ideas for improving the overall look and feel of the external environment on their estates. The funding for these projects is taken from our Estate Improvement Budget and can be projects such as tidying up car parks, planting in the communal areas and line painting in car parks.

Cherry Orchard, Prestwood



Chalfont St Peter



Bells Moor Garden, Enfield

The development on the site of the former Kingswood Nurseries in Enfield, consists of 56 homes, comprising a mix of 14 houses and 42 flats.

This is one of our land-led developments and it incorporates low carbon and energy efficiency measures throughout the design:

- Solar panels onto the roofs of two blocks of flats
- High quality (minimal whole life cost) external LED array lighting
- LED lighting to all new properties.

The project contained stringent flood protection, including oversized drainage and hydro breaks, sedum roofs to the flats, rainwater harvesting for the houses, porous storage block pavements with underground tanks and a sustainable urban drainage system (SUDS) that incorporates a flood basin. The flood water will also gather in some designated car spaces and our internal asset management company will monitor the water at that location to measure performance.

To maximise water efficiency the project included rainwater harvesting, with flow rate mitigation raised beds/plant boxes.



Climate Change



C14. Distribution of EPC ratings of existing homes

EPC level	Number of homes	%
A	39	0.34
B	2,952	25.58
C	4,979	43.15
D	3,217	27.88
E or lower	353	3.06
Total	11,540	

This table reflects the recorded Energy Performance Certificate (EPC) ratings for homes as at 31 March 2022. We have a substantial programme to validate and update EPC data, including replacement of older EPCs produced with cloned data.

69.07% of EPCs in this table are at level C or better.

The programme of work on EPC data means that we will be able to show the extent to which recorded performance improves each year either by improving the accuracy of the data, or as a result of our programme to upgrade the energy efficiency performance of our homes.

In relation to development of new homes, our design standards do not mandate environmental performance standards higher than those which are required for planning or building regulation purposes. All the new homes we developed in 2021/22 achieved EPC level B.

Where we acquire new homes through planning gain arrangements (where developers build affordable homes and sell these on to Registered Providers), we have limited ability to require elevated design standards. Where we develop schemes ourselves, we take the opportunity to incorporate environmental sustainability measures that go further than mandatory or regulatory requirements.

C15. Distribution of EPC ratings of new homes (those completed in the last financial year).

All the new homes that were completed in the last financial year had an EPC B rating.

C16. Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

This information relates to the year ending 31 March 2022, compared with the baseline figure for the previous year. For 2018/19 and 2019/20, we monitored our GHG emissions in respect of our administrative or corporate activities.

In relation to Scope 3 emissions, figures for customers' energy use are modelled estimates of GHG emissions from customers' heating and lighting their homes, based on information from EPC certificates, and for landlord utility supplies from metered consumption (i.e. heating and lighting for communal areas and estates).

In future years, we will evaluate the extent to which scope 3 information in this form provides a reliable estimate of the volume of those emissions.

During 2021/22 our carbon emissions in tonnes were:

	2021/22	2020/21
Scope 1	807.38	699.54
Scope 2	74.41	77.65
Scope 3	31.72	27.66
Customers (Scope 3)	24,644.97	28,799.14
Waste (Scope 3)	107.64	63.62
Water (Scope 3)	0.75	1.17
Total tCO2e	25,666.87	29,668.78

C17. What energy efficiency actions has Paradigm undertaken in the last 12 months?

The principal actions we have undertaken to improve our energy efficiency in this period have been:

- We carried out an EPC review to enable us to prioritise our decarbonisation focus and commence a decarbonisation evaluation programme to raise our existing stock to at least EPC level C. Thermal improvement works are in the stock intelligence and planning stage to ensure investment decisions are robust
- We have continued to improve our data gathering and our carbon footprint reporting by including customers’ energy use in this year’s data, using information taken from the EPC review. The modelled CO2 emissions from heating and lighting our customers’ existing homes are 28,799 tonnes during 2020/21, and our objective is to estimate the emissions reduction effect of our energy efficiency works in subsequent years

- Commencing works to replace and upgrade our fleet of vans from diesel powered to hybrid electric vehicles. Changeover was completed this year for a fleet of 93 vehicles. The modelled effect will be a reduction in fuel consumption of 20,000 litres next year as well as improved impact on local air quality
- A rolling maintenance programme that includes replacement of boilers at the end of their useful life with more efficient equivalents
- Loft insulation top ups, that provide more than the required minimum for our very inefficient homes.

C18. How is Paradigm mitigating the following climate risks:

- Increased flood risk
- Increased risk of homes overheating

We have not undertaken specific programmes to mitigate increased flood risk. Our environmental sustainability strategy includes the commitment to undertake a climate change adaptation risk assessment principally focusing on the risks from future flooding and overheating and potential resilience measures that can be built into our standard practice for asset management and development.

C19. Does Paradigm give customers information about correct ventilation, heating, recycling etc. Please describe how this is done.

Where we develop or acquire new homes, we provide a complete set of documentation for the systems and equipment in the home. This includes (where relevant) heating, ventilation, recycling, parking and other systems. The packs are produced as part of the handover to our lettings and our sales teams at practical completion. We also provide specific information to the relevant housing officer and to the Customer Service Desk.

As part of our development project at Oak Farm Drive in Milcombe (see case study 2 above) we are installing Air Source Heat Pumps (ASHP) which are a lower carbon heating technology. We have limited experience, as do most prospective tenants and shared owners, of supporting this heating system.

We are using this project to improve our understanding of how the system works, how we provide information to new occupiers, and to monitor the costs of using this system for customers. We want to use this data to understand how the system performs in use compared with its modelled performance, and to engage with our customers to understand how it works for them.





Ecology

C20. How is Paradigm increasing green space and promoting biodiversity on or near homes

Paradigm has relatively few large parcels of green space, and new developments do not usually include spare capacity to create new habitats or ecosystems. We maintain a larger number of smaller open spaces that are mainly grass and a few small woodlands. We have a Tree Management policy which is supported by a comprehensive register of trees within the curtilage of our homes and other open spaces, and our policy objective is to maintain the population and health of the trees we own.

Our Environmental Sustainability strategy includes a commitment to identify effective approaches to increase biodiversity in the way we manage green spaces around our existing homes and on new developments. We will assess the potential for achieving a net biodiversity balance in consultation with our customers and with our stakeholders, including through support to Local Nature Recovery Partnerships in the areas where we work.

C21. Does Paradigm have a strategy to actively manage and reduce all pollutants?

We have clear plans and processes to manage specific pollutants where there are mandatory requirements, and our approach set out in C16 above monitors GHG emissions.

We also monitor and manage asbestos across our portfolio, in line with legislation, and maintain a comprehensive register of where asbestos is present in our property and its condition.

Our corporate waste is managed by subcontractors and our data for these activities is also included within our carbon footprint. At present there is little segregation of corporate or operational waste streams unless the waste is legally hazardous such as refrigerants or lamps.

Our Environmental Sustainability strategy includes commitments to:

- Establish a consistent approach to identifying the hazards in products we use in the development or maintenance of our homes, and incorporate the identification of mitigations for use of these substances or alternatives in our procurement process
- Ensure that any sewage treatment plant or air conditioning that we are responsible for is identified and has a maintenance plan in place that reduces the risk of pollution, with a target of zero pollution incidents
- Verify that all storage of oil, diesel and bulk chemicals have been identified and assessed, and ensure that proper storage and adequate spill protection processes and training are in place
- Assess the position with regards to remaining lead water pipes in our homes and develop a management strategy if we identify any such remaining material.

Resource Management



C22. Does Paradigm have a strategy to use or increase the use of responsibly sourced materials for all building works?

Our Environmental Sustainability strategy includes the commitments to:

- Undertake an asset management supply chain assessment to understand the top 20 goods and materials by quantity/volume that we are procuring and investigate more sustainable options
- Amend procurement processes to include environmental performance questions related to legal compliance where relevant for all contracts, and include specific contract relevant tests for contracts with an environmental impact
- Introduce more stringent environmental requirements and performance indicators as part of Terms of Supply on service contracts where there is a significant environmental risk.

C23. Does Paradigm have a strategy for waste management incorporating building materials?

We monitor the volume of corporate waste both from offices and from our Property Services function, and our data for these activities is also included within our carbon footprint. At present there is little segregation of corporate or operational waste streams unless the waste is legally hazardous such as refrigerants or lamps.

Our Environmental Sustainability strategy includes the commitment to assess our current waste management and disposal arrangements for both corporate and operational waste with a view to achieving zero waste to landfill by 2026.

C24. Does Paradigm have a strategy for good water management?

We measure our corporate water consumption but do not have a strategy for water management.

Our water consumption in our corporate offices and workspace is set out in the table. The sharp drop in the prior year was largely attributable to the extended closure of our office estate, during which we permanently ceased use of two of our local offices. During 2021/22, water use increased from the previous year's low as the Glory Park office was brought back into use but appears to be permanently lowered by the closure of the White Hill and Welwyn offices.

	2021/22	2020/21	2019/20
Water m ³	1,844	1,148	5,515

Our Environmental Sustainability strategy includes the commitment to develop a water management strategy that will establish ways in which we can help customers to reduce water consumption and record the estimated litres of water saved. This will include a target for water saving both for our corporate water use and in residential properties.

Structure and Governance



C25. Is Paradigm registered with the Regulator of Social Housing?

Yes.

Paradigm Housing Group Limited, registered provider number L4215
Paradigm Homes Charitable Housing Association Limited, registered provider number LH4138

C26. What is the most recent viability and governance regulatory grading?

The Regulator confirmed Paradigm's G1/V1 rating on 27 July 2022 following an In Depth Assessment

C27. Which Code of Governance does the housing provider follow, if any?

Paradigm and its subsidiary companies follow the National Housing Federation's Code of Governance 2020. This code was adopted with effect from September 2021.

C28. Is Paradigm not-for-profit?

Yes.

Both Paradigm Housing Group Limited and Paradigm Homes Charitable Housing Association are designated as non-profit Registered Providers of social housing on the Regulator's register.

C29. Explain how Paradigm's Board manages organisational risks

We have in place a Board-approved risk management framework which identifies responsibility for risk at every level of the organisation. Accountability for risks is at Executive level of the organisation and all risks are updated regularly in line with the risk management framework. Detailed examination of specific risks is undertaken at the Audit and Risk Committee, which is a sub-committee of the Board. The chair of the Audit and Risk Committee provides a regular report to the Board on the committee's activities, and its findings. The Board also considers a quarterly risk update.

C30. Has Paradigm been subject to any adverse regulatory findings in the last 12 months (e.g. data protection breaches, bribery, money laundering, HSE breaches or notices) - that resulted in enforcement or other equivalent action?

No.



C31. What are the demographics of the board? And how does this compare to the demographics of Paradigm’s customers, and its area of operation?

Gender	Board 20/21	Paradigm customers	Paradigm operating areas
Female	36%	68%	51%
Male	64%	32%	49%

Ethnicity	Board 20/21	Paradigm customers	Paradigm operating areas
BAME	0%	22%	15%
White	100%	78%	85%

C32. What % of the Board AND Management Team have turned over in the last two years?

Board

We have had 25% Board turnover in the last two years. We have a maximum number of 12 Board members. The terms of two Board members expired during 2019 and one Board member resigned in 2021. One new Board member was appointed in January 2020 and two new Board members were appointed in September 2021.

Executive

We currently have an Executive team of eight. Since January 2019, appointments have been made to the positions of Executive Director (Customer) and Executive Director (Finance) when these became vacant, and three existing roles (and the postholders of those roles) were added to the membership of the Executive Team.

C33. Is there a maximum tenure for a Board member? If so, what is it?

Yes. Six years. Prior to adopting the NHF Code of Governance 2020 we had a term limit of nine years. The NHF Code of Governance 2020 recommends a term limit of six years and we have now adopted this term limit.

C34. What % of the Board are non-executive directors?

91% of the Board are non-executive directors. The only executive director on the Board is the Chief Executive.

C35. Number of Board members on the Audit Committee with recent and relevant financial experience

Our Audit Committee Chair is a qualified accountant and has held the role of Chief Financial Officer in a number of organisations.

A second member of Audit and Risk Committee has over 30 years of experience at a senior level in banking and has an in-depth knowledge of Treasury and Finance matters.

C36. Are there any current executives on the Remuneration Committee?

No. Our Governance, Nominations and Remuneration Committee members are all non-executive directors.

C37. Has a succession plan been provided to the Board in the last 12 months?

Adoption of the NHF Code of Governance 2020 means a shorter-term limit for our non-executive directors. The Governance, Nomination and Remuneration (GNR) Committee considered succession planning and updated the full Board on these discussions at its meeting in March 2022.

C38. For how many years has Paradigm's current external audit partner been responsible for auditing the accounts?

Two years. The external audit partner was changed in 2020 and audits for 2020/21 and 2021/22 have been completed with the new audit partner.

C39. When was the last independently-run, Board-effectiveness review?

The NHF Code of Governance requires that the Board consider its effectiveness annually. This should, as a minimum, take the form of a discussion at a Board or Committee meeting. In October 2019 the GNR Committee resolved to undertake a more formal assessment of its effectiveness on a two-year cycle. A formal assessment was completed for the 2020/2021 financial year, and so the GNR Committee has agreed that an informal, verbal assessment would be completed for the 2021/2022 financial year. The informal assessment for the Board was completed on 17 November

2021. Informal Assessments for each Committee were completed by the Chair of each Committee offline. Each Chair provided the results of the informal assessments to the Chair as part of their annual appraisal. The Chair shares these comments with the Executive Board and the Governance team to ensure that action is taken, where appropriate.

An independently run Board effectiveness review has not been completed in the last three years.

C40. Are the roles of the chair of the Board and CEO held by two different people?

Yes.

Julian Ashby acts as Chairman and is a non-executive director.

Matthew Bailes is the Chief Executive Officer.

C41. How does Paradigm handle conflicts of interest at the Board?

Board members are asked to declare any actual or potential conflicts of interest at the start of each Board and Committee meeting (having seen the Board agenda). Board and Committee members also complete an annual declaration of interests questionnaire with the results being reported back to the Board. All interests declared are recorded on a declarations of interest register. Following the adoption of the NHF Code of Governance 2020, the declarations of interest register is published on our external website.

The Code of Governance sets out how Board members should deal with any potential conflict of interest that arises. If a Board member declares an interest in a particular matter, then they do not take part in the debate on that matter and they are not authorised to vote on that particular matter.



C42. Does Paradigm pay the Real Living Wage?

Yes.

C43. What is the gender pay gap?

For gender pay gap reporting in 2021 (based on 5 April 2021 snapshot), the results showed that our workforce is reasonably well balanced – 261 men and 241 women.

We have a mean gender pay gap of 10.92% in favour of men (compared with 10.49% in 2020) and a median gender pay gap of 4.37% in favour of men (compared with 2.93% in 2020)

Mean gender pay gap

Gender	Records	Average (mean) hourly rate of pay
Male	257	£20.87
Female	238	£18.59
Difference: 10.92%		

Median gender pay gap

Gender	Records	Median hourly rate of pay
Male	257	£17.39
Female	238	£16.63
Difference: 4.37%		

We analysed pay according to gender across four different salary levels. The results reflect the composition of our workforce, which broadly reflects the distribution of roles within society as a whole. For example, roles within the second quartile continue to be mainly technicians, most of whom are male.

There remains a greater proportion of men in the fourth (highest paid) quartile as well as in the third and second pay quartiles. The proportion of females in the first (lowest paid) quartile increased by 8% year on year, and this is one of the factors in the increase in our gender pay gap this year.

The number of men and women according to quartile pay bands

	Number of employees	Males	Females	Split (2020 comparator)
Quartile 1 (lowest paid)	124	35	89	28:72 (36:64)
Quartile 2	124	84	40	68:32 (64:36)
Quartile 3	124	63	61	51:49 (51:49)
Quartile 4 (highest paid)	123	75	48	61:39 (62:38)

Our action plan

We will continue to take steps to help address the gender imbalances detailed above by:

- Reviewing Paradigm’s broader Equality, Diversity and Inclusion stance and establishing our future direction and vision to ensure we provide an inclusive and welcoming environment, that promotes equality
- Continuing to advocate flexible and agile working practices to ensure that everyone at Paradigm has the opportunity to explore with their manager, ways of working that provide the best balance for their career goals and home life
- Significant changes to our working practices as a result of the pandemic and are continuing to embed the benefits into our longer-term ways of working
- Continuing to place pressure on our recruitment partners for senior and specialist roles to include multiple women on their shortlists and will scrutinise our recruitment advertising

- Continuing to base salaries on the market “spot” salary and ensuring there is no bias towards either gender from the point of recruitment through to career development opportunities.

C44. What is the CEO-worker pay ratio?

The CEO to worker pay ratio was 5.3:1 for the financial year 2021/22. This is based on the CEO salary of £179,522 and the median employee salary of £34,010.

C45. How does Paradigm support the physical and mental health of their staff?

We take a holistic approach to support for staff in areas which cover physical health, mental health, financial health, giving back, personal growth and working environment. We aim to support employees to maintain and improve their wellbeing. By offering support and activities across the six areas listed, we can contribute to maintaining a mentally and physically healthy workforce. With regards to mental and physical health we have:

- Well established and used wellbeing-based benefits programmes, including a healthcare cash plan worth over £1,500 a year which can be used for dental, visual, health and complementary health treatments, and a free 24/7/365 Employee Assistance Programme providing support, advice and counselling on mental, physical and financial issues
- A regular programme of staff and manager training on wellbeing and in particular mental health
- Trained 28 Mental Health First Aiders and continue to train more as interest grows. We signed the ‘Time to Change’ pledge in 2019 demonstrating our commitment to changing the conversation about mental health in the workplace

- A commitment to staff safety which includes both mental and physical health, in line with our value of #SaferTogether. This included a cautious and gradual approach to changing ways of working coming out of COVID restrictions as well as gathering regular feedback to ensure we take account of employee views and feelings
- Established flexible and agile working practices to ensure that everyone at Paradigm has the opportunity to explore with their manager ways of working that provide the best balance for their career goals and home life, and which create the best outcomes for our customers and colleagues.

As well as equipping our line managers to look after their own mental and physical health and that of their team members, we regularly gather feedback about what we can do more of through our Wellbeing Champions, Leadership Matters (Managers) Network and through our annual employee engagement survey to ensure we are driving improvement in all we do.

C46. Average number of sickdays taken per employee

For 2021/22, the average absence for current employees was 7.7 days.

Supply Chain



C47. How is Social Value creation considered when procuring goods and services?

The Procurement Strategy includes the development of a social value toolkit. The aim of this is to deliver a consistent approach to delivering social value through procurements and contracts from 2022/23. This will ensure all contracts have social value considered and, where deemed appropriate, deliver cash or value benefits back, that are recorded and received centrally.

C48. How is environmental impact considered when procuring goods and services?

We will embed our environmental sustainability objectives into our Procurement Strategy. The aim of this is to deliver a consistent approach to considering and delivering sustainability through procurements and contracts from 2022/23. This will ensure all contracts incorporate relevant requirements which reflect our strategic targets for reducing adverse environmental impact, and, where deemed appropriate, this will be a factor in the evaluation of tenders, suitable KPIs will be inserted into Contracts, and regular performance monitoring of these measures undertaken.

Use of Proceeds



Following the successful issue of our first sustainability bond, this report is our first published annual report disclosing the use of our initial bond net proceeds and reporting pursuant to our adoption of the Sustainability Reporting Standard for Social Housing.

Our Sustainability Financing Framework (SFF) was published on our website prior to the issuance of our initial £350m sustainability bond in May 2021. Our SFF can also be used for issuing future bonds and sustainable financing.





Summary of our £350m initial bond terms is shown below:

£350,000,000 2.250% Secured Sustainability Notes due 20 May 2051 including £100,000,000 of Retained Bonds

Issuer	Paradigm Homes Charitable Housing Association Limited
Nominal Amount	£350,000,000 including £100,000,000 of retained bonds (the "Retained Bonds")
Settlement Date	20 May 2021
Maturity Date	20 May 2051
Government Benchmark Yield (semi-annual)	1.399%
Re-Offer Spread to Benchmark	+88bps
Re-Offer Yield (semi-annual)	2.279%
Coupon (semi-annual)	2.250%
ISIN / Common Code	XS2339911633 / 233991163

Our initial £350m bond included a retained element of £100m meaning net proceeds of the issuance in May 2021 of £250m. This report discloses the use of proceeds of our net bond proceeds of £250m of which 80% was earmarked for refinancing and 20% to fund eligible social and green projects primarily new affordable homes.

Funding the development of new homes falls within the categories of Eligible Social Projects and Eligible Green Projects as described in our SFF (extract also shown in table below).

	Eligible categories	Sample eligible projects	Target populations	UN SDG alignment
Eligible Social Projects (Social Bond Principles/ Social Loan Principles)	Affordable Housing	Construction, purchase or upgrade of social housing or affordable housing	People who cannot afford to rent or purchase homes on the open market in their local area	 <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>
	Affordable basic infrastructure	Construction, purchase or upgrade of social housing or affordable housing and supporting infrastructure	People who cannot afford to rent or purchase homes on the open market in their local area	 <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>
Eligible Green Projects (Green Bond Principles / Green Loan Principles)	Green buildings	Investment in existing homes to improve EPC rating and energy efficiency. Construction of homes with an EPC Rating of B or higher		  <p>7.3: By 2030, double the global rate of improvement in energy efficiency.</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>

Following the successful issue of the bond, all of the £50.5m (c20% of £250m net bond proceeds to fund eligible social and green projects primarily new affordable homes) has been allocated to the development of new affordable homes which, based on predicted energy assessments for the new affordable homes, will meet Energy Performance Certificate level (EPC)B.

The table below shows the funding requirement of net bond proceeds allocated to the development of new homes as well as the number of new homes we expect to reach practical completion. Note this does not represent our overall development pipeline, only the allocation of £50.5m of the bond proceeds to Eligible Green Projects or Eligible Social Projects identified in our Sustainability Financing Projects Register.

	FY 21/22 (Actual)	FY 22/23 (Forecast)	FY 23/24 (Forecast)	FY 24/25 (Forecast)	FY 25/26 (Forecast)	Total
Scheme development spend	£10.2m	£34.6m	£17.5m	£2.4m		£64.7m
Scheme shared ownership first tranche income	-	(£2.1m)	(£6.5m)	(£3.9m)		(£12.5m)
Scheme grant	-	(£1.3m)	-	(£0.4m)		(£1.7m)
Net funding requirement	£10.2m	£31.2m	£11.0m	(£1.9m)		£50.5m
Affordable rent homes – practical completion	-	66	59	20	-	145
Shared ownership homes – practical completion	-	24	52	15	-	91
Total homes – practical completion	-	90	111	35	-	236

As can be seen in the table above the net funding requirement of £50.5m is after

income from the first tranche (shared ownership) income and grant has been deducted from the development spend. The 236 new homes in development represent six schemes, five of which are being developed through section 106 (planning gain) arrangements where no grant income is applicable, and one land led scheme where grant is applicable.

As 80% of the net bond proceeds was earmarked for refinancing and c20% (£50.5m) to fund the development of new homes all bond proceeds have been allocated.

Email

For all general enquiries – including complaints and compliments – please email:
enquiries@paradigmhousing.co.uk

Telephone

You can reach our Customer Services team by telephone on 0300 303 1010.

Our telephone lines are open Monday to Friday 8am – 5.30pm.

Please be aware that calls are recorded for training purposes.

Post

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