

Regulator of Social Housing (RSH) Regulatory Standards

Compliance Checklist – 2nd July 2021

The Regulator for Social Housing (RSH) has published a Regulatory Framework which all social landlords have to comply with. Each year, SLH assesses its compliance against the seven Regulatory Standards. The tables below highlights; a summary of the standards, the evidence that SLH can show to prove they comply with the standard and a performance verdict from the Executive Management Team. Where applicable, there is also reference to tenant scrutiny reviews which provides additional assurance that SLH is achieving the standards. This helps the SLH Board to a self-assess its compliance with the Regulatory Framework.

Key

- Red flag = SLH does not comply with the national standards and has not got a plan in place to comply within a reasonable timeframe
- Amber flag = SLH can do more and has a plan in place to comply with the national standards
- Green flag = SLH fully complies with the national standards

Economic Standards

Tenant Involvement & Empowerment Standard			
Summary of the standard	SLH evidence	Other sources of assurance	EMT Assurance Statement
<p>This is about:</p> <ul style="list-style-type: none"> • Customer service and choice. • How they deal with your complaints and feedback. • How SLH keeps you informed and involving you in decision making. • Agreeing local offers for service delivery 	<p>Services can be accessed by telephone, online, live chat, reception and post. There is currently tenant involvement in the choices for improvements works such as kitchen and bathroom layouts for example. Choice is also available for rent payments, direct debit options, complaints, allocations and frequency of independent living calls.</p> <p>There has been an increase in online transactions to 66% at the end of 2020/21 (50% in 2019/20, 41% in 2018/19). The 'My Account' portal is being used by 33% of tenants (28% in 2019/20). The coronavirus pandemic has accelerated some digital plans, including rolling out electronic tenancy agreements and a new lettings service.</p> <p>The Customer Relationship Management (CRM) is embedded within the organisation. The functionality meant that we could record customer enquiries and assign them to individuals whose specialist knowledge and skills meant they were best placed to handle the enquiry, with 5,139 cases in 20/21, compared to 6,131 cases in 2019/20. The decrease due to Covid-19.</p>	<p>Tenant Scrutiny Review of Customer Services, October 2017 – confirms SLH meets the standard.</p> <p>Internal Audits</p> <ul style="list-style-type: none"> • Internal Audit of GDPR, 18/19 (no opinion given) • Customer Satisfaction & Complaints – 'moderate', 20/21 	<p>Green flag icon - SLH meets this standard.</p> <p>Tenant scrutiny review of this Standard will report to Board in August 2021</p> <p>Customer Experience Strategy to Board in August 2021 – Customer first Commitment</p>

<ul style="list-style-type: none"> • Whether they understand the different needs of tenants. • It applies to both tenants and leaseholders. 	<p>The Board also approved a new Resident Engagement Strategy in September 2020. The new engagement strategy is about;</p> <ol style="list-style-type: none"> 1. <i>Getting more active in communities</i> – talking to residents and not expecting them to come to us 2. <i>Engaging more people</i> – targeting community champions early on in the decision making process, expanding our tenant scrutiny programme but also engaging with other people who might be interested in engaging with us later on, and 3. <i>Using digital tools</i> – to encourage a new pool of residents who wish to engage with us online rather than attending meetings. <p>Tenants are able to provide feedback through the usual routes e.g. phone, website, complaints and surveys. SLH launched new digital engagement methods during the coronavirus pandemic, including a facebook community page (over 500 followers) and mailchimp surveys (over 2,000 engaged). The SLH Facebook page has also helped other services in SLH connect with Tenants during lockdown, such as sharing Repairs videos, new developments, and organisational messages.</p> <p>The internal Customer Insight Survey carried out in June/July 2020 shows an improvement in Net Promoter Score, NPS (family and friends recommendation) from 37 to 42 with 1,060 responses and a 33% response rate (598 are 'promoters', 313 are 'passives' and 152 are 'detractors'). The NPS index ranges from -100 to 100. Anything above 50 is viewed as excellent. 10% of brands have an NPS 40+.</p> <p>Advice on making a comment or complaint is available on the SLH website. The Complaints Policy was updated and approved by the Board in November 2020. The policy is compliant with the Housing Ombudsman Complaint Handling Code with a new industry wide definition of a complaint – SLH's self assessment is also available online. The policy also includes the option for tenants to complaint to the Tenant Complaints Panel and a renewed focus on learning from complaints.</p> <p>A total of 36 complaints were received during 2020/21 compared with 27 for 2019/20, with the increase down to better visibility of the policy on the SLH website and staff training and raised awareness of the new policy, making it easier to make a complaint.</p>		
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	<ul style="list-style-type: none">• <u>Stage 1 Manager investigations 2020/21</u> 24 were upheld, 4 partially upheld, 8 not upheld. 75% of complaints sent with Housing Ombudsman Complaint Handling Code target time of 10 working days. 65% in 2019/20.• <u>Stage 2 Director/Head of Service investigations 2020/21</u> 4 were upheld, 1 partially upheld. All responses were sent within 20 working days 100%. 80% in 2019/20.• <u>Housing Ombudsman/Leasehold First Tier Tribunal</u> There were no Housing Ombudsman complaint investigations, but the Ombudsman did refer two complaints to SLH which had not been reported previously (both since resolved by SLH). There is a leasehold complaint at First Tier Tribunal which the Board was informed about (leasehold charges) and further scrutiny by the Audit & Risk Committee. <p>Lessons learned include;</p> <ul style="list-style-type: none">• Centra agreeing new procedures for alarm calls for sheltered residents.• better communication within teams.• when dealing with vulnerable customers Rogersons to report any problems to SLH and improve clarity of comms on boiler faults on website, ie low pressure, now pressure resulting in water leaks.• Communal areas - new contracts to be commenced to ensure higher standard of cleaning. <p>The Tenants' Committee monitor the performance against service standards, performance and tenant scrutiny recommendations. Policies affecting tenants are published on the SLH website.</p> <p>Personal data is recorded securely on IT systems and is used to tailor services around the needs of individuals including those who need extra support due to vulnerabilities e.g. age or disability.</p>		
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N.B The regulator published a change to this standard on 14th July 2017 regarding effective consultation requirements in the event of a proposed change in landlord (e.g. including a merger with another association). There are currently no plans to do so but should this change in the future, SLH would consult tenants on any changes (setting out the short and long-term advantages and disadvantages including impact on tenant rights) and report back to tenants on how tenant feedback has been used by the Board as part of their decision-making process.

Home Standard			
Summary of the standard	SLH evidence	Other sources of assurance	EMT Assurance Statement
<p>This standard is about:</p> <ul style="list-style-type: none"> The overall quality of your home and whether this complies with the Government's Decent Homes Guidance – including agreeing a local offer. How SLH maintains and improves your home – including cost-effectiveness and customer choice. Meeting all applicable health and safety requirements. It applies mainly to tenants but leaseholders do 	<p>At the end of March 2021 all properties met with the requirements of the Decent Homes Standard as well as the SLH Home Standard. The SLH standard is higher than the Decent Homes Standard as many of the Element Lifecycles mean that bathrooms and kitchen get replaced at an earlier stage. 76% of all properties have had a Stock Condition Survey carried out within the last 5 years, the remaining 24% are due to be completed this year (delayed due to Covid-19). We plan to develop a rolling 5 year programme after this year so each property will have a Stock Condition Survey carried out every 5 years.</p> <p>£3.8M was spent on the major works programme which included upgrading kitchens (17), bathrooms (3), roofs (33), heating systems (64) etc. Included within the £3.8m there was a significant investment on health and safety, £95k on asbestos removal and surveys, £14k on electrical works arising from condition reports, £100k on reducing radon and £25k on fire prevention. £159k was spent on adapting homes to help people live independently. A further £2.4M was spent on routine repairs with an additional £1.4m spent on cyclical compliance and maintenance.</p> <p>SLH completed 9,512 repairs (8,658 in 19/20) repairs throughout the year, at an average rate of £164 per repair and cost of voids £4,214.</p> <p>Customer satisfaction for all repair contracts ranges from 80 to 100%, with an improvement being seen in the satisfaction for the internal repairs team. SLH</p>	<p>Tenant Scrutiny Reviews of Improvement Works and Repairs & Maintenance, June & August 2018 – confirms SLH meets the standard.</p> <p>Savills Housing Consultants checked all SLH properties in 2011 (20% sample). Validation exercise completed and updated annually, including 2017 Savills valuation exercise.</p> <p>Internal Audits;</p> <ul style="list-style-type: none"> Asbestos – 'substantial assurance', 18/19 Fire & Electrical – 'moderate', 19/20 	<p>Green flag icon - SLH meets this standard.</p>

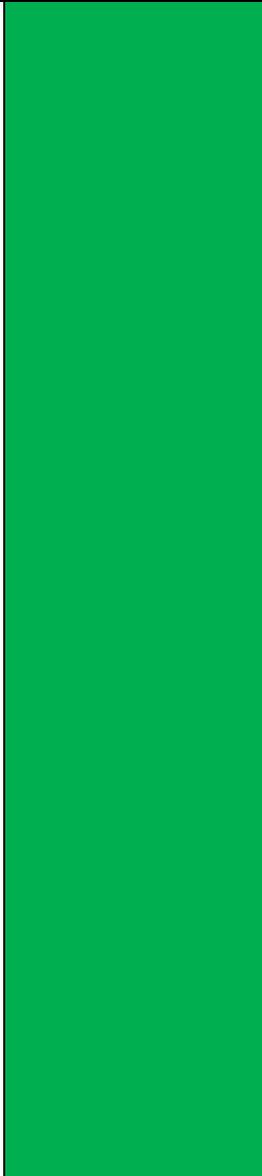
<p>pay for and benefit from major repair upgrades.</p>	<p>has now identified some local contractors which we believe will help improve satisfaction further.</p> <p>Customer satisfaction with repairs is 92% based upon 489 responses (14% response rate). The main issues of concern raised where length of time taken to complete repairs (largely down to the numerous Covid-19 restrictions) and the booking of follow on works. During the January to March lockdown an element of the dissatisfaction expressed was due to follow on works being deemed “non-essential” and therefore tenants felt they were left with unfinished works (Q4 surveys 83% satisfaction, 106 returns, 12%). The Team are working on a process and systems to allow operatives to book follow on appointments to help improve the service standards. We have now removed all booking restrictions and the team are working hard to rebook all outstanding works ensuring that where possible the priority is given to those who initially reported their repairs/ or we identified follow on works first.</p> <p>Tenants are given a choice of repairs appointments. Tenants are given a repairs receipt notifying them of when the repair work is due to complete. SLH is putting in a new IT system which will update tenants on the progress of repairs via text messaging/emails.</p> <p>SLH aim to deliver as much work as possible through the inhouse repairs team (CH&PS) which provides a number of advances including for things at cost (i.e. no profit margin) and controlling quality.</p> <p>Where a more specialist skillset is needed, external contractors are used. This allows SLH to support local smaller businesses. To ensure subcontractors are cost efficient, SLH advertise all works with an expected value greater than £25k on a Government recommended contract finder website. The contract finder website allows SLH to look at both price and quality before a selection is made.</p> <p>SLH offers tenants a lot of choice e.g. kitchens units, worktops, flooring, tiles, tiles in bathroom and flooring, wallpaper, paint or voucher. Where possible we offer render paint colours but we are often guided by planning due to the location of the properties. The Tenant’s Committee are consulted on changes to tenant choices.</p>	<ul style="list-style-type: none"> • Lifts – ‘substantial’, 19/20 • Gas & Legionella – ‘moderate’, 19/20 • Radon – ‘substantial’, 19/20 • Stock Condition & Planned Maintenance – ‘moderate’ 20/21 	
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	<p>On Health & Safety, the Board receives an annual report which is supplemented by quarterly exception reports. As at 31st March, the current status of Health & Safety compliance was fully compliant with gas, asbestos, fire safety, legionella, lifts and radon. There was one area that did not comply with SLH's own policy to ensure properties hold a valid 5-year electrical safety certificated. At the end of March 2021, 99% held a 5-year report (7 outstanding) and were only a few months over 5 years compared to 138 at the half year point.</p>		
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Tenancy Standard			
<i>Summary of the standard</i>	<i>SLH evidence</i>	<i>Other sources of assurance</i>	<i>EMT Assurance Statement</i>
<p>This standard is about:</p> <ul style="list-style-type: none"> • How SLH makes best use of available housing. • How SLH let their homes. • Mutual exchanges. • Meeting all applicable statutory and legal requirements in relation to the use of tenancy agreements • How they manage rent arrears. • The financial support and 	<p>SLH is a member of the Cumbria Choice Based Lettings partnership with other Housing Association and Local Authorities.</p> <p>There are 4,105 people registered for housing with South Lakes (although this figure will likely decrease when the housing register is cleaned when the new CBL IT system is introduced in Q3), 98% of whom completed their applications on-line in the last year. The greatest need for housing continues to be for 1 bedroom. Bungalows and ground floor flats are in the greatest demand along with 2/3 bed houses in Kendal, Windermere and Ulverston. The least demand is for homes in rural settlements along with some of our sheltered housing.</p> <p>Despite periods where the housing market was locked down, the number of SLH lettings remained similar to the previous year with 222 lettings in 2020/21 (230 in 2019/20, 187 in 2018/19, 189 in 2017/18 and 234 in 2016/17.</p> <p>Application for a Mutual Exchange can be made by email via the SLH website. The application is receipted within 7 days and the applicant will be informed whether their application is successful or not. There were 23 mutual exchanges in 2020/21 (27 2019/20, compared to 25 in 2018/19, 22 in 2017/18 and 18 in 2016/17.</p>	<p>Tenant Scrutiny Reviews of Tenancy Standard, September 2019 – confirms SLH meets the standard.</p> <p>Internal Audits</p> <ul style="list-style-type: none"> • Welfare reform & universal credit – 'reasonable assurance', 17/18 	<p>Green flag icon - SLH meets this standard.</p>

<p>advice available from SLH.</p> <ul style="list-style-type: none"> It applies mainly to tenants but financial support is also available for leaseholders. 	<p>All tenants are provided with a copy of their Tenancy Agreement when they sign for their home. Copies can also be requested (free of charge). SLH offer three standard types of tenancies; Assured Shorthold, Assured and Assured with Protected Rights. The Tenancy Management Team undertook 104 'settling in' visits for new tenants in 2020/21 (168 in 2019/20, 153 in 2018/19), and carried out 113 'introductory tenancy' visits (141 in 2019/20 and 143 in 2018/19).</p> <p>SLH will respond to requests for a 'succession' (where a family member wishes to succeed to the tenancy of the deceased tenant) or 'assignment' (where a tenant wishes to assign their tenancy to another person in the family) within 30 days. SLH dealt with 18 successions (22 in 2019/20, 26 in 2018/19) and 11 assignments in (26 in 2019/20 and 20 in 18/19).</p> <p>Evictions are always the last resort and only after previous offers of financial advice and enforcement has failed. There were 0 evictions in 2020/21 (Covid-19 national eviction ban and focus on supporting tenants during the pandemic) because of rent arrears. There was one eviction due to Anti Social Behaviour. This compares to (6 evictions in 2019/20, 8 evictions in 2018/19, 6 in 2017/18 and 5 in 2016/17).</p> <p>SLH collected 100.33% of rent owed (100.6% in 2019/20 and 99.7% in 2018/19), including arrears collected from previous years.</p> <p>SLH has a member of staff dedicated to help tenants with welfare benefits and financial issues.</p>		
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Neighbourhood & Community Standard			
<i>Summary of the standard</i>	<i>SLH evidence</i>	<i>Other sources of assurance</i>	<i>EMT Assurance Statement</i>
<p>This standard is about:</p> <ul style="list-style-type: none"> Managing and investing in neighbourhoods and communal areas Dealing with complaints of 	<p>SLH has a dedicated Tenancy Management Team who take the lead in managing tenancies, estates and communal areas. SLH also supports Residents' Associations with support grants.</p> <p>The SLH website includes Anti-Social Behaviour (ASB) reporting toolkit and a free Noise App download. The Noise app has assisted 36 nuisance cases so far involving dog barking, loud music and late-night parties. This compares to 33 cases in 2019/20 and 26 cases in 2018/19.</p>	<p>Tenant Scrutiny Review of Neighbourhood & Community Standard, May 2019 – confirms SLH meets the standard.</p>	<p>Green flag icon - SLH meets this standard.</p>

<p>anti-social behaviour.</p> <ul style="list-style-type: none"> • Working with partners in the community. • It applies to both tenants and leaseholders. 	<p>SLH works with partners to prevent and deal with ASB, including the South Lakeland Multi-Agency Safer Communities hub (police, youth offending, probation, social services etc), Multi Agency Risk Assessment Conference (MARAC), drug & alcohol teams and Mediation Services.</p> <p>The Tenancy Management Team deal with 207 ASB cases in 2020/21 (209 in 2019/20 and 222 in 2018/19). The team closed 175 cases, serving 10 ASB contracts, served 2 notices to end tenancies, obtained 2 court orders and 1 tenant moved (1 eviction due to Anti Social Behaviour). The team have also dealt with 329 cases in 2020/21 on estate management matters such as communal fire safety, safeguarding, fly tipping, abandoned vehicles and decanting tenants (368 cases in 2019/10).</p> <p>SLH has spent £510k on environmental improvements including drainage works, communal space refurbishments, fencing and paths (£595k in 2019/20).</p> <p>The tenant-led Grant Applications Panel spent £8k on environmental and community projects, including contributions to;</p> <ul style="list-style-type: none"> • Leather Lane Ulverston – estate signage • Contribution to play park at North Lonsdale Ulverston https://www.southlakeland.gov.uk/news/ulverston-youngsters-welcome-new-look-play-area/ • Contribution to Queens park - Windermere play area • 2 new benches at Maryfell for the Chatty Bench project – quote from the clerk of Sedbergh Parish Council “I was delighted to see the two new benches go in at Maryfell today - they look great, thank you so much for arranging this.” • Pembroke Court Kendal gardening vouchers for residents’ group <p>SLH supported the Welfare calls to Over 70’s and vulnerable tenants by making regular contact and providing important up to date information. Alongside Cumbria County Council, Locality Team, SLH established a local information sheet detailing local business offering food delivery, COVID support groups and pharmacy availability. This was integral in offering Customers who felt anxious and isolated local support that was up to date and relevant to them.</p>	<p>Internal Audits</p> <ul style="list-style-type: none"> • ASB ‘moderate’, 20/21 • Safeguarding ‘limited’, 20/21 	
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SLH stepped up its support as soon as the pandemic hit by providing financial donations to Urswick, Bardsea and Stainton Parish Council who made hot meals and delivered to residents in the community.

Windermere community support group delivered 'soup and a bun' service to 24 Birthwaite residents and Ghyll close / Droomer /School Knott in Windermere where the majority are either our tenants or those who have bought from us (155 portions twice a week by 11 volunteers). The proved to be an invaluable service for tenants.

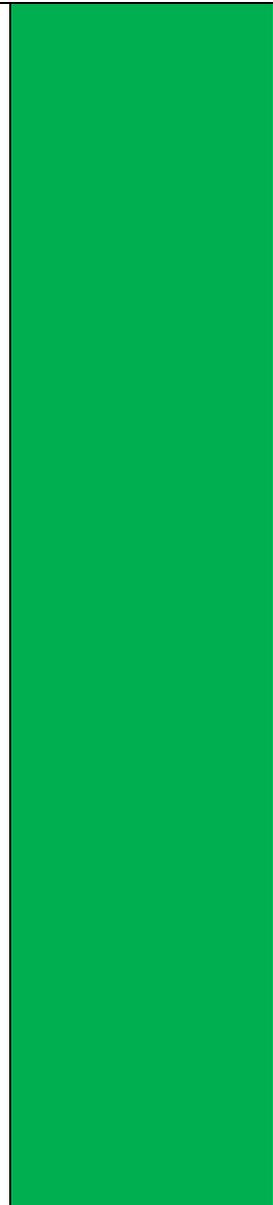
SLH colleagues teamed up to offer support to Waste into Wellbeing on Hallgarth Estate by transporting food from a delivery centre to the Community Centre. This was integral to food being offered to residents on the estate and great to see cross department working in SLH.

SLH has supported Community projects; Providing Burneside Parish Residents Association with planters for different parts of the village, the plants were donated by Continental Landscapes. A member of the BPRa commented that 'This is great news! We all need something to cheer us up in these troubling times and these planters will certainly do that. They will bring a touch of colour and brightness to a corner of our village that probably needed. We provided a wealth of craft resources for children at Langdale Primary School to coincidence with Children's Mental Health Awareness week

The hugely popular craft bags (over 300 delivered) have been a beacon of light for families who have felt isolated during the lockdowns. The bags have been delivered not only to our towns and villages but also remote hamlets such as Chapel stile in the heart of the Lake District.

The Community Hero's was extremely successful, and we received a huge response from all areas. Judging was extremely difficult but alongside the Chair of Tenants Committee and SLH colleagues, 12 winners were selected. The volunteering ranged from doing a daily litter pick, picking up neighbours shopping, organising games, and activities on their street to cooking meals.

SLH has continued to support Residents Associations with guidance and support over the last year although meetings for all Associations has been more limited.



Economic Standards

Governance & Financial Viability Standard			
Summary of the standard	SLH evidence	Other sources of assurance	EMT Assurance Statement
<p>This standard is about:</p> <ul style="list-style-type: none"> • Making sure the business is run properly and in compliance with the law and regulations. • Managing finances, including maintaining viability and protecting social housing assets. • It applies to both tenants and leaseholders. 	<p>SLH was awarded the top viability rating (V1) from the Regulator of Social Housing (RSH) following the annual stability check in 2021.</p> <p>SLH is compliant with the RSH's Governance and Financial Viability Standard – the annual report & financial statement includes a statement on compliance with the standard. The last Board review of the Code of Practice was August 2021.</p> <p>An external governance review was also completed in 2021 and the Board has appointed Board director, Keith Bevan, as the Senior Independent Director. Other changes were made to the Committee structure, enhancing the delegated authority to the Development Committee, and disbanding the Remuneration & Governance Committee (with responsibilities now held at Board level). The Rules were also changed to remove nomination rights of SLDC to the Board and Shareholding, with the support of SLDC.</p> <p>The Board has been meeting regularly and monitoring KPIs during the coronavirus pandemic. The Board also revised its budget, risk appetite, financial plan and stress testing.</p> <p>SLH is in a strong financial position. The key points of note from the Financial Statements are summarised as follows:</p> <ul style="list-style-type: none"> • Turnover has decreased in the year by £118k; this is principally as there were no shared ownership sales (£273k in 2020) and the contract to provide repairs services to Mears properties ended in 2021 (£5k of income in 2021 compared to £179k in 2020). SLH remains keen to work in partnership with other providers to harness combined scale and reduce duplication; the Association continued to provide repairs and maintenance services to Castles & Coast Housing Association, Progress Housing Group and wider Managing Agent services in the Lune Valley. Rental income 	<p>RSH Annual Stability Check, G1/V1 rating – January 2021</p> <p>Quarterly compliance reports to the Audit & Risk Committee</p> <p>DTP External Governance Review, May 2021</p> <p>Internal Audits</p> <ul style="list-style-type: none"> • Regulatory returns – ‘reasonable assurance’, 18/19 • Governance – ‘substantial assurance’, February 18/19 • Cyber security – ‘reasonable assurance’, 17/18 – annual penetration testing 	<p>Green flag icon - SLH meets this standard.</p> <p>A copy of the 2021 Annual Report & Financial Statements will be available on the SLH website.</p>

	<p>increased by £224k, reflecting the increase in rents and new homes developed and acquired.</p> <ul style="list-style-type: none"> • Operating costs have decreased by £1,787k in the year to £12,062k (2020: £13,849k). This reflects reductions in a number of areas, the most significant being: <ul style="list-style-type: none"> ○ a reduction of £376k to the defined benefit pension service cost; this is a non-cash adjustment which comes from the annual actuarial valuation of the LGPS and SHPS pension schemes. It can change significantly from year to year subject to macro-economic and demographic factors; ○ £360k less spend on repairs (planned, routine and revenue major repairs); the level of spend in year was significantly impacted by operational restrictions due to Covid-19; ○ the absence of any housing impairments in year (£319k in 2020); Yewbarrow Lodge and the Ellers were impaired in the prior year, no impairments were identified in 2020/21; ○ a reduction to the charge required to provide for rent arrears of £294k; this mainly reflects the material one-off charge that was made in 2020 to correct a historical imbalance on rent arrears, no similar charge was required in 2021; and ○ £199k less expenditure on the cost of shared ownership sales as there were no sales in year. • 37 new properties were acquired / built during the year. • The surplus on disposal of fixed assets of £86k relates to Right to Buy (RTB) sales of which there were 9 during the year (2020: 22). This represents the amount retained by SLH after amounts due to South Lakeland District Council under the RTB clawback agreement. • The Association invested £5.2m in the development of new social housing during the year (2020: £5.1m) and undertook major repairs reinvestment in its existing properties of £3.9m (2020 £4.3m). • The LGPS pension scheme deficit has increased by £656k and the deficit now stands at £3,203k. The SHPS pension scheme deficit 	<ul style="list-style-type: none"> • Assets & Liabilities Register – ‘reasonable assurance’, 18/19 • Key Financial Controls – ‘reasonable assurance’, 18/19 • Financial planning & stress testing – ‘moderate’, 19/20 • IT Controls – ‘moderate’, 19/20 • Risk Management ‘substantial’, 19/20 • Data Quality - ‘moderate’, 20/21 	
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	<p>has increased by £392k and the deficit now stands at £569k (2020: 177k). The combined deficit of both schemes stands at £3,772k (2020 - £2,724k).</p> <ul style="list-style-type: none"> • Loan balances with the funders as at 31 March 2021 have increased to £32.0m from the previous year (2020 £30.0m). A new loan package was agreed with Nat West in December 2020, increasing the approved funding with them from £20m to £40m, £12m of which was drawn with circa £24m of secured facilities available to draw (2020: £10.0m). The security on the balance of the approved funding is in the advanced stages of legal agreement. • Reserves have increased by £2.4m from £44.8m to £47.2m. 		
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Value for Money Standard (VfM)			
<i>Summary of the standard</i>	<i>SLH evidence</i>	<i>Other sources of assurance</i>	<i>EMT Assurance Statement</i>
<p>This standard is about:</p> <ul style="list-style-type: none"> • Board strategy for delivering value for money. • Strategies for delivering homes that meet a range of needs • Performance against the regulator's value for money metrics 	<p>SLH's performance on the Regulator's VfM metrics, including benchmarking, and plans to address underperformance is included within the Annual Report & Financial Statements (including more detail on local VfM metrics and comparisons with others). Use of resources and maximising VfM is embedded within the delivery of the Business Strategy 2020-25 and strategic VfM delivery actions are articulated on the graphic on page 3. There is also an Efficiency Register which tracks delivery of actions against savings targets.</p>	<p>External Audit of the Annual Report & Financial Statements, 'unqualified opinion', August 2021</p> <p>Data submitted is subject to validation by the regulator and benchmarking company, HouseMark</p> <p>Internal Audits</p> <ul style="list-style-type: none"> • Risk Management 'substantial', 19/20 	<p>Green flag icon - SLH meets this standard.</p> <p>A copy of the 2020 Value for Money Report is part of the Annual Report & Financial Statements is available on the SLH website.</p>

<ul style="list-style-type: none"> • Targets for measuring performance and comparisons to others • Options for improving performance. • It applies to both tenants and leaseholders. 		<ul style="list-style-type: none"> • Development & Procurement – ‘moderate’ assurance, 20/21 	
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Regulator's VfM Metrics

The table below reports SLH's performance against the Regulator's VfM metrics, including a comparison against national medians for 2019/20 (taken from the Regulator's Global Accounts of Registered Providers with greater than 1000 units) and HouseMark peer group (2,500 to 7,500 units for 2019/20).

VfM Metric	National Median	HouseMark Peer Median	HouseMark Rural Peer Median	SLH Actual	SLH Approved Financial Plan		
	2019/20	2019/20*	2019/20**	2020/21***	2021/22	2022/23	2023/24
1: Reinvestment	7.20%	7.24%	9.40%	7.19%	16.77%	13.72%	11.71%
2a: New Supply Social Housing	1.50%	1.62%	2.29%	1.16%	2.74%	3.99%	3.23%
2b: New Supply Non-Social Housing	0.00%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%
3: Gearing	44.00%	39.32%	38.06%	28.06%	37%	39%	40%

4: EBITDA-MRI Interest Cover	170.00%	183.40%	180.50%	273.18%	177%	151%	146%
5: Headline Cost Per Unit (CPU)	£3.8k	£3.7k	£3.5k	£3.9k	£4.6k	£4.8k	£5.0k
6a: Operating Margin Social Housing Lettings	25.70%	26.00%	28.62%	26.42%	13.57%	14.32%	14.54%
6b: Operating Margin Overall	23.10%	24.30%	27.30%	27.7%	18.50%	19.55%	20.31%
7: Return on Capital Employed (ROCE)	3.40%	3.33%	3.45%	3.14%	2.99%	3.00%	3.06%

* The HouseMark peer group is all English Housing Associations, with 2,500 to 7,500 homes in management, and therefore is a national comparison peer group including traditional and Large-Scale Voluntary Transfer (LSVT) organisations and encompasses over 60 organisations.

** Rural peer group based upon HouseMark peer group DEFRA codes (significant rural and 80% rural). 29 organisations.

*** Colour shading indicates SLH 2020/21 performance as favourable (Green) or adverse (Red) in comparison to the National Median taken from the Regulator's Global Accounts of Registered Providers with greater than 1000 units.

All the above comparators are for performance in the financial year 2019/20 against SLH performance for the year ended 31 March 2021. SLHs performance in 2020/21 was adversely impacted by the Coronavirus pandemic and therefore in making this comparison recognition of the impact of the pandemic is to be recognised.

- Reinvestment at 7.19% for 2020/21 is very marginally (0.01%) lower than the national average; due to the impact of the pandemic and particularly constructions sites being closed during the first financial quarter under the instruction of the UK Government in response to the pandemic. The closure of construction sites combined with disruption to materials supply chains and further periods of Government advice to work from home unless otherwise essential led to £1.5m of SLH's 2020/21 Major Repairs programme being delayed beyond the 31 March 2021. The delayed Major Repair works have been reprofiled and will be delivered during the current Business Strategy period to March 2025.

- The forecast reinvestment for 2021/22 and subsequent years of the current business strategy shows reinvestment expenditure will increase significantly as the Association delivers on its commitment to improve the energy efficiency of its homes to Energy Performance Certificate (EPC) rating of Band C or above by March 2025. This investment in our homes will also deliver on our strategy to reduce energy poverty for our customers and reduce the carbon emissions from SLH Homes as a key element of our Greening strategy.
- SLH developed 37 new homes in the 2020/21 year, resulting in the New Supply social housing KPI performance of 1.16%; although performance in 2020/21 is below the national average the implementation of the Growing Business strategic theme will deliver, or start, over 500 new homes by 2025.
- The Society has the capacity (see Gearing below) to invest in development of new homes and as at June 2021 the Association has a pipeline programme of 421 new homes in development through a combination of developing units in partnership with Homes England grant funding and through acquisitions of affordable housing from private property developers. This pipeline programme results in the KPI rising to 2.74%, 3.99% and 3.23% in the next three financial years, delivering new homes across our geographic operational area to meet housing needs at differing price points and providing tenure choice for customers and future customers.
- The Society's balance sheet is strong with significant potential for SLH to grow, as calculated by the Gearing KPI of 28.06% that is lower than the national average. The Gearing performance confirms SLHs capacity to deliver the reinvestment in its existing homes and delivery of new homes planned. This latent capacity is also reflected in the Association completing an increase of new loan facilities in the 2020/21 year, increasing undrawn facilities to £38.0m as at March 2021.

Gearing is forecast to increase because of the investment in new homes in accordance with our Growing strategic theme and increased property reinvestment as detailed above.

- EBITDA-MRI (Earnings before Interest, Tax, Depreciation and Amortisation, Major Repairs Included) is above the national average for 2020/21 at 273.18%. SLHs performance in 2020/21 is greater than the Association budgeted, in part due to the delays in delivery of the £1.45m of Major Repairs reinvestment due to the impact of the coronavirus pandemic delaying delivery (as above).

The EBITDA-MRI forecast financial performance reduces over the forecast three years as the Association undertakes the increased reinvestment in its existing homes and increases borrowings drawn as it develops new homes. The forecast reduction in EBITDA-MRI, close to median levels, therefore, has a direct causal relationship to the implementation of the business strategy.

- SLHs headline cost per unit for 2020/21 was £3.9k, that represents a significant reduction on the prior year performance of £4.4k per unit. This reduction in year is principally due to the delay of the Major Repairs delivery of £1.45m reinvestment (CPU 2020/21 would have been £4.3k had the budgeted Major Repairs been able to be delivered).

CPU will increase during 2021/22 to £4.6k principally as a result of the increased Major Repairs reinvestment in our homes that is being implemented to maintain the quality of our homes and further improve EPC to band C or above for all homes by 2025.

- Operating margin, Social Housing Lettings, of 23.42% is marginally higher than the National median, with the KPI performance in the 2020/21 year, being a significant increase from 15.8% in the prior year. The increase in 2020/21 is principally due to the delayed major repairs reinvestment, combined with a continued focus on value for money during the year e.g. rent collection performance in 2020/21 exceeding 100% despite the challenges caused to SLH customers by the pandemic.
- The Operating Margin KPI is forecast to reduce in the next three years as a direct result of the increased major repairs reinvestment reported above to deliver EPC band C and above, with performance reducing to 13.57%, 14.32% and 14.54%. The forecast margin has been prudently financially modelled reflecting the headwinds to the local economy in which SLH operates; with increased bad debt provision provided for as the Government's furlough scheme unwinds and the Association invests in its business processes, systems and people to deliver customer service excellence as part of its LEAP Beyond transformation programme.
- The RoCE ratio, that compares the operating surplus to total assets less current liabilities, of 3.14% is below the National median although the ratio has increased from 2.1% in the prior year, as expected.

SLH is a stock transfer Association with an ongoing VAT Shelter arrangement that is required under Financial Reporting Standard 102 to report the outstanding stock transfer works as both a debtor and long-term creditor in the Statement of Financial Position. As at 31 March 2021 the stock transfer long-term creditor obligation was £43.9m that impacts the calculation of the RoCE ratio. The regulator's definition includes the debtor full amount but not the long-term creditor and this reduces the RoCE ratio. Should the VAT Shelter be excluded from the calculation the RoCE for the year 2020/21 would have been 4.44% and been favourable to the 2020/21 median comparator.

Local VFM Metrics

The Board also monitors several Business Strategy 2020-25 Performance Indicators. The table below summarises performance and targets concerning the key VFM areas.

Metric	Outturn 2019/20	Target 2020/21	HouseMark Peer Median 2019/20 * ₁	HouseMark Rural Peer Median 2019/20* 1.2	Outturn 2020/21	Targets			
						21/22	22/23	23/24	24/25
Business Strategy Objective: Growing									
% rent collection	100.6%	97.0% * ₂	99.76%	99.9%	100.33%	100%	100%	99%	100%

								Migration of Universal Credit	
% rent arrears	2.52	3.5% * ₂	3.03%	2.35%	2.45%	2.5%	2.2%	2.5%	2.2%
% of homes achieving decency standard	100%	100%	N/A	N/A	100%	100%	100%	100%	100%
% customer satisfaction repairs	90%	90%	87%	91%	92%	Replaced with below – forms part of the same survey so will continue to be tracked			
% customer satisfaction overall	N/A	N/A	90%	88%	No survey	90%	91%	92%	93%
Number of homes owned (inc shared ownership)	3155	3175	N/A	N/A	3183	3241	3351	3461	3571
Business Strategy Objective: Greening									
Energy efficiency ratings - % of stock at band C or above	33%	51%	N/A	N/A	39.6% * ₃	45%	65%	85%	100%

Eco homes built	0	5	N/A	N/A	5	0	48	50	60
Business Strategy Objective: Transforming									
% rent loss through voids	0.8%	1.2% * ₂	0.77%	0.9%	1.26% * ₄	0.9%	0.6%	0.5%	0.5%
% of customer digital transactions	50%	60%	N/A	N/A	66%	70%	75%	80%	90%
Average sickness per employee	8.0	9.0 * ₂	9.35	9.27	10.2 * ₃	8.0	7.5	7.0	6.5
Savings made through transformation	New KPI	New KPI	N/A	N/A	£24k	£257k	£229k	£408k	£416k

*_{1.1} as per HouseMark peer group stock size 2,500 – 7,500 with over 60 in sample size (traditional housing associations and LSVT), taken 28th May 2021. *_{1.2} Rural peer group based upon HouseMark peer group DEFRA codes (significant rural and 80% rural). 29 organisations.

*₂ targets reflect assumed impact of Covid-19 as agreed by the Board. There is continued pressure on rent collection and arrears as Government support changes. In March 21 South Lakeland had the highest furlough rate (26%) amongst 312 district areas in England since December. The UK average rate at the time was 15%. This context has informed targets for the years ahead, in addition to the impact of planned migration of Universal Credit.

*₃ *Energy efficiency ratings* – the original survey programme was delayed due to Covid-19. A model has now been produced to help inform programmes of work and investment requirements – a programme to complete EPC surveys on all of the stock is due for completion in October 2021 with a target to achieve band C by 2025.

*₄ % rent loss through voids - affected by Covid-19. The housing market was closed for 3 months and additional postponement of lettings in sheltered housing schemes to prevent infection spread. Some of the effects will flow into the early part of 21/22 with the 2nd wave spring lockdown affecting lettings performance, which is reflected within the targets.

*₅ Average sickness per employee - 22% of sickness was due to Covid-19. There were also 10 colleagues on long term sick (57% of total days lost). Successful HR resolutions have been achieved.

Rent Standard			
Summary of the standard	SLH evidence	Other sources of assurance	EMT Assurance Statement
<p>This standard is about:</p> <ul style="list-style-type: none"> • Making sure SLH follows government policy on rent. • How they set rents and service charges. • Providing tenants with clear information about how rents and service charges are set and changed. • Making sure SLH is financially 	<p>SLH rents are set according to Government rent policy. SLH's Rents and Service Charge Policy was approved by the Board in May 2020 and charges for 2021/22 was approved by the Board in November 2020. The policy reflects the Rent Standard 2020 which contains flexibility for registered providers to set social rents at re-let up to 5% above formula rent for general needs housing and 10% for supported (including sheltered) housing. If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes account of local circumstances and affordability. On 14th May 2020 the Board were given assurance that SLH rents are affordable and are amongst the lowest in the District, agreed the rationale for applying a 5% tolerance would be to generate additional income for development, regeneration, greening initiatives, neighbourhood improvements etc. and approved the application of the 5% tolerance to both general needs and sheltered voids at re-let. The policy has subsequently been updated to reflect this decision.</p> <p>From April 2020, rent controls transitioned to the new Rent Standard based on an annual inflation increase of no more than Consumer Price Index (CPI), plus 1% over five years. CPI in September 2020 was 0.5% by adding to this the maximum increase of +1%, rents would increase by 1.5% from April 2021. One of the strategic aims of SLH is to have rents that are affordable (no more than 35% of average income). SLH is also required to set rents that provide revenue to cover the costs of managing and maintaining our houses; that enable us to</p>	<p>Internal Audits</p> <ul style="list-style-type: none"> • Rent Setting – ‘substantial, moderate’ assurance’, 20/21 	<p>Green flag icon - SLH meets this standard.</p>

viable for the future.

- It applies only to tenants.

service existing loans and fulfil contractual obligations and continue to function as a financially viable organisation.

Each year it is for the Board to decide whether to apply a rent increase. The Board were assured that SLH rents are below the Local Housing Allowance rates and therefore where a tenant is eligible to make a claim, HB or UC is available to cover the full amount. The Financial Plan assumes as a minimum, annual rent increases for social rent and affordable rent properties of CPI+1% to 2025. In November 2020 the Board approved a rent increase of 1.5% (CPI plus 1%) to all SLH social, affordable and intermediate rent tenancies.

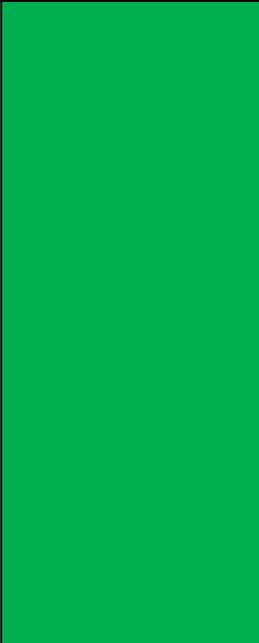
In 2007, the Government stated they considered rent to be affordable if it was up to 25% of a household's gross income. More recently, housing charity Shelter says affordable housing should cost no more than 35% of net household income. SLH has carried out affordability tests, to find out whether any household types were likely to spend more than 35% of their net income on rent. For the vast majority of households an SLH home is affordable. Those most likely to struggle were single person households working part time (16hrs / week). The Board sought assurance that rents were affordable;

- The majority of SLH properties are let on 'social rents' (96.93%) and the remainder are let on 'affordable rents' (2.84%).
- SLH has 1463 general needs properties below formula rent and 108 sheltered properties below formula rent.
- SLH homes are more affordable than any other comparable Housing Association or private rented sector.
- The table below provides details of the 2020/21 weekly rent levels for all SLH social rent and affordable rent properties of all dwelling sizes, compared to lower quartile private rents in South Lakeland, Kendal and Ulverston & Furness at September 2016¹.

Rent Type	Lowest Rent	Median Rent	Highest Rent
SLH Social Rent (2020/21)	£63.51	£89.95	£136.86
SLH Affordable Rent (2020/21)	£78.27	£114.28	£152.29
Lower Quartile Private Rents in South Lakeland (Sept 2016)	N/A	£118.85	N/A

	Lower Quartile Private Rents in Kendal (Sept 2016)	N/A	£117.69	N/A		
	Lower Quartile Private Rents in Ulverston & Furness (Sept 2016)	N/A	£113.07	N/A		
<p>¹ South Lakeland Strategic Housing Market Assessment October 2017.</p> <p>Homes let on Affordable Rent terms are set at a rent level of up to 80% of gross market rents (inclusive of service charges where applicable) or under the conditions of a Section 106 Agreement. SLH owns 91 affordable rented properties, compared to 72 in 2019/20, 67 in 2018/19 and 45 in 2017/18.</p> <p>SLH charges tenants for additional services such as the cleaning of communal areas etc based on the actual costs of the services provided.</p> <p>Sheltered amenity charges for individual sheltered schemes are set at levels to match the estimated costs over the coming year adjusted by an amount overcharged or undercharged on the actual costs of the last full financial year.</p> <p>SLH introduced service charges for new tenants of flatted dwellings during 2018/19 for services including lighting and cleaning of communal stairwells.</p> <p>Rent statements available within 'My Account'.</p>						

Rent Policy Statement, February 2019			
<i>Summary of the statement</i>	<i>SLH evidence</i>	<i>Other sources of assurance</i>	<i>EMT Assurance Statement</i>
This statement is about: <ul style="list-style-type: none"> Sets out Government's policy on rents for social housing from 1 April 2020. 	SLH Rents & Service Charge Policy was approved by the Board in November 2020 and sets out compliance with the Rent Standard and the Rent Standard Guidance. Anthony Collins Solicitors provided an advice letter 27 th May 2021 confirming that rent tolerances are permitted on new developments and advice on use of intermediate rent product (on RTB buy back's and for housing 'key workers'). The Board will be asked to approve a revision to the Rents & Service Charge	<ul style="list-style-type: none"> Anthony Collins Solicitors p advice letter 27th May 2021 Statistical Data Return 2021 1st line 	Green flag icon - SLH meets this standard.

<ul style="list-style-type: none"> • The Regulator of Social Housing has regard to this policy statement with setting its Rent Standard. • Key areas: (1) Limit on annual rent increases, (2) definition of formula rent, (3) rent flexibility. • Intermediate rent accommodation is not covered by the policy statement. 	<p>Policy to include for the use of the 5% tolerance above formula rent on new social rent homes at first let.</p> <p>Rent setting training will be delivered to all relevant SLH colleagues during Q3 2021/22 by a rent expert from Anthony Cox Solicitors.</p> <p>Compliance with the Rent Policy Statement is included within the Annual Report & Financial Statements 2021.</p>	<p>QA checks on compliance with rent policy statement.</p>	
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