

Environmental, Social and Governance Benchmarking

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The logo for Housemark, featuring a stylized white plus sign followed by the word "housemark" in a bold, lowercase, sans-serif font.

Agenda

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About Housemark

Housemark is the leading data and insight company for the UK housing sector.

Data comparison and analysis

- Sector sentiment
- Best practice
- Identifying trends
- Insight
- Forecasts



Chartered
Institute of
Housing

**Redefine
what's
possible**

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HOUSING
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What is ESG?

ESG (Environment, Social and Governance) criteria are used by financial institutions for:

- Setting standards – to help socially conscious investors use to screen potential investments
- Developing products (i.e. loans) – with preferential rates for borrowers able to show positive ESG standards
- Identifying companies with questionable ethics or business practices

ESG in social housing

Social housing has its own Sustainability and reporting standard for ESG...

- 'SRS' was set up to help investors understand UK social housing
- Voluntary common standard steered by a group of investors and landlords
- 48 criteria across ESG considerations such as zero carbon targets, affordability, safety and resident voice
- Over 120 organisations have signed up to SRS as either SRS adopters or endorsers

ESG criteria – environmental

- Climate Change
 - EPC ratings
 - Greenhouse gas emissions
 - Action and engagement
- Ecology
 - Promoting biodiversity
 - Reducing pollution
- Resource Management
 - Managing waste
 - Responsible procurement

ESG criteria – social

- Affordability and Security – rent and tenure types offered
- Building Safety and Quality – compliance and decency
- Resident Voice – satisfaction, complaints, scrutiny
- Resident Support – improving life outcomes
- Placemaking – community investment with partner agencies

ESG criteria – governance

- Structure and Governance – regulatory registration and status
- Board and Trustees – demonstrating EDI and turnover
- Staff Wellbeing – sickness, pay and staff support
- Supply Chain Management – creating social value

Collecting ESG data

- ESG social housing website has details about how to collect the criteria alongside a set of guidance documents
- Much of the data is already collected and published by housing association landlords
- ESG adopters publish a self-assessment against SRS criteria on their website
- The gaps in self-assessments are as interesting as the recorded results!

Housemark ESG data collection

- We are all about making comparisons!
- We took the opportunity to 'scrape' data from adopters' websites
- We quickly and simply added the results for each criterion into a spreadsheet
- This gave us benchmarking data without housing providers keying in results
- And we ended up with an analysis report that quite literally sets a benchmark...

ESG report

January 2022

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

For UK social housing, ESG reporting has developed into a consistent set of measures laid out in the [Sustainability and Reporting Standard \(SRS\)](#). This voluntary reporting framework covers 48 criteria across ESG considerations such as zero carbon targets, affordability, safety and resident voice. Adopters of the standard pledge to make their report publicly available, usually on their organisation's website.

Using publicly accessible data published by over 50 early adopters of the SRS, we have compiled a set of comparable results making the first ESG benchmark for the UK's social housing sector.



Environmental

The UN's 2015 Paris Agreement was put in place to strengthen the global response to the threat of climate change by taking action to limit global temperature rises. Follow-up scientific reports and conferences, including 2021's COP26 event have tightened climate change targets to halve emissions over the next decade and reach net zero carbon emissions by the middle of the century.

Social housing's Sustainability and Reporting Standard measures the sector's progress towards these global targets by looking at the work landlords do – building homes, managing property – and setting out relevant metrics for adopters to compile and report on. Climate change ESG measures put figures on the sector's environmental impact in terms of energy efficiency, emissions and ecology.

Top energy efficiency actions undertaken in the last year

1	Improving building fabric and components of existing homes
2	Strategic and financial planning
3	Building efficient new homes
4	Utilising smart technology in homes
5	Refining stock data
6	Switching energy supply to renewable sources

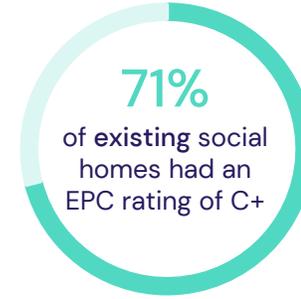
EPC ratings of new and existing homes



1.45 million social homes have an EPC rating of D or lower



1 in 4 landlords were unable to report the rating for some or all of their properties



Scope 1, 2 & 3 green house emissions

Scope 1 14%

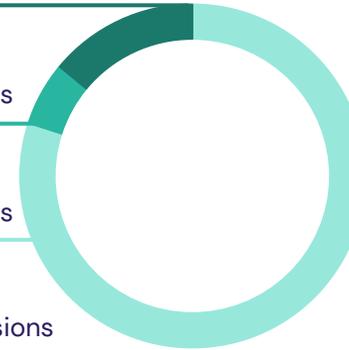
Direct emissions from owned or controlled sources

Scope 2 6%

Indirect emissions from owned or controlled sources

Scope 3 80%

Other indirect emissions, capturing value chain emissions



1.5 tonnes of CO2 are emitted by the social housing sector per unit

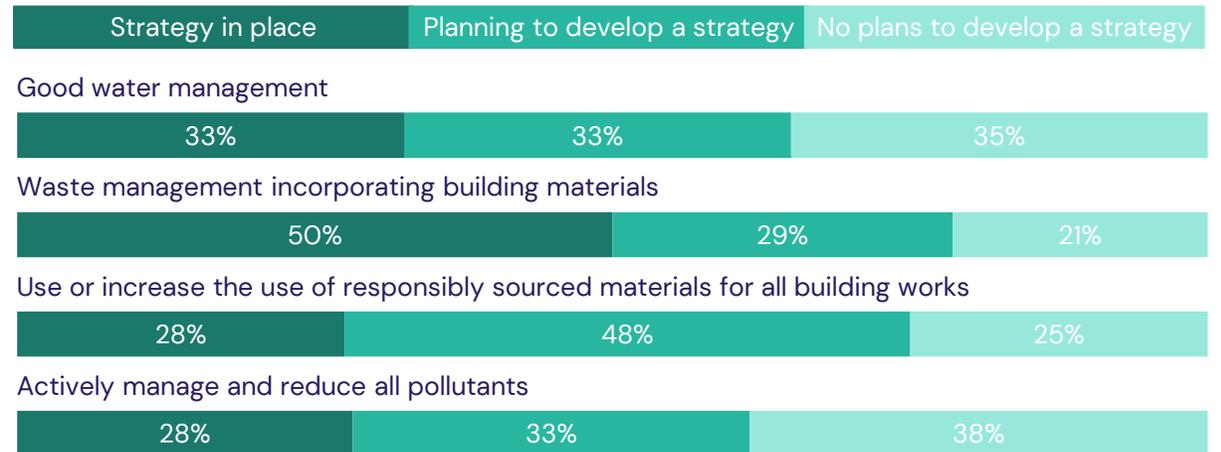


59% were able to provide some figures for Scope 1 – 3 emissions



43% were able to provide a full breakdown of figures for Scope 1 – 3 emissions

Ecology and resource management strategy



Social

ESG metrics apply globally to all types of businesses and all industries. While some sectors may struggle to highlight examples of positive social outcomes resulting from their work, social housing exists to help people in need and has at its heart an innate sense of corporate responsibility.

Many of the Sustainability and Reporting Standard measures falling into the social category are focused on qualitative results – tangible examples rather than simply numbers. This is highlighted by adopters’ responses to SRS measures looking at the residents’ voice and support provided to customers. Other quantifiable measures show how the sector provides good quality, safe, secure and affordable homes for people in housing need.

Affordability



Homes are being let at around a **40% discount** from both market and Local Housing Allowance



90% of the properties developed were social homes

Key ways landlords are reducing the impacts of fuel poverty on residents

- 1 Improving efficiency of existing homes
- 2 Raising awareness on how to get the most from your energy
- 3 Financial support for tenants
- 4 Utilising smart technology in homes

Building safety and quality



Most common resident support services

- | | |
|--------------------------------------|--|
| 1 General advice | 5 Practical help |
| 2 Employment skills/training | 6 Community support |
| 3 Partnering with a charity | 7 Digital inclusion |
| 4 Mental health and wellbeing | 8 Partnering with local public sector |

Resident voice

How resident satisfaction is measured

-  **83%** use perception surveys
-  **57%** use transactional surveys
-  **21%** use resident focus groups
-  **9%** use complaints

Ways residents can hold management to account

-  **93%** use formal groups
-  **53%** use informal feedback and groups
-  **31%** include tenants on the board
-  **18%** follow NHF Together with Tenants

Governance

Around 60% of UK social housing is provided by housing associations operating outside the public sector retaining a strong not-for-profit ethos while running successful businesses. Regulatory bodies across each UK nation provide assurance through stringent governance requirements to safeguard taxpayers' interests and the reputation of social housing as a safe option with well-managed finances backed by robust regulation.

Governance in the Sustainability and Reporting Standard uses measures that demonstrate adopters' adherence to industry and regulatory standards as well as establishing some benchmarks to show how governing bodies demographically represent people who live in social housing.

Structure and governance



National Housing Federation's Code of Governance

4 out of 5 landlords are using the NHF Code of Governance and most are either now compliant with the 2020 version or are transitioning from the 2015 code. Welsh landlords use the Community Housing Cymru code.

 83% of board members are non-executive members and 1 in 5 have no executive representation.

 The roles of the board chair and CEO are held by 2 different people at all organisations.

 4 out of 5 have presented succession plans to the board in the past 2 years.

 Landlords have been working with their current audit partner for 5 years, on average.

 95% of boards' audit committees have current members with relevant financial experience.

 Half conducted an independently run board effectiveness review in the past two years.

Staffing

 81% are paying the Real Living Wage to all employees.

 6.3 days were lost, on average, due to sickness absence.

 84% reported data on the gender pay gap at their organisation.

Gender pay gap



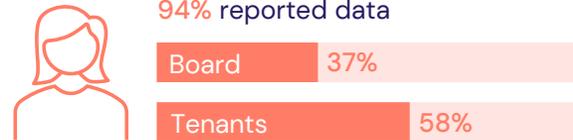
Median CEO to worker pay ratio



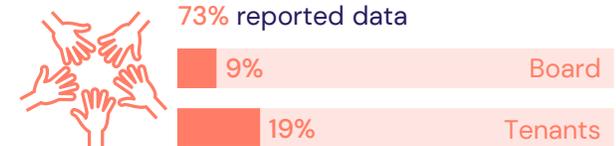
Board demographics

Board figures represent the median and tenant figures are taken from the 2019-20 English Housing Survey.

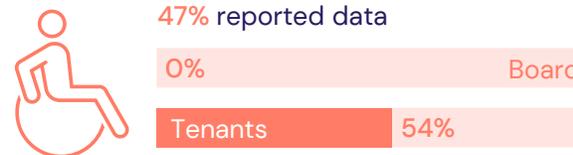
Women



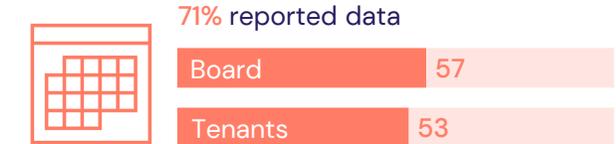
BAME



Disability



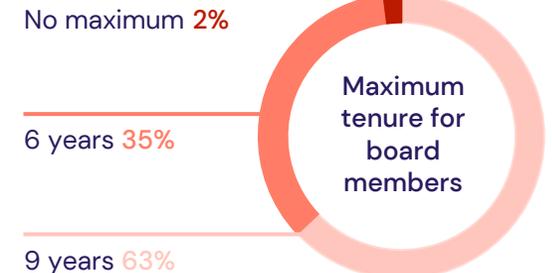
Age



Board tenure

 3.5 years is the average length current board members have been active.

26% of board and exec have turned over in the past 2 years – slightly higher than sector staff turnover over same period.



ESG benchmarking in 2022

- Built on the success of our proof-of-concept analysis report
- We have devised ESG data collection for all Housemark members
- Integrated into our annual cost and performance data collection
- Reporting to appear alongside other benchmarking results
- Enables landlords to use comparative data when applying for funds

Any questions?

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