The Sustainability Reporting Standard for Social Housing

One year in, the story so far

May 2022

Sustainability *for* Housing

THE GOOD ECONOMY

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>
> **HOUSING PROVIDER ADOPTER**

> *We continue to see the social housing sector as a leader in embracing ESG themes and ESG finance. The SRS has been a key un-blocker for these organisations and allows them to easily select relevant ESG factors and to navigate the evolving and complex world of ESG-finance to their benefit. We're proud as a bank to be supportive of the SRS initiative.*
>
> **HIGH STREET BANK ADOPTER**

Foreword

The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020 as a means for housing associations to demonstrate their environmental, social and governance (ESG) credentials.

It is a sign of the times we are in – where a range of stakeholders expect transparency and accountability on sustainability actions from all businesses. The Standard provides a roadmap for social housing organisations that are on this journey.

Since its creation, it has been adopted by over 100 organisations across the UK, and we have now completed the first cycle of reporting.

This review looks at the reports and talks to adopters about how the Standard has worked for them.

It is an important part of the process of evolving the Standard. It is also part of the culture of Sustainability for Housing (SfH), the organisation set up to promote and develop the Standard.

The Board knows the Standard is only going to work if it is useful to adopters and grows at a pace that is right for the sector.

As chair of SfH, I can say that I'm proud of the work done by the Board in the last year.

A Board that still hasn't met in person. A Board with limited resources, but a Board with huge passion for ESG principles and social housing.

I'd like to thank them all for their patience as we have slowly found our feet and become a team. Our journey is similar to that of the adopters-learning in public.

I would also like to thank all of those that have adopted the Standard and reported over the last year.

Being an earlier adopter requires bravery, but I think they will all be rewarded as lenders and investors are already seeing them as leaders, and ESG reporting isn't a one year process.

In year two most will remain ahead of the game.

Finally I'd like to thank the working group that developed the Standard and launched it. I think this report shows that you did a fantastic job. You set a high bar. I hope we can evolve it with the same collaboration and leadership you gave it.

Brendan Sarsfield
Chair
Sustainability for Housing

SfH

Executive Summary

Environmental, social and governance (ESG) reporting has moved further into the mainstream in recent years. In response, the UK social housing sector has worked with its funders to establish an ESG reporting approach that addresses the needs of both the housing and financial sectors alike.

The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020 as a voluntary reporting framework designed to enable housing providers to report on their ESG performance in a transparent, consistent and comparable manner.

Sustainability for Housing (SfH) Limited, a company with a Board of experienced professionals from the housing and financial services sectors, was established in 2021 to oversee the embedding of the SRS in the sector and its further development in line with market and regulatory trends. The Good Economy acts as the Board's secretariat.

By May 2022, 104 organisations – 68 housing associations and 36 financial institutions – had adopted the SRS. Of the housing associations, 58 operate in England, seven in Wales, and three in Scotland, and together they manage just over 1.5 million homes. A further 20 organisations have endorsed the Standard. The housing providers who operate in England account for around 34% of England's social housing stock[1]. The 35 lenders and investors (referred to collectively as funders) who have adopted the SRS, represent the majority of the c. £90 billion of private investment in UK social housing.

This report reviews 49 ESG reports prepared under the Standard in 2021 and presents feedback from the adopter community on the benefits and value of the SRS. Based on this analysis, the report identifies further areas of work planned by the SfH Board to ensure that the SRS fulfils its objective of being the leading reporting framework for housing providers' ESG disclosures and, over time, performance trends.

The report also presents a snapshot of the adopter community's ability and appetite to share ESG-related information. We look forward in future years to having accumulated annual data that will allow us to identify sector trends and performance.

The report is structured as follows:

- **Chapter 1** introduces and outlines the background to the SRS and the themes and criteria;
- **Chapter 2** gives a high-level summary of the SRS's first year and a profile of adopters;
- **Chapters 3 and 4** discuss feedback from housing providers and funders on the SRS' first year;
- **Chapter 5** summarises the analysis of SRS reports published in 2021 and what this indicates for the adopters' ESG performance; and
- **Chapter 6** finishes with an overview of the future direction of the Standard and plans for its further development in line with user feedback and market trends.

1 https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2020-to-2021/registered-provider-social-housing-stock-in-england-summary

Key findings from adopter feedback: The SRS creates value for housing providers and funders

Feedback from housing providers has provided insight into how the SRS itself, and the process of reporting against the SRS, has influenced their operations. Specifically, two key themes emerged:

The SRS helps drive strategic direction, operational decision-making, and ambition for ESG performance	The SRS improves credibility on sustainability management with current and prospective lenders and investors
• The SRS encourages senior management to conduct a business-wide review of operations and direction in relation to the ESG themes and criteria • The SRS encourages internal staff co-ordination and collaboration around ESG strategy and data collection • The SRS operates as an internal benchmarking tool to measure and manage ESG performance over time	• The SRS is effective as a tool to report ESG performance in a clear and commonly understood language to funders • The SRS has been used by adopters to inform and create Sustainable Finance Frameworks, as well as identify performance metrics needed to access sustainability-linked finance • The SRS helps lenders and investors demonstrate their own ESG compliance

Feedback from funders outlines the financial sector's view on the effectiveness of the SRS and illuminates how the SRS has been used by financial institutions. The key findings that emerged are:

The SRS is seen as 'best practice'	The SRS provides assurance on ESG management and is influencing funding decision-making
• The SRS has become the "go to" ESG reporting framework for the social housing sector • The SRS meets the financial sector's demand for transparency and consistency in reporting • The SRS provides a common language for funders and providers to discuss ESG performance • SRS reporting is becoming expected of all housing providers who seek external commercial finance	• The SRS is a complementary source of information when making decisions • The SRS is used during credit assessments and shapes investment considerations • The SRS is expected to influence pricing models that consider both financial and ESG metrics

A snapshot of the adopters' ESG performance

The analysis of SRS reports published in 2021 provided useful insight into whether, in practice, the SRS functions as a transparent, consistent, and comparable reporting framework. This analysis highlighted which criteria were most and least reported against, as well as the quality of reporting.

Of the 63 housing providers that had adopted the Standard by the end of 2021, 49 produced a 2021 ESG Report using the SRS[2]. On average, they reported against 43 of the 48 criteria. This strong reporting level highlights that much of the data requested by the SRS appears relevant and accessible to providers, and in some cases is data that is already required in financial reporting or disclosures to the relevant housing regulator.

Interestingly, 48 housing providers (97%) reported against more than 30 criteria, yet only 18 (37%) reported against all 30 'core' criteria. This suggests that most providers chose to report against 'enhanced' criteria despite this being their first SRS disclosure. However, this also suggests that some providers struggled to disclose against all 'core' criteria. A full review of the SRS will be carried out during 2022/23, during which time the Board will work with adopters and the wider market to assess if any criteria should be changed based on user feedback and ESG reporting trends.

Social

- Social homes are being let at around a 50% discount to the private rental sector and at around a 40% discount to the Local Housing Allowance, on average
- Over 99% of homes managed by the reporting housing providers have the relevant in-date gas and fire safety certifications
- 99.75% of the homes managed by reporting housing providers meet the Decent Homes Standard
- 98% of housing providers confirm that they have arrangements in place to enable residents to hold management to account, as well as to measure resident satisfaction

2 It is important to note that there are more than 49 published SRS Reports when the reports of providers that have not formally adopted the SRS are included, as well as the SRS Reports published after 2021.

Environmental

- 14% of existing stock had EPC ratings of A or B, compared with 87% of new build stock
- Close to 80% of housing providers reported against the criteria on Scope 1, 2 and 3 emissions
- 88% of the housing associations reported on biodiversity criteria
- Managing pollutants received the lowest response rate in the SRS at 73%

Governance

- All providers that reported are not-for-profit organisations
- Respondents indicated that the average board demographic is: 39% female, 12% BAME, 11% LGBTQ+ and 5% with a disability
- 90%+ of respondents reported on board effectiveness reviews
- 69% of providers reported that they pay the Real Living Wage
- 80% of housing providers reported on gender pay gaps: the median gender pay gap is 8.14%
- 95% of respondents refer to assessing social value as a requirement in their procurement process

Next steps

The SRS will need to continue to evolve and move with the times in order to stay relevant and of value. Further developments will be made, taking into account user feedback and market trends in relation to ESG disclosure and reporting standards. There are already two iterations in the pipeline.

SRS v1.2 was published in May 2022 and provides guidance on how to report against the SRS. It also requests that housing providers publish their responses in both a report format and an Excel input tool (available on **www.esgsocialhousing.co.uk**). This will increase consistency of the data provided by housing providers and make the process of comparison and data aggregation and analysis more straightforward.

SRS v2.0 will be published in spring/summer 2023 based on a more comprehensive review and updating process that will consider user feedback and relevant market and regulatory trends and reporting requirements.

It is hoped that the SRS reporting framework remains useful and relevant to housing providers and funders looking to identify ESG risks and opportunities. It is also hoped that, in turn, the SRS will improve the environmental and social sustainability and impact of the sector's operations over the long term.

Finally, the SfH Board would like to say thank you to all those involved in the development of the SRS and to our pioneering adopters.

Chapter 1. Introduction

Launched in November 2020, the Sustainability Reporting Standard for Social Housing (SRS) is a voluntary reporting framework that enables social housing providers to report on their Environmental, Social and Governance (ESG) performance in a transparent, consistent, and comparable way.

The SRS came about in response to concerns that the absence of a common reporting standard was holding back ESG investment into the sector. As interest in ESG performance has grown across the financial sector, housing providers have seen a rapid increase in different and sometimes inconsistent ESG reporting requests from banks. These were aligned to ESG frameworks designed for large global corporations and often asked for information that was not relevant or useful to housing providers.

In 2019, a project was launched to develop a common ESG reporting standard that would provide consistent and comparable ESG data that would be useful to both financial institutions and housing providers. A working group comprised of stakeholders from the housing and financial sectors and experts on specific ESG topics led the development of the criteria. The Good Economy was appointed to facilitate this participatory process. The Standard was launched in November 2020, with revisions made in October 2021 to produce versions for Scotland and Wales that better aligned with their regulatory requirements.

"*In 2019, a project was launched to develop a common ESG reporting standard that would provide consistent and comparable ESG data that would be useful to both financial institutions and housing providers.*

SfH, a company limited by guarantee, was established in 2021 to oversee the Standard's adoption and further development, and a Board of professional individuals representing both the social housing and financial sectors was appointed following a competitive selection process. The Good Economy now acts as technical Secretariat to the Board.

The Board hopes that the Standard makes it easier for housing associations, lenders, and investors to assess ESG performance, identify ESG risks and pursue ESG investment opportunities that create positive social and environmental outcomes. It should encourage long-term financing of the sector that delivers long-term financial, environmental, and social returns. Equally, it is a useful framework for housing providers to use to demonstrate transparency and accountability to government, residents, employees, and other stakeholders.

Overview of the Sustainability Reporting Standard (SRS)

The SRS is a voluntary reporting framework which comprises 48 ESG criteria across 12 ESG themes, some of which have several criteria and some with only one:

1. **Affordability and Security**
2. **Building Safety and Quality**
3. **Resident Voice**
4. **Resident Support**
5. **Placemaking**
6. **Climate Change**
7. **Ecology**
8. **Resource Management**
9. **Structure and Governance**
10. **Board and Trustees**
11. **Staff Wellbeing**
12. **Supply Chain Management**

The 48 criteria are divided into 30 'Core' criteria and 18 'Enhanced' criteria, including both quantitative and qualitative measures.

The core/enhanced distinction does not signal differences in importance, but rather the challenge of reporting against them (mainly in terms of access to data and availability of time).

It is expected that all housing providers report against the core criteria annually and work towards reporting against the enhanced criteria in future reporting years.

For a full copy of the SRS and supporting documents go to the SfH library at:
www.esgsocialhousing.co.uk

Chapter 2.
Overview of the first year of adoption

Who has adopted the standard?

As of the 1st May 2022, 104 organisations – 68 housing associations and 36 financial institutions – have adopted the SRS. A further 20 organisations have endorsed the Standard, including HACT, the Impact Investing Institute, the Scottish Federation of Housing Associations and the National Housing Federation.

Adoption rates were highest in the first three months after the Standard's launch in November 2020. Those closest to the Standard's development recognised the SRS's value and quickly became 'early adopters', with 44 housing associations and 34 lenders signing up in this period.

Adoption continued throughout 2021, albeit at a slower rate, with a further 24 housing providers and two funders adopting the SRS. As of April 2022, a year and a half after launch, the Standard has achieved 104 adopters. A priority for 2022 is to grow the number of adopters with a target of 150 by March 2023.

In addition, many other organisations are using the SRS without formal adoption. Many of these organisations are testing their capacity to gather the requisite data prior to formal adoption.

What it means to be an adopter

As an adopter of the SRS, housing providers commit to report against the Standard on an annual basis, and publicly disclose this report (often on their website).

As an adopter of the SRS, lenders and investors commit to integrating the SRS into investment and credit policies, processes and/or product design.

What it means to be an endorser

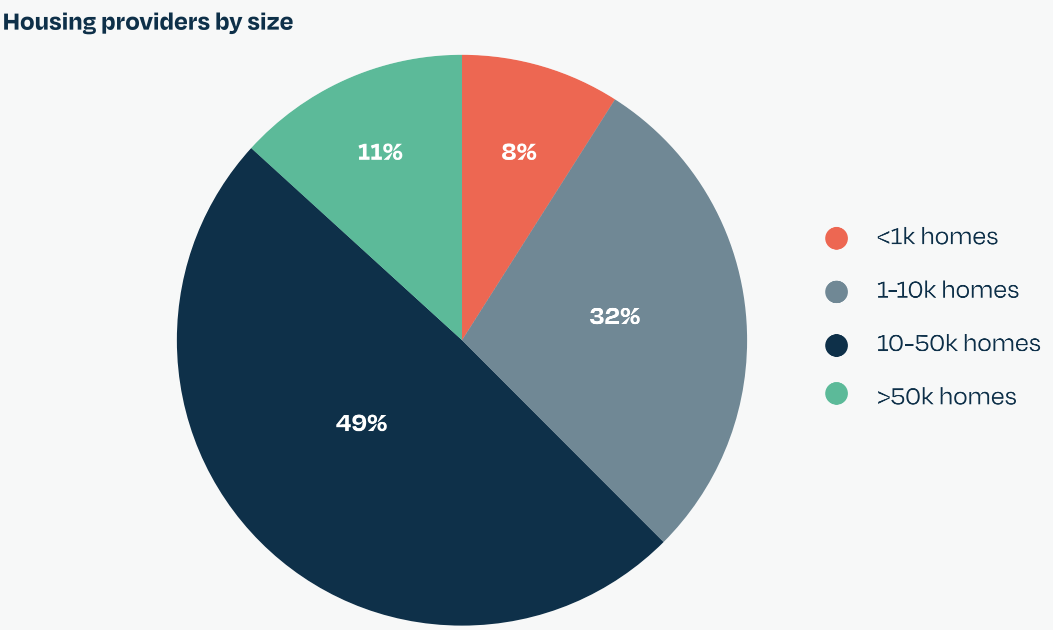
As an endorser of the Standard, the organisation commits to promoting adoption and implementation of the SRS.

Housing providers

The 68 housing providers that have adopted the SRS manage just over 1.5 million homes, which is the equivalent to around 34% of England's social housing stock[3].

The ambition behind the Standard was that it would be useful for and adopted by all sizes of housing provider. A positive result is that adopters vary considerably in size, with the smallest, Lincolnshire Rural Housing Association, owning and managing fewer than 500 units and the largest, Clarion Housing Group, with 125,000 (see Table 1). Nearly 50% of adopters have between 10,000-50,000 homes (see Figure 1).

Figure 1: Housing Provider adopters by size (according to number of housing units managed)



3 https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2020-to-2021/registered-provider-social-housing-stock-in-england-summary

Table 1: Largest and smallest HA Adopters

10 Largest HA Adopters	10 Smallest HA Adopters
Clarion Housing Group	Blackwood Homes and Care
Guinness Partnership	Cartrefi Conwy
Home Group	Chrysalis Supported Association Ltd.
L&Q	Dolphin Living
Metropolitan Thames Valley	Homes for Lambeth
Notting Hill Genesis	Leeds and Yorkshire Housing Association
Peabody	Lincolnshire Rural Housing Association
Places for People	Newydd Housing Association
Platform Housing Group	Pine Court Housing Association
Sovereign Housing Association	RHA Wales

Of the 68 adopters, 58 operate in England, seven in Wales, and three in Scotland. There are currently no SRS adopters in Northern Ireland. Half of all adopting housing providers manage homes in the South of England, followed closely by the Midlands and East of England where 41% of housing providers manage homes.

Figure 2: Housing Provider adopters by region

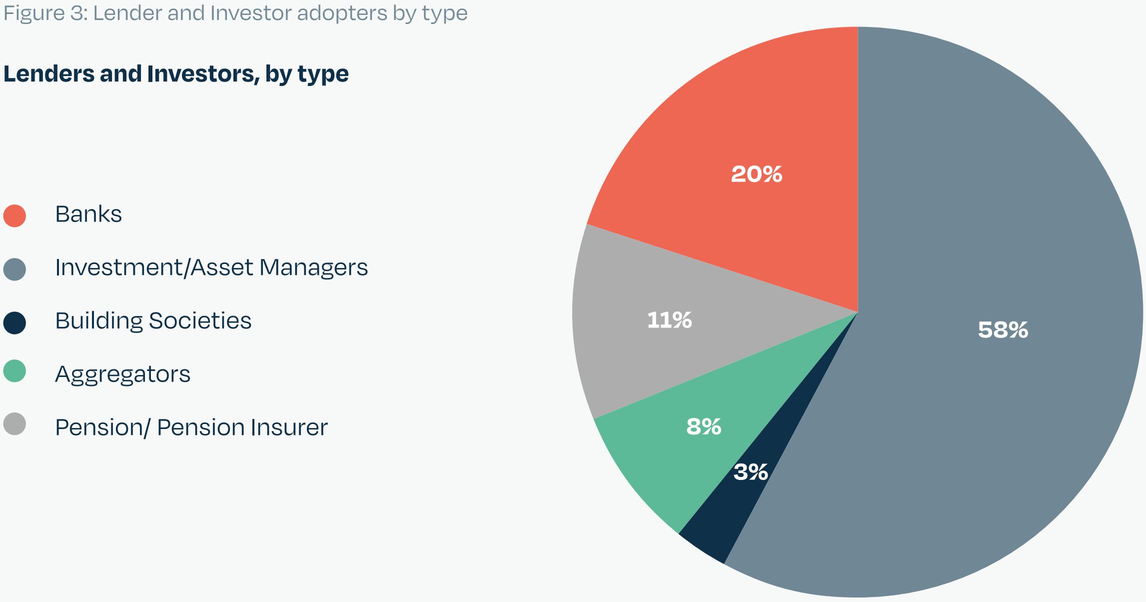
Adopting housing providers, by region*

Lenders and investors

There are 36 lenders and investors (referred to as funders) who have adopted the SRS. This is made up of seven leading commercial banks including Lloyds, NatWest, Barclays, Santander and HSBC, as well as 21 asset/investment managers or advisors including abrdn, L&G, M&G Investments and PGIM Real Estate. It also includes three aggregators, namely The Housing Finance Corporation (THFC), MORhomes and GB Social Housing, four pension insurers including Pension Insurance Corporation and Rothesay Life, and one building society, which is Principality Building Society.

Figure 3: Lender and Investor adopters by type

Lenders and Investors, by type



Chapter 3. Feedback on the SRS, from housing providers

In order to ensure the social housing sector continued to lead the development of the Standard, SfH sent a survey to all housing provider adopters to gather feedback on their experiences of the first year of reporting. In total, 44 housing providers completed this survey (see Appendix).

This feedback suggests that the SRS has not been an undue burden on housing providers, with 54% of respondents saying that they found it 'very easy' or 'easy' to report on the SRS criteria and 32% finding it 'neither hard nor easy'. Significantly, just over 70% of respondents would not change any criteria or measurement method within the Standard.

Approximately 30% of housing providers sought external support with the creation of their SRS report. The most cited area of need for external support was in the design, graphics, and publishing process, followed by the use of environmental consultants.

The feedback has provided insight into how the SRS itself, and the process of reporting against the SRS, has influenced housing providers. Specifically, two key themes emerged:

- SRS reporting helps drive strategic direction, operational decision-making, and ambition for ESG performance.
- SRS reporting improves credibility on sustainability management with current and prospective lenders and investors.

1. Drive strategic direction, operational decision-making and heightened ambitions for ESG performance

When asked whether the development of their SRS report led them to plan and or do things that the housing provider would not have otherwise done, half of the providers said that it had. This was particularly the case for smaller housing providers, with all housing providers overseeing less than 1,000 units agreeing with this statement.

Respondents told us that preparation of SRS reports had led to changes in their high-level strategic planning and decision-making in relation to ESG matters, and to improvements in internal coordination and day-to-day operational management. Additionally, 34% of housing providers said that the development of their ESG report had led them to accelerate the implementation of planned ESG actions.

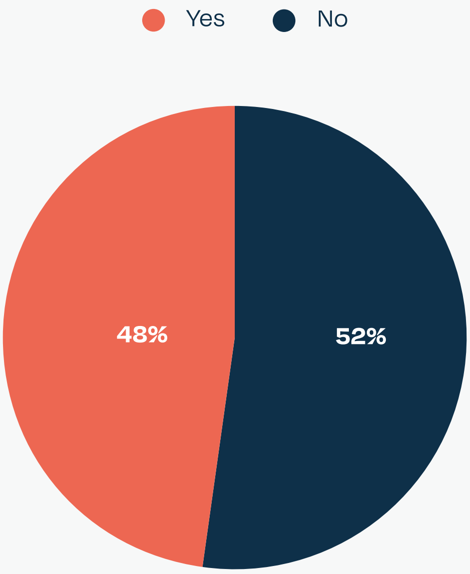
Strategic planning and decision-making

Some responders to the survey reported that the process of creating their SRS report encouraged senior management to conduct a wider review of their business activities and direction in relation to the ESG criteria. The process has helped management in some organisations "ask better questions" and led to more detailed discussions and planning around incorporating sustainability into their objectives for growth.

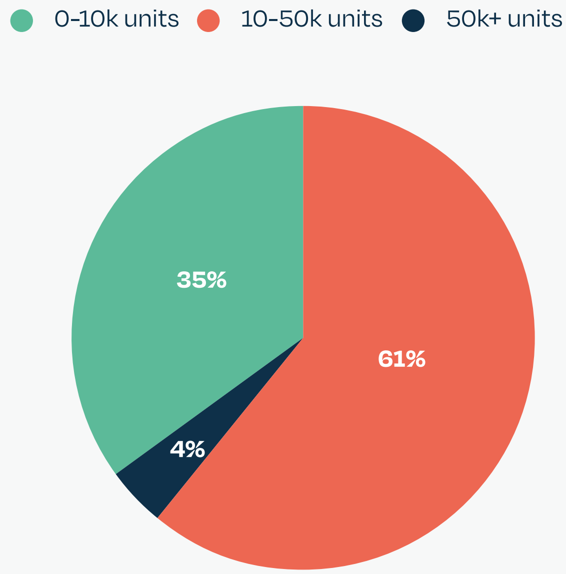
Several providers noted that the process of preparing an SRS report highlighted areas of priority action and those requiring improvement, which helped management create a more informed and detailed action plan. Respondents said they have sharpened their focus on decarbonisation, the EPC ratings of housing stock, and their commitment to the Real Living Wage.

Figure 4: Survey results from housing provider feedback on decision-marking.

Has the development of your ESG report led you to plan or do things that you would not have otherwise done?



'YES' responses according to housing provider size



Some providers said that the SRS was most useful as an internal benchmarking tool, noting that the SRS helped them to set ESG objectives and targets, and to understand the metrics needed to monitor and measure performance of these over time. Many housing providers said that this helped them create or revise ESG policies and strategies accordingly. Lastly, housing providers said that as they came to understand "where they are" and "where they could be", they were given an impetus to "do more". Some housing providers said that they have now appointed a head of sustainability to ensure robust management of sustainability issues, providing assurance to their boards that adequate resources are devoted to these important issues.

Internal coordination and operational management

In order to report against the SRS criteria, housing providers must collect qualitative and quantitative data from across their organisations. One of the consequences of reporting on the SRS appears to be the involvement of several departments in working together on ESG matters. Respondents said that the reporting process had led to more dialogue and collaboration on sustainability issues across departments, the creation of internal sustainability teams and improved data collection and reporting processes, with particular mention of improvements in carbon tracking, supply chain management and biodiversity mapping. Most providers involved multiple departments in SRS reporting (please see Table 2 below).

Table 2: Departments used by Housing Providers to report against SRS

Department	% of Housing Providers who used the department
Asset Management	91%
Finance	91%
Human Resources	86%
Tenant Services	86%
Environmental	57%
Health and Safety	57%
Other	41%
Legal	36%
IT	27%

Survey respondents told us that collaboration on reporting against the SRS has provided individuals across the organisation with a more holistic understanding of how their business delivers environmental and social impact. It has also created a more unified appreciation for each department's role in delivering ESG performance, as well as how to collect and report SRS data.

> *The SRS has encouraged collaboration across teams when collecting the relevant information and joining up different pieces of work.*

> *We have set up an internal environmental sustainability working group involving colleagues across the organisation.*

Providers gave examples of how reporting against the SRS had stimulated shifts in thinking about how to enhance ESG performance. For example, respondents highlighted how teams involved in the design and development of new-build homes were led to sharpen their focus on net zero strategies, and the teams that calculate rent affordability are now more focused on genuine affordability and cost of living pressures for tenants.

2. Improved credibility with lenders and investors in relation to sustainability matters

When asked whether the process of reporting against the SRS had changed their relationship with existing or prospective lenders and investors, 46% of respondents said it had positively influenced their relationship, with several housing providers confirming that funders viewed early adoption of the Standard positively. Survey respondents reported two key ways in which the SRS influenced these relationships. The first was the ability to accurately communicate and provide ESG performance information to funders, and in doing so, the resulting secondary benefit was the view that this enhanced their ability to access funding.

Demonstrate ESG performance

Survey respondents told us that the SRS is a useful a tool in demonstrating ESG performance to prospective funders. It also helps providers communicate ESG information in a clear and commonly understood language to a variety of their stakeholders. This has given providers a formal way of highlighting activities that often consume significant resources but rarely get acknowledged, such as the tenant support services rolled-out during the Covid-19 pandemic. This can be particularly helpful with impact investors who seek reporting and data on social and environmental impacts and their management. Additionally, because the SRS criteria cover a number of regulatory requirements, SRS reporting provides funders with convenient access to information about housing provider regulatory compliance.

Access to funding

Close to a fifth of housing providers reported that the SRS had assisted them in creating their Sustainability Finance Framework and/or with negotiating access to Sustainability Linked Loans and Green Bond finance. Of these providers, around 60% were housing providers that own and manage 1-15,000 units, appearing to show that the Standard was particularly helpful for smaller to medium-sized housing providers. The finding shows that the SRS can assist in supporting successful financing outcomes.

> *Our ESG report really helped showcase our performance and offer up case study information alongside quantitative information to investors.*

Feedback summary

The feedback indicates that the SRS:

- has been a useful reporting framework in helping housing providers to further their understanding of sustainability and demonstrate their ESG performance
- can help in driving a focus on sustainability issues and improving internal communications and coordination
- can support the integration of ESG into strategy and performance management, and support the provision of ESG information to funders

Chapter 4. Feedback on the SRS, from lenders and investors

Since the Standard's launch, 36 lenders and investors have become adopters of the SRS. As an adopter, funders have committed to integrating the SRS into investment and credit policies, processes and/or product design, as well as providing feedback on the Standard.

SfH Board sought feedback on the impact of the SRS through a series of in-depth interviews with representatives of 10 funders, including high street banks, investment managers, building societies and aggregators. Additionally, a written survey was completed by three funders. While the sample size is small, these interviews provided insight on the financial sector's opinion of the SRS. (Please see the Appendix for list of interviewees and survey respondents).

According to the feedback, the SRS:

- is seen as 'best practice' and has begun to move from a preferred reporting framework to the norm
- has provided common ground and a common language for funders and housing providers to discuss and review ESG performance, and
- is being used by funders to evaluate ESG performance and to assist with pricing investment risk.

The SRS as "best practice" and becoming the norm

Since the launch of the SRS, 25 housing providers accessed the debt capital markets issuing £5.9bn of public bonds from the start of 2021. Over 81% of the public bonds raised were linked to ESG finance via Social, Sustainability and Sustainability-Linked Bonds. Of these, 13 housing providers were adopters of the SRS, issuing over £3.4bn of ESG linked public bonds representing close to 60% of the total raised since 2021

Since SRS launch (November 2020)

£5.9bn
raised by HA public bonds

>81%
linked to ESG Finance

>50%
of issuers were SRS adopters

£3.5bn
ESG bonds raised by SRS adopters

Sustainability-Linked Loans (SLLs) have also increased in prominence, with SLLs becoming the default lending position for many funders. A significant number of housing providers, of both varying sizes and geographies, have begun the transition of their borrowings books to becoming ESG-linked.

A selection of SRS adopters who have refinanced via SLLs since the launch of the SRS:

SRS: the "go to" ESG reporting framework

All of the funders interviewed agreed that the SRS has become the "go to" ESG reporting framework for the sector and has encouraged all parties – investors, lenders and housing providers – to consider "what ESG is all about".

Funders unanimously agreed that the SRS has been "very positive" in helping to put providers and funders "on the same page". Funders said the Standard's identification of key issues and reporting metrics have prompted housing providers to better evidence the common assumption that the sector is a "force for good".

> *The SRS has helped the wider market understand the contribution made by Housing Associations to society and more generally to the sustainability agenda.*

Funders stated that adopting the SRS lends credibility to their commitment to incorporate ESG considerations into their funding decisions. Also, there is widespread agreement that funders are expected to demonstrate how they incorporate ESG analysis and impact into their investment decisions and therefore "the more information the better" it is for them to be able to do so. Several interviewees expressly highlighted that they regard the adoption of the SRS as "best practice" and valued the fact the SRS was co-created by the housing and financial sectors together.

Over 50% of lenders and investors interviewed said that reporting against the SRS is "becoming expected" of housing providers. Several interviewees outlined how they ask providers that do not provide SRS reports to explain why as part of their standard due diligence. Some funders indicated that they expect reporting against the SRS to become required by funders.

Providing common ground

Interviewees reported that the use of the SRS has helped provide a "common ground" and common language and thus clearer communications and a shared agenda on sustainability. Several funders highlighted that the use of the SRS has helped strengthen and build more meaningful, deeper relationships with their partner housing providers and provided them with a better appreciation of their role and support services to residents. One interviewee noted that since the launch of the SRS, new cross-sectoral working groups have been established in the housing and real estate sectors on sustainability issues.

The SRS is a complementary source of information when making decisions

Funders frequently mentioned that the SRS is still at an early stage in development and therefore the influence it has had on decision making has been relatively "light touch". The SRS was frequently cited as a complementary source of data, but many lenders and investors believe that it will become an essential data source in the future. Funders generally agree that although it is too early to prioritise SRS adopters over non-adopters in funding decisions, reporting against the SRS will probably have greater significance in the future.

Funders told us that thus far there have been two ways in which the SRS has influenced them:

- Providing assurance on management of ESG, and
- Shaping funder assessment of sustainability performance and thus facilitating sustainability linked funding.

Providing assurance on ESG management

Many funders note that they view the adoption of the SRS by a housing provider as an indication of the provider's commitment to sustainability. Funders are using SRS reports to understand how ESG is integrated into business operations as well as future planning. As such, the SRS has become a "source of credibility" regarding the strength of a housing provider's overall commitment to managing sustainability risks and improving ESG performance.

> *In the eyes of NatWest, housing providers that are early adopters have greater credibility regarding their overall sustainability.*

Shaping assessment of ESG performance and facilitating access to sustainability-linked finance

Over half of funders interviewed noted that the SRS has influenced their sustainability assessments when considering an investment. Many interviewees gave examples of how they have selected criteria from the SRS to compile short questionnaires that form part of their standard due diligence process. There is a consensus among interviewees that the SRS has thus far had a limited effect on pricing, but there is also agreement that it "probably will do soon". As sustainability is becoming increasingly important to credit analysis, the SRS is being used alongside financial analysis when reviewing covenant strength and pricing debt issuance. Interviewees commented that the SRS has been helpful in giving funders additional information around risks that aren't reported in financial statements, for example, disclosures made about building safety.

Interviewees commented that there is growing reluctance to provide financing to organisations that do not report on ESG and that in the future there may even be a premium required from such housing providers. In effect, reporting against the SRS fulfils a baseline requirement for funding eligibility. Interviewees mentioned that financial institutions are aiming to develop pricing models that consider both ESG and financial metrics. Although in their early stages, these pricing models will require input on the ESG information provided in SRS reports. The key message that financial institutions want to relay to housing providers is that the SRS "will help you gear up for longer term cheaper funding".

According to interviewees, the SRS may not have explicitly brought more funding into the sector, but it has certainly "supported the fundraising process". Sustainability linked loans (SLLs) require the tracking of ESG performance through Key Performance Indicators (KPIs) and the achievement of agreed ESG targets. Funders told us that they are using the SRS as a reference to establish KPIs that measure performance over time and for setting targets. Lenders and investors reiterate that it is about the "movement of the train", rather than the station, and the SRS has enabled housing providers to set internal benchmarks and related targets and demonstrate they are on the journey towards sustainability management becoming core business.

Feedback Summary

- the SRS is useful as a transparent, consistent, and comparable reporting framework for demonstrating ESG performance
- funders are using SRS reports as a complementary source of information on ESG and expect the SRS to become the norm, helping support increased sustainability finance flows to the sector
- funders would like to see improvement in the quality and consistency of reporting, most notably in disclosures of Scope 1, 2 and 3 emissions.

Recommendation from the financial sector going forward

Funders have welcomed the SRS for the social housing sector, but they would like to see improvements in the quality of reporting against some criteria. Interviewees explained that like-for-like comparisons are sometimes challenging because reporting is not always consistent across organisations, most notably in disclosures of Scope 1, 2 and 3 emissions. It has been suggested that self-reporting against the SRS may need to evolve towards independent verification to encourage more consistent and reliable data and reporting.

Lenders and investors also suggest an expansion of the 'E' criteria as environmental reporting continues to evolve. The SRS needs to monitor and adapt to emerging developments and could include more disclosures that are mapped to the UK Green Taxonomy, Task Force on Climate-related Financial Disclosure (TCFD) or net zero commitments. However, it is also noted that other reporting frameworks are heavily skewed towards the 'E', while the SRS gives appropriate focus on the 'S' and 'G'. Funders appreciated the fact that the SRS includes qualitative as well as quantitative data and found the qualitative information gave them a more rounded view of a housing association's ESG priorities and performance.

Funders would like to see a more standardised presentation of SRS reports, finding that ESG reports are often long and in various formats, which makes aggregation and benchmarking a challenge. There is clear interest in a standardised spreadsheet version of the SRS. This will be provided as part of SRS Version 1.2 (see Chapter 6).

Chapter 5. Analysis of SRS reports

This chapter is based on analysis of SRS reports published by 49 adopting housing providers in 2021. The housing providers that completed the reports manage just over 1.2 million homes, which represents around 34% of England's social housing stock. Although these housing providers manage a significant proportion of the social housing stock, they are just a small number of the providers in the UK, which total just over 1,850 organisations.

We caution that our analysis should not be used to draw conclusions about ESG performance in the social housing sector as a whole. It will only be possible to comment on the sector as a whole after adopters have gained some experience in reporting against the SRS criteria, when more adopters have produced reports, and when an accurate baseline of sector performance has been established.

We also note that we have not investigated the accuracy of the information contained in the SRS disclosures. It is for the stakeholders of each housing association to judge the accuracy of reporting. We hope that SRS reporting drives greater transparency and accountability to all stakeholders on matters that are of concern to them.

Our analysis of the 49 reports sought first to determine whether housing providers reported accurately, or with 'high fidelity'[4] to SRS specifications. We aimed to understand if gaps in completeness or accuracy were in part due to a lack of clarity or guidance on what should be reported. We have then reported on the results with the above caveats in mind. A high-level overview of the 49 housing provider reports is presented before summaries of the key findings under the SRS's 12 themes.

Overview

Of the 63 housing providers that had adopted the Standard by the end of 2021, 49 produced a 2021 ESG Report using the SRS[5]. On average, they reported against 43 of the 48 criteria. This indicates that most of the providers found it possible to report against most of the criteria. This may be because much of the data requested by the SRS is already collected, is not difficult to collect or may already be collected in financial reporting or disclosures to a housing regulator.

The number of criteria that housing providers reported against does not vary significantly with the size of the provider. Those with fewer than 5,000 units reported against 43 criteria on average, while housing providers with between 40,000 and 50,000 units reported against 42 criteria on average. This indicates that the SRS requests information that even the smallest providers can supply.

While 48 housing providers (97%) reported against more than 30 criteria, some providers chose to omit reporting on "core" criteria although they reported on "enhanced" criteria. For example, 13 reported against all 18 'enhanced' criteria but of this group five did not report against all the 'core' criteria. Just 18 (37%) providers reported against only the 30 'core' criteria. In total, eight housing providers (16%) reported against all 'core' and 'enhanced' criteria. We expect to see higher levels of reporting against all 48 criteria in the second year of SRS reports.

4 Fidelity is the degree to which the disclosure is considered accurate. That is, if the disclosure uses the requested data and whether this data is reported in the format requested by the SRS. Accurate disclosures are assessed as having 'high fidelity' and responses that diverge from SRS specifications as 'low fidelity'.

5 It is important to note that there are more than 49 published SRS Reports when the reports of providers that have not formally adopted the SRS are included, as well as SRS Reports published after end 2021.

Findings for the 'S' in ESG:

The social housing sector has a clear social purpose: to provide affordable, secure, quality housing to those who are unable to afford to buy or rent in the private market. The sector also provides support to residents who are often some of the most vulnerable in society and strives to ensure that their voices are heard in saying what they think about their homes, their landlords and the services they receive. Some housing providers also play an important role in regeneration and place-making, as they help shape the communities in which their residents live and offer services beyond the provision of housing.

The 'Social' criteria aim to capture the sector's performance in relation to this social purpose based on five themes: affordability and security, building safety and quality, resident voice, resident support, and place-making. This section provides a report of reporting on these themes and related criteria. Of these, 10 are 'core' and three are 'enhanced' criteria.

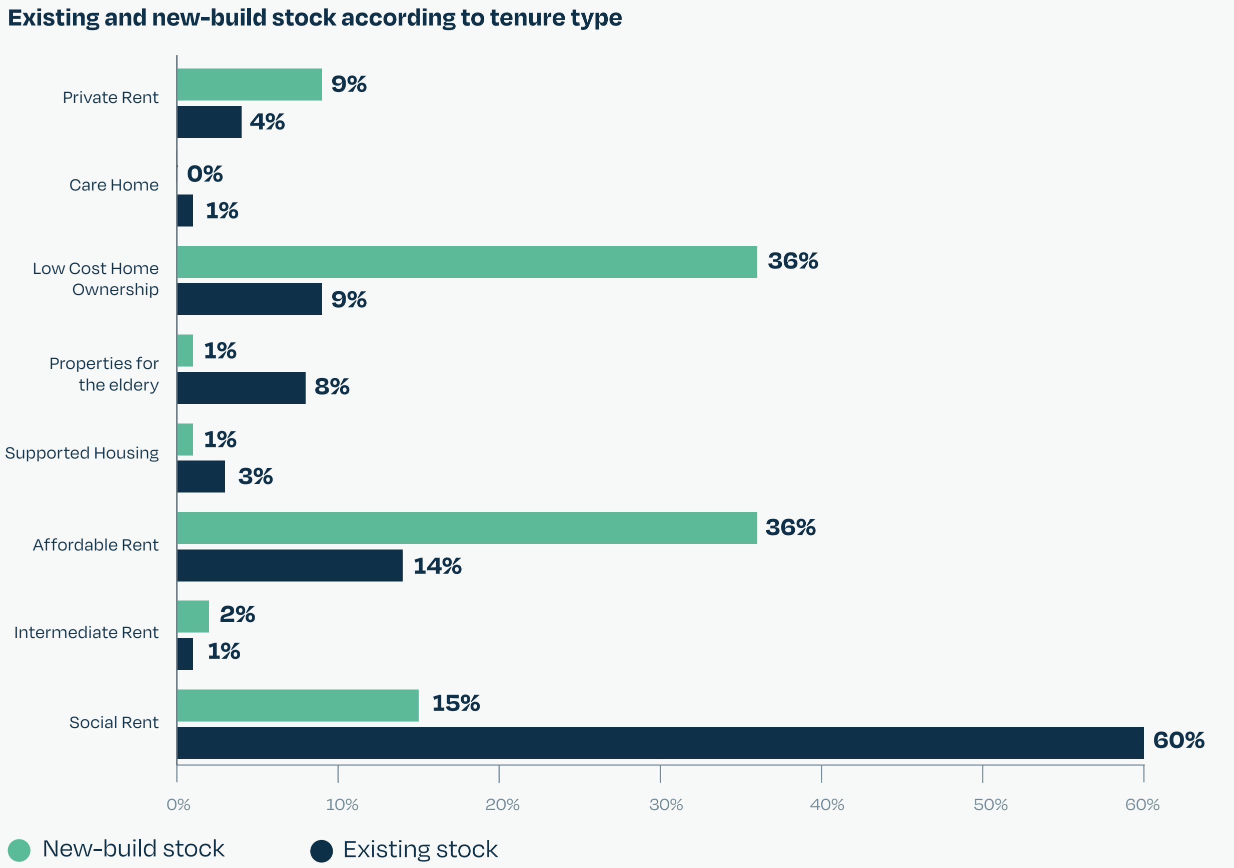
Reporting against Criterion 1 revealed that, on average, homes are being let at around a 50% discount to the private rented sector and at around a 40% discount to the Local Housing Allowance (LHA)[6]. This illustrates the cost savings delivered to residents; residents are paying 50% less than they would on the open market, and if their rent is entirely covered by housing benefit (LHA), then these homes are affordable for the lowest income households. Disclosures against Criterion 2 and 3 highlighted how the majority of new investment is into affordable rent housing and low-cost home ownership (see Figure 5).

Theme 1: Affordability and Security

Purpose	Assess the extent to which housing providers provide long-term homes that are genuinely affordable to those on low incomes.	
Criteria	**Description**	**% Reporting[7]**
C1 (Core)	For properties that are subject to the rent regulation regime, report against one or more Affordability Metric: 1) Rent compared to Median private rental sector (PRS) rent across the Local Authority 2) Rent compared to Local Housing Allowance (LHA)	90% 67% - against LHA 71% - against PRS 55% - against both
C2 (Core)	Share, and number, of existing homes (homes completed before the last financial year) allocated to tenure type (such as general needs/social rent, intermediate rent, affordable rent, supported housing, care homes etc.)	88%
C3 (Core)	Share, and number, of new homes (homes that were completed in the last financial year), allocated according to Criterion 2 (above).	92%
C4 (Core)	How is the housing provider trying to reduce the effect of fuel poverty on its residents?	94%
C5 (Enhanced)	What % of rental homes have at least a 3-year fixed tenancy agreement?	86%

6 Weight adjusted average. LHA N=11, PRS N=14.
7 The % of reporting housing providers that disclosed against this criterion

Figure 5: Existing and new-build stock according to tenure type



Note: C2 N=38, C3 N=42

Ninety-four percent of housing providers who disclosed against Criterion 4 reported that they pursue anti fuel poverty measures for their residents. Of the various actions discussed[8], 85% try to reduce the effect of fuel poverty by improving their stock's energy performance, such as through the installation of PV panels and insulation or upgrading heating systems. Sixty-seven percent of respondents provide some form of financial support to residents, such as fuel vouchers or budgeting advice, and 52% of providers offer energy saving advice to residents, such as through brochures and website links.

> *The sector provides support to residents who are often some of the most vulnerable in society and strives to ensure that their voices are heard in saying what they think about their homes, their landlords and the services they receive.*

8 N=46. Note that some responses have multiple themes.

Theme 2: Building Safety and Quality

Purpose	Assess how effective housing providers are at metting their legal responsibilities to protect residents and keep buildings safe.	
Criteria	**Description**	**% Reporting**
C6 (Core)	What % of homes with a gas appliance have an in-date, accredited gas safety check?	94%
C7 (Core)	What % of buildings have an in-date and compliant Fire Risk Assessment?	94%
C8 (Core)	What % of homes meet the national housing quality standard?	98%

The high percentage of providers reporting against the three criteria in Theme 2 most likely reflects the fact that the requested data is something that housing providers are already required to collect and is monitored by the housing regulators.

Over 99% of homes managed by the reporting housing providers have the relevant in-date gas and fire safety certifications covered in Criteria 6 and 7[9] . Responses against Criterion 8[10] show that 99.75% of the homes managed by reporting housing providers meet their national housing quality standard.

Theme 3: Resident Voice

Purpose	To assess how effective housing providers are at listening to and empowering residents.	
Criteria	**Description**	**% Reporting**
C9 (Core)	What arrangements are in place to enable the residents to hold management to account for provision of services?	98%
C10 (Core)	How does the housing provider measure Resident Satisfaction and how has Resident Satisfaction changed over the last three years?	98%
C11 (Enhanced)	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 within the housing provider?	90%

9 C6 and C7 N=46.
10 N=47.

Since the government published its Social Housing White Paper in November 2020 with a particular focus on resident voice and influence, the sector has continued to respond to the call for greater accountability to residents. A high percentage of housing providers reported on Criteria 9 and 10, with 98% of providers confirming that they already have arrangements to enable residents to hold management to account and to measure resident satisfaction.

Seventy-seven percent of providers are subject to oversight by resident panels or overview groups, 71% through feedback channels such as surveys and 54% through some form of resident committee that reports directly to the Board[11] or resident representation on the Board. Multiple mechanisms are used to capture resident satisfaction, with 79% deploying resident surveys, 17% using complaint monitoring processes and 10% using resident networks or media platforms[12].

The National Housing Federation's (NHF's) 2020 sector wide 'Together with Tenants' initiative, which focuses on strengthening the relationship between residents and providers, was explicitly mentioned by 17% of respondents.

In total, 90% of housing providers reported against Criterion 11. They disclosed that on average, one complaint to the Ombudsman per 2000 units was upheld in the last 12 months[13].

"A high percentage of housing providers reported on Criteria 9 and 10, with 98% of providers confirming that they already have arrangements to enable residents to hold management to account and to measure resident satisfaction.

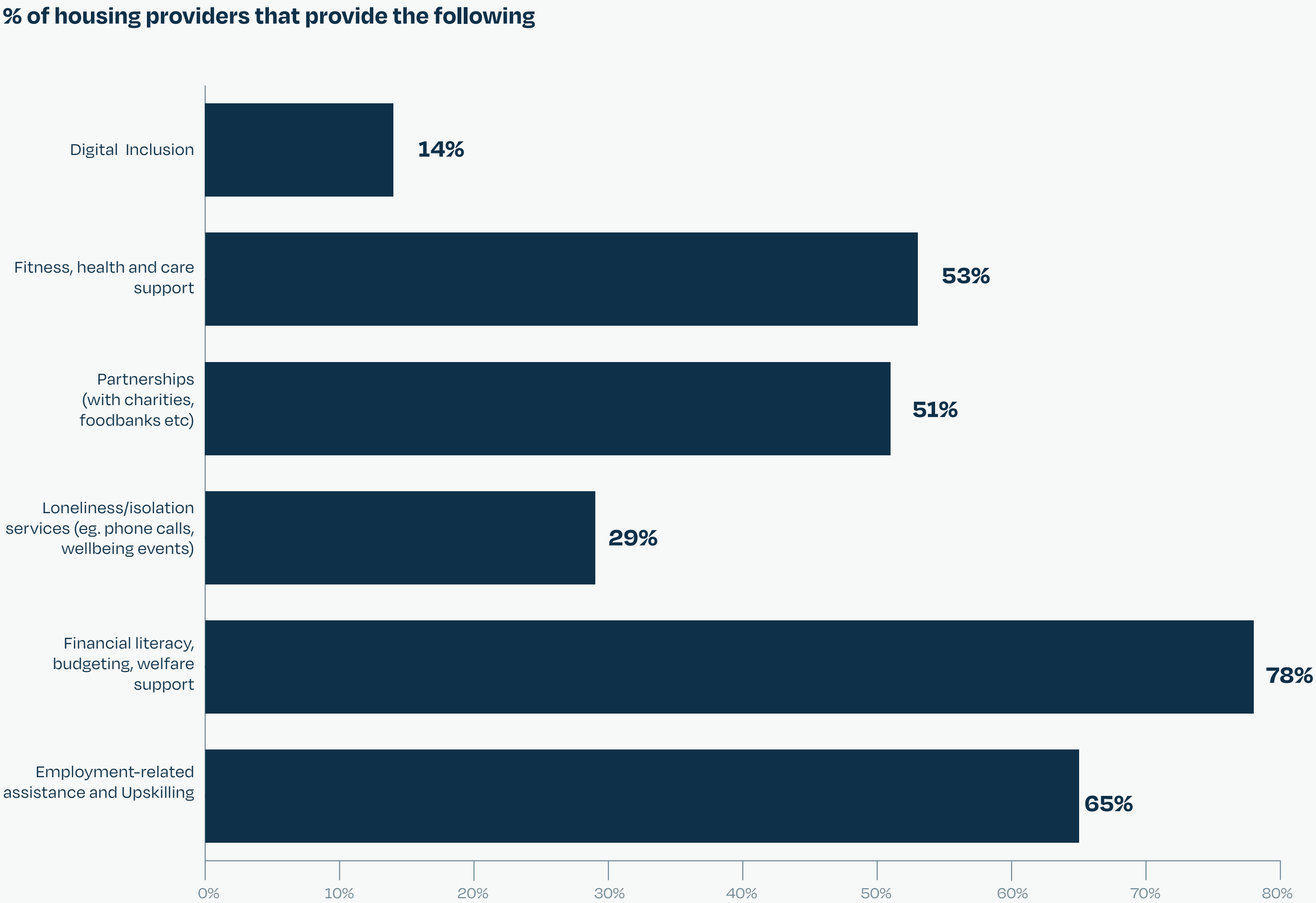
11 N=46. Note that some responses have multiple themes.
12 N=46. Note that some responses have multiple themes.
13 N=46. Note that some responses have multiple themes.

Theme 4: Resident Support

Purpose	To assess the effectiveness of the initiatives that housing providers run to support individual residents.	
Criteria	**Description**	**% Reporting**
C12 (Core)	What support services does the housing provider offer to its residents? How successful are these services in improving outcomes?	100%

Every reporting provider reported against Criterion 12 on its resident support services. Responses demonstrated how housing providers deliver a variety of services aimed at improving the quality of life for residents (see Figure 6 below). For example, 78% of housing associations provide financial literacy support to residents, such as budgeting or assisting with welfare support applications. Sixty-five percent provide employment-related assistance and upskilling services, and nearly 30% deliver programmes aimed at reducing isolation and loneliness.

Figure 6: Support services provided to residents by housing providers



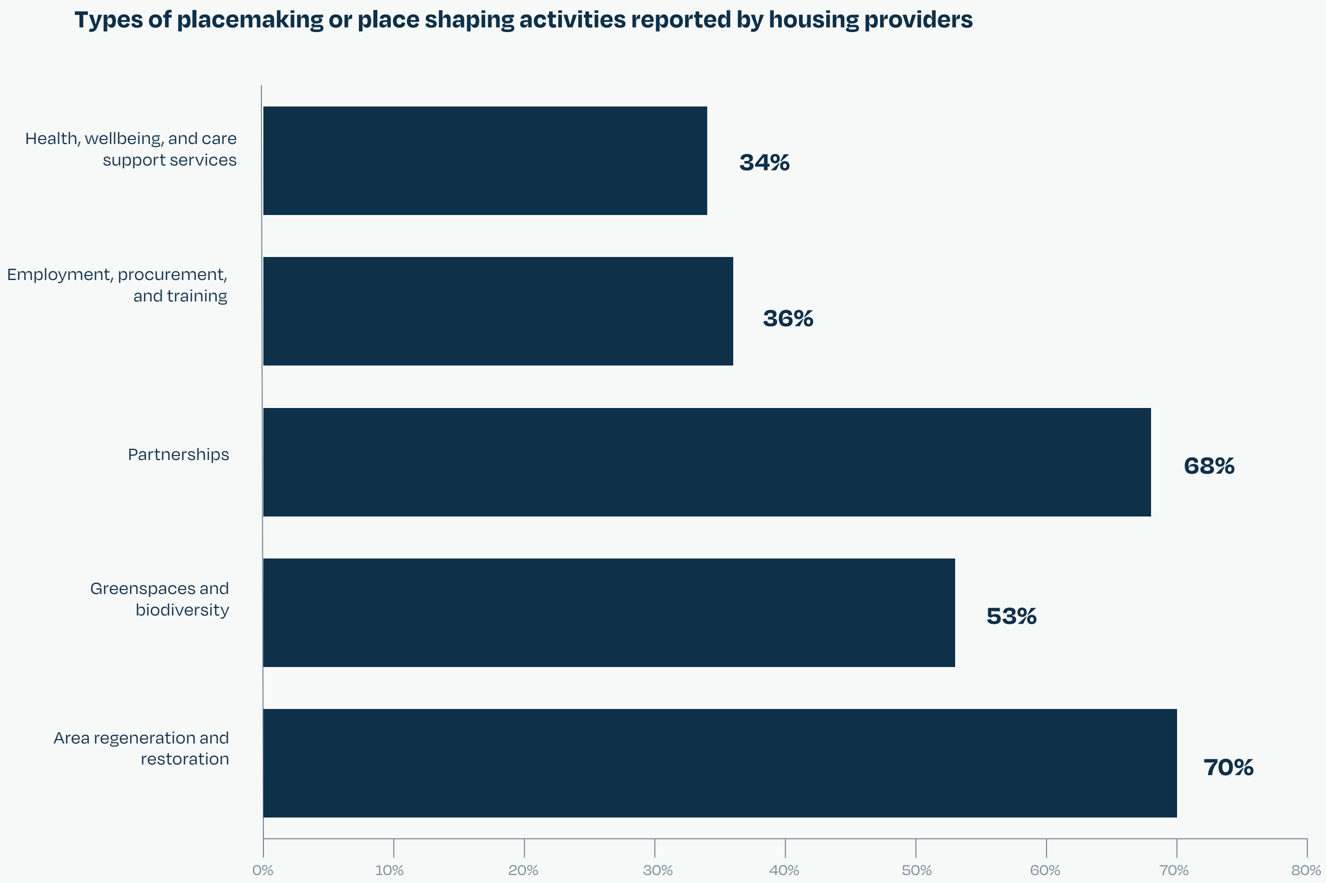
Note: N=49. Some responses have multiple themes.

Theme 4: Resident Support

Purpose	**To highlight the wider set of activities that housing providers undertake to create well-designed homes and places that meet local needs and provide greater places for people to live and enjoy.**	
Criteria	**Description**	**% Reporting**
C13 (Enhanced)	Provide examples or case studies of where the housing provider has been engaged in placemaking or place-shaping activities.	98%

Responses to Criterion 13 were some of the most varied across the SRS (please see Figure 7), reflecting that housing providers play a different role in placemaking depending on their size and location. Seventy percent of providers gave examples of local regeneration or area/estate improvements, such as the installation of play areas, and 53% cited examples of providing or increasing the provision of green spaces and encouraging biodiversity, such as with public parks or tree nurseries. Thirty six percent of providers cited local employment and training initiatives, 34% gave examples of providing health, wellbeing, or care services in the local area, and 68% describe partnerships and collaborations with local charities, local authorities, community groups or businesses.

Figure 7: Examples of placemaking or place shaping activities reported by housing providers



Note: N=48. Some responses have multiple themes

Findings for the 'E' in ESG:

Climate change has become one of the most pressing issues of our time. As a sector with one of the highest carbon footprints, the contribution that the housing sector has, in terms of existing stock and new construction, towards greenhouse gas emissions is substantial. With the UK target set to bring all greenhouse gas emissions to net zero by 2050, housing providers will be at the forefront of the decarbonisation agenda.

The 'Environmental' criteria are designed to capture the sector's environmental performance through three themes: climate change, ecology, and resource management. This section provides a summary of reporting against the three 'core' and ten 'enhanced' criteria.

Theme 6: Climate Change

Purpose	**To assess how the activities of housing providers are impacting on climate change, and how they are mitigating the physical risks of climate change. Considering current practice as well as changes made to improve future performance.**	
Criteria	**Description**	**% Reporting**
C14 (Core)	Distribution of EPC ratings of existing homes (those completed before the last financial year)	94%
C15 (Core)	Distribution of EPC ratings of new homes (those completed in the last financial year).	88%
C16 (Enhanced)	Scope 1, Scope 2 and Scope 3 greenhouse gas emissions	80%
C17 (Enhanced)	What energy efficiency actions has the housing provider undertaken in the last 12 months?	96%
C18 (Enhanced)	How is the housing provider mitigating the following climate risks: - Increased flood risk - Increased risk of homes overheating	82%
C19 (Enhanced)	Does the housing provider give residents information about correct ventilation, heating, recycling etc. Please describe how this is done.	86%

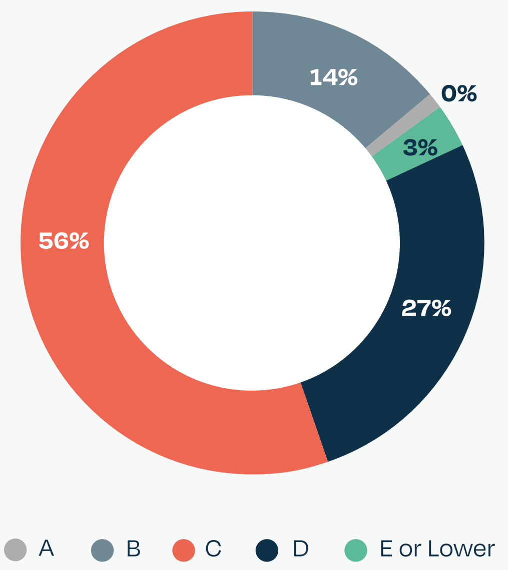
Climate change dominated media attention in 2021, especially as the 26th United Nations Climate Change Conference (COP26 Summit) was held in Glasgow to bring together parties working to attain the goals of the Paris Climate Agreement. On the heels of COP26, the UK government became the first G20 country to enshrine mandatory climate-related disclosures for the largest companies in law, with the Net Zero Strategy calling for full alignment to the Task Force on Climate-Related Financial Disclosures (TCFD) across various sectors by 2025. These TCFD recommendations also helped shape the SRS.

For the social housing sector, the UK government's Clean Growth Strategy set the target of upgrading as many homes as possible to EPC grade C by 2035. Responses to Criteria 14 and 15 were included in 94% and 88% of SRS reports respectively. The disclosures indicated that larger percentages of new stock achieve higher EPC ratings than older homes (see Figure 8).

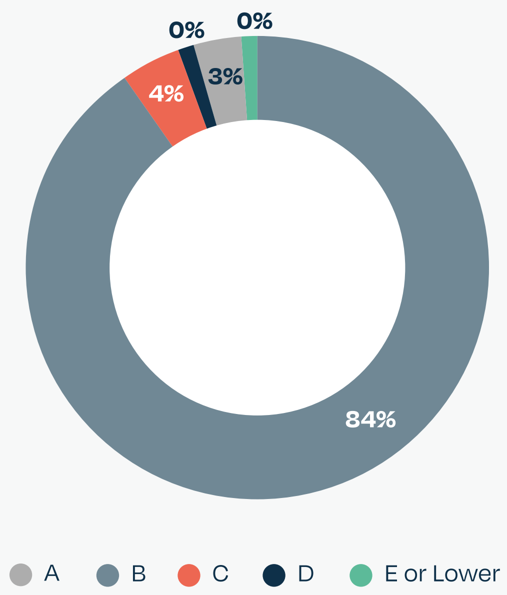
Only 14% of existing stock obtained EPC ratings of A or B, whereas 87% of new build stock has achieved these grades. Additionally, only four percent of new build homes have C ratings, and no new homes have ratings of D or lower, whereas 86% of existing stock has ratings of C or lower.

Figure 8: Distribution of reported EPC Ratings

Distribution of EPC Ratings of existing stock*



Distribution of EPC Ratings of new stock*



*Of stock with known EPCs

Note: C14 N=43, C15 N=41.

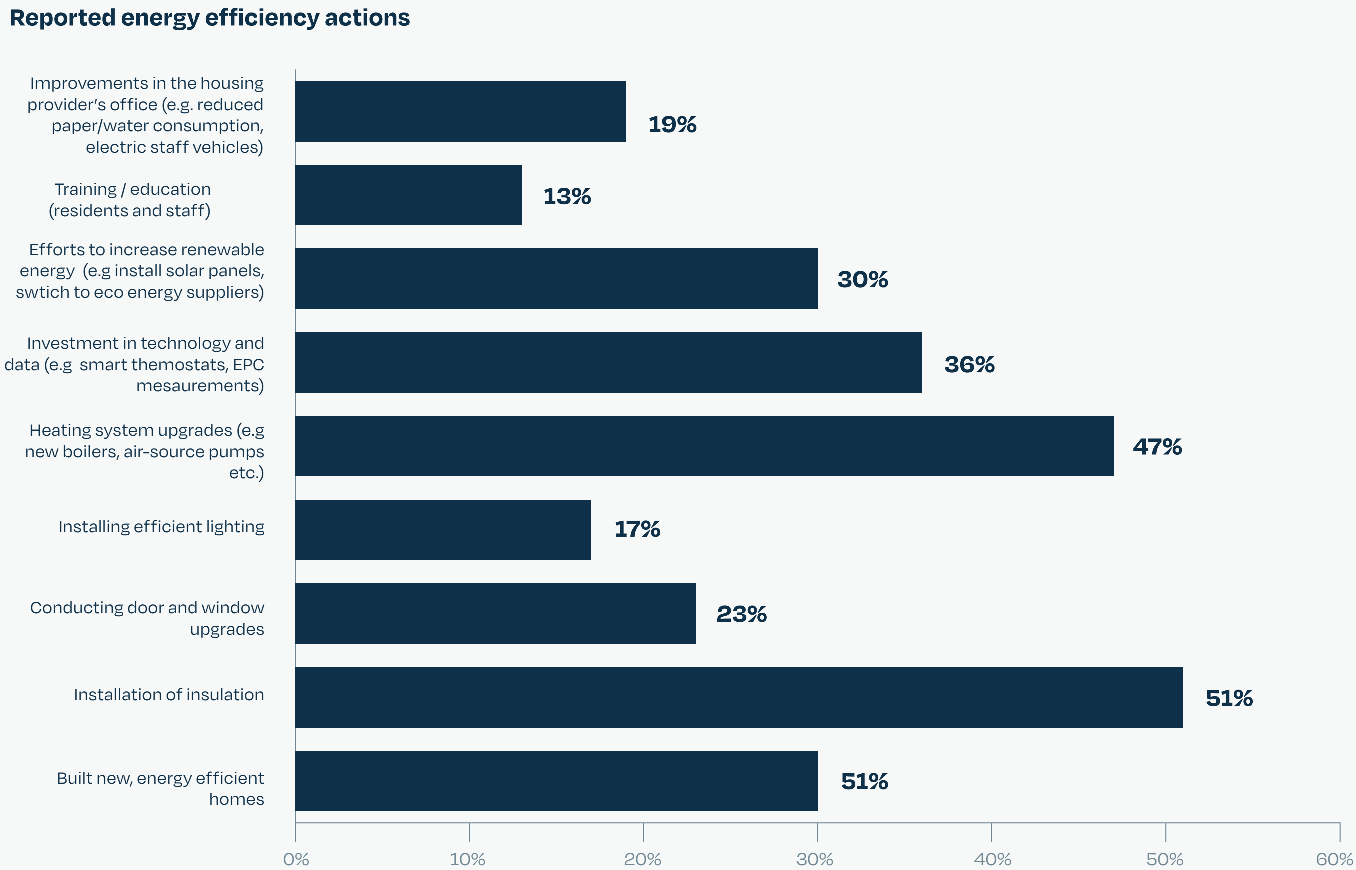
Close to 80% of housing providers reported against Criterion 16, but there was huge variability in the responses, with the average reported emissions across Scope 1, 2 and 3 ranging from 14Kg CO2 to 11,898Kg CO2 per housing unit. The variability is likely to be due to differences in reporting methodologies. Since most housing providers did not disclose their methodology, and with disclosures ranging so drastically, it has not been possible to generate an aggregate picture of the 49 reporting providers.

Greenhouse gas emissions data is of primary importance in evaluating environmental performance. There is ongoing discussion both within the sector and more widely as to how emissions should be calculated and reported. The SRS will monitor developments to promote guidance that results in more consistent, comparable data that lends itself to being aggregated into sector-wide emissions analysis.

Of the providers that failed to report on Criterion 16, 70% had fewer than 15,000 homes under management. It may be that smaller providers have less experience in collecting this data and find it more challenging to do so. We note that the same challenges are experienced by smaller organisations in other sectors as well.

Criterion 17 had a strong response rate, with 96% of housing providers reporting energy efficiency actions conducted in the last 12-month reporting period. These range from installing insulation and heating system upgrades to the provision of energy-saving advice to tenants (see Figure 9 below). Currently, the SRS does not capture the scale of the impact of these initiatives, which would be an informative and useful piece of data to capture, especially as energy costs continue to rise.

Figure 9: Energy efficiency actions taken by reporting housing providers



Note: N=47. Some responses have multiple themes

Flood risk and the risk of overheating have become of increasing concern with rising global temperatures, and these are covered by Criterion 18. Eighty two percent of respondents said they consider flood risk in some way and 74% consider home over-heating risk, yet descriptions and reporting vary greatly. Many refer to external assessments by environmental consultants which have been reflected in their sustainability policies (or intend to be) – especially in their design of new homes.

Many refer to external assessments by environmental consultants – which providers have integrated into their sustainability policies (or intend to) – especially in their design of new homes. Some housing providers may not be reporting against these criteria because they do not believe flood or overheating risk mitigation to be a relevant to their housing stock.

Of the 86% that responded to Criterion 19 on providing information to residents, 56% cited the provision of information packs or user guides and/or resident support from staff such as through maintenance team visits, to provide information to tenants on good ventilation, heating, and recycling practices.

Theme 7: Ecology

Purpose	To assess how housing providers are protecting the local environment and ecology.	
Criteria	**Description**	**% Reporting**
C20 (Enhanced)	How is the housing provider increasing Green Space and promoting Biodiversity on or near homes?	88%
C21 (Enhanced)	Does the housing provider have a strategy to actively manage and reduce all pollutants? If so, how does the housing provider target and measure performance	73%

The promotion of practices that enhance or conserve biodiversity has only recently come into focus in the housing sector. With the Taskforce for Nature-related Financial Disclosures (TFND) launched in June 2021 and its first framework released in March 2022, it is likely that more targeted action plans and reporting requirements on ecological influence will become relevant to the sector.

Given that this is an enhanced criterion, it is notable that 88% of the reporting housing providers disclosed against Criterion 20. Most mention some form of green space allocation, tree planting initiatives or communal garden provision. Many providers have begun conducting biodiversity mapping, such as through SHIFT assessments, which they hope will give them the data to understand and improve their protection of biodiversity.

Criterion 21 received the lowest reporting rate of any criterion in the SRS reports, with only 73% of providers reporting against it. Of those that reported[14], 39% have a strategy for actively managing pollutants and a further 16% are planning to develop one. As providers begin to formulate management strategies, reporting rates and management performance is likely to improve in future reporting years.

14 N=49.

Theme 8: Resource Management

Purpose	To identify the extent to which housing providers have a sustainable approach to materials in both the construction and management of properties.	
Criteria	**Description**	**% Reporting**
C22 (Enhanced)	Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building works? If so, how does the housing provider target and measure performance?	84%
C23 (Enhanced)	Does the housing provider have a strategy for waste management incorporating building materials? If so, how does the housing provider target and measure performance	86%
C11 (Enhanced)	Does the housing provider have a strategy for good water management? If so, how does the housing provider target and measure performance?	75%

There is strong interest in the environmental impacts of property construction and operation, especially in regard to materials use, waste, and water management procedures. Of those that reported, 39% of providers have strategies to use or increase the use of responsibly sourced materials for all building works, with 31% planning to develop a sustainable sourcing strategy[15]. Also, 55% have waste management strategies with 16% planning to develop them[16],and 35% have strategies for good water management with 29% planning to develop them[17].

Around 50% of providers stated an intention to put in place improved strategies for these areas in the coming year.

15 N=35
16 N=41
17 N=40

Findings for the 'G' in ESG:

Strong corporate governance is key to building a secure and sustainable foundation for a business. The governance factors of decision making, and the distribution of rights and responsibilities are critical when trying to understand corporate risks – both as a housing provider and a funder.

The 'Governance' criteria cover the sector's governance standards through four themes: Structure and Governance, Board and Trustees, Staff Wellbeing and Supply Chain. This section provides a summary of reporting against these themes, which are covered in 18 'core' and six 'enhanced' criteria.

Theme 9: Structure and Governance

Purpose	**To assess housing providers' overall structure and approach to governance.**	
Criteria	**Description**	**% Reporting**
C25 (Core)	Is the housing provider registered with the national regulator of social housing?	100%
C26 (Core)	What is the most recent regulatory grading/status?	100%
C27 (Core)	Which Code of Governance does the housing provider follow, if any?	92%
C28 (Core)	Is the housing provider Not-For-Profit? If not, who is the largest shareholder, what is their % of economic ownership and what % of voting rights do they control?	94%
C29 (Core)	Explain how the housing provider's board manages organisational risks	96%
C30 (Enhanced)	Has the housing provider been subject to any adverse regulatory findings in the last 12 months (data protection breaches, bribery, money laundering, HSE breaches etc) that resulted in enforcement or other equivalent action?	82%

The majority of criteria on structure and governance are "core" criteria that ask for essential information that housing providers should have and may already report externally. All of the core criteria on this theme were included in reporting by all or nearly all providers.

As expected, all reporting housing providers are registered with their applicable national regulator of social housing. Of the providers that receive a regulatory grading, 98% enjoy England's highest level of governance ratings (G1) and 73% received a V1 rating, with the remaining providers receiving a V2 rating. All six Welsh providers meet the Welsh government's regulatory standard.

All reporting housing providers follow a code of governance – either the 2015/2020 NHF Code of Governance, UK Corporate Governance Code or Community Housing Cymru Code of Governance. All 46 housing providers that reported against Criterion 28 are not-for-profit organisations, though two of those that did not report are also not-for-profits.

Of the 47 housing providers that reported against Criterion 29, most referred to operational Risk Management Frameworks, Risk Registers and Audit and Risk management Committees that are reviewed biannually or annually and reported in annual financial statements as a means of managing organisational risks.

All housing providers reported against Criterion 30, with only one having been subject to adverse regulatory findings in the last 12 months.

Theme 10: Board and Trustees

Purpose	To assess the quality, suitability and performance of the board and trustees.	
Criteria	**Description**	**% Reporting**
C31 (Core)	What are the demographics of the board? And how does this compare to the demographics of the housing providers residents, and the area that they operate in?	96%
C32 (Core)	What % of the board AND management team have turned over in the last two years?	86%
C33 (Core)	Is there a maximum tenure for a board member? If so, what is it?	94%
C34 (Core)	What % of the board are non-executive directors?	92%
C35 (Core)	Number of board members on the Audit Committee with recent and relevant financial experience	86%
C36 (Core)	Are there any current executives on the Renumeration Committee?	80%
C37 (Core)	Has a succession plan been provided to the board in the last 12 months?	88%
C38 (Core)	For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?	86%
C39 (Core)	When was the last independently-run, board-effectiveness review?	90%
C40 (Core)	Are the roles of the chair of the board and CEO held by two different people?	92%
C41 (Core)	How does the housing provider handle conflicts of interest at the board?	92%

Although the 10 criteria on Board and Trustees are "core" criteria, not all housing providers reported against all criteria in their reports.

All but two housing providers reported against Criterion 31. The average board composition of the reporting providers[18] is: 39% female, 12% BAME, 11% LGBTQ+ and 5% with a disability, with the average board member aged 57 and average turnover every 3.5 years. Criterion 31 also asks for a comparison of board composition to the demographics of residents, but few housing providers included this information in their disclosure.

Criterion 32 received the fewest disclosures of Theme 10 and the reporting is inconsistent. Some providers report the turnover rate of either the board or management teams or did not specify which groups they were referring to, making an aggregate picture of the 49 reporting organisations impossible. Of the 46 providers that reported against Criterion 33, all have a maximum board tenure (nine years for 80% of providers and six years for the remaining 20%).

Responses to Criteria 34 and 35 showed that, for the average reporter, 83% of the board is made up of non-executives[19] and two to three board members sit on the audit committee. The most frequently cited financial experience is accountancy qualifications.

Of the 38 providers that reported against Criterion 36, 95% have no current executives on the renumeration committee[20]. Of the 43 providers that reported against Criterion 37, 85% of these have provided the board with a succession plan within the last 12 months.

Of the 41 providers reporting against Criterion 38, the average time in place for their external auditor is five years. The longest tenure reported was 15 years and the shortest was less than a year.

Criteria 39, 40 and 41 received a 90% or higher reporting rate. The majority conducted independent board effectiveness reviews in 2019 and 2020. All reporters have their chair and CEO positions held by different people. Most review their Code of Conduct annually and manage conflicts of interest by requiring board members to complete forms listing potential conflicts of interest.

18 % of women N=46, % of BAME N=39, % with a disability N=27, LGBTQ+ members N=4, board member age N=35, board turnover period N=32.
19 N=44
20 N=44

Theme 11: Staff Wellbeing

Purpose	**To assess how staff are supported and how their wellbeing is considered.**	
Criteria	**Description**	**% Reporting**
C42 (Core)	Does the housing provider pay the Real Living Wage?	88%
C43 (Core)	What is the gender pay gap?	86%
C44 (Enhanced)	What is the CEO-worker pay ratio?	80%
C45 (Enhanced)	How does the housing provider support the physical and mental health of their staff?	96%
C46 (Enhanced)	Average number of sick days taken per employee	80%

With the government raising the National Minimum Wage to £8.91 in April 2021 and due to increase it again to £9.50 in April 2022, the need for fair and decent pay continues to be a national concern.

The Real Living Wage, which is the only wage rate independently calculated based on rising living costs such as fuel, energy, and rent has become a valued rate, especially as the cost of living continues to rise. All 49 housing providers reported against Criterion 42, disclosing that 69% pay above the minimum wage and are committing to paying the Real Living Wage. This is an important area where a comply or explain approach would be valuable.

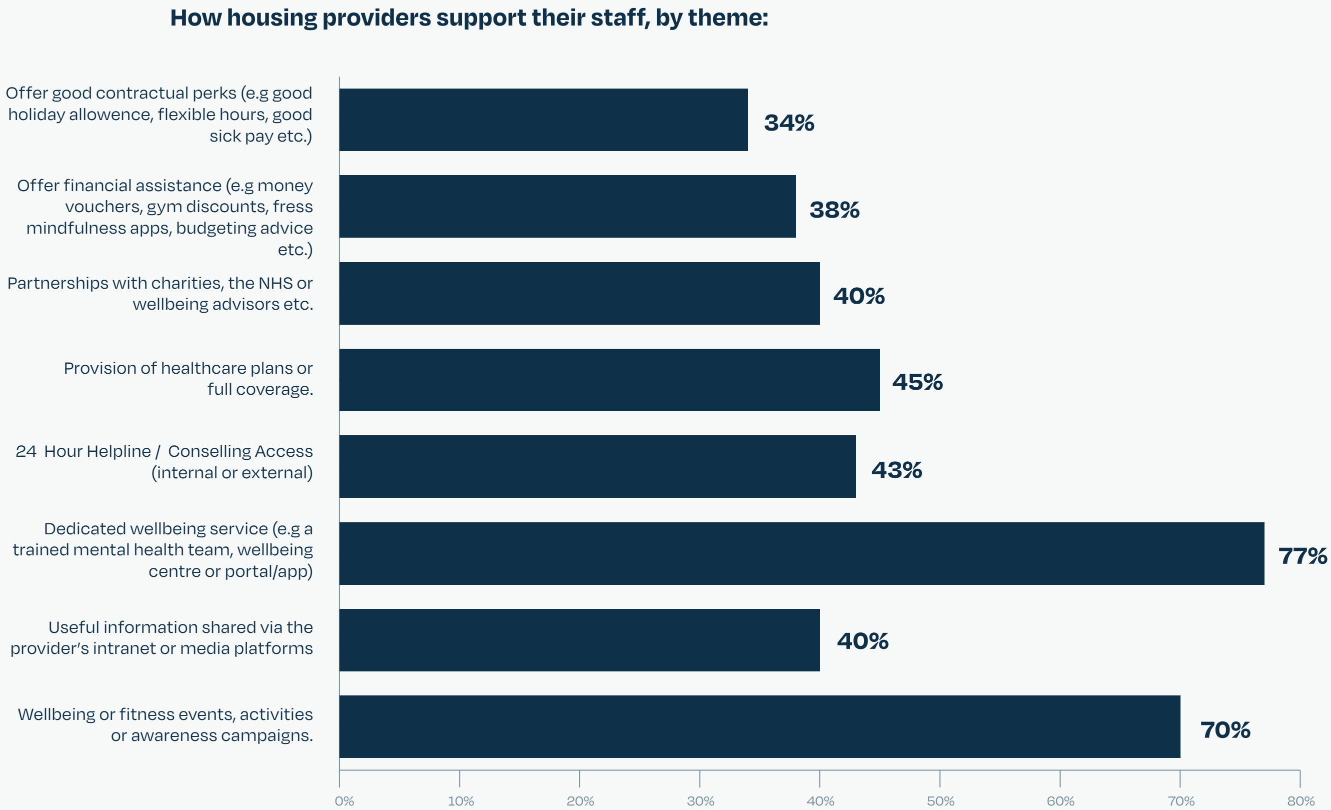
Similarly, in the last 10 years, there has been increasing attention – by both social commentators and regulators – on the need to capture pay disparities across gender and business hierarchy. While 80% of adopters reported against Criterion 43, the methodology of what was reported varied. From the responses that could be aggregated[21], the median gender pay gap is 8.14%.

Criterion 44 also received an 80% response rate. The average CEO to median worker pay ratio is 7:1[22]. This did appear to be influenced by housing provider size, with providers overseeing fewer than 10,000 homes averaging just under 5:1 and those with over 40,000 homes at 12:1[23].

Criterion 45 had a 96% response rate with reporting organisations citing a wide range of initiatives targeted at supporting staff wellbeing. These range from dedicated wellbeing services and social events to contractual perks and financial support (please see Figure 10).

21 N=23.
22 N=29.
23 By way of reference, in its 2020 review of the FTSE 100, CIPD found that the CEO to median pay ratio of UK employees was 84:1 at the 70 companies who disclosed.

Figure 10: Staff support services provide by housing providers



Note: N=47. Some responses have multiple themes

Of the 39 respondents that provided information on Criterion 46, the average number of sick days taken per employee was 6.1 days. Note that the Office of National Statistics (ONS) pegs the national average at 4.4 days in 2018[24]. However, the ONS does not include the average number of sick days in 2020 due to analysis measures being affected by Covid, so this result should be considered within this context.

24 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2018

Theme 12: Supply Chain

Purpose	**To assess if housing providers procure responsibly.**	
Criteria	**Description**	**% Reporting**
C47 (Enhanced)	How is Social Value creation considered when procuring goods and services?	88%
C48 (Enhanced)	How is Environmental impact considered when procuring goods and services?	88%

Criteria 47 and 48 cover the of supply chains to reduce environmental impacts and ensure good social practices have been followed. Well-defined procurement processes have become a more frequently discussed and expected activity of the housing sector in recent years. Both criteria were addressed by 88% of reporters.

Of providers that did report, 95% state that social value is considered in their procurement process, and seven percent explicitly refer to using the HACT Social Value Insight Tool. Eighty-four percent of reporters say they consider environmental impacts in procurement.

However, only 33% of respondents state they use ongoing monitoring and management of contractors to ensure that social value is being delivered as expected, and only 16% of respondents report that they provide training or guidance to employees and contractors on social value.

Chapter 6. Next steps for the SRS

Eighteen months after the initial publication of the SRS criteria, there continues to be a rapidly rising tide of interest in ESG and sustainability performance. This interest has highlighted the need for consistent and comparable reporting on ESG performance. The fact that over 100 adopters have signed up to the SRS signals strong interest in a common disclosure framework. As the number of SRS adopters grows, it's important that it remains aligned with emerging regulatory and market requirements and trends and relevant to the needs of all users.

While updating the SRS, Sustainability for Housing will balance two conflicting issues:

- The SRS needs to reflect the evolving reporting expectations of housing providers and lenders
- The SRS needs to remain as consistent as possible to enable year-on-year comparisons

In considering these issues, SfH has decided not to make any changes to the selection of criteria for the next reporting cycle. Instead, an updated guidance on how to report against the criteria has been issued. This guidance provides clarity on reporting specification with the aim of improving consistency in disclosure amongst housing providers. This new version of the SRS is "SRS Version 1.2".

To ensure the SRS can incorporate new regulations and evolving reporting requirements, there will be an updated version of the criteria published in spring/summer 2023. These criteria won't need to be reported against until October 2024. This will allow housing providers sufficient time to ensure they have the systems and processes in place to capture the necessary data. This version of the SRS will be "SRS Version 2.0" (see page 48).

In the meantime, based on feedback we have received, we will also continue to work to ensure the criteria included within the Standard are as clear, specific and consistent as possible. This will strengthen the ability to produce comparable, aggregate data across the housing providers that are reporting. We will keep the criteria under review and endeavour to manage competing interests around the selection of criteria included in the Standard.

Ongoing engagement with adopters and key stakeholders will help us to respond to the sector's view on the relevance of certain criteria, and the appetite from stakeholders for a greater focus on certain ESG areas over time.

In addition to the development of the SRS, the SfH Board will continue to:

- Promote the SRS and the benefits of adoption
- Monitor broader reporting and regulatory requirements to ensure alignment of the SRS with emerging trends and legislation in ESG reporting, both in the UK and internationally
- Form and encourage an adopter community that shares best practice in the UK – continue to promote the SRS on the world stage, after receiving significant interest from overseas organisations. We are actively engaged in supporting the development of the SRS in Australia and have had discussions with interested parties in Ireland, Canada and the US, along with representatives at the World Economic Forum.

Evolving the SRS

SRS Version 1.2

SRS v1.2 has been published in Spring 2022 and provides a greater description on how to report against the SRS. The updated guidance is based on the evaluation of SRS reports, specifically reviewing criteria where responses were inconsistent or with low fidelity to reporting specifications. The updated guidance also includes the expectation that, in addition to publishing a report, all housing providers will now also publish their responses in an Excel input Tool (available on www.esgsocialhousing.co.uk). This will increase consistency from housing providers and make the process of comparison and aggregation more straightforward.

SRS Version 2.0

SRS v2.0 will be published in spring/summer 2023. In Autumn 2022 we will begin a sector-wide consultation, taking inputs from a variety of actors, including:

- Feedback from our adopter community (both housing providers and lenders)
- Feedback from the wider sector
- Updated housing regulations and reporting expectations

Appendices

List of all adopters as of 30th April 2022

Housing providers			
A2Dominion	Dolphin Living	L&Q	Places for People
Abri	Flagship Group	Magenta Living	Platform Housing Group
Adra	Gloucester City Homes	Metropolitan Thames Valley	Pobl Group
Alliance Homes	Grand Union Housing Group	Midland Heart	RHA Wales
Anchor Hanover	Great Places Housing Group	Moat	Rooftop Housing Group
Aster Group	The Guinness Partnership	Network Homes	Saxon Weald
Blackwood Homes and Care	Halton Housing	Newlon Housing Trust	Settle Group
bpha	Home Group	Newydd Housing Association	Silva Homes
Broadacres Housing Association	Homes for Lambeth	Nottingham Community Housing Association	Sovereign Housing Association
Cartrefi Conwy	Hyde Group	Notting Hill Genesis	Stonewater Homes
Catalyst Housing	Jigsaw Homes Group	Octavia Housing	Thirteen Group
Chrysalis	Karbon Homes	One Vision Housing	Thrive Homes
CHP	Leeds and Yorkshire Housing Association	Optivo	Torus
Clarion Housing Group	Linc-Cymru Housing Association	Orbit	Vivid Housing
ClwydAlyn	Lincolnshire Rural Housing Association	PA Housing	Wakefield District Housing
Cobalt Housing	LiveWest Homes	Peabody	Wrekin Housing Group
Curo Group	Livin Housing	Pine Court Housing Association	Yorkshire Housing

Lenders and Investors			
Aberdeen Standard Investments	Clydesdale and Yorkshire Bank	Legal & General Investment Management Real Assets	Rathbone Greenbank Investments
Affirmative Investment Management	Fundamentum Property Advisors	Lloyds Bank Commercial Banking	Rothesay Life
Affordable Accommodation Investment Management (AAIM)	Fundamentum Social Housing REIT PLC	M&G Investments	Royal London Asset Management
Aviva Investors	GB Social Housing	MORhomes	Santander
BAE Systems Pension Funds Investment Management	Gresham House	National Australia Bank	Schroders
Barclays	Henley Investment Management	NatWest	Scottish Widows
BlackRock Investment Management (UK)	HSBC UK Bank	Pension Insurance Corporation	The Housing Finance Corporation
Civitas Investment Management	Insight Investment Management (Global)	PGIM Real Estate	The International Business of Federated Hermes
Civitas Social Housing PLC	LaSalle Investment Management	Principality Building Society	Triple Point Investment Management LLP

List of respondents to adopter surveys and funder interviews

Adopting Housing Provider Respondents to Feedback Survey			
A2Dominion	Chrysalis Supported Association	Leeds and Yorkshire Housing Association	Optivo
Abri	Curo Group	LiveWest Homes	Orbit Group
Adra	Dolphin Living	Livin Housing	PA Housing
Alliance Homes	Gloucester City Homes	Magenta Living	Peabody
Anchor Hanover	Great Places Housing Group	Metropolitan Thames Valley	Platform Housing Group
Aster Group	The Guinness Partnership	Network Homes	Pobl Group
bpha	Halton Housing	Moat	RHA Wales
Broadacres Housing Association	Home Group	Newydd Housing Association	Silva Homes
Cartrefi Conwy	Hyde Group	Notting Hill Genesis	Stonewater
Catalyst Housing	Jigsaw Homes	Nottingham Community Housing Association	Thirteen Group
CHP	Karbon Homes	Octavia Housing	Unknown

Adopting Lenders or Investors interviewed			
Aviva Investors	M&G Investments	PGIM Real Estate	THFC
Barclays	MORhomes	Rothesay Life	
Lloyds Bank Commercial Banking	NatWest	Schroders	

Adopting Lender or Investor Respondents to Feedback Survey			
Rathbone Greenbank	BlackRock	Fundamentum Property Group	

List of Housing Providers with SRS report published in 2021

Adopting Housing Providers with SRS Report published in 2021			
A2Dominion	Curo Group	Magenta Living	Platform Housing Group
Abri	Dolphin Living	Midland Heart	Pobl Group
Adra	Flagship Group	Moat	ReSI Housing
Alliance Homes	Gloucester City Homes	Network Homes	RHA
Anchor Hanover	Grand Union Housing Group	Newydd Group	Riverside
Aster Group	Great Places Housing Group	Notting Hill Genesis	Rooftop Housing Group
bpha	Halton Housing	Nottingham Community Housing Association	Settle Group
Broadacres	Home Group	Octavia	Silva Homes
Cartrefi Conwy Housing Authority	Homes For Lambeth	Optivo Housing Authority	Stonewater Homes
Catalyst Housing Group	Hyde Housing Authority	Orbit	Thirteen
Chelmer Housing Partnership (CHP)	Karbon Homes	PA Housing	
Clarion Housing Authority	Leeds & Yorkshire Housing Association	Peabody Trust	
ClwydAlyn	LiveWest	Places For People	