The Sustainability Reporting Standard for Social Housing

Annual Review

July 2024

Sustainability *for* Housing

THE GOOD ECONOMY

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Acknowledgements

Sustainability for Housing would like to thank the SRS community for their ongoing support. We also would like to give special thanks to our case study contributors and Board reviewers. Thank you to Social for editorial support on this report.

Foreword

Welcome to Sustainability for Housing's (S*f*H) third annual report.

The aim of this report is to tell the story of what has been achieved by S*f*H over the year and also the progress made by the housing providers that use the Sustainability Reporting Standard for Social Housing (SRS or the Standard).

S*f*H is the steward of the SRS, which was launched in November 2020 to provide a framework for consistent, comparable and transparent reporting by housing providers on their environmental, social and governance (ESG) performance.

The aim of the Standard is to make it easier for stakeholders – from funders to residents – to assess ESG performance and risks, and to identify positive social and environmental outcomes achieved by housing providers. Equally, it supports housing providers to develop sustainability strategies and targets, working as a management tool for measuring, managing and reporting on issues of interest to residents, employees, funders and government.

At the time of reporting, we have 155 Adopters, comprising 118 housing providers owning and managing close to 2.4 million homes across the UK, and 37 funders that provide almost all the c£140 billion of private finance to the sector. These are organisations who commit to either reporting against the SRS, in the case of housing providers, or using SRS reports in their policies, processes or products, as in the case of funders.

As S*f*H, our role is to steward, promote and develop the SRS, and we're pleased with our progress in the last year (June 2023 – June 2024):

- We have grown our Adopter community from 94 to 118 UK housing providers and welcomed our 37th funder to our group of major UK banks, lenders, and investors.
- We launched Version 2.0 of the Standard in October 2023, after extensive consultation with housing providers, funders, sector specialists and technical experts. This update ensures that the Standard remains useful and relevant to the sector and its funders and marks a significant stride in aligning the sector with key international frameworks and guidelines.
- We have streamlined the collection of SRS disclosures through our website's Input Tool and shared this database with our Adopter community to aid in sector comparisons and benchmarking. We will continue to refine this process and data depository service for future reporting cycles.
- We have hosted numerous webinars and workshops to help Adopters on their ESG journey, with a plan to roll out more support in the year ahead.
- We have hosted bespoke roundtables and webinars with sector funders to ensure their input into the development of the SRS, so that it continues to meet their needs.
- We have launched new quarterly technical insights papers to shine a light on some of the hot topics in ESG, with oversight provided by sector and sustainability experts.

As a sector, social housing continues to charter difficult and challenging territory. It is under significant financial strain, and yet political expectations of its contribution to addressing the severe shortfall in social housing, the cost-of-living crisis and the country's net zero ambitions are only growing. We know social landlords are changing many lives for the better every single day. And yet the national story of social housing is often focused around poor quality homes.

Beyond the sector, expectations around transparency and disclosure have risen too. There is now a greater demand on all businesses and financial institutions to disclose their sustainability commitments and performance. There is a greater appetite for data and disclosure than ever before. Since the inception of the SRS, we have seen an increasing number of reporting frameworks, standards, and regulations, both nationally and globally, relating to sustainability, climate risk and ESG.

Taken together, we see an opportunity for a sector that has a natural affinity with sustainability to tell its story in a way that resonates, is honest and open, and which wins hearts and minds.

We as S*f*H, and the SRS, are here to help you do just that. We are a movement built on collaboration and community. And as such, the direction of travel for the SRS is in the hands of our Adopters.

We hope that this annual report provides you with useful insight on our, and the sector's journey, so far. And, as ever, we encourage you to engage with us on its contents, the SRS and how more we can support you into the future.

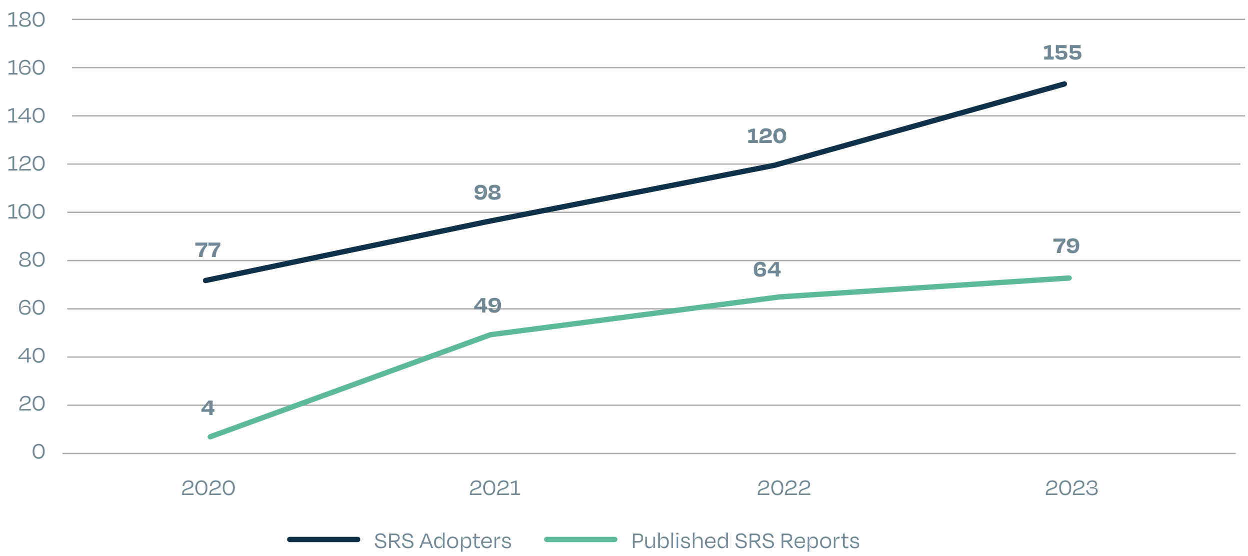
Brendan Sarsfield
Chair
Sustainability *for* Housing

S*f*H

Headline results

The SRS Adopter & Endorser community – 191 organisations

Growth of the SRS



Over the last three years, SRS Adopters have reported:

3.5%
increase in the proportion of their existing homes graded EPC C+

9%
increase in the total number of existing homes rated EPC C+

12.5%
increase in the total number of new homes delivered per year

10%
year-on-year increase in the allocation of new-build homes to social rent tenure

22%
decrease in the average gender pay gap

In 2023, SRS Adopters reported:

74%
average rent levels at 74% of Private Rented Sector levels

88%
housing providers pay the real living wage

99%
homes meet the national housing quality standard

Executive Summary

About the SRS and Sustainability for Housing

The SRS is a voluntary, sector-led reporting framework set up in 2020, to enable housing providers to measure, manage and report on their ESG performance in a consistent, comparable and transparent way. Updated in 2023, it remains the only ESG reporting standard designed specifically for the social housing sector and exists alongside a growing number of other disclosure initiatives working to manage ESG-related risks and influence the flow of capital to activities that benefit people and planet.

The SRS is overseen by S*f*H, a not-for-profit company set up in 2021 with an objective to embed use of the SRS within the social housing sector, and ensure its continued development is in line with wider market and regulatory trends. S*f*H's board is made up of professionals from the social housing and financial services sectors.

About the SRS Adopter community

In less than four years, we have almost doubled our Adopter community, growing from 78 Adopters in December 2020 to 155 as of June 2024. Today, the Adopter community is comprised of 118 housing providers and 37 lenders and investors (collectively referred to as funders), while a further 36 organisations have signed up as Endorsers.

The adopting housing providers manage nearly 2.4 million homes across the whole of the UK - which is the equivalent of around 53% of England's social housing stock[1] - and the adopting funders represent the majority of the c£140 billion of private investment into UK social housing[2].

About this report

This report provides an analysis of the SRS reports published by Adopter housing providers and looks at how ESG performance has evolved at organisations that have published SRS reports over time. It also summarises feedback from the Adopter community on the role that the SRS plays in the sector's ESG journey.

The report is structured as follows:

- **Chapter 1** presents an analysis of the ESG performance of Adopters who have published SRS reports in 2023, as well as those who have done so for several years, to provide an indication of how the users of the SRS are doing and their performance over time.
- **Chapter 2** details feedback from our Adopter community on how the SRS is helping them capture and improve their ESG performance.
- **Chapter 3** recaps the activities of Sustainability for Housing over the last year and outlines strategic goals going forward.
- **Appendix 1** presents the aggregate results of SRS reports published in 2023 against the aggregate results of organisations who reported against the SRS in 2022 and 2021.

1 Regulator of Social Housing, 2023

2 Regulator of Social Housing, 2024; Scottish Housing Regulator, 2024; Community Housing Cymru, 2022

Key findings

Adopters of the SRS have seen improvement in their ESG performance:

- The energy efficiency of housing stock has improved over the last few years as a result of retrofit works and the delivery of energy efficient new-build housing. The total number of existing homes rated EPC C (or higher) has increased 9% over the last three years, providing warmer and more cost-efficient homes for residents.
- Three quarters of existing homes (73%), and close to all new homes delivered in 2023 (97%), achieved EPC C or higher.
- Adopters continue to provide rents that are significantly below market rates - with average rents set at 54% of Private Rental Sector (PRS) levels in 2023 – hereby providing affordable housing to households that are unable to rent or buy on the open market. Nevertheless, there is a common challenge to maintain this level of affordability.
- Despite challenges such as funding constraints and rising construction costs, housing providers of all sizes continue to deliver new-build affordable homes, including social rent units, to meet the needs of the most vulnerable in their communities. Social and affordable rent units account for 48% of the homes delivered by reporting Adopters in 2023.
- The gender pay gap has been narrowing over the years, but still exists, at 8.4%.
- 88% of housing providers pay the Real Living Wage, with providers that previously didn't now doing so.

The SRS has supported the sector in its ESG journey:

- 74% of housing providers found it easy or very easy to report against the SRS, with a fifth of providers finding the process easier the second or third time around.
- 58% of housing providers are using the SRS to benchmark their ESG performance against their peers to at least some extent.
- 77% of funders felt that the SRS has led to the provision of better and more useful information to assess ESG performance in the sector.
- Close to half of housing providers (44%), and almost all funders (92%) agree that the development of ESG reports has led housing providers to do things that they otherwise would not have done or to accelerate their implementation of planned actions, such as create sustainability strategies and set ESG-related targets

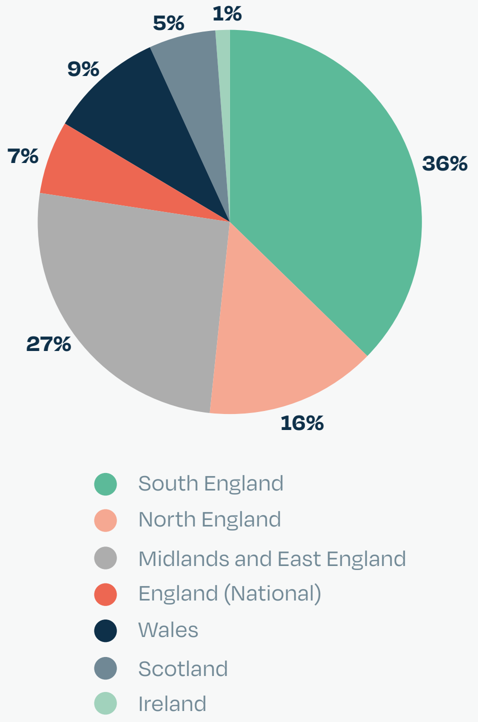
Chapter 1: How is ESG performance changing?

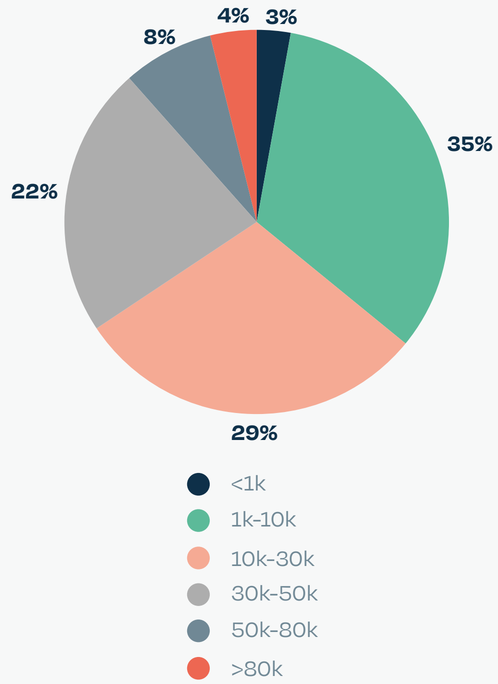
We have analysed ESG performance in two ways:

- By aggregating the information in the 79 SRS reports published in 2023, we provide a snapshot of the ESG performance of reporting Adopters, which gives insight into the performance of a significant segment of the social housing sector in the 2022-23 financial year.
- By comparing the disclosures of 32 housing providers who have reported against the SRS for the last three years, we present a picture of how ESG performance has changed over time for providers using the SRS.

The 79 reporting SRS Adopters included in this analysis

85% of the housing providers who reported against the SRS in 2023 are English – including the 35 largest providers – and therefore 93% of the homes referred to are based in England.





A word of caution

The 79 housing providers covered by this report manage a significant proportion of the UK's social housing stock but are a small number of the 1,800 providers in the whole of the UK. We therefore caution that our analysis should not be used to draw conclusions about the ESG performance of the social housing sector as a whole.

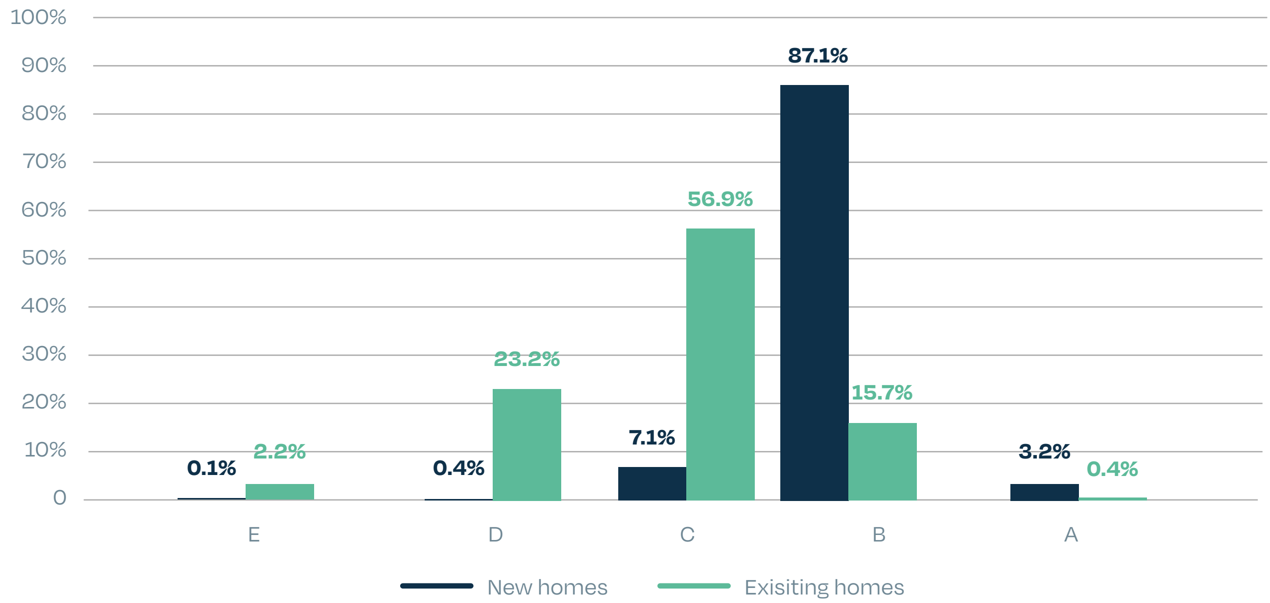
We also note that we have not investigated the accuracy of the information disclosed, nor required it to be independently verified or assured.

Environmental performance

The climate emergency is one of the most pressing issues of our time. Many organisations, including social landlords, have established net-zero targets and outlined decarbonisation strategies. To deliver against these, social landlords will need to improve the energy efficiency of their stock through retrofit programmes and the delivery of energy-efficient, new build housing.

Existing stock accounts for 98% of reporting SRS Adopter homes in 2023. Of these 1.9 million homes, 73% obtained EPC ratings of C or higher, with 16% obtaining EPC B and less than 1% obtaining EPC A[3]. Although this shows that three quarters of existing stock is in line with the Government expectations of EPC C or higher, housing providers still have a long way to go to improve the energy efficiency of their homes.

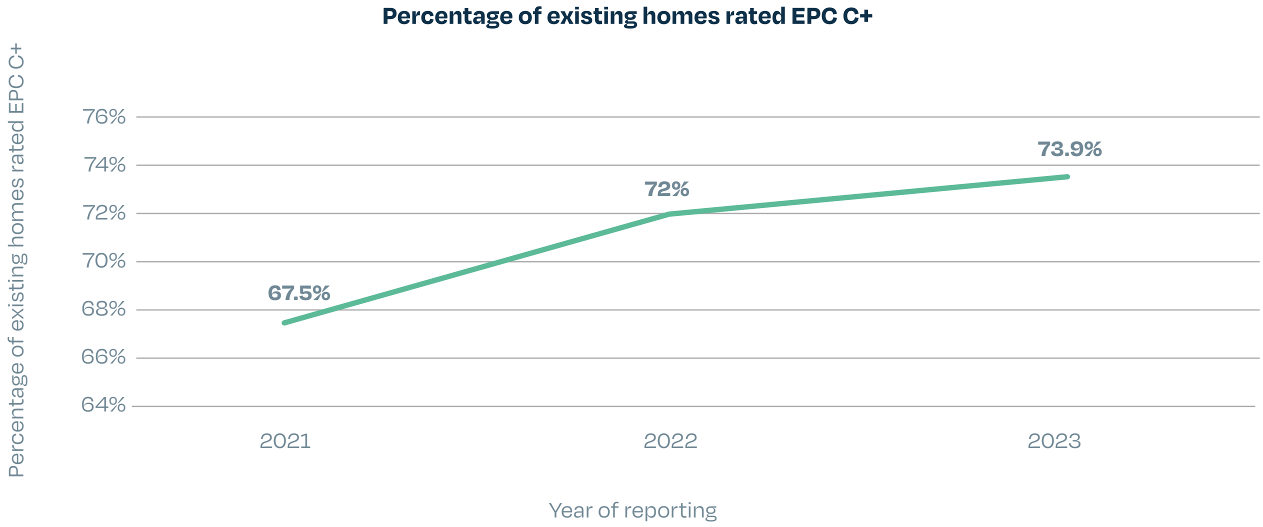
Reporting SRS Adopter's housing stock by EPC grade



The energy efficiency of existing stock has marginally improved over the last three years.

We reviewed the reports of the 32 housing providers that have reported for three consecutive years to see whether the energy efficiency of their existing stock has improved over time. Two thirds of these providers achieved an increase in the proportion of their existing homes achieving EPC C (or higher) over the period. For the group as a whole, this amounted to the proportion of EPC C+ rated homes in their existing stock rising from 70% in 2021 to 73.5% in 2023. This equates to a 9% increase in the total number of existing homes rated EPC C+ in the three-year period.

3 Weight adjusted average taken from 79 disclosures.



The energy efficiency of new-build stock remains strong and relatively unchanged over the last three years, with over 90% of homes continuing to achieve EPC C (or higher).

The proportion of new homes obtaining grades EPC D (or lower) has more than halved over the period, dropping from an average of 5.7% of homes in 2021 to 2.7% in 2023.

Of the c36,000 new homes built in the period – accounting for 2% of reporting SRS Adopter's total housing stock in 2023 – 97% obtained an EPC grade C or higher, of which 93% achieved EPC A or B grades.

Some providers have delivered homes of the highest energy efficiency, with 14 providers increasing the proportion of EPC A rated homes in their new-build delivery, rising from less than a third in 2021 to over two thirds in 2023 for one provider.

There is ongoing discussion both within the sector and more widely as to how greenhouse gas emissions should be calculated and reported. Responses to Criterion 16 varied significantly, with the average reported emissions across Scope 1, 2 and 3 ranging from 47 $KgCO_2$ to 5,888 $KgCO_2$ per housing unit. The variability is due to differences in reporting methodologies, for example whether supply chains are included in Scope 3 emissions or not, which is not often disclosed. Over time it is important that the sector works towards alignment on methods and assumptions in Scope 3 reporting, which S*f*H will play a role in supporting.

Saving millions of pounds on customers' energy bills through retrofit

Housing associations are finding new partnerships to deliver on their retrofit objectives.

Lincolnshire Housing Partnership – which manages nearly 12,500 affordable rental and shared ownership homes and offers a range of other services to support people and communities across the east coast of Lincolnshire – became an Adopter of the SRS in 2023.

It is using a combination of funding options to make its homes more energy efficient and cheaper to run. The housing provider said:

"Our retrofit programmes demonstrate our commitment to future-proofing. Within the past year, we have invested significantly in the energy efficiency of our customers' homes, committing to improve over 10% of our housing stock.

In partnership with E.ON energy solutions, we secured £8m in Social Housing Decarbonisation Fund (SHDF) Wave 2.1, creating a project worth over £16m. As part of this, we are installing external wall insulation to 733 homes – of which 200 properties are already complete – and air source heat pumps to a further 82 properties.

The programme is predicted to save 300,000kgs of CO_2e per year, with customers expected to save up to £375 annually on energy bills. Our customers have been embedded within the programme from the start, with our frequent engagement events and on-site office being key pillars to the project's success.

In addition to our SHDF work, we have utilised Energy Company Obligation (ECO) 4 Funding to improve the energy efficiency of 480 homes from June 2023 – March 2024, incorporating a combination of cavity and loft insulation and solar panel installations.

We recognise that to deliver our purpose of great homes and strong communities, sustainability has to be at the heart of everything we do."

Involving residents on the sustainability journey

Broadacres Housing Association owns and manages more than 6,000 homes across Yorkshire, providing a range of services to customers and with a vision to be 'the best rural housing association in the country'.

The housing provider has made engagement and involvement with customers a key priority as the organisation continues on its ESG journey.

"Our customers play an integral part in how we shape our sustainability goals at Broadacres, and we have used their feedback to inform our priorities and to shape our Sustainability Strategy as we continue our decarbonisation journey. This includes:

- *Carbon Literacy training – in November 2023, we ran carbon literacy training for our customers, with attendees learning about climate change, eco-friendly behaviours and how retrofit works can help them do their bit for the planet whilst saving them money.*
- *Retrofit engagement – in addition to our community drop in events, we now have three dedicated Customer Liaison Officers (CLO) who keep our customers informed throughout retrofit programmes, from the installation process through to post instalment visits to assess use and evaluate success.*
- *Customer responsiveness – customer feedback is part of our day-to-day practices. For example, some customers told us that applying for the Smart Export Guarantee (SEG) tariff is complicated and often unsuccessful, to which we appointed one of our CLOs to assist in SEG tariff applications. Similarly, our customers advocated for simple measures, such as recycling bins and water buttes, which we are now incorporating into our design specifications."*

Social performance

Reporting SRS Adopters continue to provide rents that are significantly below market rates.

The 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 average rents of 2023 reporting providers are equivalent to 54% of private rented sector (PRS) rates or 71% of the Local Housing Allowance (LHA), demonstrating affordability relative to market alternatives.

Of the 18 providers that have reported rent levels for two consecutive years, a third have seen their average rents lower, a fifth have seen them stay the same, and half have seen their rent levels increase, when compared to PRS rates. For the nine providers that have seen rents increase, average rents have risen from 57% of PRS rates in 2021 to 62% in 2022.

Affordable rent, low-cost home ownership and social rent tenures continue to see the greatest allocation for new homes brought to the market in 2023.

Social and affordable rent units, totalling 1.3 million homes, account for just over two thirds of reporting providers' total housing stock. Of the 37,000 new homes delivered in the period, affordable rent continues to see the greatest allocation (29%), followed by low-cost home ownership (26%) and social rent units (19%).

New homes delivered in 2023, by tenure and housing provider size.

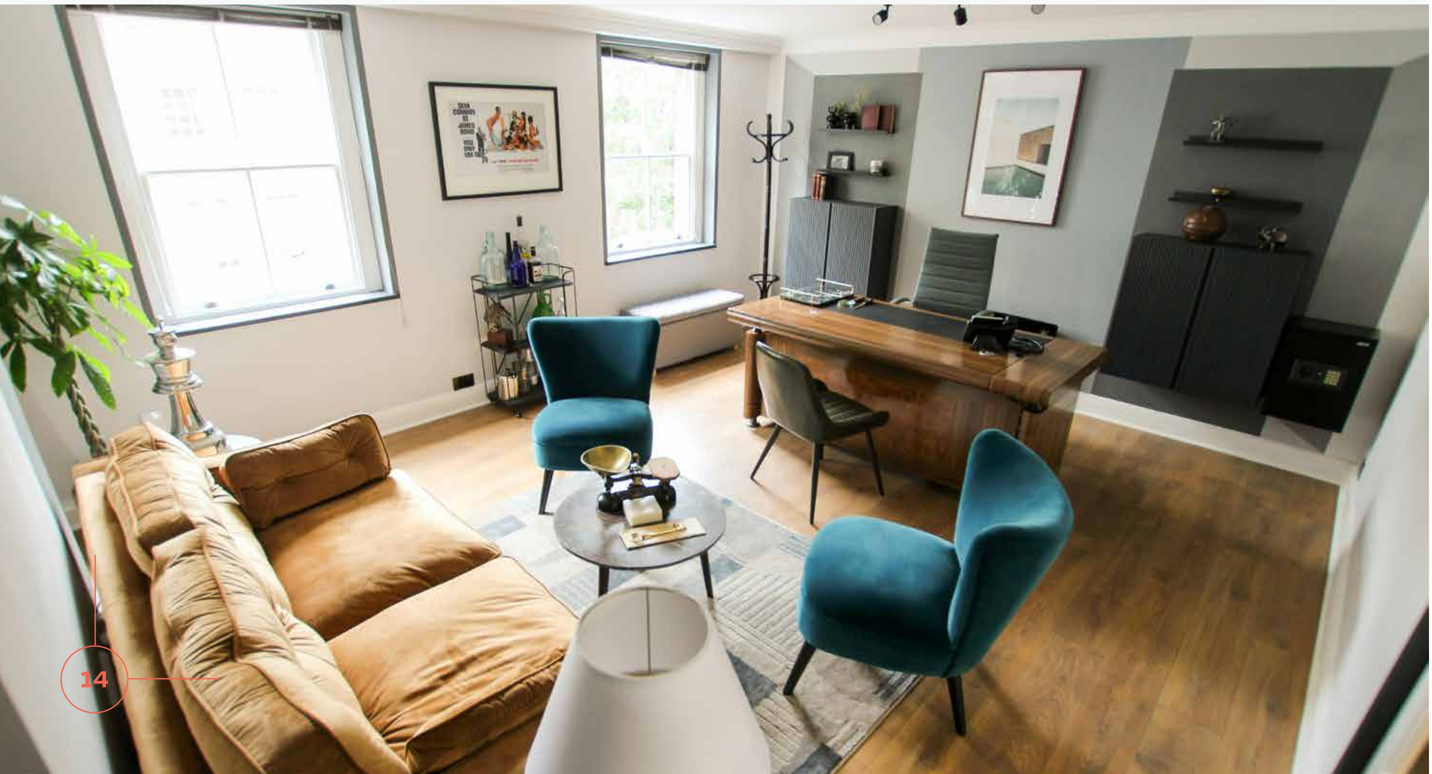
Housing provider size	No. of housing providers	Social Rent	Affordable Rent	Intermed-iate rent	Supported housing	Older people housing	Low-cost home ownership	Private rented sector	Other	Total
0-10K	30	1505	827	317	427	245	514	12	193	4040
10-30K	23	1260	2299	276	87	386	1946	35	183	6472
30-50K	17	2489	5125	182	26	79	4153	241	1705	14000
50K+	9	1981	2336	0	72	64	3189	20	4935	12597
Total	79	7235	10587	775	612	774	9802	308	7016	37109

Stonewater delivers range of new homes to help meet need

Stonewater is one of the largest social housing providers in the UK, owning and managing over 39,000 homes for more than 82,000 customers. It sees delivering new homes as part of its core purpose.

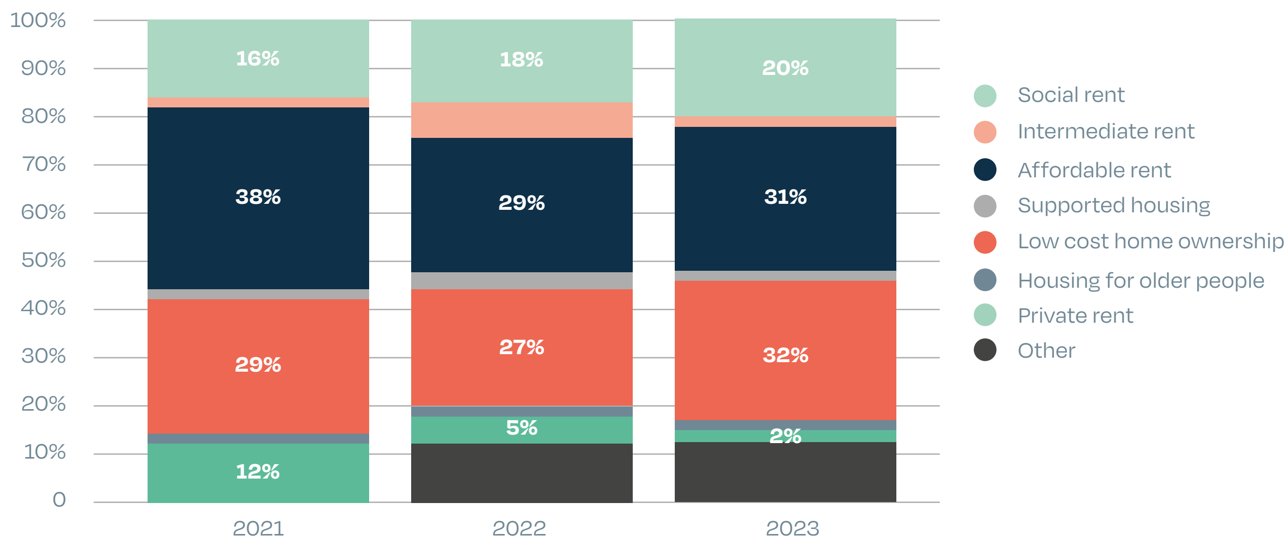
"At Stonewater it is important to us to deliver a full range of affordable tenure types within our new build portfolio – from social and affordable rent, to rent-to-buy and shared ownership - as this ensures our customers have a variety of options when considering their futures. We have dedicated staff working with our customers to make sure they have made the best choice for their financial security when considering the tenure of their home.

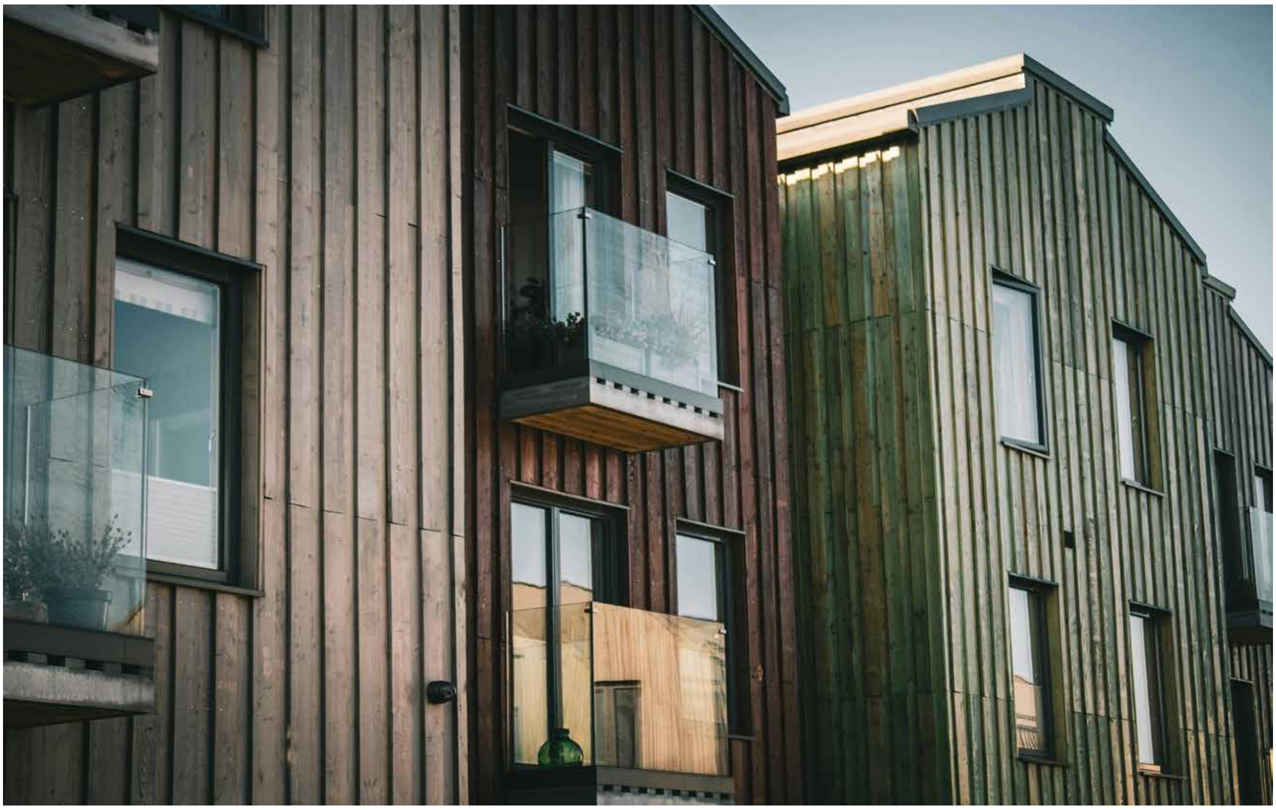
Not only are Local Authorities pushing for more social rent homes due to the current economic climate, but we believe that offering people an affordable home is the right thing to do. We do what we can to offer socially rented homes within our new build sites, with these homes baked into our development programme. Furthermore, our strategic partnership with Homes England allows us to help fund these tenure types and remain financially competitive in the market, so that we can continue to build more affordable homes in the future."



Providers reporting for three consecutive years report a steady increase in the number of new homes delivered each year, rising from a group total of 16k in 2021 to 18k in 2023. For these 32 housing providers, there has been a drop in allocation of new-build homes to private rental sector tenure, as well as a marginal drop in allocation to affordable and intermediate rent housing. In parallel, there has been a consistent increase in social rent allocation over the last three years.

New homes delivered by housing providers reporting year-on-year, by tenure allocation





Building new homes in new ways to help address homelessness

Places for People is a leading social enterprise and one of the largest housing providers in the country. Managing more than 240,000 homes, from affordable housing to retirement homes to city apartments, it aims 'to make places where community comes first'.

Delivering new homes is seen by many as part of the solution to help address homelessness. But providers like Places for People are carrying out bespoke projects in this area too.

Places for People is building modular homes for those affected by homelessness in Manchester and Bristol. The one-bedroom 'small homes' or 'pods' will be equipped with a kitchen, living area, bathroom, and bedroom. The units will be available for single parents facing homelessness, thereby providing stable housing for young families in need.

These projects will be funded in part from the proceeds of LandAid's SleepOut: a nationwide event aimed at raising awareness and funds to help end homelessness across the UK.

Elsewhere, a Places for People scheme in Margate has seen approval for 138 homes, of which half are affordable.

The site, which is the first phase of a 450 new home development approved in 2022, will have homes ranging from 1-bedroom apartments up to four-bedrooms.

Through a strategic partnership with Homes England, the number of affordable homes has increased to 68 (49%) to address the shortfall in the local area.

In addition, over 4.3 acres of open space, two children's play areas, improved infrastructure to connect the local area, EV chargers for every home and accessible parking will also be delivered.

Keeping residents safe - managing and reporting on damp and mould

Damp and mould continue to be a significant challenge for the UK housing sector, impacting both the health of residents and the integrity of housing stock. These issues, although more prevalent in the private rented sector than social housing, are concerning. They can lead to respiratory problems and other health concerns for residents, disproportionately affecting vulnerable populations.

Consequently, there is increasing pressure for housing authorities and providers to address these issues proactively. Awaab's law[4], a pivotal component of the Social Housing Regulations Act 2023, requires landlords to fix reported health hazards within specified timeframes, for example.

Correspondingly, transparent disclosure regarding the presence and management of damp and mould is becoming ever more critical, as it fosters accountability and trust between tenants and housing providers. By openly sharing information about inspection results, remediation efforts, and long-term prevention strategies, social housing organisations can demonstrate their commitment to maintaining safe, healthy living environments, thus ensuring compliance with regulations, and enhancing tenant satisfaction.

Version 2.0 of the SRS has a criterion requiring explicit disclosure on this topic.

4 Social Housing (Regulation) Act 2023

Governance

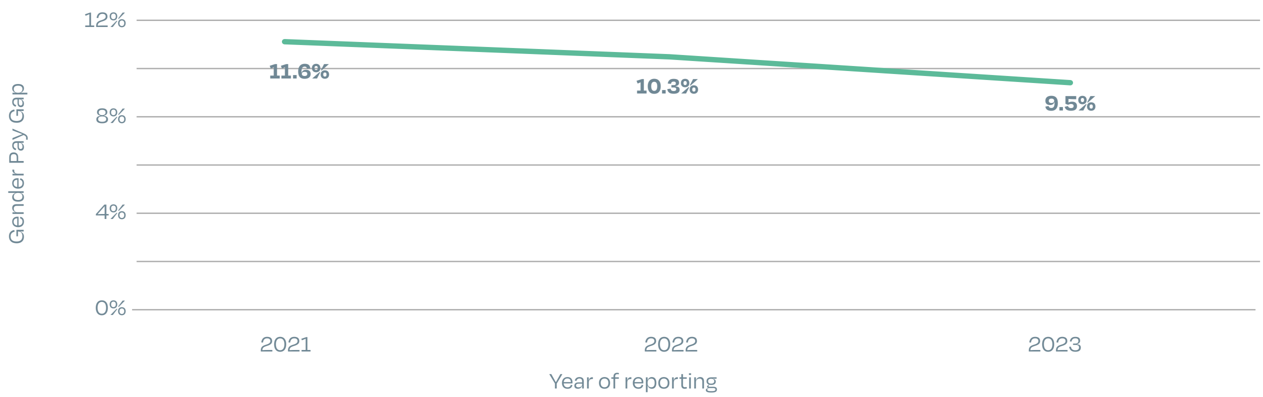
Strong governance is essential for the responsible management of social housing stock, the delivery of quality services for residents and well-being of staff. Governance practices include regulatory compliance, oversight of organisational and ESG risks, and ensuring equality, diversity, and inclusion. Transparency around governance builds trust, fosters accountability, promotes ethical practices, provides assurance to funders that risks are managed effectively, and demonstrates the sector's commitment to sustainability.

There has been a consistent movement towards equal pay at the 27 housing providers which have reported against this criterion for three consecutive years.

Nevertheless, for the 78 housing providers that reported their median gender pay gap for FY22-23, male staff earn about 8.4% more than their female counterparts, which is marginally higher than the national average of 7.7%[5].

The gender pay gap amongst reporting Adopters has been narrowing over the years, but still exists.

Change in average gender pay gap for repeat SRS reporters (2021-2023)



Over 80% of reporting housing provider Adopters pay the real living wage.

Just over 80% of Adopter housing providers – totalling 68 organisations - pay the Real Living Wage[6], although not all are accredited.

Of the 31 providers who have reported for three consecutive years, three organisations that did not pay the Real Living Wage in 2021 now do so.

Diversity on the board ensures representation of varied perspectives, fosters inclusivity in decision-making, and enables strategic approaches that address the diverse needs of communities. For reporting housing providers, 43% of the Board is female, 12% are BAME and 7% have a disability, on average in 2023. This demonstrates commendable efforts to achieve gender balance at senior levels but highlights where ethnic diversity and wider inclusivity initiatives could be improved.

5 Office for National Statistics, Gender pay gap in the UK: 2023, 2023
6 Living Wage Foundation

Driving greater diversity and equal pay at Yorkshire Housing

Yorkshire Housing is the biggest housing association based solely in Yorkshire. It owns and manages around 20,000 homes across the region, including older person's accommodation and homes for low-cost rent (social and affordable.

"At Yorkshire Housing we believe it's important that our Board and leadership team represents a diverse range of views and lived experiences. This helps us to avoid 'group think' and to provide the best possible customer experience, linked to our 'Customer Obsessed' strategy.

We have refreshed our Board over the last few years to recruit the range of skills needed for the oversight of our organisation and to deliberately look for diverse viewpoints. As a result, we have a Board who offer a balance of gender, ethnicity, and disability experience, alongside all the skills needed for effective governance. With women in seven out of our ten Board roles and making up half of our Executive team, our commitment to equality means that since 2020, we've had no gender pay gap.

We have invested in EDI training and awareness throughout our organisation. We encourage two-way mentoring and have a successful scheme partnering Board Members with some of our diverse colleagues. We also have a targeted inclusion strategy that aims to make sure there are no barriers to anyone progressing their career at Yorkshire Housing, in any role."

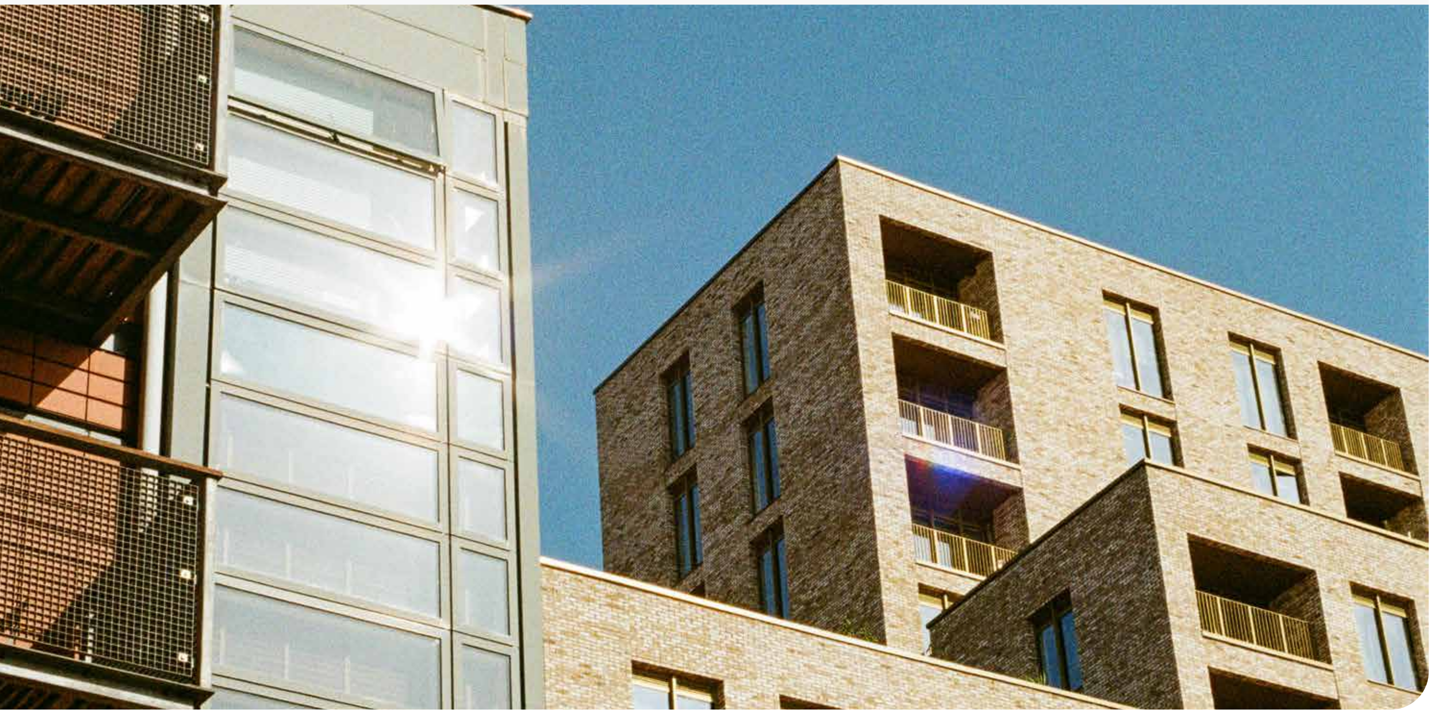
A new era of consumer regulation in the social housing sector

In July 2023, following months of debates and discussion, the Social Housing Regulation Act became law[7]. This represents a significant stride towards shaping a new era of consumer regulation in the social housing sector. It follows the Charter for Social Housing Residents[8] in November 2020 – which outlines a range of measures seeking to protect the safety and well-being of residents to ensure their voices are heard, they reside in high-quality homes, and have avenues for seeking resolution when issues arise – following the tragic fire at Grenfell Tower in 2017.

Under the regime, new duties and powers have been given to the Housing Ombudsman, including a new statutory code for handling complaints and a duty to monitor whether landlords comply. The Regulator of Social Housing can proactively intervene where landlords are performing poorly on consumer issues and conduct routine inspections to investigate systematic issues.

Social landlords will also need to consider how they effectively demonstrate transparency and accountability with their residents. This includes the requirement to collect and provide information on the Regulator's Tenant Satisfaction Measures (TSM)[9], which provides residents with the opportunity to scrutinise their landlord's performance. As well as compliance with a new access to information scheme, which enables residents to request access to information from their landlord regarding the management of their home.

Landlords are required to comply with the amended consumer standards and meet expanded objectives from 1st April 2024. The updated version of the Standard published in October 2023 - SRS Version 2.0 - requires disclosure around tenant voice and satisfaction, including the TSMs.



7 Social Housing (Regulation) Act 2023
8 The Charter for Social Housing Residents, 2020
9 Tenant Satisfaction Measures, 2022

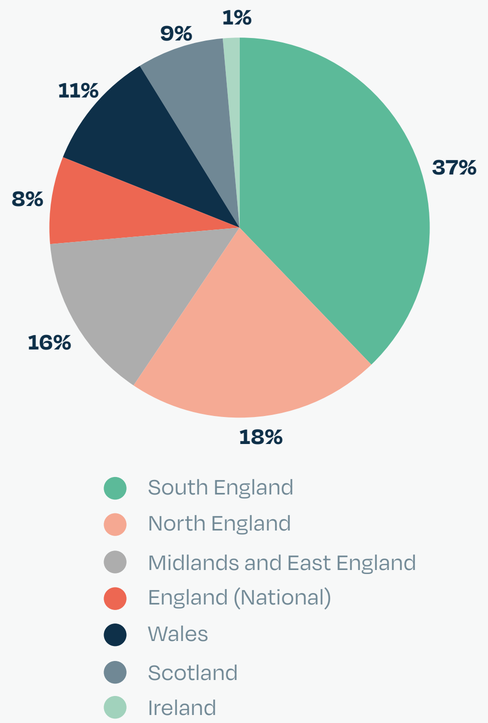
Chapter 2: How is the SRS contributing to ESG performance?

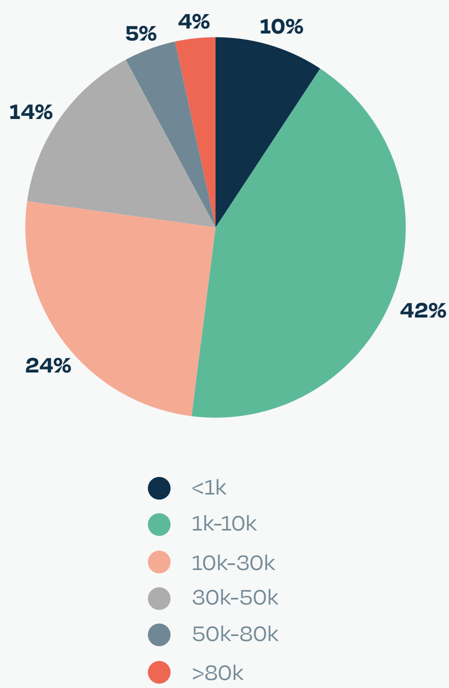
Regulatory frameworks and increased societal expectations have increased pressures on housing providers to reduce their carbon footprint, promote energy efficiency, and achieve higher standards in employee practices and governance. Additionally, green financing and investor interest in sustainability have led to a greater demand for ESG information.

Because the SRS is a voluntary reporting standard, it is essential that housing providers see a benefit in using it. Our annual SRS Adopter feedback survey[10] sought to understand how reporting against the SRS supports housing providers on their ESG journey and asks about the Standard's contribution to improving ESG performance.

Our Adopter community

Over the last 3.5 years, the Adopter community has grown from 78 early Adopters to 155 organisations, comprised of 118 housing providers and 37 funders. These organisations range in size and location, collectively overseeing close to 2.4 million homes across the UK.





10 Circulated to all 143 Adopters in January 2024. In total, 73 housing providers and 15 funders responded, representing 65% and 41% of the housing provider and funder Adopter community, respectively.

The SRS is helping organisations capture and compare their ESG performance

The SRS provides a standardised reporting framework for the sector. This has enabled Adopters to systematically identify and measure their own performance across a variety of ESG areas and have the benefit of year-on-year comparable data. Around 60% of providers say they are using the SRS to benchmark against their peers, with the Standard assisting them in gauging where their performance is strong and where they may require improvement. Similarly, more than three-quarters of responding funders felt the SRS has led to the provision of better and more useful information for assessing and benchmarking ESG performance in the sector.

> *The SRS has allowed us to engage meaningfully with our borrowers on ESG and has helped us understand the nuts and bolts of their businesses better.*
>
> **Funder Adopter**

> *The SRS has enabled us to begin to see ESG trends in the sector, as well as keeping ourselves and our clients accountable on ESG progress. Without the SRS, we would not have most of this information.*
>
> **Funder Adopter**

Using the SRS to help analyse borrowers' ESG performance and challenges

The Housing Finance Corporation (THFC) is the UK's leading affordable housing aggregator, with more than £8bn invested in housing associations across the country.

THFC has been a staunch advocate for the SRS ever since its launch. It was one of the original Adopters of the Standard and is the only funder to publish an annual SRS report. The aggregator published its third consecutive SRS report in late 2023, which reflects the ESG progress of its bLEND portfolio and covers 30 housing association borrowers.

Publishing annual SRS reports has given THFC the opportunity to measure its bLEND borrowers' ESG standing, both in the individual and in the aggregate. It has also proven extremely useful in analysing how a significant subset of the social housing sector is performing in terms of ESG, as well as identifying where challenges arise.

For example, last year, THFC found that 67% of the bLEND pool's existing homes were rated EPC "C" or better, an increase of 4% year on year. It was also found that bLEND borrowers delivered an increase of 32% total new homes compared to the previous year.

Most importantly, the SRS has given THFC a platform through which to communicate the social housing sector's inspiring ESG story and drive positive change. By collecting and aggregating this data each year, THFC is able to back up its support of the sector with numbers when speaking with investors and other stakeholders, as well as encourage borrowers to improve upon their ESG metrics each year.

While there is still plenty of progress for housing providers to make in terms of their ESG reporting and delivering positive impact, THFC looks forward to addressing these challenges alongside its borrowers and continuing to tell the social housing sector's powerful ESG story through the SRS.

The SRS helps shape decision making within organisations

Close to half of responding housing providers, and almost all responding funders, agree that the development of ESG reports has led housing providers to do things that they otherwise would not have done, or accelerated the implementation of planned actions.

Examples of actions include the creation of decarbonisation and sustainability strategies, promoting greater awareness of ESG issues within organisations, and the elevation of ESG to a strategic priority.

> *We have improved and enhanced our sustainability strategy with targets and an action plan to monitor progress.*
> **Housing Provider Adopter**

Oversight of ESG performance has been vested at high levels within organisations, with three quarters of responding housing providers reporting that their Board and/or Audit & Risk Committee have reviewed, approved, or commented on their SRS report.

Around one in three housing providers say the SRS has resulted in a change of strategy or culture, which senior buy-in is thought to have contributed towards. Improved accountability for ESG performance was noted by 60% of funders.

> *The publication of our SRS report has assisted with greater awareness of ESG issues which has positively impacted our culture.*
> **Housing Provider Adopter**

By providing a framework for measuring and reporting on ESG performance, which in turn positively influenced organisational culture, strategy and decision making, the SRS has contributed to improved ESG performance in Adopter organisations. Indeed, of the funders who have reported an improvement in the sector's ESG performance over the last three years, 63% agree that the SRS was instrumental in this.

Of the housing providers that responded to our 2023 Feedback Survey, half reported that their organisation has seen improved ESG performance in at least one social or environmental indicator since adopting the Standard.

Chapter 3: The role of Sustainability for Housing

The SRS is overseen by Sustainability for Housing (S*f*H), a company set up in 2021 with the objective to scale-up adoption and embed the SRS in the social housing sector, and ensure its continued development in line with wider market and regulatory trends. Throughout 2023, S*f*H has worked hard to deliver against its objectives.

Engaging the sector's funders

One of the founding aims of the Standard was to strengthen the sector's relationship with funders. With public funding often insufficient to meet the growing demand for affordable housing and necessary retrofit projects, partnerships with private lenders and investors become essential. Similarly, the sector continues to stand as an ideal recipient for ESG-linked private finance, delivering long-term, reliable returns alongside social and environmental outcomes.

> " *We believe consistent ESG reporting has allowed funders to make better informed decisions about investing with us.*
> **Adopter housing provider**

It is therefore positive to see that 47% of housing provider Adopters and 40% of funder Adopters think the SRS has strengthened their relationship with one another. The SRS does this by making it easier to share ESG information between parties, with 56% of housing provider Adopters and 69% of funder Adopters confirming that the SRS has reduced or eliminated the use of independent requests for ESG information to some extent.

> " *The development of our ESG and adoption of SRS has enabled us to secure funding and investment opportunities that would otherwise not have been available.*
> **Adopter housing provider**

> " *Investors would question why our organisation is not aligned to the SRS if we chose to not be an Adopter.*
> **Adopter housing provider**

Updating the Standard – The creation of SRS Version 2.0

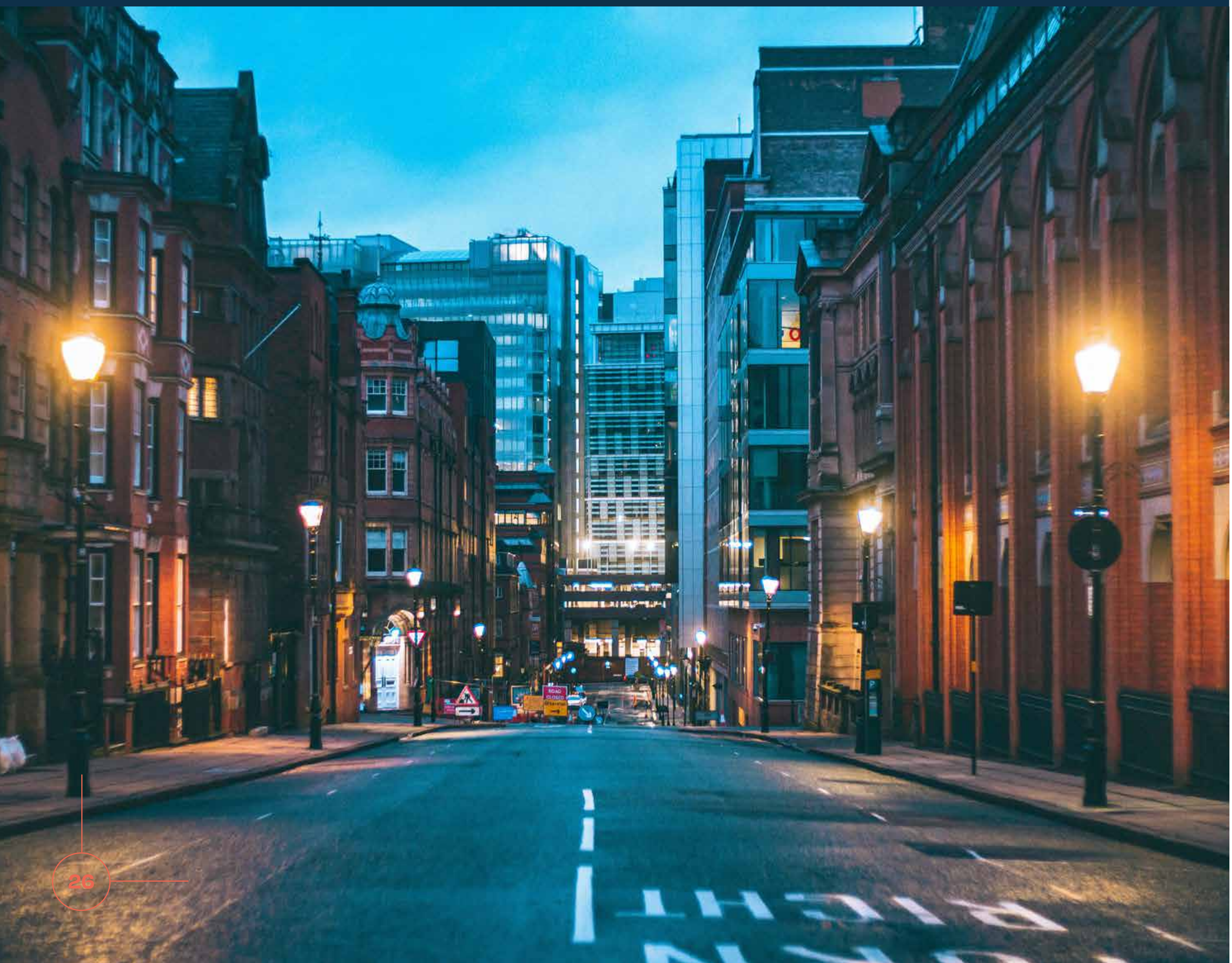
The development of SRS Version 2.0 involved a comprehensive consultation, engaging housing providers, funders, sector specialists, and technical advisors. The process spanned several months, involved a series of workshops, interviews and online public consultation, and was managed by the S*f*H secretariat, The Good Economy (TGE).

The principles for developing the Standard:

- Where possible, use criteria that housing providers are already measuring and reporting on
- The criteria should work for housing providers of all sizes and locations
- The criteria should focus on questions that are material to residents, providers and funders
- The criteria should evolve to reflect emerging best practice and reporting requirements
- The criteria should be kept as consistent as possible to enable year-on-year comparison
- The number criteria should not increase i.e. one-in-one-out

SRS Version 2 was launched in October 2023 with housing providers expected to report against SRS Version 2.0 in October 2024 for the 12-month reporting period ending April 2024.

There has been a positive response to the updated criteria, with half the Adopter community agreeing that the updated version will better enable them to report, or assess, the sector's ESG performance.



Future areas of focus

Through our feedback survey and SRS Version 2.0 consultation process, we have listened to our Adopter community, acknowledging requests for S*f*H to take a more active role as sharer of best-practice guidance and provider of technical support and assistance.

Housing providers continue to identify the thematic areas of Climate Change, Ecology and Supply Chains as the more challenging to report on, despite funders identifying these criteria as some of the most important when assessing ESG performance. Of the providers that sought external support to produce their ESG report, a quarter did so for assistance with technical calculations, especially around environmental metrics.

S*f*H aims to be a valuable resource to enable the sector to explain and report on its ESG performance. To that end, over the next 12 months we are aiming to:

- Publish a set of quarterly insight papers
- Provide a set of best-practice resources
- Enable better sharing of data published in ESG reports
- Launch a quarterly podcast series

We have no doubt that the demand for all organisations to disclose their sustainability commitments will continue to grow. There is a greater appetite for data and disclosure than ever before – and a need to report on action, direction of travel and outcomes.

While much of the sustainability and climate-related regulation impacting the financial services industry and large corporates is not currently mandatory for housing associations, we expect to see continued and increased scrutiny on sector performance, risk management and outcomes, and on the robustness of its disclosure and reporting in the years ahead.

We also see sustainability and ESG as an opportunity for the sector to demonstrate the benefits it is delivering to communities and society as a whole, its important role in helping to deliver on the country's net zero ambitions, and to tell its story in a compelling and evidence-based way.

S*f*H's remains committed to helping the sector measure, manage and report on its social and environmental sustainability ambition in a way that strengthens the sector and attracts long-term funding.

Appendix

Aggregate results from the SRS Adopter community's disclosure against quantitative criteria.

This Appendix provides an overview of the aggregated results of the 79 SRS disclosures published in 2023, the 64 SRS disclosures published in 2022, and the 49 SRS disclosures published in 2021.

Social

Affordability And Security

Criteria	Description	2021	2022	2023
C1	For properties that are subject to the rent regulation regime, report against one or more affordability metric.	• 50% of PRS • 60% of LHA	• 54% of PRS • 65% of LHA	• 54% of PRS • 71% of LHA
C2	Share, and number, of existing homes (owned and managed) completed before the last financial year.	• 60% General Needs • 1% Intermediate Rent • 14% Affordable Rent • 3% Supported Housing • 8% Housing for Older People • 9% Low-Cost Home Ownership • 1% Care Home • 4% Private Rented Sector • ('Other' not reported)	• 61% General Needs • 2% Intermediate Rent • 9% Affordable Rent • 3% Supported Housing • 7% Housing for Older People • 9% Low-Cost Home Ownership • 1% Care Home • 1% Private Rented Sector • 7% Other	• 60% General Needs • 2% Intermediate Rent • 10% Affordable Rent • 3% Supported Housing • 8% Housing for Older People • 8% Low-Cost Home Ownership • 1% Care Home • 1% Private Rented Sector • 7% Other

Criteria	Description	2021	2022	2023
C3	Share, and number, of new homes (owned and managed) that were completed in the last financial year.	• 15% General Needs • 2% Intermediate Rent • 36% Affordable Rent • 1% Supported Housing • 1% Housing for Older People • 36% Low-Cost Home Ownership • 0% Care Home • 9% Private Rented Sector • ('Other' not reported)	• 18% General Needs • 7% Intermediate Rent • 22% Affordable Rent • 5% Supported Housing • 2% Housing for Older People • 23% Low-Cost Home Ownership • 0% Care Home • 3% Private Rented Sector • 20% Other	• 19% General Needs • 2% Intermediate Rent • 29% Affordable Rent • 2% Supported Housing • 2% Housing for Older People • 26% Low-Cost Home Ownership • 0% Care Home • 1% Private Rented Sector • 19% Other
C5	What % of rental homes have at least a 3-year fixed tenancy agreement?	• N/A	• 95%	• N/A - Inconsistent reporting

Building Safety And Quality

Criteria	Description	2021	2022	2023
C6	What % of homes with a gas appliance have an in-date, accredited gas safety check?	• 99.5%	• 99.9%	• 99.9%
C7	What % of buildings have an in-date and compliant Fire Risk Assessment?	• 99.5%	• 99.5%	• 99.6%
C8	What % of homes meet the national housing quality standard?	• 99.6%	• 97.2%	• 99.3%

Resident Voice

Criteria	Description	2021	2022	2023
C11	In the last 12 months, how many complaints have been upheld by the Ombudsman?	• Average no. complaints per provider: 10.6 • Total complaints: 435 • (42 disclosures)	• Average no. complaints per provider: 7.7 • Total complaints: 445 • (58 disclosures)	• Average no. complaints per provider: 9.3 • Total complaints: 669 • (72 disclosures)

Environmental

Climate Change

Criteria	Description	2021	2022	2023
C14	Distribution of EPC ratings of existing homes (those completed before the last financial year).	• A: 0% • B: 14% • C: 56% • D: 27% • E or worse: 3% • No rating: N/A	• A: 0.4% • B: 14.3% • C: 54.3% • D: 24.9% • E or worse: 2.9% • No rating: 5.2%	• A: 0.4% • B: 15.7% • C: 56.9% • D: 23.2% • E or worse: 2.2% • No rating: 1.6%
C15	Distribution of EPC ratings of new homes (those completed in the last financial year).	• A: 3% • B: 84% • C: 4% • D: 0% • E or worse: 0% • No rating: N/A	• A: 1.6% • B: 94.5% • C: 3.2% • D: 0.2% • E or worse: 0.0% • No rating: 0.5%	• A: 3.2% • B: 87.1% • C: 7.1% • D: 0.4% • E or worse: 0.1% • No rating: 0.1%
C16	Scope 1, Scope 2, and Scope 3 greenhouse gas emissions.	• N/A - Inconsistent reporting	• N/A - Inconsistent reporting	• N/A - Inconsistent reporting

Ecology

Criteria	Description	2021	2022	2023
C21	Does the housing provider have a strategy to actively manage and reduce all pollutants?	• Yes: 39% • No, but planning to develop one: 16%	• Yes: 29% • No, but planning to develop one: 55% • No: 14% • No, and not planning on developing one: 2%	• Yes: 33% • No, but planning to develop one: 48% • No: 19%

Resource Management

Criteria	Description	2021	2022	2023
C22	Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building works?	• Yes: 39% • No, but planning to develop one: 31%	• Yes: 41% • No, but planning to develop one: 51%	• Yes: 28% • No, but planning to develop one: 65%
C23	Does the housing provider have a strategy for waste management incorporating building materials?	• Yes: 55% • No, but planning to develop one: 16%	• Yes: 36% • No, but planning to develop one: 52%	• Yes: 41% • No, but planning to develop one: 45%
C24	Does the housing provider have a strategy for good water management?	• Yes: 35% • No, but planning to develop one: 29%	• Yes: 21% • No, but planning to develop one: 67%	• Yes: 22% • No, but planning to develop one: 60%

Governance

Structure And Governance

Criteria	Description	2021	2022	2023
C25	Is the housing provider registered with the national regulator of social housing?	• Yes: 100%	• Yes: 100%	• Yes: 100%
C26	What is the most recent regulatory grading/status?	**In England:** • G1/V1: 30 • G1/V2: 11 • G2/V1: 1 **In Wales:** • Standard: 6	**In England:** • G1/V1: 36 • G1/V2: 14 • G2/V1: 1 **In Wales:** • Compliant: 2 • Standard: 4 • In Scotland: • Compliant: 2	**In England:** • G1/V1: 28 • G1/V2: 31 • G2/V1: 1 • G2/V2: 2 • G3/V3: 1 **In Wales:** • Compliant: 6 • Standard: 2 • In Scotland: • Compliant: 3
C27	Which Code of Governance does the housing provider follow, if any?	100% follow a Code of Governance, including: • National Housing Federation's Code of Governance • UK Corporate Governance Code • Welsh Community Housing Cymru Code of Governance	100% follow a Code of Governance, referencing all those reported in 2021 as well as: • Scottish Housing Regulator's Standards of Governance	100% follow a Code of Governance, referencing all those reported in 2022 as well as: • Charity Commission Code of Governance • FRC Corporate Governance Code
C28	Is the housing provider Not-For-Profit?	• Yes: 100%	• Yes: 100%	• Yes: 97% • No: 3%

Criteria	Description	2021	2022	2023
C30	Has the housing provider been subject to any adverse regulatory findings in the last 12 months that resulted in enforcement or other equivalent action?	• Yes: 2% • No: 98%	• Yes: 11% • No: 89%	• Yes: 3% • No: 97%

Board And Trustees

Criteria	Description	2021	2022	2023
C31	What are the demographics of the board?	• Women: 39% • BAME: 12% • Have a disability: 5% • LGBTQ+: 11% • Average age: 57 years old • Average board tenure: 3.5 years	• Women: 40% • BAME: 11% • Have a disability: 5% • LGBTQ+: 2% • Average age: 49 years old • Average board tenure: 3 years	• Women: 43% • BAME: 12% • Have a disability: 7% • LGBTQ+: 2% • Average age: 57 years old • Average board tenure: 4 years
C32	What % of the board AND management team have turned over in the last two years?	• N/A	• Board: 23% • Management team: 14%	• Board: 25% • Management team: 22%
C33	Is there a maximum tenure for a board member? If so, what is it?	• 9 years: 80% • 6 years: 20%	• 9 years: 52% • 6 years: 45%	• 9 years: 45% • 6 years: 47%
C34	What % of the board are non-executive directors?	• 83%	• 81%	• 86%

Criteria	Description	2021	2022	2023
C35	Number of board members on the Audit Committee with recent and relevant financial experience.	• 2-3 members	• 3 members	• 3 members
C36	Are there any current executives on the Renumeration Committee?	• Yes: 5% • No: 95%	• Yes: 5% • No: 95%	• Yes: 9% • No: 91%
C37	Has a succession plan been provided to the board in the last 12 months?	• Yes: 85% • No: 15%	• Yes: 82% • No: 18%	• Yes: 85% • No: 15%
C38	For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?	• 5 years	• 5 years	• 5 years
C39	When was the last independently-run, board-effectiveness review?	• Majority in 2019-2020	• 2017-2018: 7% • 2019-2020: 40% • 2021-2022: 53%	• 2019-2020: 13% • 2021-2022: 64% • 2023: 24%
C40	Are the roles of the Chair of the board and CEO held by two different people?	• Yes: 100%	• Yes: 100%	• Yes: 100%

Staff Wellbeing

Criteria	Description	2021	2022	2023
C42	Does the housing provider pay the Real Living Wage?	• Yes: 69% • No: 31%	• Yes: 87% • No: 13%	• Yes: 88% • No: 12%
C43	What is the gender pay gap?	• 8.1%	• 8.3%	• 8.4%
C44	What is the CEO-worker pay ratio?	• 1:7	• 1:7.8	• 1:8.1
C46	Average number of sick days taken per employee	• 6.1	• 8.4	• 8.3

SRS Adopter Feedback Survey 2023

Our SRS Adopter survey was circulated to the Adopter community in January 2024, which included 105 housing providers and 35 funders. Of these, 73 housing providers and 15 funders responded, representing 70% of housing provider Adopters and 43% of funder Adopters respectively.

Feedback on the SRS

74% of responding housing providers found it easy or very easy to report against the SRS.

The easiest themes for housing providers to report against were:

- Theme 9 – Structure and Governance
- Theme 10 – Board and Trustees
- Theme 5 – Building Safety and Quality

The most valuable themes for funders to assess housing provider ESG risks and performance were:

- Theme 1 – Climate Change
- Theme 4 – Affordability and Security
- Theme 9 – Structure and Governance

The most challenging themes for housing providers to report against were:

- Theme 2 – Ecology
- Theme 12 – Supply Chain
- Theme 1 – Climate Change

The least valuable themes for funders to assess housing provider ESG risks and performance were:

- Theme 11 – Staff Wellbeing
- Theme 12 – Supply Chain
- Theme 8 - Placemaking

24% of responding housing providers sought external support to produce their report, of which 23% cited needing assistance with technical calculations.

Impact of the SRS

- 31% of responding housing providers agreed that the process of reporting against the SRS resulted in a change of strategy or culture.
- 75% of responding housing providers report that their Board and/or Audit & Risk Committee have reviewed, approved, or commented on their SRS report.
- 58% of responding housing providers are currently using the SRS to benchmark their ESG performance against their peers, to at least some extent.
- 44% of responding housing providers and 92% of responding funders agree that the development of ESG reports has led housing providers to do things they otherwise would not have done or accelerated their implementation of planned actions.
- 51% of responding housing providers report that their organisation had seen improved ESG outcomes in at least one social or environmental indicator since adopting the Standard.
- 53% of responding funders report to have seen an improvement in the sector's ESG performance over the last three years, with the other 47% being unsure. Of those that report seeing an improvement, 63% think that the SRS was instrumental in this.
- 60% of responding funders think that reporting against the SRS has improved housing providers' ESG performance and accountability.
- 56% of responding housing providers and 69% of responding funders agree that using the SRS had reduced, removed, or streamlined ESG reporting requests from funders, either entirely or partially.
- 77% of responding funders agree that the SRS has led to the provision of better and more useful information to assess ESG performance in the sector.

SRS Version 2.0

- 44% of responding housing providers and 53% of responding funders participated in the consultation on the SRS Version 2.0.
- 50% of responding housing providers think that the SRS Version 2.0 will better enable them to report on their ESG performance, with 47% being unsure.

S*f*H's support for the Adopter community

Of the resources provided to the Adopter community:

- 90% of responding housing providers would like reporting and best-practice guidance, 61% would like case studies, and 56% would like methodology advice and technical assistance.
- 73% of responding funders would like reporting guidance and 60% would like best-practice examples and guidance.