

ESG reporting white paper

Consultation response

Summary

- The National Housing Federation welcomes the development of the Environmental, Social and Governance (ESG) criteria and sees it as an important step in retaining the sector's position as the natural home for many UK and international investors' funds.
- Our Code of Governance 2020 is to be consulted on throughout August 2020 but following this we would like to cross check the ESG criteria against the finalised Code.
- We are supportive in principle of providing some element of assistance to the formation and running of a 'multidisciplinary working group'.

Introduction

This is the National Housing Federation's response to [The Good Economy's White Paper: UK Social Housing, Building a Sector Standard Approach for ESG Reporting](#).

We are the voice of housing associations in England.

With almost 800 housing association members, providing homes for around six million people, we are at the forefront of tackling the nation's housing crisis. Our vision is for a country where everyone can live in a good quality home they can afford.

We work with our members to make this vision a reality – delivering ambitious programmes that lead to lasting, positive change. Integral to making these programmes a reality is the ongoing contribution of both UK and, increasingly, international private finance.

As set out in the white paper there is growing demand from the investment community for reporting of Environmental, Social and Governance (ESG) type measures. If we, as a sector, are to remain an attractive proposition for the many investors that have helped to fund the vital societal contributions that housing associations have made all across the country, we need to demonstrate and report our beneficial social impact.

In addition, housing associations have made significant investments that benefit the environment through, for example, installing PV (photovoltaic) panels on new and existing homes, retrofitting old homes to be more energy efficient and installing low carbon heating systems. The social housing sector contributes around 2% of total UK carbon emissions, lower per property than the other residential units but still too high if the government is to meet its 2050 net zero target. Ongoing support from ever increasing numbers of investors will have to continue for the sector to achieve its environmental ambitions.

Our members are well run organisations with good governance a central focus for boards and executive teams. Our own Code of Governance sets out the standards that housing associations should follow to have integrity, accountability, equality, diversity and inclusion, and openness at the heart of everything they do. The vast majority of housing associations follow this code.

Our response

The criteria

We are in principle supportive of the criteria presented in the white paper. As part of the process of responding to this consultation, we have cross checked the criteria with our draft Code of Governance 2020 (the Code) and our initial view is that, where appropriate, these align well and in certain areas complement one another.

We would therefore like to request a further cross check of the Code with the ESG criteria in October 2020, particularly the criteria relating to boards and trustees, if this complements the timetable for producing the final criteria.

The next stage

The white paper refers to the potential of having an endorsed body to formulate a reporting standard and criteria and that this could be led in a similar way to the Housing SORP, where we provide the secretariat function.

As stated above we are in principle supportive of the criteria as set out in the white paper. We are also supportive in principle of providing some element of assistance to the formation and running of a 'multidisciplinary working group', subject to resolution of resourcing issues. We would welcome further discussions on this latter point.

Conclusion

We are hugely grateful to all those that have helped to develop the criteria, and launched and run this consultation. As the voice of housing associations in England we are clear that this is an important development for the sector and are supportive of this movement.

We are hopeful that we are able to be involved in future arrangements to assist in the evolution of an ESG reporting standard and criteria.