

# Environmental, Social & Governance (ESG) Sustainability Strategy 2020-2025



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# Our Vision

## GREAT HOMES, STRONG COMMUNITIES

By great homes we mean great places to live which are secure, well built, efficient to heat and run and which have sufficient space. We know that to make a house into a great home they need to be in places where people want and can afford to live

So, we re-invest rental income into repairs, upgrades, and new affordable homes. We also invest in projects that improve health, build communities, create employment and reduce crime, which gives people opportunities to realise their ambitions.

## Our Values

We have three core values:



### Customer first

We put customers at the heart of our decision-making process and develop services that are built around their needs. This emphasis will be felt by customers in every interaction with us, driving up our customer satisfaction and ensuring we invest our money where it has the greatest impact.



### Together

We can achieve more by working together with our key stakeholders and by working together as one team.



### Listen, act and learn

We have structured opportunities for stakeholders, employees, and customers to provide feedback. We value this time and insight and use it to act and learn from it. Before investing in new and existing projects, we seek the views of those set to benefit.

## Our Strategic Priorities

Within our Corporate Plan 2019-2023, we have **six strategic priorities**:



### Delivering quality services



### Investing in existing homes and estates



### Providing new and regenerating homes



### Listening to and empowering tenants



### Supporting and developing our colleagues



### Ensuring strong governance and finance

# Our Commitment

We believe that, like all organisations, we can and should contribute to a more sustainable future. In doing so, we can create positive environmental and social impacts and outcomes that benefit our customers, communities, employees, and other stakeholders.

The characteristics of a sustainable future that we identify include, but are not restricted to:

**E** Greatly reduced environmental impact such that natural resources are protected, and consumption of resources is brought into balance with the capacity of the environment;

**S** Well-being for individuals and communities, with access to opportunity and the ability to live fulfilled and productive lives;

**G** Transparent, accountable and responsible behaviours by organisations, to the benefit of the communities they serve and to their other stakeholders.

These characteristics naturally create business value over the long term through reduced operating costs; improved satisfaction, health and economic wellbeing for our tenants and communities; and increased employee productivity.

Our commitment is therefore to **Environmental, Social and Governance Sustainability**. All three elements must be sustainable for lasting positive change to be achieved in a responsible way.





# Our Approach

Our **ESG Strategy** provides a framework where ESG is integrated into our ongoing strategic and operational activities. This is achieved by including ESG considerations in our strategy, policy, and decision-making processes. Through integrating with wider business processes, we will ensure that we deliver ESG effectively and efficiently to maximise the benefits to the communities in which we operate.

The Sustainability Reporting Standards (SRS) are a new standardised approach to reporting on ESG for the housing sector that was launched in November 2020, by the Good Economy UK, following extensive consultation with housing providers and financial institutions. The SRS contain a set of themes against which we will measure our progress in meeting our ESG commitments.

LHP's approach will be to set annual ESG targets, which will allow any external impacts or changes to the SRS to be considered each year.

**We have set out the key delivery systems for each element of ESG** under Strategy Links section at the end of this document.



# E

## Environmental

### Wider Context

Climate change is happening as a direct result of human activity. Governments all over the world are putting in place targets to reduce carbon emissions to stop any further impact and reverse the effects with an aim to reach net-zero by 2050. Net-zero refers to reaching a position where the greenhouse gasses emitted are equivalent to the emissions captured or offset.

We are seeing the impact of climate change with warming oceans, melting of polar ice and glaciers, rising sea levels and more extreme weather events.

Extreme weather events are being seen across the UK. Lincolnshire is an area which is heavily reliant on agriculture and food processing. With increased rainfall in the winter, often resulting in flooding and hotter summers, which result in droughts there is an impact on farming and related industries in the locality.

We are also seeing the impact of waste, especially plastics; the need to dispose of waste often gives rise to environmental damage (especially in our oceans) and generating waste represents a loss of energy and materials.

There are external policies and programmes that will assist LHP in our journey toward net Zero such as the decarbonisation of electricity and the government's plans to phase out petrol and diesel vehicles. These are happening now and into the future. There are positive actions taking place in Lincolnshire; a large-scale solar farm has been approved by South Kesteven Council, and the Central Lincolnshire joint strategic group has laid out its roadmap (subject to consultation) to a carbon-neutral future, which hopes to see an increase in wind farms amongst other proposals. The development of Triton Knoll wind farm off the Lincolnshire coast is also in progress.

# LHP Context

LHP aspires to be a net Zero organisation by 2050 and will develop in the first year of the strategy, a carbon plan that sets out how this can be achieved.

The Covid pandemic has moved us by necessity to a position where we are creating less greenhouse gas emissions through travel as staff stay at home instead of commuting to work and use technology to meet virtually instead of travelling between offices. This situation won't last forever, and we are preparing our workforce to work in a more agile way on a permanent basis so that we are able to maintain sustainable environmental improvements in the way we operate.

We know that we will reduce our office footprint over the next 2 years, and we will have control over what comes next and the opportunity to consider the environmental impact of our choices alongside the social and economic impacts.

Household emissions are made up of Heating, Electricity, Waste, Transport, Aviation and Diet/Agriculture. Improving the energy efficiency of our homes is the area where LHP can have the most significant impact: For our existing homes we will use the SAP rating to measure our progress with a target to reach a minimum of SAP69 for all our properties by 2030.

EPC / SAP Rating	No of Properties	% of Homes
A	568	5%
B	638	5%
C	8,102	69%
D	2,209	19%
E or below	184	2%

LHP will set annual SAP improvement targets to provide assurance that it is on track to meet the 2030 requirement. The ability of properties to reach a high level of energy performance is an integral part of LHP's Asset Management & Growth Strategy. Decisions to invest to improve energy performance will be consistent with the wider commercial criteria within the Asset Management & Growth Strategy and related policies.

While we have good quality data regarding our housing stock, there is more work to do to truly understand what is required to bring poorer performing properties up to SAP69 standard and to understand our baseline position across the organisation so that we can provide SMART and affordable solutions and targets. This is reflected in the next section.

We will also consider the options available when building and acquiring new homes and take a pragmatic and economically balanced view of new home standards.

## What is a SAP rating?

SAP stands for 'Standard Assessment Procedure' and it is government approved system for assessing the energy rating for a home. The SAP calculation uses data about the construction of the home, its heating system, internal lighting and any renewable technologies installed, and results in a figure between 1 and 100+. The higher the SAP rating, the lower the fuel costs and the lower the associated emissions of carbon dioxide.

## Current Actions

### What we have done so far:

- Developed an agile workforce to reduce commuting and site travel that is not essential to the business
- Created and embedded an employee Health & Wellbeing programme
- Introduced technology to support agile working

### What we're currently doing:

- Fully integrating sustainability into all stages of our procurement cycle, from identifying needs through to contract management

### By April 2021 we will:

- Return to our Decent Homes Plus investment standard

### By July 2021 we will:

- Implement a new housing management solution to enable mobile working

### By December 2021 we will:

- Reduce the use of paper

### By April 2022 we will:

- Develop a baseline position of greenhouse gas emissions from offices, business travel, energy performance of homes, communal energy use and the In-House Repairs Service (IHRS) fleet
- Develop a baseline position of waste generation from offices, IHRS and customer initiatives
- Develop a detailed plan to achieve net Zero by 2050
- Develop a detailed plan that delivers a minimum SAP 6g (EPC C) for all homes including lower performing properties by 2030
- Facilitate the segregation of waste for recycling as part of our scheme option appraisals
- Review all unimproved Non-Traditional homes

### By July 2022

- Reduce the office carbon footprint through decommissioning of server rooms and use of sustainable cloud storage







# S Social

## Wider Context

Good quality affordable housing in strong communities influences the health and wellbeing, education, work opportunities and finances of those living there, which in turn helps to reduce inequality.

The impact of housing associations is not limited to the homes that they provide. Regional or place-based housing associations

particularly contribute to the local economy and community through employment policies, training programmes and local procurement.

In addition, housing providers offer many additional services to help their tenants improve their finances, gain employment, live independently, develop new skills, and become digitally included.

## LHP Context

LHP is a registered charity whose purpose is to provide affordable homes for people in the greatest need in Lincolnshire. We own and manage around 12,500 homes across Lincolnshire, providing services to over 20,000 tenants. Over 75% of our stock holdings are in or around Boston and Grimsby, which include some of the poorest wards in the country.



Over 99% of our homes are let at or below the Local Housing Allowance and through our Rent Policy we are committed to setting rents that comply with current guidance and are affordable.

LHP has in place a robust building compliance regime, which is monitored and scrutinised regularly at all levels of the organisation. We hold good quality data on nearly 100% of our housing stock, with a programme that is exceeding the governments Decent Homes Standard each year. Through our Health & Safety Policy we are committed to ensuring the safety and continued health and wellbeing of all employees, tenants and other relevant persons who may be impacted by the actions and, or inactions of the organisation.

One of our core values is "Customer First". This means we put customers at the heart of our decision making and develop homes and services which are built around their needs. We have established a Customer Scrutiny Panel and

several Key Service Improvement Panels, which review and make recommendations as to how LHP can improve its services.

We have achieved compliance with Housing Ombudsman's Complaints Code (2020) and ensure that lessons learned from complaints are shared throughout the organisation.

LHP has a successful Money Support service for our tenants that ensures customers' income is maximised through budgeting advice and assistance claiming benefits to which they are entitled. We work with local partners to improve the lives of our customers and the wider community including co-location with Age UK at our Boston office is established.

Our Warden and Telecare service serves not just LHP's tenant but also the wider community. It helps over 6,000 elderly and vulnerable people to live safely and independently in their homes, making over 75k wellbeing calls each year.

As a large local employer, we have been able to give employment opportunities to our tenants. We currently employ around 390 staff of which 30 are LHP tenants.

We are members of the PlaceShapers network and the last STAR survey (2018) confirmed 84% satisfaction with LHP as a landlord.

## Current Actions



### What we've done so far

- Delivered our Customer First Complaints methodology to all staff achieving HouseMark accreditation and compliance with the Housing Ombudsman 2020 Code of Practice
- Trained all colleagues in the Mary Gober International customer service methodology
- Engaged (and continue to engage) with the Customer Scrutiny Panel

### What we're currently doing

- Ensuring our customers are safe by delivering high quality compliance and building health and safety works
- Ensuring that environmental, social and whole life costs impacts are taken into consideration in the assessment of Value for Money
- Including the impact of procurement decisions on poverty and the consideration of fairly traded goods
- Considering wider benefits realisation and added value to the organisation, including social value and benefits for the wider community

### By April 2021 we will:

- Develop the LHP Aids & Adaptations Policy

### By October 2021 we will:

- Develop the detailed Asset Standard for all existing and new homes

### By April 2022 we will:

- Undertake Options Appraisals for Sheltered Homes and other homes that do not meet the needs of our current and future customers

### By April 2023 we will:

- Achieved top quartile service delivery
- Gained top quartile customer satisfaction
- Launch a neighbourhood-based approach
- Secured TPAS Pro Landlord Accreditation

### By April 2024 we will:

- Have completed a significant trainee and apprenticeship programme offering a National Living wage for at least local 50 people

### By April 2025 we will:

- Deliver our Development pipeline for the growth of affordable rented and shared ownership homes

# G Governance



## Wider Context

*“Good governance is important as it provides the improve the quality of the decisions made by those businesses. Good quality, ethical decision-making builds businesses and enables them to create long-term value more [The Chartered Governance Institute].*

The housing sector, having received, large and varying amounts of public money to buy and develop homes over many years, has an obligation to practice the highest standards of governance. This ensures a sustainable organisation with high moral and ethical standards that is transparent in its decisions and direction.

The Sector is regulated by the Regulator of Social Housing (the Regulator) whose objectives are to:

- protect social housing assets
- providers are financially viable and properly governed
- maintain confidence of lenders to invest into the sector
- encourage and support supply of social housing

- ensure tenants are protected and have opportunities to be involved in the management of their housing
- ensure value for money in service delivery

The Regulator has developed a set of standards with which all providers, regardless of size, must comply. This includes the expectation that all providers adopt and comply with an appropriate code of governance and the National Housing Federation (NHF) Code of Governance 2015 is widely used in the Sector.



# LHP Context

LHP is committed to achieving a G1/V1 rating from the Regulator; to being an employer of choice; and to considering the social and environmental impacts of all procurement activity.

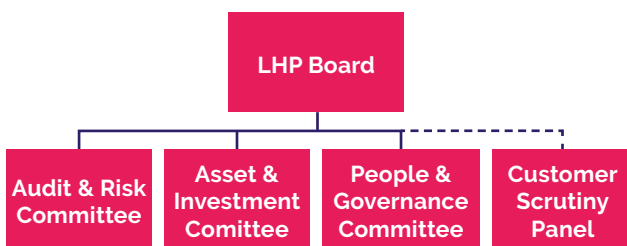
LHP is a charitable Community Benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and, is registered with the Regulator of Social Housing. LHP has adopted and complies with the NHF Code of Governance 2015.

The most recent In-Depth Assessment (IDA) by the Regulator, which assesses our compliance against the economic standards, resulted in a grading of G2/V2, which means that LHP is compliant with the standards but requires some improvement.

We have a Board made of up to 12 suitably skilled and experienced, independent non-executive Board Members.

Table 6 sets out our current governance structure.

## LHP Governance Structure



The Board, through LHP's Constitution, delegates responsibility to Committees and the Executive to oversee specific activities and areas of performance.

Recruitment of Board members is overseen by the People & Governance Committee and is

an open and transparent process based on the skills and experience needed to oversee delivery of our strategic priorities. To strengthen the governance framework, the Board appointed a Senior Independent Director in 2020.

The Customer Scrutiny Panel (CSP) is not part of LHP's formal governance structure. However, it regularly reports its findings to the Board or relevant Committee and the CSP Chair has a standing invitation to Board meetings to allow transparency of decision making and to ensure that the tenant voice is heard at the highest level of the organisation.

LHP employs c.390 staff and is committed to ensuring the highest levels of engagement and well-being. Staff benefits package includes access to a good quality employee assist programme. Through the People Strategy, a Health & Wellbeing Programme has been established, which is delivered by a staff group of Wellbeing Ambassadors.

LHP has an established staff consultative group that ensures matters of health & safety are scrutinised and lessons learned are discussed and disseminated to colleagues.

We monitor sickness absence at all levels of the organisation, and it is a key measure of success indicator for the People Strategy.

We have in place an Equality & Diversity Policy, which recognises that our workforce and the communities that we serve come from diverse backgrounds with various lived experience. The policy commits LHP to ensuring that through delivery of our services we practice and promote equality, fairness, and combat discrimination.

# Current Actions

## What we've done so far

- Developed Agile Working guidelines
- Developed a Procurement Strategy that seeks to ensure that social value and environmental impact are considered in all procurement activity

## Ongoing Annually

- Board Appraisals
- Annual review of Board / Committee effectiveness
- Review of skills matrix
- Review of succession plan
- Annual Equal Pay monitoring
- Annual Gender Pay Gap analysis
- Annual programme of internal audit approved and monitored by the Audit & Risk Committee

## By April 2021 we will

- Review the NHF Code of Governance 2020

- Develop, deliver & embed Management Development Programme

## By June 2022 we will

- Develop and publish suggested career pathways and opportunities

## By December 2022 we will

- Achieve IIP Gold accreditation

## By January 2023 we will

- Obtain a place in the Top 100 Best Companies list

## By April 2023 we will

- Achieve and maintain a G1/V1 grading from the Regulator of Social Housing

## By June 2023 we will

- Achieve Equality & Diversity recognition through the National Centre for Diversity



# Conclusion

**LHP aspires to achieve net Zero by 2050. It will do so while improving the social impact and value for employees, tenants, and the communities it serves, employing fair, transparent, and robust governance arrangements.**

The previous sections of this strategy aim to demonstrate that LHP is already incorporating the fundamental principles of ESG in its key strategies and policies and without doubt is moving in the right direction.

We recognise that to monitor the success of the ESG themes, we need to be clear about the baseline from which we are starting. A retrospective exercise will be undertaken in 2021/22 to identify the baseline from which the improvements will be measured. Due to the unusual operating environment in 2020/21, we will use the baseline data from 2019/20 to measure improvements.

While work will be completed to develop a net Zero by 2050 plan, we are also aware that our outcome will be influenced to a greater or lesser extent by external factors and that what is possible or impossible today, through the advancement of global, government and technological initiatives, may be the opposite as time passes.

What LHP has capacity to deliver through its available resources will also impact on the actions that can be taken over time.

The actions to be delivered in 2021/22 will move LHP to a new level of understanding, sharpen strategic deliverables and provide the

baseline to set annual targets that balance the environmental, social and economic impacts of our commitment to net Zero by 2050.

These targets will be set each year and will consider each area of ESG while ensuring that we continue to meet our regulatory and legal obligations, deliver quality services, and remain an employer of choice.



# Strategy Links

The table below sets out at a high level the links between the Themes in the Sustainability Reporting Standard (SRS) and the LHP strategies, policies, and other documents through which we will deliver our ESG commitments

Area	SRS Theme	LHP Key Delivery System
 <b>Social</b>	Affordability & Security	Rent Policy Asset Management & Growth Strategy
	Building Safety & Quality	Asset Management & Growth Strategy
	Resident Voice	Customer Involvement & Empowerment Strategy Complaint Handling Customer Service Strategy
	Resident Support	Customer Involvement & Empowerment Strategy
	Place Making	Place Shaping – Membership of Place Shapers
 <b>Environmental</b>	Climate Change	Asset Management & Growth Strategy ESG Sustainability Action Plan Digital Transformation Strategy
	Ecology	Asset Management & Growth Strategy Procurement Strategy
	Resource Management	Asset Management & Growth Strategy Procurement Strategy
	Structure & Governance	Constitution Code of Governance Risk Management Strategy
 <b>Governance</b>	Board & Trustees	Board & Committee Member Recruitment & Succession Policy Equality & Diversity Policy Constitution Code of Governance Board Appraisal Policy
	Staff Well Being	People Strategy
	Supply Chain Management	Procurement Strategy







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