

Progress Housing Group		Property Services			
Title:	Environmental Sustainability Strategy				
Ref No:	GRSTRPR03	Reviewed:	04/03/2024	Version:	2



STRATEGY DOCUMENT

Service Area: Property Services

Document Ref No: GRSTRPS03

Subject Title: Environmental Sustainability Strategy

Version: 2

Date of Issue: 1 November 2021

Last Review Date: 4 March 2024

Next Review Date: 1 March 2027

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Introduction

Progress Housing Group’s vision is to ensure everyone has a place to call home and the opportunity to live their best life. Environmental sustainability is directly linked to this vision; by reducing the carbon emissions of our homes and our overall environmental impact, we can improve the long-term viability of our properties and the health and financial wellbeing outcomes for our tenants. We also know that climate change risks such as overheating and flooding will be more prevalent in the future. Climate resilient, efficient buildings and a healthy environment will help to protect our long-term sustainability.

In 2019, the UK became the first major economy to legislate to achieve net-zero carbon emissions by 2050. Achieving net-zero carbon emissions means that the economy must remove as much carbon dioxide from the atmosphere as it emits. This is one of the most significant challenges that housing associations and other sectors have ever faced.

The Group recognises that achieving net-zero carbon emissions will require a transformative programme of investment which is supported through delivery of this strategy. Therefore, in order to guide decision making, all work will be directed by the following key principles:

- Buildings and people - Any investment undertaken will consider both the building and occupant, including comfort and affordability.
- Do not create issues for the future – to the best of our ability any investment undertaken should not close off future opportunities for the adoption of new technologies or approaches as they arise.
- Phased but at pace targeting low regret solutions - the setting of long term targets should not mean putting off decisions or delivery of measures in the short term.
- Regular review and monitoring – the outcomes of this strategy and subsequent investment work should be regularly monitored, reviewed and reported on to ensure our goals are achieved in line with our financial plans.
- Skills, education and collaboration - we will continually build our knowledge and understanding to ensure effective delivery, including training for both colleagues and customers and collaborating with external partners.
- We will seek to obtain external funding where it is consistent with our aims

We expect significant changes to the government’s energy and environmental policy over the life of this strategy and will adapt our strategy as required. We’ll also work with the wider housing sector and the government to help shape local and national policy as we develop our approach.

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Scope

To achieve net-zero carbon emissions by 2050, we will need to deliver significant carbon reduction across all of our Group business activities, including existing homes, new homes, customer engagement, fleet transport and offices. This environmental sustainability strategy is the driver to start this.

Aims of the strategy

Our Environmental Sustainability Strategy aims to provide a framework for us to deliver our environmental sustainability goals. The strategy encompasses how we will build and maintain homes and how we make sure our offices and wider environmental impact are more sustainable.

Defining net-zero

Achieving net-zero carbon emissions means that we must remove as much carbon dioxide from the atmosphere as it emits by 2050. To effectively guide our strategy, we must first clarify what Net-zero means to Progress Housing Group as an organisation. As there is no commonly agreed definition within housing, we have developed the following working definition.

1. Net-zero Carbon in operation - when the amount of carbon emissions associated with a building's fixed services, including space heating, hot water and lighting on, an annual basis is zero or negative.
2. Net-zero Carbon in construction - when the amount of carbon emissions associated with a building's construction is zero or negative.

This net-zero goal will be achieved by:

1. Reduced energy demand – optimising the efficiency of the building fabric.
2. Reduced embodied carbon – driving down the carbon impacts related to the production and construction stage.
3. Monitoring and improvement – understanding and improving on actual in-use performance.
4. Low carbon energy supply – with low carbon heat, hot water and electricity
5. Carbon offsetting – offsetting any remaining emissions that cannot reasonably be eliminated.

With this definition and our key principles, we have to set out ambitious but reasonable and technically feasible long- and short-term goals.

Long term (outside the five-year term of this strategy):

1. All Group operation's to achieve net-zero emissions by at least 2050
2. All properties to a reach a minimum EPC rating of 'C' by at least 2030 where it meets the needs of the building and occupant and in a future proof manner.

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Short Term (within the five-year term of this strategy)

1. Carry out domestic energy assessments and develop a net zero plan on 100% of properties by 2028.
2. Deliver communal heating and lighting energy efficiency programme by 2027 targeting a minimum of 15% energy reduction across high usage sites.
3. Where technically suitable and financially practicable, we will install solar photovoltaic (PV) panels when properties are reroofed from 2025.
4. Develop colleagues' skills and understanding needed to retrofit and maintain low carbon homes and reduce our environmental impact including attaining MCS accreditation for installation and maintenance of key technologies such as Solar Panels and air source heat pumps.
5. Develop internal new build standards for future-proofed and affordable low carbon homes through engagement with Development Team colleagues and reflected in the Development Strategy.
6. Integrate environmental sustainability into the culture of everything we do.
7. Collaborate with contractors and supply chain partners to understand and reduce the impact of services and products we buy and set minimum standards moving forward.
8. . Develop a flood and overheating risk mitigation action plan.
9. Support our customers to manage their energy use and reduce their energy bills.
10. Where we improve our properties with emerging technology and other retrofit measures, we will ensure that those living in and using the properties are fully supported to use the technology efficiently.
11. We will access all suitable funding streams where they fit with our goals
12. Collaborate with external agencies such as Homes England, National Housing Federation, Combined Authorities and other best practice groups to understand what good looks like and seek to reflect these in our future retrofit and investment programmes.

Where are we now?

Existing homes

Housing is responsible for 26% of the UK's greenhouse gas emissions and 80% of the homes that will be around in 2050 have already been built, so how these homes are upgraded in terms of energy efficiency will help determine how the UK meets its carbon reduction targets.

Over 75% of the Group's operational carbon emissions comes from existing homes, as shown in appendix 1, amounting to an estimated 117,241 tonnes of CO₂ per year. The most effective opportunity we have to reduce these emissions is to improve the energy efficiency of our homes. The Clean Growth Strategy sets out the government's ambition to upgrade private rented homes to Energy Performance Certificate (EPC) rating 'C' by 2030, and for as many homes as possible, where

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‘practical, cost-effective and affordable’, to reach a minimum EPC rating of ‘C’ by 2035. The Scottish Energy Efficiency Standard for Social Housing (ESSH) includes more ambitious targets than those presented above for England and Wales.

Through the Decent Homes and SHDF wave 2 programmes, the Group has carried out significant improvement works to many properties, including installation of insulation, double glazing, A-rated boilers and new technologies, including air source heat pumps and solar PV systems. Further details on the Group’s planned investment can be found in the Asset Management Strategy.

The effect of the Group’s investment in energy efficiency measures can be seen by our improvement against the Government’s Standard Assessment Procedure (SAP) for energy rating of dwellings. The Group’s average SAP level across all its stock as at end of 2023 is 72.36 in comparison the average rating of the social housing stock in England and Wales is 72. We have energy performance data for over 79% of our homes, this has enabled us to undertake some basic energy modelling to understand our options and costs for achieving EPC band C and net zero emissions. These figures will continually be revised as we move quickly to improve our energy data quantity and quality in order to manage internal financial risks.

The Group currently has an estimated 2,550 homes that fall below an EPC C rating and 248 properties that fall below a D rating, as shown in appendix 2. Ensuring all properties are EPC C rated or above will lead to significant carbon reduction across our housing stock and will be an important step in reducing fuel poverty.

Investment will need to be focused on areas which provide long term viability, where a property cannot viably be decarbonised, we will review the property and its place in our future portfolio. This may include disposal of assets where this best meets the needs of the organisation, property and community.

New build homes

The average SAP of our new build properties in 2023 was 84.5 (EPC B rated). This is in line with the national average for new dwellings.

The Group has a slightly scaled down development programme based on the previous strategy, and will be assessed against the capacity within the LTFP, and is likely to be slightly less than 1,000 units over 5 years. Homes that fully meet the needs and aspirations of our customers both now and in the future must include sustainable development, low energy consumption and low maintenance costs.

For new homes, building regulations have begun to set more demanding requirements for carbon reduction since 2022 and from 2025, the Future Homes Standard will increase new build energy efficiency requirements significantly and will likely prohibit the installation of gas heating systems.

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Further details of the Group’s approach to new build homes can be found in the Development Strategy.

Embodied emissions are those produced through the building of new or works on current homes. These include the emissions resulting from the production and transportation of building materials. To fully achieve net-zero, both the operational carbon and embodied carbon of our asset must be addressed.

Although we are yet to quantify our embodied carbon, we understand the construction of new homes has a significant carbon footprint, including the embodied carbon of the materials used and the energy required to construct the homes.

Fuel Poverty & Tenant Engagement

Fuel poverty is currently measured via the Low-Income Low Energy Efficiency (LILEE) definition whereby a household is judged to be fuel poor if it, has a residual income below the poverty line, and has an energy efficiency rating below Band C.

Over 15% of fuel poor households are estimated to live in social housing in England compared to 13% of total households and fuel poverty remains a key driver for the improvement of energy efficiency standards. We also recognise that even where customers do not fall under the current definition of fuel poverty their lived experience may be similar, due to a multitude of reasons such as increasing energy prices or higher than average required room temperatures.

We have established a tenant Net Zero Group called Keen to be Green, to work with us to tackle the challenge of achieving the Government’s net zero carbon target by 2050 and to eliminate fuel poverty.

Energy advice work can have a significant impact on the outcome of energy efficiency work, including overall fuel costs and CO₂ emissions reductions. We also recognise that the impact of advice reduces over time and needs to continually be reinforced to ensure its long-term effectiveness.

Corporate sustainability

Emissions for which we are directly responsible include offices, communal lighting, communal heating, vehicle fleet and employee mileage. We have baselined our emissions from these key areas and while they account for only a minor part of our emissions (approximately 4925 tCO₂e or 25% of total CO₂e emissions) alongside wider environmental impacts such as waste and air quality, it is something we can have direct control over.

Currently implemented carbon reduction measures include fleet vehicle tracking and refurbishment of offices and upgrade of communal lighting and heating systems at high usage sites.

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Green spaces

PHG has a substantial amount of natural capital. This adds value to local communities, helping to improve our customers' mental health and general well-being whilst reducing the risk of flooding and absorbing CO₂. Our green spaces are currently managed in accordance with our Place Making Strategy.

Climate resilience

Even if global temperatures are kept to no more than 1.5°c of warming, climate change will continue to take place for many decades into the future. This will include hotter drier summers, warmer wetter winters, and a higher risk of extreme weather events, leading to a greater risk of flooding and overheating both of which can have a significant impact on the physical, mental and financial wellbeing of our Tenants and significant repair costs. To mitigate this we will seek to identify properties at highest risk of impact and install proactive measures such as flood gates/ barriers or similar as new risks emerge.

External collaboration

The Group understands that we are unable to achieve zero carbon targets alone. We are currently involved in several zero carbon focused partnerships and will continue to work with government, other housing associations and our supply chain partners to collaborate on and share best practice.

What do we need to do to achieve our aims?

Existing homes

- We will adopt a cost optimised fabric first approach to the retrofit of our properties, focussing on the components that make up the building envelope such as the walls, floors, ceilings, windows and doors before installing low carbon heat and on-site renewable energy such as solar panels. However, this does not stop us fitting multiple elements in one go where it is beneficial to do so in line with our value for money (VFM) strategy.
- We will implement publicly available specification (PAS) 2035 standards across all energy efficiency investment work to ensure risks are minimised.
- Using our baseline data, we will be prioritising action on the worst performing properties where practicable via fabric improvements.
- We estimate the total cost to improve all properties to EPC C to be over £14 million. We will look to maximise funding for the investment works required via funding streams such as ECO and the Social Housing Decarbonisation Fund and update financial plans accordingly. In addition, as we implement new energy software, we will closely monitor estimated improvement costs to achieve the targets set by 2030 in light of recent cost increases to deliver some energy efficiency measures.

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- We will work to identify and upgrade properties below EPC C rated during void periods where practical to reduce disruption.
- The retrofit of existing homes can lead to premature component renewal creating increased emissions over the lifecycle of the property. Therefore, we will look to efficiently plan retrofit work alongside existing replacement programmes to reduce overall lifecycle emissions.

New build and the Development Strategy

In line with the newly drafted Development Strategy

- All new build properties to be a minimum of EPC B
- All acquisition and refurbishment properties to be a minimum of EPC C
- We will work to improve our internal design briefs to incorporate low carbon measures that meet minimum building regulation requirements. Where additional low carbon measures are not possible or not yet required, design of homes will be developed in a way which will accommodate the retro fit of green technologies at a later date e.g. internal space to house storage cylinders and external locations for air source heat pumps
- Wherever possible we will engage early with our development partners to influence sustainable design.
- We will research design, specification and construction methods that minimise the impact of the extremes of weather such as overheating and mitigation from flooding.
- We will develop our approach to measuring and reducing embodied carbon from our new build homes and maintenance activities.

Fuel Poverty & Tenant Engagement

- We will adapt our energy advice to ensure that customers are able to use their homes and new technology effectively. This includes improving customer understanding of how to manage homes with new technologies and higher airtightness standards. We will improve the advice that we give to customers when they move into a Progress home or where the energy efficiency of their home is improved. This will help to ensure that the benefits of high energy efficiency standards are realised.
- We will adopt a variety of approaches to support our differing customer base and work with front line colleagues to ensure customers can easily access energy efficiency advice, as well as wider sustainability advice including water efficiency and waste recycling.

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Corporate sustainability

- We will maintain our environmental management system that aligns to ISO14001. Allowing us to continually monitor and improve on the environmental impacts of our business operation.
- We will report on our carbon emissions annually following Streamlined Energy and Carbon Reporting (SECR) and wider Environmental, Social and Governance (ESG) reporting principles.
- We will review energy supply contracts for our offices and communal areas as they expire and prioritise, low carbon suppliers and tariffs.
- Procurement has a significant impact on our carbon footprint and by working with our suppliers and contractors, we will implement measures to support, monitor and engage with them to reduce their carbon emissions.
- We will provide colleagues with training and briefings on sustainability in the workplace and carry out an assessment of specific training needs associated with different roles.
- We will undertake an electric fleet vehicle pilot and utilise learning to inform the fleet strategy to review our road map to moving to ultra-low emissions vehicles.
- We will build the internal skills and teams needed to research, develop, build, improve and maintain low carbon homes.
- We will develop a detailed action plan to move towards our environmental sustainability objectives in consultation with non-executives, colleagues, customers and partners.

Green spaces

- We will work to quantify the environmental impact of our green spaces and develop a management plan to support biodiversity and for the benefit of the wider community and our customers.

Climate resilience

- We will risk assess our all our assets against flooding and overheating risk work and update our actions plans to mitigate current and future projects risks.

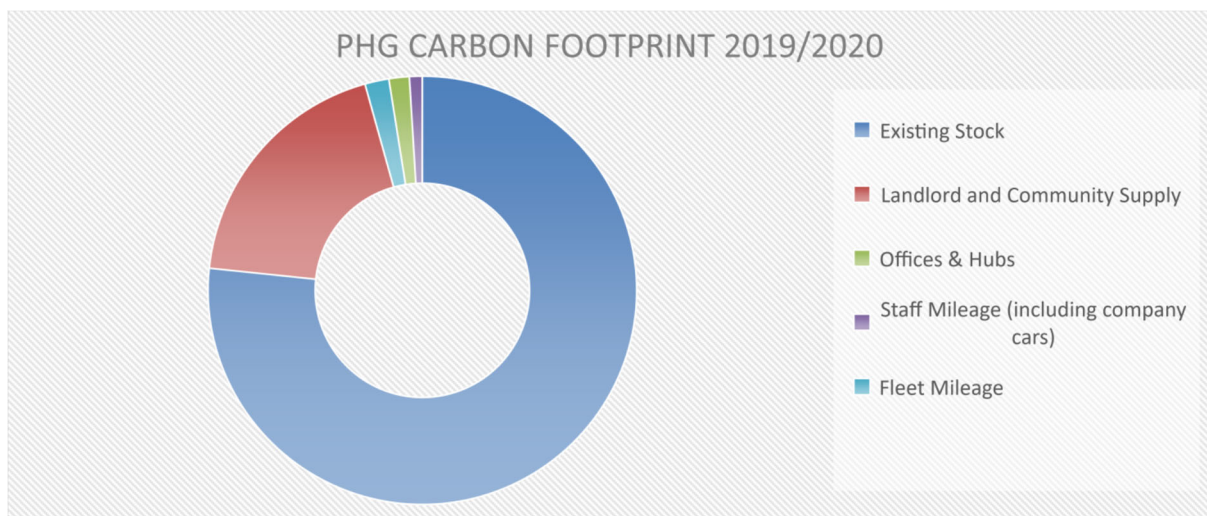
Route map

- As part of our commitment to reducing energy use and carbon emissions, we have developed our environmental sustainability Route map, which outlines how we will achieve net-zero carbon emissions by at least 2050, see appendix 3. We will continually keep this under review and will develop an action plan and KPI's to ensure delivery against our set targets.

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Appendix 1 – Progress Housing Group Carbon Footprint

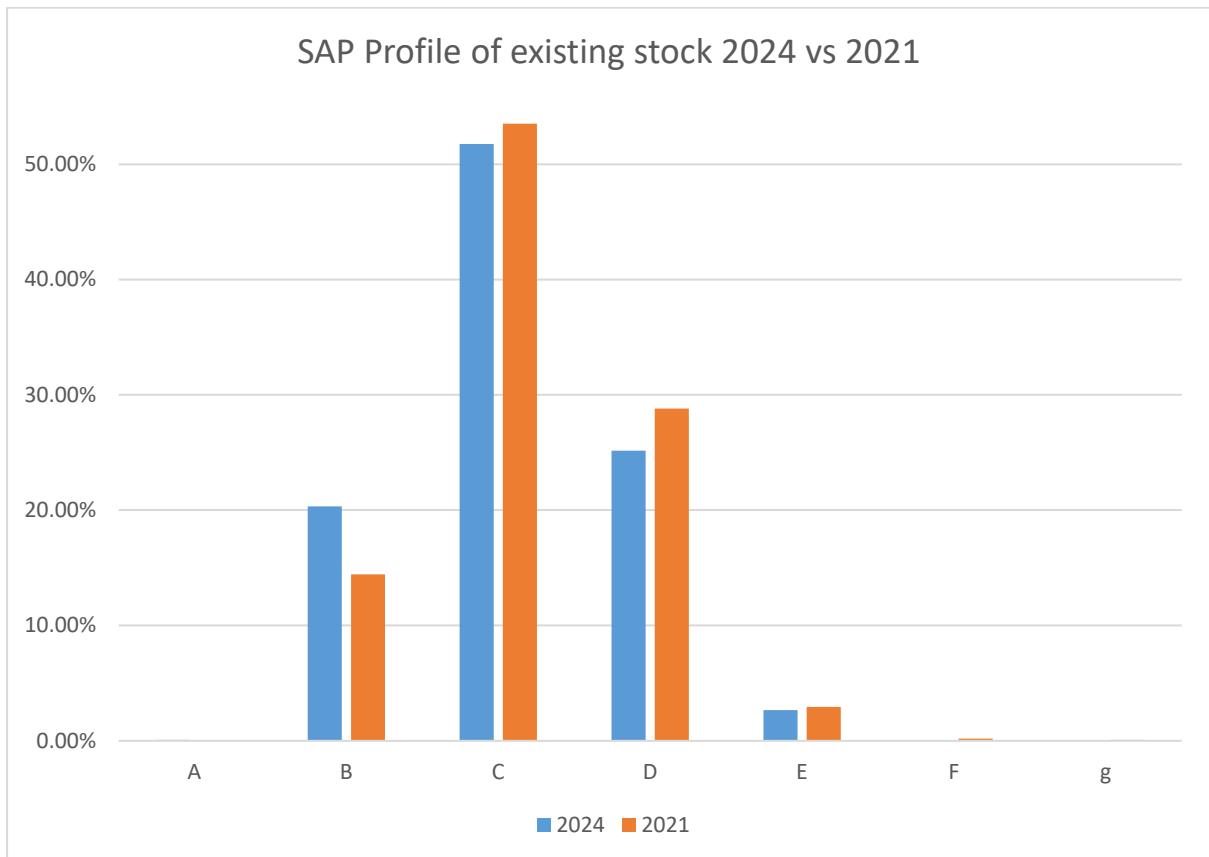
We have assessed Progress Housing Group’s wider corporate activities as well as the existing stock to establish a total carbon footprint for years 2019-2020 and 2020-2021. This will act as a carbon baseline for the Group and has enabled a strategy to be formed for carbon reduction. The baseline measurement is in Tonnes of Carbon Dioxide Equivalents (tCO₂e) which accounts for greenhouse gas emissions and is the standard unit used in Carbon Dioxide Streamlined Energy and Carbon Reporting (SECR).



Scope 1 and 2 Emissions					
	2020/21 (Baseline year)		2022/23		Reduction %
	tCO ₂ e	% of CO ₂ footprint	tCO ₂ e	% of CO ₂ footprint	
Natural gas (scope 1)	3736	65%	3274	63%	-12%
Grid Electricity (scope 2)	1361	24%	1091	21%	-20%
Fleet Fuel & staff Mileage (scope 2)	646	11%	859	16%	+32%
	5743	100.00%	5224	100%	-9%

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Appendix 2 – SAP Profile of existing stock (31.12.23)



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Appendix 3 Environmental Sustainability Route Map

