

# Environmental Sustainability Strategy

2017 - 2022

## STRATEGY

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### 1 MANAGEMENT INFORMATION

Date Policy approved by LMH Board / Committee	7 <sup>th</sup> September 2017
New / Revision	Revision
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### 2 STRATEGY STATEMENT

In this context Environmental Sustainability refers to the impact of LMH Group's activities, and those of its customers and suppliers, on the environment and the ability of the Group and its properties to withstand the effects of climate change.

It is LMH Group's aspiration to minimise environmental impact and mitigate the effects of climate change whilst continuing to deliver value for money in support of its corporate objectives.

### 3 SCOPE OF STRATEGY

The strategy applies to all Group members, activities and properties. It is of particular relevance to activities relating to the design, maintenance and use of properties as the environmental and climate change impacts are greatest in this area.

### 4 INTRODUCTION

This strategy is a revision of the previous Environmental Sustainability Strategy, approved by Board in 2015. It has been updated to reflect the new LMH Group structure and LMH's new "Lean Landlord" approach.

The aim of this strategy is to minimise environmental impact and mitigate the effects of climate change whilst ensuring a positive or neutral impact on the goals and aspirations outlined in the Group's Corporate Plan.

Beyond contributing to the global imperative to reduce carbon emissions, the aims of this strategy directly support the Group's objectives:

- deliver financial savings to customers, reducing the risk of fuel poverty and supporting financial inclusion
- deliver financial savings in construction activities, improving HMS's competitive offer and reducing costs for other Group entities
- reduce the risk of flooding and overheating negatively affecting housing stock and its occupants
- reduce operating costs for all Group entities

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### 5 OPERATING ENVIRONMENT

In recent years changes in the sector and the wider political and economic environment have put increasing financial and social pressures on Housing Associations and their customers. Following more recent political changes, most significantly the decision to leave the European Union, the future is now more uncertain with the impact on the sector unknown. The impact is expected to become more apparent during the implementation of this strategy.

Alongside these general changes, three additional factors are having a particular impact on this strategy:

- Continued reduction in the scope and level of grant funding has negatively affected the viability of housing retrofit projects.
- Continued increase in the cost of gas, electricity and other fuels is putting increasing financial pressure on tenants and increasing Group operating costs.
- A reversal of the downward trend in fuel poverty among Housing Association tenants and occupants of properties with low SAP ratings has increased the need for interventions in this area.(DECC 2017 Fuel Poverty Statistics)

### 6 CURRENT POSITION

The Group is already performing well in most areas and continues to make improvements. Key achievements since 2008 include:

- Held SHIFT (Sustainable Homes Index For Tomorrow) Silver Award since 2014/15
- Held ISO14001 accreditation for Environmental Management since 2011/12
- Compliant with Energy Savings Opportunity Scheme (ESOS)
- Achieved 65% reduction in average household carbon emissions (2.1t per dwelling) against the 1990 baseline (6.1t per dwelling).
- Increased average SAP rating of properties to 73.5

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- Completed works to improve property performance on 97% of its property assets. This work has included heating systems, modern windows, loft insulation, cavity wall insulation and external wall insulation.

Since 2014 the Group has used SHIFT as the primary measure of its environmental performance. SHIFT is an independent sustainability assessment which compares the Group's sustainability performance with other Housing Associations. The benchmark assessment reviews strategy and management, office practices, performance of existing buildings, maintenance of existing buildings and new build.

In 2014/15 LMH ranked 31 out of 53 peers with 49.51 points, earning a Silver Award. In 2016/17 LMH's rank had increased to 11 out of 44 peers with 54.62 points, retaining LMH's Silver Award and within 2 points of a Gold Award. Following this success the Group has brought its Gold Award target forward from 2019/20 to 2018/19.

Despite these achievements, 3,216 (21%) of Group dwellings still have a SAP rating below 72 of which 1,613 are below 68. These properties place the occupiers at an increased risk of fuel poverty and dealing with them is a key focus within this strategy.

## 7 ASPIRATIONAL POSITION

The ideal position for LMH Group is one in which:

- All its activities are carbon neutral
- Fuel poverty amongst the Group's tenants has been eliminated
- Risk of damage and disturbance from flooding has been eliminated
- Risk of overheating has been eliminated

This is an aspirational position that will not be achieved within this 5 year strategy, but it serves as a beacon to guide all Environmental Sustainability activities.

## 8 5 YEAR OBJECTIVES

To move towards its aspirational position LMH Group's 5 year environmental sustainability objectives are to:

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- Achieve SHIFT Gold standard and continue to improve year on year.
- Eliminate or determine exceptions and mitigate fuel poverty risk for all dwellings with a SAP score below 72.
- Maintain compliance with all relevant legal and regulatory requirements.

Achieving SHIFT Gold standard incorporates a range of targets and indicators that cover the majority of activities required to move LMH Group towards is aspirational position.

### 8.1 Measuring Success

The success of this strategy will be measured using 5 key performance indicators (KPIs).

Measure	Current	Target	Purpose
SHIFT Score	54.6	60	To improve environmental performance in all areas of the Group's activities.
Compliance with all relevant legal and regulatory requirements	100%	100%	Eliminate risks associated with non-compliance.
Minimum SAP score for dwellings (excluding exceptions)	33	72	To minimise the risk of fuel poverty caused by property condition and specification.
Permitted SAP score exceptions dealt with appropriately.*	0%	100%	To ensure the risk of fuel poverty is mitigated in properties with low SAP scores.
Average CO per dwelling	2.1	2.0	To contribute to the Government target to achieve 80% reduction against 1990 baseline carbon emissions by 2050.

*\*Permitted exceptions are properties kept for strategic or social reasons where achieving a SAP score of 72 or higher is not practical or viable e.g. listed buildings.*

The SHIFT score is built from a range of indicators that cover all the strategic themes outlined below.

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### 9 STRATEGIC THEMES

The scope of this strategy is broad; to aid delivery it has been divided into five strategic themes:

1. Property Performance
2. Behavioural Change
3. Construction Activities
4. Development Activities
5. Corporate Behaviours

Each theme covers activities linked to one or more of the five year objectives. To avoid duplication or omission all themes are coordinated centrally by the Environmental and Sustainability Officers.

#### 9.1 Property Performance

This theme covers the condition and specification of property assets held by the LMH Group. This theme primarily involves the LMH Asset Management Team.

##### Primary Objective:

- Reduce fuel poverty by minimising the amount of gas, electricity and water consumed in the occupation of the Group's dwelling assets.

##### Secondary Objectives:

- Reduce operating costs of the Group's premises,
- anticipate future energy efficiency regulation,
- aesthetic improvement of neighbourhood,
- reduce water bills,
- reduce risk of damage to property due to under-heating,
- reduce risk of over-heating,
- reduce risk of rent arrears, and



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- reduce carbon emissions and use of scarce global resources.

As outlined in the Asset Management Strategy, the Group measures environmental property performance based primarily on fuel poverty risk. This measure is underpinned by SAP (standard assessment procedure) which is the energy efficiency rating of a home.

Building on its progress to date, LMH Group has set a five year target to ensure all its dwellings have a SAP score of at least 72. This is significantly higher than the previous target of 68 (Band C) but represents a score at which the risk of fuel poverty is low.

As most standard energy efficiency improvements have been carried out on the Group's properties, achieving this new target is likely to require a mix of high cost and innovative measures. Alternative funding strategies and new innovations in retrofit have been actively sought and assessed by LMH, this activity will continue under this strategy.

In some cases it may not be practically or financially feasible to achieve SAP 72 on a property. In such cases the property will undergo a full asset review incorporating social sustainability, financial sustainability and strategic fit. If the property is retained it will be classified as a "permitted exception" and a mitigation plan implemented to minimise the risk of fuel poverty for the occupant.

LMH has also:

- Assessed the level of flood risk across its property assets and is now implementing a flood risk management plan.
- Incorporated water saving devices in its standard bathroom specification.
- Improved the ability of its stock condition surveyors to detect and diagnose cold and damp conditions within properties.

Future activities include over and under heating assessments and an environmental review of specifications ahead of major cyclical investment programmes.

### 9.2 Behavioural Change

This theme covers the behaviour of tenants in the operation of their home. This theme primarily involves ComMutual and the LMH social landlord operations teams.

Primary Objective:

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- Reduce fuel poverty by minimising the amount and the cost of fuel used in the home.

### Secondary Objectives:

- Reduce water bills,
- reduce risk of damage to property due to under-heating,
- reduce risk of rent arrears, and
- reduce carbon emissions and use of scarce global resources.

Behavioural change can have as great an impact on environmental sustainability as physical improvements to properties. For example, the five simple energy saving tips LMH promotes to its tenants can save them £180 on their energy bill, this is similar to the effect of installing solar panels.

Therefore it is important that the Group takes steps to help change behaviour of customers, particularly those who are fuel poor and those who are involved in energy efficiency investment projects.

LMH Group carry's out a range of activities in this area:

- Advise tenants on minimising their use of electricity, gas and water.
- Signpost tenants to fuel debt and energy advice services.
- Advise tenants on the use of their heating system.
- Provide support and advice to tenants who receive energy efficiency retrofit work.

### 9.3 Construction Activities

This theme covers the procurement and delivery of maintenance, improvement and development works by or for Group entities. This theme primarily involves HMS, the LMH Property Services Teams and LMH Developments.

#### Primary Objective:

- Minimise the amount of waste generated by construction activities and maximise the proportion of waste diverted from landfill.

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### Secondary Objectives:

- Reduce consumption of unsustainable materials,
- reduce the cost of maintaining and improving Group properties,
- reduce cost of waste management for HMS, and
- reduce carbon emissions and use of scarce global resources.

Improvements in waste management at HMS have been made following the analysis of waste data and the introduction of Site Waste Management Plans on larger projects. This work will continue and will be extended to monitor the waste management activities of external contractors.

The specification, procurement and management of construction works will be reviewed to identify opportunities to reduce the use of unsustainable materials.

### **9.4 Development Activities**

This theme covers the performance of properties built by the Group. This theme primarily involves the LMH Asset Management Team and LMH Developments.

#### Primary Objective:

- Maximise the environmental performance of properties during their lifetime.

#### Secondary Objectives:

- Improve the marketability of new build properties, and
- reduce carbon emissions and use of scarce global resources.

Whether they are sold or retained within the Group, properties built by the Group will have a direct impact on the environment and the occupants for decades to come.

Performance in this theme is already high with the Group's new build properties achieving CO emissions and SAP scores well beyond Group targets (1.64t and SAP band B respectively).

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Post occupancy evaluations and House Quality Mark assessments are underway on a sample of recent developments; the results of these will be used to inform a review of new build specifications. The review will balance environmental drivers against the need to ensure developments remain financially viable for the Group.

### 9.5 Corporate Behaviours

This theme covers all activities not covered by the other themes. Each entity within the Group is responsible for their own area of operations.

#### Primary Objective:

- Minimise the level of carbon emissions generated by the Group's activities.

#### Secondary Objectives:

- Reduce consumption of unsustainable materials,
- reduce cost of waste management and energy usage, and
- reduce carbon emissions and use of scarce global resources.

Activities within this theme are supported by the Groups compliance with ISO14001 and ESOS, both of which have driven significant improvements in environmental sustainability.

Key activities in the theme include:

- Minimising the consumption of scarce resources in the day to day activities of office based staff e.g. recycling, power saving, printing, transport, and
- Minimising the environmental impact of the day to day management of office premises e.g. control of heating systems, provision of recycling facilities.

## 10 DELIVERY

The Environmental and Sustainability Officers within the Asset Management Team will coordinate the delivery of this strategy and the associated action plan.

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The action plan covers all themes and is reviewed annually to ensure it remains fit for purpose. Progress against the plan is recorded in Covalent and reported quarterly to the Group Leadership Team and annually to the Social Landlord Operations Committee.

### 10.1 Working Groups

Successful delivery of this strategy requires input from all entities within LMH Group. To facilitate this, a working group for each strategic theme will be established; these will replace the existing GIFT Group and will enable members of each working group to focus more effectively on their area of responsibility.

Each group will include appropriate representatives from across LMH Group and will be led by the Environmental and Sustainability Officers who will coordinate their activities.

## 11 VALUE FOR MONEY

All activities under this strategy will be subject to a cost-benefit analysis that incorporates full lifecycle costs (where relevant), resource requirements, desired outcomes and the impact on the five year objectives. This is particularly important where the benefits of an activity are primarily environmental (such as reduced carbon emissions) or where the financial benefits are received outside the Group (such as energy savings for tenants).

## 12 RELATED DOCUMENTS

This Strategy will contribute to the delivery of the Group Asset Management Strategy and Corporate Plan. It should also be read in conjunction with:

- Group Procurement Strategy
- HMS Corporate Social Responsibility Strategy
- HMS and LMH Environmental Policy Statements
- Community Regeneration Strategy

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### **13 POLICY REVIEW**

This strategy has been reviewed in line with LMH Strategy Review Framework and will be reviewed annually to ensure it remains relevant. In line with LMH continuous improvement strategy the strategy review will incorporate an assessment of key internal and external influencers to ensure the policy reflects best practice together with all legal and statutory requirements.