

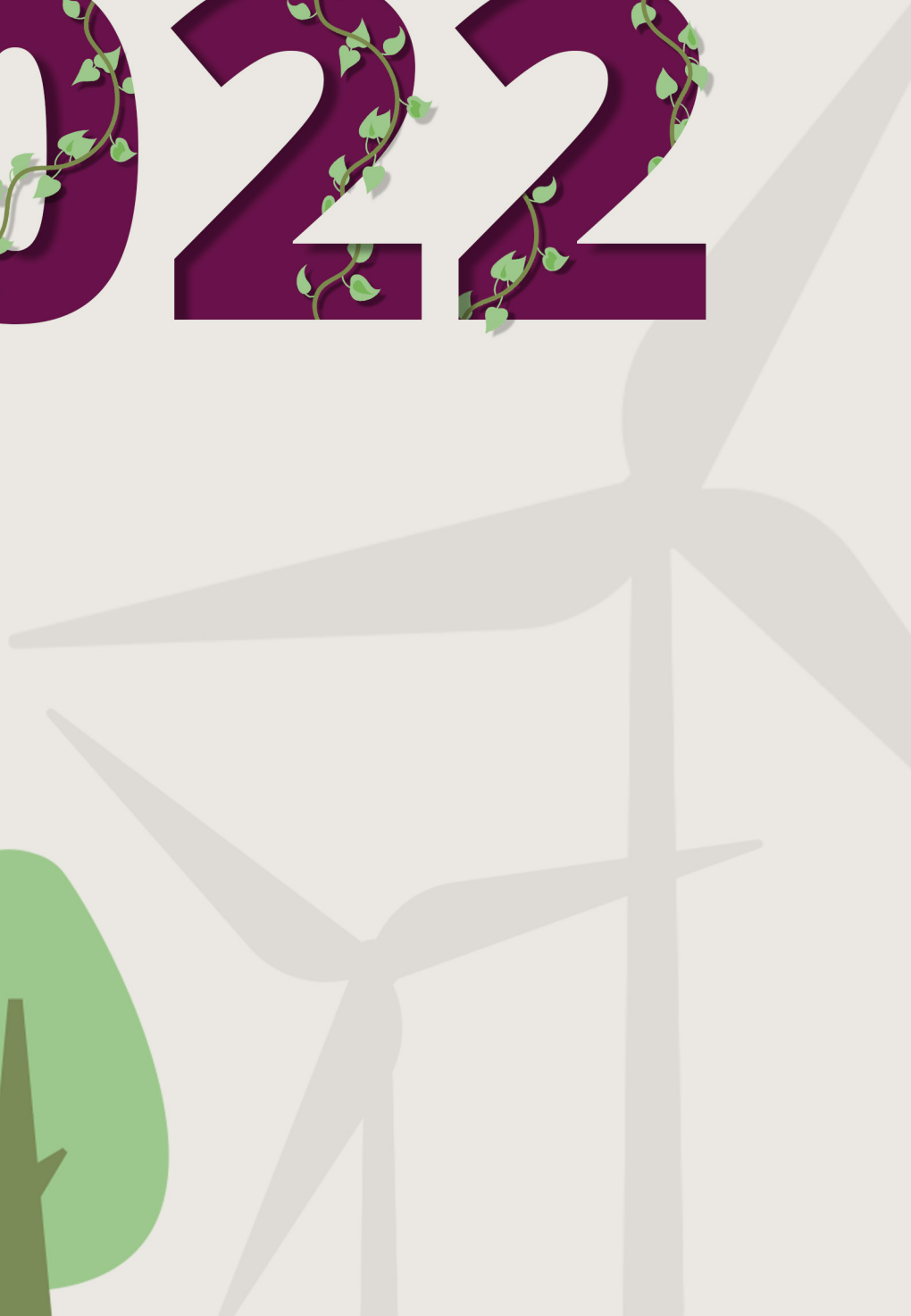


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# THE SOCIAL HOUSING SUSTAINABILITY OUTLOOK

# 2022



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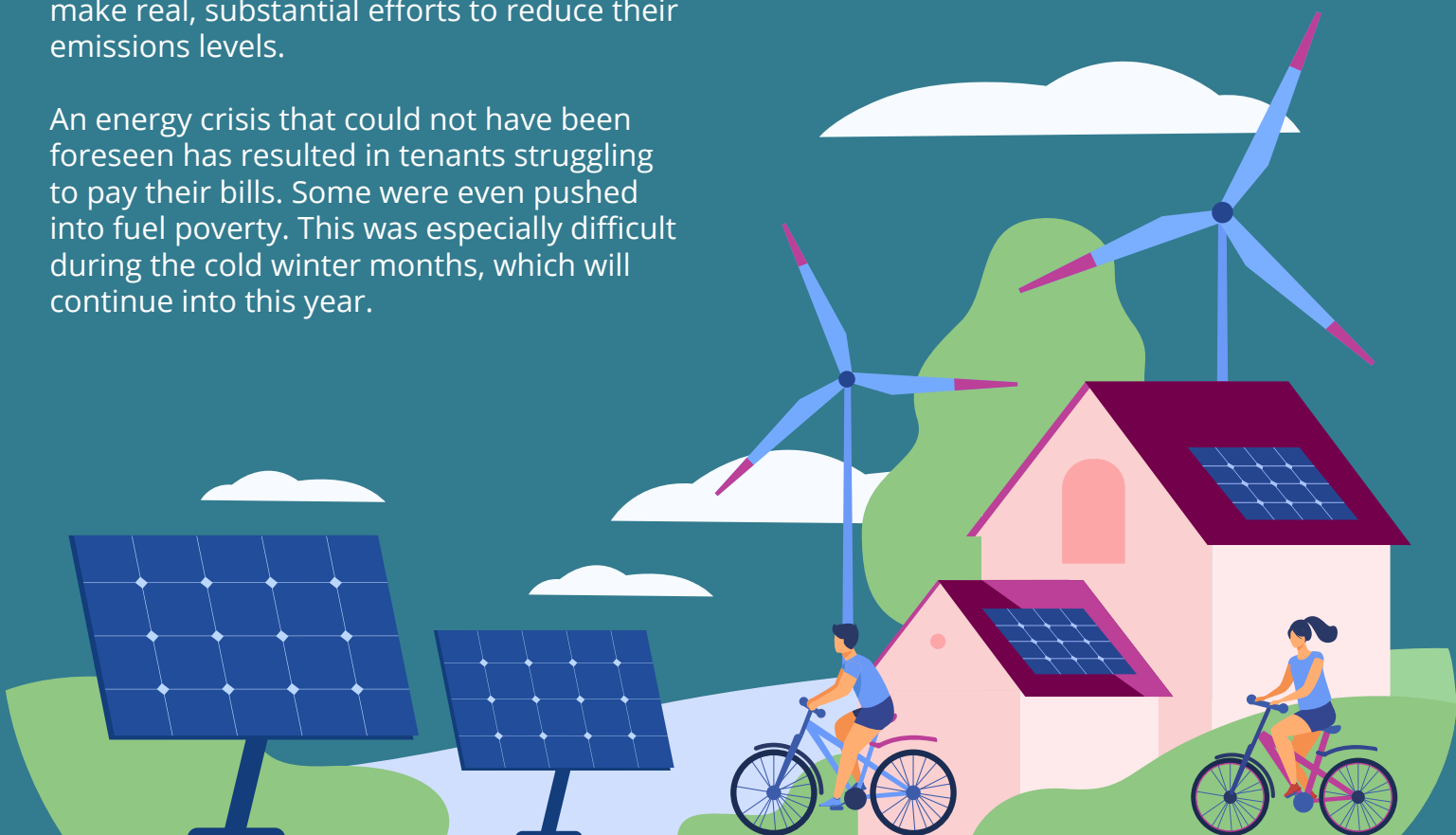
## SUSTAINABILITY OUTLOOK FOR SOCIAL HOUSING

The past year has been turbulent in many ways. Industry sectors across the world continue to face major disruptions, as they try to find their feet in a changing climate.

Social housing has found itself facing some particularly difficult obstacles. Not only does the sector need to meet its costs, they must also cater to the community's housing needs. And now housing associations must make real, substantial efforts to reduce their emissions levels.

An energy crisis that could not have been foreseen has resulted in tenants struggling to pay their bills. Some were even pushed into fuel poverty. This was especially difficult during the cold winter months, which will continue into this year.

In 2022 we expect to see progress in the area of sustainability, as we grow ever closer to net zero targets. More measures will need to be put in place, to guarantee the safety of tenants and increase efficiency. In this report, we look at the upcoming trends for energy within social housing and outline how Monarch can help your business to get ahead of the curve.



# The journey to decarbonisation

**M**uch like in 2021, this year is shaping up to be busy for social housing. Last year saw the government lay out a number of plans for decarbonising the sector, and this year we expect to see significant and rapid changes.

Environmental, social and governance (ESG) refers to factors that characterise sustainable, responsible and ethical investment. These areas are becoming increasingly important to private investors. This means that having an ESG strategy will become crucial for organisations looking to secure funding. Following the regulations requires complete transparency and genuine sustainability, which is now essential to the future growth of any business. This is especially true in the case of housing associations. Which are intrinsically tied to ESG, due to their responsibilities within their communities.

## Other anticipated changes include:

- Further progress on the Social Housing White Paper, and a focus on quality and customer service. The New Year starts with the Levelling Up, Housing and Communities Committee inquiry, and a consultation on tenant satisfaction. But it won't stop there. Resident engagement will rightly remain a central topic in 2022.
- Sustainability will also be a high priority as we enter the New Year. Following the climate conference last year every business and sector is expected to respond by implementing serious, rapid changes to prevent further environmental damage. As a large contributor to the UK's emissions levels, social housing is expected to make significant strides in this regard.
- Energy efficiency legislation will be reinforced. We expect to see the installation of more heat pumps and smart meters in social housing properties, as landlords and business owners comply with relevant schemes.

# The retrofit revolution

Last year the social housing sector received the eagerly awaited news of the Heat and Buildings Strategy. This government scheme promised to set out a strategic direction for the decarbonisation of housing and other buildings in England, as we grow ever closer towards a net zero economy.

There were hopes that the **Heat and Buildings Strategy** would provide more certainty concerning net zero targets for the housing sector over the next 30 years. Clarity on the future would stem from improved efficiency, reduction of waste and increased green jobs. The Government also announced a further £800 million to spend on retrofitting social homes from April 2022.

The Social Housing Decarbonisation Fund will also provide grants to social landlords and social housing managers with social housing properties falling within the worst energy-performing category. Not only will the reduction of emissions make a huge impact as the UK nears its net zero targets, it will also save many low-income households from fuel poverty as these properties become more energy-efficient.

Retrofitting sustainable installations will also generate work for plumbers, builders, and electricians - giving a much-needed boost to the UK's economy.



# A renewable future

Clean energy is needed now more than ever. With climate change becoming evident by way of devastating weather abnormalities, it is essential that harmful energy resources are phased out, fast. And this is particularly true of the social housing sector. With buildings and homes making up around 40% of the UK's carbon emissions, it is vital that this issue is addressed and improved upon as soon as possible.

## Renewable energy procurement

Renewable power purchase agreements (PPAs) give customers the option to buy energy from a renewable project, often at a fixed price. This makes it one of the more sustainable options, in terms of procurement. There are different types of PPAs. A popular option is to purchase the energy from a nearby or onsite generator, which means you avoid any non-commodity charges.

## Onsite generation

Perhaps the most sustainable energy option is onsite renewable generation. Typically used to offset energy that is imported from the grid, onsite generation provides users with stable and reliable energy. This means users avoid non-commodity charges. They can also sell surplus energy back to the grid, generating a profit on what would otherwise be wasted power. This brings with it major environmental and economic benefits.

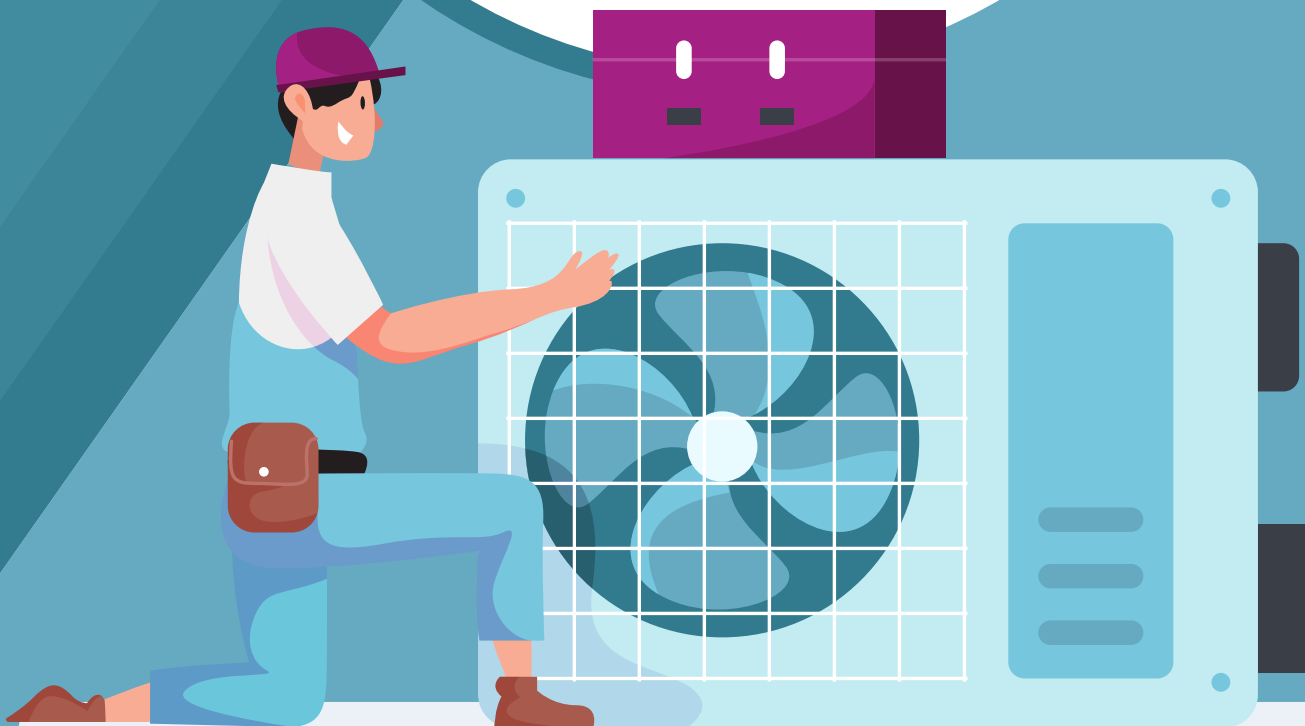


## Corporate social responsibility

As sustainability becomes a priority for consumers, it is essential that businesses demonstrate their commitment to helping the planet. Corporate Social Responsibility (CSR) is becoming increasingly important, as we move towards a greener future. Meaning businesses must become more transparent about their environmental ethics. By embracing renewable energy, incorporating sustainable practices, and being transparent with clients, businesses have a much better chance of improving their CSR. Which will help to attract a wider and more eco-conscious customer base.

## DID YOU KNOW?

As part of the Social Housing Decarbonisation Fund, the government aims to install 600,000 heat pumps a year until 2028.



# How you can get ahead of the curve

The government has introduced a raft of legislation, as it turns its focus towards lowering emissions and increasing efficiency. So, it is vital that businesses comply with the relevant schemes. Becoming carbon compliant can seem tricky and daunting, but we are here to help.

At Monarch we offer a number of services for housing associations, such as carbon compliance advice and management. We also offer a bill validation service to help keep your finances in order, while you focus on other aspects of your business.

## Carbon compliance

Becoming carbon compliant can bring a number of benefits to a business including energy efficiency, saving money and boosting Corporate Social Responsibility credentials. It is vital that businesses show their clients that becoming sustainable is a priority. Especially as we move towards a greener future.

- **SECR:** Streamlined Energy and Carbon Reporting (SECR) aims to further incentivise the improvement of energy efficiency and reduction of carbon emissions. Since it applies similar qualification criteria to ESOS, it also reduces some of the administrative burden of overlapping carbon schemes.
- **ESOS:** The Energy Savings Opportunity Scheme (ESOS) provides a real chance to improve energy efficiency of your business, on a continual basis, to make significant cost savings. The compliance deadline for Phase 3 of the scheme is the 31 December 2022.
- **CCA:** Complying with the Climate Change Agreement (CCA) scheme means you can receive a Climate Change Levy (CCL) discount on your electricity and gas bills.

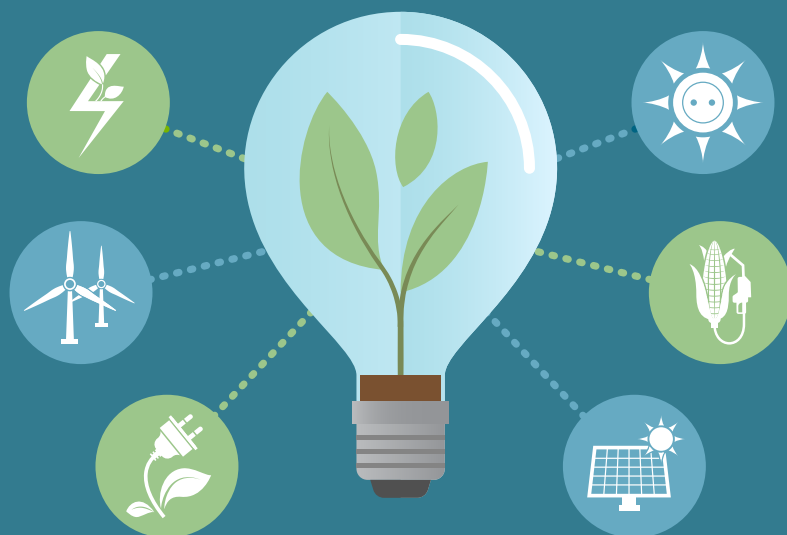
## Helpful government schemes

As the UK progresses towards its net zero targets, the government has introduced a stream of schemes and legislation. These are to guide businesses in their journey to sustainability. There are a number of helpful schemes that can assist with funding and future-proofing.

- **SEG:** The Smart Export Guarantee (SEG) came into effect on 1 January 2020, replacing the Feed-in Tariff (FiT) scheme. It offers payment to anyone with installed renewable generation capacity who exports excess electricity to the National Grid.
- **RHI:** The Renewable Heat Incentive (RHI) provides businesses, the public sector and non-profit organisations with financial incentives for the installation of renewable heat. Payments for eligible installations are based on the amount of renewable heat generated.
- **ECO:** The Energy Company Obligation (ECO) helps to reduce carbon emissions and tackle fuel poverty. It is largely based on the Home Heating Cost Reduction Obligation (HHCRO) which requires energy suppliers to promote the installation of efficiency measures that lead to financial savings, such as the installation of insulation.

# How can Monarch help?

At Monarch, we understand the unique challenges that housing associations face, as they seek to cut costs and keep carbon emissions low. That's why we recommend outsourcing your energy admin to a specialist. Enabling you to free up valuable time and reduce stress. In times of uncertainty and financial fluctuation, taking control of a large cost like energy can make a huge difference.



Cost Management



Procurement



Carbon Reporting



Sustainability

Our expert team can guide you through auditing, monitoring, and optimising your energy management. We can future-proof your organisation, finding hidden financial savings in current areas of inefficiency and waste.

Our goal is to future-proof your business, through auditing, monitoring, and optimising your energy management. Contact us today to find out more about how we can help you take your first steps towards a sustainable, financially secure future.





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Published in the UK: January 2022

