

# Environmental, Social and Governance

## ESG INTERIM ASSESSMENT

Nehemiah United Churches Housing Association Ltd ('Nehemiah')

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# EXECUTIVE SUMMARY

Nehemiah was seeking a review of its Environmental, Social, and Governance (ESG) policies and procedures to provide an independent view of its current activities. RSM was engaged to perform an interim ESG assessment.

The ESG interim assessment was developed as an introductory review of current ESG performance and reporting, which enables RSM to make recommendations to improve performance.

## Work Performed

The following work was performed to tailor our framework to Social Housing and Nehemiah, and complete the assessment:

- Nehemiah's ESG working group completed the RSM's self assessment ESG questionnaire – which was subsequently reviewed
- One focus group with RSM and the ESG working group were held
- Reviewed selected internal documents as sent to RSM
- Reviewed public information on Nehemiah and ESG
- Reviewed relevant frameworks for Social Housing and best practice in ESG

## Results

Based on work performed, RSM have scored across a range between awareness (level 1) and managing (level 3), this is shown on page 11.

In addition to the report, the self-assessment results have been sent and should be used in combination with this report to update ESG reporting in the annual report .

Overall, Nehemiah performed well in the interim maturity assessment, with improvements identified across all areas to drive change.

## Key Findings



The environment pillar scored lowest in the maturity assessment. Nehemiah does not have an environmental policy or strategy. A review of the energy performance of homes has identified ways to improve. However, a detailed plan is missing. Nehemiah may need to quantify their own greenhouse gas emissions and produce a carbon reduction plan to meet the needs of central Government procurement.



The social pillar scored second highest in the maturity assessment. Nehemiah has not calculated the relative affordability of rent compared to the Local Housing Allowance, and the private rental market. Other areas have performed strongly in the assessment, including, building safety arrangements, measures to hold management to account for the provision of services, and placemaking.



Governance scored the highest in the maturity assessment. The weakest area in governance is engagement with supply chain on ESG matters. There are ad-hoc reviews when completing due diligence of a new supplier or contractor, but it would be more appropriate to align code of conducts and monitor their performance against expectations on ESG areas.



Nehemiah is at the start of implementing an ESG governance structure. The ESG working group should meet at least quarterly to monitor performance throughout the year. There is no overall ESG strategy or policy for internal or external use. Improvements to the ESG governance arrangements will drive performance in the three pillars of ESG.

# SUMMARY OF PRIORITY ACTIONS

To respond to the key findings identified on page 3, we have identified priority actions. The full list of actions along with expected outcomes are detailed in Section 4, we've identified actions as either quick wins, short- or long-term priorities. Here we have summarised actions that will improve ESG reporting as well as highlighting other actions that we believe can be adopted with minimal expense and time:

## Actions for ESG reporting

Environmental	Quantify green space (e.g., reporting m <sup>2</sup> of open space per resident) and report on case studies
Social	Ensure narrative of reporting captures placemaking activity by including case studies.
	Include % of tenants involved in Operations Committee and roles/responsibility.
	Include who is responsible for building safety (e.g. the board or a specific job role).
	Include examples of when Nehemiah has gone beyond compliance on building safety.
	Report on the recommended formula for reporting on affordability (average weekly rent compared to private rent and Local Housing Allowance).
Governance	Consider calculating CEO-to-worker ratio, or other pay ratios (gender/ethnicity)

## Other priority actions

Environmental	Develop a publicly available environmental strategy
	Calculate Scope 1 and 2 emissions as per the Greenhouse Gas Protocol methodology.
Social	Consider setting targets for referrals to organisations like Birmingham Settlement.
Governance	Assign ownership of monitoring updates to National Housing Federation (NHF) Governance Code to maintain high scores
	Define the ESG governance structure including the ESG Working Group to feed in initiatives from other areas of organisation, such as EDI progress.
Culture & Monitoring	Include a public facing commitment summarising key priority areas within ESG on the website to be accessible to a wider range of stakeholders.
	Include ESG aligned metrics as a standard reporting item at board and ESG committee level.
	Develop a Terms of Reference for the ESG Working Group would establish appropriate roles and responsibilities.

# Project Overview

Methodology and Framework

# 01

# ESG MATURITY ASSESSMENT – WORK PERFORMED

Nehemiah engaged RSM to complete an interim ESG maturity assessment. They recognised that improvements made to internal ESG processes and a more transparent approach to reporting could increase access to finance and investment, as well as promoting a positive image to all stakeholders. The RSM interim ESG assessment involves a review of current ESG performance and reporting, enabling us to make recommendations to drive improvements.

In order to place Nehemiah on our ESG maturity framework, the following work was performed:

## Stakeholder feedback

- Reviewed RSM's ESG self-assessment questionnaire, completed by Nehemiah's ESG working group
- Outcomes of two discussion sessions held with RSM and the ESG Working Group

## Internal document review

Selected internal documents sent to RSM were reviewed, these included:

- KPI report
- Financial highlights
- Energy EPR
- Rent and service charge proposal

## Desktop review:

- Reviewed public information on Nehemiah and its commitment to ESG including the website and business strategy
- Reviewed relevant frameworks and standards relevant to Social Housing:
  - Sustainability Reporting Standard for Social Housing v1.1 (SRS)
  - World Economic Forum's Measuring Stakeholder Capitalism
  - Other ESG frameworks including Global Reporting Initiative (GRI)



# ESG MATURITY ASSESSMENT – OUR FRAMEWORK

Our framework was developed referencing relevant frameworks for Social Housing as well as best practice in ESG as detailed on the previous slide. This allows us to tailor our maturity assessment to your industry and expected needs of all stakeholders. The themes of our framework are detailed below:

## Environment

- Climate Change
- Ecology
- Resource Management

## Social

- Affordability and security
- Building safety and quality
- Resident voice
- Resident support
- Placemaking

## Governance

- Structure and governance
- Board and trustees
- Staff wellbeing
- Supply chain

## Other

- Culture
- Strategy
- Monitoring & Reporting

*The themes under Environmental, Social and Governance have been structured to be consistent with The Sustainability Reporting Standard for Social Housing v1.1. Launched in November 2020, the standard is a voluntary reporting framework, covering 48 criteria across ESG.*

# Horizon scanning

Review of legislation

# 02



## HORIZON SCANNING

RSM has reviewed a number of recent White Papers and consultation results for emerging legislation that impact ESG matters within Social Housing. These key findings support the recommendations made in Section 3.



*Charter for Social Housing Residents: Social Housing White Paper* – the Regulator is working with the Building Safety Regulator to develop standards and reporting requirements for higher risk buildings, including metrics for resident engagement and complaints.



*Future Building Standards Consultation* – Set to take place in 2023 to ensure new homes built from 2025 produce 75-80% fewer carbon emissions than homes delivered under current regulations. This would complement the updated building regulations for all new homes to produce 31% lower carbon emissions.



All new tenancies must have an energy performance certificate (EPC) rating of at least Band C from 31 December 2025. For existing tenancies, this will apply from 31 December 2028.



*Environmental housing standards Post Note* from September 2021 set out recommendations for housing's role in achieving government targets on carbon reduction. New homes are to be low-carbon or hydrogen ready by 2035, with no new builds linked to the gas grid by 2025.

A number of these considerations are proposals and therefore subject to further developments.

# ESG Maturity Assessment – Results

Overview of ESG performance

03

# KEY FINDINGS: ESG MATURITY FRAMEWORK

From the data collection and benchmarking, our assessment of Nehemiah’s position on the ESG maturity framework is shown below by the positioning of the blue box:

Increasing ESG Maturity				
	1. Awareness	2. Defining and reporting	3. Managing	4. Maturity
	What you know and how you compare	Defining your ESG values, reporting and your approach	ESG built into business processes / cultural change	Embedded and supporting business decisions
Environmental	Environmental matters are considered at certain levels of the organisation.	A defined Environmental approach at all levels of the organisation.	An established Environmental approach with clear ‘thread’ throughout the organisation.	Environmental matters directly inform organisation planning and supports decisions.
Social	Social matters are considered at certain levels of the organisation.	A defined Social approach at all levels of the organisation.	An established Social approach with clear ‘thread’ throughout the organisation.	Social matters directly inform organisation planning and supports decisions.
Governance	Governance matters are considered at certain levels of the organisation.	A defined Governance approach at all levels of the organisation.	An established Governance approach with clear ‘thread’ throughout the organisation.	Governance directly informs organisation planning and supports decisions.
Culture	Pockets of ESG knowledge and awareness.	ESG awareness raising and growth in understanding.	ESG is defining the organisation’s culture, embraced by staff and stakeholders.	ESG culture is defined and lived across the organisation.
Strategy (ESG values)	Strategic considerations and ESG values being discussed.	Strategy in place with clear ESG values.	Strategy and values flow through all policies and procedures.	Linkages between business decisions, strategy, and ESG values.
Monitoring and reporting	Informal discussions and communications. Awareness of reporting requirements.	Defining requirements and processes to support reporting. Consistent approach to data capturing.	Reviewing, challenging, and implementing change. Confidence in reporting approach and quality of data.	Monitoring and reporting informing business change.

Key findings of our assessment are detailed in the following pages.  
 The breakdown of scores for individual themes are provided in Appendix A.

# ENVIRONMENTAL

## *Nehemiah was placed between 'Awareness' and 'Defining and reporting' (1.5/4)*

Theme	Performance	Findings
Climate Change	<p>The EPC ratings of properties under management are monitored by the Operations Committee. The EPC data is independently verified and provides a reliable source of data to determine which energy improvements are made to homes. The distribution of EPC ratings among your properties is included in Appendix B.2.</p> <p>Within the board KPI report, Nehemiah includes the proportion of homes with EPC rating C or above, targeting 100% by 2025. This aligns with the UK Governments requirements. Nehemiah is improving the energy efficiency of homes through:</p> <ul style="list-style-type: none"> <li>• implementing findings from an Environmental Performance Review (EPR)</li> <li>• sourcing investment through an application to the Social Housing Retrofit Accelerator grant</li> </ul> <p>The energy efficiency actions identified from the EPR have been evaluated for cost. However, there does not seem to be an implementation plan. This plan should include a timeline of expected actions, expected availability of grants, and shorter term targets to monitor progress towards the 2025 targeted date.</p>	<p>The Sustainability Reporting Standard for Social Housing (SRS) recommends reporting on the distribution of EPC ratings. To go beyond compliance with reporting on EPC, Nehemiah could monitor and report Monitor houses with access to renewable energy.</p> <p>The SRS also recommends monitoring and disclosing Scope 1, 2 and 3 GHG (greenhouse gas) emissions. Please see <a href="#">GHG protocol</a>, the most widely accepted GHG calculation framework, for definition of scopes and methodology.</p> <p>Nehemiah has not calculated Scope 1, 2 or 3 emissions. Scope 3 emissions, which are emissions within your value chain, are more complicated to quantify. Within scope 3 are categories such as emissions from business travel, purchased goods and services and the energy purchased by your tenants in homes that you own.</p> <p>The central government and some local authorities require Carbon Reduction Plans as part of tender submissions. A Carbon Reduction Plan would include current GHG emissions and planned actions to reduce emissions in line with the <a href="#">UK Governments Net Zero target of 2050</a>. Nehemiah may be required to produce a Carbon Reduction Plan in the future.</p>
Ecology	<p>All housing developments have access to green spaces. All developments include planting trees to improve wellbeing and some have communal gardens to encourage wild life.</p> <p>Nehemiah has considered the social benefit of green spaces.</p>	<p>The SRS recommends reporting on the amount of green space available, biodiversity, and environmental strategies.</p> <p>The SRS recommends including metrics used by the organisation to monitor the amount, quality and use of green space available as well as providing case studies of community led environmental projects.</p> <p>Partnering with an established wildlife charity could improve the biodiversity of existing developments that may have lower quality green space.</p>

# ENVIRONMENTAL – CONTINUED

*Nehemiah was placed between 'Awareness' and 'Defining and reporting' (1.5/4)*

Theme	Performance	Findings
Resource Management & Ecology	Nehemiah does not have an environmental policy or strategy.	<p>An environmental strategy should be available publicly to be available for contractors and other stakeholders.</p> <p>A good environmental strategy will include:</p> <ul style="list-style-type: none"> <li>• an understanding of Nehemiah's current impact on the environment including consideration of carbon emissions, waste, sourcing of materials, and other areas that may be specific to the business</li> <li>• expectations of contractors working across Nehemiah developments</li> <li>• actions Nehemiah will undertake to improve its environmental impact</li> <li>• metrics to monitor progress which are SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) targets</li> </ul>
Resource Management	<p>The resource management theme includes responsibly sourced materials, waste and water management. Nehemiah has provided limited information on this theme in the self-assessment.</p> <p>Nehemiah uses local suppliers. However, there is no information about responsibly sourcing materials for maintenance and repairs. Due to the use of contractors, no information is available on the amount of waste diverted from landfill from communal areas in managed properties.</p> <p>All new homes are approved by the Water Regulations Advisory Scheme (WRAS).</p>	<p>Nehemiah should have a defined approach for increasing the proportion of responsibly sourced materials when acquiring new buildings, and conducting repairs. This is not only the responsibility of the sub-contractor. This should be included within the environmental strategy.</p> <p>Nehemiah does not monitor the water efficiency within homes or the proportion of waste diverted from landfill. Process to measure environmental metrics can identify improvements that can be made by a particular sub-contractor or housing development.</p> <p>Another area to drive performance in resource management could include initiatives to increase energy efficiency awareness in tenants and pilot projects, with ongoing resident engagement.</p>

# SOCIAL

## Nehemiah was placed at 'Defining and Reporting' (2/4)

Theme	Performance	Findings
Affordability and Security & Resident Support	<p>The affordability and security theme includes reporting on the affordability of homes, compared to the private rental sector and Local Housing Allowance (LHA), and examples of reducing the effect of fuel poverty for its tenants.</p> <p>Nehemiah has not calculated the average rent of their properties compared to the Local Housing Allowance (LHA) and private rent.</p> <p>All rent and service charge changes are approved by the Board. The review considers the affordability for tenants and LHA requirements.</p> <p>Nehemiah has provided examples of reducing the effect of fuel poverty for tenants. They work with third party organisations to provide advice on managing money and keeping homes warm. For example, Nehemiah refers residents to Birmingham Settlement to maximise income and receive money advice. In addition, Nehemiah works with Age UK to provide advice to elderly tenants on keeping homes warm.</p>	<p>The affordability of rent is an important disclosure within the SRS standard. Nehemiah should report on the average weekly rent compared to private rent and LHA. Alternatively, Nehemiah could report on the Board approval process of approving changes to rent or service charge.</p> <p>Consider moving towards an outcomes based approach to show the impact of projects, in addition to the number of tenants referred. For example, the proportion of tenants satisfied with a service through a post project survey.</p> <p>Develop initiatives to engage with a wider range of tenants to improve energy efficiency awareness and encourage behaviour change. Pilot projects could include trialling new renewable energy technology. The number of residents accessing energy efficiency/fuel poverty campaigns can be measured within ESG reporting including an evaluation of the success of the project.</p>
Building Safety and Quality	<p>The building safety and quality theme includes reporting on the proportion of homes meeting quality standards.</p> <p>Building safety and quality has achieved a high score in the maturity scoring. All homes have up to date gas safety checks, a recent fire risk assessment and meet national housing quality standard (Decent Home Standards).</p>	<p>A description of who has responsibility for building safety should be included in the ESG report. The safety of homes is a critical area of operations.</p> <p>In addition, Nehemiah could provide examples of where they have gone beyond compliance and any initiatives undertaken to improve the quality of homes. For example, highlighting the excellent results of 100% of homes meeting the national housing standard, with up to date gas safety checks and fire risk assessments.</p>

# SOCIAL – CONTINUED

## *Nehemiah was placed at 'Defining and Reporting' (2/4)*

Theme	Performance	Findings
Resident Voice	<p>The resident voice theme ensures there are appropriate measures to hold management to account for the provision of services.</p> <p>Nehemiah operates a number of methods to enable residents to provide feedback, including involving tenants in the Operations Committee.</p> <p>There are examples of how services have been changed as a result of the feedback from residents. For example, Nehemiah are redesigning the website following feedback. The new website presents an opportunity to improve ESG content on the website.</p>	<p>The recording of resident voice in narrative reporting could be improved by the inclusion of examples where tenant feedback has resulted in a change in services provided, such as updating the website following feedback. In addition, the % of residents involved with the Operations Committee, and their roles, can be reported.</p> <p>The total number of residents that made complaints to Nehemiah and to the Ombudsman, along with an improvement target, should be included within the ESG report, along with reduction targets. This could be categorised by theme of complaint.</p>
Placemaking	<p>Placemaking ensures the housing and infrastructure meets, and goes beyond the needs of the tenants. Successful placemaking requires a long-term commitment for services to ensure they are appropriately managed.</p> <p>Nehemiah provided examples of placemaking activities:</p> <ul style="list-style-type: none"> <li>• Axis, the responsive repairs contractors, works to manage fly tipping by having 'skip days'</li> <li>• Over £1m has been committed to remodel and refurbish older persons accommodation</li> </ul>	<p>The fly tipping is managed by a sub-contractor. Procedures should be in place to ensure this continues if there is a change in contractor.</p>

# GOVERNANCE

*Nehemiah was placed between 'Defining and Reporting' and 'Managing' (2.5/4)*

Theme	Performance	Findings
Structure and Governance	<p>The structure and governance theme includes disclosures on the ownership/structure of the housing association, governance codes, and risk management procedures.</p> <p>The governance reporting and initiatives undertaken are strong. Nehemiah was placed at the highest maturity rating for this theme within the assessment.</p> <p>Nehemiah are aligning to the updated National Housing Federation (NHF) Governance Code, and received the highest grade for governance, and the second for financial viability (G1/V2).</p>	<p>Nehemiah should strive for continuous improvement to maintain high scores, keeping up to date with changes in the governance code and other findings from the NHF.</p>
Structure and Governance	<p>The risk management procedures are robust, with a defined approach to horizon scanning, and risk appetite. The last published annual report had limited ESG risks in the Top 10 Strategic Risks but health and safety risks were included.</p>	<p>Consider the “golden thread” between ESG and governance reporting within the annual report and the risk management procedures. This would demonstrate that Nehemiah has considered how their ESG activities link to corporate strategy.</p> <p>Reassessing the risk register through an ESG lens can help to ensure all relevant risks (and opportunities) are identified and monitored.</p>
Board and Trustees	<p>The board and trustee theme includes composition of the board and senior leadership team, including succession planning.</p> <p>There is a diverse board and senior leadership. This is supported by succession planning arrangements. The average tenure for board complies with NHF Excellence in Governance requirements. Data visualisation of the board diversity is shown in Appendix B 1.</p> <p>No information has been provided for the diversity of the employees or tenants.</p>	<p>Consider including the diversity of the employees or tenants to show how the leadership team reflects the demographics of their main stakeholders.</p>



# GOVERNANCE – CONTINUED

## *Nehemiah was placed between 'Defining and Reporting' and 'Managing' (2.5/4)*

Theme	Performance	Findings
Staff Wellbeing	<p>The staff wellbeing theme includes the proportion of staff paid living wage, diversity pay gaps, and other initiatives to improve wellbeing of staff.</p> <p>Pay reviews are conducted by independent consultants on a regular basis. The organisation pays above the Real Living Wage to all employees and some sub-contractors.</p> <p>Gender or diversity pay gaps are not reported on. However, Nehemiah is not legally required to do this due to having less than 250 employees. The CEO to worker pay ratio is not calculated.</p> <p>There is a strong Equality, Diversity and Inclusion (EDI) strategy that includes a range of protected characteristics including:</p> <ul style="list-style-type: none"> <li>• Race</li> <li>• Gender</li> <li>• Cognitive diversity</li> <li>• Health conditions and disabilities.</li> </ul>	<p>Organisations can be accredited by the <a href="#">Real Living Wage Foundation</a>. As Nehemiah pays all employees and some sub-contractors the national living wage, they could consider becoming accredited. This would require a plan to increase pay for any contractors not currently paid national living wage. Accreditation would provide a public commitment and transparency over the pay structures.</p> <p>While Nehemiah is not legally required to report on the gender pay gap, the methodology could be used to determine whether there are any issues at a certain age bracket or job grade. Many organisations under the reporting threshold use pay gap reporting as part of their pay review processes. Alternatively, the CEO to worker ratio can improve the transparency over pay.</p> <p>The EDI action plan includes a diverse range of protected characteristics. This could be reviewed by employee working groups to identify if the action plan is complete and appropriate for all grades of employees. The EDI strategy and action plan could include tenants, if this has not been considered already.</p> <p>Nehemiah provides a range of mental health support for staff. This includes signing up as a Mindful employer. This encourages staff to use a MIND Wellness Action Plan to identify triggers which may affect their mental health at work. There were no examples provided of initiatives to supports physical health. This could include home working and flexible working arrangements for doctors appointments or facilities to encourage active transport to the main offices.</p>

# GOVERNANCE – CONTINUED

*Nehemiah was placed between 'Defining and Reporting' and 'Managing' (2.5/4)*

Theme	Performance	Findings
Supply Chain Management	<p>The supply chain management theme includes the social and environmental impacts of procuring goods and services.</p> <p>There is a safeguarding policy, supported by a domestic abuse and safeguarding lead. However, Nehemiah does not have a public Modern Slavery statement or policy. Nehemiah is not legally required to do so due to size; however, this can be an effective process to consider the risk for incidents of child, forced or compulsory labour in the value chain.</p> <p>In addition, there does not seem to be an established process in place to consider the environmental impact or policies of sub-contractors. During the feedback session, it appears this is considered on an ad-hoc basis during the due diligence process.</p>	<p>As Nehemiah is not required to produce a Modern Slavery statement, a risk assessment could be completed to identify if any residents or suppliers/sub-contractors are particularly high risk, or voluntarily producing a statement on the website.</p> <p>There are a number of examples where Nehemiah is reliant on the performance of the sub-contractors to implement ESG initiatives. For example, waste management and maintenance of green space. Therefore, the supplier due diligence and appraisal processes are particularly important.</p> <p>The following should be reviewed considering ESG matters to update internal procedures:</p> <ul style="list-style-type: none"> <li>• tender documents and weighting for ESG activities;</li> <li>• approach to carbon reduction, particularly for contracts relating to new properties;</li> <li>• code of conduct including human rights and waste management; and</li> <li>• supplier appraisal process including compliance with ESG policies.</li> </ul>

# ESG CULTURE, STRATEGY AND REPORTING

*Nehemiah received maturity ratings ranging from 'Awareness' (1/4) to 'Defining and Reporting' (2/4)*

Theme	Performance	Findings
Culture	<p>The culture theme includes the awareness of senior leadership and employees on ESG topics.</p> <p>Nehemiah has increased awareness around ESG matters, for example, through providing training for board members and senior leadership. Training for operational staff will be important to the success of other actions recommended. For example, educating maintenance staff on energy efficiency initiatives.</p>	<p>Nehemiah could consider climate education courses for all staff members and measure this as a metric within the ESG reporting. Alternatively, training could be specific to the role and responsibility of the employee. For example, upskilling maintenance staff to be able to install or maintain heat pumps or solar panels.</p> <p>In addition to ESG training for staff, Nehemiah should engage junior staff to work on ESG projects. Assigning responsibility to other staff members outside of the ESG working group will further embed ESG into the operations.</p>
Culture	<p>Nehemiah has established an ESG working group to complete the ESG Interim Assessment. There has been one meeting of the ESG working group, and a feedback session led by RSM.</p>	<p>The ESG working group is in its infancy. The ESG governance structure should be defined. This would include appointing a board member who has responsibility for ESG. There should also be a defined reporting structure to work with other employee groups, for example EDI. The reporting frequency and format should be formalised. It is recommended that the ESG working group meets with the board member responsible for ESG at least quarterly.</p> <p>The ESG working group meetings can be used to monitor developing issues and changes in legislation that might impact ESG areas as part of horizon scanning. Horizon scanning is the systematic examination of potential threats, opportunities and future developments that could impact future business planning.</p>
Strategy	<p>This is the first year Nehemiah is considering ESG formally under this terminology, but has reported on some themes previously and set targets in the corporate strategy.</p> <p>There is no ESG strategy. The purpose of an ESG strategy is to demonstrate which environmental, social, and governance factors are intrinsically important to current and future operations. It includes longer term objectives to monitor and deliver improvements across the organisation.</p>	<p>Nehemiah should develop an ESG strategy. It may be appropriate to develop an internal strategy that considers the longer term objectives. A summarised version can be available publicly with the annual ESG report.</p> <p>In addition, consider linking the ESG strategy within the next corporate strategy. The people development and wellbeing strategy has been included within the corporate strategy.</p>

# ESG CULTURE, STRATEGY AND REPORTING – CONTINUED

*Nehemiah received maturity ratings ranging from 'Awareness' (1/4) to 'Defining and Reporting' (2/4)*

Theme	Performance	Findings
Strategy	While some areas of ESG have clear measurable targets, such as 3 new apprenticeships on a 3 year basis, this is not consistent. For example, some are not SMART targets, such as 'improving average energy efficiency of stock' within the corporate strategy.	Nehemiah should obtain and review all current targets made across ESG matters. The targets can form part of the internal ESG strategy but should be reviewed to ensure all targets are SMART targets.
Monitoring and reporting	Nehemiah has not reported on ESG. However, there are plans to include reporting in the next annual report. The self-assessment results and this interim assessment can be used to structure the report. There is no ESG information on the website.	<p>Consider including a public facing commitment (for example, an ESG section on the website) summarising key priority areas to meet wider range of stakeholders</p> <p>Where relying on external parties such as suppliers to address certain requirements of SRS (e.g. environmental impact or real living wage), ensure Nehemiah's own due diligence is robust. This will provide Nehemiah with an appropriate level of accountability</p>
Monitoring and reporting	<p>Nehemiah has provided examples of current ESG-aligned reporting. This includes:</p> <ul style="list-style-type: none"> <li>• NHF EDI toolkit</li> <li>• Benchmarking against peers</li> <li>• KPI reporting to board</li> <li>• Value for Money (VFM) metrics</li> </ul>	<p>Nehemiah should identify which ESG metrics will be included in the board report. This will improve the internal reporting on ESG. This can monitor the performance and outcomes of ESG initiatives.</p> <p>See examples of data visualisation of ESG data provided to RSM in Appendix B.</p>

# ESG Action Plan

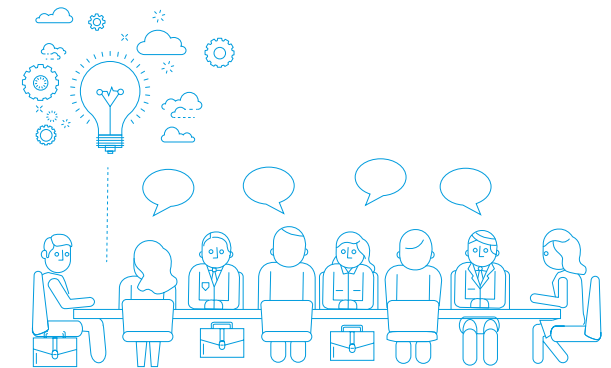
04

# NEHEMIAH'S ACTION PLAN

In order to assist Nehemiah with reporting on ESG for the first time, we have listed recommended actions and next steps.

- These actions have arisen from our maturity assessment, grouped under the themes of the Sustainability Reporting Standard for Social Housing v1.1 (SRS), should your organisation choose to adopt this standard for reporting.
- We have categorised our recommended actions as follows:
  - **Quick wins** – we believe these are relatively easy to implement and include in reporting as part of your progress and commitment
  - **Short-term** – we believe these to be higher priority actions, that should be addressed sooner
  - **Long-term** – we believe these to be lower priority that might involve a longer implementation process
- The actions have also been aligned to the expected outcome and the element of SRS reporting that they will meet.

We recommend your ESG Working Group and board discuss these actions, priority level, and who will be responsible for delivery and oversight.



## RECOMMENDED ACTIONS: ENVIRONMENTAL

Theme	Action	Priority	Outcome
Resource Management & Ecology	Develop an environmental strategy and make it publicly available, for example, on the new website.	Quick win	Demonstrating commitment to key stakeholders Meeting SRS T7 C21
Ecology	Quantify green space (e.g., reporting m <sup>2</sup> of open space per resident) and report on case studies	Quick win	Enriching narrative response to SRS T7 C20 with data.
Climate Change	Calculate Scope 1 and 2 emissions as per the Greenhouse Gas Protocol methodology.	Short-term	Meeting SRS T6 C16
Climate Change	Develop implementation plan which includes the steps to reach 100% of properties with an EPC rating of C or above.	Long-term	Enhancing narrative around reporting for SRS T6 C14/C17
Resource Management	Consider initiatives to increase energy efficiency awareness in tenants and pilot projects, with ongoing resident engagement.	Long-term	Enriching narrative response to SRS T6 C17 and T7 C20
Ecology	Consider partnering with local wildlife charity to improve the quality and diversity of green spaces.	Long-term	Enriching narrative response to SRS T7 C20
Climate Change	Monitor houses with access to renewable energy in addition to EPC rating of homes.	Long-term	Enhancing narrative around reporting for SRS T6 C14/C17
Resource Management	Ensure use of local supplier to address responsible sourcing is supported by clear rationale, in terms of environmental impact.	Long-term	Meeting SRS T8 C22
Climate Change	Calculate Scope 3 emissions as per the Greenhouse Gas Protocol methodology.	Long-term	Going beyond compliance with SRS T6 C16

## RECOMMENDED ACTIONS: SOCIAL

Theme	Action	Priority	Outcome
Placemaking	Ensure narrative of reporting captures placemaking activity by including case studies.	Quick win	Meeting SRS T5 C13
Resident Voice	Highlight where resident feedback has shaped decision making within ESG reporting	Quick win	Enhancing response to SRS T3 C10
Resident Voice	Include % of tenants involved in Operations Committee and roles/responsibility.	Quick win	Enhancing narrative response to SRS T3 C9
Building Safety and Quality	Include in the ESG report who is responsible for building safety (e.g. the board or a specific job role).	Quick win	Supplementing metrics for SRS T2 with accountability.
Building Safety and Quality	Include in the ESG report examples of when Nehemiah has gone beyond compliance on building safety.	Quick win	Highlighting good performance
Affordability and Security	Report on the recommended formula for reporting on affordability, average weekly rent compared to private rent and Local Housing Allowance (LHA).	Short-term	Meeting SRS T1 C1, where applicable (subject to rent regulation regime)
Resident Support	Consider setting targets for referrals to organisations like Birmingham Settlement.	Short-term	Meeting SRS T4 C12
Resident Voice	Include number of complaints along with a reduction target. This could be categorised by theme of complaint.	Long-term	Enhancing narrative response to SRS T3 C11
Affordability and Security	Consider monitoring the impact of initiatives to reduce fuel poverty and opening the service to a wider group of tenants.	Long-term	Enhancing response to SRS T1 C4 with data



## RECOMMENDED ACTIONS: GOVERNANCE

Theme	Action	Priority	Outcome
Structure and Governance	Assign ownership of monitoring updates to National Housing Federation (NHF) Governance Code to maintain high scores	Quick win	Helps ensure high scores don't fall
Staff Wellbeing	Consider calculating CEO-to-worker ratio, or other pay ratios (gender/ethnicity)	Quick win	Meeting SRS T11 C44
Structure and Governance	Review whether there is a "golden thread" between the ESG reporting, annual reporting, and the risk management procedures.	Short-term	Enhancing overall quality and style of reporting
Staff Wellbeing	Consider including approach to home working and flexible working arrangements within the wellbeing initiatives.	Short-term	Enhancing response to SRS T11 C45
Structure and Governance	Ensure ESG risks (and opportunities) are identified and monitored.	Long-term	Enhancing response to SRS T9 C29 and general risk management
Supply Chain	Review approach to tenders, supplier due diligence, and code of conducts with an ESG lens – including their approach to carbon reduction, human rights etc.	Long-term	Meeting SRS T12 C47/48
Staff wellbeing	Consider extending a public Real Living Wage commitment to all contractors and obtaining accreditation to share publicly.	Long-term	Meeting SRS t11 C42
Supply Chain	Publish a voluntary modern slavery statement and undertake a more in depth modern slavery risk assessment.	Long-term	Going beyond compliance with SRS T12 C47/48

## RECOMMENDED ACTIONS: ESG CULTURE, STRATEGY AND REPORTING

Theme	Action	Priority	Outcome
Monitoring and Reporting	Include a public facing commitment summarising key priority areas within ESG on the website to be accessible to a wider range of stakeholders.	Quick win	Enhancing public reporting to wider stakeholder groups
Culture	Define the ESG governance structure including the ESG Working Group to feed in initiatives from other areas of organisation and working groups, such as EDI progress.	Quick win	Structure to form foundation of ESG culture
Monitoring and Reporting	Include ESG aligned metrics as a standard reporting item at board and ESG committee level.	Short-term	Enabling Board oversight
Monitoring and Reporting	Set SMART targets across ESG topics to show improvement in development areas.	Short-term	Oversight of continuous improvement
Culture	Develop a Terms of Reference for the ESG Working Group would establish appropriate roles and responsibilities.	Short-term	Clearer governance of ESG
Strategy	Link ESG strategy within the next corporate strategy.	Long-term	Strategic 'golden thread' of ESG
Monitoring and Reporting	Ensure Nehemiah's own due diligence is robust and provides Nehemiah with appropriate level of accountability where relying on contractors to address certain SRS requirements.	Long-term	Enabling Nehemiah to demonstrate accountability
Culture	Monitor developing issues and changes in legislation and sector standards that might impact ESG areas as part of 'horizon scanning'.	Long-term	Ensuring ongoing compliance
Culture	Facilitate climate education courses for all staff members and measure this as a metric.	Long-term	Enabling shared responsibility for action for all levels of seniority
Culture	Engage more junior staff to improve culture on ESG.	Long-term	Enabling shared responsibility for action in all levels of seniority

# Next Steps

05

## NEXT STEPS

- 01 | ▶ ESG Working Group to review ESG action plan to decide whether to adjust priority and assign responsibility
- 02 | ▶ Define ESG governance structure
- 03 | ▶ Feedback to Board on ESG maturity results
- 04 | ▶ Action quick wins and short-term recommendations and document for inclusion in annual report
- 05 | ▶ Report ESG metrics internally and ensure agreed actions are reviewed regularly (we recommend quarterly)

# Appendix

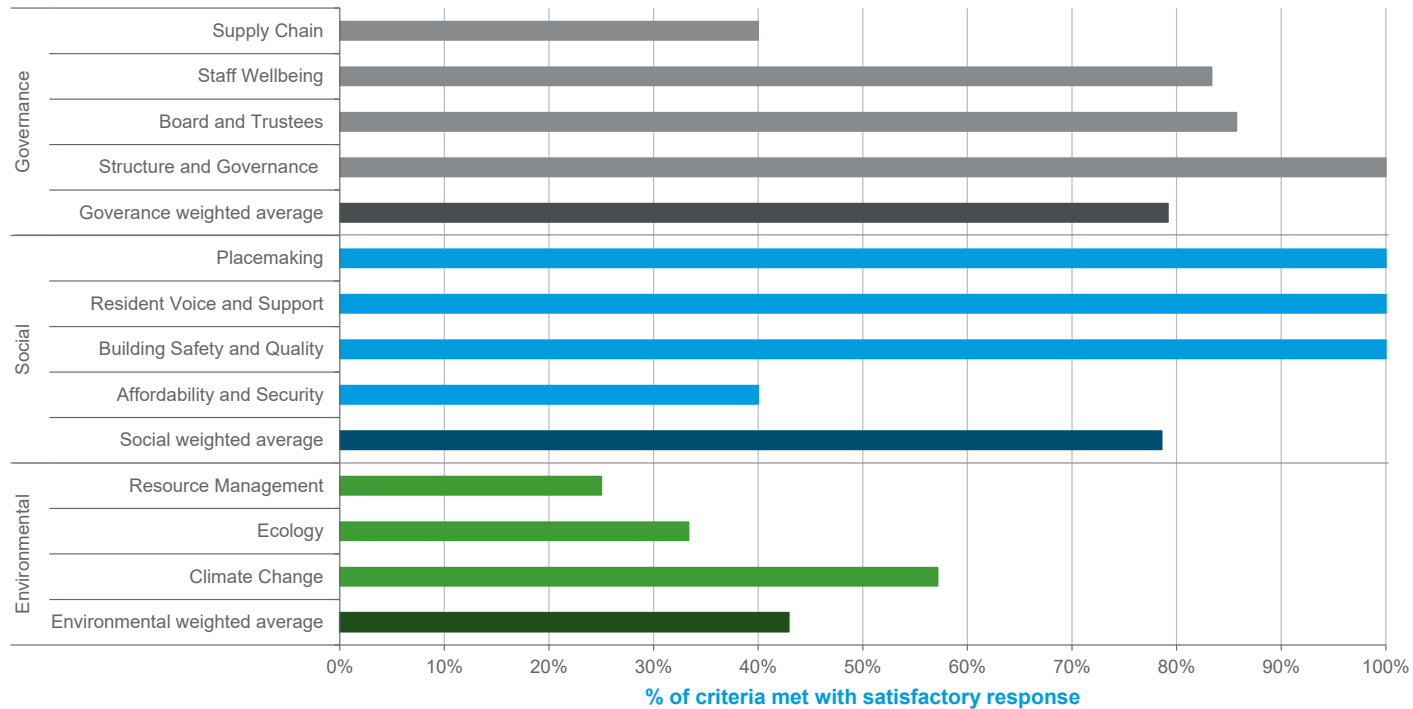
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# Maturity Assessment Breakdown

A

## APPENDIX A: MATURITY SUMMARY

The graph is a summary of the proportion of criteria within the self-assessment that were deemed satisfactory for addressing SRS reporting requirements. Gaps identified can be addressed through the recommendations in the main body of the report.



**Note –** The maturity summary results show the proportion of questions deemed ‘satisfactory’ but not best practice. Therefore, this score does not fully correlate to the maturity matrix score shown in section 1. In addition, questions that are purely informative have not been included within the summary of results (e.g. whether housing association in a Not-for-Profit).

## APPENDIX A: ENVIRONMENT – SCORES ACHIEVED

Area	Theme	1. Awareness	2. Defining / Reporting	3. Managing	4. Maturity
<b>Environment</b>					
1	Climate Change <ul style="list-style-type: none"> <li>EPC distribution</li> <li>Scope 1 and 2 greenhouse gas (GHG) emissions</li> <li>Energy efficiency</li> <li>Flood/overheating risk</li> <li>Educating residents on recycling, ventilation etc</li> </ul>		✓		
2	Ecology <ul style="list-style-type: none"> <li>Green Space and biodiversity</li> <li>Nature loss</li> <li>Pollution</li> <li>Environmental strategy</li> </ul>	✓			
3	Resource Management <ul style="list-style-type: none"> <li>Responsibly sourced materials</li> <li>Waste management strategy</li> <li>Water management strategy</li> </ul>	✓			
ESG maturity assessment: ESG - Environmental: <b>Awareness/Defining and reporting (1.5/4)</b>					



## APPENDIX A: SOCIAL – SCORES ACHIEVED

Area	Theme	1. Awareness	2. Defining / Reporting	3. Managing	4. Maturity
<b>Social</b>					
1	Affordability and Security <ul style="list-style-type: none"> <li>Rent compared to private rental sector in local area</li> <li>Rent compared to Local Housing Allowance</li> <li>Allocation of homes</li> <li>Fuel poverty</li> <li>Fixed tenancy agreements</li> </ul>	✓			
2	Building Safety and Quality <ul style="list-style-type: none"> <li>Gas safety checks</li> <li>Fire Risk Assessments</li> <li>National housing quality standard</li> </ul>				✓
3	Resident Voice and Support <ul style="list-style-type: none"> <li>Accountability</li> <li>Resident satisfaction</li> <li>Complaints</li> <li>Support for residents</li> </ul>		✓		
4	Placemaking <ul style="list-style-type: none"> <li>Placemaking and placeshaping activities</li> </ul>		✓		
ESG maturity assessment: ESG - Social: <b>Defining and reporting (2/4)</b>					

## APPENDIX A: GOVERNANCE – SCORES ACHIEVED

Area	Theme	1. Awareness	2. Defining / Reporting	3. Managing	4. Maturity
<b>Governance</b>					
1	Structure and Governance <ul style="list-style-type: none"> <li>Regulatory gradings</li> <li>Code of governance</li> <li>Risk management</li> <li>Regulatory findings</li> </ul>			✓	
2	Board and Trustees <ul style="list-style-type: none"> <li>Composition</li> <li>Leadership</li> <li>Succession planning</li> <li>Board appraisals</li> <li>Conflict of interest</li> </ul>			✓	
3	Staff Wellbeing <ul style="list-style-type: none"> <li>Real Living Wage</li> <li>Gender/ethnicity pay gap</li> <li>Mental/physical health of staff</li> <li>EDI</li> <li>Training</li> </ul>			✓	
4	Supply Chain Management <ul style="list-style-type: none"> <li>Social value creation</li> <li>Environmental impact of procurement</li> <li>Modern slavery</li> <li>Ethical framework</li> </ul>	✓			

ESG maturity assessment: ESG - Governance: Defining and reporting/Managing (2.5/4)

# APPENDIX A: ESG CULTURE, STRATEGY AND REPORTING – SCORES ACHIEVED

Area	Theme	1. Awareness	2. Defining / Reporting	3. Managing	4. Maturity
Other					
1	Culture		✓		
2	Strategy (ESG values)	✓			
3	Monitoring and reporting	✓			
ESG maturity assessment: ESG – Other combined: <b>Defining and reporting (2/4)</b>					

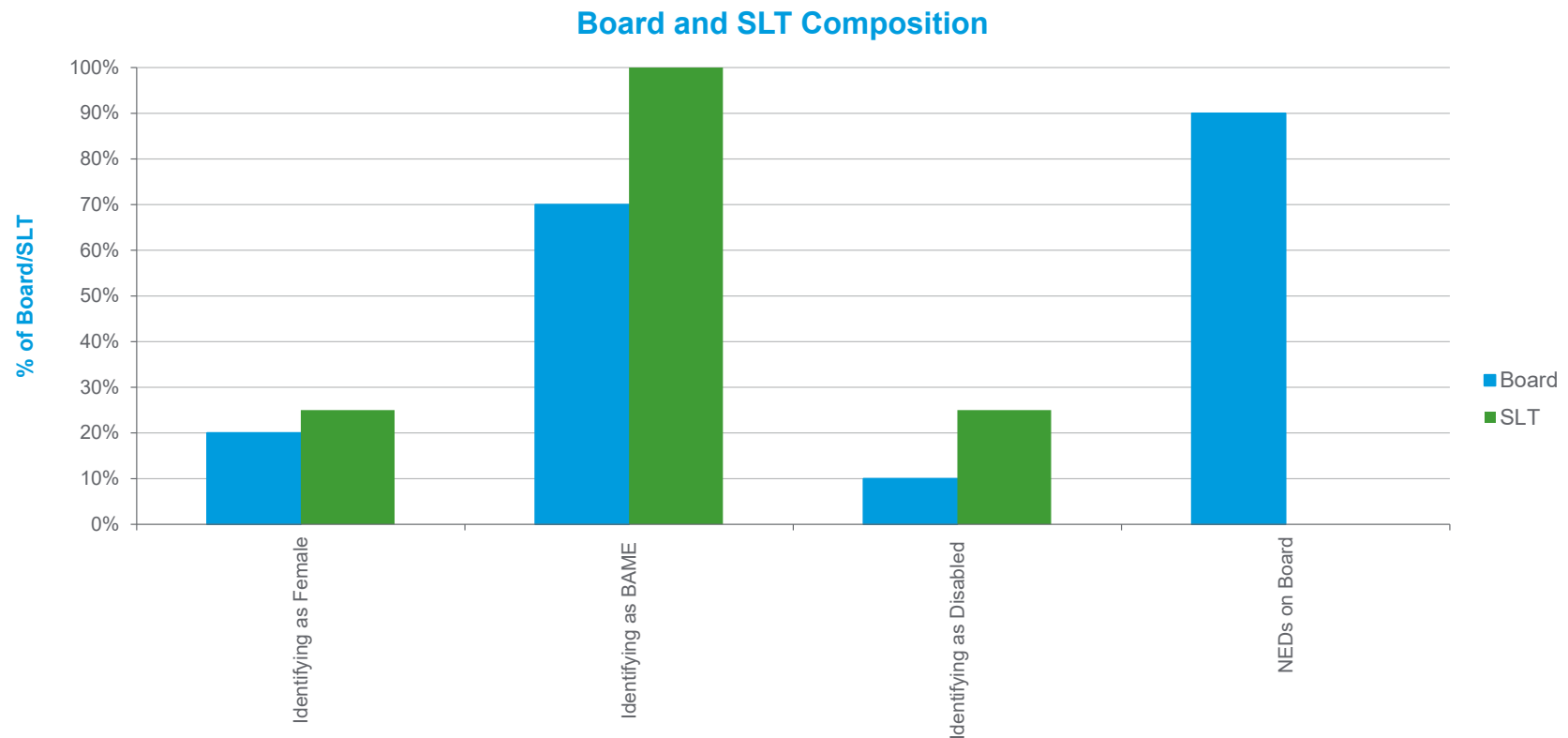
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# Example data visualisations

B

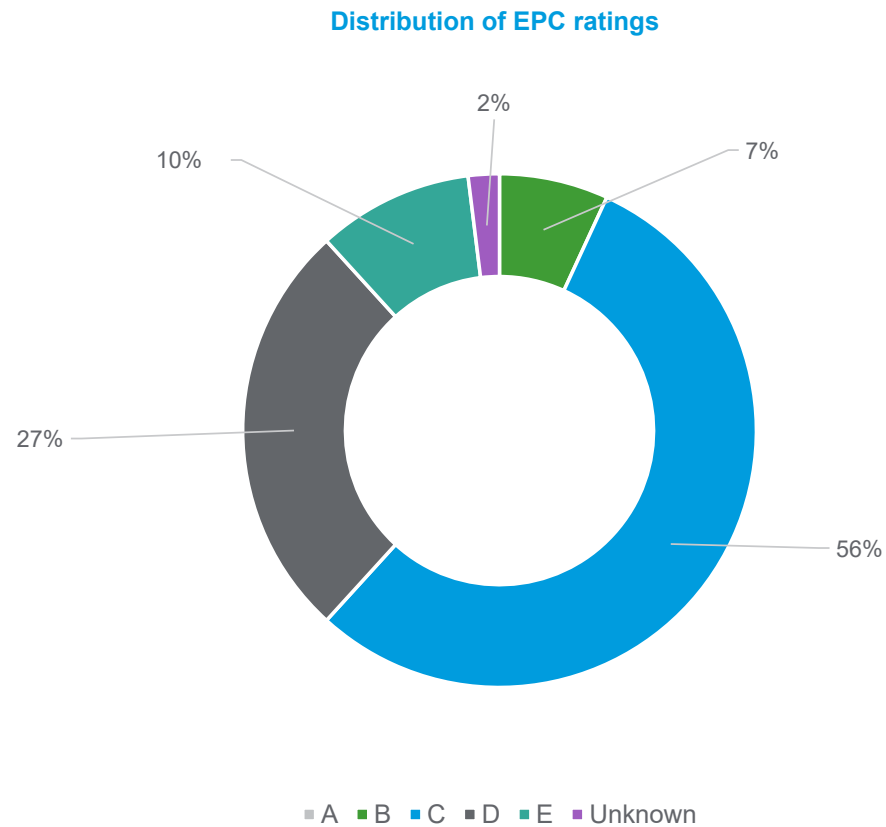
## APPENDIX B: 1. BOARD AND SENIOR LEADERSHIP COMPOSITION

Nehemiah's Board composition, summarised below, demonstrates that organisation's strong commitment to diversity is reflected in its leadership. It is pleasing to see that there are similar diversity statistics filtering down from the Board to senior leadership.



## APPENDIX B: 2. EPC DISTRIBUTION OF EXISTING HOMES

Approximately 63% of Nehemiah's housing stock has received an EPC rating of C or above. This baseline can be used to form long term targets for improving distribution of EPC ratings in Nehemiah's existing housing stock.



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# Sector trends

# C

## ESG PERFORMANCE IN SOCIAL HOUSING

The following is a summary of current ESG performance for a range of housing associations, including the number of properties managed. The larger housing associations had more advanced ESG reporting, including an additional report using the Sustainability Reporting Standard for Social Housing. Smaller housing associations published transparent strategies on EDI and environment, with links made to the annual report. However, these findings are from annual reports published for FY21 or earlier.

Housing Association	Number of properties	ESG report	ESG on website	EDI	Other
A	23,000	Yes - reports under SRS (Sustainability Reporting Standard)	Yes - strong ESG website with links to ESG report and case study initiatives	Strategy and policy for EDI	Sustainable Finance Framework
B	6,000	No	No	Policy on EDI	ESG included within the business plan
C	13,000	No	No	Gender pay gap reporting	Limited mention of ESG in annual report
D	10,000	Yes - within other documents like environmental strategy	No	Policy on EDI including tenants diversity comparison to leadership	Environmental strategy published which included, 5 year investment programme for energy efficiency and approach to sustainable sourcing
E	30,000	Yes - reports under SRS	Yes - background to ESG report as a press release and link to the full ESG report	Policy on EDI and ethnicity pay gap reporting	Carbon reduction plan including full scope of GHG emissions and reduction plan



# FOR FURTHER INFORMATION, PLEASE CONTACT

## Karl George

Partner, Head of Governance  
+44 121 214 3100  
karl.george@rsmuk.com

## Carys Tetlaw

Senior Consultant  
+44 113 285 5285  
carys.tetlaw@rsmuk.com

St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF  
United Kingdom  
T +44 (0)121 214 3100  
rsmuk.com

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