

Written evidence submitted by Rathbone Greenbank Investments [RSH 086]

Background: *Rathbone Greenbank Investments is the dedicated ethical, sustainable and impact team of Rathbones, one of the UK's leading investment managers. We work with private clients, charities, trusts and their advisors to provide tailored investment portfolios and, as specialists, we know how to balance financial objectives with ethical, social and environmental concerns.*

- **How widespread and serious are the concerns about the quality of social housing?**

As specialists in ethical and sustainable investment, we have long been concerned about the ability of social housing providers to offer housing that is safe, supports a good standard of living and meets appropriate environmental standards.

From an investment perspective, the social housing industry should be attractive to investors looking to deliver social impact alongside financial returns. Recent press reports and TV documentaries that have highlighted poor conditions across social housing, raising concerns among investors and meaning that investors are increasingly wary of seeing the sector as an 'open goal' for delivering social impact.

Fundamentally, concerns about housing quality undermine investor confidence from a social impact perspective and may affect decisions on where to allocate capital (either via direct investment in social housing or via bonds issued by social housing providers). This in turn impedes the value to society that the sector can deliver. The widespread support from investors for the Sustainability Reporting Standard (SRS) for Social Housing is indicative of the level of concern. Investors want to see improved transparency and standardisation on social and environmental reporting and also improved performance in these areas too.

- **Is the current regime for regulating social housing fit for purpose?**

There is currently a lack of comparable information on key metrics around tenant wellbeing and environmental performance. This is due to a lack of consistent disclosure from housing associations – which is what the SRS is aiming to solve. Nevertheless, the disclosure remains voluntary. A regulatory regime that is more supportive of consistent disclosure – either through reporting requirements or endorsement of standards by the regulator – will support an increase in standards by attracting investment to the housing associations which demonstrably deliver the greatest social impact and by promoting a culture focused on measurable outcomes in the sector.

More broadly, we would like to see a more empowered regulator that is able to move beyond assessments of governance and financial viability and look to enforce minimum quality standards. We hope this would improve the quality of service delivered to tenants, which would reassure investors and attract more capital to the sector.

- **What changes, if any, should the Government make to the Decent Homes Standard?**

Building on the call for a more empowered regulator, this is an area where we see the possibility of a role for active oversight of the sector. Our research highlighted a discrepancy

between the self-reported compliance with the Decent Homes Standard and the overall sector figure reported in the annual Homes England survey. A well-resourced regulator could improve the quality of lives of people in social housing by more actively mandating adherence to the standard or by promoting independent verification of this figure.

- **Should the Decent Homes Standard be amended to include energy efficiency and other means of mitigating climate change, and if so how?**

With housing in the UK accounting for 15% of greenhouse gas emissions, large-scale investment is required to achieve reductions. Investors need to be reassured that any housing associations they finance have viable decarbonisation strategies in place to meet the demands of the climate challenge and protect against future risks. There is also a strong social imperative to act as climate action reduces fuel bills, easing the financial pressure on residents, many of whom struggle with fuel poverty. Integrating these considerations into the Decent Homes Standard seems sensible and does not stretch the current version of the standard too far given the current standard requires a reasonable degree of thermal comfort.

We would encourage the government to ensure that appropriate funding is provided to social housing providers to enable them to move in line with the UK's net zero objectives and to meet any increase in requirements under the Decent Homes Standard.

December 2021