

Inspiring our communities to shine

Sustainability Strategy 2022-2027



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Eastlight has a responsibility to play an active role in protecting the environment for our existing customers and communities and future generations. This strategy therefore is not an isolated document but should influence every aspect of how Eastlight operates.

1. Strategic Objectives

This strategy represents the start of a long journey and recognises where we currently are. We know that there is still much work to do:

- Learning how to be sustainable.
- Defining our approach in real detail.
- Researching options (e.g. on funding, technology, components).
- Setting appropriate standards.
- Building expertise and capacity.
- Understanding the requirements of our customers.
- Engaging with customers, colleagues, contractors, supply chain and other stakeholders.

Within this context, the strategy lays out what we are trying to

achieve, the principles we will adopt, and our plans over the coming years. Its overriding aim is to ensure that Eastlight plays a significant role in addressing the environmental emergency. While there is a legislative imperative with regards to carbon and attempting to limit global warming, there are other widespread issues, from destruction of local flora and fauna, drought and flooding, to waste and pollution. Eastlight's customers have told us that these are key concerns and that they expect us to act. Therefore, this strategy has two key objectives:

- 1** To reduce the environmental impact of building, maintaining, and living in our homes.
- 2** To meet legislation in the most efficient, non-disruptive, and rapid way.

We will do this by:

- ✓ Building homes that are kind to the environment.
- ✓ Investing in our homes to minimise environmental impact.
- ✓ Changing how we work.
- ✓ Supporting our customers.

This strategy focuses on the next five years but the challenges are longer term. For instance, all our homes must be net zero carbon (NZC) by 2050. The actions Eastlight must take need to start now.

Our ambition and our aims are clear. However, we should expect the way that we meet these to evolve as technology, infrastructure and the challenge itself change.

2. Strategic Context

Customers have told us that they expect Eastlight to take a lead in addressing environmental issues. At the same time, they expect us to carefully consider the trade-offs that we make and to keep a keen eye on value for money.

They expect our focus to be on helping them and their communities live more sustainably and to take actions in the context of other challenges in their lives. To meet legislative targets, Eastlight needs to raise the energy efficiency of its homes to at least an energy performance certificate (EPC) rating of C by 2030 for households deemed to be in fuel poverty¹, and for all households by 2035. Eastlight's homes must also become NZC by 2050.

In addition to environmental sustainability and legislative changes, fuel poverty is a major, growing national challenge which will inevitably affect a sizeable proportion of our customers. An estimated 3.16m households (13.2% of total households) in England were defined as fuel poor in 2020 (the most recent year for which statistics are available). Household energy bills increased by 54% in April 2022, as regulator Ofgem increased the maximum energy companies can charge. According to the CEO of Ofgem, fuel prices could rise by another 40% when the price cap rises again in October 2022.

This would mean a typical household would pay around £2,800 on energy bills each year.



National Energy Action estimates that price rises in 2021 and April 2022 will increase the number of households in fuel poverty to 6.3m and this could increase to 8.5m in line with further price increases in October 2022.

The key factors that contribute to fuel poverty are the energy efficiency of a home, the cost of energy bills, and household income.

Many people live in poorly-insulated homes and rely on inefficient heating systems. Heat escapes even when turned up to full, making it harder to bring down the total cost of bills. This is often compounded by low household incomes, irregular work and access to Universal Credit. Those who find themselves in this situation might feel forced to prioritise buying food or other essentials over energy usage.



¹ Fuel poverty in England is measured using the Low Income Low Energy Efficiency (LILEE) indicator. Under this indicator, a household is considered to be fuel poor if they are living in a property with a fuel poverty energy efficiency rating of band D or below and when they spend the required amount to heat their home, they are left with a residual income below the official poverty line.

3. Current State

An Eastlight Carbon Audit has been completed by Turner & Townsend Consulting Limited. This establishes the carbon baseline across all areas of our existing homes, new homes pipeline and broader operations (including our offices). The audit provides detailed data covering Eastlight's overall carbon emissions, the SAP scores of our homes, CO2 emissions, embodied carbon and fuel bills.

In addition to providing baseline information against which future performance can be measured, the audit identifies the various retrofit approaches Eastlight could take to reduce its greenhouse gas (GHG) emissions across its operations, achieve higher efficiency standards, and ensure that these measures put our homes on a pathway to achieving NZC by 2050.

New Homes Design Guide:

In July 2022, Eastlight's new Design Guide was implemented. This guide and associated technical documents enshrine how we will build new homes and communities, and was co-created with input from across the business, including Asset. It considers numerous statutory, regulatory and best practice factors and ensures all Eastlight new homes at least meet prevailing standards and positively impact on the Sustainability Strategy.

The NZC homes approach proposed in this strategy is consistent with these design standards.

In several areas, our ambition is to go further and exceed minimum requirements:

- ✓ All homes on Eastlight-led developments will achieve EPC B, with an ambition to deliver EPC A, positively contributing to combatting fuel poverty.
- ✓ On Eastlight-led projects, no gas fired boilers will be installed, with alternative technologies required; the technical detail ensures layouts include sufficient space for equipment and hot water storage.
- ✓ The documents include a minimum acceptable specification for homes produced via Section 106 delivery. This ensures we are not acquiring new stock which will subsequently require significant investment to achieve NZC.





4. Future State

Principles of our approach for meeting net zero carbon:

Of all the areas within sustainability, it is meeting NZC legislation that will have the greatest impact on our customers. For Eastlight, the significant costs of meeting the legislation mean that trade-offs will have to be made between that work and other activities we might undertake. Therefore, the principles of our approach, detailed below, are expressed as preferences:

- We would rather take direct action, for example insulating a home or putting in a new heating system, than pay for carbon offsetting.
- Where viable, we will seek to regenerate homes where properties cannot be improved sufficiently.
- Our focus will be on tried-and-tested technologies.
- We will seek to make our new homes support NZC as soon as feasible.
- We will seek to start work as soon as possible on upgrading our existing homes.
- We will minimise risk and potential rework by taking a fabric-first approach to retro-fit.
- We will seek to take into consideration customer preferences for how the work is carried-out.
- We will seek to share the benefits of meeting NZC with customers (and seek to insulate customers from negative financial impact).

So what is Eastlight going to do?

	New Homes	Existing Homes	Operations	Customers & Communities
Our aim is to:	Build homes that are kind to the environment and efficient for customers	Invest in our homes to make them kinder to the environment and more efficient for customers	Change how we work so that we minimise the impact of our operations on the environment	Support our customers to reduce their environmental impact and run their homes efficiently
How we will do this:				
Energy & carbon emissions 	Reduce CO2 in construction and through the lifecycle of our homes. Use new and renewable technologies where appropriate	Reduce the CO2 emissions from living in our homes through retrofitting, starting fabric first. Use new and renewable technologies where appropriate	Reduce the CO2 from running our workplaces, what we buy and how we travel	Encourage adoption of new technologies to reduce the cost of living in our homes and support behavioural change to maximise effectiveness of these technologies
Water efficiency 	Build homes with water use reducing technologies and provide water recycling measures	Reduce water use in our homes	Minimise the use of water at our sites and maximise re-use	Share approaches to minimising water usage
Biodiversity & the natural environment 	Protect and enhance natural habitats through the design and construction process and create places that support local wildlife, maximising green spaces	Encourage biodiversity and natural habitats in our open spaces	Maximise sustainable heating at our facilities and seek to protect local wildlife from the impact of our operations	Educate customers on ways to support local flora and fauna
Waste reduction & recycling 	Reduce, reuse and recycle in the construction process, use sustainable materials, work with partners committed to ethical building practices and use sustainable procurement principles	Reduce, reuse and recycle when maintaining and improving homes, use sustainable materials, work with partners committed to ethical building practices and use sustainable procurement principles	Work in ways that minimise waste that cannot be recycled, focussing on sustainable procurement	Support customers to run their homes efficiently and to maximise recycling opportunities

Impact on health and housing:

Housing is a key social determinant of health. This is reflected in Eastlight's desire to improve our existing homes. For new build homes, our Design Guide requires all Eastlight-projects to be designed in full compliance with the Urban Design Group's Building for A Healthy Life toolkit.

People spend up to 90% of their lives indoors and 60% of that time at home. Home environment and housing circumstances impact health and wellbeing due to security, sanitation, ventilation, temperature control and fire protection. Adverse physical and mental health include an increase in the prevalence of

cardiovascular and respiratory diseases and minor illnesses such as colds and flu.

Children living in cold homes are more than twice as likely to suffer from asthma and bronchitis than those in warm homes. These illnesses are exacerbated or brought on by exposure to moulds and dampness that are more likely to be present in cold homes.

Living in a cold home has also been linked to excess winter deaths (EWD). During winter 2019/20, an estimated 28,300 excess deaths occurred in England and Wales, 40% attributable to living in a cold home.

EWD are three times higher in the coldest quarter of homes than in the warmest quarter.

Evidence shows that energy efficiency interventions can improve general, respiratory, and mental health outcomes. These effects are more apparent when targeted at those most at risk.

Additionally, it has been suggested that a range of socioeconomic outcomes such as, reduced fuel bills, increased educational attainments and employment is linked to warmth and energy efficiency improvements.

5. Delivery Plan

The legislation on achieving NZC remains unclear. For example, we do not know currently whether we can take a portfolio or individual unit approach to meeting NZC. There are decisions we can make now and principles we can agree, but as legislation and funding develop, defining our Sustainability Strategy will be an iterative process.

Delivery Plan 2022-2027:

In addition to several measures required to meet regulatory changes, further actions have been identified which can be implemented within the first five years of Eastlight's journey to NZC. **See table on page 8-9.**





Phasing works:

To achieve NZC, high performance fabric is fundamental: the roof, walls, windows, doors and floors need to be operating at a high level of energy efficiency.

The junction of these elements is also critical. This is where technical risks arise, such as uncontrolled ventilation and thermal bridges, which can lead to reduced energy performance and poor moisture control. In turn, this can lead to significant (and often hidden) issues with condensation, damp, and mould.

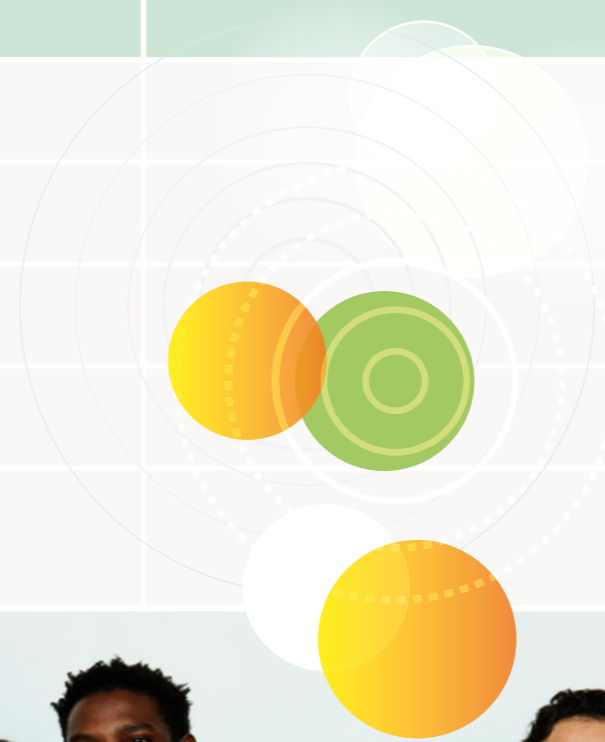
Combining works programmes on external fabric (for example, wall insulation with a new roof and doors and windows) means that the junctions of those elements and, therefore, the technical risk can be controlled. In turn, this significantly reduces the risk of a 'performance gap' (the gap between the designed energy performance and actual energy performance) and the risk of condensation, damp, and mould. Eastlight has established asset renewal cycles for doors, windows, roofs, and

heating systems. Because these components are a key part of the energy performance of a property, there is logic in using asset renewal cycles to drive how and when retrofit happens. For example:

- If property X is due for replacement windows in 2025, doors in 2026 and roof in 2028, with a heating system renewal around 2027, it makes sense to group together that capital spend into a single capital fund to seed a NZC retrofit.

Delivery Plan 2022-2027:

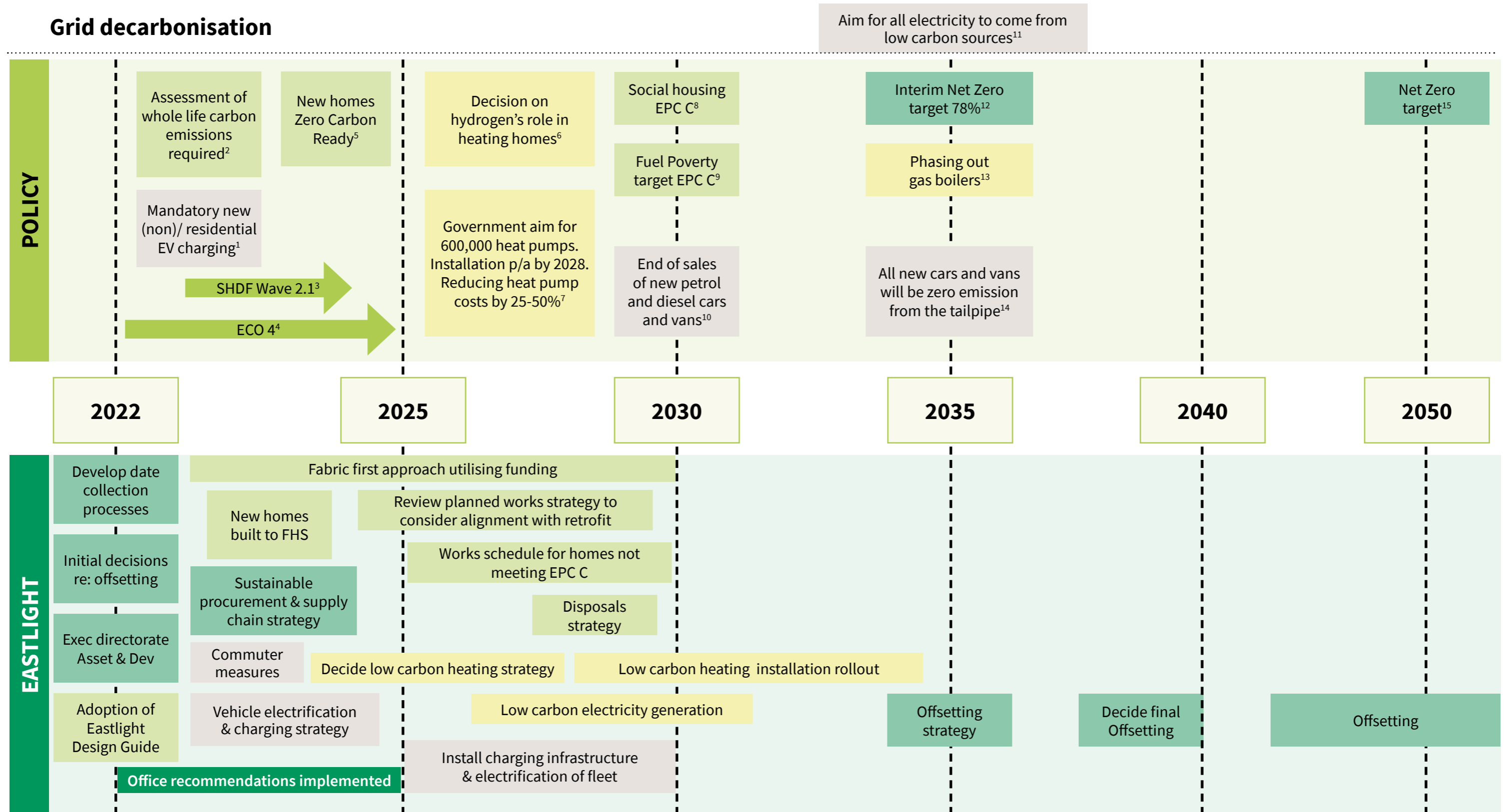
DELIVERABLE	ACTION BY YEAR				
	2022/23	2023/24	2024/25	2025/26	2026/27
All homes to meet EPCC rating by 2030 (households in fuel poverty)		Implement sequenced programme of improvements to appropriate homes			
Compliance with Building Regs Parts F & L	Design guide & technical documents				
Future Homes Standard	Design guide & technical documents				
Homes to be delivered without gas fired heating	Design guide & technical documents				
Robust data sets	Upgrade Keystone implement plan to fill gaps				
Reduce carbon emissions from fleet, business travel & employee commuting	Implement carpooling matchmaking service				
	Implement annual measure of business & commuter travel				
	Set targets for reducing the environmental impact of travel				
					Implement policy of gradual electrification of fleet
					Infrastructure upgrade to include more EV charge points at ECH's facilities
Optimise heating/ cooling/ ventilation/ lighting	Ensure air handling unit (AHU) fans are on 'auto' mode and install timer controls				
	Upgrade AHU fans to electrically commutated fans				
		Consider outsourcing ICT server requirements			
	Consider temporary closure of one office floor				
Procurement	All equipment procured to highest energy efficiency rating available				
Joined-up working	Effective joint working between ECH services to optimise effectiveness in sustainability activities				



6. Delivery Milestones

Net Zero Carbon Roadmap:

The following roadmap sets-out identified major themes and activities that Eastlight must address. It provides an indication of the order and timescales for decision-making. The detail should be considered indicative currently: as the NZC journey continues, we will continue to develop structured plans, guided by the Sustainability Steering Group:



7. Resource and Value for Money

Resourcing:

Eastlight's approach is to become expert clients, with sustainability champions embedded in all functions across the business. This reflects the fact that sustainability and the NZC journey affect every part of our operations.

During 2022, both our Asset and Development Services have undergone restructures to ensure the necessary resources, skills and knowledge are in place to deliver Eastlight's objectives, including, crucially, the decarbonisation of existing and new homes.

The baseline data demonstrates clearly that our housing stock and the production of new homes make the largest contribution to emissions. Close working between the Asset and Development Services is critical to the success of this strategy. To strengthen this, both services will move to a single Executive Directorate in September 2022.

Further knowledge gaps are likely to emerge during the lifetime of this strategy. For example, the move away from gas boilers

will require the installation of alternative technologies, which are as yet undefined but are likely to include air source and ground source heat pumps, electric boilers, mechanical ventilation and heat recovery systems. Eastlight will need suitably qualified tradespeople and contractors to install, service and repair.

Approach to funding/impact on the Business Plan:

There are three broad approaches to paying for retrofitting:

- 1 Funding:** Eastlight uses its own capital budgets and/or brings in external grants and subsidies.
- 2 Financing:** where money is borrowed and repaid, usually with interest applied.
- 3 Payments from leaseholders:** there is potential to extend contractor frameworks to private housing in our communities. On estates where several tenures and multiple ownerships exist, economies of scale could be achieved for Eastlight and customers, with private owners covering the cost of works. This would create additionality, as without Eastlight's intervention, it is unlikely the private housing would comply with NZC by 2050.

External funding is already in place to support decarbonisation and it is possible further grant frameworks will be introduced to subsidise NZC. The most notable government intervention to date is the Social Housing Decarbonisation Fund (SHDF), the main objectives of which are to raise properties to EPC C and to get their heat demand below 90kWh/m².

We have been allocated £500,000 of grant as part of the Wave 1 programme. Wave 2 will open late August/early September 2022 with a funding pot of £700m and a delivery window between March 2023 and March 2025. Eastlight will bid for further funding under Wave 2, with the aim of maximising available grant.

Following advice from our Carbon Audit consultants, it is recommended that retrofit works are funded as a long-term internal capital programme.



Analysis shows that a reliance on external funding will lead to a stop-start/boom-bust approach to retrofit. It will lead to chasing grants and subsidies, forcing a focus on either pilot programmes or single technologies, at the expense of the strategic goal of whole house, NZC retrofit.

Eastlight's sustainability leads will work closely with Finance to explore creative funding options to support delivery of this strategy. Identified options will initially be reported to the Sustainability Steering Group, and further detailed work commissioned to engage with funding streams deemed worth of pursuing.

Value for Money (VFM):

The retrofitting of our homes and development of new homes represent Eastlight's most significant investment. It is essential that these are financially sustainable, cost-effective and within Business Plan parameters, whilst ensuring the homes we improve and build are high-quality, meet need, satisfy our customers' expectations, provide a measurable social return on investment and further progress towards NZC. The principal themes of VFM are:

Theme	Method
Financial performance and return on investment	<ul style="list-style-type: none"> Financial performance of improvement schemes and development programme to be measured against agreed KPIs Implement systems to record return on investment to agreed methodology In funding retrofit, we will seek to share savings achieved 50:50 with customers
Cost effectiveness in delivery and optimisation of returns on investment	<ul style="list-style-type: none"> Effective budget and programme management, measured against agreed KPIs Increase the use of frameworks to maximise VFM and quality in the procurement of contractor and consultant partners
Optimisation in the use of debt funding and grant subsidy	<ul style="list-style-type: none"> Leverage Eastlight's scale to secure funding on the best possible terms Effective programme and cashflow management to ensure efficiency in the drawdown of funds Maximise opportunities to secure external subsidies to support NZC Explore the use of consortia with other RPs, where economies of scale can demonstrably enhance effectiveness and VFM
Social return on investment	<ul style="list-style-type: none"> Ensure appropriate KPIs form part of our corporate Social Value measures (e.g. number of households taken out of fuel poverty as a result of improvement works)



8. Governance

Engaging customers and colleagues:

The delivery of this strategy will have positive outcomes for our customers, but the delivery of retrofit works may be disruptive and new technologies installed may be unfamiliar. Therefore, it is vital customers support the direction and outcomes of the strategy.

We will report to the Customer Influence Committee how we are implementing this plan and develop a Sustainability Customer Engagement plan which will cover:

- Buy-in
- Design
- Delivery
- Handover
- Post-project review

Oversight:

Due to its importance to the organisation, Board will oversee delivery of the strategy. To avoid duplication at committees, and given the wide-ranging impact of delivery of the strategy, a Sustainability Steering Group will be convened. The steering group will support and scrutinise our plans, and discuss detailed issues, prior to (where appropriate), presentation to Board or committees.

The Sustainability Steering Group will comprise:

- The Board Sustainability Sponsor
- A representative from Investment Committee
- A representative from Customer Influence Committee
- The Executive Director of Development and Asset Management
- The Development Director
- The Finance Director
- The Property Services Director.

Input or decisions to support the strategy will be taken by existing committees, according to their terms of reference. As examples, the Customer Engagement Plan will be overseen by the Customer Influence Committee, decisions on disposals versus regeneration will be reviewed by Investment Committee, the impact of delivering the strategy on the Business Plan will require Board oversight.

Annual oversight of relevant strategic KPIs will be undertaken by Board. Twice-yearly reviews of progress against plans will be reported to Customer Influence Committee, Investment Committee and Board.



9. Risks and Mitigations

Risk	Description	Mitigation
Economy	Inflation, interest rates etc	<ul style="list-style-type: none"> • Turner and Townsend model includes for prelims, enabling and inflation costs
Resourcing	Skills gaps, labour shortages etc	<ul style="list-style-type: none"> • Develop Home Solutions capacity to deliver retrofit projects and train skilled operatives/technicians • Ensure Asset and Development teams have sufficient skills and training to function as an intelligent client • Sustainability Apprenticeship within Asset Team
Infrastructure	Failure to decarbonise the grid etc	<ul style="list-style-type: none"> • Ensuring fabric of homes are as efficient as possible to minimise heat demand • Maximise on-site energy generation (i.e. solar PV)
Government Policy	Changes in regulation, commitment to NZC, support for specific tech solutions, adverse rent-setting policy etc	<ul style="list-style-type: none"> • Build partnerships and networks with those in and out of sector • Maintain and monitor regulatory compliance
Supply Chain	Underdeveloped supply of necessary tech etc	<ul style="list-style-type: none"> • Develop capacity of in-sourced provision via Home Solutions • Long term arrangement with supply chain to encourage development • Work collaboratively with other social providers to develop the market
Financing	Pressures on Business Plan impact ability to fund decarbonisation etc	<ul style="list-style-type: none"> • Identify external funding options which support delivery of NZC • Long-term planning and integration of asset plan • Disposal of non-viable assets


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Community Homes



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