



Financing the work of ZEST

Nick Pollard | Group Finance Director | Link Group Ltd

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ZEST

Achieving net zero in social housing: Zero Emissions Social Housing Taskforce report - gov.scot (www.gov.scot)



Eight recommendations

- Collective commitment to “Just Transition”
- Promote “Fabric First”
- Capital investment requirements
- Planning ahead
- Understanding stock condition
- Engagement of all communities in Carbon net zero
- Collaboration
- Measurement and review



Link Group – ESG why do we do it?

- It's in our DNA
- It's in our mission
- Because it drives tenant value
 - **E** – warmer better homes
 - **S** – focus on welfare and community wellbeing
 - **G** – strong resilient organisation for the long term
- Leads to better financial outcomes
- It's the right thing to do ethically and morally
- Creates framework
 - Sustainability Business Plan
 - Ritterwald certification
 - Sustainability Reporting Standard adoption



How is Link approaching sustainability?

- Sustainability Business Plan - Green Promise
- Head of Sustainability, asset team
- Further analysis this year
- Planning processes running for longer term asset programming
 - High degree of SHQS compliance,
 - Energy efficiency B rated high level,
 - Some stock just joined the group at different levels
- Fabric First – allow technology to catch up/develop reducing the costs to our sector of innovation and avoiding the VHS/Betamax risk
 - Cadentgas Keele University hydrogen and gas combination
 - Nickel Hydrogen batteries
 - Air source, ground source solutions all possible and used
 - District heating solutions on small scale, Mull WHHA
- Innovation always been part of the sector, Passive Haus etc
- Critical mass



Link's SLL Funding

- £80 million, £40 + £40 6 month deferred
 - 30-year term
 - Amortising last 10 years
 - Funding our new homes programme
 - Covenant suite, asset cover, net operating surplus/net interest
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- Sustainability Business Plan
 - SPTs 3 to 7
 - Agreed by March next year
 - 5-year review break
 - SPCC annually by Link



Link Group – Funding availability/liquidity

- Financial resources a plenty
- COP26 \$130+ trillion committed to decarbonisation
- UK Banks committed to funding
- Default ESG/SLL with non ESG/SLL being the minority within 5 years
- Premium for non ESG/SLL funding will replace discount for ESG/SLL
- Contribution to the push/pull on delivery of ESG
- Reporting and metrics
- Structural change needed to make cost of capital cheaper
- True value of CSR



Link and sector challenges

- The greatest challenge for the sector since private finance
- Rents
- New build or retrofit?
- Capacity and knowledge
- Fragmented sector
- Collaboration and procurement
- Geography, rural and island locations
- Retrofit in existing stock
- Innovation cost risk
- Residential properties hardest to deal with
- What works best for what industry
- Lack of knowledge of tenants
- Risk of dumping stock unable to meet standards
- Homeowners



Link and sector opportunities

- Financial strength of the sector
- Track record of the sector over 50 years
- Regulation of the sector
- UK and Scottish Government support to the sector UC, HB
- Scottish Government funding grant rates
- Sector has a surfeit of S and G
- Working with people who have a surfeit of E
- Development objectives
- Greatest asset being community based is our greatest weakness in terms of driving value
- Residential properties biggest contribution to reductions
- Procurement strategies and frameworks well established



Any questions?

