



Lloyds Social Housing retrofit: factsheet

Deal information

Deal announced	October 2024
Sector	Retrofit
Location	GB-wide
Counterparty	Lloyds Bank
NWF Finance	£400m ⁱ
Product	Guarantee

Summary

The National Wealth Fund will provide Lloyds Bank with an 80% guarantee on a portfolio of up to £500m worth of loans to registered providers of social housing to enable the retrofit of their stock. The loans provided by Lloyds will help housing associations accelerate the decarbonisation of their housing stock, reducing energy consumption and emissions while improving quality of life for residents, creating and supporting green jobs in the process. Registered providers will be able to use the loans on eligible measures for retrofit including the installation of low carbon heating, insulation, low carbon lighting, renewable energy, ventilation and heating controls, as well as work on resilience measures and biodiversity. These measures are all categorised at green by the Lloyds Banking Group Sustainable Finance Framework, which has been third-party assured to ensure robustness.

Sector context

Decarbonising the UK's housing stock is a huge challenge. Around 34% of England's socially rented homes have an EPC rating below C.ⁱⁱ Government has set a target for all socially rented homes to be rated at least EPC C by 2030. It is estimated by the National Housing Federation that it will cost around £36bn to fully decarbonise social housing. This is significantly higher than the available grant support, presenting a huge challenge for the sector.ⁱⁱⁱ

Impact and additionality

Social Housing providers are constrained in their ability to invest in retrofit, both by competing spending priorities and in terms of available security, rental income and interest cover. NWF's

guarantee will enable Lloyds Bank to bring a price-competitive, unsecured finance offer to market. This will help unlock investment by addressing these investment constraints directly.

The £500m of overall investment to be spent on eligible retrofit measures could retrofit up to 85,000^{iv} social homes and save up to 4 mtCO₂e.^v We expect around 4,300 jobs to be created or supported overall through the installation of measures in the peak year.^{vi} Residents will also benefit, either through bill savings, or through quality-of-life improvements by living in warmer homes. The project should reduce the overall number of people in the UK living in fuel poverty, so supporting just transition to a decarbonised economy.

ESRG considerations

NWF has undertaken due diligence of Lloyds' ESG policies and processes, in line with the ESRG Framework for indirect investments. Retrofit will need to be carried out to high standards, including certification of low carbon products and independent quality assurance to ensure good outcomes.

Impact metrics

Impact	Metric
~4,300	Direct Jobs Created and Supported ^{vii}
4.0 mtCO ₂ e	Emissions avoided ^{viii}
£500m	Private Finance Mobilised ^{ix}
Up to 85,000	Homes retrofitted with energy efficiency and/or low-carbon heating measures ^x

ⁱ Note this is a guarantee transaction, whereby NWF will cover 80% of the loans by Lloyds up to a maximum of £400m

ⁱⁱ Energy efficiency of housing, England and Wales, five years rolling - [Energy efficiency of housing, England and Wales, five years rolling - Office for National Statistics](#)

ⁱⁱⁱ £36bn required to decarbonise Social Housing according to the National Housing Federation - [National Housing Federation - Decarbonisation: a guide for housing associations](#)

^{iv} [English Housing Survey 2021 to 2022: energy - GOV.UK](#)

^v This is an expectation based on available data on the expected emissions saving impact of installed measures. Assumed distribution of installed measures is based on the retrofit measures required by the UK social housing stock that is currently below EPC C according to the [Department for Levelling Up and Communities Energy Performance of Buildings data](#). Cost data from BEIS 'What does it cost to retrofit homes?' (2017) - [BEIS Update of Domestic Cost Assumptions_031017.pdf](#). Figures uprated to 2024 prices. Energy savings from measures based on [Ovo energy estimates](#).

^{vi} Jobs created and supported in the peak year of employment. This is the expected impact based off [research](#) into the number of direct jobs created per £m of investment into energy efficiency measures and separately low carbon heating measures, uprated into 2024 prices. Peak year expected to be FY 25/26. ~3,400 jobs attributed to NWF's 80% guarantee cover on the portfolio.

^{vii} Based on NWF's 80% guarantee cover, 3,400 are attributable to NWF's investment.

^{viii} 3.2 mtCO₂e attributed to NWF's 80% guarantee cover on the portfolio.

^{ix} As per NWF's approach to calculating Private Finance Mobilised for guarantees, this reflects the overall size of the portfolio of loans being guaranteed.

^x Based on an average retrofit cost to achieve EPC C for Social Housing of £5,158, according to the English Housing Survey - [English Housing Survey 2021 to 2022: energy - GOV.UK](#)