2022 NextGeneration
Sustainability Benchmark Report

SUSTAINABLE BY NATURE

How to deliver homes for nature and people

nextgeneration-initiative.co.uk

NEXT GENERATION

CONTENTS

01 Introduction
03 Foreword
04 The Green Landscape
10 The Benefits of Biodiversity
14 How to Make the Most of Nature
20 2022 Benchmark Results
22 Detailed Results
24 Award Winners
26 NextGeneration Value
28 NextGeneration New Services
30 References

Photo courtesy of
Barratt Developments

NextGeneration Facts

£25,946m
Annual housing turnover of benchmarked companies

90,128
New homes completed by benchmarked companies

43,281
People directly employed by benchmarked companies

69
Criteria assessed

15
Sustainability focus areas assessed

17
Years of benchmarking

What is NextGeneration?

NextGeneration is the sustainability benchmarking system for UK homebuilders.

NextGeneration enables homebuilders, government, registered providers, investors, employees and the public to understand the sustainability of benchmarked homebuilders' operations and the new homes they build. It also sets out what good practice looks like and drives change in the industry. The criteria have been developed in collaboration with the industry over 16 years, assessing homebuilders on whether they go beyond the requirements of regulation.

NextGeneration offers a range of services that are suitable for different sized homebuilders. These are NextGeneration Benchmark, NextGeneration Core and NextGeneration Project. The criteria for each are available to download from the NextGeneration website. All UK homebuilders are encouraged to use this resource to assess their current performance and guide them to further improve the sustainability of their homes and operations.

At the centre of these services, the NextGeneration Benchmark consists of 60+ criteria which cover the following 15 areas: company strategy & governance, reporting, future proofing, environmental site management, design standards, ecology, energy & carbon, water, circular economy, transport, procurement, health & safety, community & customer engagement, design & placemaking and economic development.

These sections are weighted based on their overall impact, with energy and carbon currently being the largest weighted. The criteria are re-evaluated and updated on a three-year rolling period to remain pertinent to the ever-evolving sustainability sector, while still allowing homebuilders to benchmark their progress over time.

What are the benefits of NextGeneration Benchmark membership?

NextGeneration Benchmark member companies benefit from:

- Detailed insights into market trends
- A clear understanding of industry best practice and sustainability performance compared to the market
- Enhanced assessments and bespoke reports to help improve their sustainability performance
- Networking and knowledge sharing events, to aid collaboration and create solutions
- Demonstrating their commitment to sustainability to stakeholders, including financial institutions

NextGeneration's new services

While all UK homebuilders can become a NextGeneration Benchmark member, NextGeneration Core and NextGeneration Project were launched in 2022 to support homebuilders of all sizes at different stages of their sustainability journey.

For more information on NextGeneration's new services, please see page 28.

Photo courtesy of Latimer

FOREWORD

The World Wildlife Fund's (WWF) 2020 Living Planet Report found that the world has seen an average 68% drop in mammal, bird, fish, reptile and amphibian populations since 1970[1]. The UK is one of the worst affected regions, having lost more of its natural biodiversity than almost anywhere else in Europe since the industrial revolution, ranking in the bottom 10% in the world[2]. The scale of these relatively recent losses means that the nature we have today and the resilience of the country's ecosystems, is significantly impoverished even compared to just a few decades ago.

Urbanisation is one of the most intensive and rapid human-driven factors that threatens biodiversity. This is due to the conversion of natural spaces to urban landscapes, as well as the associated emissions of greenhouse gases that are driving climate change. The production of building materials must also be considered, consuming 30-50% of available raw resources and producing 40% of waste to landfill in OECD countries, having profound impacts on the natural environment globally[3]. If significant action is not taken, a biodiversity tipping point will result in the irreversible loss of habitats and species.

Launched in 2021 by five leading British nature bodies including Natural England, the Nature Positive 2030 report provides a beacon of hope. It sets out how the UK can meet its commitments from the Leaders' Pledge for Nature in 2020 and ensure that nature's recovery plays a critical role in our path to net zero carbon through natural solutions[4]. It stresses the importance of using natural solutions to tackle climate change and highlights that delaying action will lead to greater economic costs and increased environmental risks[5]. This was echoed at COP26, where for the first time, significant importance was placed on nature and its role in supporting the journey to net zero carbon[6].

The pandemic reminded everyone of the relevance of nature in supporting human health and wellbeing. Moving forward, safeguarding the natural environment will be crucial in mitigating future health catastrophes linked to cross-species disease transmissions, such as was the case for COVID-19, Ebola and HIV/AIDS[7]. Restoring and protecting nature therefore provides an opportunity to address biodiversity loss, while simultaneously providing a multitude of benefits to human health.

This report starts by setting out the key definitions surrounding nature that homebuilders should be aware of, along with the policy landscape now and in the near future. The second section explores the benefits of integrating nature into residential projects and going beyond the regulatory requirements. This covers the co-benefits of producing better places to live that also create financial value. Finally, section three takes a look at how a holistic approach to nature-based solutions can be best achieved, including pioneering case studies to demonstrate the benefits available to those that rise to this important global challenge.

THE GREEN LANDSCAPE

15% of species in the UK are threatened with extinction and 41% have decreased in abundance since 1970[8]. Although protection of the natural environment is not a new sustainability priority, biodiversity and nature are rapidly gaining prominence in the policy, customer and financial worlds. The current lay of the land is provided on the following pages, including a list of definitions and the rapidly developing policy landscape and standards.

Where nature and the built environment meet...

The junction between nature and the built environment is complex, with a proliferation of new definitions. To help navigate this space, the key definitions have been summarised opposite.

Photo courtesy of **Stewart Milne Homes**

Natural Capital

"The world's stock of natural assets which include geology, soil, air, water and all living things[9]."

Ecosystem Assets

"A form of environmental asset that relates to diverse ecosystems, where an ecosystem is a dynamic complex of plant, animal and microorganism communities and the non-living environment that interacts as a functional unit[10]."

Ecosystem Services

"The benefits that flow from nature to people[11]."

They can be:

- **Provisioning**
- **Regulating**
- **Cultural**
- **Supporting**

See pg. 29 in the TNFD Framework[10] for further examples.

Example:
Trees

Example:
Forests

Example:
Provisioning: supply of clean air, regulating: carbon sequestration, cultural: recreational walking, supporting: photosynthesis

Nature-based Solutions (NbS)

"Actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human wellbeing and biodiversity benefits[10]."

Green Infrastructure

"A strategically planned network of natural and semi-natural areas with other environmental features designed and managed to deliver a wide range of ecosystem services such as water purification, air quality, space for recreation and climate mitigation and adaptation[11]."

Biological Diversity (Biodiversity)

"The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems[12].

It is an essential characteristic of nature that is critical to maintaining the quality, resilience and quantity of ecosystem assets and the provision of ecosystem services[10]."

Example:
Extension of existing forest, with work to protect species

Example:
The forest, as part of a wider network of environmental features

Example:
The array of living organisms that maintain the quality of the ecosystem asset

Momentum is Growing...

1981

Wildlife and Countryside Act 1981 (amended 1991)

1990

Environmental Protection Act

1992

Convention on Biological Diversity

1994

The Planning and Policy Guidelines (October 1994, Nature Conservation, DoE, PPG9)

1994

The Conservation (Natural Habitats etc.) Regulations 1994

2000

The Countryside and Rights of Way Act for England and Wales 2000

2004

Nature Conservation (Scotland) Act 2004

2006

Natural Environment and Rural Communities Act 2006

2016

Environment (Wales) Act 2016: Sustainable Management of Natural Resources and the Environment

2018

A Green Future: Our 25 Year Plan to Improve the Environment

2021

The Environment Act 2021

Biodiversity Net Gain (BNG) Requirement

From November 2023, homebuilders will be required to deliver a 10% BNG on all new developments in England[13] as measured using The Biodiversity Metric, published by Natural England[14].

Local Nature Recovery Strategies (LNRS)

To be drawn up locally to cover the whole of England with no gaps or overlaps, to map how local biodiversity action can address country-wide objectives[15] and to ensure coordinated action and investment in driving nature recovery[14]. This will require homebuilders to collaborate with multiple sectors in the delivery of Environmental Net Gain.

Photo courtesy of **Northstone**

Biodiversity Net Gain (BNG)

An approach to development whereby biodiversity is left in a better state than before. This is achieved by firstly avoiding and then minimising biodiversity loss and achieving measurable uplifts in biodiversity levels[16].

Environmental Net Gain (ENG)

This goes a step further than BNG to assure not just biodiversity but also the wider environment including ecosystem services are in a better state than prior to development.

Future Spotlight

When looking beyond the Environment Act, there are numerous other systems and frameworks being developed that will provide further guidance to the industry on engaging with nature. A selection of the main ones to look out for are detailed here.

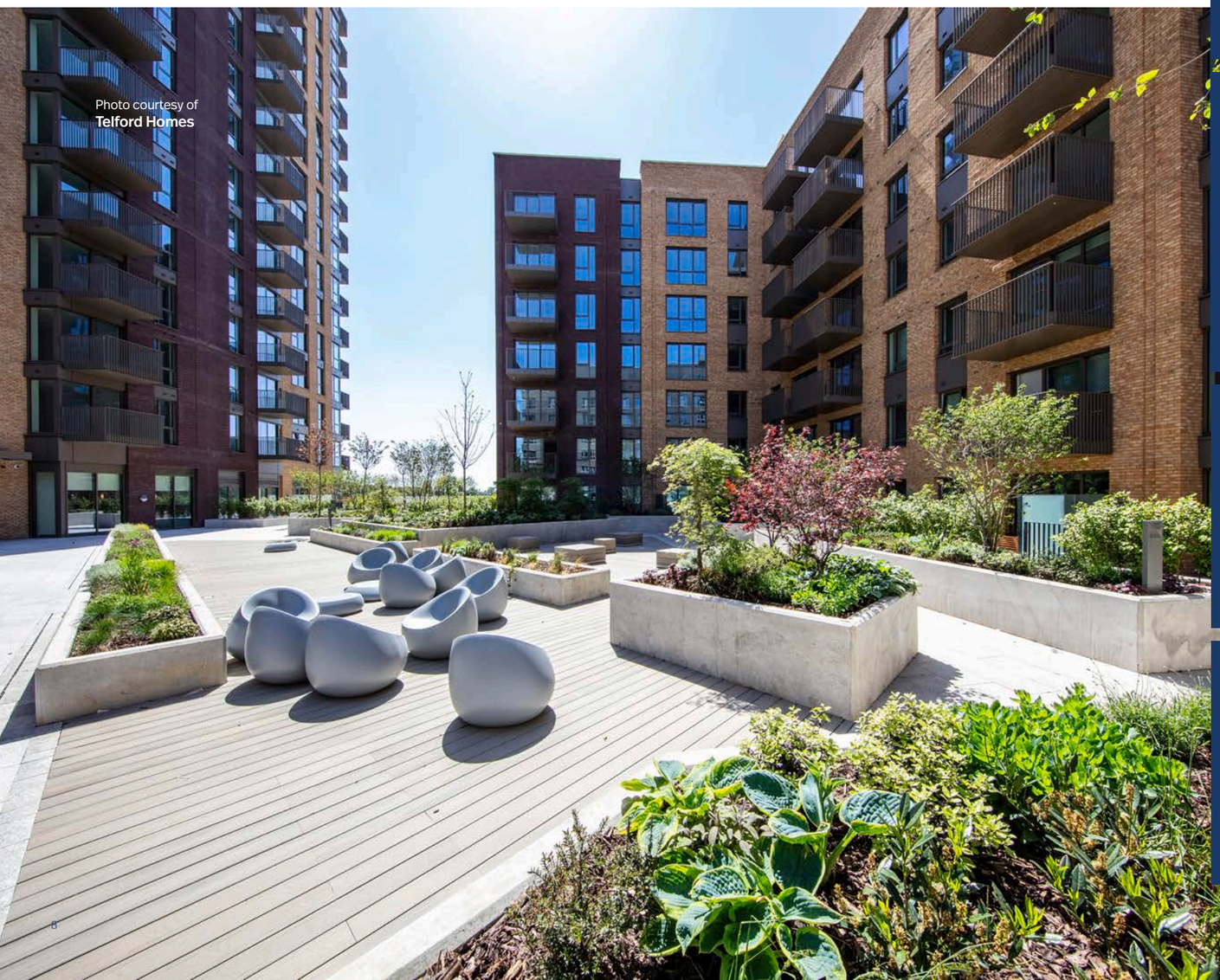


Photo courtesy of **Telford Homes**

2022: Scottish Biodiversity Strategy

Currently in consultation, this aims to halt biodiversity loss by 2030 and reverse it by 2045[17].

UK Green Taxonomy

The UK Government plans to publish the Taxonomy soon, building on existing international taxonomies, that set criteria which specific economic activities must meet to be classified as 'sustainable'. Similarly to the EU Taxonomy, it is expected there will be a standard relating to biodiversity. This may result in those unable to demonstrate best practice in line with the Taxonomy losing the ability to brand their developments as 'green'[18].

December 2022: UN Biodiversity Conference (COP15), Montreal

The conference convenes global governments to agree to a new set of goals for nature over the coming years, through the Convention on Biological Diversity post 2020 framework process. Key targets to be agreed at this second stage of the conference include halting biodiversity loss by 2030 and protecting at least 30% of land and sea globally[19]. Additionally, the adoption of mandatory biodiversity assessment and disclosure requirements for all large business and financial institutions will be under consideration[20].

Science Based Targets for Nature (SBTNs)

This defines how companies can assess, prioritise, measure, address and track their impacts and dependencies on natural ecosystems[21]. The guidance defines interim targets for land use, freshwater use, climate impact and ecosystem integrity. See the 'How to Make the Most of Nature' section on page 14 and 15 for more details.

2023: Taskforce for Nature-related Financial Disclosures (TNFD)

This is the key risk management and disclosure framework addressing nature and biodiversity. The framework is designed to map nature-related risks and business opportunities, with the aim of guiding financial flows into positive action to create a nature positive economy. The first beta framework is under consultation, with the final version expected in 2023[10].

THE BENEFITS OF BIODIVERSITY

The benefits of including green features in housing development extend far beyond the requirements of regulation. These can include direct environmental advantages, benefits for residents and significant increases in property value. These are explored in more detail in this section.

BNG gets the ball rolling

Following the confirmation of the Environment Act in 2021, achieving a BNG on all new developments in England from 2023 is understandably taking the spotlight when it comes to considering natural features amongst newbuild developments. This will be law and all homebuilders in England will need to comply or pay directly to local planning authorities.

What's more, while many existing habitat plans only cover a 5-10 year period, BNG requires habitats to be secured for at least 30 years, further adding to the challenge[14]. In addition, for those operating outside the regions directly affected by the BNG requirements, it seems unlikely that the impetus and momentum will not propagate more widely in the future. This is particularly in light of the Scottish Biodiversity Strategy currently in consultation and expanding work to set out nature recovery plans in Wales[22,23].

An opportunity for real impact

NbS offer homebuilders a way to positively impact the environment and residents' lives, while also increasing financial value and their saleability. Furthermore, citizens' demand for higher levels of biodiversity continues to become more prominent, a trend that persists across diverse sociocultural groups[24]. A YouGov survey undertaken on behalf of the RSPB found that 62% of the English public are concerned about biodiversity loss, while having green space close to home is important to 93% of people[25].

Building upon the UKGBC's classification of primary benefits from NbS[26], the infographic on pages 12 and 13 outlines the range of benefits for each solution type. The benefits and NbS highlighted here are not exhaustive but highlight the array of different options available, from smaller scale urban solutions to large-scale rural options. However, the opportunities to implement NbS depend on the current environment and the benefits reaped also depend on other factors such as size, substrate, vegetation, climate etc.

Photo courtesy of **Stewart Milne Homes**

The financial value of NbS

Urban nature initiatives have also been shown to improve property values and reduce maintenance costs and energy consumption[27]. Work as part of The IGNITION project[28] has quantified the value of natural features, which, while not specific to the residential sector, provide evidence of an overall market shift in favour of nature. This is set out in the table below. For housing in particular, urban green spaces are found to increase nearby prices by an average of £2,500[29].

Living wall/ Green façade	• 2.5% increase in property value
Green roofs	• 2.9% increase in property value (non-accessible) • 6.9% increase in property value (accessible)
Street trees/ SuDS-enabled	• 4.7% increase in property value • 6.2% increase in rental value
Close to a park	• 9.5% increase in property value • 7.0% increase in rental value
SuDS (water bodies)	• 0.9% increase in property value when near a small blue body of water • 3.6% increase in property value when near a large blue body of water

All of the data in this table is attributed to **The IGNITION Project**[28]

THE BENEFITS OF GOING GREEN

The green features

1. Woodland/forest
2. Park
3. Floodplain
4. Saltmarsh
5. Green roof
6. Street trees
7. SuDs
8. Green facade

The benefits

Health & wellbeing

Physical health

- People living in greener areas are 24% more likely to achieve recommended levels of physical activity[30]
- Links between green space and improved health outcomes relating to mortality, such as strokes, coronary heart disease, maternal outcomes, stress and cognitive function[31]

Mental health

- 92% of adults who had visited a green and natural space in the previous 14 days agreed that spending time outdoors was good for their mental health[32]
- 'High quality' natural spaces have a greater impact[33]. Features that are not only green, but focus on boosting species numbers and diversity[34], as well as how connected to people they are[35], have been found to have a greater correlation with improved mental wellbeing

Amenity

Active travel

- Street greenery can promote the probability of active travel[36]

Community benefits

Community

- Vegetation levels in shared spaces predict their usage and are related to a sense of neighbourhood closeness and safety[37]
- Can reduce antisocial behaviour in young residents and levels of crime more widely[38]

Local economic health

Local economic development

- Green residential space can drive migration to an area, increasing socio-economic development[39]

In life-use

- **Green roof:** Increase from 20 to 50+ year lifespan of the roof[40]

Temperature

- Reduces the Urban Heat Island effect, reducing the risk of overheating[41]

Energy use

Heating efficiency

- **Green Roof:** Extensive green roof versus black roof – when insulated improves maximum energy efficiency by 84% and for non-insulated by 100%. Similarly for summer it improves energy efficiency for insulated roofs by 8% compared to a black roof[40]

Solar PV performance

- **Green Roof:** PV performance improved by up to 3.35% due to cooler ambient temperatures[40]

Noise

Sound insulation

- **Green Roof:** Up to a 20dB decrease in sound depending on substrate composition, depth, water content and plant maturity[40]

Water quality & quantity

Water pollutant reduction

- **Green roof:** Retention of toxic pollutants, such as, up to 92% of Cb, 97% Cu, 99% Pb and 96% Zn[40]
- **Green wall:** Remove 80-90% total suspended solids, 90% biological oxygen demand, 30-50% nitrogen, 15-30% phosphorus, 30-70% chemical oxygen demand and 20-80% *E.coli*[40]
- **SuDS:** May provide treatment of surface water run-off[42]

Water nutrients retention

- **Green roof:** Average retention of 80% NO_3 and 68% PO_4[40]

Water management

- **Green roof:** Reduces storm-water runoff by an average of 57% for extensive green roofs and 79% for intensive, alongside potentially delaying the peak runoff[40]

Reducing flood risk

- **Floodplain, Saltmarsh, SuDs:** Often far cheaper, while providing the indirect benefits of green infrastructure, with the city of Philadelphia's green infrastructure water management plan costing 75% less than the alternative grey option[43]

Fire risk

- Reduce fire risk (unless insufficiently irrigated)[40]

Air quality

- **Green wall:** Removes up to 40% NO_2, 60% PM_{10}, 40% O_3, 3.5% SO_2, 1.34% CO and 1.34% $PM_{2.5}$[40]
- **Green roof:** Removal capacity of 1.96 g/m²/yr of O_3, 1.47 g/m²/yr PM_{10}, 1.03 g/m²/yr NO_2, 0.41 g/m²/yr SO_2, 0.41 g/m²/yr CO[40]
- **Parks:** PM_{10} 9.1% lower 50m into a park[28]
- **Street trees:** Remove 0.17kg of NO_2 annually[40]

Carbon sequestration

- **Street trees:** An oak tree has a carbon sequestration rate of 29 kg carbon per year[44]
- **Larger scale NBS:** For example, a hedgerow can sequester 2 tCO_2e/ha/yr, a saltmarsh 5.19 tCO_2e/ha/yr and a mixed native broadleaved woodland 14.5 tCO_2e/ha/yr[45]

HOW TO MAKE THE MOST OF NATURE

As set out so far, there is a plethora of benefits to integrating NbS into housing developments, beyond just the direct environmental attributes of individual features. However, to best maximise these co-benefits, it is important to consider how they integrate with the rest of the development and interact with people on a daily basis. Natural features are a core component of good design and delivering them in a considerate way creates local distinctiveness and high-quality placemaking. This final section presents existing guidance on how to achieve this and explores examples from both within and outside of the sector.

Guidance

Industry frameworks are becoming increasingly available, setting out how homebuilders can best protect and maximise the value of the natural environment. A selection of the main examples are set out in the table opposite, covering both site and corporate level.

Other useful sources that offer support for incorporating nature include the British Standards on biodiversity (e.g. BS 42020 Biodiversity - Code of practice for planning and development and BS 8683 on biodiversity net gain)[46] and blue and green infrastructure in the Building for a Healthy Life (BfHL) design code[47].

	Building with Nature (BwN) Framework	UKGBC Value Framework for NbS	TNFD (Taskforce on Nature-related Financial Disclosures)	SBTN (Science Based Targets for Nature)
Scope	Site		Corporate	
Purpose	Sets out to put high-quality green infrastructure at the heart of placemaking in the UK, maximising benefits for people and wildlife	Outlines a holistic approach to determine the value of NbS for the wider stakeholder groups they impact	Supports businesses to identify, manage and reduce their nature-based risks	Facilitates setting nature-oriented targets that are actionable, measurable and align with the Earth's limits
Benefits	- A holistic approach - Multifunctional and contextual - Community engagement - Site potential - Proportionality - Long-term outcomes	Facilitates utilising NbS through being able to demonstrate their wider value	Minimises risks to business, while highlighting opportunities	Robust and science-based targets to minimise impact on nature
Structure	12 standards applied across four groups: 1. Core 2. Wellbeing 3. Water 4. Wildlife	Complete the nine sub-steps under the four key steps: 1. Initial Assessment 2. Develop Value Proposition 3. Value Translation 4. Financing Strategy	Disclose against the 11 sub-recommendations within the following four recommended disclosures: 1. Governance 2. Strategy 3. Risk Management 4. Metrics & Targets	1. Assess 2. Interpret & Prioritise 3. Measure, Set & Disclose 4. Act 5. Track
Link to Frameworks (Latest version, as of December 2022)	CLICK HERE	CLICK HERE	CLICK HERE	CLICK HERE

Case Study 1

Photo and case study courtesy of Building with Nature[48]

CHURCH ROAD HOUSING DEVELOPMENT, ILLOGAN, CORNWALL

An example of natural features being delivered on a small-scale, non-urban social housing project in the UK[48].

Developed by Coastline Housing, this 33-home project was the recipient of an externally certified Building with Nature Full Award, demonstrating the delivery of high-quality green infrastructure, at both pre- and post- construction stages. The development prioritises connectivity between natural spaces and provides nature corridors into the surrounding forest.

It includes the following features:

- Public open space, creating a sense of openness and community cohesion
- A footpath linking the development to existing natural woodland
- SuDS network of soakaways, permeable paving throughout and a dry swale connecting to a green corridor, planted with wildflowers
- Wildlife enhancement features, including fence access for hedgehogs, bird and bat boxes and bee bricks

This development is an example of how a small-scale scheme, located in an area of typically low land value, can deliver a connected and multifunctional green infrastructure network. In addition, the development has a Landscape Management Plan, which allows for a 5-year period of establishment and rooting for the long-term assurance of the success of green infrastructure features, laying out funding and stewardship.

Case Study 2

ONE CENTRAL PARK, SYDNEY

An example of natural features being delivered on an urban high-rise, residential-focused development outside the UK.

About

Completed in 2014, these two residential towers sit above a common retail unit, adjacent to a public urban park. Immediately noticeable is the green landscape covering approximately 50% of the building's façade, designed in collaboration with French botanist and artist Patrick Blanc. This is achieved through hydroponic walls, low profile horizontal planters and support cables across the building to support a variety of climbing and spreading plants.

Green infrastructure

35,200 plants across 380 native Australian species are supported, providing habitats to insects and birds. A mesh-covered felt is used to avoid the need for soil, while irrigation takes advantage of grey water from laundry and bathroom areas within the apartments[49].

Liveability

In addition to the wellbeing advantages and desirability of living in a green, biodiverse environment, the plants shade the building in the summer, while admitting more sunlight in the winter. The positioning and the design of the balconies also interact differently with the vegetated façade depending on aspect, extending more on the north and east sides to protect residents from noise, wind and sun[50].

Shortfalls

While the environmental benefits of these green facades are clear, there remain critics who doubt how well they incorporate the wider co-benefits outlined in the previous section. Unlike open green spaces, designed to encourage exercise and community interaction, vertical green infrastructure is restricted in its ability to enhance placemaking and should not act as a substitute[51].

Case Study 3

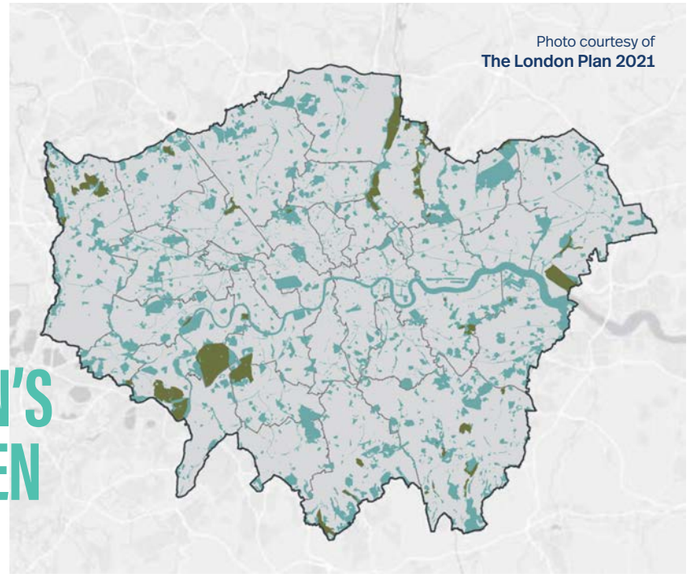


Photo courtesy of
The London Plan 2021

The map demonstrates London Sites of Importance for Nature Conservation (SINC) and Sites of Special Scientific Interest (SSSI). Blue areas depict SINCs and green areas are SSSI[52].

GREATER LONDON'S CONNECTED GREEN NETWORKS

An example of a local government's approach to ensuring new developments engage with the wider natural network of the city, including a way in which this is being actioned by existing landlords. In support of London's goal of becoming the world's first National Park City, efforts are being made to look beyond BNG on site and to connectivity of natural spaces[53].

SINCs

Throughout London, there are protected areas labelled 'Sites of Importance for Nature Conversation' (SINCs), such as parks, lakes and canals, which are vital to conserving London's biodiversity[52]. The connections between SINCs, known as Green Corridors, are essential to preserve wildlife which may be susceptible to isolation. Therefore, The London Plan recommends that development proposals which are near a SINC or Green Corridor should recognise the opportunity to complement and strengthen nature conservation and biodiversity value[53].

Wild West End

A partnership between the largest property owners in Central London, the Wild West End project[54] provides an example of how landlords are collaborating to connect existing areas of parkland, to protect and support London's wildlife. A combination of green roofs, green walls, planters, street trees, flower boxes and pop-up spaces are being implemented to create these green stepping stones. To measure success, baselines and targets for green space and species numbers are being established. Recognising the co-benefits of these natural spaces, spaces must deliver at least two functions across, biodiversity, climate, microclimate, wellbeing and social.

As the benefits become increasingly recognised, the promotion and preservation of Green Corridors is becoming a priority across the UK, with the National Trust and local councils outside of London announcing projects to enhance Green Corridors throughout 2022[55,56].

Conclusion

Homebuilders will soon have no choice but to improve the positive impact their developments have on the natural environment. What they can control however, is the degree to which these efforts create wider benefits and value, for both residents and homebuilders. By building communities that improve biodiversity, homebuilders can play an important role in enhancing and supporting natural systems whilst creating places where people love to live.

Photo courtesy of
London Square

2022 BENCHMARK RESULTS

The process

Selection: NextGeneration selects the largest 25 homebuilders in the UK for benchmarking, based on their housing turnover and annual completions, alongside any further homebuilders interested in benchmark membership. This year, Story Homes and London Square sat at joint 25th largest, whilst Northstone and Latimer's membership extended the benchmark to 28 homebuilders.

Phase 1: Homebuilders are assessed on their publicly available sustainability information, against the 60+ public criteria of the benchmark, covering the ESG spectrum.

Phase 2: NextGeneration members paying an annual subscription provide internal sustainability information to be benchmarked.

For further details on the assessment process, please see the Introduction.

Overall analysis

Telford Homes is the top ranked homebuilder of the NextGeneration Benchmark for the third year in a row, demonstrating its unwavering commitment to improving the sustainability of its homes and operations. Barratt Developments displayed another year of strong performance, retaining its position of second place. Meanwhile, Latimer came in third with a score of 60, having increased its score by 19 points since last year, whilst Taylor Wimpey placed fourth with a score of 59. Hill Group also impressed at 5th place, being the highest ranked privately owned homebuilder.

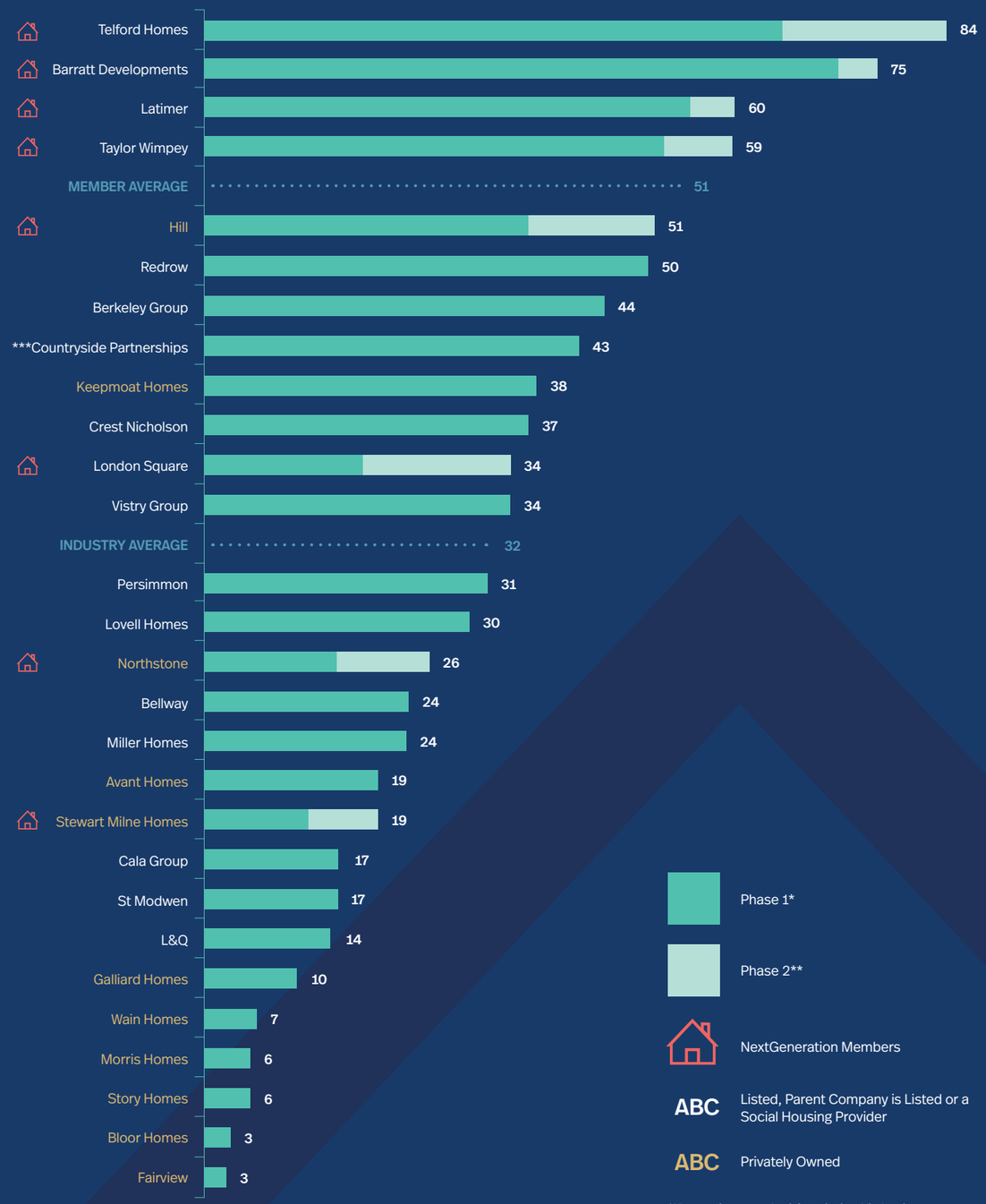
The Benchmark was excited to welcome three new members this year – London Square, Northstone and Stewart Milne Homes: demonstrating an expanding commitment to sustainability reporting within the sector. Noteworthy to mention is London Square's commendable 11th placing in its first year of membership, particularly as a non-listed homebuilder, with fewer mandatory reporting requirements.

Company rankings

NextGeneration's 2022 rankings, similarly to previous years, highlight a significant disparity between the transparency, action and impact of homebuilders working to improve the sustainability of their homes and operations. NextGeneration members continue to lead, with a member average nearly a third greater than the overall industry average (51 to 31), reflecting both the benefits of expert advice and peer learning and the greater disclosure of sustainability information by benchmark members. Members also lead on publicly available information, making up four of the five highest scoring homebuilders in Phase 1. This highlights the extent to which members are embracing and communicating their sustainability journeys. Increasing transparency of their approach to sustainability allows homebuilders to leverage their investment in governance, environmental and socio-economic initiatives, to address the concerns and requirements of increasingly demanding stakeholders.

We would encourage any developer, listed or non-listed, to engage with initiatives like NextGeneration to learn from industry leaders, improve their transparency, demonstrate their credentials and enjoy the benefits of membership. It should be noted, publicly available information collected in Phase 1 is given a higher weighting of 60%, while the internal evidence reviewed in Phase 2 accounts for 40% of a homebuilder's final score. This is to recognise the added value of sharing sustainability knowledge within the industry and to encourage homebuilders to further share their sustainability information in the public domain.

2022 Results



*All companies assessed on information in public domain
**Members invited to submit further information
***Assessed separately before acquired by Vistry Group

Detailed Results

Photo courtesy of **Hill**

Two areas where the industry continues to perform:

Environmental site management

As in 2021, this remains a major priority for homebuilders. To reduce their overall environmental impacts and increase operating efficiency, 11 out of 28 benchmarked homebuilders had an externally certified environmental management system modelled on an appropriate standard such as ISO 14001:2015.

Community and customer engagement

Engagement with communities and homebuyers is important throughout the development process. Half of homebuilders have their own internal guidelines to ensure developments best reflect the needs of those who live there. Furthermore, post-completion, 11 out of 28 homebuilders deliver in-person demonstrations of the home sustainability features, including heating controls.

Two areas where significant improvement has been identified from last year:

Company strategy and governance

More work is being done to communicate and integrate sustainability throughout businesses, with a 10% increase in the average score for this section across the industry in 2022. 17 out of 28 homebuilders have an integrated vision which links the success of the business with its approach to sustainability, demonstrating ambitious strategic alignment of both sustainability and commercial goals.

Procurement

Homebuilders have long and complex supply chains, meaning there is the opportunity to positively impact sustainability beyond their direct operations. In part this can be achieved through sustainable procurement policies, with over 11 out of 28 homebuilders complying. External standards can also support the identification and provision of sustainable materials. For example, 10 out of 28 confirm at least 94% of their timber is FSC or PEFC Chain of Custody Certified.

Two areas that homebuilders continue to find challenging in 2022:

Future-proofing

The housebuilding sector is seeing a rapid increase in the importance of sustainability for investors, planning and customers. While there is some publicly available large-scale research and development projects such as AIMCH, overall there is either a lack of research or communication of that research. Social research lags behind environmental research, with two homebuilders achieving full marks for research to improve the social performance of their homes and operations compared to five for environmental research.

Water

Water has consistently been an industry weakness, as the lowest prioritised environmental issue behind waste, ecology and carbon. Only six out of 28 homebuilders have set a target to reduce their water consumption and only one has demonstrated a 3%+ reduction in water consumption across its sites and offices over the past year using a NextGeneration accepted metric. Home water efficiency is more positive, with 11 out of 27 homebuilders reporting the water efficiency of homes completed in the past year, with an industry average of 107 litres per person per day (lpppd).

Two areas where homebuilder performance has decreased since last year:

Energy and carbon

This section was significantly updated due to the changing policy landscape, including the Future Homes Standard that is expected to require fossil-fuel free developments from 2025. While eight homebuilders benchmarked have a net-zero carbon homes target, further clarity is required as to how these targets will be met, and no homebuilder communicated the percentage of homes completed in the past year that are fossil-fuel free. With the policy drivers, it is expected that performance should increase over the next couple of years.

Ecology

The Environment Act has caused a significant increase in scrutiny on nature, with 10% BNG set to become mandatory in England in Q4 2023. In advance of this, seven out of 28 homebuilders have set a BNG target, but only one homebuilder has confirmed a 10% net gain on a development. As the Environment Act became law in 2021, there is a lag before data on the achievement of BNG will become available as sites complete the development process. NextGeneration looks forward to sharing more data around how the sector is delivering on BNG in the coming years.

AWARD WINNERS

Top performing companies in the Benchmark are awarded Gold, Silver and Bronze awards. Beyond helping companies communicate their efforts and accomplishments to customers, these awards enable stakeholders to identify homebuilders that are committed to sustainability.

"In a year where the world has seen unprecedented turmoil, it is now more important than ever to transition towards a low carbon economy, with the built environment delivering genuinely sustainable buildings. At Telford Homes, we are committed to accomplishing our 2030 net zero roadmap ambitions and continue to refine our Building a Living Legacy Sustainability strategy to address evolving policy and societal challenges. Accordingly, we are delighted that our efforts in this space continue to be recognised by the NextGeneration Sustainability Benchmark."

Telford Homes: **John O'Dwyer, Head of Sustainability**

"At Barratt Developments, we are committed to continuously enhancing our sustainability disclosures to meet evolving stakeholder needs and we believe transparency is critical for meaningful industry-wide improvement. Through rewarding public disclosure, NextGeneration encourages greater levels of transparency within the sector and provides a consistent framework to assess progress."

Barratt Developments: **Bukky Bird, Group Sustainability Director**

2022 Winners — NEXT GENERATION GOLD 2022

telfordhomes — A TRAMMELL CROW COMPANY DEVELOPER

BARRATT DEVELOPMENTS PLC

2022 Winner — NEXT GENERATION SILVER 2022

LATIMER by Clarion Housing Group

2022 Winners — NEXT GENERATION BRONZE 2022

Taylor Wimpey

Hill — The Hill Group

REDROW

Crystal Award

Introduced in 2019, the Crystal Award recognises the highest performing homebuilder during Phase 1 of the benchmarking process, where homebuilders' publicly available information is assessed. The winner of the prestigious Crystal Award places clearly stated sustainability targets, performance data and case studies within the public realm, giving stakeholders a detailed understanding of their strategic approach and the positive change they are delivering on the ground.

NextGeneration are delighted to announce that Barratt Developments is the winner of the 2022 Crystal Award for the second year running. With the importance of sustainability becoming ever-more present for stakeholders, this award is as pertinent as ever. Transparent reporting of sustainability information creates opportunities for UK homebuilders to demonstrate how they are striving to improve their impact on the natural environment, in advance of mandatory reporting requirements.

2022 Winner — NEXT GENERATION CRYSTAL 2022

BARRATT DEVELOPMENTS PLC

Innovation Award

This year the Innovation Award was given to Barratt Developments for it's net zero carbon home concept – The Zed House. Working with the University of Salford as well as 40+ innovative organisations, Barratt assembled a team of experts to create the first home built by a mainstream homebuilder that goes significantly beyond the Future Homes Standard, delivering a 125% reduction in carbon emissions compared to a house built to 2013 standards. The Zed House provides a blueprint for the industry, paving the way to delivering net zero homes at scale and demonstrating what is achievable through innovative collaboration with industry partners.

Photo courtesy of
Barratt Developments - Zed House

2022 Winner — NEXT GENERATION INNOVATION 2022

BARRATT DEVELOPMENTS PLC

NEXTGENERATION BENCHMARK VALUE

Local authorities & communities

NextGeneration rewards homebuilders who:

- Build a range of housing types and mixed tenure communities to serve local people
- Create jobs, improve skills and provide training
- Engage with communities through proactive engagement and consultation

Investors

NextGeneration helps investors to:

- Identify companies who are managing short- and long term risks
- Create opportunities to generate long-term value
- Discern innovative sector leaders with good management and potential for future growth
- Robustly identify homebuilders for the issuing of sustainability-linked loans

Homebuilders

NextGeneration enables homebuilders to:

- Compare performance against peers
- Demonstrate sustainability credentials to local authorities, investors, staff and customers
- Capture cost-saving opportunities and create value through sustainability
- Gain access to preferential finance, based on sustainability-linked performance

Customers & RPs

NextGeneration encourages companies to:

- Reduce household energy bills
- Improve quality of life through quality housing
- Provide exemplary levels of customer service

HILL

Andrew Day, Sustainability Director

“We are proud to be a member of the NextGeneration Benchmark and look forward to reinforcing our status as the UK’s most sustainable privately-owned housebuilder. As a company that strives for continuous improvement, we value this vital tool that encourages a unified approach to meeting sustainability targets, helping us become more sustainable, take better care of our natural resources and reduce our environmental impact as an industry.”

LATIMER

James Parker, Senior Sustainability Manager

“At Latimer, as the development arm of the UK’s largest housing association, we recognise our responsibility to deliver for both people and the planet. So naturally sustainability is at the heart of every one of our new developments. Sustainability is inherently linked to the major challenges of today; reducing the cost of living, improving health and wellbeing, and mitigating the impacts of climate change. We are addressing these challenges through the delivery of quality, energy-efficient homes within green and healthy places. The NextGeneration Benchmark has helped influence the direction of our sustainability standards, delivering on the needs of our residents and the environment.“

LONDON SQUARE

Lucy Hawkins, Head of HR and Sustainability

“London Square joined the NextGeneration Benchmark Standard as a member in 2022. At London Square we are using the standard as a best practice tool to shape our strategy and commit to real sustainable change. The benchmarking process has given the company a clear insight, supporting our action planning and sustainability strategy.”

NORTHSTONE

Bernadette Barry, Senior Development Manager

“The criteria set out by the NextGeneration Sustainability Benchmark provides housebuilders with the blueprint to implement and manage ambitious commitments that are truly pushing the boundaries of best practice in the industry. Northstone is looking forward to progressing its sustainability agenda over the coming years, guided by the NextGeneration Benchmark and continuing to make a positive difference within our communities.”

STEWART MILNE HOMES

Stewart Dalgarno, Director of Innovation & Sustainability

“Stewart Milne Homes is a leading independent medium sized homebuilder, committed to delivering sustainable homes and communities. As a new member of NextGeneration we can learn, collaborate and measure our performance, accelerating our goal of being a net zero carbon home builder by 2045.”

NEXTGENERATION NEW SERVICES

This year, NextGeneration launched two new services, NextGeneration Core and NextGeneration Project, to support SME and mid-corporate homebuilders, as well as larger organisations at the early stages of their sustainability journey.

Both Core and Project are built upon the NextGeneration Benchmark, but contain fewer criteria, making them more accessible to homebuilders across the market. Core and Project can support a range of homebuilders to clearly communicate sustainability performance to their stakeholders, support best practice and demonstrate to investors the progress being made on sustainability issues.

NextGeneration Core:

is an intermediate corporate sustainability assessment, containing a set of 14 core criteria that cover a range of sustainability issues including: sustainability governance & reporting, ecology, energy & carbon, water, waste, transport, health & safety, design & placemaking and socio-economic impact.

NextGeneration Core supports a homebuilder to initially assess their sustainability performance against a robust set of criteria and prepare them for entry into the full NextGeneration Benchmark as they improve their sustainability performance, as well as increase in size.

NextGeneration Project:

involves a project level sustainability assessment, which draws down 12 criteria from the NextGeneration Benchmark, adapted for an individual project. These cover a range of environmental and social issues from the water efficiency of homes, to building wellbeing and worker pay.

NextGeneration Project supports a homebuilder to initially assess the sustainability of an individual development and if used consistently, track improvements in the sustainability performance of a portfolio. The criteria largely align with that of NextGeneration Core and therefore as a homebuilder starts to collect their sustainability data for projects using NextGeneration Project, they can then transition to reporting on their corporate sustainability performance and across all developments.

New Service Benefits

There are a multitude of benefits for homebuilders participating in NextGeneration Core or Project, which include but are not limited to:

CORE

- Understanding their performance compared to the market
- Suggestions of industry best practice
- Demonstrating their sustainability commitment to stakeholders, including financial institutions
- Meeting with the NextGeneration Team to identify optimal next steps to improve
- Paving the way to become full members of the Benchmark as they progress

PROJECT

- Understanding of a developments' sustainability performance compared to the market
- Indicating the sustainability credentials of a development to customers
- Demonstrating their sustainability commitment to stakeholders, including financial institutions
- Initiating data collection processes that can be duplicated across future developments, facilitating the collection of data that is required for NextGeneration Core

Want to participate?

To find out more about the Core and Project assessment process, visit our website. For any other questions, please reach out at:

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nextgeneration-initiative.co.uk

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"Record-breaking temperatures this summer sent a clear signal that climate change, along with its hazards, is already well-and-truly here. Every effort available to limit temperature rises above 1.5 ºC must be made at all costs, including when it comes to building new homes. The solutions already exist in today's market, to design and deliver sustainable homes which both protect and enhance nature. Delivering them at the scale necessary to ensure we meet our climate targets is the current challenge we face and one we must overcome. We congratulate those who are improving through the Benchmark and encourage all housebuilders to demonstrate they are building homes that are fit for the next generation and aligned to a net zero, nature-enhancing future."

Simon McWhirter
Director of Communications, Policy & Places,
UK Green Building Council (UKGBC)

"It has been an exciting 12 months for NextGeneration with the launch of both Core and Project services, benefitting housebuilders and developers regardless of scale. It is essential that all participants in the housing sector are supported with the net zero transition and I am delighted by the initial response from the market and an expansion in the membership generated by these new services. The housing sector continues to face into the sustainability challenge and as highlighted in this report, there are a great many examples that serve as an encouragement to others. I look forward to the continued growth and momentum of NextGeneration in 2023."

David Cleary
Managing Director, Housing Corporate & Institutional Coverage, Lloyds Bank Commercial Banking

"As the long-standing secretariat for the NextGeneration benchmark, JLL UK are avid promoters of transparency and best practice in homebuilding. With market and policy drivers increasing the pressure to deliver sustainable homes, NextGeneration provides homebuilders of all sizes with the tools to embed sustainability into their homes and operations and benchmark their performance against their peers. This year's theme of nature and biodiversity is a timely reminder that climate change is not the only challenge that we face as a sector and as a species."

Emma Hoskyn
UK Head of Sustainability, JLL

"Homebuilders have an important opportunity and responsibility to address the ecological and climate crises. Homes England has been supporting these efforts through a range of evidence based research studies and Building for a Healthy Life. NextGeneration is also a valuable tool that can support homebuilders to understand and improve their sustainability performance and we are delighted to continue to support such an initiative and see its impact grow throughout 2022 with the launch of NextGeneration Core and Project."

Robert Stone
Director of Technical Services, Homes England

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