

## Environmental Audit Committee Inquiry into the Energy Efficiency of Existing Homes

<https://committees.parliament.uk/work/309/energy-efficiency-of-existing-homes/>

The London Association of Local Energy Officers (ALEO London) welcomes the opportunity to submit evidence to the Environmental Audit Committee. ALEO London represents local authority energy and fuel poverty officers in Greater London. We have over 60 local authority members from across the 33 London boroughs and over 40 associate members from partner organisations involved in promoting home energy efficiency within the capital.

As the Committee may already be aware:

- 29 of 33 London Boroughs have declared a Climate Emergency with the majority of those setting a target to be net zero carbon by 2030.
- The Government's latest data identifies that 12% of households in London are in fuel poverty. This is the highest level since records began. London contains the area with the highest level of fuel poverty in England, with many other areas across the capital in significant need.

Improving energy efficiency in homes is critical to addressing these issues, yet in London only 35 per cent of the 3 million+ homes in the capital currently achieve adequate energy efficiency performance (EPC C or above). With the majority of these expected to be in use in 2050 the scale of challenge is significant and the Committee's call for evidence is timely.

On the 15<sup>th</sup> June ALEO London members participated in a discussion on the questions posed by the Committee and the following evidence reflects the points made in those discussions involving 26 professionals<sup>1</sup> from London Boroughs, regional organisations and others involved in the delivery of energy efficiency schemes in London.

### 1. Are the Government's targets on residential energy efficiency still appropriate to achieve its ambition to reach net-zero emissions by 2050?

- There is a lack of clarity about targets, and in particular how targets for Minimum Energy Efficiency Standards, fuel poverty targets and the Government's target to be net zero carbon by 2050 relate to one another.
- Targets are only effective if there are also targeted resources to support delivery and this has been a longstanding problem.
- Delivery needs long-term plans not opportunism. Switching on and off funding in the past (such as with the obligations on suppliers before ECO) has been incredibly wasteful of precious resources and opportunities to engage with the public.
- There remain longstanding issues relating to the quality of work previously carried out on energy efficiency programmes such as CERT, especially in relation to cavity wall insulation. This is often a hidden problem, masked by EPCs that assume products are working.
- National government should take the lead in creating cultural change and educational campaigns to raise awareness and action on home retrofit.

### 2. What are the potential risks and opportunities of bringing forward the Government's energy efficiency target?

- Accelerating delivery needs to go hand in hand with creating properly trained capacity in the supply chain and independent retrofit coordinators to give objective advice to homeowners.
- There are a range of co-benefits that can be achieved by action on energy efficiency in homes including:
  - The opportunity to stimulate the green economy and provide much needed jobs;
  - Helping secure the UK's long-term energy security;
  - Demonstrating to the rest of the world that the UK is leading and galvanise action in other nations;
  - Health and reducing costs to the public sector;

### 3. Should Government targets for energy efficiency be legislated for, and if so, what difference would this make?

- Yes, they should be legislated for. This would give a clear direction to stakeholders on what needs to be achieved and a clear pipeline of works for businesses. Funding and communications however needs to sit alongside legislation changes.
- Government needs to do more to understand regional differences, including what is needed to drive delivery in London and to reflect those differences in policy and funding.
- Local authorities are ideally placed to link energy efficiency works with housing and regeneration programmes, advice services and benefits for vulnerable residents as well as local public health and adult social care services. ECO Flexible eligibility has been a move that has given local authorities a meaningful way to bring some of these strands together but in itself offers no additional resources. Local authorities have experienced a decade of budget pressures with COVID-19 creating further additional problems. In order to fulfil their potential role local authorities need to be resourced and incentivised to do more, just legislating for action is not in itself sufficient.

### 4. How effective is the EPC rating at measuring energy efficiency?

### 5. Are there any alternative methodologies that could be used?

- There are often inconsistencies between EPC ratings carried out by different assessors.
- Experience on the ground of delivering works in blocks highlights the huge variations in EPCs for identical flats, even when they have been produced recently. This creates additional costs as they have to be redone in a consistent way.
- Inconsistencies make it difficult when getting ECO funding for works on the whole block (such as EWI). Local authorities rely heavily on EPCs, inaccuracies could be taking them in wrong direction and households could be missing out on funding.
- Our approach to homes should move away from single measures to a much deeper level of retrofit and the way energy efficiency is measured should reflect this.
- GLA are currently exploring potential for building passports that would offer a more rounded assessment of efficiency.
- If the focus is on CO<sub>2</sub>, perhaps we should be using the CO<sub>2</sub> impact rating that is found at the end of the EPC. EPC ratings based on running costs meaning that an air source heat pump might not score well compared to a gas boiler.
- Energy efficiency improvements in listed/conservation areas - Under the PAS2035 standards, there are numerous expensive tests/surveys required in order to carry out energy efficiency measures in homes in these areas. Even when putting loft insulation into a home in a conservation area, for example. This is a barrier to improving energy efficiency in properties that often have poor EPC ratings

### 6. What are the challenges for rural areas?

- Challenges exist in rural areas but fuel poverty is increasingly an urban problem. The latest fuel poverty statistics show that 33 of the worst 50 local authority areas in England for fuel poverty are urban, 10 of these are in London.
- These challenges are exacerbated by London's historical under-allocation of funding from supplier obligations. The GLA has calculated that Londoners are paying in £82.3m annually to the ECO programme but, during the current scheme only receive £27.3 in return, a shortfall of £55m annually.
- London has many factors that make addressing fuel poverty and carbon reductions very challenging:
  - o 60 per cent of London's homes are solid wall, a fifth of England's total
  - o 50 per cent of London's homes are flats, compared with 16 per cent in the rest of England
  - o London has half of England's conservation areas
  - o Around 28 per cent of London's homes are privately rented, compared with 18 per cent across England. This tenure is often the lowest quality housing available.

### 7. How will lack of progress on residential energy efficiency impact the decarbonisation of heat and the associated costs of this?

- Making progress on energy efficiency and reducing demand for heat should help support development of the wider industry for low carbon heat and reduced costs.
- Many technologies for low carbon heating, including particularly heat pumps, are reliant on energy efficiency of homes in order to work effectively and affordably.

### 8. How can the Government frame a Covid-19 stimulus strategy around improved energy efficiency of homes?

- Improved energy efficiency offers an ideal means of boosting the local economy, through creating new work for SMEs and local jobs and well as increased disposable income for households spent locally. But only if delivered in a sustainable and strategic way and won't achieve this through a temporary stop/start experiment.
- As well as supporting delivery of environmental objectives the COVID-19 stimulus must also seek to tackle the widening inequalities that COVID-19 has exacerbated. This needs to be done by having a focus on the worst performing properties and supporting the most vulnerable households.
- Delivery of energy efficiency in the context of the pandemic is challenging, with significantly higher resources needed for risk assessments to allow works to be carried out. This needs to be factored into the cost of delivery.

### 9. Is the £5 million Green Home Finance Innovation Fund enough to stimulate the market for and drive action from the banks to encourage owner occupiers to improve the energy efficiency of their homes?

### 10. What policy and/or regulation could supplement it?

### 11. Which models in other countries have been successful at stimulating demand for energy efficiency within this market?

- Linking energy efficiency of homes to the cost of taxes such as stamp duty and council tax could provide incentives for homeowners to install works. Any move in this direction needs to avoid further destabilising the financial position of local authorities.
- ACE Research has been working with BEIS on an International Review of Domestic Retrofit Supply Chains. The report is complete, but we don't know when this will be published due to Covid-19 restrictions.

### 12. What additional policy interventions are needed for social housing, leaseholders, landlords and tenants?

- London is a complex challenge in itself - it would be much easier to do works for free (when compared to all the resource that goes into getting a small number of landlords to make a contribution). It is too difficult to improve a whole block: the energy efficiency benefit is not worth the cost of organising the works. The legislative relationship between landlords and tenants needs improving/updating (Landlord and Tenant Act).
- Private rented sector - landlords must currently have EPC E or above. However there are plans to increase this target to EPC C. Should gov be informing landlords / encouraging landlords to aim for EPC C now? So landlords are aware and can plan ahead and consider a whole house approach.

### 13. How should the proposed Homes Upgrade Grant Scheme be delivered to help the fuel poor?

### 14. Should the new grant scheme supplement ECO in its current form, or should ECO be redesigned?

- Any scheme aimed at fuel poor needs to fully fund works (either on its own or coupled with other grant funding). £12k would not be sufficient for all properties.

- Precedent exists for devolved targets / London uplift: Scotland has devolved targets, innovation measures 25% uplift.
- As HUG is for off-grid properties only, not fit to replace ECO on its own.
- London and the south east have 42% of England's population but the current plans to distribute funding mean only a fraction of the resources available are likely to go to London.
- ECO itself is not fit for purpose for London - as does not fully fund for all measures (only a few boroughs have top-up schemes and cannot be expected to fill gaps, especially if we want more expensive renewable heating rather than boiler replacements). Key problems include:
  - o High percentage of private rented sector - 40%+ - hard to find landlords
  - o Smaller property types: Terraced housing. One bedroomed flat only gets ECO funding of a few hundred pounds compared to £700-800 for larger homes. Installers go for larger properties.
- The GLA has calculated that Londoners are paying in £82.3m annually to the ECO programme but, during the current scheme only receive £27.3 in return, a shortfall of £55m annually.

#### 15. Are there examples of where energy efficiency policy has fallen between Government Departments? How could cross-departmental coordination be improved?

- Post Brexit the UK is at risk of lower environmental standards. The Government's Environment Bill should guarantee minimum commitments to EU standards. The focus of the Environment Bill should also reflect the holistic nature of the environment not just departmental responsibilities for Defra. Climate change and carbon needs to be more central to this and embedded within the approach to air quality, waste, water and biodiversity.
- There is insufficient priority given to the potential preventative health benefits of action on cold and damp homes. BEIS and the Department of Health should be more closely aligned on this issue. Greater incentives should be made to enable hard-pressed front-line health practitioners to prescribe/connect vulnerable individuals with funded delivery of energy efficiency.
- There should be more alignment between the Department for Education and BEIS when it comes to funding capital works for schools. DfE should own and champion higher energy standards and see this as integral to the quality required in building refurbishments.

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#### <sup>i</sup> Groups involved in discussion at the 15 June ALEO London meeting (via Zoom)

1. Syed Ahmed (Energy for London / CEL) + John Kolm-Murray & Sarah Fletcher (GLA), Kelly Greer & Lau Alvarez (ACE/ADE), Mark Dallen (EDF), Rory Prendergast (Hounslow), Sarah Richards (Lambeth)
2. Shadia Snelling (Kingston) + Giles Read (Thinking Works), Leigh Fairbrother (Q-Bot), Paul Kemp (GSEEH), Tania Jennings (Ealing)
3. Malcolm Bell (Croydon) + Andrew Karune (Lewisham), Damian Hemmings (Westminster), Emma Adams (ARP), Justine Dornan (K&C), Kate Hand (London Councils), Martin Jervis (Q-Bot)
4. Katy Revett (Waltham Forest) + Adrian Wright (Happy Energy), Ashwin Patel (Islington), Nina Heigham (Aran), Rob Marjoram (Scottish Power), Sabine Martini (Enfield)<sup>1</sup>