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Domestic retrofit at scale to achieve net zero

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WHO WE ARE



JOINTLY OWNED BY



Local Partnerships is a joint venture between the Local Government Association, HM Treasury and the Welsh Government.

We work solely for the benefit of the public sector. We bring public and private sector experience that provides **confidence**, **capacity** and **capability**, helping councils achieve and maintain financial resilience.

EFFICIENCY AND SAVINGS

HEALTH AND
SOCIAL CARE

AIR QUALITY

ENERGY

DIGITAL TRANSFORMATION

REGENERATION
AND GROWTH

HOUSING AND
INFRASTRUCTURE

WASTE AND RECYCLING

FINANCIAL RESILIENCE





Context

- Official figures show 3.16 million households in fuel poverty (based on 2020)
 - End Fuel Poverty Coalition estimates 6.3 million UK households now in fuel poverty due to the latest price cap rise from 1 April 2022
 - could rise to 8.5 million by end of the year.
- As of February 2021, over 70% of Local and Combined Authorities in England have declared a Climate Emergency
 - 60% have declared a net zero carbon emissions target date of 2030 or sooner.
 - Homes account for 30% of energy use and 19% of carbon emissions in the UK
- Parliamentary Environmental Audit Committee identifies over 13m private homes in England need upgrading to A, B or C rating by 2035 if national net zero targets are to be met
- Private rented sector minimum energy efficiency standard E, but potentially C by 2025
- Social Housing target EPC C by 2030

Domestic EPC Rating England 2019 – Heat & Buildings Strategy

Figure 9: Percentage of dwellings in England with EPC rating A-G, 2019

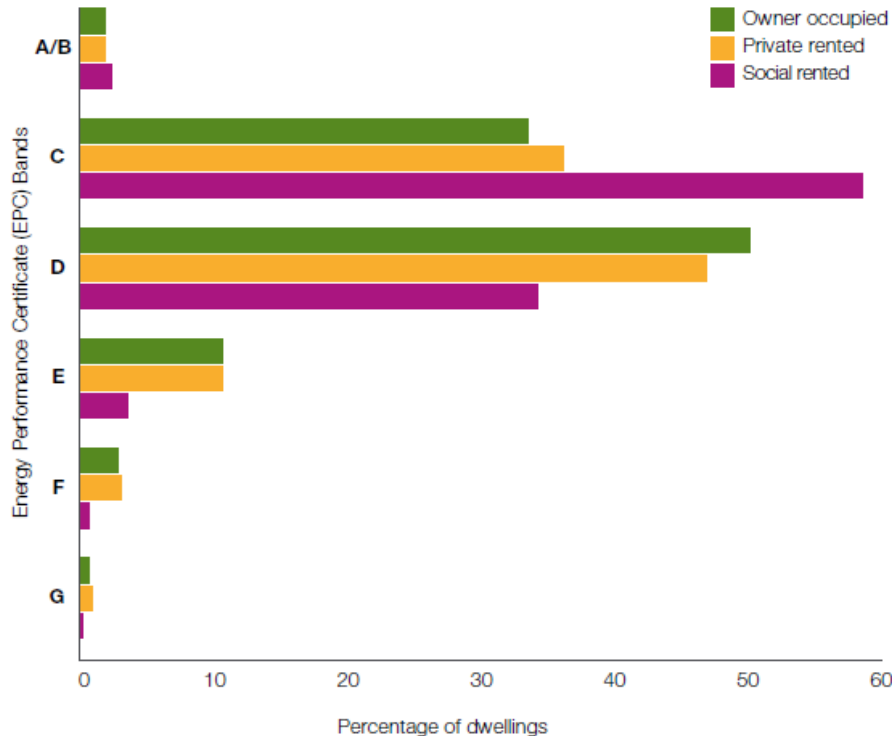


Figure 9 highlights the wide variety of EPC ratings for different tenures in England in 2019; highlighting the larger number of owner-occupied and private-rented homes with lower energy efficiency rating.²⁴⁵

Figure 12: Percentage of homes rated EPC A-G in England, 2004-2019

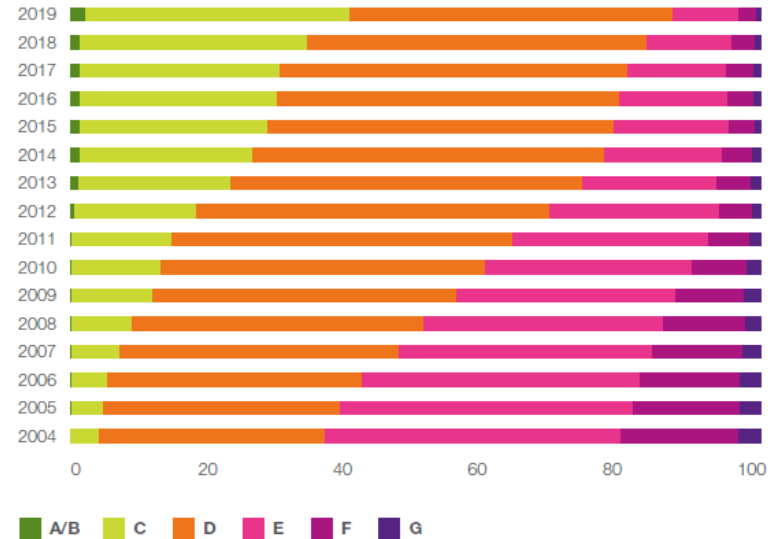
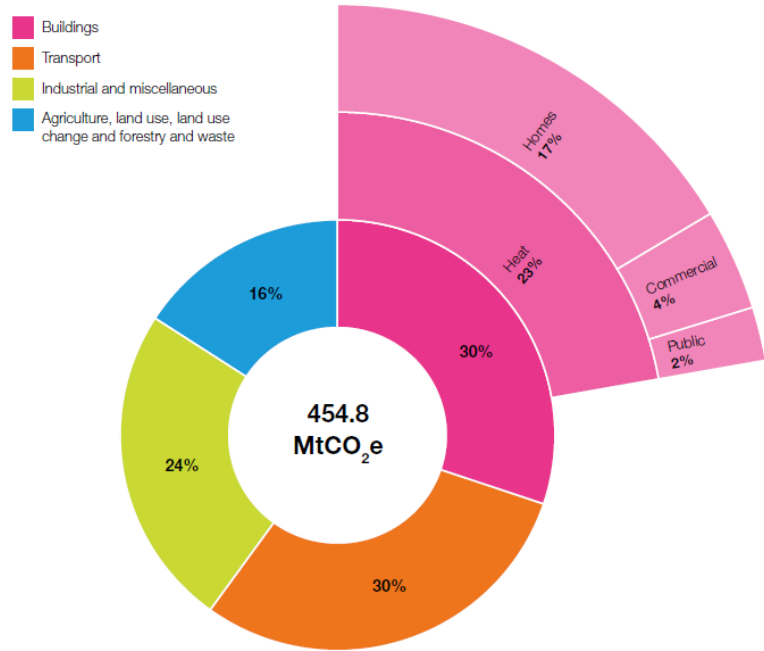


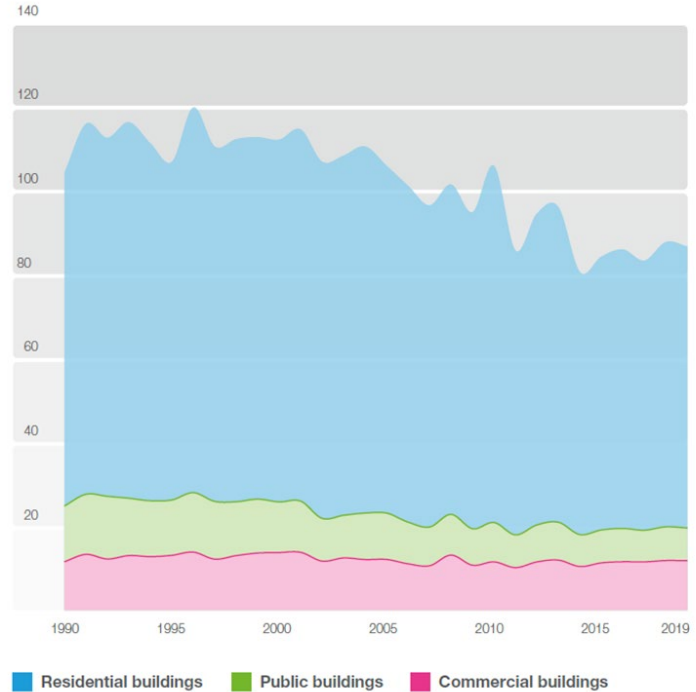
Figure 12 shows the proportion of the building stock in England by EPC ratings. This clearly demonstrates the progress that has been made since 2004, but the significant action that needs to be taken to bring as many homes as practicable to EPC band C.²⁴⁹

Heat and Buildings Strategy (2021)



UK Emissions 2019

Direct UK Buildings Emissions 1990 to 2019



% of homes with different heat sources – Heat and Buildings Strategy

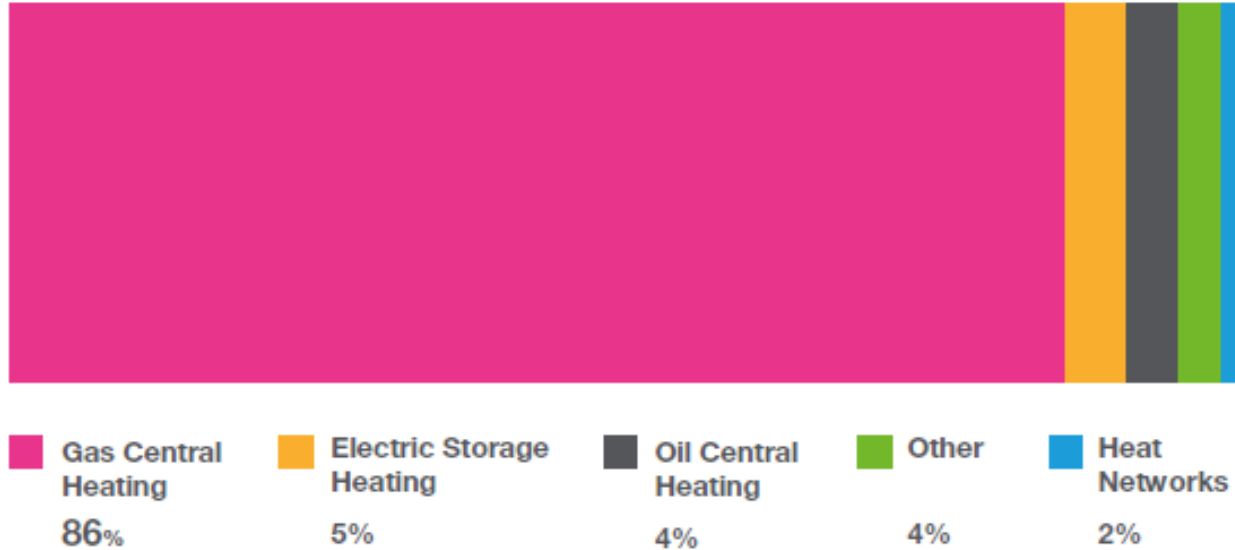


Figure 8 shows the proportion of homes in England using different sources of heat in 2019. Notably gas central heating is used to heat 86% of homes in England.²⁴⁰

Learning Lessons from past and present

- Energy Company Obligation schemes:
 - EESoP, EEC, CERT, CESP, ECO
- Green Deal
- Feed-in-Tariff; Renewable Heat Incentive
- Green Homes Grant Vouchers
- Green Homes Grant Local Authority Delivery
- Social Housing Decarbonisation Fund



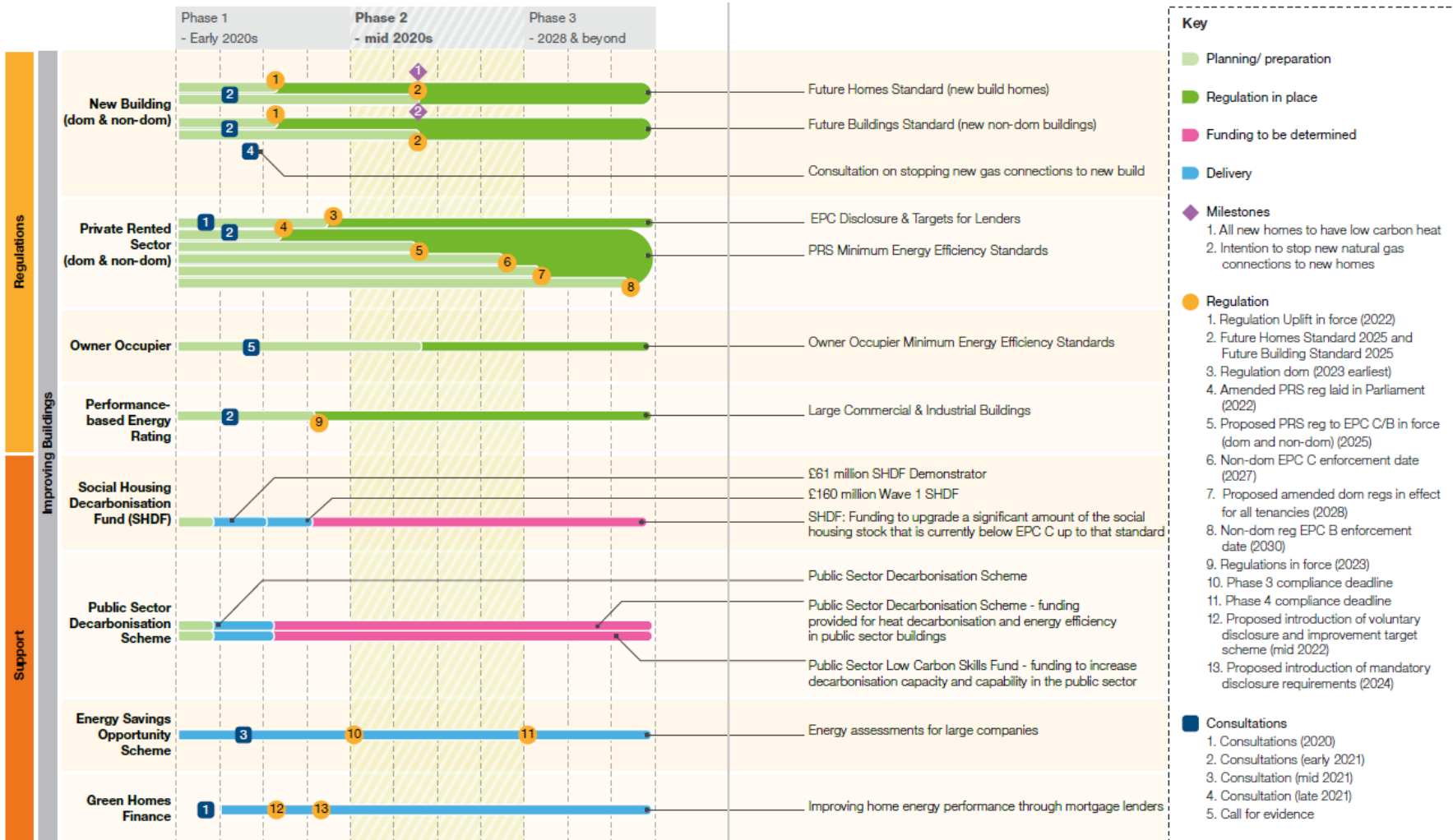
Drivers for future growth

- Regulation
- Funding
 - Incentives to able to pay homeowners?
- Skills & Training provision and funding
- Green Finance
- Rising energy bills
- Quality Assurance & consumer confidence
- Trigger points for home owners

Understanding the domestic energy efficiency retrofit market

- Fragmented market
- Interrelationship with wider construction sector
- Records of measures delivered under Government schemes but many more consumers undertake energy efficiency improvements independently.
- Supply side barriers include:
 - the lack of the necessary skills to deliver retrofit
 - lack of industry coordination
 - lack of long-term signals from Government has reduced confidence to invest
- Demand side barriers include:
 - perception that investment isn't reflected in increased property values
 - long pay-back periods
 - lack of affordable finance options
 - disruption to households caused by the works.

Heat and Buildings Strategy – indicative timeline



Key

- Planning/ preparation
- Regulation in place
- Funding to be determined
- Delivery
- Milestones
 - All new homes to have low carbon heat
 - Intention to stop new natural gas connections to new homes
- Regulation
 - Regulation Uplift in force (2022)
 - Future Homes Standard 2025 and Future Building Standard 2025
 - Regulation dom (2023 earliest)
 - Amended PRS reg laid in Parliament (2022)
 - Proposed PRS reg to EPC C/B in force (dom and non-dom) (2025)
 - Non-dom EPC C enforcement date (2027)
 - Proposed amended dom regs in effect for all tenancies (2028)
 - Non-dom reg EPC B enforcement date (2030)
 - Regulations in force (2023)
 - Phase 3 compliance deadline
 - Phase 4 compliance deadline
 - Proposed introduction of voluntary disclosure and improvement target scheme (mid 2022)
 - Proposed introduction of mandatory disclosure requirements (2024)
- Consultations
 - Consultations (2020)
 - Consultations (early 2021)
 - Consultation (mid 2021)
 - Consultation (late 2021)
 - Call for evidence

Heat and Buildings Strategy – indicative timeline

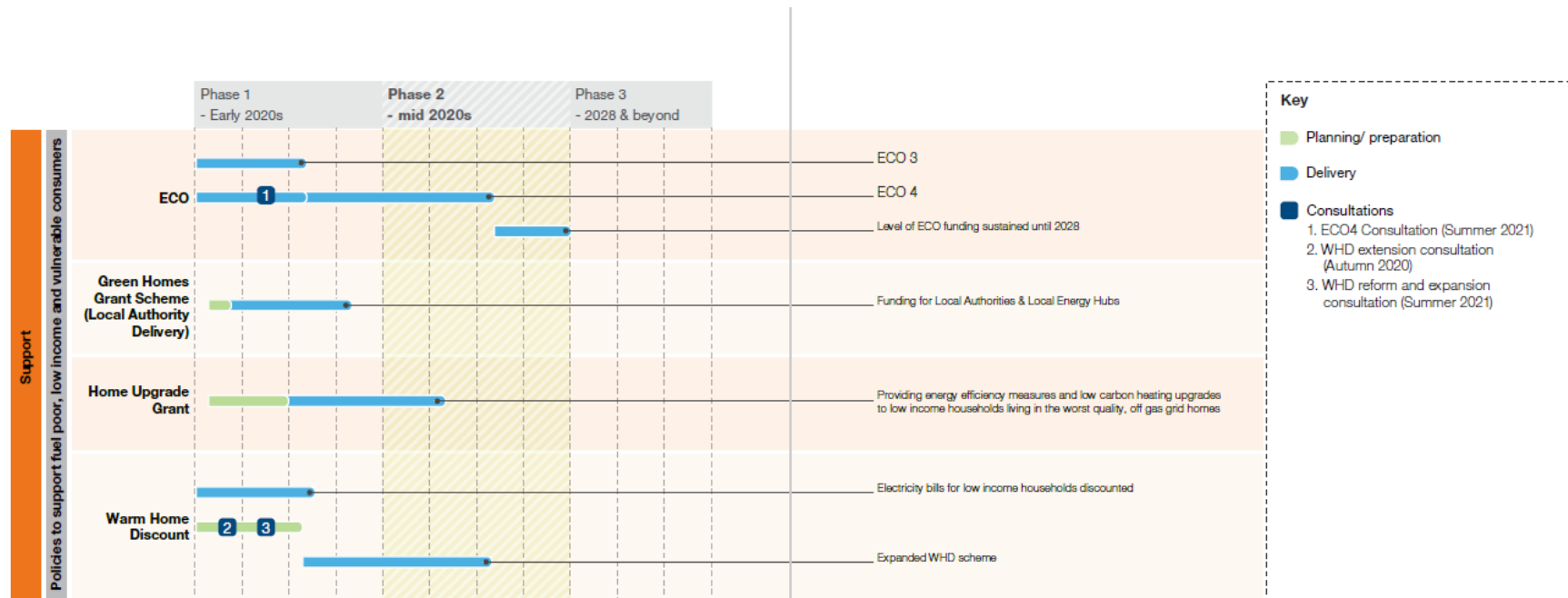


Figure 13 provides an illustrative diagram of some of the schemes available to support upgrades for low income, fuel poor and vulnerable households, according to BEIS' current thinking.

Strategic approach required

- National Retrofit Strategy
 - Long term funding, finance and incentives
 - Fabric first - but clarity on heating systems
 - Whole house vs buildings passport
- Local / sub-regional plans
 - Data led
 - Skills and training
 - Harness community action
- Social Housing Strategic Asset Management Plans
 - Net Zero pathways by archetype
- Collaboration and knowledge sharing



- <https://localpartnerships.org.uk/domestic-retrofit/>