



Department for
Business, Energy
& Industrial Strategy

Energy Company Obligation – now and the future



ECO3 - recap

- Began in autumn 2018 and ends in March 2022
- Fully focused on low income and vulnerable
- Social housing E,F, and G unless 'innovation' where D permitted
- Local authority referrals – LA Flex
- Uplifts for F&G properties under LA Flex
- Since 1 January all installations through TrustMark
- New PAS standards transitioning in – new approach



ECO3 - what next?

- Starting evaluation of the scheme to inform future thinking
- Commissioned new installation guide for underfloor insulation – more may follow
- Search costs high
- Lead generators are large part of the supply chain
- Working to make finding eligible homes easier



ECO – what comes after 2022?

- Clean Growth Strategy committed to domestic energy efficiency spending at least at current levels of ECO
- Supplier obligation?
- Fuel poverty target 2030 – EPC C
- Clean Growth Strategy – all homes EPC C by 2035
- Net Zero – housing decarbonisation
- Some announcements this year
- Aim to consult on detail early next



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What else?

- Net zero means big change
- Conservative manifesto - £3.8bn for social housing; £2.5bn for Home Upgrade Grant
- Future Homes Standard for new build
- PRS – EPC based targets
- Owner occupiers?
- SAP and EPC changes
- Big opportunities



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Private Rented Sector Energy Efficiency: An update

The PRS Minimum Standard - Recap

- Privately rented properties in England and Wales must have EPC rating of at least E before letting (unless an exemption applies);
- Applies to domestic properties which are **a)** legally required to have an EPC;
b) let on:
 - assured tenancy (including an assured shorthold);
 - regulated tenancy; or
 - domestic agricultural tenancy
- Applies to non-domestic properties which are legally required to have an EPC, and let on *any* type of tenancy;
- In force for new tenancies since 2018;
- Will apply to any remaining domestic properties (those on tenancies predating 2018) on 31 March this year;
- Will apply to any remaining non-domestic properties on 31 March 2023.

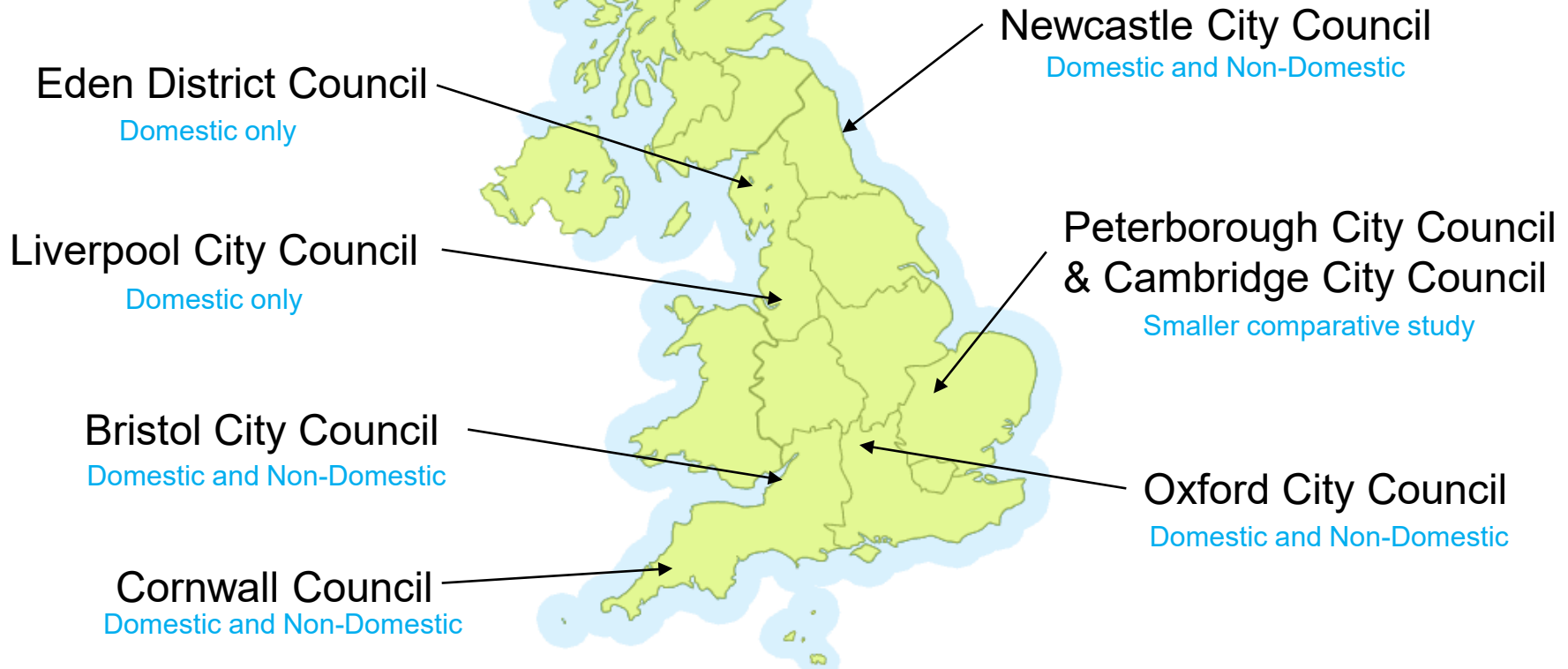


PRS Enforcement Pilots – Year One

- Identifying PRS properties and landlords
- Encouraging compliance
- Compliance and penalty notices



- Joined up domestic and non-domestic enforcement
- Plugging gaps in EPC data
- Supporting tenants



Enforcement Pilots – emerging learnings

- Pilots have trialled a range of internal team structures, involving roles within Private Sector Housing, Environmental Health, Trading Standards and Building Control. No ‘one size fits all’ solution seems evident.
- electronic comms, such as email and social media, have been found to be a time efficient and effective way to raise awareness amongst large numbers of landlords and tenants;
- several pilots have suggested that there is some correlation between those landlords that are hard to reach and those that own sub-standard properties;
- all pilots report significant issues with the national EPC datasets concerning: data accuracy and validity of EPCs, duplications, missing data records and inconsistent filling of fields etc;
- cross-matching of EPC data with other datasets (council tax, land registry data etc) undertaken has had varying degrees of success, often subject to challenges caused by incomplete or inaccurate data.



Enforcement Pilots – emerging learnings

- Analysis of data has provided most pilots with a clearer idea of the scale of non-compliant properties within their areas but uncertainty remains as to the specific numbers;
- without access to the complete data, proactive identification of landlords becomes challenging unless responding to individual complaints from tenants on a case-by-case basis;
- all pilots identified gaps in knowledge and subsequent officer training needs. Most have prepared and delivered training materials as in-house sessions and others participated in external training, including EPC assessor training where this is not already an in house skill;
- landlords engaged by LAs are often confused about making improvements, and do not typically have confidence that the EPC recommendations list is relevant or property specific.



Pilot Next Steps

Domestic

- Outputs from year one currently being developed into a draft domestic enforcement toolkit – setting out advice, best practice, and templates for other enforcement authorities;
- Current plan is to run a second year of pilots (subject to funding) with a larger cohort of enforcement authorities to test and refine the draft toolkit.
- BEIS developing a desktop app for LAs which will draw upon and overlay various data sources to help identify potential non-compliant properties.

Non-Domestic

- The non-domestic policy team are current looking at how they can support enforcement authorities in identifying potential non-compliance.



Policy Forward Look

Domestic

- A consultation on domestic PRS trajectory options is due for publication in Spring. This is expected to look at various design options for raising the minimum standard during the 2020s.

Non-Domestic

- A non-domestic PRS trajectory consultation ran from mid-October 2019 to early January 2020; seeking views on proposed targets for the minimum energy efficiency standard for non-domestic buildings by 2030;
- Current plan is to publish a Govt response in Summer 2020.