

## **10 Point Plan for Domestic Energy Efficiency**

### **1. Plan Long Term for Retrofit**

A long-term, ambitious and transformational plan for energy efficiency action in buildings needs to be set in place to provide much needed certainty for the energy efficiency industry. Reducing energy demand at scale is an absolute prerequisite to support the Government's stated shift to the electrification of heating and transport. A failure to secure demand reduction through energy efficiency action in the first instance will place increasing demands on future infrastructure for electrification. **Building on the forthcoming Heating and Building Strategy (HABS), Government should publish a National Buildings Retrofit Plan setting out plans to at least 2030 on policies and programmes to improve the energy efficiency of our buildings, with realistic timescales for implementation at the heart of policy design, and which places energy efficiency at the heart of the UK's Net Zero target.**

### **2. Create a Buildings and Energy Efficiency Retrofit Programme Board**

Government has successfully achieved close collaboration with industry to secure transformation change in the energy sector – most notably for the Offshore Wind Power: a similar plan now needs to be put in place to retrofit our buildings. **In the run up to COP26 Government should create a new Buildings and Energy Efficiency Retrofit Programme Board that will work with Government to build a competitive and innovative UK building retrofit sector that delivers at scale and sustains jobs, delivers warmer homes and brings forward new economic benefits for the UK.**

### **3. Funding Retrofit**

The Government has made a significant £9.3bn pledge to fund energy efficiency retrofitting of buildings over this Parliament, which the industry has welcomed. To date, some £2bn of this funding has been allocated. The Committee on Climate Change (CCC) estimate that achieving Net Zero will require £55 billion of investment in home energy efficiency to 2050 and BEIS's published estimate of £35-65 billion to achieve the EPC C standard implies a broadly consistent level of ambition. **Buildings on this funding commitment, through the new National Buildings Retrofit Plan, Government should set out long-term funding plans for retrofit, building on existing programmes such as ECO, new initiatives to be launched (the Social Housing Decarbonisation Fund, Home Upgrade Grants, further rounds of the Public Sector Decarbonisation Fund and Green Homes Grants) and new areas to be explored such as the SME Energy Efficiency programme.**

Funding needs to primarily be focused on the unable to pay / those in fuel poverty, but with grant subsidy for householders installing certain energy saving products as an initial catalyst to the market.

#### **4. Incentives**

Financial incentives are required to stimulate action in the able to pay sector, creating a more sustainable market for energy efficiency and reducing overall subsidy required. Also, to assist Landlords, businesses, Local Authorities, and councils to increase their delivery of energy efficiency measures. Consideration should be given to:

- Cutting VAT to 0% on energy saving materials.
- Enhancing and extending existing capital allowances to allow companies' (e.g., RSLs, Energy Service Providers) investments in all domestic energy saving equipment to be written off against tax in a single year.
- Introducing a stamp duty rebate on house purchase if energy efficiency improvements are made within 12 months that achieve a minimum EPC Rating of C.
- Introducing a 'domestic business tax allowance' (i.e., a tax allowance against profits/surplus for landlords – private and RSLs - on the cost of energy saving materials) that is linked to achievement of specified EPC ratings.
- Personal tax allowance (i.e., allow expenditure on energy saving materials to be set against income tax).
- Offering funding (to councils) for council tax reduction (over 3-5 years) for householders for approved EPC increases. To include immediate rebate for cost of verification survey.
- Funding for local authority energy manager, or HECA\* Officer (at an appropriate level of seniority). [\* Home Energy Conservation Act 1994].
- Tax incentives to help energy efficiency companies expand.
- Tax allowances for companies training installers.

Government needs to ensure that all future energy efficiency initiatives are based upon a whole house approach to retrofit, followed by an energy performance certificate to confirm and demonstrate improvement. Greater incentives should be awarded for demonstrating real, in-use performance.

#### **4. Time for industry to expand and invest**

**New and future retrofit programmes need to provide a suitable lead in time to allow the industry to prepare, train and resource effectively.** The timeline must be long enough to give industry certainty to invest as the scheme grows. A new programme will also need to ensure that contractors are sure of funding / get paid in a timely way (especially where multi measures from different installers are involved).

## **5. Technologies to be included**

The scheme should focus on delivering renewable and zero carbon technologies for heating and reducing energy use and heat loss via fabric improvements but should be realistic about what the consumer also considers important when seeking to improve the comfort and energy efficiency of their homes. As such, incentives to drive action in more conventional areas such as glazing and lighting improvements, and older boiler replacements should be allowed – but with a clear signal that such initiatives will be phased out over time. Instead of limiting the range of primary/secondary measures, households should be able to use the full set of recommendations set out on their EPC.

## **6. Revision to the EPC**

Further retrofit schemes must require an up-to-date EPC at application (within 2 years) and require a follow up EPC to claim compliance. This will show the energy efficiency improvement in terms of EPC rating and carbon emission reduction. The government will be able to use this data for MI and reporting, to measure the success of the scheme in reducing energy usage and carbon emission.

## **7. Improving Skills and Installer Competence**

Government needs greater industry engagement in the development of programmes to help ensure an adequate installation base and level of competency and allow sufficient lead in time for all roles to prepare themselves. As part of this:

- Government needs to set out a clear and viable long term strategy on the certification and levels of competency required to install energy efficient measures into homes
- Industry needs to be given a reasonable and workable timeline to achieve the set levels (within the strategy) of competence standards required
- Installers/companies will require financial support and accredited training to achieve set levels of competence. Consider grants payable to trainees (along the lines of current grants to trainee teachers).
- Use of proven Competent Person Schemes where applicable should be included as part of the delivery option
- Installations should be inspected by a company that already operates within the Competent Person Schemes' structure
- Career pathways need to be established that will encourage school and college leavers into the RMI sector

The scheme must use PAS 2035 and PAS 2030 (2019) as retrofitting standards. This will ensure that a holistic approach to each property, quality installs, consumer protection and monitoring and evaluation of the outcomes – which in turn can be used to help modify and improve the EPC methodologies and any assumptions used within.

## **8. Promotion and Public Engagement**

All future retrofit schemes must include a strong programme of public engagement built in. They need to be trusted with effective mechanisms in place to advise households – it is notable that Scotland and Wales have an independent and joined-up energy efficiency advice facility in place and England does not.

Some households will face much higher costs than others – rural off gas grid homes being a prime example – and they will need appropriate solutions and confidence that the options available are cost effective.

## **10. Local authorities**

Government must ensure much closer collaboration with local authorities to explore routes for area-wide retrofit. Approaches need to reflect differences in housing stock, climatic conditions, local income levels, etc. Because local authorities are closer to the point of delivery, they have a greater understanding of their particular needs and can play a key role. This summer's initiative to provide funding to develop capacity to ensure compliance with MEEES regulations is very welcome, and should be monitored closely to enable further developments.

The 'contagion affect' of local projects should not be underestimated. Property owners and residents will learn of local campaigns and aspire for the same benefits of comfort and warmth. A new social norm for building energy efficiency will be driven by seeing and hearing real life examples of the benefits.