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Priorities for homes in the *Clean Growth Plan*

The UK isn't on track to hit its climate targets, with emissions in crucial sectors like buildings rising, not falling. Improving the energy performance of homes is one of the quickest and cheapest ways to get back on track and deliver lower energy bills, healthier homes and less fuel poverty.

The UK Government's forthcoming plan to reduce carbon emissions, the 'Clean Growth Plan', is a crucial opportunity to show how the UK will deliver its climate change targets, and a chance to show international leadership by implementing the **Paris Agreement**. A robust plan is urgently needed to grow confidence in the UK's low carbon economy. The Government's independent advisors, the Committee on Climate Change, have warned that the UK's emissions could be up to a quarter above our legislated carbon targets by 2025¹. Improving the energy performance of homes with high quality insulation is a low cost and ready to deploy solution. **Homes account for 20% of the UK's carbon emissions**² and WWF believes that addressing these rising emissions should be a priority for the forthcoming Clean Growth Plan. We call on the UK Government to:

1. Set an all-homes energy efficiency target

Set a target to bring all homes to energy performance certificate (EPC) rating C or above by 2035 (in England, Wales & N.I; the Scottish Government is working on alternative plans).

2. Fix the minimum energy standards for private rented homes

Amend the existing energy standards regulations before October 2017 to ensure that private landlords can't avoid making improvements and keep people in cold, draughty homes (England & Wales).

3. Ensure that all new homes are ultra-low emission from 2020

Make sure all new homes are built ready for a low-carbon future from 2020 (England).

1. Bring all homes to Energy Performance Rating (EPC) C by 2035

Why is it needed?

There remains a huge potential to reduce energy use in our homes - cost effective measures could lower their energy demand by a quarter, the energy equivalent to six new nuclear power stations³. Improving all homes to a C energy performance rating should be the first step to reducing their emissions. Whilst existing policies to fund improvements to fuel-poor homes are welcome, we must go further: there are no policies in place to improve the remaining 17m homes⁴. Signalling this intent in the *Clean Growth Plan* will send a clear signal to householders and boost supply-chain confidence.

How will it work?

Homes can be improved to EPC C by installing measures like wall insulation, double-glazing, draught-proofing and heating controls. To deliver the target, Government will need to explore and implement a variety of policy solutions to the problem of low consumer uptake. Rather than relying on a single solution as it did with the Green Deal, Government should take an infrastructure approach to homes and use a combination of solutions that could include zero-interest loans, stamp duty discounts, equity release, 'green' mortgage lending and regulation.

2. Amend the Minimum Energy Efficiency Standards for rented homes

Why is it needed?

The private rented sector houses some of our most vulnerable citizens, yet contains the UK's least energy efficient homes, resulting in the highest levels of fuel poverty⁵. Minimum Energy Efficiency Standards (MEES) will prevent new tenancies being granted in England & Wales for any properties below EPC rating E from April 2018. However, the regulations are no longer up to the job and as currently drafted will allow the vast majority of landlords to exempt their properties and avoid making improvements. The regulations must be amended to ensure that 360,000 of the worst quality rented homes are improved⁶ to tackle fuel poverty, deliver carbon savings and support the energy efficiency supply chain.

How will it work?

The current MEES regulations require landlords to make the improvements only if they can do so 'at no upfront cost', with the original intention that they would use the Green Deal⁷ and/or the Energy Company Obligation (ECO) to pay for measures. However, funding for ECO has been significantly reduced and the Green Deal is in the early stages of being re-launched following the cancellation of central Government funding. The Government has proposed an amendment to the legislation that would replace this link with a cost-cap of £3,500 cost-cap per property. Landlords would be required to make improvements up to that cap, although the average cost of reaching band E is only £1,421 per home, and more than 70% of properties can reach band E for less than £1,000⁸. This cost-cap should be passed into law before landlords are able to exempt their properties for five years when a register opens in October 2017.

The benefits of improving homes

Carbon: improving all homes to an energy performance rating (EPC) C by 2035 could reduce emissions from homes by 30%¹³ and help deliver the 4th and 5th carbon budgets.

Lower energy bills: improving all homes to EPC C would reduce the average household's annual energy bill by £400. The UK's gas imports will be significantly reduced, saving a total of £8 billion per year¹³.

Better health: spending time in a cold and damp home can aggravate heart disease, respiratory conditions and mental health problems, and can increase the risk of illness and death amongst vulnerable groups like the young, the elderly and the disabled.

Less fuel poverty: a leaky home is expensive to heat and exacerbates fuel poverty. Only by improving the quality of all homes can housing be eliminated as a cause of fuel poverty.

Employment: bringing all homes to EPC C by 2035 could create 108,000 jobs per year, spread across every region and constituency of the UK.

Energy security: improving the energy performance of the UK's homes could reduce their demand for energy by 25%, reducing our growing reliance on imported energy and improving the nation's energy security.

3. All new homes ultra-low carbon from 2020

Why is it needed?

One of the cheapest ways to meet our climate targets would be to make sure that new homes don't add to our carbon emissions. It is cheaper to incorporate high standards of thermal efficiency and renewable heating into the construction of new homes rather than to retrofit them to old. Building regulations in England have not been tightened since 2013 and allow developers to build high carbon homes that the Committee on Climate Change have warned will need to be retrofitted to hit our future climate targets⁹. More efficient homes are also cheaper to run, making them more affordable. Moving from the current standards to the now cancelled 'Zero Carbon Homes' standard would reduce the annual energy bill for a typical three bed semi-detached house by £130 per year¹⁰, while adding less than 2% to the cost of construction¹¹.

How will it work?

The UK Government must tighten building standards to ensure all new homes in England¹² are highly efficient and are fitted, where possible, with low carbon heating systems. Building standards are currently subject to the EU 'Energy Performance in Buildings Directive' which requires that all new buildings built after 2020 be highly efficient and low carbon. As the UK leaves the EU it will be important that this requirement be transposed from EU law. The Government has said that it may review new build standards following the tragic events at the Grenfell tower; this review should include energy performance, to ensure that new homes are affordable, high quality and don't add to our carbon emissions.

For further information:

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¹ Committee on Climate Change (2016) Progress report to Parliament [direct & indirect emissions]

² Ibid

³ UKERC (2017) Unlocking Britain's First Fuel: The potential for energy savings in UK housing, [forthcoming]

⁴ 19m homes in England, Wales & Northern Ireland are below EPC C (data from DCLG & Welsh Government); 2m homes in England are covered by the UK Government's target to bring all fuel poor homes to EPC C by 2030. The Energy Company Obligation provides funding for these homes, although current funding levels are not sufficient to meet the target by 2030.

⁵ Association for the Conservation of Energy (2015) The cold man of Europe

⁶ DECC (2015) Final Stage Impact Assessment for the Private Rented Sector Regulations

⁷ The costs of improvements are recouped via a properties' energy bill, with a 'golden rule' ensuring that the monthly repayments do not exceed the energy savings achieved

⁸ Achieving minimum EPC standards in housing, Parity Projects, May 2014

⁹ Committee on Climate Change (2015) Progress report to Parliament

¹⁰ Zero Carbon Hub & NHBC 'Annual Household Spend'; before any benefits from onsite generation

¹¹ David Lock Associates with Hoare Lea and Gardiner and Theobald, (2015) Housing Standards Review - Viability Study

¹² Building standards are devolved to the Welsh and Scottish Governments

¹³ Verco (2014) Building the Future: The economic and fiscal impacts of making homes energy efficient



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