

Royal Institute of British Architects

Department of Business, Energy and Industrial Strategy: Energy
Company Obligation: ECO+ 2023 – 2026
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The Royal Institute of British Architects is a global professional membership body driving excellence in architecture. We serve our members and society in order to deliver better buildings and places, stronger communities and a sustainable environment. Being inclusive, ethical, environmentally aware and collaborative underpins all that we do.

The Royal Institute of British Architects (RIBA) welcomes the opportunity to respond to this consultation.

Around 40% of global carbon emissions stem from buildings and architects have a significant role to play in reducing UK greenhouse gas emissions. The RIBA joined the global declaration calling an environment and climate emergency on 29 June 2019; just two days after the UK government passed a law stipulating the UK end its contribution to global warming by 2050, by bringing all greenhouse gas emissions to net zero.

The UK has the least energy efficient housing in Europe and 80% of the buildings that will be in use in 2050 have already been built. Therefore, we must urgently upgrade the building fabric of the country's housing stock and move away from a reliance on gas heating – both to reduce carbon consumption and to ensure homeowners are less vulnerable to volatile gas prices.

The RIBA welcomes the ambition of the Energy Contribution Obligation Plus (ECO+) consultation. However, for ECO+ to be a success it must:

- Form part of a wider National Retrofit Strategy – a long-term plan and investment programme for upgrading the energy efficiency of our housing stock, which includes adequate green finance mechanisms for those who are genuinely able to pay.
- Ensure we don't make the same mistakes as previous schemes with stop-start funding.
- Utilise a whole house retrofit approach – with the right measures installed at the right time and requiring PAS2035.
- Ensure support is targeted for those who need it most.
- Help build the retrofit market and wider supply chains.

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Question 1. Do you agree with the proposal to set mandatory annual targets for ECO+?

The RIBA agrees with the principle of setting targets, to help spur action and help track progress. While we understand and welcome the benefits of boosting existing supply chains and contracts under ECO, over time ECO+ should be opened to more delivery partners. This would help grow the mass market. This would mean, however, that the Government would need to move away from the approach that ECO+ is an obligation on energy suppliers.

Question 3. Do you agree with our proposal to facilitate early delivery under ECO+ ahead of the ECO+ Order coming into force?

The RIBA agrees with the proposal of facilitating early delivery of the ECO+ scheme – this could help households through the winter ahead.

However, clear eligibility requirements, eligible measures and standards will be needed for installers and suppliers to feel confident in undertaking early delivery.

Given that there could be significant benefits for fuel poor homes through early delivery, we suggest that energy companies are encouraged to communicate the benefits of energy saving measures to households who are eligible. This would have co-benefits for the energy companies, as it will mitigate energy bill debt and financial distress from their customers.

We have some concerns that as the Licence Plus Scheme is not as rigorous as PAS2035, this could lead to problems in a home if that was the standard used for early delivery.

Question 4. What additional information would suppliers need to deliver ECO+ measures before the ECO+ Order comes into force?

Helpful items which would be necessary to include draft regulations, indicative obligations for suppliers, the final stage Impact Assessment, and draft delivery guidance from Ofgem.

Question 6. Do you agree with our proposal to allow unlimited carry-over between annual targets for each of the first two years of ECO+?

This seems like a good idea to drive the programme forward and would also speed up benefits of improving energy efficiency. For this to be successfully scaled, supporting the supply chain will be key.

Question 8. Search costs across the two eligibility groups: Do you agree with our plans to use lower search costs for the general eligibility group in the final ECO+ modelling compared to the low-income group? If so, by how much should we reduce search costs in the general group?

As the general eligibility group contains a wider proportion of the population, this approach seems appropriate.

The RIBA recommends the Government undertake more public awareness raising on the benefits of energy efficiency, in conjunction to raising awareness about the scheme's availability to spur general interest and demand. Raising awareness could have a substantial return on investment with the Energy Saving Trust estimating that, if the type of advice and support provided by Home Energy

Scotland was delivered across the whole of England, it has the potential to deliver £1bn annually in benefits.

A high-level, nationwide awareness-raising campaign can provide advice on how households could change their thermostat settings to achieve comfort while lowering energy consumption, while also increasing awareness of retrofit measures and financing options available, including schemes such as the Boiler Upgrade Grant and ECO+.

In parallel, the Government should establish an independent, impartial and tailored advice service to support households make informed decisions that are right for them. This should prioritise a fabric first approach, and consider a “whole house” retrofit plan, with individual measures that are installed at the right time and work together – this is crucial for successful energy efficiency works.

Linked to this, must be the improvement of data and metrics used to measure the energy efficiency of homes. The current energy efficiency tool, the Energy Performance Certificate (EPC) does not accurately reflect the actual energy use of a building. It is welcome that the Government is reforming EPCs, but this must be accelerated and move towards real-time monitoring to ensure households have accurate data about their properties that can prompt informed action.

Question 9. Reducing search costs generally across the scheme: Do you have any ideas on how search costs could be reduced across the scheme?

As highlighted in response to question 8, widespread public awareness could help raise interest in all the different energy efficiency schemes and grants available.

Question 12. Additional costs of compliance with retrofit standards: Do you agree with our assumptions for compliance with TrustMark and PAS2035 standards?

We have some concerns that as the Licence Plus Scheme is not as rigorous as PAS2035. Licence Plus does not require the installer or contractor to carry out any checks and balances. This could result in no clear liability chain and the potential for poor quality installations, which will negatively impact the retrofit industry.

Licence Plus also does not require any post-installation reviews. The RIBA recommends all measures should be inspected a year later and energy bills reviewed to ensure expectations have been fulfilled. This is crucial for the homeowner, the environment and ensuring value for Government money. Therefore, the RIBA recommends that a PAS2035 is the standard used.

Question 14. Do you agree ECO+ should target two groups with the first focusing on a general group with wider eligibility requirements and the second focusing on low-income households in line with ECO4

The RIBA agrees with the principle of having two target groups.

Question 15. Do you agree with our proposal to target “general group” support at households in Council Tax bands A-D in England, A-E in Scotland, and A-C in Wales with an EPC of D and below?

The RIBA has long been advocating for targeted retrofit support for the owner-occupier sector. The climate, energy and cost of living crises mean that this support is very much welcome.

However, both council bands and EPCs are not perfect tools, which could mean that some households could slip through the cracks. Council tax bands have not been reassessed since the 1990s and may not reflect current reality of properties. Some householders, such as pensioners or families with large mortgages, may be living in larger homes that are also energy inefficient. Recent research by Ipsos found that 32% of the population are struggling to pay their energy bills.

As mentioned above, EPCs do not reflect the actual energy use of a home and therefore are not the most effective tool to measure energy efficiency. We therefore encourage continued progress on the EPC Action Plan to accelerate green data improvements.

It is important that ECO+ is not perceived as a silver bullet – but it must be part of a wider National Retrofit Strategy that includes a wide suite of measures such as incentives and addresses issues such as skills and supply chain capacity.

Question 16. Do you agree with our proposal to target all eligible low-income households living in EPC band D-G through the low-income group?

Yes. However, as noted in response to question 15, we note the limitations of EPCs as a yardstick to measure decarbonisation and encourage faster progress to improve these.

Question 17. Do you agree with our proposal to carry over the same eligible benefits from ECO4 to the low-income group under ECO+?

The RIBA welcomes this proposal.

Question 18. Do you agree with our proposal to set a low-income group minimum requirement equivalent to 20% of each annual target with flexibility on whether the remaining obligation is delivered to low-income or general group households?

With energy prices soaring and fuel poverty rates increasing dramatically, the target for the low-income group minimum requirement could be increased to 50%. It is vital that ECO+ incentivises energy suppliers to seek out fuel poor households to ensure support is targeted to those who need it most. Energy efficiency can help reduce bills and support more resilient household finances, with wider social and economic benefits – including reducing pressures on the NHS from cold and mouldy homes.

As the proposals currently stand, the suppliers will have discretion to determine how much of their remaining obligation goes to the general eligibility group or low-income group and both eligibility groups can provide a customer contribution for higher-cost measures. However, for low-income households it is not appropriate to ask for contributions towards higher cost measures, which can result in deeper energy savings. As the scheme is currently designed, obliged energy suppliers may be incentivised to seek out households who are able to pay.

Question 19. Do you agree that we should allow up to 80% of a supplier's low-income minimum requirement to be met through LA and Supplier Flex, with unlimited flex permitted beyond the low-income minimum requirement?

The RIBA welcomes this proposal. We have long advocated for the importance of local authorities in raising awareness, providing advice and information for residents on energy efficiency and low

carbon heating options. However, many local authorities will need further support to build their capacity to play a key role in delivery.

Question 20. How can referrals through LA and Supplier Flex be facilitated?

Linking to other local support services at a community level, such as Citizens Advice Bureaus, fuel banks, etc. would be a good way for referrals to be facilitated.

Going forward, this could form the architecture for more place-based approaches – tied into services like ‘one-stop-shops’.

Question 21. Do you agree with our proposal that only PRS households in EPC bands D and E should be eligible for ECO+ in the general and low-income group, while PRS households in EPC bands F and G should be excluded, other than when exempt from the minimum energy efficiency standard?

The RIBA has previously raised concerns about PRS energy efficiency enforcement. With local authorities severely hampered by funding and capacity constraints, we are worried that PRS requirements are not being enforced properly. The Government ought to ensure that enforcement is fully funded at the local authority level. And we look forward to the Government’s response on the PRS minimum energy efficiency standards (MEES) in due course.

However, since it is tenants who benefit from energy efficiency measures, it seems unfair they are punished for negligent landlords. This is particularly true given high levels of fuel poverty in this tenure. Therefore, we disagree with this proposal.

ECO+ could help identify properties which are not meeting MEES requirements should homes come forward for energy improvement measures that are in EPC bands F and G.

Question 23. Do you agree with our proposal that PRS households in the general group should not be eligible for cavity and loft insulation?

The RIBA does not agree with this proposal there is a strong case in support of addressing fuel poverty in the PRS. For eligible homes, ECO+ can act as a ‘sweetener’ as tightening PRS MEES comes into force.

Question 24. Do you agree with our proposal that social housing will be included for EPC bands E-G in line with the eligibility criteria for general and low-income eligibility groups?

The RIBA welcomes this proposal, but we would also encourage connections to be made to the Social Housing Decarbonisation Fund, in areas where this is appropriate, to spur ambitious whole house retrofits which can deliver greater environmental and social benefits.

Question 27. Do you agree with only having a ‘rural’ rather than ‘rural and off-gas’ requirement for properties to receive an uplift in ECO+?

The RIBA welcomes this proposal given issues associated with rural fuel poverty, which might not be limited to off-grid homes.

Question 30. Do you agree that ECO+ should allow the in-fill mechanism with a ratio of 1:1 for flats and 1:3 for houses?

The RIBA welcomes this proposal.

Question 31. Do you agree we should allow ECO4 houses to contribute to the ECO+ in-fill ratio? Do you foresee any further challenges in blending ECO4 and ECO+ in this area?

The RIBA welcomes this proposal.

Question 32. Do you agree with our plans to explore additional access routes to the scheme, including through GOV.UK

The RIBA welcomes this proposal.

Question 34. Do you agree with our approach towards blending of funding with ECO+?

The RIBA welcomes the approach towards blended funding. It is important to not overcomplicate the system through additional barriers to entry, provided the household meets the requirements under the either scheme.

However, a fabric first, whole house approach must be taken when blending funding options.

Question 35. Are there additional issues you wish to flag about the interactions between ECO4 and ECO+ and/or with other grant schemes?

The scheme must ensure there is no risk of competition between delivering fully-subsidised measures to lower income households and delivering suppliers' obligations under ECO4, to continue to focus on high ambition retrofits where possible.

Long-term certainty is key to support further scaling of this vital green industry. In addition, a clear focus on skills and training in the installation and retrofit sector is key to improving the energy efficiency of our housing stock.

Question 36. Do you agree with our proposal to target the low-income group at eligible households in EPC bands E, F and G that cannot meet the ECO4 minimum requirement?

The RIBA welcomes the proposal; however, further information on why these properties cannot meet the ECO4 minimum requirements would be useful. We do not want this to become a loophole which focuses on single measures rather than deep retrofits.

39. Do you agree with our proposal not to include further tests to distinguish properties which may also be eligible under the HUG, LAD and SHDF schemes?

The RIBA agrees with this proposal.

Question 40. Do you agree with our proposal to exclude E, F or G properties that have received support under ECO+ from receiving further support under ECO4?

The RIBA does not agree with this proposal. If a fuel poor household could further benefit from energy saving measures, it seems appropriate to ensure these are provided, keeping the screening system simple. However, only offering single measures through ECO+ does not take into account the expertise needed for whole house retrofits – something that is vital to ensuring energy efficiency measures are considered with the aim of reducing risks.

Question 41. Do you have views or information on how the proposals set out in this consultation will impact people with protected characteristics under the Equality Act 2010?

The fuel poverty policy landscape is one in which it is particularly important to consider the need to have a just transition to a net zero economy. Households in fuel poverty comprise a significant part of the puzzle for improving the energy efficiency of England's housing stock. Addressing fuel poverty is an area which, with carefully planned and delivered policy, realising social justice and reducing carbon emissions can be achieved simultaneously. Alleviating fuel poverty is a worthwhile goal in and of itself as a means of improving the quality of life and health outcomes for the poorest and most vulnerable in society.

Question 42. Do you agree that there should be no minimum requirement for homes to be improved by a certain number of EPC bands in ECO+?

The RIBA welcomes this proposal, as mentioned above, EPCs are not the most effective measure of energy efficiency. In addition, EPCs are inadequate as a retrofit design tool – a purpose for which they were not intended. The measures should aim to improve actual energy efficiency, not simply the EPC band.

Question 43: Do you agree with the list of eligible insulation measures permitted through the scheme subject to household eligibility rules? Are there any insulation measures missing from the list of eligible measures?

The list of eligible measures all have inherent risks if designed or fitted poorly. Ensuring a whole house retrofit approach, underpinned by an appropriate assessment designed and coordinated approach, must be taken to ensure quality installation.

Question 44: Do you agree with our proposal to offer only single insulation measures to both eligibility groups?

The RIBA welcomes the fabric-first approach taken by the Government. However, only offering single measures does not take into account the expertise needed for whole house retrofits – something that is vital to ensuring energy efficiency measures are considered with the aim of reducing risks. Therefore, we strongly support multiple measures under ECO+, which considers the right measures at the right time be installed. This is particularly important for households not eligible for ECO4 and would support reducing the UK's energy demand and help meet UK climate targets.

Question 45: Do you agree that homes should only be eligible to receive ECO+ support once through the scheme, to ensure that the maximum number of homes are able to receive support?

The RIBA does not agree with this approach. The focus should be on delivering well executed retrofits that grow the supply chain of professional installers, not simply the maximum number of homes installed with single measure.

Question 46. Do you agree with our proposal to encourage customer contributions to allow the delivery of higher-cost insulation measures through the general eligibility group?

There is a risk that the target for £80m consumer contribution could act as a perverse incentive for energy companies to cherry-pick households who are more able to pay.

For households in the ‘general eligibility’ group who are meaningfully ‘able to pay’, there are opportunities to undertake more ambitious retrofits than the single measures covered by ECO+ which would help with the cost of energy bills while also helping the environment. The Government should consider ways to ‘blend’ green finance with ECO+ for these households where appropriate. This will help to pump-prime the market for deeper, more ambitious retrofits.

This could include:

- Collaborating with banks, building societies, equity release providers and other lenders to raise consumer awareness about ECO+ and seamlessly enable households who are eligible for the subsidy to both access the grant and consider additional green finance products and services.
- Supporting collaborations between energy companies and financial institutions to identify appropriate financial products and services for households seeking to undertake a more ambitious retrofit project.
- Including a green finance workstream in the Energy Efficiency Taskforce that could help inform developments around ECO+ and future funding schemes.

Question 58. With the planned inclusion of ECO+ in the Energy Price Guarantee (EPG) mechanism, are there any particular issues or concerns that you would highlight?

The RIBA recommends the Government fund ECO+ via general government spending, rather than levied on energy bills. This would also mean that the scheme could be opened up to a wider range of delivery stakeholders over time, which is key to retrofitting our housing stock.

In addition, energy prices will still be high from April 2023 – levying ECO+ via bills, adding additional costs to households could cause more financial distress.

There is concern that ECO+ (a 3-year scheme) could follow the same pattern of previous home efficiency schemes which have been stop-start, thus deterring the supply chain from investing or upskilling. ECO+ should be seen as an opportunity for the government to reverse the poor reputation of such schemes, especially exacerbated from the Green Homes Grant failure, and plan to be extended for the long-term.

Question 66. Do you think we should allow loft insulation in low-risk situations and heating controls to be delivered in accordance with the TrustMark Licence Plus scheme rather than PAS2030/2035?

Loft insulation is considered by many to be low risk; however, it rarely is. The need for adequate roof ventilation, roof repairs, electric cables, downlighters and other complications need to be adequately assessed and dealt with in a proper manner. Poor installation here, can lead to wet insulation, mould, damage to roof timbers and potential reduction in air quality and other matters below the loft.

Therefore, we recommend that a whole house retrofit approach, using PAS2035, must be taken.

Question 67. How can we determine a measure as low-risk without incurring additional costs through, for example, using a Retrofit Assessor or other PAS processes?

Ensuring the right measures, which are installed at the right time, is vital for a whole house retrofit approach. Therefore, the RIBA recommends that a PAS2035 is the standard used.

Question 68. Do you agree all other insulation measures should be required to be installed in accordance with PAS2030/2035?

It is crucial that complex projects like solid wall insulation installation have thorough quality control systems in place as they will substantially change the way the home performs as a building. Therefore, PAS2035 should be the standard.

Question 69. Do you think we should allow cavity wall insulation to be delivered in accordance with the TrustMark Licence Plus Scheme in low-risk situations?

We have some concerns that Licence Plus does not offer the same rigorous standards as PAS2035. Therefore, we recommend that a whole house retrofit approach, using PAS2035 must be taken.

Question 70. What else can we do to ensure sufficient supply chain capacity in support of ECO+, other retrofit schemes that will be running at the same time (ECO4, the Homes Upgrade Grant (HUG) and the Social Housing Decarbonisation Fund (SHDF)) and, in the long-term, our net zero target? What can we do to reduce competition between these schemes for the supply chain?

Ultimately, long-term funding and policy certainty will be vital to provide the confidence to encourage the industry to scale - including through introduction and tightening of minimum energy efficiency standards across different tenures.

Insufficient skills and labour shortages risk holding back retrofit at scale. Building up a workforce of skilled installers and engineers will be critical to establish a sustainable mass-market and ensure households get the best quality services.