

Royal Institute of British Architects

Department for Business, Energy and Industrial Strategy: Design of the Energy Company Obligation ECO4: 2022-2026
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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 RIBA welcomes the opportunity to respond to this consultation. On 29 June 2019 RIBA Council voted to join the global declaration of an environment and climate emergency, two days after the UK Government passed a law to require the UK to end its contribution to global warming by 2050 by bringing all greenhouse gas emissions to net zero.

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 in 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. It also provides economic stimulus opportunities – both through the creation of construction jobs and the increased disposable incomes of previously fuel poor households – that can help to boost local economies, and level-up across the country.

To help realise these benefits the RIBA recommends that the Government introduce a National Retrofit Strategy, a long-term policy and investment programme for upgrading the energy efficiency of England's housing stock. Focussing on low income and vulnerable households who cannot afford to upgrade their homes and heating systems must be a key part of this strategy.

Funding for the Energy Company Obligation (ECO), the Government's flagship policy for addressing fuel poverty, has been left between a rock and a hard place, with concerns about impact on bills for the poorest households leading to it receiving less, despite the fact more investment offers the best long-term path to reductions in energy bills. The National Retrofit Strategy should look at how the ECO can be better implemented and put on a sustainable footing.



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The RIBA agrees with the Committee on Fuel Poverty's recommendation that the Government replace the ECO with a Home Energy Efficiency Programme (HEEP) when its current term ends in 2022. The HEEP should be funded at the same level as the ECO is currently, but should be primarily focused on the owner-occupier sector, with other public funding earmarked for private and social landlords to access finance.

However, as the Government intends to take ECO4 forward, to ensure the policy is successful at improving energy efficiency and therefore reducing carbon emissions, we recommend:

- **A net zero mandate is cemented into ECO4**

The RIBA welcomes ECO4 as a significant improvement on its predecessor – with incentives for a multi-measure retrofit approach, minimum energy performance requirements, and broader scope and funding. We also support the continued focus on low income and vulnerable households, and welcome the principle of 'worst first', and steps taken to require and incentivise deeper retrofits.

It is also essential that the intended 'fabric first approach' is realised in practice by the scheme, ensuring necessary energy efficiency measures are introduced prior to installation of heating measures. In addition, given the higher costs of electricity over gas, and that wholesale electricity prices have reached a record high, it will be important to ensure there is support available where necessary if a household could face higher running costs as a result transitioning to a low carbon heating system.

- **Energy efficiency performance for the worst performing homes is boosted**

Under the current proposals, EPC Band F and G homes will be required to be improved to EPC Band D, rather than to Band C. While these only represent a small number of homes (4% of the English housing stock) if they can be affordably improved to a higher band via fabric measures there could be an incentive put in place for doing so, especially as EPC Band D is unlikely to be compatible with heat pumps and 'low temperature' heating systems.

- **Those who are fuel poor are properly targeted**

The consultation suggests the removal of non-means tested benefits, such as disability benefits, from ECO4's eligibility criteria. The justification for this is that those who receive these benefits will still be able to access ECO by the expansion of the Local Authority and Supplier Flexible Eligibility Scheme (LA/Supplier Flex) and through other referrals (such as through the NHS).

However, these routes have their limitations. For example, the NHS referral route requires someone to present to the NHS, have a clinician recognise the need for referral, and for them to meet the proposed health condition criteria. Whilst this may be suitable in many cases there is still gaps in this approach, particularly for those who have disabilities or long-term health conditions which make it difficult for them to leave the house. Another example may be an older person with disabilities living in a multi-generational home with a combined household income above £31,000. Housing and living costs may render it impossible to afford energy efficiency improvements, despite the need for a warmer home.

ECO4 must ensure that those with disabilities or long-term health conditions which are exacerbated by the cold are included in the scheme. Whilst it is likely that other proposed referral routes could support large portions of those in receipt of disability benefits, there will be gaps in provision.

It is unclear from the consultation if social housing is included as a route to access the LA/Supplier Flex. Including social housing would add an additional backstop to ensure that those who may not fit into other referral routes are included. In addition, those in social housing with an EPC Band D should be eligible for mainstream ECO measures, not just innovation measures as suggested in the consultation.

- **Local authorities, Ofgem and other key bodies are equipped to fully support and deliver the transition to net zero**

ECO4 has a bigger emphasis on local authority delivery. While this is welcome, it is important that the Government ensures that all authorities have the resources and capacity for execution. The emphasis on Ofgem and Trustmark oversight is also welcome. However, on the latter, enough resources must be allocated to these organisations to allow effective integration.

- **The Solid Wall Minimum Requirement is increased, to better understand the scale of the challenge, and support the supply chain to deliver**

As the consultation notes, across the UK, over 90% with solid walls still need to be insulated to meet fuel poverty commitments and deliver net zero. Currently, 420,000 fuel poor households live in solid wall properties with an EPC Band E, F or G. The proposed increase in the target for solid wall insulations to 22,000 per year would fall far below what is needed. It should be set higher, at a rate consistent with what could be realistically delivered by the sector - at least double the current proposal. In the first 3 years of the scheme, 210,000 solid wall households will need to be treated in order to reach the fuel poverty milestone.

- **Supply chains are supported to deliver building upgrades to high standards**

The Government must provide support to ensure all installers are equipped with the skills and qualifications to deliver, and that the pool for PAS2035 accredited installers is increased.

- **Legislation is in place as soon as possible**

The beginning of ECO3 saw a large drop off in energy efficiency measures, as the regulations were not put in place before the new scheme went live. Legislation must be in place to support the scheme in advance of the scheme going live, and Ofgem guidance finalised in time.

- **A National Retrofit Strategy will be required to reach homes across all tenures**

We note that while currently, the Social Housing Decarbonisation Fund and the Private Rental Sector Minimum Energy Efficiency Standards will help secure a boost in investment for social and private rented properties, currently there are no incentives or subsidies for owner occupiers who are not classed as in fuel poverty or on low incomes. The Government must introduce a National Retrofit Strategy with adequate support for owner-occupiers.