National Energy Action (NEA) response to the Domestic Private Rented Sector minimum level of energy efficiency consultation

NEA
Action for Warm Homes

Background to NEA

NEA works to end fuel poverty and undertakes key research, national and local advocacy and works with partners from local and national government, industry and the third sector to deliver practical solutions to improve the quality of life for those living in cold homes[1].

To achieve this we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives. Our subsidy Warm Zones is a not-for-profit Community Interest Company that also aims to work in partnership in various locations across the country to deliver integrated packages of energy efficiency measures, benefits and energy advice[2].

Throughout 2016-17, NEA awarded £18 million of grants to support new & innovative approaches to tackling fuel poverty in local communities, helping to deliver 44 Projects in 2166 households. We have trained a massive 5325 people who will cascade their knowledge to an estimated 1.34 million people[3]. Through Warm Zones we have also delivered energy efficiency measures to 4303 households[4].

NEA also provides the secretariat for the All-Party Parliamentary Fuel Poverty & Energy Efficiency Group to raise awareness of the problem of fuel poverty and the policies needed to eradicate it[5].

Summary of this response

The energy efficiency based Fuel Poverty (England) Regulations 2014 are a legal requirement the UK Government is still bound by[6]. NEA welcomed that these commitments were reaffirmed in both the Conservative Manifesto[7] and the Clean Growth Strategy[8]. As a result, the UK Government is still dedicated to ensuring all fuel poor homes in England achieve a minimum energy efficiency rating of Band C by 31 December 2030 - broadly the same energy efficiency performance as a modern home[9]. Beyond ending the individual suffering caused by fuel poverty, the Clean Growth Strategy and this consultation to amend the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, recognises delivering energy efficiency based targets will contribute towards achieving other UK Government objectives; a successful industrial strategy[10], supporting small business growth in every region and achieving carbon emissions reductions[11]. Delivering these targets will also help improve local air quality[12], reduce health and social care costs[13] and provide real benefits to households who are struggling financially[14].

NEA also welcomed the Clean Growth Strategy's recognition that privately rented homes are causing the greatest hardship and the most acute risks for their residents. Within this consultation, the UK Government also rightly noted the urgent need to improve conditions in the private rented sector (PRS) and meet the minimum energy performance standards which come into force from April this year[15]. Crucially, the UK Government now recognise meeting these minimum standards must be achieved without the current 'no upfront cost' caveat. This new approach recognises that, in the 21st century, landlords should be challenged to provide the most basic standards of well-being and comfort when providing housing. With the adjustments noted below, this new approach could also play a key role in supporting the need to ensure no fuel poor households live in these same EPC bands by 2020.

Whilst NEA and a wide range of organisations welcome these reforms[16], there have been significant delays implementing this policy[17]and seven years have passed since Parliament first voted to ensure the worst conditions in the PRS were improved. Most importantly, there is also still a lack of clarity on the extent to which landlords will be required to use their own funds to bring properties up to EPC band E in time for April 2018. Within the fast-track consultation response and the subsequent reformed Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015; NEA urges the UK Government to put in place a clear requirement on landlords to make improvements up to a cost cap of £5,000 per property. Houses of Multiple Occupation (HMO) will also not be fully covered by the current national standards for PRS[18]. An NEA survey highlighted these worst rental properties have such inadequate heating and insulation that it is impossible to keep them warm and free from damp[19]. NEA therefore also urges the UK Government to clarify that single-bed HMO tenancies will be included in the PRS regulations as soon as a suitable method has been agreed for deeming an EPC for these types of properties[20]. NEA also highlights the need for closer co-operation with the Ministry of Housing, Communities & Local Government to enforce housing standards. NEA also notes other key steps to incentivise landlord energy efficiency investment.

Scale of fuel poverty within the Private Rented Sector

Fuel poverty in England currently affects around 2.50 million households, representing approximately 11 % of all English households compared to 2.38 million households (or 10.6% of all households) in England in 2014. This too was a small increase from 2.35 million households in 2013 - the level of fuel poverty prior to the Fuel Poverty Strategy being passed in Parliament. The fuel poverty gap - an estimation of the additional amount that those in fuel poverty need to pay to heat their homes adequately compared to average households - remains at around £884 million. Currently only 10% of fuel poor households meet the band C 2030 requirement in England and whilst progress is being made towards two fuel poverty strategy 'milestones'[21], based on current policies, there will still be around 175,000 fuel poor households living in Band F and G properties in England by 2020. Many of the fuel poor households in the worst Band F and G properties will be suffering from the worst extremes of fuel poverty and have annual fuel needs well in excess of £1,000 per year above those not living in poverty[22].

The most acute levels of fuel poverty are in the Private Rented Sector. There are 267,000 F and G rated homes in the private rented sector, with a further 13,000 in Wales (where the PRS regulations also apply). In England, 35% of all fuel poor households in England are in this tenure, over 941,000 households, including almost 500,000 children[23]. NEA's research also finds that in England, whilst 1 in 5 private renters are in fuel poverty, this compares to 1 in 8 social renters and 1 in 14 owner-occupiers. Analysis conducted by NEA of the English Housing Survey also shows 42% of all children in fuel poverty live in the private rented sector. By comparison, a child living in owner-occupied housing has a 1 in 8 chance of being fuel poor. Those tenants suffering from the worst extremes of fuel poverty face excess energy costs (the extra amount they need to spend to keep warm compared to a non-fuel poor household) of £410 per year on average and up to £1,160 per year in private rented F and G properties. By comparison, fuel poor tenants in social housing face gaps of less than half their private rented counterparts (£175 per year). Characteristics of F and G properties may include no central heating, no wall insulation (leading to problems with damp and mould) and old boilers that are inefficient and less safe.

Living in the poorest quality housing causes hardship, places their health at risk and, in some cases, leads to death. In 2016/17 there were 34,300 excess winter deaths in England and Wales, the second highest number in five years. At least 10,290 of these deaths are attributable to cold homes and on average NEA's recent joint briefing[24] with E3G highlighted that the UK has the sixth highest rate of excess winter deaths in Europe and cold homes kill an average of 9,700 people a year, the same amount who die from breast or prostate cancer. As well taking action to address high energy prices[25], NEA and E3G underlined the true cause are UK homes remain amongst the least energy efficient in Europe. Crucially, NEA and E3G also underlined that this situation is also entirely preventable[26].

Why the proposed cost cap must be higher and other steps are also needed

NEA, along with a range of other organisations[27], welcomed the new Government proposal to force landlords to improve their properties in time for when new minimum energy efficiency standards come into force in April. Despite welcoming the proposed simplifications, landlords were initially going to be required to pay up to £5,000 per property to meet these basic energy efficiency standards. However in the consultation, Ministers appear to have subsequently followed the recommendations of the Residential Landlords Association (RLA) and cut the limit to £2,500. Based on the reduced limit, the lower cap means only 139,200 households in England and Wales will benefit by April 2020 (compared to 280,000 F and G rated privately rented homes in England and Wales that need assistance). NEA also estimates the remaining F and G rated privately rented homes will contain over 50,000 children living in the deepest fuel poverty who won't be helped by 2020 and will still be living in unacceptable housing conditions. NEA is therefore urging Government to support a higher £5,000 cap which would double the amount of properties being insulated and the health benefits to their occupants.

As well as the direct benefits this enhanced approach would provide, NEA also notes that this will improve the capital value of the property and there is also solid evidence that energy efficiency improvements help to reduce rent arrears and void periods for landlords[28]. This finding was included as part of detailed research report with twenty-five landlords managing over 500,000 homes in England and Wales which investigated whether energy efficiency improvements to homes that reduce energy bills provide any reduction in voids, rent arrears and other costs faced by landlords. The results are very promising and have helped quantify the following impacts:

- There is a correlation between the energy efficiency of the homes and the number of void days. As homes become more energy efficient they are void for a shorter length of time - on average band B properties remained void for 31% less time than those in bands E and F;
- Administration costs are considerable for voids. Landlords with more energy efficient stock are spending less on refurbishing void homes, less on repairs and less on staff time to manage voids
- The levels of rent arrears experienced by landlords ranged between 3.5% and 28%, with an average of 14% and there is a correlation between length of time in arrears and energy efficiency of homes
- Colder homes, especially those in band F, have on average two weeks more rent arrears than the rest of the bands each year. The highest performing band A properties spent 30% less time in arrears compared with the worst performing homes
- An analysis of further costs incurred shows that time spent seeking overdue rent payments, legal costs and court costs decline by around 35% for more energy efficient homes

Whilst this research was limited to the social housing sector, this demonstrates that there can be a strong business case for landlords investing in their stock, particularly the least efficient homes. In addition, given the need for both social and private landlords to meet their responsibilities for financing energy saving measures themselves (and not rely on tenants to fund these measures through their energy bills), NEA urges the Government to urgently clarify the Pay As You Save funding option should not be deployed in the privately rented sector to meet the EPC band E standard. Despite the wider demise of the Green Deal, if the Government feels it should still be permitted for tenants to be targeted for PAYs, this should not be allowed if a property has not been served or is subject to a statutory enforcement order through the housing health and safety rating system (HHSRS) procedure. Even where the property is free from a category 1 or 2 hazard, PaYs should only be used for insulation measures or where the landlord is prepared to pay the PaYs charge or the energy bill is covered by the rent. As well as reinforcing existing responsibilities on landlords[29], this will ensure highly cost effective ways of reducing carbon emissions and creating energy savings are not made more costly and less attractive and less effective to deploy. More broadly, NEA believes the following actions are also needed to improve the PRS and will require closer co-operation with the Ministry of Housing, Communities & Local Government:

1. Build capacity of local authority environmental health officers (EHO) to enforce the Housing Health and Safety Rating System (HHSRS).
2. Introduce a nation-wide mechanism that enables local authorities to specify how many improvement notices under HHSRS have been served to landlords for category one and two hazards and for what for reasons (e.g. excess cold).
3. Consider a central resource for an 'EHO of last resort' which would act as a backstop for the enforcement of housing standards.
4. Consider reintroducing the Landlord's Energy Savings Allowance (LESA) to incentivise landlord energy efficiency investment.
5. Improve homes in multiple occupation (HMO) properties to the same national standards as the PRS.
6. Consult on developing and introducing a mandatory national licencing scheme for private landlords in England.

As noted above, one of the recommendations in this response is the reintroduction LESA. LESA was introduced by the UK Government in Budget 2004, with the aim of encouraging landlords to improve the energy efficiency of let residential properties by providing a maximum tax allowance[30] of £1,500 per dwelling which landlords could claim against the costs of buying and installing cavity wall, loft, solid wall, floor and hot water system insulation and draught-proofing. It ended in April 2015 and whilst LESA had very low take-up, combined with these new regulations and a higher tax relief threshold, (reflecting the £5,000 cap) this could be a powerful incentive. This would also have the advantage that if a landlord pays upfront for energy efficiency improvements by taking out a conventional loan and claims the cost against LESA, the tenant will not be saddled with repayments (as would be the case if the landlord went down the PaYs route). In the case of tenants on low incomes or in fuel poverty, this is a significant advantage. In addition, unlike relying on other energy saving schemes like ECO that are unpredictable to access, every landlord qualifies for LESA. LESA also has the key advantage that it explicitly leverages private sector finance in the form of landlord investment in their properties.

Key points in this response

1. NEA welcomes the UK Government's proposals to simplify and improve the current PRS regulations by removing the 'no upfront cost' caveat. There is however a worrying lack of urgency on how quickly landlords will be required to use up to £5,000 of their own funds to bring properties up to EPC band E in time for April 2018 and beyond.

2. NEA calls for the reintroduction of the Landlord's Energy Saving Allowance (LESA), alongside a higher tax relief threshold, reflecting the new £5,000 cap. The Government should also urgently clarify the Pay As You Save funding option should not be deployed in the private rented sector to meet the EPC band E standard.

3. NEA urges BEIS to set out how they will foster closer co-operation with Ministry of Housing, Communities & Local Government to enforce housing standards. NEA also stresses the need to take wider steps to ensure local authorities play their key role in reducing domestic carbon emissions, reducing air pollution and facilitating public health responsibilities. NEA repeats its calls to resource and encourages civic leaders and local authorities to continue to take this local action under the Home Energy Conservation Act.

4. NEA notes its support for setting a new target for the PRS to reach an EPC band C by 2030, bringing the whole PRS into line with the fuel poverty targets. NEA also urges the UK Government to clarify in its response that single-bed HMO tenancies will be included in the future PRS regulations once a suitable method has been agreed for deeming an Energy Performance Certificate for these types of property.

Response to the consultation questions:

1. Do you agree with the policy proposal under consideration here to introduce a landlord contribution element where funding is unavailable to ensure improvements to Band F and G properties can be delivered (unless a valid exemption applies)?

NEA welcomes the UK Government's proposals to simplify and improve the current PRS regulations by removing the 'no upfront cost' caveat and replace it with a cost cap. There is however a worrying lack of urgency on how quickly landlords will be required to use up to £5,000 of their own funds to bring properties up to EPC band E in time for April 2018 and beyond. In addition, there is a need to reinvestigate some of the non-financial exemptions for certain property types to ascertain if these are still valid.

2a.Do you agree that a cost cap for improving sub-standard domestic private rented property should be set at £2,500?

No. Despite welcoming the proposed simplifications, we are hugely disappointed Ministers appear to support the recommendations of the Residential Landlords Association (RLA) and cut the limit to £2,500. Based on the reduced limit, the lower cap means only 139,200 households in England and Wales will benefit from better insulation by April 2020. NEA also estimates over 50,000 children living in the deepest fuel poverty won't be helped by 2020 and will still be living in unacceptable housing conditions. NEA is therefore urging Government to support a higher £5,000 cap which would double the amount of properties being insulated and the health benefits to their occupants.

2b. Do you agree that a cost cap for improving sub-standard domestic private rented property should be set inclusive of VAT?

No. Whilst recognising this proposal tries to simplify the arrangements for landlords, NEA is concerned that this will further reduce the amount of energy efficiency measures being installed and make it even less likely the property will reach the necessary EPC band E standard. Quantifying the extent to which the inclusion of VAT reduces the amount of energy saving is complex as it depends on the mix of measures that will be installed within the cost cap envelope and their respective VAT levels which can vary from 0%, 5% to 20%. However, if all the measures that were selected by the landlord had a VAT rate of 20%, this would effectively reduce the amount of work needing to be undertaken by a fifth. NEA therefore expects some landlords would use this variance to do the least amount of work to their assets and notes it also reduces the uplifts in VAT yields HMT Treasury would receive for energy efficiency measures compared to the lower rates applied to VAT on gas and electricity.

3. ***Do you agree that a cost cap should not take account of spending on energy efficiency improvements incurred prior to 1 October 2017?***

NEA agrees that the cost cap should not take account of previous spending on energy efficiency improvements, however the date incurred should be prior to 19 December 2017or 1st April 2018, not the 1 October 2017.

4. ***Do you agree with the proposal that where a landlord contributes to the improvement, the cost cap threshold should be inclusive of any funding which can be obtained through a 'no cost' finance plan (including a Green Deal finance plan), Supplier Obligation Funding (for example, ECO: Help to Heat or a successor scheme), or energy efficiency grant funding from a Local Authority or other third parties?***

No. Above all NEA stresses the need for the Government to urgently clarify the Pay as You Save/Green Deal Finance funding option should not be deployed in the privately rented sector to meet the EPC band E standard. If the Government feels it should still permit PAYs (despite clear statements that the Government does not believe this is a suitable mechanism for low income and vulnerable households[31]), this should not be allowed if a property has not been served or is subject to a statutory enforcement order through the housing health and safety rating system (HHSRS) procedure. Even where the property is free from a category 1 or 2 hazard, PaYs should only be used for insulation measures or where the landlord is prepared to pay the PaYs charge or the energy bill is covered by the rent. This will ensure highly cost effective ways of reducing carbon emissions and creating energy savings are not made more costly and less attractive or less effective to deploy.

In addition, the landlord should not be reliant on securing funding from ECO to meet the modest EPC band E standard. The ECO is currently the only remaining domestic energy efficiency delivery mechanism in England. Whilst NEA supports the commitment in the Clean Growth Strategy to extend the levy funded scheme out to 2028 (with a review in 2022), the 'notional annual spend' on the overall programme has reduced from the original £1.3bn to £640 million and this means that there is significantly limited funding available. In addition, to the limited nature of ECO resources, significant flaws with the current customer journey also still need to be addressed and these barriers make it hard to access this support in a predictable manner[32]. In preference, as noted above, NEA is calling for the reintroduction of the Landlord's Energy Saving Allowance (LESA) which ended in April 2015. Whilst LESA had very low take-up, combined with these new regulations and higher tax relief threshold (reflecting the £5,000 cap) this could be a powerful incentive which explicitly leverages private sector finance in the form of landlord investment in their properties.

Finally, NEA notes that the UK Government should be firmer about what requirements private landlords need to meet before their properties can access supplier obligations or, in future, other Government funded initiatives. In Wales for example, the Welsh Government requires private landlords to be subject to the following when assessing NEST funding:

- Where a tenant applies to Nest, landlords who consent for works to take place must sign a declaration form which imposes a condition on the improvement works that the rent must not be raised in lieu of Nest improvements for at least 12 months following the work being installed
- A private landlord must be registered with Rent Smart Wales and be able to provide a registration number and certificate
- A private landlord can refer a maximum of 3 properties to the Nest scheme per year and private tenants must have resided in the property for a minimum of 6 months prior to a Nest application
- Private tenants must have a valid tenancy agreement with 6 months left to run, as a minimum
- Private tenants will need to show proof of residency/address to the assessor to demonstrate they have been in the property for 6 months prior to application (e.g. utility bill or council tax bill) and a valid tenancy agreement
- A private landlord must produce their valid gas safety certificate and send to Nest once a property has been referred

5. ***Do you agree that it is not necessary to place a regulatory duty on energy suppliers, or their agents, to provide landlords with cost information relating to the value of energy efficiency improvements made to the landlord's property through a supplier obligation?***

NEA notes that this requirement would not be needed if ECO sat outside of the cost cap. More generally, the failure to capture ECO cost information accurately to-date is negligent. Ensuring the scheme administrator actively monitors any requirement for households to make capital contributions towards the cost of any energy efficiency work must be a priority and must be addressed by the start of the new phase of ECO by September this year. NEA has highlighted this issue to both the National Audit Office (NAO) and the Public Accounts Committee and they too feel this information is essential, as it allows a range of parties to analyse the overall cost effectiveness of policy; to understand the variation approach and cost between suppliers; to improve the communication to consumers of offers available and to monitor the accuracy of marketing claims. NEA has also previously stated that improved transparency on this issue could be achieved with little additional administration in the short-term alongside the existing sign off process. It simply requires the supplier or contractor to record whether any contributions have been sought from the householder (and for which different energy efficiency measures and how they are paid for). The scheme administrator can then undertake a small follow up audit across different measures and geographic areas to make sure this information was accurate, then share this information so it is possible to advise households on whether different contributions are proportionate or whether a householder (or landlord) is being misled. This information will be critical to BEIS in order to determine whether to end contributions all together. In the short-term, if ECO is retained within the cost cap envelope, NEA notes the use of deemed scores should provide greater certainty of the level of assistance available under ECO and the related costs.

6. ***Where a landlord is intending to register a 'high cost' exemption, should the landlord be required to provide three quotes for the cost of purchasing and installing the measures, in line with the non-domestic minimum standards?***

Yes. This requirement is present in the non-domestic sector.

7. ***Do you agree with the proposal to limit the validity of any 'no cost to the landlord' exemptions (under Regulation 25(1)(b)) registered between October 2017 and the point at which a capped landlord contribution amendment comes into force?***

Yes. This will limit landlord's ability to access exemptions until they are required to use up to £5,000 of their own funds to bring properties up to EPC band E in time for April 2018 and beyond.

8. ***Do you have views on whether the consent exemption under Regulation 31(1)(a)(ii) should be removed from the minimum standard regulations or retained? Please provide reasons and evidence where available to support your views.***

Again, NEA stresses the need for the Government to urgently clarify the Pay as You Save/Green Deal Finance funding option should not be deployed in the privately rented sector to meet the EPC band E standard.

9. ***Do you have any comments on the policy proposals not raised under any of the above questions?***

NEA remains concerned HMO properties will also not be fully covered by the national standards for PRS[33]. This is despite an NEA survey which highlighted these worst rental properties have such inadequate heating and insulation that it is impossible to keep them warm and free from damp[34]. NEA therefore urges the UK Government to clarify in its response that single-bed HMO tenancies will be included in the PRS regulations once a suitable method has been ascertained for deeming an Energy Performance Certificate for these types of properties. NEA has also highlighted how other steps can help improve the PRS. This will require closer co-operation Ministry of Housing, Communities & Local Government to enforce housing standards. NEA also recommends other key steps to incentivise landlord energy efficiency investment, noted elsewhere in the response.

10a Do you have any evidence or comments regarding the consultation impact assessment (including views on any of the assumptions we have made to support our analysis), which could inform the final stage impact assessment?

Overall, the impact assessment is detailed enough to make an informed policy decision on the merits of a £5,000 cost cap. However, NEA notes the IA did not attempt to monetise some important benefits. For example;

- How the direct value of reductions in energy bills will also reduce energy arrears for households (and how this would increase spending within poorer communities);
- The avoided cost of reducing carbon emissions or improving air quality via alternative actions;
- The avoided costs of investment in non-efficient forms of embedded power generation which can increase local air pollution;
- The value of reductions in rent arrears, void periods for landlords[35]and higher stamp duty yields to HMT Treasury;
- Uplifts in VAT yields to HMT Treasury for energy efficiency measures compared to the lower rates applied to VAT on gas and electricity or the positive impact of reducing inflation, gas imports and the effect on the UK's balance of payments;
- The extent of the creation of a healthier workforce and jobs from a more buoyant energy efficiency industry or the value to the UK economy of wider benefits such as up-skilling workforce;
- The value of avoided costs to energy consumers of reducing network reinforcement by Distribution Network Operators[36]. In turn, the positive impacts of also reducing civil utility works taking place in UK streets
- It is welcome the reduced costs to health services is captured but mental health and social care service savings are not.
- NEA also notes that this policy would also help leverage free interventions such as advice which can also create less damp and mould growth within homes which in turn reduces respiratory problems at little or no cost (again this has not been monetised).

Whilst NEA would stress the UK Government need to take responsibility for fully monetising these benefits, they highlight why setting a £5,000 to bring properties up to EPC band E in time for April 2018 is warranted. This evidence will also be required to highlight the benefits of the new target for the PRS to reach an EPC band C by 2030. In this context, NEA was concerned that no comparative costings for setting bringing the whole PRS into line with the fuel poverty targets was included within IA. Whilst a separate consultation on this has been promised, including this analysis alongside the Band E analysis may have highlighted the advantages of a £5,000 cost cap as it would have included measures that would have to be fitted to reach both thresholds. This may have prompted some landlords to take earlier action to not on reach band E but also band C. Finally, NEA notes the figure of £32 million for compliance costs for landlords seems overstated and how the £35 million for enforcement costs were estimated is also unclear. Even still, the latter highlights the importance of resourcing local authority enforcement teams either within Environmental Health or Trading Standards.

10b. Do you have any evidence or information on the potential for these proposals to impact on the PRS market, including any potential for landlords who are required to act by the minimum standard regulations to pass through costs to tenants after making improvements to their properties?

The impact of increases in rent would appear to be overstated. F and G rated properties make up only 6% of the PRS and compete in a wider rental market. This minimise the impact that these proposals will have on the wider housing market. In addition, NEA encourages BEIS and CLG to be more prescriptive, for example as noted above where a tenant applies to Nest in Wales, landlords who consent for works to take place must sign a declaration form which imposes a condition on the improvement works that the rent must not be raised in lieu of Nest improvements for at least 12 months following the work being installed. NEA also notes that this condition used to be a requirement under the previous Warm Front scheme in England. If for example, LESA was re-introduced alongside a higher tax relief this incentive could also be used to condition any risk of rent increases.

10c. Can you provide any evidence on the likely costs associated with the compilation of evidence in advance of registering an exemption on the PRS Exemptions Register?

No. NEA does not have any specific evidence to cite.

[1] For more information visit: www.nea.org.uk.
[2] For more information visit: http://warmzones.co.uk/.
[3] Many of these outcomes were achieved via our Health and Innovation Programme (HIP), a £26.2 million programme to bring affordable warmth to fuel poor and vulnerable households in England, Scotland and Wales. The programme launched in April 2015 and was designed and administered by NEA as part of an agreement with Ofgem and energy companies to make redress for non-compliance of licence conditions/obligations. To date, it remains the biggest GB-wide programme implemented by a charity which puts fuel poverty alleviation at its heart. The programme comprised 3 funds: Warm and Healthy Homes Fund (WHHF): to provide heating, insulation and energy efficiency measures for households most at risk of fuel poverty or cold-related illness through health and housing partnerships and home improvement agencies; Technical Innovation Fund (TIF): To fund and investigate the impact on fuel poverty of a range of new technologies and Warm Zones Fund (WZF): to install heating and insulation and provide an income maximisation service to households in or at risk of fuel poverty, delivered cost-effectively through partnership arrangements managed by Warm Zones.
[4] To read the full impact report click here: https://www.nea.org.uk/wp-content/uploads/2017/02/NEA-IMPACT-REPORT-2017.pdf
[5] For more information visit: www.nea.org.uk/fpeeg/about-fpeeg/
[6] The Fuel Poverty (England) Regulations 2014: http://www.legislation.gov.uk/uksi/2014/3220/made
[7] The Conservative and Unionist Party Manifesto 2017, Forward, Together: Our Plan for a Stronger Britain and a Prosperous Future, 'Fair Energy Markets', page 60.
[8] The Clean Growth Strategy, Leading the way to a low carbon future, HM Government, page 77.
[9] EPC certificates compare current ratings of properties to see which are more energy efficient. They help tenants, landlords or home owners find out how they can save energy and money by installing improvement measures. The EPC certificate shows how much the average household would spend in this property for heating, lighting and hot water. It's graded from A to G, with A meaning an energy efficient, well-insulated, probably modern home, and G meaning a draughty old building where the wind rattles the walls. Typically, an older property with no retrofitted energy-saving technology will be around a D grade and and A-C rated home, the average new home built in England, requires about half as much energy per square meter as the average existing home. Previous research from Consumer Focus also found that on projected rates of house building, the previous Allowable Solution fund could have provided around £190 million pa nationally, enough to improve the energy efficiency levels of 397,000 low income households' homes, up to EPC C by 2025.
[10] Draft National Infrastructure Assessment, National Infrastructure Commission, October 2017.
[11] Committee on Climate Change, Next steps for UK heat policy, October 2016.
[12] The Fuel Poverty Action Plan, Greater London Authority (GLA), June 2017.
[13] Age UK. 2012. The cost of cold: Why we need to protect the health of older people in winter.
[14] NEA estimates that some families in fuel poverty are facing an income shortfall of up to £9,331 per year (£778 per month) to cover basic essentials, including energy. As noted below, NEA has also warned many low income households could miss out on energy rebates and the proposed new safeguard price cap. The findings are included as part of our "Bridging the Gap" report which highlights the scale of the impossible choices families will be making this winter.
[15] From April 2018, landlords will not be able to rent out properties with energy efficiency ratings below EPC Band E (exemptions apply). The regulations apply to the domestic private rented sector in England and Wales. This is defined in section 42 of the Energy Act 2011 as properties let under an assured tenancy for the purposes of the Housing Act 1988, or a tenancy which is a regulated tenancy for the purposes of the Rent Act 1977. A high percentage of fuel poor households also live in the worst properties in the deepest fuel poverty are renting from private landlords, they must be prioritised for assistance.
[16] Some of the range of organisations that have stated they support the concept of cap on landlords to improve housing standards include the End Fuel Poverty Coalition; UK Green Building Council; Citizens Advice; Association for the Conservation of Energy; Friends of the Earth; National Union of Students; London Borough of Islington; Shelter; Centre for Sustainable Energy; Energy Saving Trust; Generation Rent; Chartered Institute of Environmental Health; 10:10; The Federation of Private Residents Association; Camden Federation of Private Renters; Age UK; Advice 4 Renters; NEA Cymru and North West Tenants and Residents Assembly.
[17] From 2011 NEA along with other parties strongly disputed the need for the caveats and exemptions within the current regulations and argued that all properties within scope of the regulations should be required to meet a minimum standard of EPC Band E, up to a maximum limit. In addition, NEA has long argued Houses of Multiple Occupation (HMOs) should be brought within scope of the regulations.
[18] The regulations apply to the domestic private rented sector in England and Wales. This is defined in section 42 of the Energy Act 2011 as properties let under an assured tenancy for the purposes of the Housing Act 1988, or a tenancy which is a regulated tenancy for the purposes of the Rent Act 1977.
[19] Fuel Poverty and Houses in Multiple Occupation, produced by Future Climate and National Energy Action, 2016.
[20] NEA has been engaging with both Environmental Health Officers and EPC assessors to understand how this may be possible. Further information can be provided to BEIS on request.
[21] Upgrading as many fuel poor homes as is reasonably practicable to Energy Performance Certificate Band E by 2020 and to Band D by 2025
[22] The median annual income of a fuel poor household in England after housing costs is £10,118. This is £2,815 below the poverty line.
[23] Latest fuel poverty detailed tables 2017, Department for Business, Energy & Industrial Strategy Fuel poverty statistics, 29 June 2017.
[24] The joint research revealed that the UK has the sixth-worst long-term rate of excess winter mortality out of 30 European countries. Over the last five years there has been an average of 32,000 excess winter deaths in the UK every year. Of these, 9,700 die due to a cold home– the same as the number of people who die from breast or prostate cancer each year. The new analysis was released on Fuel Poverty Awareness Day the national day highlighting the problems faced by those struggling to keep warm in their homes. To read the press release and the full cop of the report visit: http://www.nea.org.uk/media/news/230218/.
[25] NEA welcomed the introduction in April 2017 of a price cap for Pre-Payment Meter customers and NEA also supports the new Vulnerable Customer Safeguard Tariff. We estimate however that over half a million households will miss out on potential energy bill savings of £260 this winter because they will not receive a Warm Home Discount (WHD) rebate or be safeguarded under Ofgem's proposed Vulnerable Customer Safeguard Tariff this year. These households are mostly working-age, fall into the lowest income deciles and are already facing thousand pound gaps between their incomes and the essential cost of living. NEA would therefore urge BEIS, Ofgem and suppliers to maximise data-sharing powers under the Digital Economy Act and urgently set out the regulations to improve identification and targeting of low income households at risk of fuel poverty. Suppliers can also do more to identify and prioritise their low income customers this winter. For example, suppliers could voluntarily apply the safeguard tariff to low income and vulnerable customers on standard variable tariffs who miss out on the WHD.
[26] Still the Cold Man of Europe – briefing, Association for the Conservation of Energy, October 2015
[27] Some of the range of organisations that have stated they support the concept of cap on landlords to improve housing standards include the End Fuel Poverty Coalition; UK Green Building Council; Citizens Advice; Association for the Conservation of Energy; Friends of the Earth; National Union of Students; London Borough of Islington; Shelter; Centre for Sustainable Energy; Energy Saving Trust; Generation Rent; Chartered Institute of Environmental Health; 10:10; The Federation of Private Residents Association; Camden Federation of Private Renters; Age UK; Advice 4 Renters; NEA Cymru and North West Tenants and Residents Assembly.
[28] Along with Rockwool and British Gas, NEA sponsored a new piece of research with Sustainable Homes "Touching the voids report: The impact of energy efficiency on landlord income and business plans"
[29] NEA continues to urge the UK Government to fully recognise the precedent within the Housing Health and Safety Rating System (HHSRS), introduced in the 2004 Housing Act, which is already regulates some of the minimum standards tenants can expect in in private rented housing.
[30] In the case of an individual landlord, the allowance was claimed against income tax on the profits from letting; in the case of a corporate landlord whose rental business is registered as a company, LESA was claimed against corporation tax.
[31] Energy Minister Greg Barker made this point explicit from the outset: 'As I said in my opening remarks, we are considering completely rewriting the nature of the supplier obligation post-2012 to ensure that it reaches those parts, particularly in relation to the fuel poor, where the vanilla green deal will not work.' And in his speech to the Economist UK Energy Summit on June 24, the then Secretary of State, Chris Huhne, acknowledged when talking about Green Deal Finance that: 'Some people – such as the fuel-poor, and those in hard-to-heat homes lacking cavity walls – will need extra help because energy savings alone will not be enough. We intend to provide that help by refocusing the obligations on energy companies'.
[32] NEA continues to highlight the need to end client capital contributions and provide some guarantee of assiatnce to the most vulnerable household. There are also increasing concerns about the failure of some suppliers to join up their mandated obligations to improve services for their most vulnerable customers. One illustrative concern is that as engineers visit homes as part of the smart meter roll-out they will have to turn off any unsafe gas or electrical appliances as part of the roll-out. Whilst it is welcome that qualified engineers condemn unsafe appliances one risk to health and safety can be replaced by another if there is no guidance or support available to fix or replace these appliances in low income homes. NEA are not clear there is an adequate policy to close this worrying gap in support or the extent to which suppliers are routinely referring eligible vulnerable households onto existing related support like free gas safety checks or new boilers under ECO.
[33] The regulations apply to the domestic private rented sector in England and Wales. This is defined in section 42 of the Energy Act 2011 as properties let under an assured tenancy for the purposes of the Housing Act 1988, or a tenancy which is a regulated tenancy for the purposes of the Rent Act 1977.
[34] Fuel Poverty and Houses in Multiple Occupation, produced by Future Climate and National Energy Action, 2016.
[35] "Touching the voids report: The impact of energy efficiency on landlord income and business plans The report is available here: http://www.sustainablehomes.co.uk/touching-the-voids-report.
[36] In 2015, NEA and Agility ECO produced a report investigating the possibility to divert budgets currently allocated to load-related network upgrades into local schemes that improve energy efficiency. In the report this concept is explained fully and is referred to as Alternative Investment Strategy (AIS). Specifically, the report looks to analyse the "Size of the Prize" on Northern Power Grid's network, the economic feasibility of investment in local energy efficiency and how this compares to conventional network reinforcement and practical feasibility. To read the report visit: http://www.northernpowergrid.com/downloads/1704.