



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Rt Hon Kwasi Kwarteng MP

Minister of State (Minister for Business, Energy and Clean Growth)

Department for Business, Energy and Industrial Strategy

1 Victoria Street

London SW1H 0ET

17th March 2020

Dear Kwasi,

Departmental plans on energy efficiency following the recent Budget

Following last week's budget announcements, I am writing to express concern about the Government's continued lack of funding and targeted policy for energy efficiency measures across the UK's building stock. It is well known that energy efficiency is by far the cheapest way to decarbonise and that without decisive and far-reaching action on energy efficiency the Government is going to end up in contravention of statutory fuel poverty and climate targets. I was therefore disappointed that the Conservative Manifesto pledges to introduce a new £3.8bn Social Housing Decarbonisation Fund and a £2.5bn Home Upgrade Grant Scheme (HUGs) in fuel poor homes were not included in the Budget. Not only was this a missed opportunity to help millions of people to keep warm and well in their homes, but it would have sent a clear signal to other nations attending this year's crucial UN Climate Summit. The UK's credibility as President of the Summit will depend in part on our ability to deliver world-leading domestic policy that is aligned with the aims of the Paris Agreement.

'Able to pay' market

I am also concerned by the Government's lack of action to stimulate demand for energy efficiency within the 'able to pay' sector and to drive the scale of supportive action needed by the financial sector. There are over 10 million 'able to pay' owner occupier households with homes rated below EPC Band C in the UK. This is the market where the biggest carbon savings can be achieved—big enough to close 40% of the current gap in meeting the fifth carbon budget. It is difficult to see how the Government can meet its targets for all homes to reach EPC C by 2035 without providing sufficient incentives for this market to grow. At present, this remains an empty commitment.

Tackling fuel poverty

I would appreciate reassurance from you that the failure to bring forward new funding for energy efficiency will not lead to delays in the Government publishing its updated strategy to achieve statutory energy efficiency in fuel poor homes. With progress towards this target reaching a plateau and approximately 200,000 of the poorest households having to spend £2000-£2800 to keep warm, an updated strategy is vital. The Government has also been notably quiet on the extension of the Warm Home Discount scheme which is due to end after 2021. This is despite the scheme providing a lifeline for millions of the poorest consumers.

Future Homes Standard

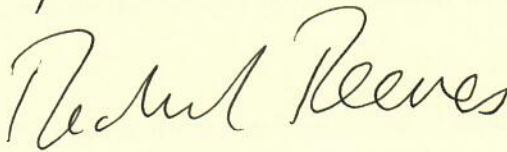
Last year my Committee took evidence from the UK's biggest housebuilders. We were disappointed to find that the only barrier precluding housebuilders developing to higher energy efficiency standards before 2025 is a preoccupation with profit margins and shareholder returns. While I welcomed the Government's announcement for a Future Homes Standard, I have serious concerns about the current proposals; in particular, the proposed removal of the Fabric Energy Efficiency Standard and local authorities' powers to set higher energy performance standards than those mandated by Building Regulations. If this proposal is not reversed, homes that would have failed Part L 2013 due to poor fabric could, for example, pass Part L 2020 merely through the installation of PV. This is a retrograde step.

I would therefore appreciate a prompt response to the following questions:

- 1) When will the Government fulfil its Manifesto pledges to introduce a new £3.8bn Social Housing Decarbonisation Fund and a £2.5bn Home Upgrade Grant Scheme?
- 2) Will the Government commit to bringing forward a wide package of financial incentives for the 'able to pay' sector to stimulate demand for energy efficiency?
- 3) What assessment has BEIS made of current progress towards meeting its target for all homes to reach EPC Band C by 2035?
- 4) Is BEIS monitoring how the lack of progress on energy efficiency will impact the decarbonisation of heat and the associated costs of this?
- 5) How does the Government intend to meet its target for all homes to reach EPC Band C by 2035?
- 6) When will BEIS publish:
 - a. the Heat and Building Strategy;
 - b. the final updated Fuel Poverty Strategy for England;
 - c. the consultation on the Warm Home Discount.
- 7) Is BEIS satisfied with MHCLG's proposals for the Future Homes Standard? Are the proposals fully aligned with the net zero agenda?
- 8) Has BEIS raised any concerns to MHCLG regarding its proposals to remove the Fabric Energy Efficiency Standard and to stop local authorities' ability to set higher energy performance standards than those mandated by Building Regulations?
- 9) Do you think the proposed timetable for legislation on the Future Homes Standard is satisfactory? Why is the Government waiting till 2024 to legislate? Will BEIS be encouraging MHCLG to follow the Committee on Climate Change's advice to consider bringing forward the 2025 introduction date?

I would be grateful for a reply by 3 April.

Yours,



Rachel Reeves MP
Chair of the Business, Energy and Industrial Strategy Committee