

Darren Jones MP
Chair, Business, Energy, and Industrial Strategy Committee
House of Commons
London
SW1A 0AA

19 March 2021

Dear Darren,

Re: Decarbonising heat in homes

I would like to thank you for the opportunity to provide evidence as part of the Committee's inquiry into decarbonising heat in homes. I wanted to follow-up with further detail on some of the specific points discussed during the session.

Role of local government

Local government plays a vital role in [accelerating the shift](#) towards achieving net carbon zero. The LGA supports local authorities in their ambition to tackle climate change and reduce carbon emissions, while improving housing. With at least 230 councils declaring a climate emergency, and nearly two thirds of councils in England aiming to be carbon neutral 20 years before the national target, councils are well placed to support Government to meet its net-zero carbon ambitions.

[Analysis for the LGA found](#) that to achieve net zero by 2050, close to 28 million homes will need to change how they use energy through methods such as heating systems that produce next to no greenhouse emissions. Since this can only be achieved with decarbonisation happening in every place across the country, it will require local leadership where councils as democratic organisations can ensure that the benefits are felt by all. In order for this to happen, the Government must ensure that councils have the tools, powers and flexibilities that they need to improve quality standards and decarbonise heat in existing and new build homes.

National oversight

The Government needs to lead a national long-term strategic commitment to decarbonising homes. Whilst there have been numerous Government initiatives to improve homes through retrofitting energy efficiency measures, the frequent changes to residential energy policy do not promote trust and risk deterring both investment and action for homeowners and the industry.

The LGA is also calling for the Government to work with councils and businesses to establish a national fiscal and policy framework for addressing the climate emergency. The framework should outline responsibilities for the Government nationally – for example, aligning the regulatory system, including the planning system and national tax incentives – and the local responsibilities,

together with a commitment to cooperate with local public sector bodies. There should be a process of engagement between central and local government and industry to enable councils to fulfil their role to translate a national framework into transformative local plans that deliver on this agenda and invest in solutions for a green recovery and future.

We also believe that greater coordination and alignment across government departments will be needed as we collectively accelerate our shift towards achieving net carbon zero.

Funding

The LGA welcomes the Government's investments so far in scaling up low carbon technologies to decarbonise existing housing stock, such as the Green Homes Grant and Social Housing Decarbonisation Fund. However, there is still a long-term funding gap for achieving housing decarbonisation.

Analysis undertaken by Savills for the LGA estimates that the additional investment costs to achieve net zero carbon in existing housing stock held within councils' Housing Revenue Accounts (HRA) is almost £1 billion per year over a 30-year period of investment.

The current projected funding shortfall across local government will limit councils' ability to upskill staff and carry out additional work in this space. We are therefore calling on the Government to urgently bring forward its commitment to a £3.8 billion capital Social Housing Decarbonisation Fund. A retrofit revolution led by social housing landlords would not only cut carbon emissions and help fight climate change, but would also create jobs, support local economies, cut fuel bills and help tackle fuel poverty. It would also help pave the way for the rollout of an ambitious national retrofit programme across all tenures.

Fuel poverty

More than [2.4 million, or 10 per cent, of households in England](#) experienced fuel poverty in 2018. The majority (51.3 per cent) of fuel poor households are owner occupied, 33.6 per cent privately rent and 15.1 per cent live in social housing. It is worth noting that socially rented properties are more energy efficient, with almost all socially rented non-fuel poor properties (97.5 per cent) EPC Band D or above, compared to 87.7 per cent of privately rented properties, and 83.4 per cent of owner occupied non-fuel poor properties.

[According to the Annual Fuel Poverty Statistics](#) in England, from 2010 to 2018 the proportion of households in fuel poverty has remained between 10 to 12 per cent. Although projections for 2020 will not be published due to the COVID-19 pandemic, [projections prior to the pandemic](#) indicated an increase in fuel poverty. This could be exacerbated with the pandemic as households experience additional and unexpected financial stress such as loss of employment.

As of 2019 the [National Health Service \(NHS\) was spending at least £2.5 billion a year](#) treating people with illnesses directly linked to living in cold, damp and dangerous housing conditions. [Improving the quality of the existing housing stock will also result in financial savings](#) for our public health care system and better quality of life through lower incidences of health issues.

The LGA advocates for a local approach to addressing fuel poverty. Local authorities currently only control a limited proportion of the funding available to tackle fuel poverty. The vast majority of

funding is delivered through the Energy Company Obligation (ECO) by energy companies who can have limited local knowledge or interest in meeting locally determined need.

Current and previous home energy efficiency schemes have suffered from a delivery model that is remote from local people and based on targets rather than an understanding of local need. Different areas have different fuel poverty challenges, and local authorities are best placed to tailor and target support where and how it is most needed.

I hope this additional information is helpful, please do not hesitate to get in touch with the LGA (amy.fleming@local.gov.uk) if you have further queries. My thanks once again for the invitation to share the LGA's thoughts with the Committee, and I look forward to reading the Committee's final report.

Yours sincerely,

Cllr David Renard
Chair, LGA Environment, Economy, Housing and Transport Board