



Department for
Business, Energy
& Industrial Strategy

Rt Hon Kwasi Kwarteng MP
Minister of State for Business, Energy and
Clean Growth.

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Dear Rachel,

Tackling climate change is a top priority for the Government. The Spring Budget 2020 reinforced the UK's strong record on climate change with an increased ambition on carbon capture and storage, a massive expansion in tree planting and peatland restoration, a new levy to fund a greener gas grid, over £1bn of further support for ultra-low emission vehicles, energy efficiency and tackle plastic waste.

The Government has reiterated its commitment to delivering our net zero target and will take further steps to decarbonise the UK economy across the rest of this Year of Climate Action, including through the publication of the National Infrastructure Strategy later this year.

My Department recognises the important role energy efficiency and low carbon heating will play in the decarbonisation of buildings and remains committed to delivering on carbon budgets.

Later this year, we plan to set out further policies towards that aim, including:

Publishing a Heat and Buildings Strategy and a new Fuel Poverty Strategy for England.

Continuing to develop an approach to the public sector, social housing and vulnerable consumers.

Consulting on a range of new policies to drive action such as raising minimum energy performance standards for privately rented homes, the role of lenders in supporting homeowners to improve the energy performance of their homes; the phasing out of high carbon fossil fuel heating off the gas grid; and other measures aimed at the able to pay and owner occupier sectors.

Continuing to work with colleagues at MHCLG to develop a comprehensive approach to buildings decarbonisation which will include decarbonising new build homes through Future Homes Standards and a White Paper on Social Housing.

Announcing the winning bids to our innovation competitions for green home finance products and whole house retrofit projects.

To answer your questions in turn:

1. When will the Government fulfil Manifesto pledges to introduce a new £3.8bn Social Housing Decarbonisation Fund and a £2.5bn Home Upgrade Grant Scheme?

The Government remains committed to taking the necessary action to improve energy efficiency. It is vital that we give these decisions the proper time and care they deserve, so additional climate policies will be set out in due course and finalised in the context of a National Infrastructure Strategy, as outlined at the budget.

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?

HM Treasury is currently carrying out a review of the costs of net zero, as recommended by the Committee on Climate Change, to consider how the transition to net zero will be funded and assess options for where the costs will fall. The review will be published in autumn 2020 and will set out principles to guide decision-making during the transition to net zero. In the able to pay sector, we have committed to consult, later this year, on requirements for lenders to support homeowners to improve the energy efficiency of the homes they lend to. We also launched the £5m Green Home Finance Innovation Fund to support the development of innovative green finance products that enable homeowners make energy efficiency improvements to their homes.

3. What assessments has BEIS made of current progress towards meeting its target for all homes to reach EPC Band C by 2035?

In the Clean Growth Strategy, Government set an aspiration for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable, with an earlier target of 2030 for homes in fuel poverty. Progress has already been made, with 34% of homes in England at Band C or above. This is up from 7% in 2007.

4. Is BEIS monitoring how the lack of progress on energy efficiency will impact the decarbonisation of heat and the associated costs of this?

The Department recognises the importance of improving energy efficiency measures to reach our target to decarbonise heat in all homes and buildings and the role energy efficiency has in reducing the cost and improving the performance of heating. This is why the Department is planning to publish a Heat and Buildings Strategy later this year, which will set out the actions we will take for reducing emissions from buildings through a holistic, join-up approach between energy efficiency and low carbon heating. These actions include the deployment of energy efficiency measures and low carbon heating as part of an ambitious programme of work required to enable key strategic decisions on how we achieve the mass transition to low-carbon heat and set us on a path to decarbonising all homes and buildings.

5. How does the Government intend to meet its target for all homes to reach EPC Band C by 2035?

The Government have developed a suite of mutually supporting policies and measures that will help to build a sustainable market for energy efficiency. Our Energy Company Obligation (ECO) scheme has delivered 2.7m improvements in nearly 2.1m homes since 2013. We are on track to meet the target we set of improving 1 million homes between 2015 and April 2020. The current scheme and its successor will drive at least £6bn of additional investment to support energy performance in low-income, vulnerable and fuel poor households between 2018 and 2028. To ensure investment in rental properties, we introduced the Private Rented Sector Minimum standard regulations on 1 April 2018. The regulations require landlords to bring their properties to EPC Band E or above; or register an exemption, if one applies, by April this year. We will consult on tightening the minimum energy standards in private rented homes in due course.

The Heat and Buildings Strategy, due to published later this year, will set out a full package of energy efficiency measures that the Government will take forward for reducing emissions from buildings.

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.

BEIS is planning to publish;

- a Heat and Building Strategy later this year,
- a consideration of the appropriate mix of policies required to upgrade fuel poor homes as part of the planned update to the Fuel Poverty Strategy for England. In the consultation for this Strategy, Government proposed to introduce a 'sustainability principle' which aims to better align work on fuel poverty and the decarbonisation of heat, and;
- a consultation on the future of the Warm Home Discount beyond 2021 later this year.

7. Is BEIS satisfied with MHCLG's proposals for the Future Homes Standard? Are the proposals fully aligned with the net zero agenda?

BEIS is fully committed to the Future Homes Standard. MHCLG proposed in their recent consultation that new homes built to this standard should have 75-80% fewer CO₂ emissions than ones built to current building regulations standards, which will require very high fabric standards and low carbon heat, in most instances a heat pump or heat network. These proposals are clearly aligned with the net zero agenda, as homes built to this standard will be able to become net zero carbon without any alterations as the electricity grid decarbonises. We are working closely with MHCLG on the government response and the development of the standards following consultation.

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?**

The Government intends to ensure that new homes are built to high fabric standards. The minimum insulating standards proposed for building fabric, such as walls, windows and doors, are higher than they have ever been. We expect that these high insulation standards, working alongside our other targets of carbon dioxide emissions, primary energy use and householder affordability, will drive very high fabric standards by themselves without the need for the Fabric Energy Efficiency Standard. We are working with MHCLG on the government response to the Future Homes Standard consultation to ensure that the regulations deliver their intended outcome.

We believe that Local Authorities setting energy performance standards beyond those in Building Regulations currently play a valuable role in driving innovation in the building sector ahead of wider adoption at national level. However, there is a tension with the need to provide clarity to developers, who report that it is difficult for them to build to a patchwork of standards across the country. We continue to discuss with MHCLG how best to resolve these objectives in a way that is consistent with both our climate change and housebuilding targets.

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?**

The timetable for the legislation on the Future Homes Standard was proposed to allow time to work closely with industry on design of the standard and to conduct analysis on its impact with robust data. We will be reviewing the timetable, and the grounds for moving its introduction forward, based on the consultation responses together with MHCLG.



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