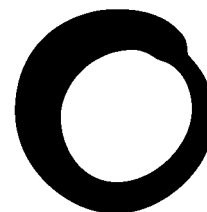


January 2011



**Friends of  
the Earth**

**Energy Bill**

# Briefing

## Measures needed to cut emissions from UK homes and tackle fuel poverty

By 2020, the UK must reduce carbon emissions from the housing stock by at least by 42%, and by 2016, eliminate fuel poverty. To do this the new Government urgently needs a comprehensive strategy for installing insulation, energy efficiency measures and small-scale renewable energy in every home. Friends of the Earth believes this strategy must ensure that by 2020:

- At least one third of the housing stock (7 million homes in England) is made fit for the future by receiving a whole-house refurbishment, to become a Superhome, cutting its carbon emissions by 60% or more.
- There is an end to the worst performing housing. No one should be living in a home of such a low standard of energy efficiency that it forces them to suffer from fuel poverty, high energy bills and poor health. The Government should have a strategy which ensures that by 2020 no homes fall below an Energy Performance Certificate Band D.

There is an immediate opportunity in the Energy Bill currently making its way through Parliament to put in place some of the core policies of a comprehensive strategy.

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### Introduction

There is an immediate opportunity, and urgent need, in the Energy Bill to ensure that key aspects of a comprehensive energy efficiency programme are put in place. This will start to cut emissions quickly, provide the confidence and direction for the industry to invest, put in place the policy foundations that will serve the whole strategy and take action where it is most urgent and essential.

The Energy Bill contains the framework for the Green Deal (or pay-as-you-save) scheme which will provide up-front capital for all property owners. It also includes enabling powers which will allow the Government to build the future Energy Company Obligation.

In addition it should contain legislation to:

- **Ensure that, within one year, the Government produces a strategy for energy saving from the housing stock which is sufficient to meet the UK carbon budgets and the legal duty to eradicate fuel poverty by 2016.**
- **Establish a legal rising minimum standard of energy efficiency for private rented properties from 2016.**
- **Ensure strong, impactful delivery of high-quality, reliable Energy Performance Certificates (EPCs) to give people information on the energy efficiency of properties and the measures that can be taken to improve them.**
- **Ensure the cheapest and most cost-effective improvements are made when any property is bought, sold or let.**

### **An overall strategy for the refurbishment of all homes**

The proposed Green Deal is the centrepiece of the Energy Bill. It could enable many households to finance energy efficiency improvements by providing the up-front capital cost with repayments linked to the property, not the individual. However, the ambition of the scheme is unclear and its potential is dependent on the interest rate offered and the provision of incentives for uptake. Even a good scheme will not provide whole-house retrofits for hard to treat properties (requiring measures such as solid wall insulation) or work for the fuel poor and those on low-incomes. The Energy Company Obligation is proposed as a mechanism treating for these properties (enabling legislation is included in the Energy Bill), but there is almost no detail of how the scheme will work or what it will deliver. It is essential the Government sets out how these two policies fit within an overall strategy for energy saving from the UK housing stock and establishes the other measures that are required.

The Energy Bill must:

- Ensure the Green Deal scheme can be accessed by owner-occupied households, landlords and those on low-incomes or of low credit worthiness.
- Allow renewable energy to be part of the Green Deal.
- Not limit the type of organisation which can deliver the scheme, leaving it open to commercial, not-for-profit and public bodies.
- Ensure there is a mechanism to finance the improvement of more expensive or hard-to-treat properties.
- Set out the powers and duties for the future obligation on energy suppliers.

- Establish powers for the Government to underwrite or guarantee the scheme to keep interest rates low.
- Give the Secretary of State a duty to produce a strategy for rolling out energy saving measures across the UK housing stock commensurate with meeting the UK's carbon budgets and fuel poverty target.

### **Private rented homes**

Private rented homes are the worst maintained part of the UK's housing stock and contain large numbers of vulnerable households and those living in fuel poverty. Legislation is needed to protect households who live in private rented accommodation from high energy bills, ill health and fuel poverty by setting a legal minimum level of energy efficiency for these properties and a date by which it will be an offence to let properties which are of such a low standard of energy efficiency they are a health-hazard (those with an energy performance rating of F or G) until they are improved. Landlords must be helped and enabled to reach this standard through targeted advice, increased tax incentives and access to a scheme to provide upfront finance for the necessary energy efficiency improvements (such as the Green Deal). The Government must legislate to give local authorities new powers to demand improvements to the worst private rented properties.

The Energy Bill must therefore:

- Establish the timetable for the introduction of a minimum legal standard of energy efficiency that a privately rented property must reach before it can be made available for rent.
- Set a deadline of no later than 2016 after which it will be an offence for a landlord to let a property which is below an EPC Band F or G, and then raise the minimum standard at least one before 2020.
- Give the local authorities, from 2012, a duty to target (as resources and local priorities allow) the least energy efficient properties by issuing mandatory improvement notices.
- Ensure local authorities have access to EPC data.
- Give the Secretary of State the power to require landlords to register their properties with the relevant local authority.

In addition, the Government must significantly increase (to £10,000) the Landlords Energy Saving Allowance tax break for landlords investing in energy saving in their properties for the worst insulated properties.

### **Energy Performance Certificates**

Legislation must ensure people have access to high quality, reliable information about the energy performance of homes to enable them to make informed choices when seeking a property to rent or buy, and to provide information about the full-range of measures that can be made to improve the energy efficiency and carbon emissions of the property. Energy Performance Certificates are the primary means of doing this and their effective delivery is especially crucial if households are to take up the Green Deal in sufficient numbers. This

cannot be done by simply transposing the recently recast EU Energy Performance of Buildings Directive straight into UK law (which would, for example, only require a new EPC if the existing one was over ten years old when the house was put up for sale or rent). Legislation should be enacted now so that EPCs can be implemented in a way that maximises their impact and effectiveness, kick start the Green Deal and to give industry the confidence to invest in energy assessment services.

The Energy Bill must therefore ensure that EPCs are:

- Required before a property can be marketed for sale or rent.
- Displayed on all advertising and marketing materials, in all media.
- Brought to the attention of a prospective buyer or tenant by owners, estate agents and solicitors.
- Contain up to date information to allow people to compare properties, take decisions about what they need to get done and seek advice. EPCs should have a lifespan of one year to ensure this.<sup>1</sup>
- Of a high quality, providing information which is reliable, enabling consistent comparisons between properties, and provide information on all measures which can be taken rather than just the most cost-effective.

The legislation should also contain powers for the Government to set a date after which all homes will be required to have an EPC or require them at times other than when a property is for rent or sale.

### **Mandatory cost effective measures**

After a reasonable period of incentives, information and encouragement it is essential that the cheapest and most cost-effective energy efficiency measures (such as loft insulation or boiler jackets) are made mandatory when a property changes owners or are installed before it is made available to rent.

The Energy Bill must therefore:

- Establish the duty of the Secretary of State to draw up and publish a list of cost-effective energy efficiency measures which (if indicated in that property's EPC) will be made mandatory when ownership of the property changes or before the property is made available to rent.
- Ensure the Secretary of State publishes the date by which each measure will become mandatory and ensure that new measures should be added to the mandatory measures list over time.

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<sup>1</sup> Though a new EPC is only required when the property is next marketed for sale or rent.