



# UKGBC Response to BEIS Consultation on ECO+

December 2022

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## Introduction

The UK Green Building Council (UKGBC) is an industry network with a mission to radically improve the sustainability of the built environment, by transforming the way it is planned, designed, constructed, maintained and operated. As a charity with over 700 member organisations spanning the entire sector, we represent the voice of the industry's current and future leaders who are striving for transformational change.

We welcome the new ECO+ scheme as an addition to the urgently needed support for households struggling with high energy bills, but we are concerned that, as currently planned, the scheme risks some of the significant pitfalls of previous government schemes. They failed to attract sufficient households and installers and not only failed to drive a sustained upscaling and upskilling of the supply chain but contributed to a cycle of boom and bust that makes it harder each time for industry to respond.

Firstly we urge government to extend the scheme beyond 3 years to 10 years to give installation and manufacturing companies the longer-term confidence they need to invest at scale in training, competence building and capacity building. This will pay dividends for the long-term efforts needed to decarbonise housing nationwide, reduce costs and improve the quality of delivery.

Secondly, increase the low-income households target to 50%.

Thirdly, to provide specific funding to local authorities to establish or increase their capacity to facilitate home retrofit within their local areas. This would improve efficiencies of schemes like ECO4 and ECO plus by increasing LA support, help local initiatives to encourage homeowner to retrofit using their own means and support the levelling up agenda by improving access to grant funding across the country.

Fourthly, widen the scheme beyond energy utilities to more delivery partners, local authorities and other bodies.

Responses to specific questions:

**1) Do you agree with the proposal to set mandatory annual targets for ECO+?**

Yes, targets are necessary to drive action.

**3) Do you agree with our proposal to facilitate early delivery under ECO+ ahead of the ECO+ Order coming into force?**

Yes

**5) Do you agree with our proposal to allow each supplier a maximum of 10% carry- under the Year 1 obligation to Year 2 for ECO+?**



Yes

**5. Do you agree with our proposal to allow unlimited carry-over between annual targets for each of the first two years of ECO+?**

**14. Do you agree ECO+ should target two groups with the first focusing on a general group with wider eligibility requirements and the second focusing on low-income households in line with ECO4**

Yes, we strongly agree with the inclusion of low income group within the eligibility criteria and urge that the proportion is increased from 20% to 50% with recognition that these are more expensive to identify but are also those in most need.

**15. Do you agree with our proposal to target “general group” support at households in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales with an EPC of D and below?**

Yes, however just because these criteria are the best currently available for identifying householders at risk of fuel poverty doesn't mean they are good. With the significant level of retrofit works required nationally to meet achieve net zero requiring very significant levels of finance we urge government to work towards a new, better targeted definition which can be used across future schemes and initiatives.

In addition to a better means of targeting fuel poor, the expression of a homes energy and carbon performance, the EPC, needs to be rapidly made fit for use so we urge continued progress with the EPC action plan.

**18. Do you agree with our proposal to set a low-income group minimum requirement equivalent to 20% of each annual target with flexibility on whether the remaining obligation is delivered to low-income or general group households?**

No, the target should be increased to 50% to better support those in most need.

**19. Do you agree that we should allow up to 80% of a supplier's low-income minimum requirement to be met through LA and Supplier Flex, with unlimited flex permitted beyond the low-income minimum requirement?**

Yes – this increases avenues for people to seek help.

The UKGBC is working with a wide range of LA's to support local-led delivery of place-based initiatives which are very effective. However, LA need further financial support to build their capacity and competence to play this key role in delivery. Overall delivery costs will fall and efficiencies increase if LA's were provided with targeted funding.

**20. How can referrals through LA and Supplier Flex be facilitated?**

There are a number of ways that LA and Supplier Flex referrals could be facilitated, as well as those identified in the consultation document:

- Identify a point person at a Local Authority with good connections with energy companies operating in the local area who they could connect with.
- Link to other local support services at a community level, such as Citizens Advice Bureaus, fuel banks, etc.

Going forward, this could form the architecture for more place-based approaches – tied into services like 'one-stop-shops' and models equivalent to Homes Energy Scotland. As noted in response to



question 19, this will require providing more capacity and resources to Local Authorities and other bodies.

**27. Do you agree with only having a ‘rural’ rather than ‘rural and off-gas’ requirement for properties to receive an uplift in ECO+?**

Yes – given issues associated with rural fuel poverty, which might not be limited to off-grid homes

**44. Do you agree with our proposal to offer only single insulation measures to both eligibility groups?**

No - we would support multiple-measures under the ECO Plus scheme, if there are additional low-cost measures that could be installed at the same time, particularly for those households who are not eligible for ECO4. This would support the UK’s energy reduction and climate targets. Deep retrofits will be of the greatest benefit to those living in poor performing homes. Not only will bill savings be much higher, but there will be less risk of thermal bridging between fully insulated and poorly insulated fabric, which can lead to the deterioration of the fabric of the property itself.

**46. Do you agree with our proposal to encourage customer contributions to allow the delivery of higher-cost insulation measures through the general eligibility group?**

No - while we agree that households should contribute, indeed pay in full, where they are meaningfully able to pay, there is a strong chance that some households that fall into the ‘general eligibility group’ who are not well positioned financially to contribute. Steps should be taken to strictly rule out customer contributions for vulnerable or low-income households.

We suggest increasing the low-income target to 50% in order to enable more low-income households to benefit from ECO+, with no requirement for self-contribution.

For households in the ‘general eligibility’ group who are meaningfully ‘able to pay’, there are opportunities to undertake more ambitious retrofits than the single measures covered by ECO Plus – this would spur economic and environmental additionality.

We encourage the government to consider ways to ‘blend’ green finance with ECO Plus for these households and crowd in private finance where appropriate. This will help to pump-prime the market for deeper, more ambitious retrofits.

Examples might include:

- Collaborating with banks, building societies, equity release providers and other lenders to raise consumer awareness about ECO Plus and seamlessly enable households who are eligible for the subsidy to both access the grant and consider additional green finance products and services;
- Supporting collaborations between energy companies and financial institutions to identify appropriate financial products and services for households seeking to undertake a more ambitious retrofit project;
- Working closely with the UK Infrastructure Bank to identify opportunities to offer attractive financial products via retail banks and buildings societies and non-bank lenders, blending finance with the ECO plus grant;
- Including a green finance workstream in the Energy Efficiency Taskforce that could help

It will be important that suppliers are appropriately incentivised to inform customers of the higher savings they could achieve through this route, and to put a serious effort into targeting such customers. Since deeper retrofits of this kind will be more complex and take more time, there is a danger suppliers may choose to allocate more effort to targeting greater numbers of ‘low cost’ measure customers. While this could potentially allow them to reach their targets more quickly, it



would be a worse outcome for the customers themselves who would face higher bills into the future, and run the risk of damage to their property over time.

**58. With the planned inclusion of ECO+ in the Energy Price Guarantee (EPG) mechanism, are there any particular issues or concerns that you would highlight?**

We encourage the government to fund ECO Plus via general government spending, rather than levied on energy bills and make a statement of intent that the scheme, appropriately targeted on those that are fuel poor, extends for 10 years rather than just 3.

**70. What else can we do to ensure sufficient supply chain capacity in support of ECO+, other retrofit schemes that will be running at the same time (ECO4, the Homes Upgrade Grant (HUG) and the Social Housing Decarbonisation Fund (SHDF)) and, in the long-term, our net zero target? What can we do to reduce competition between these schemes for the supply chain?**

To deliver net zero affordably and efficiently a credible, long term strategy is required. This would include:

- structural demand drivers for those that are able to pay (such as Energy Saving Stamp Duty and minimum standards)
- Long term targeted funding for those without means and an access to finance
- Funding to accelerate the enabling actions such as training, standards, information and advice.

This joined up and long term approach is vital to create the environment where retrofit is as common as today's home improvement and there is an large and efficient retrofit supply chain. This wholistic strategy would cause the industry to scale.

Above all businesses in the supply chain, from manufacturers through to installers, need long term certainty about the size and shape of the market to give them confidence to invest in human and capital resources.

ECO+ along with other schemes are one part of that but only a small part of what is necessary to tackle fuel poverty, deliver net zero and achieve affordable energy security.

**For further information please contact Louise Hutchins Head of Policy and Public Affairs**

[policy@UKGBC.org](mailto:policy@UKGBC.org)