



WARM HOMES, BETTER LIVES

How the housing sector can work
with government to improve the energy
performance of the nation's homes

Orbit Roundtable Hosted by Geoffrey Robinson MP
February 2016, House of Commons

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INTRODUCTION

Across England, there are 2.3 million households living in fuel poverty - 10.4% of all households, and only Estonia has a higher rate of fuel poverty in Europe. We have some of the poorest people in the country living in social housing, with a typical annual income of £14k, compared to £23k in the private rented sector, or £33k in home ownership.

We know that cold homes contribute to more than 25,000 winter deaths each year and create a £1.36 billion annual financial burden upon the NHS. A cold home also makes homes difficult to afford, placing an unnecessary

pressure on household budgets. We are dealing with a genuine equality issue.

The Government Fuel Poverty Strategy sets a target for all UK properties being a minimum EPC Band 'C' by 2030. This resonates with many housing associations (HAs), which commit finance to improving both the fabric of their housing stock and services to help tenants manage their money. At Orbit, we know that 25% of our customers struggle to pay their energy bills.

With the Bonfield Review, there is a great opportunity to shape the future of energy efficiency programme delivery, to ensure investment makes the biggest impact to the poorest households.

**What should a future model look like?
What role can housing associations play?
Can we offer co-investment?
Can we form partnerships that deliver high-impact solutions in a strategic way?**

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THE PROPOSITION:

HOW THE HOUSING SECTOR CAN TAKE A SINGLE APPROACH TO TACKLING FUEL POVERTY

‘Warm Homes, Better Lives’ is Orbit’s fuel poverty campaign that is focused on a future model of investment that enables government investment alongside a local delivery model that will best impact the hardest to reach families. We want a strategic partnership where we can work together with government to create the best solutions.

We believe HAs are best placed to engage with local people and local partnerships, bring innovative products that make the best use of investment and lever other financing.

The February **“Warm Homes, Better Lives”** roundtable with Dr Peter Bonfield OBE gave the housing sector an opportunity to feed directly into the Bonfield Review.

With input from across the sector, and with key stakeholders, we discussed with Dr Bonfield how the housing sector can best work with government, making key recommendations for future approaches to energy efficiency and ensuring all homes achieve EPC rating Band C by 2030.

The discussion was chaired by Charley Gibbons, Orbit’s Director of Strategy and Communication, with key input from Dr Bonfield, alongside comment from Steve Cole of the National Housing Federation.

List of attendees

- Host: Geoffrey Robinson MP
- Dr Peter Bonfield OBE, Bonfield Review
- Chair: Charley Gibbons, Director of Strategy and Communication, Orbit
- Jamie Ratcliff, Assistant Director responsible for housing, GLA
- Steve Cole, Policy Leader, National Housing Federation
- Jeremy Kape, Director of Property Investment, Affinity Sutton
- Hugh Fenn, Executive Director, Moat
- Caroline Julian, Deputy Director, Head of Policy and Strategy, ResPublica
- Dave Sowden, CEO, Sustainable Energy Association
- Graham Weller, Head of Policy, British Gas
- Simon Connor, National Key Account Manager, British Gas
- David Adams, Technical Director, Wilmot Dixon
- Megan Owen, Trowers & Hamblins LLP
- Christopher Paul, Trowers & Hamblins LLP
- John Stapleton, Head of External Affairs, Sustainable Homes
- Stewart Reid, Business Director, Wates
- Richard Twinn, Policy Advisor, UK Green Building Council
- John Barnham, Head of Sustainability, Orbit



“THERE IS A CLEAR OPPORTUNITY FOR THE HOUSING SECTOR”

- Dr Peter Bonfield OBE



Dr Peter Bonfield highlighted both the social and business value in taking action to properly tackle the energy performance of the country's housing stock. His ambition to create a 'movement' of private and public sector partners, working as a single body committed to a long-term delivery goal, highlighted the need for partnerships and combined use of resources.

“Tangible, realistic and practical outcomes” are needed through a new model that would focus on the most vulnerable.

“There is a very real opportunity for the housing sector to shape the Bonfield Review that will be published in April.”

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The Bonfield Review will spell out commitments from industry leads, their actions/objectives and milestones. There is a major role and opportunity for the housing sector to come together to be part of this movement, and create a partnership with government to drive programmes that will help meet 2030 targets.

This is about 'positively disrupting' current policy, investment and funding models, and delivery mechanisms. We need to focus on procurement (frameworks), standards (coherent and appropriate for geographical location) and quality products (accreditation schemes), so that we can deliver the right things to appropriate homes. Achieving energy savings and gaining consumer confidence will be key.

The role of the housing sector within this agenda is important, and we need to be involved in all Review working groups with a coordinated voice.

We have an open door to inform and challenge the policy landscape through the Bonfield Review.

“The housing sector is a key partner, but only if we can engage in a single, simple and co-ordinated way that can be aligned to government policy and investment.”

Key to this will be the creation of a sector fuel poverty network, a single strategy from which we can procure and deliver at scale, with quality assurance, and a community focus. The review is just the start. Following the publication of the Report, an 'Implementation Board' is likely to be set up, chaired by Dr Peter Bonfield that will drive delivery against the actions and objectives set out in the Report.

THE SECTOR'S RESPONSE

– WHAT DOES GOOD LOOK LIKE?

A pragmatic targeted approach

1

We know that 80% of ECO has been used for low impact home energy improvements, across all housing tenures, with ECO delivery agents driven by the need to meet their carbon targets and not those most affected by fuel poverty. This has to change if we are to put the right investment into the homes of the poorest people in the UK.

Using EPC data to identify and prioritise initially all homes that are E to G rated, and then start to address D rated homes is the most practical way to deliver this. Develop the principle that investing to tackle fuel poverty makes good business sense; leads to commercial viability and creates sustainable tenancies.

Using the reach of the housing sector to work with their tenants, programme work and build in other fuel poverty related services, such as money advice and

financial inclusion, would present a holistic way to deal with both the fabric of the home and the behaviours of the people living in it.

Understanding the value of stock and housing data and use of technology, such as smart meters, will help target the right homes and deliver the most appropriate measure. This in turn provides greater consumer confidence, giving households more control over their energy usage and budgets, as well as

more choice in how they spend their money.

HAs already have the networks locally to develop partnerships with key stakeholders that work with the same client group. There is an opportunity to focus on the wider community, creating a national programme, linking the prescription of energy advice or retrofit through local authorities and NHS partnerships, all co-ordinated by the housing sector across all tenures.

A 'one sector' voice

2

It is critical that the sector takes a coherent single approach to home energy efficiency and wider fuel poverty measures. The sector has significant buying power linking to major property investment programmes, as well as the skills, knowledge and experience that can drive the necessary innovation.

The creation of a national housing sector strategy and implementation group linked to DECC would drive consistency in approach and delivery, and maximise the opportunity in relation to scale and engagement with the supply chain.

The group would also advise on the geographic distribution of investment

and work collaboratively with combined authorities, developing a single delivery methodology, and clear milestones for delivery.

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THE SECTOR'S RESPONSE

– WHAT DOES GOOD LOOK LIKE?

A single procurement model

3

It is common within the UK for HAs to have large-scale retrofit programmes. Despite the reduction in rent, HAs still recognise the business benefit of a housing stock that is affordable for tenants, along with the social benefits a warm home brings.

We need to bring together HAs that are already committed to long-term retrofit programmes of scale, align public

funding with a community delivery focus, creating a single procurement model. This would maximise buying power, build confidence in the supply chain and lead to consumer confidence.

We need to be working in partnership with the supply chain, allowing them to innovate and develop products and services which deliver on quality and performance and new methods of funding retrofit solutions.

Tendering on 'performance outcomes' (i.e. specifying the expected long-term energy performance of the home) rather than implementing a 'one size fits all' programme would create flexibility. This flexibility would encourage innovation and efficiency measures that are bespoke to geography and the fabric of the house.

Combined investment

4

Ambition to get all homes to an EPC Band C rating by 2030 will take a larger investment than the £640m per year announced in the government Spending Review in November. The ambition to reach this target is shared by many in the housing sector and there is an opportunity to develop other funding models and revenue streams.

Through a focus on the energy performance of the home and by aligning asset management programmes to government policy and investment

under the same principles of tackling fuel poverty, sustainable tenancies and commercial viability would contribute some of the additional resource required. The opportunity to build upon the success of the Decent Homes Standards and Housing, Health and Safety Rating System (HHSRS), allows these models to be developed to tackle fuel poverty across our communities, within all tenures.

Introducing a legal and ethical 'pay as you save' model where tenants contribute some of their net saving on energy post-

retrofit provides an income stream to supplement investment and create an environment where the home occupier is incentivised to change behaviour.

Further contributions should be sought, particularly through bodies that benefit from the social or health benefits of a warm home. HAs have an opportunity to seek match or other funding from health providers, European sources (through LEPs) and through infrastructure funding of combined authorities.



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**For further information,
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