

The Built Environment Special Interest Group

Built Environment SIG: Scaling up Retrofit and Funding Mechanisms 14 Dec 2022

Panel

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Challenges

- Skills shortage - need national campaign with localised skills development.
- Public awareness/ knowledge gap - detrimental for home retrofits take up.
- Education to settle homeowners' concerns. People uncomfortable with financial products & future implications e.g. sale of a property. People's uncertainty includes tie-in to repayment obligations in an environment where energy prices are uncertain.
- Customer behavioural change is difficult.
- Financial - national scale approach needed to get cost down & meet finance lenders/ institutions for their Quality Assurance (QA) process needs.
- Difficult to decarbonise social/ multi-ownership housing - different ownership may result in varied buy-in for decarbonisation.

Discussion Points

- Strategies, targets, policy & actions are apolitical & need to be codified through long-term regulation, unaffected by change of government.

Discussion Points cont.

- National Retrofit Strategy highlighted key issues to streamline processes to deliver retrofit at scale:
 - Building performances require standardisation – current EPC not fit for purpose
 - Technology & Techniques will underpin the delivery of the performance standards
 - Skills & workforce growth
 - Finance
 - Green Finance Institute advocate building passports
- People are aware of the Green Deal – complexities for individual homeowners around contracting, long term financial commitments, uncertainty in the future in giving up savings, benefits, changing energy pricing and inflation. What does the financial product look like when attached to a property? How might it affect property values and ability to sell that property, esp. the financial obligation to pay attached to that?
- The consistency & accuracy of the initial stages of EPC data collection is lacking. As a consequence, QA not to standard. An end-to-end monitoring system would allow for a feedback loop and an agreed QA.
- Not seeing the unlocking of private finance - 2021 Nationwide made available £1bn homeowners low interest loans (for 50% spend on retrofit - only 15% realised).
- How to optimise public subsidies - upfront retrofit costs can be prohibitive. Retail finance not an option, many people in rental buildings do not have access to the finance. Costs to the building landlords, but benefits passed onto the renters.
- Growing demand from lenders - more accurate process of carbon reduction & potential energy savings and bills - needs to be addressed.
- Analysis shows that there is potential to reduce public subsidy from 70-80% of cost to approximately 35%, whilst accessing private capital at 65%.
- Cost reduction from the analysis hinged on 2 key areas:
 - Procurement economies to scale – drive down upfront cost of the retrofit intervention. Aggregation of economies. Numerous dwellings across the place-based areas.
 - Better optimise the energy saving to attract private finance

Opportunities

- EPC reform required - lack of data/ current EPCs are out of date.
- Build repository of UK retrofits - should include accurate stock modelling to develop decarbonisation routes.
- Research optimum geographies for district heating or heat networks & overcome the difficulties in the UK planning system to allow for efficient integration into the decarbonisation agenda. Anticipate this being big in the UK over the next 10 years.
- Work already carried out on reducing embodied energy - need academic input for better performance. Key research areas include: linking housing stock profiling with decarbonisation (materials & tech), and the reduction of embodied energy in construction.
- Develop understanding on how to create behaviour change and how we communicate people's relationship with private finance.
- Potential to attach obligations to buildings for action.

