



Sian Berry AM

Chair of the Housing Committee

The Rt Hon Michael Gove MP

Secretary of State for Levelling Up, Housing and Communities
(Sent by email)

cc: The Rt Hon Greg Hands MP

Minister for Energy, Clean Growth and Climate Change

Helen Whately MP

Exchequer Secretary to the Treasury

5 October 2021

Dear Secretary of State,

Congratulations on your appointment as Secretary of State for Levelling Up, Housing and Communities.

I look forward to engaging with you constructively over the coming months to ensure the housing needs of Londoners are being met, with an emphasis on affordability, increasing housing provision of all kinds, and increasing the number of zero carbon and carbon neutral homes across London.

To that end, I would be grateful if you would meet with me at your earliest convenience to discuss these issues as well as the Housing Committee's most recent investigation, which I will detail below.

On 20 July 2021, the Housing Committee held a meeting investigating what is needed to cut emissions from London's existing homes to achieve carbon neutrality. The Committee heard from a range of experts on the scale of the challenge, the barriers and the costs likely to be associated with

any major programme of retrofitting in London. We invited the following guests to our Committee meeting: Shirley Rodrigues (Deputy Mayor for Environment and Energy), James Hardy (Head of Energy for the GLA), Susan French (Chief Executive of Barnsbury Housing Association and Vice Chair of the g320), Councillor Adam Harrison (Cabinet member for a sustainable Camden in the London Borough of Camden) and Bradley Tully (Senior Public Affairs Officer from the Royal Institution of Chartered Surveyors). Our investigation focused specifically on funding, the skills gap and quality assurance.

As you know, retrofitting homes is vital to achieving the UK's environmental targets — London's 3.5 million homes account for one third of the city's greenhouse gas emissions alone.¹ There are a number of upcoming opportunities for the UK to show leadership on this front, with COP26 approaching, a multi-year Comprehensive Spending Review and the much-anticipated Planning Bill. I therefore want to use this opportunity to highlight key findings and recommendations from our investigation. Please refer to **Appendix A** of this letter for a full list of our recommendations.

Costs of retrofitting

One of the most significant barriers to decarbonising the UK's housing stock is determining the exact costs of retrofitting work. Various external factors can influence the cost, including changes in energy efficiency policy, and the demand and supply of technology and labour. Special considerations and more complex work, which are more likely to be required in older homes, can also add to the costs.

The Department for Business, Energy and Industrial Strategy (BEIS) estimated in 2019 that across the UK, anywhere between £35 and £65 billion will be needed by 2035 to bring every home up to standard.² Regional variations such as higher wages in London and the South East mean that costs could be even higher in these areas. The Mayor's 1.5C Compatible Climate Action Plan highlights the actions needed to be taken for London to become carbon neutral by 2050.³ At our Committee meeting in July, the Deputy Mayor for Environment and Energy, Shirley Rodrigues told us that London needs to spend £61 billion to tackle our infrastructure to achieve the actions in the Plan. This is because all of London's 3.5 million existing homes will need some form of retrofit. London also has a complicated system of housing infrastructure, consisting largely of flats, solid walls and conservation areas that make it difficult to retrofit.

We heard from experts at our meeting that funding spent in London does not match these challenges. The Deputy Mayor stated that London does not receive its fair share of Energy Company Obligation (ECO) funding. In fact, according to the Mayor, Londoners have paid £82.3 million annually to the ECO programme, while £27.3 million has been spent, a shortfall of £55 million every year.⁴ Other guests highlighted the need for the Government to establish retrofitting as a national infrastructure priority. Guests also expressed uncertainty around what would replace existing funds,

¹ [GLA, February 2020](#)

² [BEIS Committee, Energy efficiency: building towards net zero: Government Response to the Committee's Twenty-First Report of Session 2017–19, 2019](#)

³ [Sadiq Khan, Zero carbon London: A 1.5°C compatible plan, December 2018](#)

⁴ [Mayor's written evidence to the Environmental Audit Committee inquiry into energy efficiency of existing homes, July 2020](#)

namely the European Regional Development Fund and the European Social Fund under which London received €791 million in the last round.⁵ It is our understanding that this funding will be replaced and at least matched by the Shared Prosperity Fund, but it is not yet clear what proportion of this London will receive.

In order to allow London to deliver retrofitting at the pace and scale to meet the UK's climate ambitions, the Housing Committee recommends:

- 1. London should get its fair share of all retrofit spending, particularly ECO funding, or sufficient powers to raise finance itself. The Government should also outline what proportion of the Shared Prosperity Fund London will receive and ensure that this, at the very least, matches what Londoners pay for energy.**

Funding

Another key concern highlighted at our Committee meeting is the 'stop and start' nature of funding. Several experts expressed concern that intermittent funding streams such as the Green Homes Grant have caused significant issues for installers. Councillor Adam Harrison, Cabinet member for a sustainable Camden in the London Borough of Camden stated that contractors and potential providers had been 'shaken' by this lack of certainty and it had: "harmed confidence among the contractors who need to be investing in their own workforce, who need to be gaining the quality accreditations that are needed." The Deputy Mayor, Shirley Rodrigues contended that a more user-friendly scheme should be introduced, alongside a premium for contractors carrying out work in cities so they are not unfairly disadvantaged.

Presently, standards apply so that private landlords must enter a new tenancy agreement with minimum energy efficiency in place, unless exemptions apply. One exemption is the 'cost cap' which means that landlords are exempt from making energy efficiency improvements costing more than £3,500. To further incentivise homeowners, the Deputy Mayor informed the Committee that the Mayor supports the Government's proposals to increase the cost cap for private landlords to £10,000. This would be a better reflection of the costs required to retrofit homes in London. The Committee supports this increase and awaits the Government's response to the consultation on this matter.

The Housing Committee believes that improving access to funding, creating incentives and providing funding certainty are central to encouraging greater uptake of retrofitting opportunities. We therefore recommend:

- 2. The Government should consider implementing multi-year, user-friendly funding schemes. This would increase sector and homeowner confidence and give contractors and providers longer-term certainty on delivery of programmes.**
- 3. The Government should implement its proposal to raise the landlord cost cap to £10,000 to increase the extent of works private sector landlords are undertaking to meet mandatory minimum energy efficiency standards.**

⁵ [Question to the Mayor, 17 December 2014](#)

Decent Homes Standard

Around 28 per cent of London's homes are privately rented, compared with 18 per cent across England, with around one in five of these below the Decent Homes Standard – higher than in any other tenure.⁶ This tenure is also among the least energy efficient in England.⁷ At our meeting, the Committee heard that the Decent Homes Standard does not currently mandate a net zero approach to homes. We welcome the commitment in the Government's Social Housing White Paper to review the Decent Homes Standard and consider how it can better support decarbonisation. To this end, we recommend that:

- 4. The new Decent Homes Standard should mandate minimum energy efficiency standards, with a view to achieving net zero emissions at least in line with the Government's 2050 target.**

Cladding remediation

Four years on from the Grenfell Tower disaster, cladding remains a significant issue. As the process of cladding remediation is underway, the Committee heard how this programme provides an opportunity to carry out retrofitting alongside this work, particularly the installation of solar panels.

The housing challenges for local authorities are not insignificant: on top of remediation work, councils also have to ensure the delivery of affordable housing. Carrying out retrofitting is therefore an additional, and significant cost for local authorities, which can impact other activities from a funding and resource perspective. Providing retrofitting work alongside cladding remediation could be a way to reduce this cost burden. This will ensure that buildings are not only safe, but also sustainable in the longer-term. The Housing Committee therefore recommends:

- 5. The Government should ensure that cladding remediation does not negatively impact on retrofitting work and could potentially enable both areas of work to be carried out at the same time.**

Both Government and industry need to take bold and decisive action if the UK is to meet its climate ambitions. These ambitions need to be matched by adequate funding for a mass programme of retrofitting homes across the country. It is the Committee's hope that the recommendations outlined in this letter are taken forward, to ensure that the environment is placed at the heart of our housing, planning and construction industries nationwide. The Committee is also writing to the Mayor of London, Sadiq Khan, to share the Committee's findings and urge him to take on additional leadership in this area (please refer to **Appendix B** for a list of recommendations).

Since it is also crucial that the Government adopt a joined-up approach to delivering the decarbonisation of the UK's housing stock, I have also copied this letter to the new Minister for Energy, Clean Growth and Climate Change, Greg Hands MP and the new Exchequer Secretary to the Treasury, Helen Whately MP.

⁶ [GLA, Housing in London 2020](#),

⁷ [BEIS, Improving the Energy Performance of Privately Rented Homes in England and Wales, 8 January 2021](#)

While I understand this will be a busy time for you as you settle into a new department, the Committee would welcome a response to our recommendations and would be grateful if this could be provided by 20 October 2021. I would also be grateful if you would meet with me at your earliest convenience to discuss the above issues.

I look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sian Berry', with a stylized flourish at the end.

Sian Berry AM
Chair of the Housing Committee

Appendix A: London Assembly Housing Committee recommendations to the Government on retrofitting London's homes

- 1. London should get its fair share of all retrofit spending, particularly ECO funding, or sufficient powers to raise finance itself. The Government should also outline what proportion of the Shared Prosperity Fund London will receive and ensure that this, at the very least, matches what Londoners pay for energy.**
- 2. The Government should consider implementing multi-year, user-friendly funding schemes. This would increase sector and homeowner confidence and give contractors and providers longer-term certainty on delivery of programmes.**
- 3. The Government should implement its proposal to raise the landlord cost cap to £10,000 to increase the extent of works private sector landlords are undertaking to meet mandatory minimum energy efficiency standards.**
- 4. The new Decent Homes Standard should mandate minimum energy efficiency standards, with a view to achieving net zero emissions at least in line with the Government's 2050 target.**
- 5. The Government should ensure that cladding remediation does not negatively impact on retrofitting work and could potentially enable both areas of work to be carried out at the same time.**

Appendix B: The London Assembly Housing Committee's recommendations to the Mayor on retrofitting London's homes.

- 1. We recommend: a) that you inform the Committee of the outcome of your mapping exercise and commissioned review of planning issues with respect to retrofit and solar energy, b) that you advise whether there are any opportunities for you to use your planning powers to make it easier to secure consent for installation of solar panels across more areas of London and help Londoners to understand the rules governing installation of solar panels for listed buildings and conservation areas, and c) that this work results in more consistent conservation policies within boroughs to be as supportive as possible of retrofit and renewable energy.**
- 2. We recommend that you continue to lobby for ECO spending which better matches what Londoners pay for energy and push the Government to ensure that London receives fair financial support or sufficient powers to raise this finance itself.**
- 3. We recommend that you bring together private sector landlords and tenants to look at barriers to retrofit and the ways in which Government or local government action could overcome them.**