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# Social Housing Decarbonisation Study: Views from Social Housing Providers

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For information only: Contacts from Scotland, Wales and Northern Ireland.

**Key Issues**

The Department for Business, Energy and Industrial Strategy (BEIS) has published a research paper regarding the views of social housing providers on social housing decarbonisation.

To support the launch of the Social Housing Decarbonisation Fund (SHDF), BEIS commissioned IFF Research to explore providers' attitudes to improved energy performance, barriers to implementing new measures, and views on the new fund.

The research also sought to contribute to the wider evidence base on the decarbonisation of housing.

## 1. Introduction

The current Government's 2019 manifesto committed £3.8bn to a Social Housing Decarbonisation Fund (SHDF) over a 10-year period, which is designed to provide funding to encourage, and enable, social housing providers to accelerate their decarbonisation plans. Social housing providers have responsibility for 4 million households, just under one-fifth (17%) of all households in England, and equating to approximately 9.3 million people. The fund aims to upgrade a significant amount of the social housing stock currently below EPC rating C to that standard, delivering warmer and more energy-efficient homes, reducing carbon emissions and bills, and tackling fuel poverty as well as supporting green jobs. The Department for Business, Energy and Industrial Strategy (BEIS) is delivering the fund and is also creating a technical assistance facility (TAF) to support social landlords in accessing funding and developing energy performance improvement plans.

To support the launch of the SHDF, BEIS commissioned IFF Research to explore providers' attitudes to improved energy performance, barriers to implementing new measures, and views on the new fund. The research also sought to contribute to the wider evidence base on the decarbonisation of housing and the report is focused on five key research themes: -

1. Knowledge of stock
2. Current retrofitting, decarbonisation and energy performance improvements
3. Retrofitting, decarbonisation and energy performance ambitions
4. Providers' perceptions and experience of tenants' attitudes towards decarbonisation
5. Mixed tenure considerations
6. Social Housing Decarbonisation Fund (SHDF)

This briefing provides a summary of the research paper. A full copy of the research can be accessed via the following link: -

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## 2. Knowledge of Stock

This chapter of the research explores providers' level of knowledge of their social housing stock, and in particular whether they know the age, condition, grade and energy performance (EPC and SAP ratings) for their homes. This information, or lack of, is likely to impact the energy performance improvement plans providers have, their ability to apply for the SHDF and whether support is needed to help providers obtain this information.

It is reported that compared to age and condition, knowledge of EPC and SAP ratings are much lower and more variable. Just under half of providers (47%) knew the EPC rating for a very high proportion of their stock. There was some differentiation in EPC knowledge within provider sizebands, however, findings were not clear cut. Medium sized providers were more likely to have known the EPC for a very high proportion of stock (54% compared to 47% of small and 29% of large).

The research also finds that small providers (28%) were far more likely than medium (1%) or large (0%) providers to not know the EPC rating of their stock. It is commented that this is important because having information about EPC ratings is essential to informing energy performance improvement plans, and suggests different sized providers may need more support to acquire this information in the first instance.

## 3. Current maintenance and energy performance improvement plans.

This aspect of the research reports on the existing maintenance plans providers had at the time the research was conducted, alongside their energy performance activity and budgets since 2010, including the range of specific measures installed, e.g., new boilers, double glazing, loft insulation etc.

It is stated that the research highlighted that energy efficiency improvements were often a secondary impact of existing replacement cycles for components such as boilers and glazing. On average, providers installed six different types of energy performance measures in the past decade, although just over a quarter (28%) had not installed any measures in this timeframe. New energy efficient boilers were the most common measure installed (85% of providers who had installed any measure), followed by double glazing (72%) and loft insulation (69%).

In addition, it was found that budgets are typically not specifically allocated to energy efficiency. A small minority, just eight percent of all providers, recorded having a separate and bespoke budget solely for energy performance. Planned maintenance budgets by provider varied largely, and naturally saw an increase by provider size, with 35% of small providers being unsure what their planned maintenance budgets were.

## 4. Energy performance improvement ambitions

BEIS sought to understand the level of energy performance improvement ambition amongst providers with the aim of informing the design of the SHDF and gain an understanding of the potential interest from providers.

This chapter of the report sets out the extent to which providers have planned energy performance improvement work, and what these plans entail, including whether or not they have specific targets and / or desired outcomes. The research looked at the barriers to energy performance improvement that providers face, and these are discussed in the second half of the chapter. This section includes issues dealt with (at least to some extent) by those who have undertaken energy performance improvements as well as the problems anticipated by those who have not yet begun improvements.

The research found that over two-thirds of providers (68%) were looking to improve the energy performance of at least some of their stock by 2031. Large and medium providers were more likely to have such plans than small providers (91% and 82% compared to 63%).

It was reported that a quarter (25%) of providers had specific energy performance improvement targets for their stock; this is much more likely amongst large and medium providers (85% and 72% compared to 10% of small) and Local Authorities (61% compared to 22% of Housing Associations).

The report also states that a lack of budget or finance was the most common barrier to improving energy performance (42%) and three in every five providers who had plans to improve their energy performance hoped to fund this through external grants or funding. However, a lack of skills or experience within organisations to apply for funding was also a barrier for over a third (36%).

## 5. Experience of tenant response to energy performance improvements

BEIS state that they were keen to understand what role, if any, providers thought tenants' attitudes would play in shaping their current and future energy performance improvement plans.

This chapter of the report reviews providers' experiences with tenants during past maintenance or improvement works as well as any energy improvement work. It looks at how some providers have encouraged acceptance of works.

It is stated that as only providers participated in the research it does not necessarily reflect tenants' own views or experiences, only the provider perspective. It presents the extent to which tenant-related concerns amongst providers impact their energy performance improvements plans.

The research found that most providers assumed that the majority of their tenants would have no real interest in energy performance improvements for their home. There was a general consensus amongst providers that any tenant interest in energy performance improvements was almost entirely driven by their desire to reduce fuel poverty, and not by environmental concerns. Providers themselves were frequently concerned whether any changes might lead to increased energy bills for tenants.

The report states that in terms of tenants actually having refused maintenance on their homes, providers' experience was mixed. Almost half (46%) reported that tenants had refused improvement or maintenance work in their homes, although 32% reported this happened only on rare occasions. COVID-19 was the most common reason providers thought tenants would refuse work (by 64% of those who had tenant refusals), indicating these reported refusal rates may have been higher at the time of research than they will be post pandemic.

It is advised that the anticipated reactions of tenants were generally not a deciding factor in whether providers carry out energy performance improvements (or whether they might apply for the SHDF), although the qualitative interviews showed there was some differentiation in provider views based on whether they had experience with retrofitting. Providers who had experience of energy improvement works generally anticipated some 'resistance' from tenants but felt it would not be a major issue.

## 6. Mixed tenure considerations

BIES report that there has been concern expressed regarding leasehold properties within mixed tenure development and that these may not be included by providers in their energy performance improvement works, and that this may affect the overall improvement plans and resulting efficiencies; or, that the issues faced by leaseholders may impact on social housing providers' retrofit activities.

This chapter of the report sets out the extent to which developments being mixed tenure was a consideration for providers when conducting or planning energy performance improvement work. It also explains how providers plan to address any issues.

The findings of the research show that around three in every ten providers in the survey (29%) had homes in mixed tenure blocks. Amongst this minority, it was most common for leasehold or shared ownership properties to make up a very low proportion of the block.

It was stated that amongst those providers who had carried out energy performance improvement work on some stock, only half (49%) had included their mixed tenure properties. Providers often described it as 'too complicated' to consider energy performance improvement work in mixed tenure blocks.

The report advises that although three in five (59%) providers with mixed tenure blocks had not experienced issues with works on these blocks, 13% of providers with mixed tenure blocks had de-prioritised works on mixed blocks and five percent had cancelled them, possibly flagging those issues faced by leaseholders meeting their requirements led to challenges related to recouping costs or refusal of access.

It is confirmed that just over half (53%) of providers with mixed tenure blocks said that it was likely that recuperation of costs from leaseholders and shared owners would be a barrier to carrying out energy performance works on these blocks.

In addition, it was reported that the scale of work to be undertaken on non-mixed stock was generally consuming all attention, it left little scope for mixed-tenure considerations for the many providers who were only at early stages in the energy performance improvement planning process.

## 7. Social Housing Decarbonisation Fund (SHDF)

BEIS state that they were keen to understand how social landlords are likely to react to the SHDF. This chapter of the report, therefore, looks at the likelihood of providers applying for the funding and factors impacting this. BEIS advised that they are developing a technical assistance facility (TAF), as part of the fund design, to support social landlords in accessing funding and developing energy performance improvement plans.

This chapter of the document reports what support offered by the TAF would be most beneficial to different types and sizes of provider. In addition, the chapter begins by reporting how clear providers thought central government policy regarding retrofitting is.

The research found that three in every ten providers thought that central government policy regarding energy performance retrofitting was 'very' or 'fairly' clear (29%) whilst almost half said it was 'not very clear' or 'not clear at all' (48%). Around a quarter (23%) were unsure. Small providers were less likely than large providers to know what government policy on retrofitting was, and – as found in the qualitative interviews – some felt that this was because they were missed out from government communications, or that they receive little support to engage more on policy issues.

There were around a third (34%) of providers contacted that had heard of the SHDF, but levels of awareness varied considerably. While awareness was relatively low, the majority (78%) of providers were quite likely to apply (48% 'very likely' and a further 29% 'fairly likely').

It was found that a number of factors were felt to impact providers likelihood to apply to the fund. These broadly fell into three categories; the application process itself e.g., how long they had to apply, whether they would meet the eligibility criteria of the fund and the amount of money that will be made available i.e., how much match-funding they might need to provide themselves. BIES state that it is crucial that this information is provided upfront in a clear and detailed manner.

The report states that it is clear that providers welcomed the inclusion of a TAF in regards to the SHDF, with 90% of those surveyed reporting that they would likely seek support from this facility. When providers were asked what type of support would be beneficial to applying to the fund, answers broadly fit into two categories; support to address a lack of technical knowledge and skills, and support with the application process itself. On the whole, large and medium providers were more concerned about the application process and wanting to know how to submit a good application likely to succeed, whereas smaller organisations seemed to want and need more wholescale support and advice.

## APSE Comment

The political focus on net zero has resulted in local authorities declaring climate change emergencies and as such has placed a greater emphasis on councils decarbonising their housing stock to achieve targets set at a strategic level. The BIES commissioned research demonstrates this by reporting that 61% of local authorities have a specific energy improvement target.

The research highlights that knowledge of housing stock is a key step in decarbonising homes. Therefore, it is important for local authorities to not only know the age and condition of the stock but also have an understanding of the EPC and SAP rating.

The APSE State of the Market Survey for building maintenance conducted in 2021 found a 21.24% increase, compared to the 2019 survey, of respondents who reported that they would see an increase in workload within the service, with the main reason for this increase being attributed to councils undertaking retrofit programmes. There was also 82.35% of respondents stating that their authority had a plan in place to retrofit and one of the main drivers for this was to meet climate change objectives.

APSE welcomes the acknowledgement by BIES that support is required for social housing providers to access funding and develop energy performance plans. This aspect of the process can be complex and for organisations that do not have the relevant skills in place it can present a barrier to decarbonising housing stock.

On a final point, retrofitting and the ongoing maintenance of green technologies requires a different skill base than that which currently exists in the workforce. APSE has previously called upon Government to produce a national labour strategy to support the expansion of the construction industry, recognising the current capacity constraints on delivery due to factors such as the availability of skilled workers, and the need for new green skills to support the transition to a sustainability and low carbon economy.

APSE Housing, Construction and Building Maintenance Advisory Group is a forum where local authorities can share learning on how other authorities are progressing with the decarbonisation of their housing stock. In addition, any APSE member council can join the APSE Climate Change and Renewables Network using this link.

In addition, APSE Energy is designed to bring councils together to share information, ideas, resources, best practice, and to support local energy projects. Working together enables APSE Energy members to exchange knowledge and maximise the opportunities for local authorities who are working on the green energy agenda. Currently, around 120 councils are members of APSE Energy. To learn more or get involved, contact energy@apse.org.uk

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