

Andy Deacon, Director, Future Climate Notes from a speech on financing retrofit to the event: “Leaseholders and refurbishment- overcoming the legal, practical and policy challenges.”

Organised by Oxford University Faculty of Law and Future Climate

Venue: Church House Westminster, Deans Yard, Westminster, London, SW1P

9am-1pm Friday 30th June 2017

Single Measures

- Long history in the UK now of funding retrofit works through an obligation on energy suppliers to deliver energy efficiency measures/carbon savings as part of the conditions of their supply licence
- Has taken many forms - CERT, CESP, ECO - now a much smaller obligation - a socialised cost borne by all bill payers - David Cameron's comments about "green crap" - level of funding available now, is order of magnitudes lower than it has been in the past
- Has funded large numbers of CFL lightbulbs, but also lots of loft and cavity wall work and boiler replacements - on blocks as well as individual homes
- Focus on alleviating fuel poverty - small amount for innovative - flex mechs 10%
- Also have seen deployment of solar through FIT and heat pumps, solar hot water etc through RHI

But not the only funding solution - for more complex packages of measures/longer-term finance

- For single measures - Can of course buy direct from equipment suppliers/energy suppliers and pay through consumer credit - e.g. boilers and windows/doors
- Have seen private contributions via the green deal scheme
- Local authority and social housing provider own funds for asset management and repairs and maintenance

- Some individual Pay as You Save schemes run by LAs and social landlords
- Heard from David about loan schemes at low interest rates/interest free
- Equity release (pilot Gov backed scheme in Scotland, HEEPS, lending up to £40k)
- Use of European funding - ERDF - with match from suppliers/public bodies - has funded large scale work, in particular in the social sector - e.g. in Wales Arbed and SW - Ready4Retrofit and ongoing work through now ESIF - large scale programmes in France
- German approach - direct state backed solution - public bank - KfW - long-term low cost finance (without a perf guarantee) - lower interest rate for higher levels of renovation, similar scheme in Brussels

Newer Possibilities - longer term low cost finance

- Green mortgages - LENDERS & UKGBC - plus Euro Mortgage Federation - lower cost mortgage borrowing at time of purchase for EE improvements - reduced risk to lender and lower outgoings for borrower
- PACE possibilities - looking to come into Europe
- Performance guarantees and energy performance contracting in the domestic sector - EnergieSprong has had a mention already - has perf guarantee options, seeing others further afield e.g. Latvia - adopting energy performance contracting (upfront cost repaid through guaranteed energy bill savings) in the domestic sector in multi-family apartment blocks

A real mix - across tenures, types of technology, built form, and an ever changing and ever landscape of available funding. Not easy to assess what may be available and how to access it, let alone how to combine it for best long-term outcome.