

House of Lords Environment and Climate Change Committee

Inquiry into the Boiler Upgrade Scheme

Response from Propertymark

September 2022

Background

1. Propertymark is the UK's leading professional body for property agents, with over 18,000 members working in residential sales, lettings, inventory providers, commercial property, valuers and auctioneers. We are member-led with an executive Board of practicing agents who we work closely with to ensure that we uphold high-standards of professionalism and are able to advocate for legislative change on behalf of the sector.

Context

2. The UK housing stock is amongst the least energy efficient in Europe and the Committee on Climate Change says that energy use in homes accounts for about 14 per cent of UK greenhouse gas emissions.¹ The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 established the Minimum Energy Efficiency Standards which set a minimum energy efficiency level for all domestic private rented properties in England and Wales that are required to have an Energy Performance Certificate (EPC). There is currently a proposal to reduce the minimum EPC rating for rental properties in England and Wales from E to C by 2025. The UK Government has also consulted on introducing a target-based approach for improving the energy performance of mortgage lenders' portfolios. This includes a portfolio average target of EPC band C by 2030 and an assumed maximum spend for improvement works set at £10,000.² The challenge of reducing emissions from the UK's housing stock is going to be huge, but funding schemes such as the Boiler Upgrade Scheme are now starting to emerge. Propertymark continues to urge policy makers to come up with more incentives for the housing sector. Better energy efficiency can reduce bills for tenants, landlords and homeowners and make a property a better proposition to be bought, sold, and rented, but there is not a single solution.

¹ <https://www.theccc.org.uk/publication/uk-housing-fit-for-the-future/>

² <https://www.gov.uk/government/publications/heat-and-buildings-strategy>

Effectiveness of the Boiler Upgrade Scheme³

Propertymark has three main concerns about the effectiveness of the UK Government's Boiler Upgrade Scheme:⁴

- **The application process is too complicated and inflexible** – 25% of Propertymark members who we surveyed said that the application process was too lengthy and complicated. In addition to the perceived small size of the grant, property agents told us that the vast majority of their landlords simply do not believe the scheme is worth applying to.
- **Heat pumps are not suitable for all properties** – in some types of residential properties, there are significant additional costs or restrictions to installing heat pumps. Properties in coastal areas and flats were the most commonly cited, as there is less room to retrofit flats this way and the salty air from the coast can cause erosion in heat pumps.
- **The grants do not cover the cost of installation** – 73% of members who were aware of the scheme did not apply for a grant due to the amount of funding available per house compared to the overall cost of retrofitting private rented property. Additionally, 29% of members who were aware of the scheme stated that they would be willing to use it at a more ideal time, including when the size of the grant covered more of the installation cost.

Improving the Boiler Upgrade Scheme

To improve take up of the scheme the UK Government should:

- **Increase the size of the grant** – this will encourage more private residential landlords and homeowners to upgrade their properties. For example, according to the Energy Saving Trust depending on the size of the property and pump required the average air source heat pump costs around £7,000 to £13,000 to buy and install.⁵ We know from our letting agent members that private landlords consider the installation costs unaffordable even with the current grant funding available.

³ In July 2022, Propertymark conducted a survey of its members which received 113 responses from letting agents. Out of the 113 agents who responded to the survey, only three opted to take advantage of the scheme and just under half were unaware of the scheme's existence.

⁴ <https://www.gov.uk/guidance/check-if-you-may-be-eligible-for-the-boiler-upgrade-scheme-from-april-2022>

⁵ <https://energysavingtrust.org.uk/advice/air-source-heat-pumps/>

- **Develop a national marketing strategy to build awareness for the scheme** – 48% of Propertymark members were unaware of the scheme’s existence. A national marketing strategy will ensure that more landlords, property agents and homeowners are aware of the funding opportunities. A central part of improving the energy efficiency of homes and achieve net zero will be adequately conveying the wider benefits to landlords and homeowners. Aside from helping tackle the climate crisis, benefits of improving the energy efficiency of the nation’s housing stock include the cost savings on household bills.
- **Expand on the type of low carbon heating systems that the grant could be used for** – this will ensure homes can apply for more cost-effective measures if they cannot afford to fully replace their boilers. This will also ensure steps can be taken for properties that are unsuitable for heat pumps to decarbonise.
- **Develop a grant scheme that provides funding based on the energy efficiency requirements of each home** – due the range of housing and property types across the country, a single one-size-fits-all approach is not going to be sufficient to decarbonise housing. This is evident in the low uptake of the programme. In order to avoid the one-size-fits-all approach, the UK Government must introduce a mechanism for landlords and homeowners to understand low-carbon and building renovation plans for their properties. This should be combined with the introduction of sustained finance through grants and delivery programmes.