

1. To what extent is it feasible for all social housing achieving EPC A or equivalent by 2030? With the current funding model, work plan, skills and supply chain, having all social housing achieving EPC A or equivalent by 2020 is not feasible. Having said that, it would technically be possible if multiple of these factors changed.

Each property requires a different level of energy efficient measures and thus a different level of investment to be upgraded to EPC A or equivalent. Some homes require substantial measures and investment which may outweigh the value of the home. For example, a property could be valued at £150k and the upgrades cost £70k. After all measures, the property may only be worth £170k. It will take a long time to recover the total costs of upgrading the energy efficiency. There are other properties with mitigating factors such as being heritage assets or located within a conservation area. For these properties to achieve EPC A will require significant investment that again, will be very difficult to recover. The cost benefit analysis for these projects does not add up.

Another cost consideration is the knock on effect of the replacement of building elements such as windows, roofs, kitchens, bathrooms etc to install energy efficiency measures. These elements are capitalised with payback periods and if they are required to be upgraded before they are due, this will adversely impact the housing associations' financial modelling and budgets. This is not to say that they shouldn't be upgraded, but the deadline of 2030 accelerates many of these routine upgrades that makes it less feasible.

The material cost increases affect retrofit projects but also new build developments. Housing associations have committed to building new homes to EPC A, but the material cost increases has strained financial modelling. If the retrofit energy efficiency upgrades are expected to every home before 2030, the current financial modelling will break without further funding.

Other factors to consider include the logistical difficulties of all housing associations in Wales looking to install largely the same energy efficiency measures to all social houses in the next 7-8 years. We are already experiencing skills shortages and supply chain issues on a small scale and these will be exacerbated when the workflow increases to have all homes meet the target by 2030.

2. What are your views on the need for a new independent quality assurance scheme for housing retrofit measures? How should such a scheme be developed?

In our opinion, there isn't a need for a new independent quality assurance scheme for retrofit measures. We think this would add a layer of complexity that isn't required considering the PAS 2035 standards of TrustMark. There is already an industry accepted quality standard. It may be worth slightly altering PAS 2035 to reduce cost and reduce complexity for those looking to meet these standards.

3. How can the financial challenges facing social landlords, particularly in recouping a proportion of the financial saving from energy efficiency measures, be addressed?

The financial challenges, particularly recouping proportion of the financial saving, are significant. If the energy efficiency measures have been installed on a poorly performing

home (e.g EPC E,F or G) there will most likely be a significant cost to installing these upgrades.

Residents may have chosen not to heat their home because of affordability when it was inefficient, but with the upgrades they choose to spend the same amount but have their home more comfortable.

It would most likely not be possible for housing associations to increase rent on homes because of the improved EPC rating in an attempt to recoup potential savings, considering the increase in energy prices and cost of living crisis.

One possible way the financial challenges could be addressed is by increased monitoring of the energy efficient homes. This will give more of an indication of energy use and resident behaviour rather than measuring energy efficiency with an EPC rating. This would potentially allow savings to be partially recouped as it would show if there have been savings, but residents would be reluctant to 'give up' savings they have. Also, there may be concerns around monitoring behaviour and energy usage in a property.

4. How does funding for decarbonisation programmes need to change to factor in ongoing maintenance and servicing costs and technology costs e.g. for IES, mechanical ventilation, air source heat pumps?

It is not possible for us to add on maintenance costs of the new technologies to service charges as there is already pressure on budgets and on tenants' affordability. The additional costs are included in the financial modelling and absorbed in the standard viability of a new project. Funding in the form of a support grant for the retrofit properties that tapers off over time would be beneficial.