



The Chartered Institute of Building

submission to

The Department of Energy and
Climate Change (DECC)

on the consultation

Future of the Energy Company
Obligation (ECO)

15th April 2014

David Hawkes
Policy and Sustainability Officer
The Chartered Institute of Building
One Arlington Square, Downshire Way
Bracknell, Berkshire
RG12 1WA
e: dhawkes@ciob.org.uk
t: +44 (0)1344 630 735

The Future of the Energy Company Obligation (ECO)

Introduction

The CIOB is at the heart of a management career in construction. We are the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, which we have been doing since 1834. Our members work worldwide in the development, conservation and improvement of the built environment.

We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

Summary of response

We strongly believe that retrofitting the existing building stock is both the greatest challenge and opportunity facing the construction industry today.

We support a commitment to energy efficiency and job creating initiatives as they have the potential (albeit potential not currently being realised) to transform the energy efficiency of the UK's building stock, assist in eliminating fuel poverty, and contribute to a successful and world-leading construction industry and green economy.

Cutting existing energy efficiency programmes is a short-sighted solution to reducing energy bills that also inhibits construction firms, who regard energy efficiency and retrofit as a great opportunity, at the expense of reducing the burden on the major utility companies, who hold energy efficiency in a lower regard. Whilst ECO may have operational flaws, government investment and rhetoric should emanate towards energy efficiency. It is hard to see how the cuts will reduce energy bills in the medium to long-term, and it additionally stifles the growing energy efficiency market.

There is a fundamental flaw in the detail of ECO that requires addressing. We have, unsuccessfully and disappointingly, had no credible response from DECC to our previous correspondence regarding the fact that only Chartered Surveyors can recommend energy efficiency measures and produce reports under the ECO. This prevents other equally qualified and competent building surveyors, including those who are members of CIOB, other professional bodies or indeed those unaligned to any body, from carrying out this work.

We have not responded to all questions; only those deemed most pertinent. Please direct all queries to David Hawkes, Policy & Sustainability Officer at dhawkes@ciob.org.uk or 01344 630735.

Response

Question 1

Do you agree that the 2015 CERO target should be reduced by 33 per cent from 20.9mtCO₂ to 14mtCO₂?

Fundamentally, no, as government estimates have shown the number of badly-insulated houses now expected to receive help by 2017 has fallen to 1.82 million, down from the 2.26 million initially forecast. This leaves more households in fuel poverty, inhibits job growth and results in more CO₂ emissions than initially forecast, potentially threatening carbon reduction targets.

Question 3

Do you agree that underachievement against the CERO target at 31 March 2015 should be able to be carried forward at a penalty rate of 1.1 times the amount of the shortfall?

Yes - if targets are already being cut, then even lower levels of work under ECO should not be supported. We would back a higher penalty rate than the 10% proposed.

Question 4

Do you agree that CSCO and Affordable Warmth targets should remain unchanged for 2015?

Yes.

Question 9

Do you agree that the ECO scheme should be extended from March 31 2015 to March 31 2017?

The extension helps provide more certainty for investment post-2015, albeit not enough to offset the reduction in total targets. We would advise entering discussions with BIS regarding the Government Industrial Strategy for Construction and what measures are required to take the UK's carbon reduction commitments via the construction industry forward.

Question 15

Do you agree that all forms of cavity wall insulation, including standard "easy to treat" cavities installed from April, should be eligible as a primary measure under CERO?

Yes.

Question 16

Do you agree that loft insulation which is installed from April 2014 should be eligible as a primary measure under CERO?

Yes.

Question 17

Do you think it would be appropriate to make provision to ensure that low income and vulnerable households benefit from the delivery of loft and easy to treat cavity wall insulation under the 2017 CERO target? Please provide views on any appropriate mechanism by which to do this.

It is not appropriate for those who are able to pay to benefit from free low cost measures, so we support the approach to allow low income and vulnerable households to benefit. In fact, limiting the CERO easy-to-treat money to only those who are unable to pay would be the best approach.

Question 18

Do you agree that heat networks (district heating schemes) should also become eligible primary measures under CERO from 1 April 2014?

District heating schemes are, in reality, a move away from grid based energy supplied by the large energy companies. For these same companies to install DHS as primary measures under ECO appears contrary to the oft-stated need from DECC and Ofgem to drive competitive change in the energy market. We recommend retaining district heating schemes as secondary measures.

Question 52

Do you have a view on whether measures funded through ECO from April 2015 should be recommended on the basis of a GDAR? In which case, do you have a view on whether Chartered Surveyors Reports should only be used to recommend measures in exceptional circumstances only? And if so, what should constitute an 'exceptional circumstance'?

We believe it is fair to recommend measures based on a Green Deal Advisory Report, provided this does not exclude professionals who are not Chartered Surveyors. Chartered Surveyors Reports themselves are not appropriate and essentially act as a restraint of trade; as we have pointed out to DECC previously, we are severely concerned that the Electricity and Gas (Energy Companies Obligation) Order 2012, and the related ECO guidance from Ofgem, specifies that

only a Chartered Surveyor, with unambiguous reference to the Royal Institution of Chartered Surveyors (RICS), can recommend energy efficiency measures and produce reports under the ECO. This prevents other equally qualified and competent building surveyors, including those who are members of other professional bodies or indeed unaligned to any body, from carrying out this work.

It is vital to make clear that the designation of Chartered Surveyor is not, nor has it ever been, a licence to practice but is instead a professional qualification from a body that operates in a market alongside other relevant bodies, including the CIOB, the Chartered Institute of Building Services Engineers (CIBSE), the Chartered Association of Building Engineers (CABE), the Chartered Institute of Architectural Technologists (CIAT) to name but a few. Suggesting that membership of a single professional body is necessary for work under ECO is anti-competitive and very likely to be a restraint of trade, as it excludes qualified and competent professionals from carrying out this work.

Conversely, and just as importantly, we would also call attention to the fact that many Chartered Surveyors, such as quantity surveyors, estate agents and auctioneers, would have neither the qualifications nor competency to provide a report on such measures.

We have twice written to Greg Barker MP, Minister of State for Energy and Climate Change, and officials at DECC and Ofgem regarding this issue, but are yet to receive a constructive response. One reply from the Minister suggested that those currently unable to qualify to undertake ECO work should instead become members of the RICS, which we do not consider to be an ethical or appropriate course of action. At worst, this is a restraint against professionals, be they CIOB members or otherwise.

The CIOB is a professional body incorporated by royal charter and counts within its membership base of construction management professionals many qualified building surveyors. Chartered membership of the CIOB is awarded upon successful completion of professional examinations and demonstration of appropriate competencies in which knowledge, ability and professionalism are tested at honours degree level (Level 6). CIOB professional qualifications are widely respected in the industry as a designation of expert knowledge and competence in the built environment discipline. The CIOB merged with the former Architecture and Surveying Institute (ASI) in 2003, and members of the ASI subsequently become members of the CIOB. The ASI was a professional body primarily serving building surveyors and, therefore, many professional building surveyors would now regard the CIOB as the natural home of their profession.

We believe that the ECO requires amending to allow qualified, professional building surveyors to undertake assessment and reporting work under the

scheme, effective from 1 April 2014. We are happy to discuss this further as necessary, and to outline that our members, and those associated with other professional bodies, are more than competent to be able to undertake reports and to recommend measures under ECO.

We are happy to be involved in the debate on the ECO as it develops, particularly in terms of ensuring that all relevant professionals are not prevented from being able to undertake work that they are qualified to do. We fully support the need to deliver necessary energy efficiency improvements to the existing building stock and achieve the carbon emission reduction targets.