

KAMMA

Month in Green

April 2023

The latest news and insights on the path to Net Zero for UK property



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Powering Up Britain: Unpacked

A summary of key messages from the UK Government's updated Net Zero and energy security strategy

On Thursday 30th March, the Department for Energy Security and Net Zero (DESNZ) unveiled [Powering Up Britain](#): a series of initiatives that aim to scale up green industries, improve energy security, and deliver on Net Zero targets. The two plans released differentiate between [Net Zero](#) and [energy security](#).



What was announced?

Heat Pump Investment Accelerator

An expression of interest process has been launched for UK registered businesses, aiming to direct investment into UK heat pump supply chain and other strategically important components.

The competition will allocate up to £30 million of grant funding in total. All applicants must express interest by 3pm on Friday 28 April 2023.

[Read more](#)

Great British Insulation Scheme

The scheme is the new name for ECO+, an initiative directing and funding energy suppliers to deliver energy efficiency upgrades in UK homes.

It will target 300,000 of the worst performing homes, such as those in the lower council tax bands and with an EPC of D and below. It will also cover a selective 'low-income group'.

[Read more](#)

Other initiatives

- The [Boiler Upgrade Scheme](#) extended to 2028
- Planning for renewable energy reformed
- £160M allocated to floating offshore wind

[Read the full update](#)



What was missing?

'EPC D-Day' delayed

In 2021, a government [Bill](#) outlining a change to [Minimum Energy Efficiency Standards \(MEES\)](#) was launched. The Bill initially proposed raising MEES to a minimum EPC rating of C for new lets by 2025, and 2028 for all lets.

Despite speculation that a decision on the Bill had been reached, it has instead been confirmed that regulations will be delayed until later this year.

It is [anticipated](#) that it will be amended to extend the deadline for new lets by an additional three years, meaning all Private Rented Sector (PRS) properties will have until 2028 to become compliant if not already.

Our take

Under the new regulations, [2.9 million homes will require improvements at an average cost of £9,872, equalling a total bill of £29 billion](#).

While most tenants welcome new MEES because of the expected impact on energy bills, fuel poverty and property prices, landlords largely oppose the measures, labelling them as imposing unaffordable retrofits on the sector.

Mortgage lenders understand the inevitable action required to decarbonise their back books to meet Net Zero targets, but are concerned about the cost and their capacity to support customers on the retrofit journey.

While MEES hangs in the balance, annual emissions from residential property remains at 81.6 million tonnes. Delayed decisions often lead to complacency, making the job of retrofitting the UK's housing stock more urgent every moment without progress.

Green Finance Strategy: Unpacked

A summary of the key measures impacting property from the UK Government's updated Green Finance Strategy

On Friday 31st March, the [Mobilising Green Investment: 2023 Green Finance Strategy](#) was released. Last updated in 2019, the newest strategy aims to make the UK the world's first Net Zero finance sector while increasing the flow of private investment towards achieving energy security and environmental objectives. The updated strategy mostly argues the case for existing green finance measures, but there were several updates as summarised below.

Green finance taxonomy

A green finance taxonomy in the UK was first proposed in 2021. This refers to a tool designed to help investors understand whether an economic activity is considered 'green' or not, helping them to drive the transition to a low-carbon economy by stimulating private investment.

The Strategy clarified that the UK is progressing with a taxonomy, but reiterated that the plans are in development.

What it means for property

A green taxonomy will incentivise investors to finance retrofits that improve energy efficiency and emissions performance.

For example, real estate investment trusts (REITs) represent a large share of real estate investors. It is anticipated that regulators will require such investors to disclose on taxonomy alignment.

Transition planning

In the wake of promises made at COP26, the government launched the [Transition Plan Taskforce](#) (TPT), a body aiming to create the 'gold standard' of private sector climate transition plans.

The Strategy revealed that a consultation will be launched later in 2023 to ensure transition planning parity between private and listed firms. It also aims to clarify which organisations do and do not need to produce plans.

At present, eligible companies are required to publish a plan later this year, with a further update in 2026 two alongside progress updates due in 2024 and 2025.

The TPT is building on international disclosure standards. Both the largest and listed companies in the UK already have to comply with [TCFD-aligned disclosure requirements on climate risks and opportunities](#).

The upcoming [International Sustainability Standards Board's \(ISSB\) guidance](#) will inform and tighten reporting on climate-related disclosures. These baseline standards will quickly expand to include a broad swath of property-related businesses, so preparation should begin sooner rather than later.

Scope 3 emissions reporting

A new call for evidence will be launched on Scope 3 emissions reporting aiming to understand the costs and benefits of the indicator.

The [Environmental Reporting Guidelines](#), currently a voluntary framework, will also be updated following a trial to include more guidance on how to collect and report data on Scope 3 emissions.

As the UK moves towards Net Zero, voluntary Scope 3 reporting will become a thing of the past. Anticipating mandatory requirements, many of the UK's mortgage lenders, asset managers, housing associations and other property-related businesses including Scope 3 emissions on the path to Net Zero.

[Read the full strategy](#)

News roundup

A monthly update on the key stories and policies driving property to Net Zero

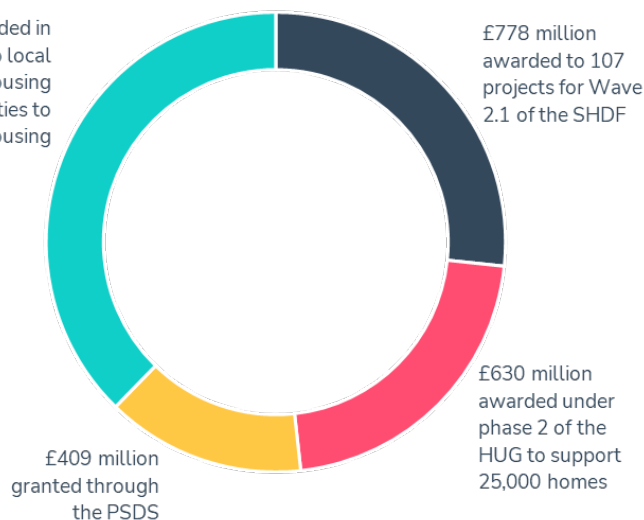
Update on energy efficiency funding

The government has awarded funding to the Social Housing Decarbonisation Fund (SHDF), Home Upgrade Grant (HUG) and Public Sector Decarbonisation Scheme (PSDS) to complete energy efficiency upgrades on social homes and public buildings.

The total investment of £2.5 billion will be rolled out from April 2023 to upgrade homes over the next two years.

[Read more](#)

£1.1 billion awarded in match funding to local authorities, social housing providers and charities to improve social housing



Climate Change Committee (CCC) Adaptation Monitoring Framework

The biennial adaptation report of progress in preparing for climate change as required under the Climate Change Act was sent to Parliament.

Key messages for property include:

- The UK is at risk of missing its goal to decarbonise the power sector by 2035
- The impacts of extreme weather events highlight the UK's critical exposure and vulnerability to physical risks, such as floods and heat-waves
- There is insufficient evidence of increased resilience to climate-related risk across 45 key objectives
- Only five out of 45 key objectives have credible policies in place

[Read more](#)

Commercial MEES take effect from April

From April 1st 2023, landlords cannot continue to let a commercial property that has an EPC rating of F or G under new MEES.

This is the first standard that extends to all commercial leases. The requirements are now enforced by law, and the government is warning property owners about the need to retrofit buildings to avoid fines.

[Read more](#)



Kamma provides insightful analysis that articulates the fastest and most cost-effective decarbonisation strategies for mortgage lenders, letting agents, local authorities, property funds, housing associations and other property-related businesses. We ensure regulatory compliance, manage risk, identify green growth opportunities and qualify green assets

[Get in touch to find out more](#)

Recent publications

A summary of Kamma's key insights, guides, and sector commentary

Delivering the data behind climate-related financial disclosures

Disclosing climate-related financial risk is the accounting challenge of the decade.

In 2021, the UK became the first G20 member to adopt mandatory climate-related financial disclosure requirements. Now, large and listed companies must disclose how they identify, assess and manage climate-related risks and opportunities.

Disclosures with poor property data lead to miscalculated emissions, mispriced assets, and misjudged climate risk. Companies that lag behind in terms of reporting and addressing these issues will be exposed financially, legally and reputationally.

[Read more](#)

Also see Kamma's [ultimate guide on disclosures for property-related assets](#)



Why data is needed to support housing providers with ECO funding

What is covered?

- What is ECO4 and ECO+?
- Why was ECO introduced?
- Who qualifies for funding?
- Why EPC data is insufficient
- How Kamma can help housing associations identify qualifying properties

[Read more](#)

Why letting agents need to be aware of new climate-related financial disclosures

What is covered?

- What should be disclosed
- Who should comply
- Agents and the disclosure of financial emissions
- Why EPC data cannot identify eligible households
- How Kamma can help housing associations identify qualifying properties

[Read more](#)

KAMMA KAST

Episode #8:

[Green bonds with Matteo Bigoni](#)

Climate INITIATIVE Bonds



Available on [YouTube](#),
[Apple Podcasts](#) and [Spotify](#)

Retrofit Explorer Trial

Sign up today for exclusive
free access to Retrofit Explorer

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- Sign up to win prizes



[Sign up](#)

Need more reasons to sign up?

Retrofit Explorer arms mortgage intermediaries with the right information to support customers on the retrofit journey. It answers three key industry questions:

1. What is the cheapest way to get a property to an EPC rating of C or above?
2. How can customers reduce their energy bills?
3. What are the best practice retrofit recommendations?

How it works



1. Search and select a property

We will retrieve the latest EPC data



2. Confirm or edit property information

Make adjustments for improvements made since the EPC assessment and receive an "estimated EPC"



3. Define your goal

We will cycle through up to 200,000 possible combinations of different upgrades to get the best package available



4. Review and refine the retrofit package

Remove or add upgrades to automatically recalculate cost, fuel savings and potential EPC

[Sign up](#)

The trial is designed for mortgage intermediaries (brokers and advisors). Please contact us at support@kammadata.com if you wish to make a referral. See the [Frequently Asked Questions \(FAQs\)](#) for more information.

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How Kamma can help

Kamma works with mortgage lenders, letting agents, local authorities, property funds and housing associations, supporting their drive to Property Zero.

We combine world-leading data collection and address matching with insightful analysis to articulate the fastest and most cost-effective decarbonisation strategies. We ensure regulatory compliance, manage risk, identify green growth opportunities and qualify green assets.



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