



How can the Government frame a Covid-19 stimulus strategy around improved energy efficiency of homes?

The Equity Release Council

The Equity Release Council (the Council) is the representative body for the UK equity release sector, with over 500 member firms and nearly 1,300 registered individuals. Our members include major product providers (including Aviva, Legal & General, Nationwide, Canada Life, LV=, Just, More2Life, Pure Retirement, OneFamily, and Hodge Lifetime), regulated financial advisers, solicitors, surveyors, intermediaries, funders, and other industry professionals.

The Council leads a consumer-focused equity release market by setting authoritative standards and safeguards for the trusted provision of advice and products. It exists to promote high standards of conduct and practice in providing equity release products and advice. Every member is committed to the Council's Standards which complement statutory regulation to provide customers with the highest form of protection for any property-based loan. Since 1991, over 500,000 homeowners have accessed over £30 billion of property wealth via Council members to support their finances.

In 2019 total housing equity withdrawn totalled £3.9bn - although still extremely small compared to the estimate of £1.7 tr housing wealth owned by people over the age of 60 in the UK. Over 85,000 new and existing homeowners used equity release products in 2019 to unlock some of the wealth tied up in their homes. The range of product options has increased 42% over the last year, to surpass 300 product options¹. The average rate reached a record low of 4.48% with two in five products offering rates below 4%.

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The Government's recently announced Green Home Grant is a very welcome introductory measure to encourage individuals to take the necessary steps to improve the energy efficiency of our buildings and homes.

The Equity Release Council (the Council) welcomes the innovative policy development work being carried out to approach the issue of energy efficiency of homes and the focus being given to the need for innovative solutions to encourage homeowners to tackle the topic.

¹ The Equity Release Council Spring 2020 Market Report

In addition to innovative solutions, it is critical that the Government and industry look at how we can help homeowners to release and fund their contribution to energy efficiency. The Government's own [study](#) of the costs to retrofit a home, carried out by BEIS in 2017, showed that the mean cost of upgrading internal wall insulation alone was £7,900, and when measures such as improving double glazing (£6,400), cavity wall insulation (£750), loft insulation (£450), replacing a gas boiler (£2,000), and underfloor insulation (£5,800) are taken into account it is clear to see how these costs will spiral to become unaffordable to the average homeowner. Equity release, therefore, provides an affordable and practical way for older homeowners to pay for some of the larger costs associated with improving the energy efficiency of their home that will in turn deliver savings on energy bills down the line.

Equity release is already frequently used by individuals to fund home improvements, such as making a home more accessible as individuals go through life changes, and so the utilisation of equity release products to improve the energy efficiency of the home is the next logical step as our members develop innovative and cost effective products for the market.

The Government's stimulus strategy must maintain a focus on the environment and what simple and tangible measures individuals can take that both help to improve the energy efficiencies of homes, as well as stimulate the economy. Our members are working hard to deliver products that can help individuals release cash which can then be utilised for home improvements, and we welcome the Green Finance Institutes' recent report on Financing Energy Efficient Building: the path to retrofit at scale, which highlighted the potential for Green Equity Release products being developed to help older homeowners fund necessary works at affordable rates.

The Council would be happy to provide further detail on these initiatives as they are currently being developed by our members.