

DEMOS


# THE TRIPLE DIVIDEND OF HOME IMPROVEMENT

THE ECONOMIC, SOCIAL AND  
ENVIRONMENTAL BENEFITS

A BRIEFING FROM DEMOS, SUPPORTED BY  
CENTRE FOR AGEING BETTER AND DUNHILL  
MEDICAL TRUST

JUNE 2024

 Centre for  
Ageing Better

 Remarkable research  
for healthy ageing  
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Published by Demos June 2024  
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# FOREWORD

The case for a comprehensive nationwide programme to address the poor quality of the UK's homes grows stronger by the day.

Safe and decent homes are the foundations for people to build good lives and have healthier later life outcomes.

In the midst of a General Election campaign, it is important that policy makers recognise the importance of the quality of our housing, not just the quantity of housing. 3.5 million homes in England are a serious threat to their occupants' health and safety because of trip hazards, overcrowding, a lack of adequate facilities, and dangerous levels of cold and damp. This is particularly an issue as people age, with almost one in seven homes headed by someone aged 65 or over being classed as non-decent.

The bleak truth is that our housing stock is the oldest and amongst the poorest quality and least energy efficient in Western Europe, with some of the highest associated health and care costs. The housing stock we have now is inadequate to meet people's needs, and this is only going to get worse as our population ages.

But we believe this does not need to be so and the time is now to invest in our homes. Individually, we will be happier and healthier if our homes are safe. We will be more comfortable and have more money in our pockets if they are energy efficient. Collectively, we can reduce some of the pressure on our health and social care services. We can help to stimulate economic growth by creating new jobs, skills and apprenticeships, as well as new investment opportunities. We can support national action towards meeting New Zero obligations by making our homes more energy efficient.

We urgently need the policy solutions that start delivering these benefits for all in real life.

The Centre for Ageing Better and the Dunhill Medical Trust are working with Demos to engage with government and political parties and to share those policy solutions that will enable more people to enjoy the benefits of a good home, not the costs of a bad home.

**Dr Carole Easton OBE, Chief Executive, Centre for Ageing Better**

**Susan Kay, Chief Executive, the Dunhill Medical Trust**

## THE TRIPLE DIVIDEND BRIEFING SERIES

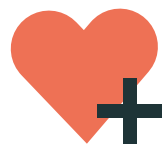
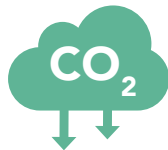
This is the final, composite briefing from Centre for Ageing Better, Dunhill Medical Trust and Demos on the policy opportunities from investing in home improvement.

Each has focused on one of the specific benefits from home improvement: economic, social and environmental. This briefing brings all the key information together from across the briefings.

All briefings can be found online at: [www.demos.co.uk/research](http://www.demos.co.uk/research)

# THE TRIPLE DIVIDEND

**744,283** tons of CO<sub>2</sub> emissions reduced



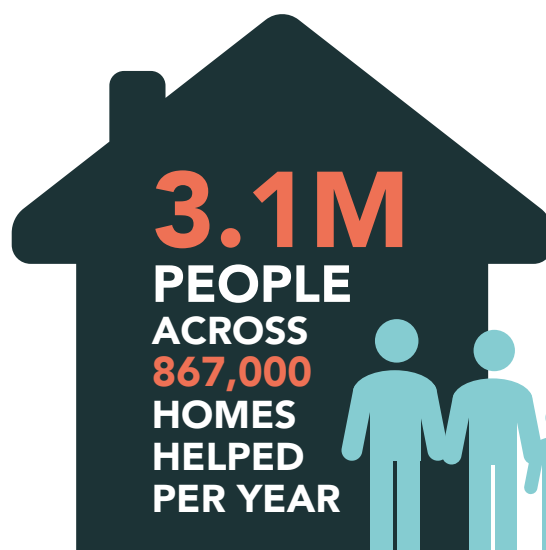
**105,151** additional years of healthy life added per year

**107,488** jobs created or sustained in related industries



**£858m** savings to the NHS through prevention per year

**£10bn** boost to the UK per year



**£5.9bn** of health and wellbeing benefits per year

## WHY DOES THIS MATTER?

### The state of housing in England

81% of the country's housing stock was built before 1990.<sup>1</sup> Although policy makers have focused considerably on building new homes, most people will be living in housing that has already been built.

Unfortunately, for a variety of reasons, the quality of housing is not as good as it should be.

The Centre for Ageing Better's Good Home Inquiry looked into the state of our housing stock. It found that a large proportion of our housing stock is considered to be below the standard acceptable for people to live in. The latest English Housing Survey (2021-22) found:<sup>2</sup>

- 3.4m homes classified are 'non-decent' - around 14% of total housing stock.
- Nearly a quarter of private rented sector homes are non-decent (23%), with the social rented sector had the lowest proportion of non-decent housing (10%). Among owner occupied homes - 13% are non-decent, equating to 2.1m homes (more than the number of non-decent homes in the private and socially rented combined, 1.4m).

Poor quality housing is holding back the UK economy. HM Government's Impact Assessment for the Renters Reform Bill, estimated that the lost economic output from every hazard (e.g. faulty stairs, damp etc.)<sup>3</sup> was around £126 per hazard per year. Overall, our economic output is around £300m per year lower due to hazards within homes.<sup>4</sup> At the same time, the UK is suffering from stagnant growth and low levels of investment.

Our poor housing stock is having a significant impact on our health through homes that are too cold or too hot, killing 17,000 people in the UK in 2018, with deaths more likely to occur among older groups.<sup>5</sup> Overall, one in five excess winter deaths can be attributed to cold homes. Extended periods of time exposed to damp and mould can also exacerbate or even induce respiratory and cardiovascular conditions. This is particularly impacting the older population, with the number of people aged over 75 living in inadequate accommodation increasing by a third between 2012 and 2017.<sup>6</sup>

Our housing stock is becoming a bigger proportion of our overall carbon emissions. In 2019, the residential sector contributed 63 million tons out of a total of 358 million tons of carbon emissions (17.6%). Research by BRE Group suggests that energy demand for residential homes has been stagnant since 2014, after an initial large reduction at the start of the 2010s.<sup>7</sup>

Overall, our economic output is around

**£300m per year lower**

due to hazards within homes.<sup>4</sup>

In 2019, the residential sector contributed

**63 million tons out of a total of 358 million tons of carbon emissions (17.6%).**

1 Centre for Ageing Better, Good Home Inquiry, 2021

2 Department for Levelling Up, Housing and Communities, English Housing Survey 2021 to 2022, 15 December 2022

3 Hazards in the home include, for example, unsafe electrical issues, trip and falls hazards and/or an inability to heat the home to an adequate temperature. The most serious of these are classified as a Category 1 hazard and it is these that form the basis of our calculations.

4 Demos et al, The Triple Dividend of Home Improvement: Part One, 2023

5 Centre for Ageing Better, Good Home Inquiry, 2021

6 Centre for Ageing Better, Good Home Inquiry, 2021

7 Demos et al, The Triple Dividend of Home Improvement: Part Three, 2023

# THE HOME IMPROVEMENT OPPORTUNITY

Home improvement covers many types of interventions. We define home improvement as all improvements to the home made with the intention to ensure that people's homes are safe, warm and allow people to live independently. This would include infrastructure repairs, insulation, energy efficiency measures, age-friendly adaptations and accessibility improvements, for example. However, it would not include extensions or renovations that purely seek to improve the aesthetics or monetary value of a property. Creating safe, warm and liveable homes can have a significant positive impact on our economy, society and the environment.

Working with Centre for Ageing Better and Dunhill Medical Trust, Demos has developed three briefing papers that outline how through a pragmatic approach to investing in home improvement we could generate significant benefits for the UK.

These look at:

**1** Economic benefits - through creating jobs and investment in the UK

**2** Social benefits - through improving health and wellbeing of the UK

**3** Environmental benefits - through reducing our carbon missions

Table 1 outlines the benefits that could be created through targeted policies to improve the quality of UK homes.

**TABLE 1**  
**THE TRIPLE DIVIDEND:**  
**SUMMARY OF KEY ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS**

	HOW?	POTENTIAL BENEFITS
<b>Economic</b>	<p>Improving the productivity</p> <p>Leveraging investment from households and investors</p> <p>Creating jobs to retrofit homes and in supply chains</p>	<p><b>£10bn</b> boost to the UK per year</p> <p><b>107,488 jobs</b> created or sustained per year in related industries</p>
<b>Social</b>	<p>Fixing hazards and improving the thermal comfort of homes<sup>8</sup></p> <p>Preventing ill health to reduce demand for acute public services</p> <p>Increasing disposable income through boosting income and reducing the cost of heating homes</p>	<p><b>105,151</b> additional years of healthy life added per year</p> <p><b>£5.9bn</b> of health and wellbeing benefits per year</p> <p><b>£858m</b> savings to the NHS through prevention per year</p>
<b>Environmental</b>	<p>Reducing carbon emissions through improving energy efficiency</p>	<p><b>744,283</b> tons of CO2 emissions reduced per year - 1.3% of residential sector greenhouse gas emissions</p> <p><i>Equivalent to:</i></p> <ul style="list-style-type: none"> <li>• Taking 463,892 cars off the road</li> <li>• Planting 650,000 trees</li> <li>• 750,000 flights from London to New York</li> </ul>

<sup>8</sup> Here we are referring to the thermal comfort - the ability to heat a property to an adequate temperature through effective heating systems and sufficient insulation to retain the warmth generated.

# THE ECONOMIC DIVIDEND

Research has found that there are significant opportunities for job creation in home improvement. Jobs in this sector have been under pressure in recent years. Parity Projects, for example, estimates that over 150,000 people are employed in trades relevant to retrofitting homes, down from a high of 250,000 in 2008.<sup>9</sup> This means that there is significant opportunity to 'catch up' with previous economic performance and create skilled jobs. IPPR's *All Hands to the Pump* found that over 300,000 jobs could be created by 2035 in retrofitting homes to improve their energy efficiency.<sup>10</sup>

Home improvement has a strong positive economic multiplier effect. Research by the Fraser of Allander Research Institute at the University of Strathclyde on the economic benefits of stimulating home improvement and repairs in Scotland found that for every £1 invested, £2 was generated in economic benefits.<sup>11</sup> The research showed that the benefits in this sector were higher than in other parts of the construction sector (e.g. house building) because labour costs (e.g. wages) were a much higher proportion of overall expenditure giving greater potential for positive spillover effects (i.e. spending on home improvement goes directly into wages and to self-employed tradespeople who are more likely to spend the gains directly into the economy than those businesses which benefit from house building and spend a lower proportion of the gains into the economy).<sup>12</sup> This is likely to be true in the rest of the UK.

Research by the BRE found that a 10-year programme to remove Category 1 (high risk) hazards within UK homes could generate £22bn in economic and social benefit to the UK through improving health, educational attainment, wellbeing and productivity as well as reducing the cost of delivering public services.<sup>13</sup> It further estimated that a programme of this kind would generate over £1.5bn in economic output through repair and maintenance work over that period. Based on the evidence from Scotland, this would be equivalent to creating or sustaining around 31,500 jobs.

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**£22bn in economic and social benefit to the UK**

through improving health, educational attainment, wellbeing and productivity as well as reducing the cost of delivering public services.<sup>13</sup>

9 L. Laine, Net Zero Housing Workforce, 28 January 2020

10 IPPR, All Hands to the Pump, July 2020

11 Fraser of Allander Research Institute, The economic, social and environmental benefits of stimulating repairs and improvements to the Scottish built environment to aid a green recovery from Covid-19, February 2021

12 Ibid.

13 H. Garrett et al, The Cost of Ignoring Poor Housing, July 2023



# THE SOCIAL DIVIDEND

There are three ways that housing can affect health outcomes:



## QUALITY AND CONDITION OF HOUSING

The physical characteristics of homes have been linked to health outcomes such as respiratory issues, physical pain and headaches, particularly affecting children.



## STABILITY AND SECURITY

The extent to which people have control over their lives in their homes can affect their mental and physical health, for example, lowering (or increasing) stress.



## AFFORDABILITY

Poor quality housing can reduce the disposable income of households, reducing their ability to spend on activities or food that can improve their physical and mental health.

Cold homes can create health problems and diseases from increased blood pressure to increases in the number of instances of colds, heart attacks and pneumonia.<sup>14</sup> 17,000 people died in 2018 because they could not afford to heat their homes properly<sup>15</sup> - this is equivalent to 3% of all deaths that year.<sup>16</sup> Cold homes negatively impact older people in particular, with 91% of cold-related deaths in Wales being amongst people aged over 65.<sup>17</sup> It is likely to be the same across the United Kingdom.

Poor quality housing can cause illness and injuries that create demand for public services. For example, a fall could lead to a hospital appointment and potential surgery to correct the injury. BRE's research found that on average fixing each hazard saves the NHS £425 per year through reducing demand for services.

**In total, fixing these Category 1 hazards could generate over £1bn in savings to the NHS equivalent to the costs of training 20,000 nurses.<sup>18</sup>**

Poor quality housing can create significant additional costs, for example, paying more in energy bills due to poor insulation or creating health problems that restrict the ability of those living in the household to go to work. BRE's research found that the additional home energy costs for homes with excess cold hazards in England was nearly £800m per year.<sup>19</sup> Fixing a typical home with Category 1 excess cold hazards could save households up to £962 per year.<sup>20</sup> This is a similar finding to research by Citizens Advice, which estimated higher costs to the least energy efficient homes at £950 per year.<sup>21</sup>

Fixing a typical home with Category 1 excess cold hazards  
could save households up to **£962 per year.**<sup>20</sup>

14 Centre for Sustainable Energy, Cold homes and health, 16 May 2023

15 Centre for Ageing Better, The Good Home Inquiry: Good homes for all, September 2021

16 Office for National Statistics, Deaths registered in England and Wales: 2021 (refreshed populations), 27 January 2023

17 Public Health Wales, Making a difference: Housing and Health - A case for investment, 2019

18 Civitas, Supplying the Demand for Nurses The need to end the rationing of nurse training places, November 2015

19 H. Garrett et al, The Cost of Ignoring Poor Housing, July 2023

20 H. Garrett et al, The cost of poor housing in England by tenure, March 2023

21 Citizens Advice, Damp, cold and full of mould: The reality of housing in the private rented sector, February 2023

# THE ENVIRONMENTAL DIVIDEND

Although it is important we create high standards for the future development of homes, most of the homes that will exist in 2050 already exist today, and these homes account for nearly 20% of current carbon emissions.<sup>22</sup>

The residential sector is becoming an ever more important part of the UK's carbon footprint. In 2012, 15.3% of the UK's carbon emissions were from the residential sector. In 2019, 17.6% of the UK's carbon emissions were from the residential sector.<sup>23</sup>

Home improvement is essential if we want to be able to achieve Net Zero. The Committee on Climate Change's most recent report to Parliament on the progress in carbon emissions found that whilst "limited progress" had been made in reducing emissions in buildings (including residential buildings), "the rate of reduction needs to accelerate by a factor of two or three."<sup>24</sup> Moreover, the Committee has found that reduction in residential sector emissions was "not on track" with 77% of the required emissions reduction either at significant risk or with insufficient plans for delivery.<sup>25</sup>

Home improvements can have a significant impact on carbon emissions. The average EPC D home generates 4 tons of carbon emissions every year.<sup>26</sup> However, external or solid wall insulation can reduce carbon emissions by 1.4 tons.<sup>27</sup> Loft insulations can reduce carbon emissions by 125 kg per year.<sup>28</sup> Heat pumps can reduce carbon emissions by around 2.4 tons a year on average.<sup>29</sup> Double glazing for windows can reduce carbon emissions by 405 kg per year.<sup>30</sup>

The Warm Front Scheme, a large energy efficiency scheme which ran between 2000 and 2013, led to

**1.9m ton reduction in carbon emissions**

in its initial eight years, equivalent to a cost of **£1,101 for every ton of carbon removed.**<sup>31</sup>

However, there is still significant work that needs to be done. In 2019, half of all homes lacked wall insulation and/or full loft insulation according to BRE Group research.<sup>32</sup> The same research found that one in seven homes still had at least some single glazed windows.<sup>33</sup> Less than 1% of homes in England had heat pumps.<sup>34</sup>

22 Centre for Ageing Better, The Good Home Inquiry: Good Homes for All, September 2021

23 Department for Energy Security and Net Zero, Provisional UK greenhouse gas emissions national statistics, 2023

24 Committee on Climate Change, Progress in reducing emissions: 2023 Report to Parliament, June 2023

25 Ibid.

26 Savills, Operational carbon - a focus on energy efficiency, 23 April 2021

27 Westville, Does Insulation Help the Environment? Facts & Figures, 18 March 2022

28 Ibid.

29 EDF, Lower your home's carbon footprint with an air source heat pump, accessed September 2023

30 Energy Savings Trust, Windows and Doors, accessed September 2023

31 Department for Energy and Climate Change, Carbon dioxide emissions savings from the Warm Front programme, 13 October 2011

32 BRE, Decarbonising heat in Britain's buildings, December 2022

33 Ibid.

34 Department for Levelling Up, Housing and Communities, English Housing Survey: Energy Report, 2020-21, July 2022

# THE SOLUTIONS

## STRATEGY, ACCOUNTABILITY, FINANCE AND INVESTMENT

We know that it is possible to develop effective policies to increase investment in home improvement because the UK has had a number of successful policy interventions in recent decades.

In broad terms there are four policy levers which policy makers can deploy to increase the quality of UK housing stock and boost home improvement: Strategy, Accountability, Finance and Investment.

### 1. Coordination and Strategy

The UK has no minister or public body focused on coordinating the public, private and social sectors on home improvement. There is no clear strategy or plan for improving the quality of our homes.

Making a single Minister accountable for the development of a home improvement strategy, could quickly galvanise public, private and social sector investment and action to improve the quality of our homes.

Existing strategic bodies, such as Integrated Care Systems in England, which oversee health and care at a local level, have budgets of over £113bn a year.<sup>35</sup> If they were also tasked with working with partners to support local home improvement schemes, the benefits and cost savings in health and social care could be significant.

At a local level, everyone should have access to a comprehensive service – such as Good Homes Hubs<sup>36</sup> - that can coordinate various interventions and provide people with access to advice and support to make it as easy as possible for people to make improvements to their homes.

### 2. Accountability and standards

Homes England, the public agency with a £16.4bn budget over the next five years, has no obligation to consider the quality of existing homes - missing opportunities to match public and private sector investment

<sup>35</sup> National Audit Office, *Introducing Integrated Care Systems: joining up local services to improve health outcomes*, October 2022

<sup>36</sup> A Good Home Hub is a model developed by the Centre for Ageing Better that incorporates independent advice and support, provision of or signposting to appropriate financial support, and identifying trusted traders to carry out works.

into home improvement. Homes England should be empowered to look beyond home building, to what can be done to transform the UK's poor-quality existing homes.

The Decent Homes Standard has also not kept pace with changes. Accessibility, for example, an important way that we can help people to lead independent lives and reduce costs to the NHS through falls, is not part of the Decent Homes Standard.

We also lack the appropriate enforcement of existing standards in the public, private and social sectors. Local authorities' budgets have been cut which means that standards have not always been enforced. If these could be more effectively enforced, it would create pressure on organisations to improve homes and leverage further investment.

### **3. Access to finance**

Home improvement is a big economic opportunity for the UK, but it requires substantial investment both public and private. The UK government can leverage that investment through creating schemes that provide certainty and stability for investors, without excessively risking public funds. This in turn can make financing more accessible and acceptable to individual homeowners. In addition to international schemes from countries like Germany (KfW loans) and the Netherlands (Homeownership Guarantee Fund), the UK can look at the success of loan guarantee schemes during the pandemic which can provide the opportunity for financial institutions to provide the capital needed to improve the UK's housing stock.

### **4. Targeted investment**

Some households will simply not have the money they need to improve their homes, even if the amounts are relatively small. A 2021 briefing paper from BRE found that the average cost to rectify Category 1 hazards, those that can cause the most serious harms, was £3,780.<sup>37</sup> Targeted investment, building on the success of previously successful schemes such as Warm Front and existing schemes such as the Disabled Facilities Grant, could improve tens of thousands of homes.

Government could also explore tax reliefs (such as Stamp Duty or Council Tax) for those households that invest in specific types of home improvement to stimulate demand and create incentives for people.

37 H Garrett et al 2021 'The cost of poor housing in England' BRE

# POLICY SOLUTIONS

Working together, Demos, Centre for Ageing Better and Dunhill Medical Trust have developed a number of policies which can be developed by government, for modest overall cost, but which could significantly improve the quality of the UK's housing stock and unlock investment from households, private landlords and investors.

POLICY SOLUTIONS		COST & INCOME SOURCE
<b>COORDINATION AND STRATEGY</b>		
1. Set out a cross-government housing strategy with a ministerial champion to implement it.	Developing a cross-government strategy would provide policy certainty for private and social sector housing providers increasing investment as well as encouraging investment in the supply of home improvement capacity in relevant trades and businesses.	Minimal cost and can be funded within existing DLUHC budgets
2. Empower Homes England with a clear mission to improve high risk homes (e.g. category 1) and ensure investment flows alongside new strategic commitment through use of existing underspends	Homes England is a major investor in the housing sector, with a budget of over £5bn in 2021/22. Diverting present underspends into home improvement could unlock hundreds of millions of pounds per year into home improvement.	Underspend in Home England's budget (£499m in 2021/22)
3. Develop local 'Good Home Hubs' to provide a 'one-stop shop' for a range of home improvement, retrofit and energy efficiency schemes	A Good Home Hub would provide independent advice and support to people on home improvement; carry out independent assessments and signpost appropriate financial support as well as identify trusted traders to carry out works.	£150m cost per year and could be funded from within Community Infrastructure Levy (circa £1bn revenue per annum)
4. NHS England, local authorities and Integrated Care Systems (ICS) must include housing to improve population health and address health inequalities	Integrated Care Systems have a budget of around £113bn - with the recent Hewitt Review recommending a target of 1% investment in prevention within ICS areas.	Minimal cost and can be funded within existing ICS budgets

POLICY SOLUTIONS		COST & INCOME SOURCE
<b>ACCOUNTABILITY AND STANDARDS</b>		
5. Develop a robust Decent Homes Standard that is enforceable in private and social housing and includes digital connectivity and accessibility standards	Developing a robust and enforceable standard in private and social housing that eliminates Category 1 hazards within homes would remove over 800,000 hazards	Minimal cost to government and consultation and change can be funded within existing DLUHC budgets
<b>ACCESS TO FINANCE</b>		
6. Provide low-cost government-backed loan guarantees to improve homes and convene social investors and consumer finance sector to develop products to encourage and incentivise homeowners and landlords to improve their home	A loan guarantee scheme for home improvement could unlock affordable finance for owner-occupiers, who are more likely to utilise this kind of scheme.	£100-200m per year paid for through profits generated by the British Business Bank
<b>TARGETED INVESTMENT</b>		
7. Provide Home MOTs - Home safety assessment and referral scheme, preventing falls and accidents at home and increasing the information available to households in relation to minor improvements	In conjunction with Good Homes Hubs at a local level, Home MOTs would provide a way for households to identify their repair needs, the benefits of improving their homes and the potential costs.	Paid through Good Homes Hubs (see above)
8. Invest in an Awareness Raising Campaign (in collaboration with civil society and experts) on the benefits of home improvement for energy and health	<p>A challenge to ensuring take up of schemes will be awareness. Many households are not aware of the benefits that can be generated through home improvement.</p> <p>Complementing the development of Good Home Hubs will need to be a national awareness raising campaign.</p> <p>This would need to be coordinated at a local level, through Good Home Hubs, with civil society, businesses and other experts.</p>	£25m per year paid through DLUHC and DESNZ underspends (£2-3bn in 2021/22)

POLICY SOLUTIONS		COST & INCOME SOURCE
<p>9. Expand the Disabled Facilities Grant into a Home Adaptations Grant to cover a wider range of at-risk households and hazards to help those that are unable to take out loans or afford to make improvements themselves.</p>	<p>The Disabled Facilities Grant is a mandatory grant to pay for essential adaptations to give disabled people better freedom of movement into and around their homes and give access to essential facilities within the home. It is currently means tested to ensure that it helps those with the greatest levels of vulnerability. However, there are many individuals that are in need of urgent home improvements or living in poor quality conditions that are damaging their health and wellbeing. Expanding the eligibility criteria for this grant to cover vulnerable people in poor physical and mental health and at risk of disability could generate significant benefits.</p>	<p>£300m per year paid through DLUHC and DESNZ underspends (£2-3bn in 2021/22)</p>

The full economic, social and environmental benefits of each specific policy can be found in the relevant briefing document.

## CREATING GOOD HOME HUBS TO BUILD THE INFRASTRUCTURE TO IMPROVE HOUSING

Housing is the confluence of a range of policy challenges including energy efficiency, digital connectivity, water efficiency, accessibility and improving public health.

We have seen governments periodically implement policies to improve the quality of housing, however, these often tackle a single issue. For example, the most recent Green Homes Grant Voucher Scheme aimed to improve the energy efficiency of homes.<sup>38</sup> However, it did not address the hazards, digital connectivity or water efficiency of housing in England. Similarly, the government has put aside £210m for households and businesses to get access to 'gigabit' broadband and improve digital connectivity.<sup>39</sup> The UK is also facing considerable pressure on its water supply, with water companies highlighting the need for greater restrictions on householding consumption which could impact the mental and physical health of communities.<sup>40</sup> We also need to make hundreds of thousands of homes more water efficient through the installation of smart meters and water efficient appliances.<sup>41</sup>

Over the coming years we are likely to see a variety of schemes developed that seek to improve the quality of UK housing but the danger is that these schemes try to achieve this in isolation rather than tackling the problems comprehensively. This is where the lack of a clear housing strategy is hampering policy makers.

Older homes which are likely to be energy inefficient are also likely to have problems with water efficiency, accessibility and digital connectivity. The risk is that separate schemes mean that we significantly increase the cost of tackling these challenges. The cost of administering the Green Homes Grant Voucher Scheme, for example, was £50m - around 16% of the total costs of the overall policy.<sup>42</sup> The organisational costs of rolling out energy smart meters was estimated by the government at £280m for an intervention that was significantly less complicated than retrofitting an entire home.<sup>43</sup> Proposals have been put forward by water companies to install 8m smart water meters across the country, estimates of the cost being around £2bn.<sup>44</sup> Based on the cost of installing smart energy meters, this could lead to another £40m in administrative and organisational costs alone. This does not take into account a variety of other schemes that may be introduced to address accessibility issues and digital connectivity in the future.

Improving the condition of our homes is something that every government will need to consider and we should aim to improve the overall condition of our homes rather than looking at this in a piecemeal fashion. We need to put in place a permanent infrastructure that can maintain policy stability and provide a "one-stop-shop" for households, landlords and government agencies to partner with in the delivery of programmes.

As Table 2 shows the UK faces significant costs in order to improve housing standards. Looking across just four areas - fixing hazards, energy efficiency, water efficiency and accessibility - the cost of changes could run into the hundreds of billions of pounds over the next twenty-five years.

The danger is that each of these schemes will be developed in a piecemeal fashion with individual schemes created to look at different aspects of these challenges rather than putting in place a comprehensive infrastructure, such as Good Home Hubs, that can deliver all these schemes and engage with homeowners, landlords, social housing providers and investors to improve the overall quality of homes. At the highest end, the cost of running these schemes could run at £1.75bn a year.

This is why we have advocated a different approach, a low intensity and consistent policy of investment, rather than a 'big bang' of piecemeal initiatives. In our policy solutions, through working within existing programmes and developing comprehensive infrastructure in spreading the use of Good Homes Hubs across the country, we have sought to reduce the administrative costs as far as possible.

This also does not take into account the impact on people from having to deal with multiple agencies with different schemes and the confusion that can be caused through different campaigns and awareness raising initiatives.

38 Department for Energy Security and Net Zero, Evaluation of Green Homes Grant Voucher Scheme (GHGVS), June 2023

39 <https://gigabitvoucher.culture.gov.uk/>

40 Demos, Addressing the UK Water Dilemma: Public attitudes on the UK's water resilience, October 2023

41 Demos, Flowing Forward: Safeguarding the UK's Water System, December 2023

42 Department for Energy Security and Net Zero, Evaluation of Green Homes Grant Voucher Scheme (GHGVS), June 2023

43 Department for Business, Energy and Industrial Strategy, Smart Meter Roll-Out: Cost-Benefit Analysis (2019), September 2019

44 Smart Energy International, Smart water metering a key for Britain's future water sector, 6 October 2023



**TABLE 2**  
**COST OF IMPROVING HOUSING IN THE UK**

IMPROVEMENT AREA	COST	SOURCE
Fixing Category 1 hazards in homes	£29bn	BRE - Cost of Ignoring Poor Housing - July 2023 <sup>45</sup>
Cost of making all homes energy efficient (C rating or higher)	£330bn	Savills - Financial Times, November 2021 <sup>46</sup>
Cost of making homes water efficient	£83bn <sup>47</sup>	Environment Agency - Sustainable Homes - the financial and environmental benefits, June 2005 <sup>48</sup>
Cost of making 400,000 homes suitable for wheelchair users who are currently in unsuitable homes	£6.5bn	Personal Social Services Research Unit - The Hidden Costs of adapting the homes of older and disabled people - May 2018 <sup>49</sup> & Centre for Ageing Better, September 2023 <sup>50</sup>
<b>TOTAL</b>	<b>£448.5bn</b>	
Administration cost (low)	£390m per year over 25 years	<i>Assuming rollout similar to smart meter programme</i>
Administration cost (high)	£3.1bn per year over 25 years	<i>Assuming roll out similar to Green Homes Grant Voucher Scheme</i>
Administration cost (medium)	£1.75bn per year over 25 years	<i>Average between two</i>

We need a sea-change in approach to the delivery of home improvement by putting in place a permanent infrastructure for home improvement rather than treating these issues on an ad-hoc basis.

This is why we need a cross-government strategy for improving the quality of our housing stock backed up through the development of new infrastructure such as Good Homes Hubs that can permanently administer the improvement in our housing stock.

This will provide the most cost-effective way to deliver policies that can improve the quality of our homes, make it easier for people, landlords, social housing providers and other stakeholders to engage with local and central government to improve the condition of our homes.

45 H. Garrett et al, The Cost of Ignoring Poor Housing, July 2023

46 Financial Times, '£330bn bill to make UK homes energy efficient', November 2021

47 Uprated for inflation

48 Environment Agency, Sustainable homes - the financial and environmental benefits, June 2005

49 Personal Social Services Research Unit, The Hidden Costs of adapting the homes of older and disabled people, May 2018

50 Centre for Ageing Better, Accessible homes are a matter of social justice, 8 September 2023

# CONCLUSION

Investing in home improvement is likely to have a large positive impact on our economy, the health and wellbeing of our population. This is the 'Triple Dividend' that should be in every manifesto this election.

These are exactly the type of policy interventions the UK needs in the midst of economic and fiscal uncertainty whilst huge social and environmental challenges remain.

Previous UK government investments in housing have not only created jobs and boosted wages, but also improved productivity and human capital - key drivers of growth. We can be confident that increasing investment will generate positive economic returns. Studies in Scotland, for example, have shown that the labour-rich nature of the home improvement sector creates a strong multiplier effect for investment.

There is also strong evidence that investing in home improvement would significantly improve the country's health through improving access for older people and those with disabilities, reducing falls and accidents at home, improving the conditions for people with respiratory conditions and improving mental health and wellbeing. Improving the quality of our homes is essential if we are serious about overcoming the 'polycrisis' in health and care of worsening health, an ageing population and growing demand for services.

As we have noted in this briefing, an increasing proportion of our emissions are coming from our homes. Now that we are switching from coal and gas towards renewable energy, we need to ensure that energy is being used efficiently in our homes. Improving our housing stock would not only reduce bills but will take millions of tons of carbon dioxide out of the environment, improving air quality and contributing to reducing the climate crisis over the coming decades. There is no road to Net Zero without improving our housing stock.

The UK has successfully upgraded millions of homes before.

**There is no excuse for not achieving this Triple Dividend.**

Through the right combination of public, private and social sector action, we can improve the lives of millions of people, save significant public money, create new jobs and skills and meet our commitments to the environment. The policies outlined in this paper and in our briefing series are pragmatic and achievable.

It is now up to policy makers to make the right decisions and to use the evidence at their disposal to put a serious plan in place to improving the quality of our homes.

A new government is an opportunity for a fresh approach to housing. The country cannot afford to ignore this issue for another five years.

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At a crossroads in Britain's history, we need ideas for renewal, reconnection and the restoration of hope. Challenges from populism to climate change remain unsolved, and a technological revolution dawns, but the centre of politics has been intellectually paralysed. Demos will change that. We can counter the impossible promises of the political extremes, and challenge despair – by bringing to life an aspirational narrative about the future of Britain that is rooted in the hopes and ambitions of people from across our country.

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PUBLISHED BY DEMOS JUNE 2024  
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