

A photograph of a family of three—a woman, a man, and a young child—sitting on a light-colored rug in a room filled with cardboard boxes. The woman is on the left, wearing a white t-shirt and a headband, smiling as she looks at the child. The man is on the right, wearing a white t-shirt and blue jeans, holding a green paint roller and looking down at the child. The child is in the center, wearing a white shirt and denim overalls, smiling and holding a paintbrush. The room is brightly lit, with a window in the background showing greenery outside. A large potted plant is visible on the right side of the frame. The overall atmosphere is one of a happy family engaged in a home improvement project.

Building for the future:

**Enhancing Resilience and
Meeting Evolving Needs**

Foreword



Tara Foley
CEO AXA Retail

AXA's purpose is to 'protect what matters' and in these increasingly uncertain times this has become more important than ever.

As a leading home insurance provider in the UK, we believe our homes are key to protecting what matters. Sustainable, well-designed, resilient homes can improve the quality of people's lives, help keep energy bills down, and by being more energy-efficient we can meet our net zero targets and prepare for the demands of the future.

The rising cost of living, higher mortgage payments, and increased energy bills are impacting everyone, so we know this is front of mind when customers are shopping for insurance. To suit evolving needs and budgets, we need to continue innovating and developing flexible products. For example, our new 4 star home product allows customers to choose their level of cover and therefore offers flexibility with pricing.

We also have a responsibility to look beyond the here-and-now and identify the risks, opportunities, and challenges that could affect us longer-term. So, we surveyed 2,000 UK homeowners in May 2023 as part of our 'Building for the Future' thought-leadership series to understand thoughts on

housing and future demands. Our research confirms people recognise the potential their homes have to support against climate change, safeguarding local areas from flooding and other extreme weather events, and shaping better outcomes for their communities. While there is appetite to help fulfil this potential through retrofitting and future-proofing, high upfront costs and lack of knowledge are preventing people from taking action. Our findings also show there is a unique opportunity to leverage people's motivation to control their energy costs to drive progress in this space.

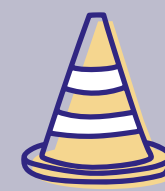
We will continue to play our part in addressing the challenges identified in this report by empowering our customers to do the right thing and providing advice on how to improve the safety, sustainability, and efficiency of their homes through our online Homes Hub. We will share information on our commitment to Flood Re's Build Back Better scheme to reduce the impact of future flooding and help customers in at-risk areas. Through the AXA Research Fund, we will also support cutting-edge research on climate, sustainability, and resilience. With the wider insurance industry, the Government, and support from our customers, we can improve the UK's resilience to new challenges and give future generations a better outlook.

Executive Summary

Our homes make up the foundations of vibrant communities and strong local economies. They serve as gathering places for people and hubs for local activities, provide a stable base for businesses and enterprise to thrive, and have the potential to attract new talent and investment into the UK's regions. High-quality, sustainable homes are also central to improving our energy security as well as our collective resilience to climate change.

AXA's research shows people recognise this potential and they want their homes to be part of thriving and individual local communities; to have easy access to public services such as GP practices, schools, and transport links; and to be more energy-efficient and sustainable. Meeting their needs requires a fundamental change in the way we look at housing in the UK – moving away from building homes for the sake of building homes and instead ensuring quantity does not come at the expense of quality. It also requires a re-evaluation of the UK's existing stock to determine whether it is still fit for purpose or whether it needs to be adapted to meet the needs of future generations.

AXA will continue to play its part in creating a more sustainable and resilient housing landscape in the UK, including by:



Investing in large-scale retrofitting projects through AXA's investment management arm AXA IM, such as the [restoration of Dolphin Square, London](#), which is targeting to cut the site's carbon emissions by 95.



Honouring our commitment to Flood Re's Build Back Better scheme to reduce the impact of future flooding and help customers in at-risk areas.



Supporting cutting-edge research on climate, sustainability, resilience, and the future of cities through the AXA Research Fund.

Empowering our customers to do the right thing by providing advice on how to improve the safety, sustainability, and efficiency of their homes through our Homes Hub.

As a leading home insurance provider in the UK, we believe our homes are key to protecting people from the risks we face today and tomorrow. Improving the resilience of our homes means improving the resilience of our communities and local economies. Developing a new vision for housing must be at the heart of the political agenda, and AXA is committed to working with the next Government to create the public-private partnership that is needed to help deliver this. Alongside this, we encourage the next Government to consider:



Moving beyond housebuilding targets and work with the private sector to ensure housing policy encourages the development of high-quality, resilient, and sustainable homes that can stand the test of time.



Introducing a forward-looking National Retrofitting Strategy for the UK to help tackle high upfront costs associated with retrofitting and educate homeowners about future-proofing.



Legislating against the construction of inappropriate developments in flood risk areas and ensure climate and flood risk considerations are fully embedded into planning decisions.

State of the Nation

The Committee on Climate Change (CCC), an independent public body formed under the Climate Change Act, estimates almost all of the UK's 29 million homes will need to be retrofitted to meet our net zero target by 2050. The CCC's recent report on housing found that around 1 in 5 homes are currently susceptible to overheating and only 1 million homes are powered by low-carbon energy².

The scale of the UK's retrofitting challenge cannot be underestimated and new factors including rising energy costs, hybrid working, and the increased visibility of the impact of climate change on day-to-day life are further exacerbating the need to adapt our homes to meet the demands of the future. The time for action is now, but in the context of a perfect storm of other challenges – including the need for more affordable housing, a cost-of-living crisis, and constrained public finances – it remains unclear where the drive to retrofit and future-proof our national housing stock should come from.

The Committee on Climate Change estimates:

- **Around 20% of homes currently overheat even in cool summers**
- **1.8 million people live in areas which are at significant risk of flooding**
- **Just 1% new homes in 2018 were EPC band A**
- **Only 1 million homes have low-carbon heat, and the majority of this is wood stoves or biomass boilers rather than heat pumps**
- **The proportion of urban greenspace in England has dropped from 63% in 2001 to 55%, adding to the problem of increased temperatures in cities**

AXA has previously called for a cross-industry sustainable buildings taskforce to improve the resilience of our built environment and to ensure our homes are well-equipped to suit the needs of future generations. We firmly believe greater collaboration between Government and industry in this space has the potential to improve outcomes for communities across the UK and safeguard local areas from emerging risks. But homeowners and consumers will also have a central role to play in creating a housing landscape that can meet the demands of the future, and understanding their challenges and concerns is key to better supporting them as they navigate the changes ahead.

Our objective within this section was to understand homeowners' key concerns as well as their awareness of government-led environmental standards and initiatives to decarbonise the UK's housing stock, with a view to establish the current state of affairs and to identify a way forward. Our survey found climate change, energy costs, and the future of planning topped the list of concerns for UK homeowners, and that energy-efficiency and access to public services feature among their top future priorities. However, awareness of government-led environmental standards remains low (16%) while support for incentives to help consumers retrofit their homes is high (62%).



Climate and Energy Costs

A recent report by the Met Office found that the UK has become 0.9°C warmer and 6% wetter in the last 30 years, and that the country is already undergoing disruptive climate change³. Heatwaves, like the one the UK experienced in 2022, are now 30 times more likely to happen due to climate change⁴. As the visibility of climate change and its impact on our day-to-day lives grows, so too are people's levels of concern. Data from the Office for National Statistics shows climate change was the second biggest concern facing adults in the UK (74%) in 2022, with the rising cost of living being the main concern (79%)⁵.

Our survey, which looked specifically at homeowners and concerns in relation to the value of their homes, shows over 50% of homeowners in the UK are concerned about the impact of climate change on the value of their property, with 26% saying they are very concerned. Younger demographics are more likely to express strong concerns around the impact of climate change on their home (31%), but all age groups showed similar overall levels of concern. There was a strong regional correlation on this question, with 62% people in London saying they were worried about the impact of climate change on the value of their property, versus only 34% in the North East.

Unsurprisingly, another key factor that homeowners report feeling concerned about is the impact of rising energy costs on the value of their property (72%). Over 40% adults say they

are very concerned about energy costs, and levels of concern are unvarying across age groups and regions.

These findings are consistent with those set out in AXA's **Future Risks Report 2022**, which surveyed 4,500 risk experts across 58 countries alongside 20,000 people from the general population with a view to better understand and prepare for future risks. The report found that – at both a UK and global level – climate change and energy risks were ranked among the top five risks by experts and the general public.

Specifically, over two thirds of adults said they felt vulnerable to energy risks in their day-to-day lives. In addition, when asked what aspect of climate change most concerns them, both the public (80%) and experts (86%) overwhelmingly cite physical risks – such as floods, heatwaves, storms, and rising seas levels – rather than other aspects, such as risks related to liability for damages or managing the transition to cleaner energy⁶.



59% homeowners are concerned about the impact of climate change on the value of their home

3 Met Office. 'State of the UK Climate 2020'. July 2021.
4 <https://www.metoffice.gov.uk/weather/climate-change/effects-of-climate-change>
5 Worries about climate change, Great Britain - Office for National Statistics (ons.gov.uk)
6 AXA Future Risks Report 2022.

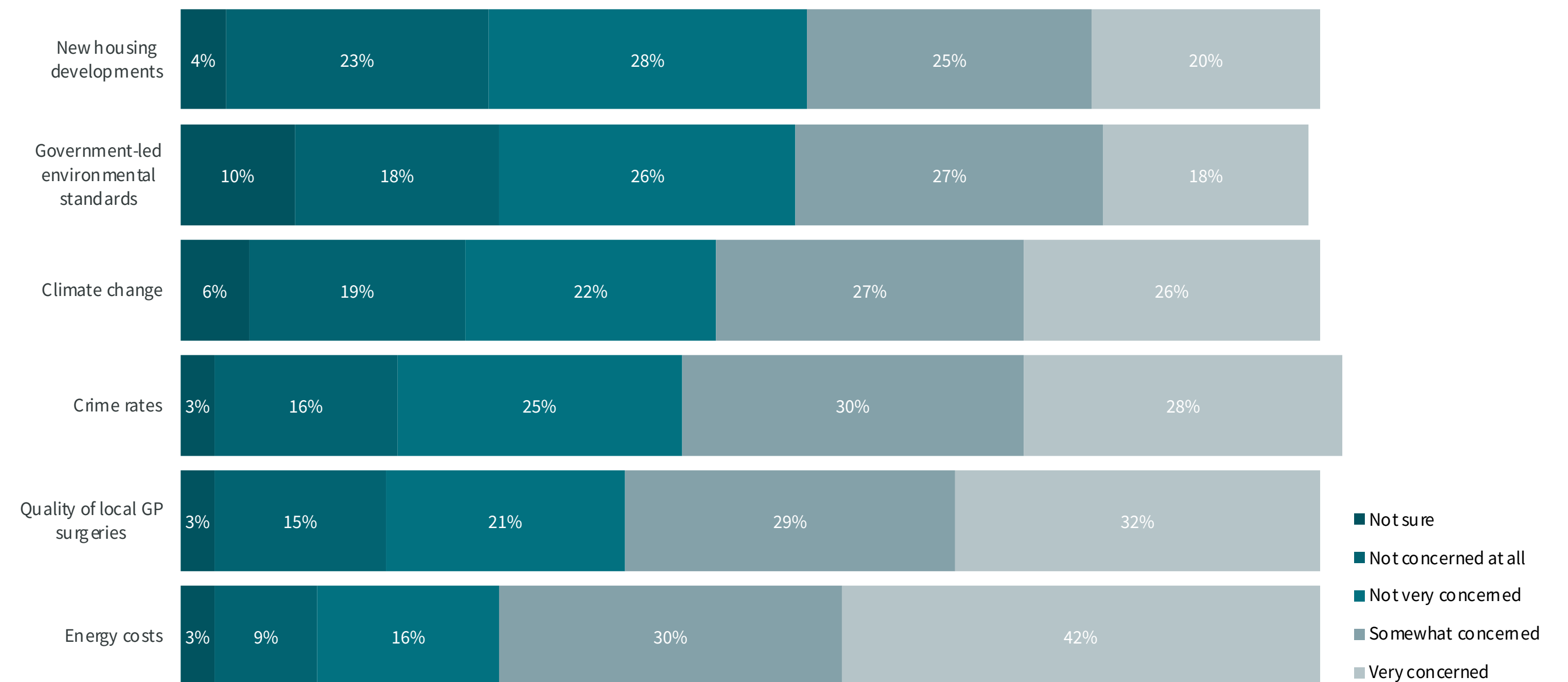
Planning and Development

Our homeowner survey also uncovered other significant concerns, including the impact of new planning rules, housing developments, and government-led environmental standards on property values. Nearly half (45%) of homeowners are concerned about the impact of new housing developments on the value of their property. Concern is highest in the South East (58%), London and the East (54%), as well as the East Midlands (46%).

In addition, 45% homeowners are concerned about government-led environmental standards such as the plan to phase out gas boilers and the potential knock-on effect of their implementation on the value of their property, and 37% say they are worried about the impact of new planning rules.

Overall, these findings show there is a nervousness about new housing developments, what they will look like, and how they will impact local areas, particularly in London and the South East. To overcome these concerns, the Government will need to demonstrate a real commitment to building high-quality, sustainable homes, which are in harmony with existing infrastructure as well as the needs of individual local areas. In addition, future housing policy must take account of new and evolving external factors, such as the permanent shift to hybrid working, as well as the rainmaking effect of levelling-up investment. This could prevent overbuilding in areas including London and the South East, and create opportunities to develop new towns or build homes in historically under-advantaged areas currently benefitting from levelling-up investment.

Concerned about the impact of... on current property



Looking to the Future

Looking to the future, we asked homeowners to rank the key features they would look for in a home if they had to purchase a new one in the next five years. Nearly half (44%) said double or triple-glazed windows would be the most important feature, closely followed by external factors including easy access to public services (41%) such as transport links, schools, and GP surgeries, and living in a low crime area (37%). The importance of external factors for homeowners, especially the value they place on access to public services, highlights the strong link between housing policy and the Government's levelling-up agenda. It also demonstrates the extent to which the public views homes as more than just buildings – they see their homes as being part and parcel of the local community and the infrastructure network within which they exist.



The public views homes as more than just buildings - they see their homes as being part and parcel of the local community and the infrastructure network within which they exist.

We then tested the public's awareness of government-led environmental standards and retrofitting incentives. Three fifths (61%) had heard of the UK government's plan to phase

out gas boilers, including 12% who know a lot about the plan. Despite this awareness, opinions are mixed with a quarter supporting the plan (27%), a similar proportion opposing (26%) and a third (34%) that neither support nor oppose the plan. Support for the plan is highest among the 18-34 age group (32%) and lowest in Scotland and Northern Ireland (20%).

When asked about incentives to support the decarbonisation of the UK's housing stock, three fifths (62%) of adults would support the reintroduction of a UK-wide Green Homes Grant in the future, including half of this group (32%) who strongly support the reintroduction.

Overall, our findings show that while there are strong levels of concern about climate change in the UK, the public is divided on what our collective response to the issue should look like, especially on the question of environmental standards. People are generally aware of the changes that will need to be made to their homes to meet future standards and support the decarbonisation of our housing landscape, but levels of support are low. This could be due to concerns around cost, especially in the context of the current cost-of-living crisis, as well as a lack of understanding around the options that will be available to them and whether these will make for like-to-like replacements.

These findings are consistent with those set out in other studies. Research by Kantar Public found that while there is widespread awareness of the importance of the climate crisis, this has yet to be coupled with a proportionate willingness to act. The most common reasons given for not being willing

to do more for the planet were 'I need more resources and equipment from public authorities' (69%), 'I can't afford to make those efforts' (60%), and 'I lack information and guidance on what to do' (55%)⁷.



Future-Proofing

AXA's previous report in its 'Building For The Future' series defined a sustainable and future-proof building as a building that is powered by renewable energy, emits low-to-no carbon emissions, is equipped with smart technologies, and able to easily respond and adapt to future changes – whether climatic (e.g. flooding, extreme weather), social (e.g. changes in life circumstances such as starting a family or moving into retirement), or regulatory (e.g. stricter environmental standards).

When looking at housing, 'future-proofing' is therefore a catch-all phrase that refers to any changes which make a home more adaptable to changing circumstances. This includes but is not limited to undertaking works such as insulation, installing smart tech, implementing flood resilience measures such as flood doors, and replacing a gas boiler with an air source heat pump.

As we approach 2050 and to ensure our homes can stand the test of time, future-proofing should no longer be viewed as optional – incentivising and supporting households to complete works including installing flood resilience measures, replacing gas boilers with heat pumps, and improving insulation are all

essential to meeting the needs of the future and getting the transition right.

Our objective within this section was to understand homeowners' appetite to undertake home upgrades or maintenance works in the future and explore what consumers feel are the most important features of safe and future-proof homes. Our survey shows there is strong appetite to make changes and realise long-term cost savings while also improving environmental sustainability, but financial cost remains a major barrier, particularly against the backdrop of the current cost-of-living crisis.

Standing the Test of Time

Our previous 'Building for the Future' report highlights the vital role our homes could play in supporting the UK's energy security, boosting productivity, and improving our resilience to emerging risks driven by climate change. But unlocking this potential is contingent on ensuring our homes are equipped to meet the needs of today as well as the needs of the future.

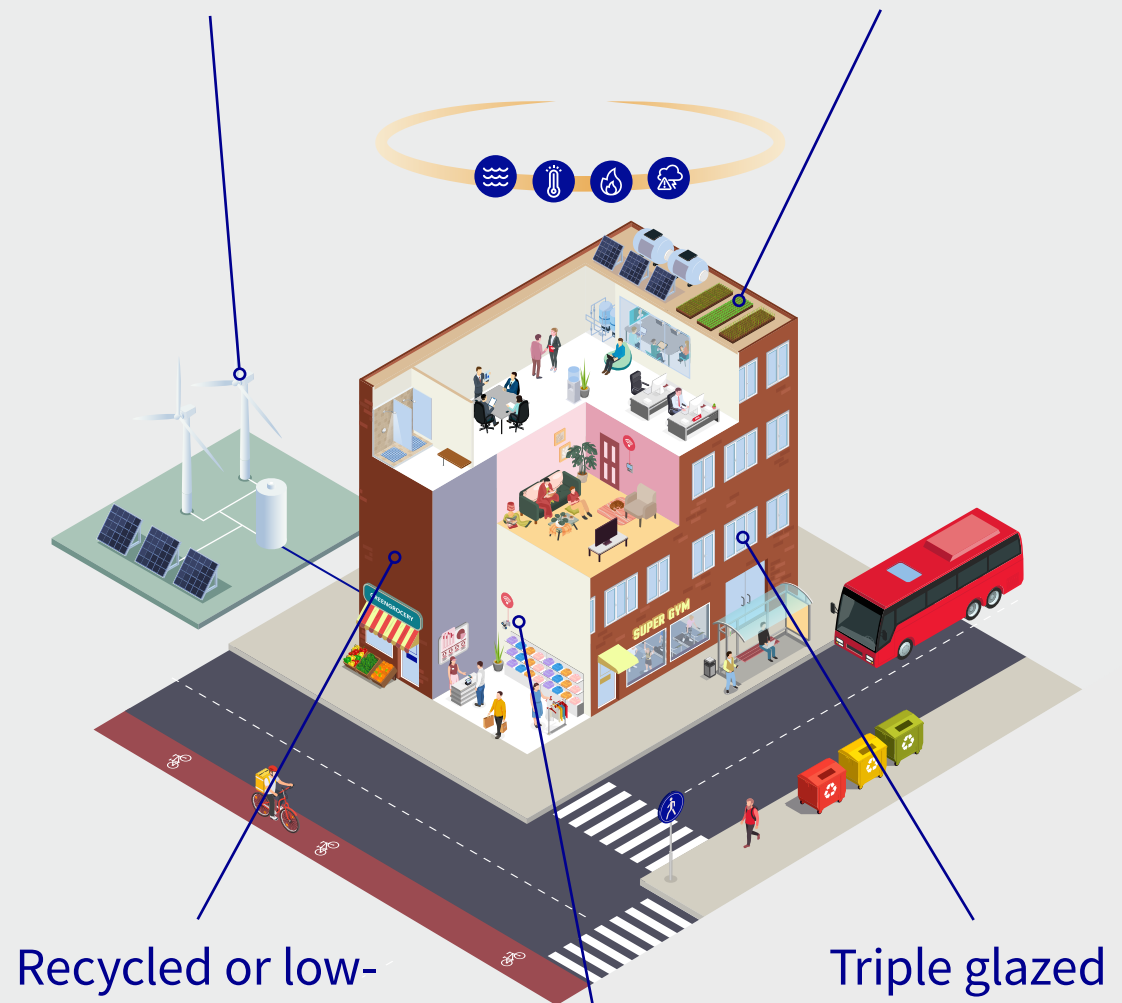
When asked about the most important features of a future-proofed home, consumers ranked insulation top of the list

Sustainable Building



Building-specific renewable energy generation

Flood detection devices and rain harvesting technology



Recycled or low-carbon building materials

Triple glazed windows and smart blinds

LED lighting and motion sensors



(55%), followed by use or generation of renewable energy (41%). Double or triple-glazed windows were also considered a key feature of a future-proofed home (40%).

Three fifths (59%) homeowners said they would be interested in ‘future proofing’ their homes over the next five years, including 14% who would be very interested. However, looking to the next twelve months, over half (53%) homeowners say they are not interested in making any improvements. Of those who would be interested, the most popular home upgrades are purchasing electricity from renewable sources (14%), insulating the home (11%), and fitting double glazed windows (11%).

When asked about barriers to future-proofing homes in the UK, homeowners said financial cost is the single biggest barrier. Cost featured as a more prominent barrier for those in the 35-54 age group (38%) than for those in the 18-34 and the over 55s age group (21%). Regionally, cost was a bigger barrier for people in the North East, with 49% saying it would be a major barrier.



Three fifths (59%) homeowners said they would be interested in ‘future proofing’ their homes over the next five years, including 14% who would be very interested.

The cost-of-living crisis is undoubtedly a key influencing factor within this. While people invested heavily in home improvements during successive lockdowns, inflation has put an end to non-essential renovations and upgrades, despite consumer appetite. Nationwide’s monthly spending reports show that outlay on home improvements fell by 7% in June 2022 and 8% in July 2022, compared with 12 months earlier⁸. In addition, a recent report by the Office for National Statistics found 43% adults would not be able to save money in the next 12 months due to pressures on their finances⁹.

In the instance that costs were not a concern, the future-proofing works that homeowners would be most likely to carry out include purchasing electricity from renewable sources (57%), installing renewable energy sources, and insulating the home (47%).

The main motivation for undertaking home improvements and upgrades is long-term cost savings (43%), closely followed by improving insulation (40%), and improving home safety (35%). However, primary motivations differed by age group, with environmental sustainability featuring as a major motivation for the 18-34 age group (69%), versus 39% for the over 55s. Regional disparities were also significant on this issue, with London-based homeowners being more likely to view environmental sustainability as a motivation for making home improvements (67%) when compared to homeowners living in the South East (37%) for example.

Younger generations are also significantly more motivated by the prospect of being able to generate their own electricity supply than their older counterparts, with 59% saying this was a motivation for them versus 21% for the over 55s.

There is a clear opportunity to leverage people's motivation to take back control over their energy costs to drive climate-friendly action and accelerate future-proofing across the UK's housing landscape, creating a win-win scenario for all involved. In January, the Guardian reported the number of households installing rooftop solar panels in the UK reached its highest level in more than seven years in the first months of 2023 as people turned to renewable energy to guard against rising energy costs¹⁰. But high upfront costs and a potential lack of understanding among consumers of the return on investment for energy-efficiency works remain a major barrier.

The Government has taken some encouraging steps to address the affordability issue, including through the Boiler Upgrade Scheme as well as the VAT cut for clean home technologies. These measures will help to increase the affordability of heat pumps and insulation measures, which can cost consumers between £8,000 to £15,000. However, the Home Upgrade Grant remains underfunded when compared to manifesto commitments, and the decision to scrap the Green Homes Grant scheme removes a support mechanism

for households looking to improve their home's energy efficiency at a time when this is needed the most.

On the return on investment issue, the Government's 'It All Adds Up' campaign and website featured easily digestible information on potential cost savings for various improvements and gave consumers access to an energy savings tool to provide tailored advice on what improvements could be right for people's individual homes. This is positive, and the Government should consider a renewed push around the campaign ahead of next winter. There could also be an opportunity to partner with the private sector and enlist organisations across relevant industries such as energy suppliers, insurers, mortgage lenders, tradespeople, and managing agents to share the campaign and available resources with their respective stakeholders.

Responsibility for Future-Proofing

Homeowners were most likely to trust tradespeople (36%) to provide advice on future proofing their homes, followed by surveyors (21%) and the government (20%). However, UK adults felt the government was most responsible for ensuring that homeowners had a good understanding of the changes needed to future-proof their homes (27%), followed by individuals themselves (18%).



Safety

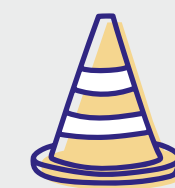
As a leading property insurer, the safety of our customers and the safety of the wider building stock will always be our number one priority. In the next decade, many homeowners will need to undertake major retrofitting works and other home upgrades to comply with changing environmental standards, reduce carbon emissions, and increase our overall resilience to climate change. Our survey found 41% homeowners have already undertaken one or more upgrades to their home in the last five years. As more homeowners look to make changes and upgrades, it's important they are supported to keep safety at the heart of future retrofitting projects.

Our objective within this section was to understand how conscious homeowners are of the safety of their homes and whether they know where to get reliable safety, retrofitting, and maintenance advice from. Our survey shows that while homeowners care about the safety of their homes, many may be exposing themselves to unnecessary risks – for example by a lack of preparedness for flooding, a lack of understanding around where to get reliable safety and retrofitting advice from, as well as a tendency to undertake certain home improvement works by themselves.

Flooding

Climate change and safety ranked among homeowners' most significant concerns. Flooding is one of the areas where climate change and its impact on the safety of our homes has become most visible in recent years. In 2020, Storms Chiara, Dennis and Jorge led to record levels of rainfall in the UK, and multiple climate agencies have warned regular flooding will soon become 'the new reality' for many communities across the UK¹¹. The Environment Agency projects winter rainfall to increase by 6% by 2050 due to climate change (in a 2°C temperature rise scenario), at a time when the number of properties on flood plains is projected to double¹².

Despite this, more than half of adults (52%) say they would not be prepared in the event of a flood. Only 12% said they would feel very prepared, versus 26% who said they would not feel prepared at all (26%).



More than half of adults (52%) say they would not be prepared in the event of a flood.



11 Climate change: Flooding is 'the new reality' in Wales - BBC News
12 <https://www.gov.uk/government/news/adapt-or-die-says-environment-agency>

Adults living in London (43%) and Wales (47%) reported that they were more likely to be prepared. Awareness of the government's personal flood plan document was much lower. One in ten (12%) were aware of the document, including 2% who had filled the document out.

As an insurer, AXA has long been calling for the need to improve our resilience to climate-related flood risk to better protect people's lives and properties. Roughly one in four UK properties are currently exposed to flood risk. Given our vulnerability to flood risk will only continue to grow, many more properties will be at risk in the future. Without urgent action, we could be facing a scenario where a significant proportion of UK homes become uninhabitable or uninsurable. Adapting to climate change and managing flood risk is therefore a challenge for the whole of our society.

The insurance industry is playing its part through Flood Re's Build Back Better scheme, which helps people affected by flooding to improve the resilience of their home, and the Government's recent decision to accept the recommendation to mandate sustainable drainage systems in new developments in England is an encouraging first step. But the Government should go further, ensuring no inappropriate developments are built in flood risk areas and closing persisting loopholes in the planning system which mean developers can still build and sell properties in flood-risk areas if they simply leave space for flood defence measures to be installed in the future. In addition, AXA has previously called for measures to incentivise households to install flood

resilience measure and to put flooding on par with other major building safety issues such as fire risk.

As our vulnerability to flooding grows, anticipating the need for future adaptation measures will become essential. An obvious place to start is with new developments – some homes may be built in areas that are currently not susceptible to flooding, but will likely be in the future. There are measures and precautions which can be taken now to ensure homeowners and communities are better prepared to navigate this challenge in the next one or two decades. We welcome provisions in the Levelling Up and Regeneration Bill which put greater emphasis on environmental outcomes in the planning process and recognise the need to protect high flood risk areas. However, as a whole, the proposals do not fully embed climate and flood risk into planning decisions. Future flood risk, whether from coastal surges, rivers or surface water, needs to be fully taken into account when local authorities decide where homes should be built.

In addition, more will need to be done to educate homeowners about flooding, safety, and resilience. Our survey found only one in ten people (12%) were aware of the Government's personal flood plan document, and just 2% had filled the document out. As an insurer, we will continue to play our part in contributing to this effort through regular communication with our customers and our work with Flood Re. But there will be a growing need for a wider public engagement and awareness campaign as our exposure to flood risk increases.





Skills and Workforce

AXA's previous 'Building for the Future' report found that skills and workforce will be central to improving the sustainability and resilience of our built environment, but ultimately concluded that the commitment to tackling climate change and 'greening' the UK's homes was running ahead of capability.

We asked homeowners whether they would know where to get reliable advice before commencing with maintenance and upgrading works on their homes. A half of homeowners (49%) say they would, while 28% say they would not. People in the 18-34 age group were least likely to know where to obtain reliable advice from (39%). In comparison, only one fifth (21%) people in the over 55 age group said they wouldn't know where to access good advice.

The groups that adults would be most likely to go to for advice include builders (36%), friends and family (33%), and consumer support websites (27%).

The construction industry has undergone significant changes over the last decade, and these changes have had a major impact on the makeup and skills profile of the built environment workforce. But education pathways have insufficiently addressed the sector's evolution, and will need to account for future changes. Recent estimates highlight retrofitting could create over 400,000 new jobs across the UK, and contribute £35 billion to the UK economy¹³. As the drive to retrofit and improve the resilience of our homes increases, the Government will need to ensure the workforce has the necessary expertise and capabilities to undertake works safely and correctly. AXA has previously called for the

introduction of a comprehensive skills strategy to support education pathways in the construction sector. There is also an opportunity to introduce new T-levels in this area, as well as to increase the flexibility of the apprenticeship levy fund, to ensure it can be leveraged to respond to new skills requirements and fill emerging gaps.

Have-a-go-Heroes

Where homeowners have undertaken home improvements in the last five years, the works were primarily carried out by tradespeople, but more than one quarter of adults (27%) carried out the works by themselves. Younger people were more likely to carry out the works themselves (38%). This could be a result of younger generations leveraging their digital proficiency to seek guidance from online platforms such as YouTube for their home improvement projects.

A recent study found 78% of millennials and Gen Zers said they preferred to learn DIY skills through online video tutorials, with YouTube being their preferred platform for home improvement guidance¹⁴. This trend has significant implications on safety – engaging in complex retrofitting projects without the right knowledge and training can lead to accidents and property damage.

While two fifths (40%) of adults would not feel comfortable undertaking a home improvement themselves, 42% would feel comfortable installing a new smoke alarm and 36% would be comfortable fitting a new appliance. In both instances men (53% installing a new smoke alarm; 47% fitting a new appliance) were more likely to be comfortable than women (32% and 27%).



Contact:

AXA UK Public Affairs,

ukpublicaffairs@axa-uk.co.uk