

Response ID ANON-38C3-G835-8

Submitted to **Energy Efficient Scotland: Improving energy efficiency in owner occupied homes**

Submitted on **2020-04-09 15:32:15**

Part 1 - Setting the energy efficiency standard for owner-occupied housing

1 Do you agree or disagree that there should be a legally-binding energy efficiency standard for owner-occupied housing?

Not Answered

Please explain your view.:

As a significant contributor to greenhouse emissions, improving the energy efficiency of the built environment is a priority for the SPF and the wider property industry. To this end, the SPF recognises the potential need for mandatory action for owner-occupied properties as part of wider measures for improving energy efficiency in Scotland's built environment.

However, we believe that this should be just one element of a wider paradigm shift in the way that the Scottish Government incentivises the rapid changes needed in the residential property sector. While regulations, like those proposed in this consultation, may be necessary as part of the route to net-zero carbon by 2045, fiscal incentives – such as a discount on council tax – will be required in order to achieve a whole-economy approach to reducing emissions.

We are concerned that without additional funding and incentives through the local tax system, the proposals set out in this consultation could result in significant disruption to the housing market and make it more difficult to buy and sell residential properties. It is paramount that the government focuses its attention on supporting owner-occupied households to improve energy efficiency through all means at its disposal, not solely through the creation of regulations aimed at homeowners.

Many homeowners want to make improvements to their property, both because of a potential pay-back through lower bills and also to cut their contribution to global warming. However, previously, the Scottish Government's estimated cost for all Scottish owner-occupied properties reaching an EPC rating of C was £6bn, with the average (mean) cost for each property estimated at £6,000 (Energy Efficient Scotland: consultation on further development of the programme, 2019). It is difficult to see how this level of investment will be able to be met by all owner-occupiers, and those in the most inefficient housing may be the least able to afford the level of work required. It also seems disproportionate and counter-productive to penalise/fine owner-occupiers for not being able to commit the capital needed to improve energy efficiency in their homes.

While government support is available for certain energy efficiency improvements, this is not available to everyone and the current level of funding may be insufficient to meet the potential demand for assistance. We propose that these regulations should only apply where there are grants available to owner occupiers for the work required to bring their property up to standard (beyond implementing simple and inexpensive measures).

Over the course of this consultation, the effects of COVID-19 have become clearer and there have been significant negative effects on the property and housing markets. The medium and long-term effect of these changes will not be known for some time, and it is important that the Scottish Government takes time to pause and reflect on current economic and market conditions when deciding on regulations that could affect many owner-occupiers in Scotland.

2 Do you agree or disagree that EPC Energy Efficiency Rating band C is the appropriate standard to use?

Disagree

Please explain your view.:

There should be a phased approach to any new minimum energy efficiency standard for the owner-occupied sector, similar to the approach taken by the private rented sector. This will allow for the market to adjust and for owner occupiers to become accustomed to these regulations.

3 What are your views on the "fabric first" approach?

Please explain your view.:

This is our preferred approach as it will lead to the most pragmatic and cost-effective solutions. More significant mechanical or engineering based approaches would entail greater costs for owner-occupiers as well as being more complex to implement ahead of the sale of a house.

4 In your view, how can we ensure that when EPCs are used to determine compliance with the standard, they are robust and not easily open to misuse?

Please explain your view.:

We welcome the Scottish Government's intention to improve the way that EPCs are calculated, including making them more responsive to changes in technology and energy sources. However, the current EPC rating system can, in certain circumstances, lead to inexact ratings or to recommendations that may improve an EPC rating but are likely to result in higher emissions.

The automated energy improvement measures recommended by the Standard Assessment Procedure (SAP) must also be improved. The measures can be misleading and direct homeowners to install energy efficiency measures that will provide poor return on the investment. Examples of this include installing renewable systems ahead of proposing fabric first enhancements.

Our members have also found that for properties that use electric heaters, the SAP recommendation is to install wet central heating with gas boilers (where mains gas is available). This goes against recent policy proposals to moving away from natural gas heating, both in terms of local air quality and national CO2 emission targets (i.e. all electric buildings with a cleaner national grid).

We would like to see greater emphasis on ensuring that EPC methodology is improved ahead of any new regulations coming into force.

5 Do you think the standard should be fixed, or should it be subject to periodic review and change over time?

Please explain your view.:

As noted earlier, the SPF would prefer a phased approach to any standards. This would allow homeowners to get accustomed to the regulations and avoid a leap from there being no standards to the challenge of meeting an EPC rating of C. This could allow for the market to adjust to any potential regulations.

6 Do you agree or disagree that 2024 is the right start date for the mandatory standard to start operating?

Disagree

Please explain your view.:

This proposed date of effect is significantly ahead of the date proposed (2030 to 2040) in the Scottish Government's route-map published in 2018, and we do not believe that the market is prepared for these regulations. It is important that the Scottish Government focuses its efforts on promoting the modification of homes to be as energy efficient as possible.

There is a view within our membership that 2024 could be used for a lower standard, such as EPC E, with a phased approach leading to EPC C in the 2030s. This would be similar to the approach taken in respect of the private rented sector.

7 Do you agree or disagree with point of sale as an appropriate trigger point for a property to meet the legally-binding standard?

Agree

Please explain your view.:

It is difficult to see how these proposals could be enforced at any point other than the sale of a property, as sellers are already required to have an EPC assessment at this stage. Other trigger points, such as a fixed/backstop date or renovation, would be administratively complex and inefficient for local authorities or a national body to regulate.

However, it should be noted that if done at the point of sale, one of the key benefits to the owner of investing in energy efficiency will be lost as any 'payback' will fall to the buyer. This could disincentivise compliance and could have an impact on the confidence of sellers.

The time it takes between an owner-occupier deciding to sell their home and the property reaching the market could also be significantly increased. This is because an owner-occupier would have to have their property assessed and implement the recommendations (in compliance with the regulations) before being able to sell.

8 Do you agree or disagree that responsibility for meeting the standard should pass to the buyer if the standard is not already met at point of sale, as described above?

Disagree

Please explain your views and give any evidence you have, whether you agree or disagree.:

Again, this would be administratively complex to regulate and could potentially be confusing for homeowners. The Scottish Government should also be wary of creating disincentives to buy property as this is likely to have an adverse effect on the market. It could also make less efficient properties (like rural and older buildings) increasingly difficult to sell.

To incentivise new homeowners, the Scottish Government could improve the support available to homeowners, such as increasing availability of universally available grants or offering a council tax discount. This will help homeowners finance the cost of implementing energy efficiency improvements.

9 What, if any, unintended consequences do you think could happen as a result of these proposals? For example, any positive or negative effects on the house sales market.

Please explain your view.:

There could be significant consequences to the market if the Scottish Government pursued this policy. The housing market relies on the process for selling homes to be as simple and fluid as possible. Sellers need to know that the process will be relatively straightforward if they are to have confidence, however, these regulations could raise significant question marks in the minds of sellers about the costs and timing of a potential sale. This could cause some potential sellers to change their behaviour.

Timing will also be an issue for homeowners, and it is possible that a sale will have to be delayed allowing for a homeowner to implement recommendations that will bring the property up to an EPC band C. For some properties implementing changes could be relatively simple, but for more onerous alterations it is foreseeable that there could be a significant delay to the sale.

If owner-occupiers decide not to move then 'bottlenecks' could be created within the housing sector, particularly if people decide not to move up or down the housing ladder. The market relies on upsizing and downsizing to ensure that there are properties available for individuals and families as their circumstances change. With supply of new housing already stretched, any change in behaviour could have negative consequences on this vital movement within the market.

There is also the potential that certain types of property could become difficult to sell, even if they have an exemption. This is because buyers may be reluctant to purchase a property that could require significant modifications should the regulations change in the future. This may adversely affect the sale of older or rural buildings in particular.

Over the course of this consultation, the effects of COVID-19 have become clearer and there have been significant negative effects on the property and housing markets. The medium and long-term effect of these changes will not be known for some time, and it is important that the Scottish Government takes time to pause and reflect on current economic and market conditions when deciding these regulations that could affect so many owner-occupiers in Scotland.

10 Do you agree or disagree with point of major renovation as an appropriate trigger point for a property to meet the legally-binding standard?

Disagree

Please explain your view.:

We think that this would be administratively complex and inefficient for local authorities or a national body to regulate. It could also disincentivise owner-occupiers who may have been planning to renovate or extend their property, which could have a knock-on impact on the wider construction sector.

11 What is your view on how “major renovation” should be defined? Should the Energy Performance of Buildings Directive definition, as described in Annex B, be used?

Please explain your view.:

We do not agree that a major renovation should be used as a trigger point. A major renovation is likely to require a building warrant and the applicant will have to work in accordance with the current building standards, which includes regulations on energy efficiency.

12 How could a requirement to meet the energy efficiency standard at point of major renovation be checked and enforced?

Please explain your view.:

The Scottish Government should be responsible for enforcing the regulations, as we believe that this will give a greater level of consistency on how the regulations are enforced.

However, it could be envisaged that local authority building standards verifiers could have a role as they will be actively looking at the plans for compliance with current building regulations. However, the building standards system is under significant strain, and adding a further component to having a warrant determined or a completion certificate issued could increase complexity, cost and time for both verifiers and the applicant.

Please explain your view.:

The Scottish Government should be responsible for enforcing the regulations, as we believe that this will give a greater level of consistency on how the regulations are enforced.

13 What do you think would be a fair and appropriate method to ensure compliance, if the legally-binding standard is not met? What type of penalty system would be appropriate?

Please explain your view.:

It is important that the government focuses its attention on supporting owner-occupied households to improve energy efficiency through education and funding.

The Scottish Government has previously estimated that the cost for all Scottish owner-occupied properties to reach an EPC rating of C is £6bn, with the average (mean) cost for each property estimated at £6,000 (Energy Efficient Scotland: consultation on further development of the programme, 2019). It is difficult to see how this level of investment will be able to be met by all owner-occupiers, and those in the most inefficient housing may be the least able to afford the level of work required. It also seems disproportionate and counter-productive to penalise/fine owner-occupiers for not being able to commit the capital needed to improve energy efficiency in their homes.

14 Should a penalty for failing to comply with the standard be one-off or recurring?

Please explain your view.:

As above, it is important that the government focuses its attention on supporting owner-occupied households to improve energy efficiency through education and funding.

The Scottish Government has previously estimated that the cost for all Scottish owner-occupied properties reaching an EPC rating of C is £6bn, with the average (mean) cost for each property estimated at £6,000 (Energy Efficient Scotland: consultation on further development of the programme, 2019). It is difficult to see how this level of investment will be able to be met by all owner-occupiers, and those in the most inefficient housing may be the least able to afford the level of work required. It also seems disproportionate and counter-productive to penalise/fine owner-occupiers for not being able to commit the capital needed to improve energy efficiency in their homes.

15 At what level, approximately, should any penalty be set?

Please explain your view.:

As above, it is important that the government focuses its attention on supporting owner-occupied households to improve energy efficiency through education and funding.

The Scottish Government has previously estimated that the cost for all Scottish owner-occupied properties reaching an EPC rating of C is £6bn, with the average (mean) cost for each property estimated at £6,000 (Energy Efficient Scotland: consultation on further development of the programme, 2019). It is difficult to see how this level of investment will be able to be met by all owner-occupiers, and those in the most inefficient housing may be the least able to afford the level of work required. It also seems disproportionate and counter-productive to penalise/fine owner-occupiers for not being able to commit the capital needed to improve energy efficiency in their homes.

16 Are there any particular groups of people who could be adversely affected, more than others, by enforcement processes and charges?

Please explain your view.:

Owner occupiers that live in poorer quality housing will be more likely to face higher costs to adapt their properties and are, therefore, less likely to be able to comply with the regulations and be subject to enforcement procedures.

It is also likely that those less financially secure will be more adversely affected as they may not have the capital to make the improvements necessary.

Further, owner-occupiers living in rural or older housing could be disproportionately affected by these regulations and thus any penalties for non-compliance.

17 Which body or bodies should check if the standard has been complied with at the trigger point, and should be responsible for levying any penalty?

Please explain your view.:

The Scottish Government should be responsible for enforcing the regulations and issuing exemptions. We believe that this will give a greater level of consistency on how the regulations are enforced. If the exemptions are decided by local authorities, the risk of inconsistency is greatly increased, as local authorities may potentially interpret and enforce the regulations differently. This could make it difficult for buyers and sellers to get consistency of decision making.

18 Considering the information set out in the consultation document, specifically Part One and in Annex D, what are your views on the best way to approach cost effectiveness, taking into account the trade-offs between how easy to understand and how sophisticated different definitions are, and how the different definitions might affect the number of homes that actually achieve the EPC C standard?

Please explain your view.:

19 Other than technical feasibility and cost effectiveness, are there any other reasons why a homeowner may not be able to bring their property up to EPC C at point of sale or renovation, and would need to be given an exemption or abeyance? (For example, difficulties of getting permission from other owners for common parts of buildings.)

Please explain your view.:

In certain situations, the type of building ownership may make energy efficiency modifications complex and challenging. For example, in flatted accommodation individual owners often have no right to alter walls, windows and doors without the agreement of other owners in the building. Additionally, older city centre housing stock may be subject to special protection or listing due to its cultural or aesthetic significance. This will add complexity and cost to many key energy efficiency improvement solutions, such as insulation and replacement windows.

In effect, exemptions currently in place for the minimum energy efficiency standards for the private rented sector should be replicated for the owner occupier sector.

20 Do you agree or disagree that, even if a property can't fully meet the standard, it should be required to get as close as possible to it?

Disagree

Please explain your view.:

If a property is exempt from the regulations, then the homeowner should not be required to implement energy efficiency recommendations. It is important that the regulations are clear about who they apply to, and when action must be taken.

21 Do you agree or disagree that any exemptions or abeyances from the standard should be time-limited?

Agree

Please explain your view.:

We believe that this approach will ensure that if a trigger point occurs shortly after another trigger point then homeowners will not need to have their property reassessed or go through the process of applying for an exemption again.

22 Which body or bodies should take decisions about granting abeyances? Should this be done at a local level or centrally at a national level?

Please explain your view.:

The Scottish Government should be responsible for granting exemptions. We believe that this will give a greater level of consistency on how exemptions are given across the country. If the exemptions were decided by local authorities, the risk of inconsistency could greatly increase as local authorities may interpret and enforce the regulations differently. This could make it difficult for buyers and sellers to get consistency of decision making and could make the process of applying for an exemption less standardised.

Part 2 - Helping homeowners to meet the energy efficiency standard

23 The Short Life Working Group (SLWG) on Assessment propose that any new assessment regime should exist on two levels, comprising both a mandatory asset-based assessment and an optional occupancy-based assessment. What are your views on this approach? Do you agree that an occupancy assessment should be optional? Are there specific inputs that should be included in both?

Please explain your view.:

It is important that the Scottish Government avoids adding additional complexity and cost into the process of moving home. Having two levels of assessment, even if one is optional, would make the system less clear and standardised, with the second level of assessment adding extra surveying costs.

24 The SLWG on Assessment propose that the output of the assessment should be a report with tailored recommendations that set a clear pathway to both regulatory compliance (i.e. EPC band C) and zero carbon. There are conflicts between meeting the EPC rating and zero carbon. What are your views on how this can be handled/mitigated?

Please explain your view.:

There should be a clear path for owner occupiers to be able to comply with the regulations and this should be based on EPC ratings. We agree with the Scottish Government that they need to be refined and better aligned with zero carbon aspirations.

25 The new assessment proposals from the SLWG on Assessment include more of an advisory role for the assessor. What are your views on the additional skills and training required to deliver this role? Are existing Domestic Energy Assessors best placed to provide the tailored recommendations? What risks and conflicts do you foresee and how would you propose to mitigate them?

Please explain your view.:

There will be an additional training burden on DEAs and there would have to be an understanding of different buildings, as well as permission constraints that exist – such as if the building is listed. Costings also need to be based on real world costs and be achievable. There could also be variances in the cost of work depending on the contractor or the region within Scotland.

26 The SLWG on Assessment propose that the tailored recommendations to improve energy efficiency and achieve zero carbon should consider the legal designation of buildings, obvious defects or condition issues, and local costings. Do you foresee any liability issues in this approach and if so, what suggestions do you have to mitigate them? Do you believe the inclusion of local costings to be practical and what are your thoughts on what level should be considered 'local'? Should the local cost of energy also be considered?

Please explain your view.:

27 The SLWG on Assessment propose that the assessment should provide a theoretical indication of whether recommendations are technically feasible. Please provide your views on who should determine actual technical feasibility? Should this be a qualified installer or someone else?

Please explain your view.:

The system would have to be robust and allow owner occupiers to challenge a requirement on grounds of technical or cost feasibility.

28 In your view, what are the most important considerations for homeowners who are required to meet the legally-binding standard, in relation to skills, supply chain, consumer protection and quality assurance?

Please explain your view.:

Cost effectiveness, quality assurance and consumer protection will be key considerations for homeowners. However, timing will also be a key factor as sellers will not want their sale to be delayed.

29 What are your views on how the Quality, Skills and Consumer Protection SLWG recommendations specifically have an impact on the owner occupied sector?

Please explain your view.:

30 In your opinion, is this the right range of Scottish Government financial support schemes? Are there any gaps, regarding either types of financial product or groups of people who may be excluded from being able to access products?

Please explain your view.:

31 Do you agree or disagree that grant funding from the public purse should be focused on households who are vulnerable or in fuel poverty?

Disagree

Please explain your view.:

Funding should be available to those who are vulnerable or in fuel poverty, but it is important that there is also funding for other groups of people that will be impacted by these regulations. There will be many groups that could find funding energy efficiency improvements difficult - owning a property has very little relation to the disposable income of that household or of their particular financial circumstances at the time of sale.

In order to cut the administration involved with means testing for grants, any government support should be universal, to ensure that everyone – not just narrowly defined groups – can access funding. Alternatively, support can be provided through the tax system, such as with a discount in council tax or other fiscal incentives.

32 In your opinion, what sources of non-government, private sector support are people most likely to want to access? (eg from banks, building societies, credit unions, mortgage providers)

Please explain your view.:

About you

What is your name?

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Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Scottish Property Federation

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response only (without name)

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Slightly dissatisfied

Please enter comments here.:

It would be useful to be able to review answers on one page ahead of submitting a response.