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EXCELLENCE
IN ENERGY
ASSESSMENT

Elmhurst Energy Response to:
“Energy Efficient Scotland, Consultation”
In Confidence

Prepared for: Scottish Government

17th June 2019



Domestic

Commercial

On Construction

1. Introduction

Elmhurst Energy are pleased that Scottish Government are seeking a consultation on an 'Energy Efficient Scotland' and as such we are delighted to provide our considered response.

We have provided an overview of the issues and our proposals, then responded to the 14 questions asked in the Consultation. We hope you find the responses considered and useful for taking Energy Efficient Scotland forward in a progressive manner.

2. Questions and Answers

Pace of Delivery:

1. With regards to achieving an accelerated delivery of the standards proposed, do you think mandatory action for owner occupiers would be required? Please provide a rationale for your answer.

Yes. The simple answer is that unless it is mandatory, the standards will not be adhered too and the issue will be kicked into the longer grass; effectively locking people into energy inefficient homes. Elmhurst would advocate for a simple process that 'encourages' early adopters, giving them incentives, then when mandatory use 'penalties' to discourage them. If this message is loud and clear, then people who choose to ignore, will be the only ones to have penalties applied.

The vast majority of Owner Occupiers are not currently incentivised to improve their home, and vice versa are not currently penalised. The situation is effectively 'a stalemate'. Elmhurst encourage Scotland to drag homes into the 21st Century and bring with it, warmer, cheaper to run, greener properties. Whilst driving an industry and an economy that delivers good quality homes. It is a 'win-win' situation for the country. Homes and people are winners (micro-level), and the wider Economy (macro-level) wins too, driving down energy demand and less reliant on fossil fuels and future energy production.

This message has been said before over and over, and it ultimately takes political will to drive through what everyone knows is the right thing to do.

Elmhurst supports a 'Carrot' (tax breaks, incentives, grants etc.), 'Stick' (Regulations/Policies and enforcement) and 'Noise' (government and industry!) approach. It must have mandatory outcomes, otherwise we will have the same debate in another 5 years about the lack of activity in owner occupied sector.

2. What trigger points, e.g. sale, renovation, etc. could be used to require owner occupiers to undertaken energy efficiency improvements?

The question is to how to motivate the public to engage with the energy efficiency of their primary asset their home. This is not about requiring all owners to make energy improvements, but to make them aware in the first place of its energy consumption.

Unfortunately the main message around saving money, is that it is all about ‘fuel switching’ every year. This is a sticking plaster approach to the issue. Elmhurst would advocate for the following triggers:

- At point of Sale
- Link to Stamp Duty
- Link to Council Tax
- At re-mortgage via Green Mortgages
- When switching Fuel Tariffs
- At Renovation – all notifiable works (Building Control/Standards and Competent Persons)
- Access to any grant funding must be linked to a process that manages the effectiveness

Elmhurst would suggest that Energy Advisors who could easily be the 1,000s of energy assessors who already do this role, they can be advocates for a home owners/tenants/landlords in an independent way to help them meet their goals for the home.

3. When should mandatory energy efficiency targets be introduced for the owner occupied sector? Should they be introduced before 2030?

Elmhurst would advocate for a simple clear plan (route map) through to 2025/2030 for owner occupiers, with easy to understand steps e.g. 2020, 2022, 2024 & 2030. It should also extend beyond 2030, to say 2050. This will drive standards and ensure that people will meet the minimum standards, and that these minimum standards can be ‘ratcheted up” over time. The interim steps can also ensure that a workable ‘penalty’ solution can be create and enforced. It will also allow owner occupiers to make good investment decisions e.g.

They can look beyond the next mandatory minimum standard and get to a good (better) standard by undertaking more energy efficiency improvements right now.

Elmhurst would also call for more use of ‘Digital’ information revolution, so that EPC data and the Scottish Assessment data must be available for home owners and energy advisors to use and make good informed choices through the years. Many owner occupiers with good advice will go beyond the minimum standards as it is good for their situation and their home. As before to make this work, Scotland must incentivise early adopters and penalise those that ignore.

Impact of Pace on Supply Chain:

4. From a supply chain perspective, do you think bringing forward the timescales for the Programme would have a positive or negative effect on quality, skills & capacity and consumer protection? Please provide a rationale, and evidence where possible.

The supply chain already exists, and ultimately giving a clear path forward which doesn't alter and change its mind is vital. Which is why previous incarnations, such as Green Deal, have failed to give confidence to industry and companies to invest, with 'here today - gone tomorrow' policies; this has seriously threatened this market place. Strong vision and an unwavering commitment to do this correctly will give the sector the ability to confidently invest in technologies, innovation and people.

Elmhurst truly believe that for the vast majority of owner occupied homes in Scotland it is simple measures that can vastly improve the energy efficiency of them. We are talking about fabric, heating, hot water systems and lighting technologies, this is not rocket science. The question to us is around 'Quality', previous policies have been tick box exercises and been a race the bottom due to the nature of the funding mechanisms. The target for any scheme must be based on a desired outcome, which can be measured, not just the amount of money spent as per previous versions of the ECO policy.

Engaging with homeowners and creating independent and valued advice is key starting position, followed by a quality framework; which if done correctly will be enforced by lenders and other professionals. Consumer protection is fundamental, the outcome of the 'Each Home Counts' report, has all the analysis and points in the right direction. There has been some great work undertaken by the PAS2035 committee and the SLWGs in Scotland and hopefully the soon to be available PAS2035 standards will guide the industry towards a quality framework.

There are good quality organisations ready to invest, but the process needs to be advocating the 'right measures' for the 'right homes' with the occupants at the heart of it.

Getting this right is in everyone's best interest

We must ensure that we analyse the home, analyse the occupants, gauge what are the goals of the occupants (warmer, cheaper, greener, meet minimum targets etc.) – build a short/medium term plan for the home, deliver good quality installs, monitor success ongoing. Use the data derived from the process to help the owners (or indeed future owners) keep the home improving over time

What Impact on Fuel Poverty & Climate Change:

5. In your view, how would accelerating Energy Efficient Scotland help, and/or how would it hinder, plans to address fuel poverty?

Fuel Poverty is a very complex issue, which everyone agrees needs to be eradicated. Accelerating the ambition will help the issue, but only if a clear goal is understood; what do we mean by reducing fuel poverty; keeping this simple is key:

- a) Reducing the 'fuel bill' of the home is priority #1
- b) Reducing the 'emissions' of the home must be priority #2

This could become the classic catch 22 scenario, whereby the home has a more modern 'cleaner' carbon heating/DHW/lighting system installed, but that it costs more to run – pushing them further into fuel poverty. It is therefore essential that this is not the case.

A domestic EPC is based on the cost efficient use of the home, and therefore this is the only indicator of a potential fuel bill for the home. It can be tailored more with an occupancy assessment, but the metric used to measure success must be the 'cost'.

We all agree that a balancing act is required so that emissions (carbon) are managed across all Scottish homes, and this needs careful consideration in any future framework.

Keeping the same infrastructure for all sectors (owner occupiers, private/social rental/fuel poverty) is vital, not having a whole new process and rules around this sector will help, keep it simple. But ensuring for these people that the 'goal' is about removing them from fuel poverty, not any of the other matrices.

All people who could be in 'fuel poverty' need to have an assessment of the home, the occupation, energy advice by an energy advisor. This in itself may solve some of the people's issues. We trust that the Scottish Assessment SLWG will look to provide a solution to action a plan for the right measure(s) in the right home for the occupiers. The links to funding mechanisms (incentives) is vital for the fuel poor sector.

A short/medium term plan needs to be created in an independent manner. Links to appropriate funding can be created to help these people make the home warmer and cheaper to run. The organisation of the installs needs to be co-ordinated, and ongoing monitoring of the home is vital.

All the answers on the previous questions suggest how to make this happen. Don't build different process for this sector; just link the 'funding' incentives for this sector to the right homes and people.

6. With regards to reducing the emissions associated with the supply of heat, what are your views on consideration of energy efficient improvements alongside changes to heating systems?

This is vital, for too long all 'energy' improvements are made in silo. The key to success is to ensure that the solution is to put the right measure(s) into the right home for the right occupants. The key must be about reducing the 'demand' of energy in the first instance. A good example of silo thinking. Is an industry keen to install new boilers that are, in our opinion, rarely sized correctly for the home, radiators, that are often not sized per room, often modern technological controls are overlooked. Enforcement of this sector is challenging!

The real saver is to improve the fabric first, so that the new heating system doesn't have to use as much energy! Simple. But unless an independent expert can give this advice based on the asset (home) and occupant then the current installer /product led situation will continue.

We would advocate therefore that at all material alterations, the Scottish Assessment, as supported by the SLWG and PAS2035 should kick in at the start. Better installers will buy-in to a quality framework, realising that there are opportunities and benefits for all. However some will be perceived this as a barrier; once they understand that actually the data collected will become their 'leads' in the future, they may then engage. The funding mechanisms and drivers can then all take place around independent advice.

If the home owner still only wants the heating system improved, this is fine, but the independent energy advisor has informed them of the goals of the Scottish Government, advised them of the other opportunities that would make the home warmer, cheaper to run etc. Then this is fair enough. Scotland should look at funding mechanisms/policies for example if Council Tax was based in some way on this, then further incentives would make sense and drive action. Reducing energy demand is vital, not papering over the cracks!

Private Rented Sector:

7. What are your views on using change of tenancy as a trigger to require the increased standard?

This is practical and enforceable, and has been proven to work in England and Wales. We also like the stepped approach so that key dates are known now, e.g. 2020, 2022, 2025 etc. This will ensure that there is not one 'massive' (big bang) step for landlords, but a slow gradual build up over the years. It will probably mean that say 80% of landlords will improve the home, and the 20% left must be dealt with through appropriate penalties and enforcement.

8. What are your views on using 1 April 2025 as the date to start applying the minimum standard of C when there is a change in tenancy?

This is achievable and sensible, and has been proven to work in England and Wales. Lessons should be learnt around good compliance and enforcement, which has been strengthened fundamentally by other professionals such as lenders, surveyors, and agents; which has produced ‘stealth’ enforcement. This is a great model to copy and advocate for.

9. With regards to providing a useful tool to landlords planning and executing improvement works, what are your views on basing any cap of required works on a definition of cost-effectiveness and technical feasibility?

This loophole can’t be used a way ‘out of doing anything’. As long as the Scottish Assessment process (SLWG) is adhered to, and that there is independent analysis. We at Elmhurst recognise that there are some homes which may not yet achieve the standards with the current technologies and fuel mix, this doesn’t mean they can never achieve the standards. So a properly defined method to demonstrate a way to not meet the standard is reasonable. Gathering quotes is OK, but will be difficult to manage and perform adequate oversight.

Far better that data is entered into a Scottish Database, that can be used to ensure that the home can be improved – i.e. use the data for the benefit of landlord and tenant. If a company can undertake the work necessary under the cost cap, then surely this would be good. However we do not want to see a race to the bottom in terms of quality! The framework for quality must be the same in this sector as all others!

Any exemptions given must be ‘short term’ and reasonable, we would suggest 2 years. This is because over time, technology moves on, prices and emission of energy change and what may not be achievable today could be easily achievable in the near future. The exemption framework must be robust and allow for ‘correct’ exemptions and stop landlords using it as an easy way out. The 2 year check would also give incentives to industry to innovate quickly to produce more cost effective solutions for the market.

If the Scottish Assessment and EPC are in a national database, the system can easily flag these homes back into another round of ‘assessment’ (at 2 years) to see if the home can be improved to the national minimum standard.

The concept of a data-warehouse was advocated out of Each Home Counts, Elmhurst suggest to get the Scottish Assessment correct, alongside EPC data, linking through to funding and incentives; this would ensure that no ‘loop holes’ were being exploited. It would also easily allow Scottish Government to monitor progress and those homes being ‘exempted’ for further investigation and enforcement at the appropriate time.

Finally Elmhurst find the whole debate around ‘cost effectiveness’ seems to dominate any debate around energy efficiency. No other ‘consumer goods’ have the same issue. We believe the focus needs to shift to using less energy in the home, reducing emissions, creating warmer, cleaner and healthier homes.

Impact on Supply Chain: skills and capacity:

10. The Short Life Working Group have made recommendations which they believe represent the actions required to ensure that Energy Efficient Scotland will achieve consistently high levels of quality, health and safety and consumer protection. Do you agree? If not, what more or less should be done?

The observations are all around Quality Assurance – but it is only discussing Installs.

We must ensure that a Quality Assurance Procedure exists around:

- Assessment of property
- Advice
- Medium term plan
- Co-ordination of the measure(s)
- As well as any installs

We generally agree with the recommendations of the SLWG. However we do have some real concerns around the missing concept of ‘Plan, Do, Check, Act’.

There is no evidence that the whole process of ‘quality’ has been discussed in this SLWG. We have seen this before that a quality process is focussed solely around the install. This is one of the major faults found in the Each Home Counts report. The quality assurance framework must be around the planning, the doing and the checking. Not simply focussing on the install.

A good example could be that upon checking/validating the quality outcome of a particular install, that the home did not meet its objective e.g. it was supposed to be warmer. The analysis must look at the entire process; the advice, the assessment, the occupation, the design, the install, the materials used etc. Then and only then can any lessons be learnt about all the parts of the process – to drive improvement for all parts. Otherwise this quality assurance will all be about finding faults with installs, and not looking at process improvements to drive quality moving forward. This is reactive quality assurance not proactive. It is essential to learn from Each Home Counts and ensure that Quality Assurance is all about the entire process not simple the installs of a measure!

11. Do you have any views on how this can be achieved whilst at the same time ensuring maximum participation from suppliers across Scotland regardless of their size and geographical location?

The hurdle needs to be appropriate to the function being performed. Elmhurst would advocate that the 'Register' when created is not provided by one organisation, so that there is competition. Any 'cost of quality' needs to be balanced with the 'cost of lack of quality' – again see the EHC report for its clear findings.

In certain geographical areas the Government should look at incentives or giving financial support to installers – who will never get the volume of work as those in the conurbations.

12. What do you think the role of Scottish Government should be in ensuring the quality criteria are consistently met?

Scottish Government should specify the 'What' and industry should specify the 'How'. Using existing certification/accreditation schemes.

What is the what? It is fundamentally not just about 'installs'. It must be about the process by which homes are made cheaper to run, cleaner, warmer and more energy efficient.

As per all our previous answers, the how, must be about assessment, energy advice, short/medium plans, co-ordination, install and monitoring outcomes. Getting this right on a 'whole building approach' is vital. There must not be a sole focus on number/quality of installs.

The Government should support industry with incentives, polies and appropriate funding to deliver the ambitions of 'Energy Efficient Scotland'.

The 'what' could be as simple as "Deliver 980k homes to EPC band C or above by 2030 that improves the habitability without unacceptable consequences for occupants." The Government can then step away from the process, but ensure accountability; so that somebody is always responsible for the component part of the process. Elmhurst know that most pieces of this 'jigsaw' exist and it is all about giving clear direction and a long term commitment, and bringing the disjointed pieces together in a whole building approach; this will deliver success for Scottish homes.

Heat Networks:

13. Taking the above into account, what further incentives could drive further heat demand onto networks?

No strong opinion

14. Taking the above into account, what further assistance could support the growth of approximately-sited, low carbon heat networks?

No strong opinion

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