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Elmhurst Energy's response to:

EE Scotland improving EE in owner occupied homes

Prepared for: Scottish Government



1. Introduction

Elmhurst Energy are pleased that Scottish Government are seeking a call for evidence on 'Energy Efficient Scotland improving Energy Efficiency in owner occupied homes' and as such we are delighted to respond to each question in turn.

The Call for Evidence asked 32 questions and we have answered them all below. We hope you find the responses considered and useful for taking Energy Efficient Scotland forward in a progressive manner.

Elmhurst have answered the questions from the approach of the EPC and its use as a key tool in consolidating Energy efficient standards across all domestic properties. We believe introducing legally-binding Energy Efficiency standards across all properties can improve the overall quality of Scottish homes tackling both fuel poverty and reducing environmental impact.

2. Questions and Answers

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

We agree, legally-binding energy efficiency standards are necessary to bring the whole housing stock up to a minimum standard. By introducing these standards more homes are being monitored and more underperforming homes can be identified.

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

A standard of Energy Efficiency Rating band C is an appropriate benchmark to aim for. Whilst introducing a legally-binding energy efficiency standard broadens the scope of improving the whole housing stock, the current trigger points of getting an EPC at the point of sale or rent is already too late in the process to make relevant changes to a property. Homeowners should be encouraged to maintain a minimum standard throughout their ownership.



3. What are your views on the “fabric first” approach as described above?

A 'Fabric first' approach takes into account improving the property itself and will drive the property to use less energy. In some cases the 'Fabric first' options are those that are most accessible to home owners, such as loft insulation. We agree that this approach is the most appropriate and ensures any changes to heating systems that occur will require less energy intensive replacements- win for all.

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?

Approved organisations ensure the compliance and quality of EPCs. Working with approved organisations and Scottish government to develop smart audits and amending the framework to revise evidence requirements could raise the standard of what is required when producing an EPC. To improve public trust in the EPC additional evidence could be provided as part of the EPC process. In our opinion the vast majority of the perceived criticism of the EPC is down to a misunderstanding of what the methodologies and assessment is and what it is not. This can easily be cleared up with good information and communication by all stakeholders.

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.

The Band C as of 2024 should be a fixed standard, the industry needs to work towards an ambitious target that cannot be changed. Once the legally-binding Energy Efficiency standard is in place it should be subject to periodic review, where it can change with improvements such as technology, innovation, fuel prices and carbon emissions. In the longer term where it can be assumed that energy efficiency will improve over time, improved EPC targets could be then introduced.



6. Do you agree or disagree that 2024 is the right start date for the mandatory standard to start operating? Please give your reasons, whether you agree or disagree.

We fully agree, this is in line with Scottish vision across all building types and the proposal for newly-built homes in Scotland to use only renewable or low carbon heating systems. The methodologies, assessors and schemes already exist to make them work.

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

Yes, however this needs to be at an appropriate point in the process, where if the EPC does not meet the legally-binding standard homeowners have enough time before the sale to make the relevant improvements to the property to meet a band C or apply for an abeyance. A way to mitigate these issues and increase the scope of the legally-binding standard is to impose these requirements to all owner occupied properties.

The trigger point of a sale is one way to check validity of the home. There are many other trigger points, which we have responded further in this document, which would help homeowners live in warmer, cheaper to run and more energy efficient homes.

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

Agree, however with caution, this would have to be legally agreed as part of the conveyancing process to avoid any issues which could arise. The responsible person must be decided in a legally-binding agreement, as part of the sale. In some cases, abeyance is necessary. Where an abeyance is involved in the sales process the dwelling could be added to a register for properties with abeyances, with an EPC required to illustrate the necessary improvements. This property can then only be removed when another EPC is produced, showing that it meets the legally-binding, in a time bound period. This whole area would need very effective enforcement to ensure the desired results occur.



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.

Elmhurst's view is that the potential effects associated with the introduction of this proposal would have a positive impact on the industry. The improvements in energy efficiency will improve the quality of Scottish housing. There will also be an increase in demand for local professionals, an increase in jobs and development of the proposed retrofit process.

Families in Scotland will live in warmer, cheaper to run, more energy efficient homes; the health benefit this will produce is worth this regulation on its own, let alone the reduction of in energy demand for Scotland and the climate improvements this will have.

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?

Yes, with clearly defined definitions. The additional trigger point will increase the scope of properties included in the legally-binding standard. However, trigger points could go a step further to include properties that undergo any change that will impact the EPC. Positive impacts for both homeowners and nationally, will therefore be accounted for.

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.

If major renovation is to be used as the trigger point for the EPC, the definition given in annex B would be sufficient.

However, we would advocate the extended trigger point including any property with improvements in energy efficiency measure could be defined on an EPC. For example, any improvement requiring a professional installer such as wall insulation or a change in heating system, the relevant installer would make the recommendation for an EPC to be produced after the work has been carried out.

12. How could a requirement to meet the energy efficiency standard at point of major renovation be checked and enforced? Who should be responsible for this?

It would be down to the installer/ local authorities to determine that the property has reached the trigger point for needing another EPC. Once improvements have been made it could be made part of the retrofit process whereby the installers relay the completion of a measure(s) to the retrofit-coordinator and therefore back to a relevant assessor.

Outside of the retrofit process, it could mean that as part of any installation process relevant qualified, professional installers after the completion of works arrange for an updated EPC to be produced to meet the legal requirement.

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.

Carrots and sticks are always required with this type of regulation. We need to encourage "carrots" which incentivise home owners to do the right thing. The "stick" or penalty/ fine would need to be twice the minimum improvement spend. This will remove the risk of homeowners making the fine payment as opposed to making improvements to the property.

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

Recurring, homeowners must be incentivised to make the improvements not a one-off payment. Proof must be provided that the property either meets the legally-binding standard or a relevant abeyance is in place. Both will require EPCs to be produced on the property.

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

As per question 13, the penalty must be at least twice the minimum improvement spend, otherwise people will take the easy way out.



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

Homeowner's living in fuel poverty could be seriously impacted by the legally-binding standard. However, the proposed changes could identify people living in fuel poverty a lot sooner and be given the relevant support to improve their properties and give access to other government services.

Under the proposed 'at sale' trigger point, a large amount of vulnerable groups will not be captured. Including the poor and the elderly who will not likely be selling their property or carry out major renovations on it. These vulnerable people could fall under the radar and miss any benefits associated with a legally-binding energy efficiency standard. The suggested proposal for all properties to have an EPC would include the more vulnerable people in Scotland and ensure that their homes are made warmer, dryer, cheaper to run and more energy efficient.

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?

Under the current trigger points, a legally binding standard for the sale of a property would need to be monitored by the relevant solicitor, similar to current regulation. For major renovation this will fall with the builder and approved building control body.

Following Elmhurst's proposed trigger point including all properties would be monitored by other local authorities. But crucially involve other proposed bodies such as installer led certification.

In order to capture all homes, Local authorities must enforce this for the benefits of their citizens.

18. Considering the information above 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?

The 'Simple payback test' is already a method covered in with EPCs and would utilise what is currently available.



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.

Cannot think of any other reasons than given in the document.

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?

Yes, whilst not every property can be made to a band C rating, it is important that it is as efficient as it can be and all possible improvements generated from an EPC are made.

This includes abeyances, it is important these are periodically reviewed to take into account any improvements and innovations that are made available over the time, making the property as energy efficient as it can be.

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

Agree, changes in technology and cost over time could make once unfeasible improvements possible. If the abeyance is reviewed every 6 months to 1 year it means that any potential improvements that become available can be implemented quickly. Enforcement of these should be done by local authorities in control of abeyances 'register' and an EPC detailing the potential improvements that could be made and the highest possible rating each property can get. Failure to review and stay up to date with any abeyances on a property should lead to fines as described in previous questions.

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?

Local authorities should ultimately decide if a property is exempt from the legislation. It should also allow for communication and control of registers at a local level similar to the way local building control works.

23. The 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 answer.

For the purposes of the sale of a property, the occupancy based assessment is not always particularly useful. However, as we suggest, every property is required to meet the legally-binding standard an occupancy assessment would be mandatory, in addition to the asset rating, to address potential improvements based off the homeowner's personal uses of the property. These occupancy assessments will become invalid when the homeowner moves out. Occupancy assessments are proven to motivate "occupiers" more as they adjust the improvements to benefit them living in the asset (the home).

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 answer.

'Energy efficiency' is often is measured by different metrics to measure success. National calculation methodologies can cope with the different measures behind these. The output of the EPC which is what everyone sees, only display a small amount of the available metrics.

Elmhurst's solution includes amending the output to ensure all metrics are displayed. Allowing all parties to access the measurement that is important to them. We recommend an output similar to a 'food label' where colour-coded labels provide the energy efficiency associated with each alternative measurement e.g. carbon, energy, cost etc.



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 answer.

The best way to fully mitigate any risks associated with additional advice is to provide additional training to assessors, this could be in the form of retrofit assessor training. It could also mean that the property would be taken on as a retrofit project, taking into account the whole house. The assessor themselves would be in contact with coordinators and installers to devise the best improvements for each property. To ensure QA the assessors must be part of a relevant accreditation scheme like Elmhurst.

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 answer.

Any improvements need to be mindful of the designation of the building, and defects/condition issues surrounding the appropriate energy efficiency measures. The PAS 2035 approach mitigates against all of these valid points if identified. Scotland need to introduce an approach that ensures good quality measures are placed in home for the good of the asset and the occupant, not just what the installer may want to put in.

In terms of local costings this is a very difficult area, Elmhurst would suggest that if the assessor is not part of a PAS2035 type framework, then standard costs must be used.

If this part of a whole house retrofit project, specialised information could be created from different members of the retrofit team. For example, the job of a coordinator, installer or designer in the process will come up with local costs.



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 answer.

Assessors themselves should be able to give advice within the remit of an EPC, recommendations and potential improvements and good energy advice on a generic level. When it comes to specific product (or technology) the installer will be responsible for the technical aspect of each specific product(s).

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?

This whole section is eloquently answered in the 'Each Home Counts' review which advocates for skills, consumer protection and quality assurance.

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.

See above.

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 views.

No strong opinion.

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? Please explain if you disagree.

Agree, a lot of people who will not be in the position to make their property to the legally-binding standard will be the poor and the vulnerable. They then cannot be hit further from the fines associated with this. Effort must take place to ensure the homes actually obtain an EPC to firstly identify them as in "need". Otherwise, the proposed triggers will not identify these vulnerable people.

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)

No strong opinion.



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