

Consultation on Scotland's Sustainable Housing Strategy – Age Scotland comments

Introduction

Age Scotland is pleased to respond to the Government's consultation on the Sustainable Housing Strategy and is grateful for the opportunity to respond to the issues raised. Despite the Government's stated ambition of eradicating fuel poverty, it continues to hold a firm grip over many households in society – many of whom are in some of the most disadvantaged areas of the country. If we are serious about tackling the effects of fuel poverty, and supporting older and vulnerable people to live independently in their own home for as long as possible, we must do more to improve the standard of our existing housing stock.

Central to this will be improving the energy efficiency of Scotland's homes. However, changes in this regard have remained stubbornly slow despite investment of households, Government and industry alike. Age Scotland, therefore, believe the Scottish Government must implement an ambitious Sustainable Housing Strategy and establish minimum standards to help drive up quality in our housing stock. With energy bills continually rising, and extremes of weather increasingly the norm in Scotland, it is vital that our housing stock is able to respond to peoples' needs. We can no longer wait in the hope that the situation will resolve itself. Real leadership is required to ensure that we all do what is required to ensure Scotland's houses really are homes fit for the 21st century.

AGE SCOTLAND RESPONSES TO CONSULTATION QUESTIONS

BACKGROUND

1. Are the vision and objectives as set out in sections 19 and 20 appropriate for Scotland's Sustainable Housing Strategy?

Age Scotland broadly supports the vision and objectives as set out within the document. However, we feel that what is missing is the crucial link to the consumer – the ordinary member of the public who may not know where to start when it comes to making their home more sustainable. Furthermore, the scope of the vision takes energy efficiency of individual homes far beyond a level which can be achieved through the installation of double-glazing, loft or cavity wall insulation. This is about far more radical initiatives such as solid wall insulation and the promotion of micro-generation systems which will heat our homes better whilst reducing current levels of emissions.

Such a vision will only be achievable with the availability of comprehensive information, advice and support for homeowners and tenants. Whether this is through the provision of a 'one-stop-shop' or 'Project Manager' type roles to lead people through the range of options available to them, we must support the public on this journey – particularly given the scale of change needed to meet our shared ambitions.

CHAPTER 1: NATIONAL RETROFIT PROGRAMME

2. What do you think are the main barriers that prevent home owners and landlords from installing energy efficiency measures?

There are many barriers preventing home owners and landlords from installing energy efficiency measures in their properties. First of all is surely information; while many individuals may be aware of energy efficiency installations and what they can do to improve the use of energy in their home, even well-informed people may not be aware of the full range of solutions which exist to make a home as efficient as possible.

There is a range of complexity of energy efficiency measures which one can make in the home. For example, there are low level or easy changes such as energy efficient light bulbs, draft proofing and more efficient household appliances. More medium level or moderately complex changes might include double-glazed windows, energy efficient boilers, loft or cavity wall insulation. Finally, higher level or complex changes would include areas such as solid wall insulation and micro-generation (either at household or community level).

It should be noted that the difficulty of carrying out these changes can be more to do with the public perception of the difficulty in undertaking these changes. Many installations may appear to be highly complex, however, in reality, may actually be far simpler to implement than homeowners or landlords may fear. Additionally, there are a number of relatively simple changes which can be made that are less well known. Raising awareness of these measures, such as heat-reflecting materials behind radiators or chimney balloons, could assist people in making simple yet effective changes to the home. It is important that we ensure people are aware of all the options available to them – particularly with respect to simplest solutions – as there is the risk that more substantial improvements could be undermined without first exhausting the range of minor remedies available.

3. Please explain any practical solutions and/or incentives to overcome any barriers you have identified?

Age Scotland is currently engaged across a range of areas of work which have the potential to develop synergies by identifying opportunities to engage members of the public across several areas of activity through a minimal number of engagements or interactions. This means ensuring that, for example, where an individual contacts a specific information source anywhere in the country (such as the Age Scotland Helpline) they are always referred on to the appropriate organisation to resolve their query in full. This would involve a far higher degree of coordination around resources and services across Scotland, ensuring there was a comprehensive collection of information for the public and professionals alike, with a view to ensuring that no-one fell through the gaps.

4. Given Scotland's diverse range of housing, what support is needed to enable people to get energy efficiency measures installed?

Age Scotland recently submitted a Freedom of Information request to the Scottish Government regarding the Energy Saving Trust and the circumstances of one of our members who installed an Air Source Heat Pump (ASHP) in her home following a grant from the Trust. Her energy bills subsequently increased to £180 per month, as her property was not suitable for the installation of an ASHP. While the initial EST report to the homeowner recommended that solid wall insulation would benefit the property, it was assumed that – as the grant from the EST was forthcoming – it was not necessary for this to be in place for the system to operate effectively *at all*.

Since the installation of the ASHP two and a half years ago, the owner has depleted their life savings by installing solar panels in order to off-set the cost of the increased fuel bills. While this has made a small difference, there remains a significant high cost for the owner which could, otherwise, be put to better use. The fact remains that the installation of the ASHP should not have been supported without first ensuring that the property was entirely suitable for the systems recommended by the EST. The homeowner in this situation accepts that the report from the EST did recommend solid wall insulation. However, had they known that the operation of the ASHP would have been significantly compromised without the solid wall insulation, they would not have gone ahead without it in the first place.

Age Scotland is aware of other examples similar to the one above across Scotland. This case provides a clear need for a far more comprehensive system of support, advice and analysis to ensure that programmes funded by the Government, its agencies and partners are having the desired outcome for consumers, as well as the intended purpose of developing a market for renewables. Unless consumers can have certainty that the installation of energy efficiency measures will actually have the intended outcome which is most important to them – that of reducing their energy bills – they will have little incentive to seek to reduce their emissions, or confidence that organisations involved in the programmes are genuinely acting with their best interests at heart.

As mentioned above, central to the effective application of energy efficient measures in the home would be the availability of comprehensive information and advice services across Scotland. Whether or not householders or landlords are to progress energy efficiency works in their properties on their own or through a third party such as the EST, it is vital that they are supported to make the correct decisions and invest in their properties in a way which both reduces their carbon emissions but also reduces household fuel bills.

5. Rural issues

a. What specific issues need to be addressed in respect of improving energy efficiency in rural areas, particularly more remote or island areas?

People living in rural and remote and rural areas frequently face additional challenges with which those living in urban areas do not have to contend. Many of these households will live off the gas grid, and generally, also live in houses which are older and harder to treat in

terms of their capacity to make energy efficient. Off-gas fuels such as heating oil and LPG tend to be more expensive per unit than mains gas and are more responsive to changes to crude oil prices, making them more volatile and less predictable for those seeking to budget around their use of energy in the home. In addition to this, the majority of energy efficiency programmes established thus far have operated on the basis of delivering returns which are more attractive to the providers where realised in urban areas. Consequently, fuel poverty tends to be higher in rural areas.

b. How should these be addressed?

Age Scotland has already commended the work of Consumer Focus Scotland in this area, and would recommend that the issues and proposals highlighted in their report '21st Century Heating in Rural Homes'ⁱ are relevant and applicable for home owners, and for the private and social rented sector.

A genuine and frank assessment of the existing roll-out of energy efficiency initiatives in remote and rural areas is key if we are to see future installations work in a way which looks beyond the narrow goal of providing a market for renewables. The impact on households and the capacity of renewables and energy efficiency installations to reduce household energy bills (as well as emissions) must go hand in hand, and lessons should be learnt from both private and social sector success stories.

Effective case studies and promotion of peer-promotion would be a helpful means of ensuring that programmes had the desired outcomes for Government and households alike. This would involve a programme of learning to guarantee that households had been educated on making best use of the systems in their home and understanding what steps they may need to take to drive forward efficiency. The experience of social landlords and tenants should be put to good use and, with the potential for Green Deal and ECO to place the burden of responsibility heavily on consumers, the availability of clear, effective and comprehensive guidance, support and advice is crucial to success.

6. Taking into account the models and funding sources outlined in sections 1.20-1.37, what role might local authorities and other agencies play in bringing about a step change in retrofitting Scotland's housing?

As stated above, we feel there is a potential role for social landlords and their tenants (local authority and housing associations) to help, inform and advise private owners and tenants of their experience. This could cover both installation and use of energy efficiency measures, ensuring that owners and landlords were advised of the best steps for their own properties, learning from experience and developing an understanding of how these systems should be used to their optimum capacity.

7. What role should the Scottish Government play in a National Retrofit Programme?

As we have stated above, there remains significant potential for energy efficiency programmes to not deliver savings for householders. While we understand the principal purpose of these programmes, for households, the clearest benefit will certainly be around the reduction or stabilisation of energy bills. There is a risk that, in the rush to eradicate fuel poverty, households could make unsuitable choices or proceed with installations without having grasped the necessity of taking forward more basic measures which may be necessary for the effective functioning of installations such as ASHP.

With that in mind, Age Scotland feel there is a role for Government in establishing comprehensive evaluation of the National Retrofit Programme (NRP) and wider activities around energy efficiency programmes. While evaluation of existing programmes would have cost implications around the volume of installations or households being supported, it would help ensure that quality could be guaranteed to a far higher degree than is currently the case. While the Government is working towards the 2016 Fuel Poverty target, it is clear that the lifetime of the NRP will exceed that date. As such, the imperative should be towards getting the NRP right, rather than getting it done quickly. If we are to have confidence that older and vulnerable households are not to be unintentionally pushed further into fuel poverty, a rigorous assessment of programmes in place will be necessary.

8. What role could the devolution of additional powers play in achieving more retrofit?

N/A.

9. What further action is needed to achieve the scale of change required to existing homes?

There must be an acknowledgement of the real challenges to the delivery of new build housing with the focus on improving the energy efficiency of the existing housing stock. Given the high efficiency of new build properties, the greatest reductions to emissions will clearly come about from improving the existing stock. However, it is vital that the Government maintains and increases its investment in the delivery of new build housing. The challenge to new build is made clear by the fact that we are currently only replacing our existing stock at the rate of around 0.5 per cent per yearⁱⁱ. This means that it would take nearly two centuries for Scotland to rebuild all our housing stock. This rate of improvement makes clear the need for greater investment in new build properties alongside the improvement to existing homes.

10. How can we make sure a National Retrofit Programme maximises benefits to all consumers (for example, older people, those from ethnic minorities, those with long term illness or disability)?

Age Scotland is ready to support the Government in raising awareness of the National Retrofit Programme and ensuring that they are prepared to take advantage of the scheme. Linking in with partners in the third and voluntary sector, such as Age Scotland, will be a vital means of ensuring that older and vulnerable consumers are aware of the systems in place. Resources must be available to support this, however, and case studies highlighting best practice or the development of peer support networks must also be examined as a means of supporting take-up of the Programme.

CHAPTER 2: THE ROLE OF STANDARDS

Introduction

Age Scotland is a member of the Existing Homes Alliance Scotland and, as such, endorses the submission of the Alliance for the remainder of the consultation response, as below.

The Existing Homes Alliance Scotland believes that minimum standards of energy performance should apply across all tenures of housing in Scotland in order to drive a market transformation towards highly energy efficient homes. We believe standards are essential to achieving the vision set out in this draft strategy. Our position is set out in detail through answers to the consultation questions and can also be found in a briefing and Q&A which are attached to this response and can also be found on our website at www.existinghomesalliancescotland.co.uk.

11. Should the Scottish Government consider whether a single mandatory condition standard (beyond the tolerable standard) should apply to all properties, irrespective of tenure? If so, how would that be enforced?

The Alliance believes that a mandatory condition standard should co-exist alongside an energy performance standard (much as the Scottish Housing Quality Standard (SHQS) exists alongside the tolerable standard today). It is our view that an absolute minimum condition standard should apply immediately to all properties, while the minimum energy efficiency standard would apply at point of sale or rental, gradually upgrading properties. This is similar to the SHQS which is to be met by 2015 (and the proposed standard by 2020) while the tolerable standard applies now. Thus, the minimum condition standard is not a replacement for minimum energy performance standards, but works alongside and supports them.

We believe the current tolerable standard is inadequate in terms of energy performance – it merely requires ‘satisfactory thermal insulation’ with the key indicator being roof insulation with no comment on its quality or depth. The standard for insulation was set in 2006 and now is a good time to consider if such a basic standard is sufficient for making Scotland’s

homes 'fit for the 21st century.' Given current policy priorities around fuel poverty and climate change and the many incentives for insulation, the Alliance suggests that 'satisfactory thermal insulation' needs to be defined more closely such that the insulation genuinely does provide satisfactory performance.

The SHCS 2010 Key Findings report estimated that 3.9% of housing failed to meet the tolerable standard. Over 80% of the failings are in the private sector, demonstrating the success of the SHQS in driving up standardsⁱⁱⁱ. It is also interesting to note that in the past, the tolerable standard has been used as a catalyst for area regeneration, because local authorities have been able to take action by declaring Housing Action Areas where a majority of houses in an area fail to meet the tolerable standard^{iv}.

In terms of enforcement, we believe local authorities are best placed to undertake this role. However, there is no doubt that they are under-resourced to deliver on this responsibility. We recommend that local authorities are given sufficient resources to enforce a condition standard, and that the Scottish Government work in partnership with COSLA to ensure local authorities are making progress in this role. Together COSLA and the Scottish Government could establish a reasonable expectation for eliminating properties that are below the housing condition standard. We suggest the following mechanisms offer a sensible route for enforcement:

- Scottish Land and Building Transaction Tax (replacing Stamp Duty in April 2015) could be used to provide an incentive: could be charged at a higher rate for non-compliant properties, with a rebate for purchasers making the recommended improvements within the first year
- Legal requirement at issue of EPC at sale, or within 12 months, to follow on from the suggested incentive. This could be introduced at a later date i.e. 2020
- Legal requirement for landlord registration; HMO license
- Legal requirement at re-issue of EPC (for long-term rented properties)

12. Maintaining a quality home

- a. In Box 6 we identify a checklist for maintaining a quality home. Do you agree with our proposed hierarchy of needs? Please answer Yes or No.**
- b. If you think anything is missing or in the wrong place please explain your views.**

Yes, we agree with the principle of a hierarchy of needs, but it is not clear how the government intends to use it. Will it be used as criteria for incentives and grants? Will it be used to guide building regulations (e.g. consequential improvements)? Will it change how ESSACs deliver their advice?

We agree that good housing condition is often a precursor to good energy performance and support the intention to encourage owners to give higher priority to maintenance and repairs, and to use the opportunity of cosmetic improvements to carry out energy efficiency works. However, we do not believe the government is making full use of the tools at its disposal to encourage this behaviour. We believe a mixture of advice, incentives and regulation can help guide this change of culture.

We recommend that the hierarchy be changed to reflect the following points:

- Not everyone has a boiler or understands the meaning of the term, better to say: Check whether your heating system is as efficient as it can be, and if it's not, consider improving controls or replacing it.
- Add reference to draughtproofing windows and doors

13. Should local authorities be able to require that owners improve their properties, in the same way they can require that they repair them? For example, could poor energy efficiency be a trigger for a work notice? Please answer Yes or No and provide further explanation if you wish, for example on how this might work.

Yes in principle, but in practice this will only have impact if resources are directed to make this happen. This power would be useful in co-ordinating work in blocks (both mixed tenure, and multiple owners).

At present, the action of a minority of owners who do not or cannot pay for communal improvements can prevent other owners from improving their property. This clearly creates a barrier to installation of energy efficiency measures to which a solution is required.

The approach may vary depending on the level of upgrade planned. If it is to meet a basic minimum standard (for example that the private sector has to meet at point of sale or rental in any case) then it would be reasonable to require the owner to pay for the improvement. If it is a major upgrade, we believe the approach set out in Q14, below, would be more appropriate.

14. Should local authorities have a power to enforce decisions taken by owners under the title deeds, tenement management scheme or by unanimity? For example, should they have explicit powers to pay missing shares of owners who are not paying for communal repair work, in the same way they can for agreed maintenance work?

Yes. As noted above.

15. Should LA's be able to automatically issue maintenance orders on any property which has had a work notice?

No comment.

16. Should the process for using maintenance orders be streamlined, and if so, how?

No comment.

17. Should LA's be able to:

- a. Issue work notices affecting the amenity? And**
- b. Require work such as to improve safety and security on properties which are outwith a Housing Renewal area?**

No comment.

18. Should LA's be able to issue repayment charges for work done on commercial properties, in the same way they can for residential properties?

No comment.

19. What action, if any, do you think SG should take to make it easier to dismiss and replace property factors?

No comment.

20. What actions can be taken to raise the importance placed by owners and tenants on the energy efficiency of their properties?

We agree that the current housing market does not give enough value to the energy performance of a house and commend the proposals made in this strategy to address this issue in Chapter 3 on Financial Market Transformation. For example, the requirement for all adverts for properties marketed for sale or rent must display the EPC rating and raising awareness with estate agents and surveyors of the value of household renewables. However, while these measures are valuable, we strongly believe they must be taken alongside the foreshadowing of regulation if they are to be taken seriously by the market. The government must send a clear signal that regulation will be introduced at a certain date (we suggest from 2015) and then provide advice, support, and incentives to help owner-occupiers and landlords meet the requirements.

Alongside regulation, we strongly recommend the following awareness-raising measures:

- Regular and consistent demonstrations of good practice across the public sector estate
- Provide advice support and information to change behaviour
- Awareness- raising of the EPC and how much the property can be expected to consume (as with white goods) and provide CO2 emissions compared to potential running cost (as with vehicles gCO2/km count)
- Normalising energy efficiency improvement through the media as with smoking ban and seatbelts campaigns.
- Commit to implementing the Sullivan recommendations on new-build standards. This will send a strong and consistent message on energy efficiency for all homes. In paragraphs 2.44 -2.47 the premiums suggested by the research seem high when compared to the well-documented experience of South Lanarkshire College^v. Secondly, there is need to consider the total costs of new houses, including running costs over their

lifetimes, rather than looking only at the up-front costs at the point of sale. It would therefore be helpful to describe running cost savings in financial, as well as environmental terms.

21. Should the Scottish Government introduce minimum energy efficiency standards for private sector housing?

Yes, the Alliance strongly urges the Government to introduce minimum energy efficiency standards for all private sector housing. In order to help meet fuel poverty and climate change targets, we believe the standard needs to be set at EPC band E from 2015 rising to EPC band C from 2020. If the government foreshadows the regulation, and sufficient financial support and advice is provided through the National Retrofit Programme, private owner-occupiers and landlords should be able to meet the requirements of an E standard by 2015 with little difficulty or financial burden.

We support the intention to introduce the Energy Efficiency Standard for Social Housing for 2020 which recognises the need to escalate the energy efficiency standard of SHQS to take account of fuel poverty and climate change concerns. We believe it will make it much easier for social housing landlords to meet this standard if private housing also has to meet an energy efficiency standard – thereby creating a level playing field.

There may need to be a provision for exemptions in exceptional circumstances. It could be useful to explore how the standard proposed for social housing would apply to the private sector, and if it would deliver the pace and scale of change required to meet the climate change and fuel poverty targets.

The SHCS (Table 26, 2010) shows that there were some 66,000 houses rated NHER poor in Scotland at that time. 60% of those households were in fuel poverty – more than double the prevailing rate at that date. Energy prices have risen sharply since those data were gathered, and fuel poverty has risen considerably overall; houses with poor energy efficiency ratings will be particularly susceptible to hardship caused by rising costs.

In addition, the consultation document notes (2.64) that the UK Government has introduced an approach which will, from 2018, ban the rental of houses rated F or G, unless all green deal measures have been installed. Consumers living in PRS accommodation consistently highlight barriers to the installation of energy efficiency measures as a result of the housing tenure, and Scottish Government data (SHCS) shows that a greater proportion of PRS houses are rated NHER poor than is the case in other tenures. However, in terms of absolute numbers, there are more such houses in the owner occupier sector.

We would suggest that an initial focus on the least energy efficient houses EPC F&G because the levels of fuel poverty and extreme fuel poverty among occupants of these houses are very high; there has been little change in the numbers more recently, despite increasing availability of voluntary / incentive based programmes; and the numbers of houses involved are relatively small, and so any effects on the housing market, the ability of business to

respond or the public sector to oversee delivery will also be limited. This will increase the likelihood of regulations achieving their aim.

In advance of regulation being introduced, voluntary measures should be actively promoted, while making it clear that regulation is forthcoming.

22. How could we amend EPCs to make them a more useful tool for influencing behaviour change to improve energy efficiency?

We welcome the measures outlined to improve both the information presented in EPCs, and their use. As noted above (q 20), we consider that the provision of clear and integrated information on energy efficiency, likely energy bills, and costs of any suitable improvements is critical for consumers, whether buying or renting a house.

- EPCs should, as will be the case with Green Deal assessments, contain information on typical energy running costs; and
- EPCs should have a higher profile for consumers than is currently the case. In this respect, we welcome existing proposals, for example to include EPC A-G rating more prominently in property advertising.
- Make them available in full as part of the lease pack for assured tenancy (not just in the meter cupboard)
- Make it compulsory that estate agents should make the entire EPC available when looking at property and downloadable from website
- Make more of the running cost, not just the rating band (as with white goods labelling) this appears on P2 but is not obvious.
- Have clear on front page what the “potential” would be if all measures were to be carried out. The “potential” rating on the front page only takes account of “low cost measures” (i.e. under £500)
- Make clear that the running costs on an EPC do not take into account appliance use
- Highlight availability of free impartial advice, from Energy Saving Scotland advice centres, on the EPC
- Enhance the EPC second page to prescribe treatment for the house type
- Tailor advice within EPC for particular house type
- Raise awareness of EPCs and energy costs to prospective tenants/purchasers

23. Are there other key principles that we ought to consider when looking at the possible introduction of regulations?

The list of issues to be discussed is comprehensive. However, discussions at consultation events and with stakeholders more widely have shown that there is not yet clear understanding of what any possible regulations might mean in practice – for example, a stakeholder at the Existing Homes Alliance consultation event put forward the view that regulation would require the installation of solid wall insulation to improve the rating of a stone-built, off-gas-grid house, at costs in excess of £10,000.

WWF's research by EST suggests that this is not the case^{vi}. However, this clearly indicates the need for both the production and promotion of information, ideally including case studies, describing existing poor housing, and what has been done at what cost to improve it. This information should be available from, for example, improvements funded through the Energy Assistance Package and other public sector schemes.

Ahead of the change of standards a major promotion and education campaign should be initiated targeting the conveyancing industry and private landlords and letting agents. This should promote the timelines for compliance and support and incentives.

Ahead of the regulation being in place all renters and purchasers of property should know what standard their property meets and if it complies with the forthcoming regulation.

24. How could regulation be used to support the uptake of incentives?

Chapter 3 of the consultation document looks at market transformation, and explores issues around the value placed by consumers on energy efficiency and wider aspects of sustainable housing. While a combination of measures will be needed, we would suggest that the introduction of regulations will in itself send a signal that more value should be placed on energy efficiency, and that, in turn, will help encourage take up of incentives.

25. In section 2.68 we identify design options for the standard. Do you have any views on the options set out? Are there others we should consider?

The Alliance supports the introduction of a minimum standard of E on the EPC scale by 2015, with the intention to raise this standard to a C by 2020. We believe this approach:

- Can be clearly communicated and understood
- The 2015 standard of E is easily met with cost-effective measures
- Provision for some exemptions could be made
- The obligation could be passed on to the buyer for one year
- An assessment (eg Green Deal) could identify the cost-effective improvements necessary to reach a certain EPC level for the specific house. There could be different combinations of measures to reach a certain EPC level.

26. Do you agree that any regulations for private sector housing ought to reflect the energy efficiency capacity of the property and / or location, as is proposed for the social sector?

It may be worth exploring the proposal for the Energy Efficiency Standard for Social Housing which sets different standards according to house archetypes for the private sector, as it could establish a level playing field across all housing. However, we do have some concerns:

- It could be confusing for the diverse private housing sector – they do not have the experience of social housing asset managers. Simplicity and ability to deliver will be critical to the success of any proposed regulation.

- It is not clear if the proposed standard is sufficiently challenging to meet the statutory climate change target and fuel poverty targets?
- Consumers, particularly in the rented sector, should have the right to expect homes they rent to be affordable in terms of heating. There is an issue about equity with a differentiated standard.

On balance, we would suggest that regulations not be tailored to property type and location as suggested, at least in the early stages. However, learning from the SHQS experience, it would be appropriate to make provision for regulations to be adapted to do this in future if necessary.

27. If you agree with Q26, should houses of the same type in the social and private sectors be expected to meet the same standard?

While we do not agree with Q26, we would note that:

- Registered Social Landlords are able to lease private rented housing to supplement their own housing stock: this housing should be of equivalent quality to RSL stock.
- Right to buy properties should not be more attractive to the market than the private sector by virtue of meeting higher standards: tenants need to be able to find the same quality on the private market.

28. Are there other specific issues we need to consider in introducing regulation on the energy efficiency of the home for particular groups of people (older, people with disabilities)

A key test of any possible regulation must be the extent to which it benefits vulnerable and disadvantaged consumers. We believe that this question raises the following issues:

- There remains a need for targeted energy efficiency support (as is currently provided by EAP) for vulnerable consumers.
- Experience (for example, delivery of CERT Super Priority Group targets) shows that engagement with vulnerable or disadvantaged groups often requires bespoke approaches, and that information is best delivered by intermediary organisations trusted by different groups. This would be relevant for the promotion of information on minimum standards.
- The way regulations are designed and applied needs to take account of the circumstances which might face vulnerable consumers. For example, it would not be appropriate to make an elderly person carry out significant, expensive or disruptive works as a condition of selling their house prior to moving to retirement accommodation. An approach which is flexible enough to permit either the seller or buyer to carry out improvements would be more appropriate.
- There may be a case for exemption from some measures e.g. replacement of heating system or controls where householder suffers memory loss or confusion
- It will require careful, co-ordinated, and consistent communication, in partnership with local agencies, as Energy Saving Scotland advice centres do with EAP, and as with the Digital TV rollout.

- Close working with social care staff, hospital discharge response teams, and carers needs to be built in – there are examples of this with ‘Warm and Well’ projects

29. Should we consider additional trigger points to sale or rental? If so, what should these be?

The Alliance agrees that the regulation should apply at the point of sale and rental. We also believe consideration should be given to applying standards at the point of major refurbishment or structural repairs. The concept of 'consequential improvements' was introduced into Scottish building regulations as part of the 2010 review of energy standards. Current provisions apply to proposals to extend an existing house (where a need to assess and potentially improve insulation levels is identified). We understand an assessment of the impact of this regulation is being made as part of the review for the 2013 regulations. This should inform considerations to use this additional trigger point as it is well-known that energy upgrades can be done more cheaply and with less disruption if undertaken at the time of other improvement works.

However, many improvements (new kitchens or bathrooms, re-roofing work) do not require local authority permission or involvement, so it would be necessary to consider how best to promote actions alongside that work, highlighting the importance of involving linked trades. Further, we are aware that landlord representatives have raised questions about insulation works not being eligible for tax relief, while other improvement works are eligible; a consistent approach to this would be helpful.

Therefore the following triggers should be considered:

- Refurbishment: window replacement, loft conversion, extension, heating replacement
- any works subject to Building Control
- HMO license application
- Landlord registration
- Re-issue of EPC (long-term rented properties)

30. Should rollout of any regulation across the owner occupied and PRS sectors be phased or all at once? If you think that rollout should be phased how do you think this should be done?

The Alliance believes that regulation should be introduced with a sufficient notice period, coupled with advice and good financial incentives, to make it relatively easy for the private sector to meet the standard. We do not believe it should be phased in geographically or by tenure as this could cause confusion and be perceived as unfair.

It is critical that any new regulation is simple and effective so that it delivers the intended benefits. We would suggest that application of standards at the point of sale or rental, backed up by continuing access to incentives, represents the best option. This is because mechanisms (landlord registration, conveyancing process) already exist into which regulations could be added. Going beyond this to the application of standards for all housing

from a set date would require the development of an entirely new process and delivery mechanism.

We agree with the suggestion that regulation should only be applied after promotional work which should, at the same time, encourage take-up of existing voluntary approaches. However, we would suggest that the prospect of regulation is in itself a driver to encourage voluntary take up, and so we would not favour the application of regulation only in areas where energy efficiency programmes have already taken place, especially given it is expected to take some years for all areas to be covered.

We also agree that regulation should be focused on the least energy efficient properties initially because :

- Focusing on F & G rated / NHER poor properties means that those consumers at greatest risk of fuel poverty are helped first
- The numbers of houses involved are relatively limited, so giving the property industry an opportunity to adapt

Regulation should, however, be designed so that it could be extended to include, for example 'E' rated properties from a future date once processes are established. We note that the bottom of band D is the minimum standard already required in the social sector, and the current consultation seeks views on setting higher standards in some circumstances. It is also the trigger point below which consumers can access assistance under the EAP; this implies that band D is the de facto minimum standard in other circumstances.

The regulation should also be simultaneous to rollout to the Social Housing Sector – otherwise Registered Social Landlords could sell their worst properties to the private sector. SQHS was intended to be applied to private sector, but as this has not happened, this is an opportunity to streamline and co-ordinate work to mixed tenure blocks, support area-based schemes and eliminate confusion amongst owners, landlords, and advisors.

Regulation should make clear the 2050 target and clear milestones in every 5 years through to 2050's 80% target so that it is clear what will be required over the long term. i.e. this property meets the standard for 2015: the following work will be required to meet the 2020 standard, etc.

31. What other issues around enforcement do we need to think about when considering different approaches to how regulation might work?

If designed and promoted appropriately, we believe that the current conveyancing process should be able to take on board minimum standards without difficulty. As noted above, we believe that the burden should be transferable – once only and for a limited period of 12 months – to the new owner at the point of sale. As well as reducing the burden on the seller, this approach means that buyers would be able to carry out energy efficiency improvements alongside any other work they might wish to do when moving in.

In the PRS, we are aware that other stakeholders are calling for an extension of the landlord registration process so that it includes aspects of housing quality, rather than focusing, as is currently the case, only on the landlord. Should this approach be adopted, such an assessment should also include energy efficiency. The capacity of local authorities (or other publicly funded bodies) to carry out such assessments would need to be proportionate to any new system.

32. In sections 2.76-2.79 we suggest that one way of regulating would be to issue sanctions.

- a. Do you think sanctions on owners should be used to enforce regulations?**
- b. Should owners be able to pass on the sanction or obligation to buyers?**

We agree that the possible use of sanctions is important to give (any) regulation credibility and ensure its success. However, any sanctions should work, as far as possible, with the interests of consumers. Specifically, we agree that the obligation to carry out energy efficiency improvements should be transferable from a seller to a new owner for a set period of time – say 12 months.

In the PRS, the sanction on a landlord should be that they cannot rent out a house which does not meet the required standards. This would be done through a revised Landlord Registration Scheme. We appreciate that this is likely to require an extension of the role of local authorities, and that resources will be required to enforce this; however, there will be direct benefit to PRS tenants, who consistently report barriers to the improvement of energy efficiency, and consequent reduction of energy bills, in their homes.

In each of these cases, the financial interest of the owner encourages them to take appropriate action. We would suggest that this would be more effective and efficient than designing and delivering a separate sanctions process.

In addition, an incentive could be introduced within the Land and Buildings Tax replacing stamp duty in 2015 so that homes that comply with the Standard are taxed at a lower level than those that do not. Part of the tax could be reclaimed by the buyer if they achieve the Standard within year 1 of ownership.

33. The Scottish Government does not intend to regulate before 2015. The working group will consider what options for the timing of regulation might be appropriate, but given the points 2.80 – 2.81, when do you think it might be appropriate to apply regulations?

Given increasing levels of fuel poverty and rising energy costs, we would suggest that regulations should be applied as soon as possible during or after 2015, as a necessary part of the process of the Scottish Government meeting its existing fuel poverty target. However, we also appreciate the need for the delivery of regulations to be effective. We would therefore suggest that the working group should look explicitly at the processes which need to be put in place, including time for promotion of the changes, and should make recommendations on the timing of regulations on that basis. Given the relatively short time

period to develop and promote regulation, we recommend that the working group is given ministerial status, a limited timetable (12 months) and a clear remit to develop recommendations for regulating a minimum energy performance standard in all private sector housing within the context of the Sustainable Housing Strategy vision.

The Alliance position is that regulation should be introduced from 2015 for several reasons:

- To give sufficient advance notice to owner-occupiers and landlords
- To drive uptake of the National Retrofit Programme and thereby maximising Scotland's share of ECO and efficient spend of Scottish Government funding
- To drive demand for the Green Deal
- To encourage upgrades of as many properties as possible, as soon as possible
- To maximise on jobs opportunities for the retrofit industry by creating strong demand for measures

As noted above, it is critical that any new regulation is simple and effective so that it delivers the intended benefits. We would suggest that application of standards at the point of sale or rental, backed up by continuing access to incentives, represents the best option. This is because mechanisms (landlord registration, conveyancing process) already exist into which regulations could be added. Going beyond this to the application of standards for all housing from a set date would require the development of an entirely new process and delivery mechanism.

We agree with the suggestion that regulation should only be applied after promotional work which should, at the same time, encourage take-up of existing voluntary approaches.

However, we would suggest that the prospect of regulation is in itself a driver to encourage voluntary take up, and so we would not favour the application of regulation only in areas where energy efficiency programmes have already taken place, especially given it is expected to take some years for all areas to be covered.

We also agree that regulation should be focused on the least energy efficient properties initially so that those consumers at greatest risk of fuel poverty are helped first and because the numbers of houses involved are relatively limited, so giving the property industry an opportunity to adapt.

Consideration should be given to treatment of private rented properties with sitting tenants that do not have an EPC. These tenants are the most vulnerable in this scenario, being reluctant to risk animosity with their landlord through requesting that their home meet the standard

Chapter 3: Financial Market Transformation

34. In 3.11 – 3.13 we describe the range of legislative and policy levers that we believe are available to help transform the financial market so that it values warm high quality low carbon homes.

a. Do you agree that this is the full range of measures?

b. Can you suggest ways to help transform the market for more energy efficient homes?

We agree with the introductory analysis to this chapter which concludes that property values do not reflect energy efficiency and therefore running costs of the home. We agree that we need to shift cultural attitudes to energy use such that people value energy efficiency. This market and social transformation will only occur through a synergy of policies and programmes. Bigger carrots and sticks are necessary to send the right signals to the householder and the energy efficiency industry. So along with enabling measures of education and financial incentives, it is equally important to have minimum standards of energy performance established for the private sector. The communication of certainty of a standard by a certain date is vital so the market recognises that the sale and rental of energy inefficient properties is unacceptable.

The relatively widespread take-up of solar PV panels as a result of the introduction of FIT payments shows that consumers and industry can and do respond to high profile market signals. However, while there is some indication of increased take up of energy efficiency measures as a result of rising energy costs, these concerns do not yet seem to be translating into mainstream decisions about property purchase or investment.

The consultation presents a range of measures which are useful, but must be taken in combination with each other to have maximum impact across society. We also suggest the following additional measures:

- Better presentation of information at point of purchase/rental: as well as the compulsory use of EPC data at the point of advertising, it should also include the running costs.
- Apply a council tax discount to all properties that have achieved a significant energy upgrade
- Use the Land and Buildings Tax replacing stamp duty to incentivise energy efficiency homes.
- Review legislation relating to the Clean Air Act and urban biomass to allow for approved appliances for district heating to multiple homes.
- Expand the EST Green Homes network to include many more energy upgrades of existing homes
- Showcase energy efficiency upgrades of public buildings

35. What changes would be required to current survey and lending practice to enable mortgage lenders to take account of the income from new technologies or savings on energy bills?

These changes will take place over time as practice reflects rising energy costs and any regulatory framework. Once the principle is established, it is likely that training and Continuing Professional Development will help address the current lack of understanding of energy costs and income, but demand for this knowledge will only come once the market is established.

We suggest training should include:

- Training to surveyors to take account of renewable technologies present and assess the income and savings from these
- Training to lenders to take account of additional income and savings resulting from renewables when assessing for a mortgage

36. Section 3.15 lists challenges which may prevent the benefits of more sustainable houses being recognised in future. What further challenges, if any, need to be addressed?

- Engaging with householder values; exploring other motivations to behaviour change that make people feel good about themselves and their actions (rather than just saving money)
- Giving greater priority to following up with householders after retrofit to make sure they are benefitting from the changes and know how to use the technology
- Continued discussion with stakeholders, especially property professionals, on the Green Deal

37. Sections 3.16 – 3.22 set out the actions SG is currently taking to encourage greater recognition of the value of sustainable homes. Do you agree that this action is appropriate? What further action is needed?

As above, we agree that all these actions are appropriate and helpful. However, we would emphasise that the wider context also influences consumers, and emphasise the importance of promoting energy efficiency throughout all buildings over which SG has influence, not just housing. The wider context also includes new houses – it would send the wrong signal to householders if the Scottish Government stepped back from the recommendations in the Sullivan Report on new build standards. Strong and ambitious building standards will drive innovation, quality, and a reputation for low carbon building – anything less and Scotland will not be able to capitalise on this economic opportunity.

ⁱ www.consumerfocus.org.uk/scotland/files/2012/03/21st-century-heating-in-rural-homes.pdf - the final recommendations on page 41 are arguably relevant across all tenures.

ⁱⁱ <http://bit.ly/Rud6S7>

ⁱⁱⁱ www.scotland.gov.uk/Publications/2011/11/23172215/7

^{iv} www.scotland.gov.uk/Publications/2009/03/25154751/3

^v <http://bit.ly/QRDUcG>

^{vi} http://assets.wwf.org.uk/downloads/raising_the_standards.pdf