

Scottish Government
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Edinburgh
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Sent to: sshs@scotland.gsi.gov.uk

02 October 2012

Dear Sir/Madam

Homes that don't cost the earth – A consultation on Scotland's Sustainable Housing Strategy

Thank you for providing the Energy Saving Trust with the opportunity to input into the above consultation. Please find following a completed consultation questionnaire and respondent information form.

We have a number of comments on the detail of the proposed National Retrofit Programme (NRP) which don't specifically answer the questions posed in the consultation document itself. We feel that they are, nonetheless, important and have therefore provided these comments immediately below this covering letter.

Please note that our response focuses on the relevant areas of the Energy Saving Trust's expertise. We do not attempt to answer questions outside our area of expertise.

If you require any further information or would like to discuss the Energy Saving Trust response in further detail please do not hesitate to contact me on 0131 555 7912.

Yours sincerely

Elaine Waterson

Strategy Manager

Homes that don't cost the earth – A consultation on Scotland's Sustainable Housing Strategy

Comments from the Energy Saving Trust on the proposed National Retrofit Programme

The Energy Saving Trust fully supports the concept of a National Retrofit Programme (NRP), and very much welcomes its proposed introduction in April 2013. We believe that this should make a significant contribution to Scotland's fuel poverty and climate change ambitions.

As noted in our covering letter above we have a number of comments on the detail of the proposed NRP which don't specifically answer the questions posed in the consultation document itself. These are presented below and largely relate to ensuring the continuation of important functions of existing programmes. Existing fuel poverty schemes deliver a number of important functions which are not discussed in the consultation document. We believe it is vital that these functions are not lost in the transition from existing schemes to the new NRP. Specifically, these functions are:

1. **The provision of benefit and tax credit checks and the referral of households for help to reduce their energy costs.** To tackle fuel poverty we need to address its three causes: high fuel prices, low incomes, and poor energy efficiency. Of these three, poor energy efficiency is the most cost effective to address. Improving home energy efficiency has other benefits too: it makes homes more comfortable and it helps to tackle climate change. As such improving home energy efficiency should rightly be the focus of the NRP. However, action to tackle the other causes of fuel poverty – high fuel prices and low incomes - must not be lost with the introduction of the NRP. Indeed, the provision of benefit and tax credit checks and the referral of households for help to reduce their energy costs within the Scottish Government's existing fuel poverty programme – the Energy Assistance Package – have been particularly successful aspects of the programme. Between 4 April 2009 and 28 Feb 2012:
 - 37,963 referrals were made for help in maximising households' incomes (benefits advice and tax credits checks).
 - 2,697 of these are known to have got help worth £5.3million¹ ()
 - The average value of increased income for people helped aged 60 or more for the first year of the programme, when data was available, was £1,681
 - The average value of potential increase in income for people helped aged under 60 in the same period was £2,238
 - 58,176 referrals were made for help to reduce households' energy costs (referred to their own supplier(s) for Social Tariffs or the Warm Home Discount Scheme)
 - 8,862 of these resulted in bill reductions totalling more than £1.1million.

The success of the EAP's comprehensive approach to tackling the 3 causes of fuel poverty (within the Scottish Government's existing powers) and its ability to bring together the expertise of a number of organisations to help people to keep warm and pay their bills, has

¹ Please note that no data has been available from the DWP for people helped from April 2010 to the present so these figures exclude the numbers of people helped and the help provided to a significant number of households referred for assistance

been widely acknowledged² and has positively influenced the development of equivalent schemes in other parts of the UK (in particular the Welsh Government's Nest programme).

Finally, we believe that, as part of the development of the NRP, the Scottish Government should give consideration to the additional income maximisation and fuel bill reduction support that could be offered for example, support to switch supplier, and the provision of debt advice

- 2. The provision of energy efficiency advice.** We believe that it is important that the NRP includes provision for householders to be provided with personalised information about how to reduce their energy use. Clearly advice will be required in order to help householders with the process of organising the installation of 'hard' measures. However, advice on, 'no cost' behaviours in the home is also very important in reducing energy use, fuel bills and CO2 emissions.³.

The findings of the following two pieces of recent research serve to further highlight the importance of advice on, 'no cost' behaviours:

- **The Household Electricity Use Survey⁴.** This piece of work was published by Defra, DECC and the Energy Saving Trust in June this year. It represents the first study of its kind in the UK to measure and monitor electricity use in real time in real-life situations, breaking down what electrical items are being used, when, for how long, and how much power they use. This research highlighted the sheer number of electrical products that the average home now has. The average number of electrical products owned by households in the study was 41. With this number of appliances in the average home it is clearly a challenge for householders to know where to focus attention in terms of energy saving and identify the most 'energy hungry' appliances. The provision of advice clearly has a key role to play here.
- **Research into the lifetime of behaviour change actions.** This research, undertaken by the Energy Saving Trust aims to determine the longevity of behaviour change actions. Customers who had taken part in our consumer evaluation in 2006-2008 were asked at the time whether they had changed behaviour as a result of advice from the Energy Saving Trust (turning lights off, turning down thermostats etc.). Those that had changed their behaviour were followed up in 2009 to see if they still practised those behaviours, they were then followed up again in 2012 to see if they were still practising the behaviours. The results showed that a high proportion of customers continue the behaviours once they have made the initial change. Using

² See for example: <http://www.energysavingtrust.org.uk/Publications2/Corporate/Research-and-insights/In-from-the-cold-working-in-partnership-to-tackle-fuel-poverty>, and Brenda Boardman's quote referenced in: <http://www.energysavingtrust.org.uk/scotland/Media/Take-action/Misc/Scottish-Government-Home-Energy-Schemes-2009-10-EAP-HIS-3>

³ These behaviours are the habits and actions we undertake, often on a daily basis, without even realising we are doing them. They include turning off lights and appliances when not in use, avoiding overheating rooms by turning the thermostat down by 1 degree, washing clothes at 30°C, taking shorter showers and boiling only as much water in the kettle as is required.

⁴ See: <http://www.energysavingtrust.org.uk/Energy-Saving-Trust/Press/Press-releases/Groundbreaking-study-reveals-hidden-costs-of-powering-our-homes>

the data in the research we have been able to estimate that behaviour change has a lifetime of 5.04 years. This lifetime is five times greater than has historically been assumed for such behaviours (1-year). This means that the CO₂ and financial savings that can result from changing such behaviours will be five times greater than previously assumed. This new evidence is now feeding into the evaluation of the CO₂ impacts of the programmes that the Energy Saving Trust manages.

- 3. A national fuel poverty scheme to complement the proposed area based schemes.** We strongly agree that local councils should play a leading role in the new NRP, and that area-based schemes are likely to be a very effective way forward. However, any area-based scheme will run in a particular area at a particular time, and when it is not running in that area there will still be people in fuel poverty who need help and support. In addition area-based schemes can only cover a minority of households at any one time. In this context we note that the consultation proposes that the proposed area-based schemes will '*cover the whole of Scotland in around 10 years*'. This suggests that the fuel poor living in some areas of Scotland will need to wait for up to 10 years before they are able to access the necessary levels of help and support. While the Scottish Government's proposals to '*focus on fuel poor areas first*' will, to some extent, reduce the potential number of householders having to wait this long, it will not eradicate it completely, and this is worrying. Fuel poverty doesn't just occur in fuel poor areas and fuel poor households can be found in virtually every community in Scotland. The proposed approach will mean that the Scottish Government is unlikely to meet its target to eradicate fuel poverty by 2016 because all households in Scotland will not have had access to the proposed area based schemes until 2023, and there is no guarantee that they will have had access to ECO either. For these reasons we believe that it is important that the proposed area based schemes are complemented by a national fuel poverty scheme.
- 4. Integration of schemes.** People do not identify themselves as belonging to government categories like "fuel poor", "priority group" or "superpriority" group. They almost certainly don't know about the range of support that's available on energy efficiency, income maximisation and energy tariffs through different schemes and initiatives. We therefore believe that it is vital to ensure the continuation of a single, trusted, Scotland-wide gateway to access the support that's needed to cope with rising energy bills and cold homes, and ensure that all the different sources of help are accessible from one contact point, a "one stop shop". This role is currently undertaken by the Energy Saving Scotland advice centres. Indeed, the integration of schemes (Scottish Government, UK and EU) is recognised in the consultation as a reason why schemes to insulate homes in Scotland have been particularly successful. In this context we support the Scottish Government's commitment to 'build on this success' in the NRP. We would also like to point out that, in some cases, scheme integration does not appear to be working as well as it could do. Specifically, under the UHIS programme not all local authorities are working closely with the Energy Saving Scotland advice centres (ESSacs). They are therefore only offering households the UHIS package of support, which means that households are missing out on other support that they are likely to be eligible for. If the NRP is to ensure that all households receive the full complement of help available to

them, and maximise its impact, in terms of reductions in numbers of fuel poor and CO₂ emissions, it will be important to take these issues into account in its design of the NRP.

4. Please indicate which category best describes your organisation

(Tick one only)

Executive Agencies and NDPBs	<input type="checkbox"/>
Local authority	<input type="checkbox"/>
Other statutory organisation	<input type="checkbox"/>
Registered Social Landlord	<input type="checkbox"/>
Representative body for private sector organisations	<input type="checkbox"/>
Representative body for third sector/equality organisations	<input type="checkbox"/>
Representative body for community organisations	<input type="checkbox"/>
Representative body for professionals	<input type="checkbox"/>
Private sector organisation	<input type="checkbox"/>
Third sector/equality organisation	<input checked="" type="checkbox"/>
Community group	<input type="checkbox"/>
Academic	<input type="checkbox"/>
Individual	<input type="checkbox"/>
Other – please state...	<input type="checkbox"/>

CONSULTATION QUESTIONS

1. Are the vision and objectives as set out in sections 19 and 20 appropriate for Scotland's Sustainable Housing Strategy? Please answer Yes or No and provide fuller explanation if you wish.

Yes No

Yes, we believe that the vision and objectives set out in sections 19 and 20 are appropriate for Scotland's Sustainable Housing Strategy.

In terms of the main themes presented in section 20 we think that it would be helpful to include text about income maximisation and fuel bill reduction in the first theme – 'A national retrofit programme'. As noted above activity to maximise income and reduce fuel bills will be vitally important if the NRP is to maximise its impact on fuel poverty. The inclusion of this text would help to make it clear that the NRP is not just about retrofitting homes with energy efficiency improvements but also about income maximisation and fuel bill reduction.

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

Loft and cavity wall insulation

In Trigger points, A convenient Truth, a report we produced in 2010 (available at <http://tinyurl.com/83srzvj>) we summarised our evidence for the key barriers to uptake of energy efficiency measures in homes.

For home insulation measures it is important to note that, even after many years of public and private advertising and awareness campaigns, awareness remains a key barrier to action. This relates to overall awareness of the potential/need for the measure, understanding of the likely cost (typically – for loft and cavity wall insulation – much lower than people think), and understanding of what's involved. Cost is a bigger barrier for cavity wall insulation, though this is more likely an awareness issue with customers not aware of the subsidies that are available.

Inconvenience, e.g. relating to loft clearance, remains a big barrier to action for lost insulation. Perceived inconvenience is a big barrier for cavity wall insulation: most householders perceive it as a large scale measure, when in fact it completed quickly with no internal disruption.

Solid wall insulation

Reducing heat loss from Scotland's solid wall homes is vital for Scotland's transition to a low carbon society. Solid wall insulation is currently sold to only a small number of domestic customers and the evidence from research is that householders find decision making around solid wall insulation difficult. Some of the key issues for consumers wanting to understand the potential for solid wall insulation that we observe, based particularly on research we carried out for the UK Department of Energy and Climate Change (DECC) in 2011 are:

- **Confusing advice about suitability of the measure and technical issues around the installation** - in particular different studies and different organisations provide different advice about damp and ventilation issues in different types of homes.

- **Achievable savings from solid wall insulation** - more research is needed to be able to provide clear advice on the energy saving impacts of solid wall insulation, and indeed of the energy performance of different types of solid wall pre-insulation.
- **Planning and conservation area issues** - Different local authorities planning offices, and planning officers, can make different judgements about where and when external solid wall insulation can be applied to buildings. There can be similar issues around applying internal wall insulation in listed buildings.

Another key barrier is the existence of flats and mixed tenure flats, and associated problems with agreeing and co-ordinating energy efficiency work.

There are also barriers associated with the costs of delivering energy efficiency retrofit work in different parts of Scotland. Schemes run by the private sector (i.e. energy companies) will generally always focus first on areas that will deliver CO₂ emissions reductions for the least amount of money. It is therefore likely that areas where costs are higher will miss out or have to wait much longer before they are targeted by specific programmes.

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

The Energy Saving Trust believes that the Scottish Government's proposed NRP will play a key role in overcoming many of the barriers that prevent householders from installing energy efficiency measures. Indeed, the Scottish Government's existing approaches successfully encourage significant numbers of households in Scotland to install energy efficiency measures. So enhancing the Scottish Government's existing approach through the introduction of an NRP should help to ensure the continued installation of measures across Scotland. As noted above, we believe that if the NRP is to maximise its impact - both in terms of the numbers of energy efficiency measures installed and those benefitting from increased incomes - it will be important to ensure the continuation of a number of the functions of existing programmes. Specifically:

1. The provision of benefit and tax credit checks and the referral of households for help to reduce their energy costs
2. The provision of energy efficiency advice
3. A national fuel poverty scheme to complement the proposed area based schemes
4. Tight integration of schemes via the ESSacs

Ultimately we believe that regulation in the private housing sector is likely to be required if Scotland's housing is to contribute appropriately to Scotland's climate change targets, and our views on this are outlined in our responses to question 21 below.

Leading up to the introduction of regulation we believe that the following will be important:

- A programme of public engagement to help gain buy-in into the technologies and policies (including regulation) required to effect the emissions reductions required.
- A variety of incentives and awareness raising activities, developed around people's behaviour and the lifetime of their homes, in preparation for eventual regulation.

- Continued funding for the ESSacs so that they can continue to provide advice and support to householders across Scotland about the various options available to them.

For **solid wall insulation** customers need more assurance before they are to be able to make an informed decision - and feel confident of getting a good deal - when they buy solid wall insulation. Much of this will come as the market develops and solid wall insulation becomes a more mainstream solution. However, in the short term programmes that can build consumer trust and familiarity with the product will be important, specifically:

- ▣ **Further field trials testing different solid wall insulation solutions in different types of homes and with different types of householders.** Technical understanding of home insulation measures is at a lower point than might be expected and this makes choosing a product more difficult for customers and suppliers. This is particularly in terms of:
 - i) the suitability of solid wall insulation type in different circumstances and difficult house types – which remains a topic of lively debate.
 - ii) the right measures for so-called “hard-to-fill cavity walls”, which for a variety of reasons are not suitable for standard cavity wall insulation treatment.
 - iii) the real delivered in-use energy savings that will be achieved after measures have been installed.
- **Exemplar homes:** our research suggests that it is critical for people to see solid wall insulation fitted to homes like theirs before they will consider the measure. The Scottish Government funded Green Homes Network which is managed by the Energy Saving Trust will have an increasingly important role to play here.

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

As more and more measures that have traditionally been considered as ‘easy to install’ and ‘cost effective’ – principally cavity wall and loft insulation – are installed, carbon savings in the household sector will increasingly need to come from insulating ‘harder to treat properties’ – those with solid walls and those with hard to fill cavity walls. These technologies are largely unfamiliar to householders and relatively expensive, and householders don’t necessarily know which is best suited to their property, must interact with a variety of suppliers, pursue grant and/or loan applications etc. For these reasons it is likely that householders will need considerable additional hand-holding and support to help them work through these issues and ultimately install relevant technologies.

The Scottish Government has recognised the importance of providing such support and is funding the Energy Saving Trust to extend its Home Renewables Advice service to provide unbiased advice to those considering investing in solid wall insulation, including home visits where necessary, even if they are not planning to install renewables. Such services are likely to need to be expanded in the future to cover solutions for hard to fill cavities. In addition, the detail and scope of the advice provided to householders will need to continue to be updated in light of the most recent evidence. As noted above, we believe that there is a need for further field trials testing different solid wall insulation solutions in different types of homes and with different types of householders.

For flatted properties it is worth referencing the Four-in-a Block Cavity Wall Insulation Project that took place in Glasgow and South Lanarkshire and was co-ordinated as part of

HIS by the Energy Saving Trust. This project was successful at facilitating CWI installation in 4-in-a-block properties. In terms of the support provided to people in these properties – they received personalised letters, and door knocking was carried out. This level of support can be resource intensive, but ultimately it is probably what is needed if these types of properties are to be retrofitted with energy efficiency measures.

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

In terms of specific issues that need to be addressed in respect of improving energy efficiency in rural areas, particularly more remote or island areas, some of the findings from our recent report 'Supply Chain Analysis for Scotland - Hard to Fill Cavity Walls' are of relevance here. This report can be found at:

<http://www.energysavingtrust.org.uk/scotland/Publications2/Local-authorities-and-housing-associations/Existing-housing/Hard-to-fill-cavities-report>

The objectives of this work were to gain a better understanding a) of the numbers of different categories of hard to fill cavity walls in Scotland, and b) the capacity of the industry to deliver cavity wall insulation in different categories of hard to fill cavity walls and identify any factors that are currently inhibiting its development.

This research highlighted that, in terms of the proportions of different types of hard to fill cavities in different areas of Scotland, the islands of Scotland as a whole 'seem to generate outliers'. For example:

- Only 1% of dwellings in Shetland are partial fill. This compares to a Scottish average of 7%,
- The Orkney Islands have the highest fraction of lath and plaster buildings at 30%. This compares to a Scottish average of 16%.
- 10% of the housing stock in the Shetland Islands is timber frame. This compares to a Scottish average of 2.5%

So, in short, one of the key issues that needs to be addressed in respect of improving energy efficiency in rural areas, particularly more remote or island areas is the different make-up of the housing stock and the fact that different policy and technical solutions may be required to bring these homes up to 'acceptable' energy efficiency standards.

Other key issues include:

- In some areas of Scotland the overall population density is low making it harder to establish economies of scale and leading to higher costs for installation companies which make certain areas less attractive in terms of £/tCO₂. However, we note that available evidence (e.g. from the CCF funded Sustainable Uist project) suggests that the costs of local labour are often lower in remote or island areas.
- Additional logistical costs. A greater proportion of insulation companies are based in the more populated areas. The industry is very mobile and most companies in Scotland will insulate anywhere in Scotland but in remoter areas will charge householders for additional logistical costs.

5. (b) How should these be addressed?

Clearly there needs to be recognition that different areas will need support to do different things in terms of improving the energy performance of their housing stock. It is important that policy and programme development activities take these differences into account. There is likely to be a need for area specific programmes (the NRP clearly has a key role to play here) and additional research may be required to support the delivery of solutions in certain areas (e.g. solutions for specific types of hard to treat cavities) – otherwise there is a risk that significant numbers of homes in particular areas will remain un-improved.

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

Local authorities have a crucial role to play in delivering reductions in CO₂ emissions and in tackling fuel poverty and can help to secure significant economic benefits in their areas by doing so. The role of local authorities includes:

- Leading by example and demonstrating the significant benefits of acting on climate change to their citizens and communities.
- Providing strategic direction – to staff, citizens, partners and communities.
- Engaging people and communities - national government is too far removed from the person on the ground to have real opportunities to engage and inspire.
- Helping to deliver effective local programmes – local authorities deliver a range of services and hold information that is essential for the effective delivery of energy improvement programmes.

It is vitally important that all local authorities in Scotland are acting as proactively as possible on energy efficiency and fuel poverty. We believe that, in order to bring about a step change in retrofitting Scotland's housing, local authorities should:

- Play a key role in the delivery of the NRP.
- Set local targets for reducing fuel poverty and for improving energy efficiency within the context of wider Local Housing Strategies
- Develop local financing strategies and ensure they have the right data on their housing stock and communities to target action on retrofit
- Work proactively with landlords in their area, particularly where they have F&G rated homes
- Prioritise improving the energy performance of their own stock. The energy efficiency of local authority owned homes is somewhat lower than that of other social housing
- Ensuring householders, and particularly fuel-poor householders, are aware of the advice and support that the ESSacs are able to provide, and are using it to seek advice on and support on the full range of support that is available to them (Scottish Government programmes, Green Deal, ECO etc.).

The Existing Homes Alliance Scotland point out in their response to this consultation *'There is a concern that not all local authorities will have the capacity to plan, develop and deliver the National Retrofit Programme. There is a role for the Scottish Government to support local authorities through data gathering, analysis and mapping as well as capacity building where necessary.'* We support this view and believe that the Scottish Government has a key role to play in supporting local authorities, and note that some local authorities will require considerably more support than others.

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

The Scottish Government clearly has a key role to play in a National Retrofit Programme, including:

- Ensuring that sufficient funding is in place to meet fuel poverty and climate change targets.
- Working in partnership with a range of stakeholders to maximise a) the amount of ECO funds spent in Scotland, and b) Green Deal take up in Scotland.
- The provision of support to local authorities to ensure the effective and efficient delivery of the NRP.
- Monitoring and evaluating the NRP
- Delivering national marketing campaigns (through Greener Scotland) to drive interest in and demand for local authority energy efficiency activity and to provide context for this activity.
- Continuing to provide one-stop-shop infrastructure through the existing ESSac network so that anyone who needs advice on dealing with a cold home or high fuel bills can go to one place to receive impartial information on a) all the available grants and programmes for installing energy saving measures, and b) income maximisation and fuel bill reduction.

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

We believe that the new powers that the Scottish parliament now has for taxes on land transactions could play an important role in stimulating the retrofit of Scotland's existing housing stock. This tax should be amended in the future to support the delivery of the Scottish Government's climate change and energy consumption reduction objectives. In particular such amendments should focus on encouraging reductions in emissions from Scotland's housing stock, which is currently responsible for 36% of Scotland's CO₂ emissions. We believe that such amendments could play an important role in delivering the Scottish Government's vision for Scotland to have 'a housing market where sustainability, for both new and existing housing, is positively valued by consumers and attracts a financial premium'. For further information about our position on this issue please see our response to the Scottish Government's recent consultation 'Taking forward a Scottish Land and Buildings Transaction Tax'.

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

The actions that we believe are need to achieve the scale of change required to existing homes are outlined in our responses to questions 3-7, and 22.

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)?

As noted above it is our view that if a NRP is to maximise benefits to all consumers and particularly vulnerable groups such as the elderly and those for who English is not a first language it will be important that they are able to receive *from one place*, advice on a) all the available grants and programmes for installing energy saving measures, and b) income maximisation and fuel bill reduction.

In addition we believe that it will be important for the Scottish Government to:

- Make extra support available via this central advice service to these groups of consumers (to allow, for example, home advice visits where necessary, translation – verbal and written, etc.).
- Provide flexibility within the NRP (e.g. don't hold householders to tight timescales).
- Ensure that all installers are trained to provide extra levels of care and support where needed.

11. (a) Should the Scottish Government consider whether a single mandatory condition standard (beyond the tolerable standard) should apply to all properties, irrespective of tenure?

Yes No

11. (b) If so, how would that be enforced?

Yes, we believe that the Scottish Government should consider whether a single mandatory condition standard (beyond the tolerable standard) should apply to all properties irrespective of tenure. Please note that we have interpreted this question as being about a new/improved tolerable standard, and not about whether the same, more challenging energy performance standard should apply across all tenures – our views on this later issue can be found in our responses to questions 21 and 26.

The tolerable standard outlines the set of basic requirements that homes should meet in order to be considered as acceptable places to live and is a "condemnatory" standard i.e. a house that falls below it is not acceptable as living accommodation. We believe that this standard should be improved. Arguably a home that isn't affordable to heat or comfortable to live in shouldn't, in the 21st century be viewed as a home that is acceptable to live in. And a home that just has 'satisfactory insulation' (defined by the presence of insulation in the roof) is not necessarily affordable to heat or comfortable to live in.

In terms of enforcement, local authorities are probably best placed to undertake this role. If the standard is to be meaningful and result in improvements in energy performance across Scotland's housing stock it will be important that this activity is adequately resourced.

12. (a) In box 6 we identify a checklist for maintaining a quality home. Do you agree with our proposed hierarchy of needs?

Yes No

12. (b) If you think anything is missing or in the wrong place please explain your views.

- a) Yes, we broadly agree with the hierarchy of needs outlined in box 6. We agree that ensuring a property remains in good condition (i.e. that it is in a good state of repair and that maintenance is carried out regularly) needs to be at the top of the hierarchy. We welcome the recognition given to ‘the importance of good basic house condition to energy efficiency’. Basic maintenance can have an impact on energy performance – for example ensuring windows and doors are well fitting and in a good state of repair. In addition, the presence of moisture and damp in walls can significantly increase their conductivity and therefore reduce their energy performance, so basic improvements such as fixing leaking guttering should reduce energy demand. Thermal imaging has also demonstrated that a large amount of heat can escape through pointing that is in poor condition. We note that very little evidence exists to quantify the potential impacts of such improvements in terms of kWh saved, and believe this might be a useful area of further research.
- b) Our comments on the detail of the hierarchy of needs are as follows:
- The consultation document notes that the hierarchy will ‘*help owners to prioritise how they invest in their properties*’. However, it is unclear how this information will be communicated to home owners. In the context of communicating to householders we believe that more detail will be required if this information is to be meaningful to householders – for example most householders will not know what ‘*properly ventilated*’ means, or how efficient an ‘efficient boiler is etc. There will also be a need to ensure that householders are aware of where to go for further information and help. We would be happy to discuss with the SG how the hierarchy can be communicated via our existing channels to householders.
 - Electrically heated households will not have a boiler. For this reason it probably makes sense to change the wording of the 5th bullet point to something along the lines of ‘*Make sure your heating system is efficient and consider installing controls*’.
 - The hierarchy should include reference to draught proofing 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 No

Yes, we agree that local authorities should be able to require that owners improve their properties in the same way they can require that they repair them, and that poor energy efficiency could be trigger for a work notice. As noted in the consultation document this could be particularly useful in terms of helping to support the achievement of the SHQS in mixed tenure blocks. Such a requirement is likely to result in additional work for local authorities and it will therefore be important to ensure that they are adequately resourced to do this.

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? Please answer Yes or No and provide further explanation, if you wish.

Yes No

Yes, we agree that local authorities should have a power to enforce decisions taken by owners under title deeds, tenement management scheme or by unanimity. Again, if local authorities are given explicit powers to pay missing shares of owners who are not paying for communal repair work there will be a need to ensure adequate resources are provided to local authorities to cover these costs.

15. Should local authorities be able to automatically issue maintenance orders on any property which has had a work notice? Please provide further explanation if you wish.

Yes No

We have no comments on this question. It falls outside our area of expertise.

16. Should the process for using maintenance orders be streamlined, and if so, how? Please answer Yes or No and provide further explanation, if you wish.

Yes No

We have no comments on this question. It falls outside our area of expertise.

17. Should local authorities be able to: a. issue work notices on housing affecting the amenity, and b. require work such as to improve safety and security on properties which are outwith a Housing Renewal area? Please answer Yes or No and provide further explanation if you wish.

Yes No

We have no comments on this question. It falls outside our area of expertise.

18. Should local authorities be able to issue repayment charges for work done on commercial properties, in the same way they can for residential premises? Please answer Yes or No and provide further explanation below, if you wish.

Yes No

We have no comments on this question. It falls outside our area of expertise.

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

We have no comments on this question. It falls outside our area of expertise.

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

The actions that we believe are necessary to raise the importance placed by owners and tenants on the energy efficiency of their properties are outlined in our responses to questions 3-7, 22, 34 and 35.

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

Yes, we strongly believe that the Scottish Government should introduce minimum energy efficiency standards for private sector housing. We welcome the Scottish Government's acknowledgement (on page 33 of the consultation document) that '*Minimum standards for existing housing could have a major role to play in helping to drive the market and in acting as a back-stop if incentives do not provide the scale of activity necessary...*'. We believe that such standards are likely to be necessary if the Scottish Government is to meet its climate change targets.

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

There are a number of ways that EPCs could be amended to make them a more useful tool for influencing behaviour change to improve energy efficiency, as follows:

1) Getting the right format and content

Getting the right format and content can make a big difference to the overall understanding of an EPC and its recommendations. It is therefore important to get it right. In this context real consumer feedback is important. We therefore strongly support the Scottish Government's proposal to undertake additional research to consider how the information presented in an EPC could be amended to help provide useful information and drive behaviour change. In this context it is worthwhile noting that in 2004/5 we worked with CLG to research the initial format of the EPC for England and Wales. This work focussed on the views of individuals in England and Wales and is now a number of years old. However, we believe that some of the findings are still pertinent. In our response to the Scottish Government's consultation on the recast of the Energy Performance of Buildings Directive we supplied, in an annex, a note of some of the key messages that came out of that research (a copy of our response to this consultation can be found at: <http://www.scotland.gov.uk/Publications/2012/02/5739/downloads#res386449>).

2) Increasing awareness of EPCs

Making the EPC a more useful tool for influencing behaviour change to improve energy efficiency is not just about the information contained within the EPC; it is about what is done with it/how it is promoted/how it is made visible to buyers and renters and the wider property industry. Recent research undertaken by the Energy Saving Trust (for full reference see our answer to Q34 below) found that only 63 per cent of recent homebuyer respondents said they were given information on the EPC for the property they were intending to purchase. Only four per cent specifically requested to see the EPC when they

bought their home, and another third stated they were not provided with the EPC.

We believe that more could be done to ensure that home buyers are as aware as possible of the energy performance rating of homes on the market and the cost implications of these ratings – to ensure that energy performance becomes a factor in their decision making process. When people are choosing to pay more for a higher EPC-rated home, the economies of making energy and carbon saving improvements become much more viable for individuals and for the government. In this context we recommend that the Scottish Government should:

- **Include bill savings information, along with the EPC band in the commercial media** (i.e. in property particulars). We know that energy cost information on EPCs is potentially of great interest to householders; research consistently over many years has shown that energy bill savings is the most motivating aspect of the energy saving message.
- **Extend the Scottish Government’s definition of ‘commercial media’ to include the “for sale” or “to let” sign.** It is vital that home buyers and renters are as aware as possible of the energy performance rating of homes on the market – to ensure that energy performance becomes a factor in their decision-making process.
- **Require that the EPC band is displayed on the front page of property particulars.**

We also believe that more needs to be done to raise awareness of the EPC with:

- **the property industry** – solicitors, estate agents and surveyors (our views on how this might be done can be found in our response to questions 34-36 below).
- **builders** – small builders undertake the majority of domestic refurbishment jobs in the UK. It is therefore important that builders fully understand EPCs. The Energy Saving Trust is working to identify new ways to encourage builders to use EPCs and EPC recommendations in their discussions with their customers.

3. Requiring the EPC at additional trigger points

Making the EPC a common currency should, we suggest, involve making it available in a wider variety of settings. We are pleased that UK government has suggested that EPCs will be required for entrants to the Renewable Heat Incentive scheme. We suggest EPCs could also be required alongside building regulation approvals for improvements to existing buildings.

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

We agree with the three guiding principles set out in section 2.61. We believe that this set of principles should be expanded to include:

- **Efforts will be made to raise awareness of forthcoming standards well before the standards are introduced.** As the consultation document itself notes ‘*the knowledge of forthcoming regulation can itself drive take up of incentives*’. Raising awareness also has a role to play in terms of generating buy in from the public and other stakeholders. It will be important to raise awareness not only amongst householders but also amongst the wider property industry.
- **Any regulation will be adequately enforced to ensure it is effective.** Without adequate enforcement there is a risk that regulation will not deliver the necessary

levels of CO₂ emissions reductions.

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

We largely agree with the analysis provided by the Scottish Government in sections 2.62-2.67 of the consultation document. We believe that every effort should be made to encourage the voluntary take up of measures before regulation is introduced, and as noted above we agree that *'the knowledge of forthcoming regulation can itself drive take up of incentives'* – it will therefore be important to ensure that people really do know well in advance that regulation is on its way, when it will apply from, what the standards will be, etc.

We also note that regulation has the potential to drive the uptake of incentives/available finance. For example, forthcoming requirements in England and Wales that will prevent F or G rated properties being rented out, are likely to drive the uptake of Green Deal finance packages. However, as well as driving the uptake of certain support packages there is, as noted in the consultation document, the potential that the existence of regulation might impact on eligibility for certain support packages (e.g. ECO). In this context we support the Scottish Government's intention to *'understand how regulation might affect eligibility to ECO, to ensure that homeowners in Scotland are no worse off than elsewhere in GB'*.

25. In section 2.68 we identify design options for the standard. Do you have any views on the options set out in that report? Are there other options that we should be considering?

Our current thinking is that approach 3 – *'Standards based on a recommendation for the property to reach a certain energy efficiency standard, for example by setting an EPC score that must be achieved'* - is likely to be the most sensible approach to adopt. We agree that these standards should be applied, at a minimum, at the point of sale or rental (our views on other points at which they might apply are outlined in our response to Q29 below).

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?

Yes No Don't know! X

This is a difficult question to answer. We acknowledge that there would be benefits associated with adopting this approach – in particular the fact that it would make it easier to undertake work in mixed tenure blocks (as both sectors would be obliged to meet the same requirements). However, we do have some concerns about this approach might be communicated to, and perceived by, householders.

Effectively communicating the need to reach a specific EPC band to all householders is likely to be easier than communicating the need to reach different EPC bands for different property types – particularly given the number of property types involved. We also

believe that there may be issues in terms of the perceived fairness of this approach. If the regulations for private sector housing reflect the energy efficiency capacity of the property and/or location, as is proposed for the social sector, then different property types will need to reach different EPC bands at the point of sale or rental. It may prove very difficult to simply communicate to the public why some properties will need to meet higher EPC bands than others. Those having to reach higher bands may therefore perceive the regulations to be unfair, with subsequent implications for the public acceptability of regulation.

Clearly the only way to properly gauge consumer reaction is to undertake consumer research. We therefore believe that the Scottish Government should commission consumer research to inform a) the development of regulations and b) how they are communicated to the public.

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?

Yes No

Please see our response to question 26 above.

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, for example older people, those with disabilities, people from minority ethnic communities?

Yes, there are specific issues that the Scottish Government needs to consider in introducing regulation on home energy efficiency for particular groups of people. We believe that these issues need to be given careful consideration by the Scottish Government – particularly because such regulation will have considerable financial implications for householders. In this context we believe that it will be particularly important that there be flexibility in any regulations to allow the required work to be transferred to a new property owner.

29. Should we consider additional trigger points to point of sale or rental? If so, what?

Yes X No

Yes, we believe that the Scottish Government should consider additional trigger points to the point of sale or rental. Specifically we believe that the Scottish Government should consider the following trigger points:

- 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?

Yes No

We believe that regulation across the owner occupied and PRS sectors should be introduced all at once.

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

No comment

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

(a) Do you think that sanctions on owners should be used to enforce regulations?

Yes X No

(b) Should owners be able to pass the sanction or obligation on to buyers?

Yes X No

No comment

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

We believe that it may be appropriate to apply regulations from 2016. By this date the Scottish Government aims to eradicate fuel poverty and so a significant proportion of those on low incomes should have received assistance to have at least their loft and cavities insulated where possible.

Arguably, regulations could be applied before then. However, earlier introduction needs to be balanced with:

- driving voluntary action;
- enabling the supply chain to build capacity and
- encouraging the market to value energy efficient buildings.

34. (a) In Section 3.4 we describe the range of legislative and policy levers that we believe are available to help us transform the financial market such that it values warm, high quality, low carbon homes. Do you agree that this is the full range of levers?

Yes X No

34. (b) Can you suggest any other ways to help transform the market for more energy efficient, sustainable homes?

Please note that our responses to the questions set out in Chapter 3: Financial Market Transformation (Q34-Q37) have been informed by a soon to be published piece of research commissioned by the Energy Saving Trust. The resulting report '*Investigation into the impact of small-scale renewables systems on property value in Scotland*' will soon be available on our website at: <http://www.energysavingtrust.org.uk/scotland/>

Yes, broadly speaking, we believe that the Scottish Government has listed the full range of levers. However, we believe that more could be done with these levers, to help transform the market for more energy efficient sustainable homes, than is currently proposed. Specifically:

- While getting the design of the EPC and the information contained within it right is crucial what is done with this information/how it is promoted/how it is made visible and explained to buyers, renters and the wider property industry is also vitally important. For more details about our views on this issue please see our response to question 22 above.
- We also believe that more consideration needs to be given to policy levers around the provision of information and support to property professionals. These are not discussed in any detail in the consultation document, but have an increasingly important role to play.

Our recent research into the impact of microgeneration and energy efficiency installations on property prices (referenced above) suggests that solicitors, estate agents and chartered surveyors in Scotland have some awareness of these technologies but they do not take their existence into account when valuing a property, nor do they make potential home buyers aware of the financial benefits of these systems via fuel bill savings and income generation.

In addition, interviews with those who have recently bought homes with microgeneration or energy efficiency measures already installed indicated that the existence of that technology did not play any particular role in their decision about whether to purchase a property or not, and most had limited knowledge about the system they were living with and the associated financial and other benefits.

As noted above, and as recognised in the consultation document it is vitally important that the energy performance of a property, and therefore the associated heating and power running costs, become a factor in the decision making process when purchasing a property. There are also potential benefits for solicitors/estate agents in driving this process, which include:

- Higher commissions on sales if properties sell for a higher price
- More likely to sell such properties if seen as desirable
- First mover advantage – solicitors/estate agents who build expertise and have success in selling such properties will be more likely to be approached to sell others

In addition it is also important that people moving into homes with microgeneration

and energy efficiency technologies already installed use these technologies appropriately and so benefit from them as they should. This is becoming an increasingly important issue as the renewables market grows.

There are thus advantages for both property professionals and for property purchasers in knowing more about microgeneration technologies and energy efficiency and their benefits and hence implicit effect on the value of a property.

This financial year, with funding from the Scottish Government, we will undertake a pilot project to identify and then utilise the most appropriate communications to increase knowledge amongst both property professionals and those “moving in to microgen/ energy efficiency” in a pilot area.

We will develop information and training materials for property professionals on the technologies and measures available, the costs of installation, the potential savings and likely income generation for householders, how to best present this information to potential buyers and sellers, and provide references to further information resources.

We will also pilot provision of information to those who have just moved in to homes with microgeneration or strong energy efficiency measures (e.g. solid wall insulation) installed, identifying these through cross-referencing EPC and Registrars of Scotland data.

We will evaluate the impact of this work on property professionals’ communications with potential buyers and valuation of properties; we will also evaluate buyers’ experience of using their renewable systems. If successful, this work could then form the basis for a follow-up national initiative.

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

Lending practice is not one of the Energy Saving Trust’s areas of expertise. However, as noted above, the Energy Saving Trust recently commissioned an initial investigation into the impact that small-scale renewables systems may have on domestic property values in Scotland. This research included ten qualitative telephone interviews with four estate agents, three solicitors and three chartered surveyors in Scotland. As noted above it suggests that solicitors, estate agents and chartered surveyors require additional information and support in order to:

- take the existence of energy efficiency and microgeneration into account when valuing a property.
- make potential home buyers aware of the financial benefits of these systems via fuel bill savings and income generation.

The results of the pilot project referenced in our response to question 34 should provide useful insight into the impacts of the provision of information and support to the property industry – in terms of its impacts on property professionals’ communications with

potential buyers and valuation of properties.

It should also be possible to adapt our solar calculator and cashback calculator tools which are available on our website (see: <http://www.energysavingtrust.org.uk/Generating-energy/Getting-money-back/Solar-Energy-Calculator>, and <http://www.energysavingtrust.org.uk/Generating-energy/Getting-money-back/Cashback-Calculator>) so that they can take the remaining life of a renewables system into account when calculating the financial benefits of these systems. This would mean that it would be possible for surveyor to work out the total amount of money that a particular home would receive in FITs for which the system owner is eligible and the bill savings over the remaining lifetime of the system. These tools currently work on the basis of someone installing a new system. In addition, a similar tool could be developed for the domestic Renewable Heat Incentive (RHI) once the details of this scheme have been finalised by DECC. We would welcome the opportunity to discuss the development of these tools in more detail with the Scottish Government.

36. Section 3.15 lists a range of challenges that may prevent the benefits of a more sustainable, energy efficient home being fully recognised in its value. What further challenges, if any, need to be addressed?

Our Investigation into the impact of small-scale renewables systems on property value in Scotland identified a number of barriers, in addition to those listed in the consultation document, which may prevent the benefits of a more sustainable, energy efficient home being fully recognised in its market value. These include:

There are significant barriers to placing a real value on energy efficiency and small scale renewables systems amongst estate agents and home buyers

Domestic property professionals (solicitors, estate agents and surveyors) reported that they:

- Do not currently believe that home buyers are significantly interested in, or concerned about, the energy efficiency of properties or small-scale renewables systems.
- Are not valuing property any differently where a small-scale renewables system is present, due to home buyers' lack of knowledge about, and interest in, them.
- For similar reasons, the real estate industry is not informing buyers about small-scale renewables systems or outlining their benefits
- Have concerns about the effect some systems have on property aesthetics.

Home buyers reported that:

- Detailed information on potential fuel bill savings and income from small-scale renewables systems is important in determining whether, and how much more or less, they would be willing to pay for a property with such a system; they currently have low levels of understanding of these values.
- The economic climate is affecting the price people are willing to pay for a property; restricted budgets may prevent home buyers finding extra capital to pay more for a property with a small-scale renewables system.
- The payback periods of small scale renewable systems are considered to be too long. This is an issue where home buyers do not envisage living in a property for the medium to long term as they perceive that they will not recoup the potential

long-term financial benefits of the small-scale renewables system.

- Their willingness to pay more or less for a property with a small-scale renewables system may depend on the age of the system. There is a perception that these technologies evolve quickly, so there is a perceived risk that they become out of date, which may affect reliability, efficiency and output.

Further details will be available in the final report which is due to be published within the next month and will be available on our website at:

<http://www.energysavingtrust.org.uk/scotland>

37. (a) Sections 3.16-3.22 set out the action that Scottish Government is currently developing to encourage greater recognition of the value of sustainable homes. Do you agree that this action is appropriate?

Yes No

37. (b) What further action is needed to influence consumers and the market?

Our views on the further action that is needed to influence consumers and the market are largely covered in our answers to questions 34 and 35 above.

38. What steps can we take to ensure that we design and develop sustainable neighbourhoods?

No comment

39. Section 4.10 sets out the main challenges to address in taking forward our aim of new build transformation. What further challenges, if any, need to be addressed?

We note that there appears to be a growing consensus that the quality of workmanship plays a key role in determining whether or not a new build property will deliver the energy savings promised. All workers on site have to be brought into the low carbon message, and there is a key role for on-site project managers (a clerk of works) to oversee overall quality by checking the work of all the different sub-contractors.

In the context of taking forward the Scottish Government's aim of new build transformation we were rather concerned to read, on page 21 of the consultation document, Home's for Scotland's proposal to improve existing homes which would involve home builders contributing to *'an 'off-set amount for every new home built to directly improve existing homes within the community'*.

While we do, of course, acknowledge that 'allowable solutions' are likely to be required in some circumstances (e.g. a new build flatted development in a city centre brownfield site) it is important to remember that every new home that is built in Scotland adds to Scotland's overall CO₂ emissions. We therefore believe that, as far as possible, the Scottish Government should maintain its commitment to ensure that liveable, affordable homes are as low carbon as possible, and, if practical, for all new homes to be net zero carbon by 2016/17. It is important that action to tackle CO₂ emissions from, and fuel poverty in, the existing housing stock is not done at the expense of progress towards zero carbon new build.

40. What action is needed to increase the capacity for developing and bringing to market innovative methods of construction?

No comment

41. What further changes to the operation of the Government's affordable housing supply programme would help to enable it to champion greener construction methods and technologies in the medium term?

No comment

42. What further action is needed to influence the construction industry to make greater use of innovative methods to deliver more greener new homes?

In terms of influencing the construction industry to make greater use of innovative methods to deliver more greener new homes we note the successful Zero Carbon Hub structure in England. The Scottish Government could consider the introduction of a similar structure for Scotland where the Scottish Government works with industry and stakeholders to address multiple challenges of:

- Real exemplar low/zero carbon new homes suitable for the Scottish context and that work in the Scottish climate
- Skills issues for people coming into the work force and existing construction workers (work with Sector Skills Councils and any established providers of on-going training) – see above
- Demand – evidence that the government is working with industry to build demand among homeowners for low/zero carbon homes
- Policy certainty:
 - about how Scotland will meet European 2019 standard for Near Zero Newbuild homes – in particular anticipated balance between energy efficiency/building integrated renewables/nearsite and off-site renewables in enabling homes to meet the standard
 - A clear trajectory for Building Standards improvements between now and 2019 showing how the standards will move towards near zero newbuild.
- Measuring, testing, monitoring and quality assurance – A consistent programme to work with the industry to confirm and ensure that very low energy/low carbon new homes are as low energy in practice as they are in design.

43. (a) Has Chapter 5 of this consultation identified the key challenges to ensuring Scottish companies have the skills to take advantage of the opportunities expected to be on offer?

Yes No

43. (b) If not, What other challenges are there?

No comment

44. What further action is needed to ensure there is appropriate investment in skills and training to meet these opportunities?

No comment

45. How can the construction industry be made more aware of the potential funding and support for skills and training development opportunities and engage effectively with those providing training to ensure that it meets their current and future needs?

No comment

46. How do we ensure that skills and training opportunities are provided on an equitable basis to all groups in society?

No comment

47. Apart from training and skills opportunities are there any other issues that should be addressed to make employment in construction and other industries becomes more representative?

No comment

48. Please describe any specific difficulties relating to skills and training that apply to those in remote and island areas and your view on how these may be addressed.

No comment