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WWF Scotland Response

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

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Introduction

WWF Scotland welcomes the opportunity to respond to the consultation on Scotland's Sustainable Housing Strategy. WWF first set out the case for greater action to make Scotland's homes more energy efficient in 2008 with its publication, *Carbon Countdown for Homes*. The purpose of the report was to make the case for a Scottish Government strategy to deliver low carbon homes and we are pleased to be contributing to the Sustainable Housing Strategy, now four years later.

With homes responsible for one quarter of Scotland's emissions and one third of the energy demand, it is clear homes have great potential, indeed an imperative, to play their part in meeting Scotland's climate change targets. We believe the housing sector should achieve a 42% cut in emissions by 2020 – which will also help tackle fuel poverty and win jobs for the hard-pressed building industry.

It is striking that this consultation comes at a time when the Scottish Government has missed its first legally-binding target under the Scottish Climate Change Act and fuel poverty numbers have risen to over 800,000 in 2011. The need for this strategy, pulling together the strands of work on fuel poverty, energy efficiency and jobs, has never been greater.

WWF welcomes the vision set out in the strategy – for “warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland.” We support the general approach taken in the strategy, considering the range of programmes and policies which will help achieve this vision. We also want to commend the inclusive and consultative approach that has been taken to encouraging active participation throughout this consultation period.

However, we are concerned that the strategy does not have the necessary resources or the right balance of incentives and regulation to make the strategy a success and ultimately to achieve the 2030 vision. We have set out our detailed concerns and proposals in our consultation response. In addition, as a member of the Existing Homes Alliance Scotland, we fully endorse their response.

In summary, WWF makes the following recommendations:

Vision

The objectives should clearly set out the route-map to 2030 across all aspects of the strategy – climate change, fuel poverty, and the low carbon economy in order to achieve the vision.



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Climate Change Emissions Target

The housing sector should be expected to deliver at least a 42% reduction on emissions based on 1990 levels. Housing has the potential to do more whereas other sectors such as transport and agriculture will struggle for political and cost reasons. The energy upgrades are durable – once made, the energy efficiency savings and emissions cuts are locked in.

National Retrofit Programme

The National Retrofit Programme with its area-based approach, led by local authorities and focused on fuel poverty is welcomed. It should be the over-arching programme to achieve climate change and fuel poverty targets. A national, demand-led offering, akin to the Energy Assistance Package, should be part of the programme, so no one is left out in the cold.

The National Retrofit Programme funding needs to be increased to at least £100m per year, as opposed to £65m per year.

Role of Regulation

Government should foreshadow their intention to introduce minimum standards of energy performance for all private sector housing at point of sale and rental by 2015 as soon as possible.

The working group on minimum standards should be at a ministerial level, with a clear remit and timescale of no more than 12 months to provide recommendations to the Minister on how to regulate for a minimum energy efficiency standard in the private sector.

Financial Market Transformation

Minimum standards for the private sector are essential to achieving market transformation. Voluntary measures and awareness-raising are not enough on their own.

New Build Market Transformation

Ambitious new build standards and retrofit programmes can and should proceed in parallel. The government should commit to the escalation of standards set out in the Sullivan Report, which foresees a net-zero carbon standard by 2016/17.

Skills and Training

Government should support local authorities in devising procurement frameworks for the National Retrofit Programmes which can maximise local job benefits.

The Scottish Enterprise network should offer programmes and support to develop skills and build capacity amongst the workforce to respond to the National Retrofit Programme, including the specific requirements of the Energy Company Obligation and the Green Deal.

The Scottish Government should set aside a percentage of the European Structural Funds that it administers in order to fund housing associations and co-operatives to help meet the ambitious targets set in EESSH and the NRP.

Detailed Response

Chapter 1: National Retrofit Programme

Q1: Are vision and objectives as set out in sections 19 and 20 appropriate?

We strongly support the vision as set out in the Introduction: “warm, high quality, affordable, low carbon homes that will help to establish a successful low carbon economy across Scotland.” The strategy is a model for other parts of government in how it links together fuel poverty, climate change and economic development policies.

The objectives should be more ambitious and consistent with a vision for 2030. For example:

- Define “step-change in provision of energy efficient homes to 2030” in terms of expectations for standard of average home.
- What is action on fuel poverty post-2016? Plans to fuel poverty-proof properties?
- Make commitment in RPP2 to emissions reduction more ambitious – 42% emissions reduced in the housing sector by 2020 as opposed to 36%. This is more in keeping with the strategy vision and provides a pragmatic solution to achieving the economy-wide target.
- Make clear what kind of ‘retrofit’ workforce will be in place by 2030.

Table 1 – RPP1 milestones and progress:

The milestones should be revised in RPP2 and provided with evidence to show how they will demonstrate the 2020 target will be met. Interim milestones should also be set (2015) to ensure the housing sector is on track to meet its targets.

Section 4.3 of the RPP also refers to draught-proofing and pipe lagging. It would be useful to define what is meant by a highly efficient boiler is, and what appropriate controls are.

Q2: What do you think are the main barriers that prevent home owners and landlords from installing energy efficiency measures?

- Energy efficiency is a hard sell: it is not tangible, out of sight, out of mind.
- Cost: up front capital cost that pays back over several years. Investment does not increase value of property.
- Hassle: clearing lofts, redecoration.
- Confusion: frequent changes in funding programmes, funding by measure rather than what the house needs, criteria can be stifling.
- Mistrust: suspicious about claimed energy savings; little understanding of measures such as solid wall insulation; concerns about quality of work, concerns about air tightness and damp, waiting for a better price or better technology.
- Landlords – no perceived benefit

A useful reference on how to motivate householders to take up energy upgrades is a report completed by Elizabeth Leighton, Senior Policy Officer, WWF Scotland, while on a Churchill travelling fellowship to home energy efficiency programmes in the US - *Putting energy savings within reach: why some home energy efficiency programmes work* (http://www.wcmt.org.uk/reports/906_1.pdf) and blog (<http://warmerhomes.wordpress.com>). The US programmes have much to offer in how to achieve market transformation by working closely with industry ‘allies’ in the design and delivery of programmes.

In Scotland, experience has proven that area-based insulation programmes are successful in improving take up of measures. We recommend a continuation of the UHIS approach under the National Retrofit Programme to maximise voluntary take-up of basic measures.

However, some homeowners and landlords are still not taking up measures, even if measures are free or in some cases, they are offered a ‘cash-back’. This illustrates the need to foreshadow regulation of the private housing sector for minimum standards of energy performance to act as a backstop for those who won't take voluntary action, and drive demand for measures more generally.

In the case of more expensive measures such as solid wall insulation, the barriers are even more significant. There remains disagreement over the best approaches to SWI in different properties. There is also real concern that there is a lack of qualified installers to respond to the ECO carbon saving strand. This is a real worry, as confidence in the measure could falter just

as it is marketed on a broader scale than ever before. The government needs to work with colleges, existing installers, architects, EST and Historic Scotland to devise recommended approaches for different archetypes.

There is also a lot of confusion regarding cost and how the Green Deal and ECO would apply. Will ECO 'plug the gap' for hard to treat properties so they can meet the Golden Rule? Will there be an across the board 'offer' for solid wall insulation or will it vary depending on how much carbon saving your property can offer?

Q3: Please explain any practical solutions and/or incentives to overcome any barriers you have identified?

As noted above, many barriers can be overcome through market transformation – Scotland becoming a society that values energy efficient homes. This will take time, but can be encouraged through a combination of education, incentives *and regulation*. The pace and scale of change required is great, and will require every tool at the government's disposal. Every fiscal measure should be explored to make sure it rewards energy efficiency. For example, stamp duty and the council tax rebate (which needs to be improved so it actually works) would be powerful signals. Investment in the ESSAC network to support behaviour change and work with the housing profession to raise awareness of the value of energy efficiency is also important. All of these must be combined with a minimum energy efficiency standard at point of sale and rental.

The government should review its past and current area-based schemes, including CCF and CESP schemes, to learn lessons of good practice to inform the NRP. It would also be useful to draw together the lessons from the solid wall projects funded through UHIS, CCF, CESP, social housing landlords, and Historic Scotland.

Q4: Given Scotland's diverse range of housing, what support is needed to enable people to get energy efficiency measures installed?

As more complicated physical measures and / or support for consumers is needed, area-based programmes which offer bespoke advice will be the most appropriate response. Thus, continued investment in the Energy Saving Scotland advice network is required, expanding advice and support to hard-to-treat and traditional homes. Provide programmes of support for hard-to-treat measures such as coombed ceilings, rooms in the loft, partial lofts, or floor insulation.

**Q5: (a) What specific issues need to be addressed in respect of improving energy efficiency in rural areas, particularly more remote or island areas?
(b) How should these be addressed?**

Rural areas have often been neglected because it is too expensive to treat the properties – they are too far away, hard-to-treat and not enough to generate economies of scale. The National Retrofit Programme should be able to provide 'enabling measures' which can overcome some of these barriers. Lessons can be learned from HIS, UHIS and CCF schemes in rural and island areas. Assistance should be given to local authorities on how procurement approaches can help maximise opportunities for local businesses.

Rural areas have the potential to be very attractive to ECO funding streams – off-gas grid homes can provide more carbon savings, and there are many homes in fuel poverty that will meet the affordable warmth criteria. The National Retrofit Programme needs to be delivered in a way that maximises this potential.

Q6: 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?

We welcome the approach set out for the National Retrofit Programme, with the proviso that part of the programme must be a national, demand-led programme to supplement the area-based schemes that by their very nature, cannot reach everyone at once.

Local authorities are in a good position to take a lead role in designing the delivery of the NRP in their areas. They may wish to do so through regional partnerships with other local authorities and agencies, by working through specialised delivery organisations such as Changeworks or the Energy Agency, or developing a procurement framework of their own. This could take the form of a Community Interest Company, brokering ECO investment and other potential funding. Every local authority is different in terms of expertise and resources and should play to their strengths. However, it is important that no householder is disadvantaged because a local authority does not have the resources to develop a strong area-based scheme. The Scottish Government should provide support and set expectations through the Local Housing Strategy process to ensure everyone benefits from the NRP.

It is likely that the UHIS model offering free loft and/or cavity wall insulation could continue, especially in areas not targeted as yet. At the same time new model(s) will be needed to promote solid wall insulation – for example in mixed tenure blocks where the volume of work would be greater, and/or in rural areas where the carbon saving will be highest.

It is clear that local authorities are under-resourced in terms of funding and staff, and without further support, are unlikely to be able to fulfil their potential in achieving NRP objectives. Consideration should be given to how the Scottish Government can give further support – by provision of data (fuel poverty mapping, heat mapping, house condition information), assistance with procurement frameworks, assistance with brokering ECO funding. The Scottish Government should also work closely with COSLA to evaluate the resourcing needs to enforce existing and proposed local authority powers regarding house condition and minimum standards in the private sector.

In broad terms, local authorities should:

- Use the LHS to drive forward emissions cuts and eradicate fuel poverty across all housing in their area
- Work together on area-based schemes which can maximise ECO
- Improve knowledge of the condition of local authority and private housing stock
- Identify agencies, NGOs and community groups that can help deliver the NRP
- Work with other local authorities to establish a Green Deal partnership which can attract ECO, Green Deal Finance, and support jobs in the community.
- Evaluate any UHIS, HIS, CESP and CCF projects in their area to inform the design and delivery of the NRP (with Scottish Government support).
- Redesign the council tax rebate scheme in light of the NRP, and learning from the lack of take up of the current scheme

Q7: What role should the Scottish Government play in a National Retrofit programme?

Many suggestions are given in the paragraph above in relation to support, guidance and direction to local authorities. In addition the Scottish Government should:

- Join up the NRP and more broadly this strategy with other parts of government (eg NHS to help identify vulnerable householders; Scottish Enterprise to provide for training etc)
- Increase Scottish funding in order to meet fuel poverty and climate change targets. At least £100m per annum is required. Funding should be guaranteed over several years to allow for development of multi-year programmes.
- Home Energy Efficiency Database should be up-to-date, searchable and free to access
- Evaluation of UHIS to inform development of NRP
- Plan and budget for evaluation of the NRP against government outcomes

- Put in place a quality assurance programme for the NRP – how do we know the installed measures are actually delivery against predicted outcomes?
- Engage with utilities at ministerial level to identify best ways to maximise ECO
- Support development of regional Green Deal delivery to mesh with NRP
- Continue to fund ESSAC network and work in partnership to develop and improve the customer journey and ensure benefits are achieved post-installation

Q8: What role could the devolution of additional powers play in achieving more retrofit?

No comment.

Q9: What further action is needed to achieve the scale of change required to existing homes?

- Minimum standards of energy efficiency for the private sector to drive demand for the NRP
- Additional/alternative incentives and support for landlords
- Ensure the NRP is available to all housing sectors, including the social housing sector which needs support to meet EESSH targets, will help eradicate fuel poverty, and can often provide the 'anchor' to area-based schemes and attract economies of scale
- Ensure there is a single brand to support householders and landlords for energy advice – not multiple programmes of varying terms and for single measures

Box 5 – Homes for Scotland proposal

We do not support the Homes 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'. This is not included in the consultation questions and therefore should not be considered a part of the strategy.

We strongly believe the Scottish Government should maintain its commitment for all new homes to be net zero carbon by 2016/17 (as per the Sullivan Report recommendations). If Scotland slides backwards on its commitments to stringent standards, there is a risk that these homes will have to be revisited and retrofitted in the future. The costs of revisiting homes for retrofit are likely to be considerably greater than the costs of undertaking the work to deliver the necessary CO2 savings at the time of construction.

In addition, if the government is serious about market transformation, strong new build standards are a vital signal to the building industry and homeowners alike that highly energy efficient buildings are valued and will become the norm in the not too distant future.

Q10: 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)?

The launch of the NRP could not be a better time to kick off a major public engagement campaign on energy saving in all walks of life. This should be complemented by proper face-to-face energy advice and a well-planned customer journey. For example, once an ESSAC has contact with a householder, this relationship should be maintained over several years – offering advice, prompts, updates to encourage continuous improvements.

Proper energy advice has shown time and time again to have benefits that reach further than just the delivery of a grant or a loan for physical works. There is a clear social inclusion and money management agenda that can be delivered via a well-managed and resourced advice service.

Chapter 2: the Role of Standards

Introduction

WWF first called for the introduction of minimum standards of energy performance as a central measure in a balanced package of support, finance, regulatory and fiscal measures in its publication, *Carbon Countdown for Homes*, in 2008. This report was followed up in 2011 by a more detailed report into how standards would work – *Maximising the Minimum: The need for minimum energy performance standards in private housing*¹.

The report concluded:

- Regulation should play a role in driving improvements even in hard-to-treat properties, not just to plug the gaps of unfilled lofts and cavities
- From 2015 all homes sold or rented should be at band E on the EPC scale or above.
- A trajectory should be set for the standard to increase towards 2020 – in order to achieve a 42% reduction in emissions the vast majority of homes would have to be at band C or above.

The report gives detailed recommendations on enforcement, scope, and finance. Our work on minimum standards has been informed further through the Existing Homes Alliance Scotland subgroup on standards, which has developed briefings, Q&As (attached to this response) and held a series of 1:1 meetings with stakeholders.

Q11: 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?

WWF Scotland supports a mandatory condition standard alongside an energy performance standard (much as the SHQS exists alongside the tolerable standard today). The 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.

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. Given current policy priorities around fuel poverty and climate change and the many incentives for insulation, we propose 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 standards.

Local authorities are best placed to undertake this role but 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 assess why existing powers are not often used, and ensure local authorities are making progress in this role. Together COSLA and the Scottish Government could establish a target for eliminating properties that are below the housing condition standard and use the NRP to to upgrade them well beyond that standard.

¹CAG consultants, Maximising the Minimum (2011) WWF Scotland

Enforcement should take place through landlord registration or HMO licensing system for the private rented sector, and through the conveyancing process for house sales. However, as this would be a blanket requirement for all properties, local authorities should not only wait on the trigger points of sale and rental. It will also be important to use local authority knowledge of house condition, and act on any tenant complaints.

Q12: (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 (eg 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 draught-proofing windows and doors

Q13. 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 but local authorities must be given resources and clear expectations that this must happen. This power would be useful in co-ordinating work in blocks (both mixed tenure, and multiple owners).

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.

In general, it would be useful for the Scottish Government, COSLA and other stakeholders (for example those represented on the SHS Ministerial Working Group) could be brought together for a workshop on how local authority powers could be used more effectively and/or enhanced for more impact on the condition and energy performance of the properties. Responses to this consultation could be used as a basis for the workshop. How can local authorities learn from each other? How can other agencies and partners help? What resourcing is needed?

Q14: 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.

Q15: Should LA's be able to automatically issue maintenance orders on any property which has had a work notice?

No comment.

Q16: Should the process for using maintenance orders be streamlined, and if so, how?

No comment.

Q17: 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.

Q18: 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.

Q19: What action, if any, do you think SG should take to make it easier to dismiss and replace property factors?

No comment.

Q20: 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, these measures 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. At the Existing Homes Alliance Scotland consultation event, delegates recommended that the government should 'shout it from the rooftops' so property owners and landlords would take notice and act.

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

- Lead by example – an energy efficient public sector estate
- 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.

We question the premiums suggested by the research in paragraphs 2.44 – 2.47 compared to the well-documented experience of South Lanarkshire College². There is need to consider the

² <http://www.south-lanarkshire-college.ac.uk/Renewable-Technologies/Renewable-Technologies/low-carbon-house.html>

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.

Q21: Should the Scottish Government introduce minimum energy efficiency standards for private sector housing?

WWF 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 escalating 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.

The Clean Air Act 1956 sets a precedent for minimum standards. If householders lived in a smokeless zone, they had to stop using coal and replace it with a new heating system within 5 years. This was supported by grants and justified in terms of the greater good of society for clean air³. Today's justification in terms of climate change and fuel poverty is similar – very inefficient properties should be deemed unacceptable to society after a certain date for the greater good.

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. WWF believes there are real advantages to applying minimum standards to both the owner-occupier and PRS:

- It will dissuade landlords from taking rental properties off the market to avoid the standard
- It will provide a level playing field for all mixed tenure properties
- It will tackle fuel poverty in owner-occupied homes
- It will drive demand for the NRP more broadly

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. WWF is concerned that the proposed social standard would, in some cases, allow properties to stay at level E by 2020. We acknowledge there are real concerns about funding upgrades in off-gas areas, but there are issues of equity for tenants. Why should

³ Boardman, B (2012) Achieving Zero, Environmental Change Institute

tenants in hard-to-treat properties have to live by a lower standard? We recommend additional funding for social landlords (eg making the NRP available to social landlords, prioritizing European funding for refurbishments) rather than allowing properties to languish at the bottom of the ratings. Furthermore, any government funding for housing, such as the Empty Homes loan fund, should set a minimum standard of the E banding as a criteria before the property is brought back into use. Otherwise, government funding is being used to put properties on the market which are likely to condemn people to fuel poverty, particularly as this is an affordable housing initiative.

We would suggest that an initial focus for standards should be 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 being perceived as achievable and ultimately achieving their aim.

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

Q22: 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:

- contain information on typical energy running costs; and
- appear more prominently in property advertising.
- highlight availability of free impartial advice, from Energy Saving Scotland advice centres, on the EPC
- prescribe treatment for the house type

We recommend considering more triggers for EPCs to improve householder awareness and local authority knowledge of house condition and performance. It will also make clear to all householders exactly where they stand in relation to forthcoming standards. The aim should be to have complete coverage of EPCs within the next 5 years in order to inform future programmes and help enforce minimum standards.

Q23: Are there other key principles that we ought to consider when looking at the possible introduction of regulations?

Information on what the standard 'looks like' for different house types, along with cost estimates, is needed. The information should include the wider benefits of improved energy performance – eg health, comfort. Practical case studies could be drawn from the work by Historic Scotland, UHIS and CCF projects.

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.

Q24: How could regulation be used to support the uptake of incentives?

Regulation is one measure in a package of policies and programmes which will create the conditions for market transformation. Given a positive campaign of the benefits of energy efficiency, the incentives available, in-depth advice provision and the knowledge of forthcoming standards, the private sector is more likely to take up incentives. This will need to be developed and introduced with careful consultation with landlord and property owner representatives, but with the firm intention that regulation will be introduced by a set date (we recommend by 2015).

Q25: 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?

WWF supports using a performance standard - with the introduction of a minimum standard of E on the EPC scale by 2015. A measures approach is too prescriptive and does not allow for tailored approaches for specific housing types. However, the regulation could be accompanied with information on the likely measures required for specific housing types as guidance.

The regulation should be designed so the standard can escalate over time in keeping with what is required to meet climate change and energy efficiency standards. Programmes of support will have to be adjusted to support increased standards. WWF's research suggests that most properties will need to be at a band 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
- there could be consideration of a cap on required spend
- 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.

Q26: 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.

Q27: If you agree with Q26, should houses of the same type in the social and private sectors be expected to meet the same standard?

No comment.

Q28: 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)

Regulation must meet the needs of vulnerable and disadvantaged consumers. These issues should be considered:

- targeted energy efficiency support (as is currently provided by EAP) for vulnerable consumers. This approach could be expanded beyond the scope of the current EAP, so that those not meeting the specific criteria, but are at risk, could be addressed. For example, a programme by the Energy Trust in Oregon, US, targets 'moderate income' families that tend to fall between the cracks of able-to-pay and low income schemes.
- review past experience through previous programmes to understand what works. Already this has shown that tailored approaches work best, delivered by trusted intermediaries.
- the regulations will need to be flexible to allow for difficulties that face vulnerable households. 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. So, the regulation could permit the buyer to carry out improvements within a specified period instead.
- there may be a case for exemption from some measures e.g. replacement of heating system or controls where the 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

Q29: Should we consider additional trigger points to sale or rental? If so, what should these be?

Given the scale of change required to achieve the fuel poverty and climate change targets, WWF agrees all trigger points should be explored. As a starting point, regulation should apply to the whole private sector at point of sale and rental. To encourage more rapid take up of measures and market transformation, we also think regulation should apply 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. The current provisions are 'light touch' and 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 make more of 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.

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 and DIY retailers. Engagement with tradespeople should form part of the NRP – encouraging them to promote the energy efficiency upgrades as part of their contracts. 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 for regulation:

- any works subject to Building Control
- HMO license application
- Landlord registration

- Re-issue of EPC (long-term rented properties)

Smaller works (eg window replacement) would not be subject to the minimum standard, but the NRP would use an engagement campaign to use these triggers to drive demand for energy upgrades.

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?

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 because house selling and buying takes place across regions, so it would be confusing and unfair. We also believe it is important to introduce it across the PRS and owner-occupied sector at once to minimise confusion, maximise impact, help with mixed tenure properties, and provide a level playing field across the private sector.

It is critical that any new regulation is simple and effective so that it delivers the intended benefits. The 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 regulation should only be applied after promotional work which should be a national campaign, though at least in part delivered locally through the NRP. The prospect of regulation will be a driver to encourage voluntary take up, 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.

Regulation should be focused on the least energy efficient properties initially because these householders are at greatest risk of fuel poverty and should be helped first. It is important to bear in mind that the numbers of houses involved are relatively small, so the property industry would have the opportunity to adapt.

Regulation should be designed so that the minimum standard would escalate over time – linking to fuel poverty and climate change targets. WWF's estimate is that the majority of properties need to be at band C or above by 2020, suggesting regulation and incentive schemes will need to adapt to encourage continued upgrades. WWF recommends indicating a minimum standard of C for 2020, much like the Sullivan report recommendations which set out a route-map for new build standards leading to net-zero carbon by 2016/17. The Scottish Government should make clear the broad trajectory to 2050 (80% emissions reduction) and the role regulation will play in meeting that target over the next 10-20 years. In this way, the property owner can consider what measures need to be undertaken over time.

The regulation should also be introduced simultaneously with the new standard for the social sector, otherwise Registered Social Landlords could sell their worst properties to the private sector. SHQS was intended to be applied to private sector, but as this has not happened, regulation offers an opportunity to streamline and co-ordinate work to mixed tenure blocks, support area-based schemes and eliminate confusion amongst owners, landlords, and advisors.

Q31: What other issues around enforcement do we need to think about when considering different approaches to how regulation might work?

Informal discussions with solicitors have indicated that, if designed and promoted appropriately, the current conveyancing process could take on board minimum standards without difficulty. As noted above, we believe that the burden should be transferable 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. We see much merit in this approach, which could readily absorb a minimum standard on energy efficiency.

It is important that local authorities are given sufficient resource to enforce the landlord registration system adequately.

Q32: 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?

The potential of sanctions is important to give regulation credibility and ensure its success. However, the sanctions should always work to encourage action to upgrade the property. For example, in the case of a house sale, the house must meet the minimum standard to sell, but the seller could transfer this obligation to the buyer 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 energy efficient 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.

Q33: 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?

We welcome the decision to set up a working group on minimum standards for the private housing sector. With regard to the working group, we recommend:

- The group is given ministerial status
- It is expected to present recommendations to the minister within 12 months
- There is 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
- It is explicitly stated that regulation is intended to be introduced from 2015

While we recognise time is tight to develop and promote regulation in that time frame, there are many advantages to do so. Fuel poverty levels are increasing, and regulation is a necessary part of addressing that problem. This approach will:

- give sufficient advance notice to owner-occupiers and landlords
- drive uptake of the National Retrofit Programme and thereby maximising Scotland's share of ECO and efficient spend of Scottish Government funding
- drive demand for the Green Deal

- encourage upgrades of as many properties as possible, as soon as possible
- maximise on jobs opportunities for the retrofit industry by creating strong demand for measures

Chapter 3: Financial Market Transformation

Q34: 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 that property values do not reflect energy efficiency and therefore running costs of the home, although higher fuel prices are beginning to have an effect. There is a 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 bigger 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 a standard by a certain date is vital so the market recognises that the sale and rental of energy inefficient properties is unacceptable.

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

Q35: 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

Q36: 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). Research indicates that people respond better to health concerns, comfort, and the actions of their peer group.⁴
- 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

Q37: 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 the government 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.

Chapter 4: New Build Market Transformation

WWF's focus continues to be on the existing stock because it offers the most opportunities to reduce carbon emissions from the housing stock and tackle fuel poverty. After all, 85% of the homes we live in today will be homes in 2050.

However, we support the move towards net-zero carbon standards for new build homes by 2016/17 because it makes clear this is the expectation for homes 'fit for the 21st century'. It drives innovation and economic opportunities, which can spill over into the existing homes refurbishment market. It helps transform cultural attitudes to energy use as these homes become more common, and people are made aware of the benefits. No longer do people have to assume that a Scottish house is a cold, draughty and expensive to run house.

We have made specific comments on the Homes for Scotland's proposal on page 21 at question 9.

Chapter 5: Skills and Training

Q43: (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
(b) If not, What other challenges are there?

Yes, this section sets out the main areas that are necessary to supporting a successful strategy. We would like to see a more detailed action plan that gives confidence the expected outcome can be achieved. For example, Scottish Enterprise and HIE should have a role to play in

⁴ Leighton, E (2012) *Putting energy savings within reach: why some home energy efficiency programmes work*, Churchill Memorial Trust Travelling Fellowship (http://www.wcmt.org.uk/reports/906_1.pdf)

providing training (on installation of measures but also marketing them) to SMEs to ensure local businesses get a fair chance at picking up jobs. The Scottish Government should work with local authorities on the procurement process for the NRP and the Green Deal, which could be used to upskill the local workforce.

Q44. What further action is needed to ensure there is appropriate investment in skills and training to meet these opportunities?

Supply-side measures such as support for apprenticeships must be maintained at an adequate level, along with support for colleges to deliver training in the installation and maintenance of the wide range of measures which will be required – including in solid wall insulation and micro-renewables.

However, demand-side measures are also vital if industry is to invest significantly in jobs and training. We believe commitment to long-term investment in the NRP, accompanied by the foreshadowing of minimum energy performance standards will give a clear signal to the market that there will be future demand and it is worthwhile investing in this sector. In terms of incentives to develop skills in low and zero carbon technologies, from design through to maintenance, public support for a wider range of measures in retrofitting programmes will be vital.

We also believe that investment in retrofit programmes provide a great opportunity to provide skills and training in poorer communities where fuel poverty will be an issue, and that Housing Associations and councils can partner with bodies such as Changeworks, Energy Agency, Solas, SCARF and the Wise Group to deliver such schemes.

The Scottish Government could ring fence a proportion of ERDF to invest in the energy efficiency of RSL homes, as has been done in Wales and France. It is also possible to use ESF to fund training schemes connected to the ERDF funded area based schemes. Scottish social landlords are experienced in delivering retrofit projects on their stock and we believe it would be a sound investment for the Scottish Government to set aside a percentage of the European Structural Funds that it administers in order to fund housing associations and co-operatives to help meet the ambitious targets set in EESSH and the NRP.

Q46: How do we ensure that skills and training opportunities are provided on an equitable basis to all groups in society?

Q47: 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.