

Heat in Buildings Strategy

# Domestic EPC Reform Consultation Analysis Summary Report

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# Heat in Buildings Strategy: Domestic EPC Reform Consultation: Analysis Summary Report

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## Executive Summary

In summer 2021, we consulted on proposals to amend Energy Performance Certificates (EPC). We set out several proposals which were intended to enable EPCs to support planned regulations, as set out in our 2021 Heat in Buildings Strategy (HiBS).

These were principally to introduce a new metric of energy efficiency, based on the amount of energy used by a dwelling. We proposed to call the new metric an Energy Use Rating. This new metric would sit alongside the current Energy Efficiency Rating, which we would rename to an Energy Cost Rating reflect that it is based on running cost. We also proposed to retain and rename the Environmental Impact Rating as a Carbon Emissions Rating. We proposed changes to the way that information is presented on the EPC.

Current Metrics		Proposed Metrics	
Energy Efficiency Rating (£)	Based on running cost (£ per m <sup>2</sup> )	Energy Cost Rating	Based on running cost (£ per m <sup>2</sup> )
Environmental Impact Rating	Based on emissions (kg CO <sub>2</sub> e per m <sup>2</sup> )	Carbon Emissions Rating	Based on emissions (kg CO <sub>2</sub> e per m <sup>2</sup> )
		Energy Use Rating	Based on delivered energy (kWh per m <sup>2</sup> )

Respondents broadly agreed with our proposals. There was strong support for the introduction of a new metric to report energy efficiency based on energy use. Some respondents suggested a metric based on demand, rather than use, would be more appropriate. Respondents supported our proposals to rename the existing metrics.

However, respondents stressed the need for EPCs to provide clear, simple, and useful information to users. Respondents also noted the need for issues to be addressed in the underlying methodologies. We will take these concerns into account as we develop detailed proposals.

We will set out an updated policy proposal in further consultation planned for our proposed regulatory framework for heat and energy efficiency, outlined in the HiBS. This consultation is due to be published within the next year.

## Introduction

From July to October 2021, the Scottish Government issued a consultation on Energy Performance Certificate (EPC) reform. Proposals included renaming the current metrics and adding a third metric such that EPCs display separate ratings for energy efficiency, cost, and carbon emissions. The consultation asked for responses to seven specific questions. Each has been analysed and the summary of responses will be outlined individually in this document. This summary report outlines the key findings from the EPC Reform consultation responses. It does not provide an updated Scottish Government position.

In the consultation, we advised that there would be three stages of consultation on EPCs. Following a review of consultation responses, further research and wider consideration of heat in buildings policy, the structure of our planned consultation has been modified. Stages two and three of the EPC consultation, and our final proposed policy position, will be provided in the planned consultation on our proposed regulatory framework for heat and energy efficiency. This is due to be published within the next year.

## Profile of Consultation Respondents

A total of 65 respondents returned their views on the seven consultation questions. Responses came from sectors as outlined in the table below.

Respondent Type	Number of Responses	Percentage of Total
Individuals	15	23%
Local Authorities	8	12%
Industry and manufacturers	15	23%
Other organisations	20	31%
Housing providers and representative bodies	7	11%
All respondents	65	100%

Not every respondent replied to every question. Details are provided for individual questions at the appropriate section.

## Method

The consultation was developed by the Scottish Government and was hosted online on Citizen Space between 23 July and 8 October 2021. Responses received were collated into the Scottish Government database. The analysis was carried out systematically, with reviews of each qualitative answer examined and key themes identified. These have been amalgamated and summarised.

## Summary Analysis

### 1. Do you agree or disagree with the addition of the proposed Energy Use Rating?

There were 65 responses to question one (100% of total respondents to the consultation).

Most respondents (80%) **supported** the proposed addition of the Energy Use Rating. Four (6%) respondents agreed with no further comments.

“[We] agree with the proposal to include an Energy Use Rating, in conjunction with the wider proposals set forward by this consultation. We believe this will better differentiate between energy demand, energy cost, and carbon emissions ratings and improve the understanding of the key performance aspects of new and existing buildings.”

Housing provider representative body

Forty eight (74%) of supportive respondents had additional comments or caveats.

Sixteen respondents noted in their reasons that a “fabric first” metric (i.e. based on energy demand) would be more appropriate. Of these, seven respondents thought that the proposed Energy Use Rating was a fabric first metric while nine thought it was not. Respondents suggested that a fabric first approach would better incentivise energy efficiency upgrades to dwellings. Respondents suggested this fabric first approach is the best way to reduce overall demand, helping to reduce bills, and prepare buildings for heat pumps or other zero emissions heat sources.

Several respondents, such as the below, suggested that it would be more appropriate to separate fabric and heating system efficiency. This approach would allow each to be targeted separately. This would ensure that poor heat demand is not masked by increased heating system efficiency.

“This implies the aim of the metric is to improve the fabric of the building to reduce the demand for heat from any current/future heating system. If this is the aim of the new metric – and we believe that this is a sensible aim – it will not be fully achieved with the proposed new metric because it could drive reductions in energy use by installing more efficient heating systems but not reductions in ultimate energy demand for the building that is being heated.”

Other organisation

Some respondents noted that the third metric should assess building fabric and ventilation by using outputs already in SAP. A minority suggested that the rating should be based on Primary Energy, as this is used across the European Union, and so would enable a consistent comparison between buildings.

Some raised points related to fuel poverty. Firstly, that the new metric could be used to signal risk of a dwelling being in fuel poverty by indicating the fabric insulation standard of the building. Secondly, it was noted that any changes to support schemes designed to redress fuel poverty should not be negatively impacted by metric changes. Additionally, some respondents stressed that it is important to retain both a cost rating, as an important indicator of fuel poverty risk, and running cost information, as this is useful information for householders.

Thirteen (20%) respondents **disagreed** with the addition of the proposed Energy Use Rating.

These respondents advised that the key issue with EPCs is the underlying UK Government-owned methodology (Standard Assessment Procedure (SAP) and Reduced data Standard Assessment Procedure (RdSAP)). Respondents suggested that SAP and RdSAP should be reviewed and amended before considering EPC changes. A small number suggested that any changes must be predicated on a review of the EPC assessment process.

Respondents also noted that consumers must have confidence in the assessment of their property so that the resultant score is accurate and robust.

“The strength of using this metric will be determined by the accuracy of the data used to compile it”.

Housing provider

Some stated that in-use performance testing would provide a more accurate representation of energy efficiency than the SAP model. Others suggested that the additional metric would cause confusion to householders, and require explanatory text. A small number of respondents raised concerns that the new metric may result in some dwellings receiving a lower SAP score. They suggested it may disadvantage those with biomass boilers and off gas grid properties, as well as traditional and historic buildings.

## **2. Do you agree or disagree with the name changes of the current EPC Energy Efficiency Rating & Environmental Impact Rating to Energy Cost Rating and Carbon Emissions Rating respectively?**

There were 58 responses to question two (89% of total respondents to the consultation).

Forty six respondents (79% of those who responded to Q2) **agreed** with the proposal in question two, with seven respondents (12% of those who responded to Q2) agreeing without further comment. Thirty nine respondents (67% of those who responded to Q2) agreed and made additional points.

Those who provided reasons suggested that the name change clarifies the role of each metric, simplifying the EPC and making it easier for consumers to make informed choices. It helps separate information on cost, energy use and carbon, and aligns with typical naming conventions.

“We support the name changes as they accurately reflect the energy efficiency of the property. This will provide more clarity to the consumer about what the ratings are measuring and will allow for more informed decision making”.

Industry and manufacturing

Others suggested that while the name change is welcome, cost information should be removed from EPCs as many consider it to be inaccurate. Respondents reiterated that additional explanation will be required on the EPC to ensure the metrics, and any link to regulatory standards, can be easily understood. This was noted to include how existing and new EPCs will relate and compare. Some noted that while this change is useful, it is unlikely to bring about the level of behaviour change required to positively impact emissions.

Twelve respondents (21% of those who responded) **disagreed** with the proposal.

A small number considered the change to be confusing and adding to an already bureaucratic process. Others noted that the change would result in disparity with existing EPCs across the UK and Europe, adding to confusion. It was noted that changing the names does not address the issues that language used on EPCs is perceived to be difficult. EPCs should reflect the need to communicate in a meaningful way with homeowners, and be clear on what is and is not included in the calculation.

**3. Do you agree or disagree that the proposed EPC format will better equip building owners and / or occupiers to make decisions about improvements and / or changes to the energy efficiency and heating systems of their building?**

There were 62 responses to question three (95% of total respondents to the consultation).

Thirty nine respondents (63% of those who responded to Q3) **agreed** with the question. Six respondents (10% of those who responded to Q3) agreed without further comment. Thirty three respondents (53% of those who responded to Q3) agreed but made additional points.

Some noted that by providing more accurate and comprehensive information, EPCs would be more helpful to home owners when making decisions. It was outlined however, that the layout must remain clear and uncluttered. Information should also be presented in a way that promotes 'fabric first'. Some suggested that the proposed changes should be accompanied by actionable recommendations and information on how to seek professional advice, grants and loans to carry out the works.

Twenty three respondents (37% of those who responded to Q3) **disagreed** with the proposal.

The most frequent reason mentioned by those who disagreed was that format changes are insignificant due to issues with the underlying methodology. These reasons included that the methodology does not account for state of repair, and that the assessment of traditional buildings does not reflect real world performance. Respondents also expressed concerns that the methodology does not output recommendations that are fit for the purpose of helping homeowners made informed decisions.

Others who disagreed stated that the proposed format was confusing, or more detail was needed for the EPC to be useful. One respondent noted that the metrics should be presented as a hierarchy, focused on addressing fabric first.

**4. Do you agree or disagree with retaining the information outlined in section 5?**

There were 62 responses to question three (95% of total respondents to the consultation).

Fifty respondents (81% of those who responded to Q4) **agreed** with the proposal in question four, with nine respondents (15% of those who responded to Q4) agreeing without further comment. Forty one respondents (66% of those who responded to Q4) agreed but made additional points.

It was noted that consistency helps ensure EPCs are a useful tool for householders. Information on the star ratings is comprehensive and useful, however the other information provided would benefit from being more detailed and appropriate to the building type. Specifically, respondents suggested that the recommendations should be better tailored to the individual dwelling. Some advised that recommendations should be presented as one list rather than as a summary and full report to reduce confusion. Others concluded that the heat demand information is useful, but is challenging to understand and should be presented in a more user-friendly way.

Many commented that while the other sections are useful, the cost information should be updated to better reflect actual installation and running costs of measures. Additionally, it was proposed that payback periods and cost savings over a longer period (e.g. 10 years) should be included. There were also comments that the way this information is presented could be more impactful, using updated graphics.

Some suggested that the EPC should be digital or web based rather than a PDF. This would make it easier for consumers to access further information and allow information to be updated. This would align Scotland with other UK nations, and could form the basis of Green Building Passports in the future.

“It would be an opportune moment to enable an interactive/digital format, in line with best practice in England, Wales and Northern Ireland. This would allow for an improved consumer journey and enhanced understanding of different types of information relevant to the end user”.

Industry & manufacturers

Twelve respondents (19% of those who responded to Q4) **disagreed** with the proposal.

Those who disagreed noted that divergence from the EU format would be confusing. They also stated that it is not clear to consumers that the information provided on the EPC is modelled. They considered that the recommendations are unhelpfully generic. They also noted that as the recommendations do not take account of the existing condition of the building, they might not achieve the stated benefits. It was noted that cost information should be updated and broken down into fuel types to provide more useful information. Similarly, some thought the star rating was not based on robust information.

“The star rating system is somewhat arbitrary and is based on thin information....It should not be used as the basis for future regulatory compliance in cases where a building falls short of the overall EPC target, as suggested in the consultation”.

Industry & manufacturers



## 5. Do you think any additional information should be added to the EPC format?

There were 57 responses to question three (88% of total respondents to the consultation).

Some believed that no additional information should be included on the EPC, and that efforts should be made to keep it as simple a format as possible. Some noted that any information on the EPC, whether it be existing or new, should be tailored to the individual dwelling and should be updated regularly based on research. A small number suggested that information should not be included where the proposed measures are prohibitively expensive or where the payback period exceeds 20 years.

Those who suggested adding new information included examples such as:

- fuel prices and carbon factors;
- how a dwelling can reach net zero;
- links to green building passports / logbooks as they develop;
- the calculation methods and assumptions;
- where to obtain further advice on funding and support;
- the impact of installing certain measures on the property value;
- the type and condition of the building;
- known limitations of particular measures;
- access to the full data set;
- interactive data; and
- definitions of key terms.

“If the objective is for all buildings to reach net zero by 2045, it would be useful to provide owners with an indication of where they sit in relation to that”.

Other organisations

## 6. How do you think the metrics should be presented on the EPC? (More than one answer can be selected)

- a. Graph (current EPC ratings),
- b. Diagram,
- c. Sliding scale,
- d. Text only,
- e. Other format.

There were 60 responses to question three (92% of total respondents to the consultation). Three respondents had no preference (5% of those who responded to Q6).

Of those who had comments, most agreed that the current graphic should be retained, with general consensus that it is easily recognisable and understood. A minority suggested a combination of formats is most effective, each to be accompanied by a clear explanation to help interpretation. Detailed quantitative outputs may prove useful for energy housing professionals, so could be added, but

in any format the information should be as clear and understandable as possible. It was noted that interactivity can support understanding.

No respondents suggested a text-only approach.

## **7. Are there any other comments on the proposed EPC format you would like to add?**

There were 45 responses to question three (69% of total respondents to the consultation).

Respondents stated that the reform process in general should be explained early to property owners and stakeholders, as they may be involved in improvement works over several years. Similarly, the introduction of new regulations should take account of the building sector's need to have appropriate lead time.

Respondents noted that any changes to the metrics should be accompanied by changes to the EPC recommendations to ensure they are practical and relevant to the dwelling. Respondents also suggested the inclusion of measured and tailored information rather than modelled. Some suggested that in-use performance should be prioritised as part of EPC reform. Others stressed the need to overhaul the underlying methodologies, Standard Assessment Procedure (SAP) and Reduced Data Standard Assessment Procedure (RdSAP), ahead of focusing on EPC format reform.

Some respondents called for the introduction of Green Building Passports. They suggested that EPC recommendations should be linked to them. Respondents noted that this link could be used to assist in retrofitting properties across the existing stock and help unlock finance. For example, recommendations could be presented through medium and long term building action plans to help manage work and budgets.

## **Conclusions**

There was strong agreement for the addition of the proposed Energy Use Rating. However, based on the feedback received in this consultation, the Scottish Government has commissioned independent research to evaluate the benefits of adopting a metric based on energy demand or fabric energy efficiency. We will further consider the role of EPCs in supporting our proposed framework of Heat in Buildings regulations outlined in the Heat in Buildings Strategy.

There was also strong agreement with our proposals to rename the metrics currently on the EPC to make their meaning clearer to users.

While the majority agreed with our proposed EPC format, just over one third disagreed. We have noted concerns raised about the importance of ensuring the underlying methodology is fit for purpose and will work with the UK government on this issue.

There was support for the current graphical presentation on the EPC to be retained. Respondents emphasised that we need to ensure the presentation of information on EPCs is clear to users. We will take this into account as we develop proposals.

Consultation responses provided a range of suggestions to further improve the usefulness of EPCs. We will consider these as our EPC review work progresses.

In the consultation, we advised that there would be three stages of consultation on EPCs. Following a review of consultation responses, further research and wider consideration of heat in buildings policy, the structure of our planned consultation has been modified. Stages two and three of the EPC consultation, and our policy position, will be provided in our planned consultation on a proposed regulatory framework for heat and energy efficiency. This consultation is due to be published within the next year.



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