The Energy Performance of Buildings (Scotland) Regulations 2025, as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026

Business and Regulatory Impact Assessment (BRIA)

August 2026

Scottish Government
Riaghaltas na h-Alba

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Impact Assessment Update – August 2026

The Energy Performance of Buildings (Scotland) Amendment Regulations 2026 make amendments to the Energy Performance of Buildings (Scotland) Regulations 2025. These amendments adjust the coming into force date and transitional and savings provisions of the 2025 Regulations.

The amendments made by the 2026 Regulations do not alter the underlying policy intent, scope or requirements of the Energy Performance of Buildings (Scotland) Regulations 2025. The changes are limited to the timing of implementation, including the coming-into-force date and associated transitional arrangements, reflecting dependencies on UK Government technical and operational infrastructure (the 'Home Energy Model' and 'Energy Calculation as a Service' functions which will support the statutory calculation methodology and register of certificates) that will underpin the delivery of the Regulations.

The Scottish Government is committed to investing in the elements of the programme to support consumers. As such, lodgement fees will rise as planned, on 31 October 2026, which will ensure technical and operational infrastructure is ready, and consumers are further protected by the development of an effective audit regime.

The suite of Impact Assessments prepared for the original Regulations, including the Business and Regulatory Impact Assessment (BRIA) has been reviewed, in light of these amendments, to ensure they remain accurate and appropriate. This review has confirmed that the impacts previously identified remain valid, and no material changes to those impacts, other than of their timing, have been identified.

Heat in Buildings Assessment Unit.

Introduction

Energy Performance Certificates (EPCs) are a long-established feature of the property market and provide information about the energy efficiency and emissions of a building. They were established within the property market as a legal requirement of the EU Energy Performance of Buildings Directive in 2002. This requirement was brought into force in Scotland via the Energy Performance of Buildings (Scotland) Regulations 2008[1].

EPCs must be provided when a building is advertised for sale or for let to a new tenant. They are also required upon completion of construction of a new building[2]. They have formed part of the domestic Home Report since 2008[3], and help current and prospective tenants or owners to make informed choices when moving or considering improvements to their buildings.

In response to concerns raised by a number of stakeholders around the relevance, accuracy, and quality of EPCs, and on the need to provide clearer information on net zero climate impacts, the Scottish Government committed to reform the EPC regime to ensure it is fit for purpose.

Following an initial scoping consultation in 2021[4], we consulted again in 2023[5] on a final package of proposed reforms to improve the quality of EPCs and make them more fit-for-purpose in supporting net zero. This was followed by a further technical consultation in early 2025 on EPC lodgement fees and penalty charges[6].

The Scottish Government set out its final decisions on EPC reform in its Response to the 2023 consultation, which committed to laying new EPC Regulations in Parliament later during 2025.

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[1] The Energy Performance of Buildings (Scotland) Regulations 2008 (legislation.gov.uk)

[2] 6.9 Energy performance certificates - Building standards technical handbook 2022: domestic - gov.scot

[3] EPCs are used to fulfil the requirements of Schedule 1, Part 2, of the Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008: The Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008

[4] Domestic Energy Performance Certificates (EPC) reform: consultation - gov.scot

[5] Energy Performance Certificate (EPC) reform: consultation - gov.scot

[6] Energy Performance Certificate reform – lodgement fees and penalty charges: technical consultation - gov.scot

This Final BRIA has been prepared to be published alongside the Energy Performance of Buildings (Scotland) Regulations 2025, as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026 which were laid in the Scottish Parliament on 10 October 2025 and are due to come into force 18 months later in April 2028. The timeframe we have identified between the regulations being laid and coming into force, will ensure there is sufficient time for all of those involved and related to the EPC assessment industry, and for the wider property market, to be able to make sufficient plans to prepare for the new regulations and to deal with the effects and impacts of our proposed changes.

Executive summary

Issue and why it needs to be addressed

Many external stakeholders and independent reports have highlighted concerns around the relevance, accuracy and quality of EPCs produced. The ratings which EPCs currently display have been criticised by stakeholders as in need of reform as, in their current format, EPCs are not aligned with our net zero ambitions. An independent review of EPCs recommended the need to improve the quality of EPCs and, in particular, to strengthen quality assurance requirements around audit and inspection of certificates[7].

Furthermore, the supporting technical and operational infrastructure which underpins EPCs (the EPC Register and the EPC calculation methodology) is life-expired, requiring significant upgrades.

These calls for reform have been made across the UK, with the UK Government receiving similar recommendations from the Climate Change Committee and consumer groups such as Which?, following its decision to retain EPC legislation in UK law following EU exit.

Intended outcomes

We want to enhance EPCs so they continue to be a valuable source of information for home buyers, owners, and tenants, and to continue to support existing government policies and programmes.

[7] Domestic and non-domestic energy performance certificates: review - gov.scot

The main changes introduced by the 2025 Regulations, as amended that will impact business are as follows:

- EPCs are better-aligned to net zero objectives, giving better information to current and prospective property owners and tenants;
- consumers receive more up-to-date information through EPCs which have a five-year instead of 10-year validity period, to more accurately reflect a property's transition on the journey to net zero;
- life-expired systems are replaced through adopting updated calculation methodologies and infrastructure shared with the UK Government; and
- EPCs are carried out to the highest standard through the introduction of enhanced quality assurance and oversight requirements for EPC assessors and Approved Organisations, including the creation of new onsite audit and inspection functions, thus maintaining alignment with the EU's own enhanced audit requirements in the 2024 recast of the EPBD.

Options

Through discussions and engagement with stakeholders it was concluded that the continuation of an EPC regime was necessary (ruling out Option 1 which would repeal the regulations) but a business-as-usual approach (Option 0) was no longer appropriate. Option 2 proposed that the EPC regime be reformed and infrastructure shared with UK Government, whilst Option 3 proposed the EPC regime be reformed with separate infrastructure for Scotland. We consider Option 2 to be the most credible option for EPC reform.

Sectors Affected

We have engaged with a large number of relevant organisations and believe that the following sectors would be most affected by our proposed reforms. These include but are not limited to: Energy Assessors; Approved Organisations; Retrofit Assessors and Installers; Consumers; Landlords; Mortgage Lenders and Property Agents; and other industries who have interests in this area.

Engagement Completed, Ongoing & Planned

To date, three public consultations on EPC reform have been held across 2021, 2023 and 2025. We have also undertaken a number of stakeholder workshops, one-to-one meetings with businesses as well as engaging with, and receiving expert input from our External Reference Group (ERG) and subgroup of the Scottish Government's Heat in Buildings Strategic Advisory Group (SAG).

Anticipated Impacts & Mitigating Actions

Reducing the validity of an EPC from 10 years to 5 years will mean consumers receive more up-to-date information which will more accurately reflect a property's transition on the journey to net zero. It is expected that the reduced validity period would have the most significant impacts. The main impact will be on properties for let, where landlords will no longer be able to recycle valid EPCs for up to 10 years to cover new lets. Instead they will only be able to recycle for a maximum of five years. There will also be an impact for large public buildings which are always required to display a valid EPC, where we will put in place transitional arrangements to mitigate this (see Section 3).

There will be no change for owner occupiers given that to meet the requirements of the Home Report legislation a new EPC is in practice produced each time a domestic property is advertised for sale. For non-domestic properties advertised for sale, there is no equivalent requirement as in the Home Report legislation, so for these properties, the reduction in validity period could mean that a new EPC is required more frequently (i.e. for buildings sold more than five years after purchase). The increased lodgement fee will impact all EPCs lodged. However, this is a relatively small portion of the total cost of an EPC, so the cost in itself is not expected to have a behavioural impact on the number of EPCs lodged.

We believe that there are a wide range of non-monetised benefits which will be delivered for businesses and for other actors through our EPC reforms. These benefits are expected to be significant and include:

- clearer information for landlords and tenants; more accurate and accessible information for property owners;
- support to decarbonisation goals through improved energy efficiency information and information on clean heating options; and
- support to other legislation, such as minimum energy efficiency standards, and potential for increased employment and economic activity.

Recommendations & Implementation Plans

The Scottish Government recommends proceeding with Option 2. It is proposed that the regulations laid on 10 October 2025 will now come into force in April 2028, to allow all directly impacted stakeholders sufficient time to prepare for these changes. In the months leading up to April 2028 we will ensure key stakeholders and the wider public are informed of how the changes to EPCs will affect them.

Evaluation, Monitoring of Implementation Review of BRIA

The Scottish Government will review both the level of EPC lodgement fees and penalty charges within two years of the regulations coming into force, to ensure they remain fair and proportionate. We will also review the operation of the onsite audit and inspection function, within two years of that function first being exercised. We will continue to monitor and review the implementation of the regulations, and the associated operational and technical infrastructure, within the market, on a regular basis.

Section 1: Background, Aims & Options

Background to Policy Area & Issues

Current situation / why action is required
EPCs are an important source of information for current and potential building owners and tenants to help them understand the energy performance of their building. EPCs must be provided when a building is advertised for sale or for let to a new tenant, and upon completion of construction of a new building. They have formed part of the Home Report since 2008. EPCs are currently valid for a period of 10 years.

EPCs were first established as a legal requirement under the EU Energy Performance of Buildings Directive in 2002[8], which has been recast several times since then[9], and have been retained in Scottish law following the UK's exit from the EU in 2020. They therefore represent a long-standing feature of Scottish law that has been embedded in the property market over several decades.

In spite of being well-established, many external stakeholders and independent reports have highlighted concerns around the relevance, accuracy and quality of EPCs produced. In large part, this reflects the changing policy landscape in the 16 years since EPCs became a legal requirement in Scotland – in particular since 2019 with the requirements of the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019[10] (which sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045).

Following the net zero legislation, the ratings which EPCs display have been criticised by stakeholders, including the Climate Change Committee[11], consumer groups such as Which?[12], academics[13] and from within the assessment industry

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[8] Directive - 2002/91 - EN - EUR-Lex

9 Directive - 2010/31 - EN - EUR-Lex; Directive - 2018/844 - EN - EUR-Lex; Directive - EU - 2024/1275 - EN - EUR-Lex

[10] Climate Change (Emissions Reduction Targets) (Scotland) Act 2019

[11] Annex Reform of domestic EPC rating metrics to support delivery of Net Zero

[12] Transforming EPCs: Consumer Research Insights v2

[13] Energy Performance Certificates: An Alternative Approach — Common Weal

itself[14] as in need of reform as, in their current format, EPCs are not aligned with our net zero ambitions[15].

We have also received recommendations from an independent review of EPCs on the need to improve the quality of EPCs and, in particular, to strengthen quality assurance requirements around audit and inspection of Certificates[16].

As well as this, the supporting technical and operational infrastructure which underpins EPCs (the EPC Register and the EPC calculation methodology) is life-expired, requiring significant upgrades.

These calls for reform have been made across the UK, with the UK Government receiving similar recommendations from the Climate Change Committee and consumer groups such as Which?, following its decision to retain EPC legislation in UK law following EU exit.

EPC Reform more broadly will contribute towards the Scottish Government's wider strategic priorities of:

- **Tackling the climate emergency** by investing in green energy and infrastructure, since introducing the new EPC rating system will ensure that consumers have better information on the steps they can make to improve their property for net zero through investment in clean heating and energy efficiency; and the new operational framework will ensure higher quality EPC assessments that consumers can trust; these reforms will underpin proposed regulatory standards that will drive emissions reduction through decarbonisation of heating; and
- **Eradicating child poverty**, since the new EPC rating system will directly assess the contribution that poor energy efficiency makes towards fuel poverty specifically, and child poverty more widely, helping to inform the Scottish Government's statutory fuel poverty strategy and to better-target government programmes and funding towards improving those properties which are hardest to heat.

[14] Elmhurst Responds to 'EPC Reform' Consultation - Elmhurst Energy

[15] Letter: Reform of domestic EPC rating metrics to Patrick Harvie MSP - Climate Change Committee

[16] Domestic and non-domestic energy performance certificates: review - gov.scot

Current EPC policies / frameworks in place

Domestic EPCs currently provide two key ratings and are modelled using the Standard Assessment Procedure (SAP) calculation methodology. The Energy Efficiency Rating (EER) is based on the cost to run the property based on standardised conditions, for example, the occupancy, heating setpoint and other factors. The Environmental Impact Rating (EIR) is based on carbon dioxide equivalent emissions from the same standardised conditions.

Non-domestic EPCs provide a rating based on the total emissions under the assumption of standardised conditions. Non-domestic EPCs use the Simple Building Energy Model (SBEM) calculation methodology, or an approved Dynamic Simulation Model. Assessments for new buildings are based on the building specification and data gathered during its construction. Assessments for existing buildings are based on non-intrusive surveys of the building under consideration.

EPCs are prepared and issued by assessors who must be qualified by education, training and experience to do this. Assessors must be members of Approved Organisations, which are approved by the Scottish Ministers to ensure that EPCs are prepared and issued in a consistent, accurate and independent manner.

EPCs are lodged by assessors on the publicly accessible EPC Register, which is currently maintained by the Energy Saving Trust which is appointed by the Scottish Ministers as Keeper of the Register.

The need for reform

The current **EPC rating system** has been widely criticised for not measuring and incentivising the most useful thing for consumers to be able to understand net zero climate impacts. For example, in some circumstances it can reward the installation of cheaper to run, but polluting, heating systems. For energy efficiency, this means that, since they are based on energy cost, they do not accurately reflect how good the building's insulation is as the rating is strongly influenced by the cost of fuel.

EPCs have also been criticised for being **hard to understand for consumers**. Work is therefore needed to redesign the format of the certificate to make it more accessible. The current EPC only makes standardised assumptions about a building's energy needs. It does not take account of occupants' behaviour or preferences, making it harder for consumers to understand the impact their behaviours could have on their energy use and emissions.

The Scottish Government therefore recognises the need for reforms to remove the potential perverse outcomes of the current EPC rating system and to ensure that

EPCs give more accurate and useful information to consumers on their building's performance against statutory net zero climate objectives.

We also need to reform the **technical and operational infrastructure** upon which EPCs are based, since it is now life-expired and needs to be replaced. The **technical infrastructure** covers two elements: the **EPC Register** which is currently maintained by the Energy Saving Trust, appointed by the Scottish Ministers as Keeper of the Register; and the **EPC calculation methodology** (currently provided by SAP and SBEM). For domestic EPCs, the SAP calculation methodology is no longer fit-for-purpose in being able to measure and calculate the wider range of issues that need to be addressed in a reformed EPC (i.e. the metrics it reports are not aligned to policy objectives, and the methodology itself has been criticised as inaccurate), and needs to be replaced by the new UK Home Energy Model (HEM) and cloud-based calculation service (ECaaS) (expected in 2027). For non-domestic EPCs, the SBEM calculation methodology requires significant updates to specifically report non-domestic buildings' direct emissions from heating systems and to model energy performance relative to a reference building. The EPC Register needs to be rebuilt to enable it to receive the revised EPC certificates and to be compatible with the revised calculation methodologies and cloud-based calculation service.

The **operational infrastructure** consists of the Approved Organisations and assessors, which must meet requirements set out in the EPC regulations, and in the EPC Operational Framework. The current Operational Framework (which governs the conduct of assessors and the Approved Organisations) was established by the Scottish Government and introduced in late 2012 as part of the transposition of the recast Directive[17]. This Framework is also now life-expired and must be reviewed and reformed in order to support the reforms and to improve the overall assurance of EPC quality.

Wider policies relevant to EPC reform

Beyond the legal requirements of the EPC regulations themselves, EPCs are also used to support a wide range of other government policies, regulations and funding programmes, as well as to provide data to help monitor and evaluate the effectiveness of such policies. Such uses of EPCs include:

- supporting the delivery of Scottish and UK Government programmes such as Warmer Homes Scotland, Area-Based Schemes, Home Energy Scotland loans and grants, the Energy Company Obligation and Renewable Heat Incentive;

[17] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (legislation.gov.uk)

- underpinning statutory requirements (e.g. in practice, forming part of the prescribed documents within the Home Report[18]; as part of the Scottish Government's Fuel Poverty Strategy[19]; evidence in support of the Energy Company Obligation);
- providing lenders and landlords with information about the energy performance of their stock;
- defining mortgage terms by banks and lending organisations; and
- supplying information for energy efficiency research and monitoring, including using the methodology which underpins EPCs to simulate EPCs for properties whose physical data is collected through the Scottish House Condition Survey, allowing national trends in energy efficiency to be reported[20].

The Scottish Government has also proposed that EPCs could be used as a basis for setting minimum energy efficiency standards and providing evidence on how a building would meet such standards. The Scottish Government launched a consultation[21] on 6 June 2025 on proposals for regulations to require private rented sector properties to achieve a minimum energy efficiency standard. Evidence recorded on the EPC Register on the presence of polluting and clean heating systems can also help to support Ministers in tracking progress towards Scottish Government's target of decarbonising heating systems in buildings by 2045.

The market for EPCs operates across the UK, with assessors able to operate throughout the four nations, provided they meet the requirements of the respective regulations. The UK Internal Market Act 2020[22] contains market access requirements around professional qualifications and regulation which include the automatic recognition principle that requires a professional qualified in one part of the UK to be automatically treated as qualified in respect of that profession in another part of the UK. The Scottish Government also shares the technical infrastructure of the EPC calculation methodologies (SAP and SBEM) with the UK Government, and will

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[18] The Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008

[19] Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 - which requires the Scottish Ministers to prepare a Fuel Poverty Strategy that must set out their approach to identifying residential buildings where improvements would be required to achieve, by 2030, an energy performance certificate band C or higher.

[20] The Scottish House Condition Survey currently reports on Energy Efficiency Ratings for the Scottish dwelling stock calculated under two versions of SAP – the SAP 2009 methodology and the SAP 2012 methodology. Starting with the 2027 wave, EPCs under the SAP 10 methodology will be produced. The methodology will also be revised to incorporate the Home Energy Model in due course.

[21] Draft Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations: consultation - gov.scot

[22] United Kingdom Internal Market Act 2020

continue to do so when SAP is replaced by the new Home Energy Model and related cloud calculation function – 'ECaaS'[23], which will also be integrated with the EPC Register function. The UK Government itself has now consulted on making similar reforms to EPCs within England & Wales[24] – such as on introduction of new domestic ratings and a reduction in the validity period. The Scottish Government will therefore continue to work with the UK Government and other devolved administrations as we implement EPC reform.

Our decisions on EPC reform

The Scottish Government has consulted extensively on a package of reforms to address the need for reform outlined above. Following an initial scoping consultation in 2021[25], we consulted again in 2023[26] on a final package of proposed reforms to improve the quality of EPCs and make them more fit-for-purpose in supporting net zero. This was followed by a further technical consultation in early 2025 on EPC lodgement fees and penalty charges[27]. We have also conducted an internal review during 2024-25 of the operational governance arrangements covering the Approved Organisations, EPC assessors and the Operational Framework, which has been supported by the evidence given during the technical consultation.

The Scottish Government set out its final decisions on EPC reform in its Response to the 2023 consultation[28], which committed to laying new EPC Regulations in Parliament later during 2025. We also concluded our review of operational governance during spring 2025.

In summary, the **Government Response to the 2023 consultation** set out our final decisions on reform. We committed to:

- introduce new EPC regulations in the Scottish Parliament during 2025 and bring them into force in 2026 (will be 2028 following the 2026 amendment);
- adopt a new EPC rating system for domestic buildings:
    - Heat Retention Rating (fabric energy efficiency);

[23] Energy calculation as a service (ECaaS): Access the Home Energy Model - GOV.UK

[24] Reforms to the Energy Performance of Buildings regime - GOV.UK

[25] Domestic Energy Performance Certificates (EPC) reform: consultation - gov.scot

[26] Energy Performance Certificate (EPC) reform: consultation - gov.scot

[27] Energy Performance Certificate reform – lodgement fees and penalty charges: technical consultation (2025)

[28] Ministerial Foreword - Energy Performance Certificate reform consultation: response - gov.scot

    - Heating System Rating (type, emissions, efficiency, running costs)
    - Energy Cost Rating (retaining the existing SAP-based EE Rating)
- adopt a new EPC rating system for non-domestic buildings;
- adopt a redesigned EPC certificate;
- reduce the validity period of EPCs from 10 to five years;
- develop a new EPC user interface to sit alongside the published EPC;
- introduce strengthened operational governance arrangements for EPC assessors and Approved Organisations to enhance quality assurance for consumers;
- establish a new technical infrastructure: replacing the Standard Assessment Procedure (SAP) with the new UK Home Energy Model (HEM) calculation methodology;
- design and build a new EPC Register to be kept by the Scottish Ministers; and
- continue to work with the UK Government and devolved administrations where we share elements of the EPC regulatory system across the UK internal market.

In response to the technical consultation on EPC lodgement fees and penalty charges, we can now confirm that we will:

- amend EPC lodgement fees within the regulations to ensure that they can cover the costs of providing the technical and operational infrastructure to support the EPC regulations and which provide benefit to consumers;
- use the lodgement fees to support the development and delivery of a new EPC Register, a new EPC calculation methodology (the Home Energy Model and updated SBEM), and to support the establishment of a new onsite audit and inspection function within the Scottish Government to oversee improvements to EPC accuracy and reliability;
- retain EPC penalty charges at the level currently set in the 2008 regulations;
- review lodgement fee and penalty charge levels every two years to ensure they remain fair and proportionate; and
- review the onsite audit and inspection function within two years to see if it is fit for purpose and continues to be needed.

In response to our internal review of EPC operational governance arrangements (which has also been informed by responses to the technical consultation), we can now confirm that we will:

- revise the Approved Organisation appointment process, to encourage new entrants to the market and re-appoint existing bodies deemed to meet the new requirements;
- establish new independent onsite audit and inspection arrangements to align with the recast EU Energy Performance of Buildings Directive (2024);
- adopt a new Memorandum of Understanding with the UK Government and devolved administrations to agree a common approach to issues around accreditation, skills and consumer protection; and
- continue to work with local government to agree the future arrangements for the discharge of enforcement functions.

This full BRIA accompanies the new regulations as they are laid in parliament, and covers the full breadth of reforms, as set out above.

Purpose/ Aim of Action & Desired Effect

The purpose of the new regulations is to put in place reforms to the EPC regime that address the issues highlighted above. This will involve making EPCs as accurate and high quality as possible, to ensure Scottish citizens can make informed choices to ensure their homes and workplaces are retrofitted for net zero.

The aim of our reforms is to ensure EPCs:

- give better information to current and prospective property owners and tenants on the net zero impacts of their property;
- continue to perform their role as a key feature of a functioning property market whenever properties are sold, let or constructed;
- are based on the most accurate methodology;
- are carried out to the highest standard;
- adopt updated methodologies and infrastructure shared with the UK Government; and
- maintain broad alignment with the recast EU EPBD, in particular through introduction of a new onsite audit and inspection regime to verify the accuracy and reliability of certificates.

The overall intended outcome is to maintain a functioning EPC system which remains an integral part of the property market (whenever a property is advertised for sale or let), which consumers can trust, and which delivers high quality, accurate, reliable, and relevant information to help them make decisions on the energy efficiency and contribution to net zero of their property.

These outcomes will be measured through annual data which shows that**:**

Key outcome

We have an accurate and reliable EPC system (underpinned by updated methodologies) which consumers can understand and trust, while maintaining alignment with EU Directives.

Progress indicators / metrics

- EPC accuracy rates within 95% tolerances of EU Directive
- Consumer complaints fall
- Consumer surveys show EPC confidence rising

How will data be gathered?

- Annual Approved Organisation (AO) audit results to confirm accuracy rates
- Regular AO reporting to gather insight into consumer complaints handling
- On-site inspections of completed EPC assessments

Key outcome

We see EPCs continue to function effectively as part of the wider property market.

Progress indicators / metrics

- Volume of EPC transactions remains in line with market demand

How will data be gathered?

- Register lodgement data
- Landlord Register

Key outcome

We inform consumers to make decisions to improve the energy efficiency and decarbonise the heating systems of their property.

Progress indicators / metrics

- Numbers of properties improving the EPC Heat Retention Rating of their property
- Numbers of properties recording clean heating system on Heating System Rating

How will data be gathered?

- Register lodgement data

- Scottish Household Condition Survey
- Heat in Buildings Annual Progress Report

Key outcome

We inform non-domestic building owners to make decisions to improve the energy efficiency and decarbonise the heating systems of their property.

Progress indicators / metrics

- Numbers of properties improving the Energy Performance Rating of their property
- Numbers of properties recording clean heating system on Heating System Rating

How will data be gathered?

- Register lodgement data
- Heat in Buildings Annual Progress Report

Key outcome

We deliver best value for any public expenditure in the exercise of our regulatory functions.

Progress indicators / metrics

- Benchmarking of lodgement fees against EU counterparts and UK Government
- Benchmarking against equivalent Scottish Government regulatory regimes
- Ongoing independent Gateway Review and Audit Scotland independent assessments of EPC programme

How will data be gathered?

- All of the above

EPC Reform more broadly will contribute towards the Scottish Government's wider strategic priorities of:

- Tackling the climate emergency by investing in green energy and infrastructure, since introducing the new EPC rating system will ensure that consumers have better information on the steps they can make to improve their property for net zero through investment in clean heating and energy efficiency; and the new operational framework will ensure higher quality EPC assessments that consumers can trust; these reforms will underpin the target for decarbonising heating systems in 2045; and
- Eradicating child poverty, since the new EPC rating system will directly assess the contribution that poor energy efficiency makes towards fuel poverty specifically, and child poverty more widely, helping to inform Scottish Government's statutory fuel poverty strategy and to better target government

programmes and funding towards improving those properties which are hardest to heat**.**

This BRIA will assess the potential impacts of the proposals to reform domestic and non-domestic EPCs. We will detail impacts of these reforms on businesses of all scale and related organisations operating across Scotland.

This BRIA takes into consideration the wider impacts on all groups regularly interacting with EPCs as part of the normal functioning of the property market, which include organisations such as estate agents, letting agents, conveyancing solicitors, surveyors, EPC assessors, mortgage lenders and landlords.

The BRIA will also consider UK Internal Market Act impacts and how this is balanced with our continued intention to remain aligned with the recast EU Energy Performance of Buildings Directive (EPBD).

Beyond the BRIA, a suite of related impact assessments which accompany the regulations will consider their impact on a range of specific groups and issues, including equalities, children's rights & wellbeing, and island communities.

Options

Options considered

Option 0 – Existing EPC regime retained - Do Minimum i.e. a business-as-usual approach.

This option would see current provisions for EPCs remain, including on ratings, validity periods, and data sharing. There would be no changes to the EPC regulations and no changes to the Operational Framework. Current lodgement fees and penalty charge levels would be retained - lodgement fees for domestic and non-domestic EPCs would remain at the levels set in 2017[29], and penalty charge levels would remain at the level set in the 2008 Regulations[30].

Option 0 is not considered a feasible way forward as EPCs, in their current format, are not aligned with our net zero ambitions, and the supporting technical and operational infrastructure which underpins them is life-expired, requiring significant upgrades. External stakeholders and independent reports have highlighted concerns around the relevance, accuracy and quality of EPCs produced across the country, particularly that they do not give consumers the information they need on the performance of properties against net zero objectives. It is clear, from our extensive engagement, that stakeholders including AOs and assessors, and statutory advisors such as the CCC, see the benefit of, and need for, introducing well-developed and considered reform.

Option 1 – EPC Regulations repealed.

This option would see the Energy Performance of Buildings (Scotland) Regulations 2008 repealed, removing the concept of an EPC and the requirement to provide one at specified trigger points. This would also cease all non-regulatory functions, including the Operating Framework and appointment of Approved Organisations by the Scottish Ministers.

This option would mean that Scotland would no longer be aligned with neighbouring countries, including the rest of the UK and the EU. Consumers would no longer automatically receive information as part of the process of buying or letting a property, leaving them without knowledge of the energy performance of a building

[29] The Energy Performance of Buildings (Scotland) Amendment Regulations 2017

[30] The Energy Performance of Buildings (Scotland) Regulations 2008

and its impact on net zero targets. Whilst consumers would still be able to access information from professional experts at their own behest, there would no longer be any standardisation of information, nor means of comparing different properties on a consistent basis.

For the EPC assessor market, there would be UK Internal Market Act implications through loss of the Scottish part of the UK market, with all EPC assessors (approx. 3,000) active in the Scottish market, impacted negatively through loss of revenue. The requirements of the Home Report legislation where in practice a new EPC is produced each time a domestic property is advertised for sale, would need to be revised, or an alternative means of providing required information developed.

Delivery of Scottish and UK Government schemes which rely upon EPC ratings would be impacted, requiring them to establish alternative means of meeting the current role of the EPC in supporting the schemes. Public reporting on the overall energy performance of the Scottish building stock would be diminished, meaning that alternative approaches would need to be developed to measure progress against climate change and fuel poverty targets.

Many of the above requirements and others are set out in legislation, for example through the following instruments:

- Climate Change (Scotland) Act 2009
- Energy Act 2011
- Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
- The Building (Scotland) Regulations 2004
- The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022
- The Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008
- The Letting Agent Code of Practice (Scotland) Regulations 2016
- The Private Landlord Registration (Information) (Scotland) Regulations 2019
- The Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016

Option 1 would likely be a very disruptive option. While relatively small costs to businesses and homeowners would be removed, misinformation and potential market abuse could arise in the absence of a government-authorised assessment methodology and prescribed format for certificates for the energy performance of buildings. The UK internal market would be disrupted, and the Scottish Ministers would no longer be in broad alignment with EU law under the EU Energy Performance of Buildings Directive 2024. It is therefore the Scottish Government's firm view that such a methodology and means of certification must continue to be authorised by the Scottish Ministers, and the market regulated to ensure that it

operates in a fair, transparent and consistent way to ensure the highest quality for consumers.

Option 2 – EPC regime reformed and infrastructure shared with UK Government (preferred option).

This option will retain the basic requirements of the EPC regime:

- to ensure the continued provision of information to consumers on a standardised certificate and rating system, based upon a government-authorised methodology;
- to require that this information is provided to consumers whenever a building is advertised for sale or for lease, or following completion of construction of a new building;
- to ensure that certificates are prepared by suitably skilled and qualified assessors;
- to ensure that EPCs are prepared to high standards of quality, accuracy and reliability;
- to allow EPCs to continue to support a wide range of other government policies and programmes
- to remain consistent with UK-wide internal market legislation and in alignment with the broad requirements of the EU Energy Performance of Buildings Directive 2024.

These basic requirements will be enhanced through our reforms which will ensure that:

- EPCs are better-aligned to net zero objectives through the implementation of a new rating system and redesigned certificate, which will give better information to current and prospective property owners and tenants;
- consumers receive more up-to-date information through EPCs which have a five-year instead of 10-year validity period, to more accurately reflect a property's transition on the journey to net zero;
- life-expired systems are replaced through adopting updated calculation methodologies and infrastructure (such as a new EPC Register) shared with the UK Government;
- EPCs are carried out to the highest standard through the introduction of enhanced quality assurance and oversight requirements for EPC assessors and Approved Organisations, including the creation of new onsite audit and inspection functions, thus maintaining alignment with the EU's own enhanced audit requirements in the 2024 recast of the EPBD.

This is the option on which the Scottish Government consulted during 2021, 2023, and 2025, and during its review of the Operational Framework. It would meet the

calls from statutory stakeholders such as the CCC, consumer groups such as Which? and those from within the energy assessment sector itself, on the need to reform EPCs whilst at the same time retaining the basic requirements outlined above.

Option 2 is our preferred option that will be assessed within this BRIA.

This option will see changes to the EPC rating system, design of certificates, and user accessibility and interaction provide more relevant information to consumers. This will be backed up through enhancements to the technical and operational infrastructure, shared across the UK, which will bring benefits to users of the EPC system through ensuring better quality, more accessible, more accurate and more reliable EPCs. EPC lodgement fees will rise to £6.00 for domestic certificates and £15.50 for non-domestic certificates to cover the £1.27m p.a. costs of this enhanced infrastructure – as set out in the Scottish Government 2025 technical consultation. EPC penalty charges levels will remain the same as at present since they already act as a sufficient deterrent to non-compliance with the regulations. Lodgement fee and penalty charge levels will be reviewed every two years to ensure they remain fair and proportionate – meaning that they could fall or rise in light of evidence.

The Scottish Government believes this is the most credible option since:

- it ensures that we retain an EPC system which is already well-embedded in the property market and Home Report, and provides standardised and consistent information to consumers at existing trigger points where a property is advertised for sale or let, or following completion of construction of a new building;
- it ensures that EPCs continue to be prepared by suitably skilled and qualified assessors who can operate across the UK internal market (including being underpinned by common, UK-wide national occupational standards);
- it enhances these basic features of the EPC system by also introducing better information for consumers through a new rating system, redesigned certificated and more accessible, interactive EPC format;
- it increases quality assurance for consumers by introducing new operational governance requirements for onsite audit and inspection to ensure EPCs are more accurate and reliable; and by using a new technical infrastructure which we continue to share with the UK Government (the Home Energy Model, and updated SBEM calculation methodologies, which are more up-to-date, giving a more accurate assessment of building energy performance; together with the more interactive and accessible new EPC Register);
- it maintains broad alignment with the EU EPBD and UK Internal Market Act requirements;

- it avoids £6.5m of upfront capital costs and £0.6m p.a. ongoing operating costs, by sharing technical infrastructure on the calculation methodologies (the Home Energy Model) and new EPC Register with the UK Government;
- it allows other policies and programmes which rely upon EPCs to continue to do so;
- it maintains the existing principle that users who benefit from the service provided by the EPC technical and operational infrastructure continue to contribute towards the cost of doing so; and
- it ensures that penalty charges remain proportionate to the risk of breach of the regulations, and act as a sufficient deterrent.

Option 3 – EPC regime reformed and separate infrastructure for Scotland. This option would be the same as Option 2, but would be the 'do maximum' approach. Reforms to the policy and regulations would be the same (i.e. introduce the new EPC rating system and reduce the validity period etc), but this option would entail the Scottish Government developing the technical and operational infrastructure for EPCs without any collaboration with the UK Government. This would mean the Scottish Government setting up its own new calculation methodology, and maintaining fully separate register infrastructure from the UK Government. The estimated cost of this route, based on UK Government contracts for methodology and Register infrastructure development, is £6.5m in upfront capital costs. This option would also likely entail higher ongoing running costs (£0.6m p.a.) than Option 2, on the basis that the Scottish Government would be solely responsible for maintaining a calculation methodology and register infrastructure, and would bear the full costs of upgrading and updating this over time.

In this scenario, the Scottish Government would also have to continue to develop its own enhanced audit and inspection function in the same way as for do minimum, if it was to remain aligned with EU law. The Scottish Government would also have to develop separate national occupational standards for the skills and qualifications of assessors, rather than on a UK-wide basis as at present.

The Scottish Government does not believe that this is a viable option since to cease sharing technical and operational infrastructure across the UK would undermine the operation of the EPC assessor market which has operated on a UK-wide basis since inception of the EPC regime in 2009. EPC assessors are accredited by Approved Organisations who operate across the UK, and the requirements of the UK Internal Market Act 2020 around mutual recognition for services providers means that service providers authorised to exercise a service activity (i.e. the preparation of EPCs) in Scotland, should be able to exercise that activity throughout the UK. This relies on there being a shared technical infrastructure (calculation methodology and Register) to support the operation of the market.

This also applies to the mutual recognition of qualifications across the UK internal market, where the training and qualification of EPC assessors takes place across the UK, underpinned by UK-wide national occupational standards, with assessors all using the same underpinning calculation methodology and software. If the Scottish Government were to develop methodologies, qualification requirements and operational infrastructures that were substantially different from those already shared across the UK, there would be the risk of breaching the requirements of the Internal Market Act. By instead pursuing our preferred option, Option 2, the Scottish Government is able to maintain a distinctive approach to the EPC rating system and regulations, whilst continuing to share infrastructure that enables the assessor market to operate on a UK-wide basis.

Sectors & Groups Affected

The following groups may be affected by these proposals:

- Consumers (domestic and non-domestic) – including current home/ building owners, landlords and tenants, prospective buyers and tenants, and building users;
- Businesses – those working directly within the EPC assessor market (Approved Organisations (AO), EPC assessors and property surveyors), and those working indirectly through the wider property market (landlords (private rented and social), estate agents, letting agents, conveyancing solicitors, mortgage lenders) and construction industry (property developers, plant and equipment manufacturers and installers);
- Local authorities – directly through their responsibilities for enforcing the EPC regulations and indirectly as social landlords;
- Government delivery programmes – those programmes offering Scottish and UK Government support to improve the energy efficiency of buildings and to decarbonise heating systems, in support of wider fuel poverty and net zero climate policy objectives; and
- Academics / Researchers – EPCs are widely used in climate change and energy efficiency research.

These groups are present throughout Scotland, given the operation of the property market country-wide[31].

The largest groups impacted by EPC reform are likely to be the **current and prospective owners, landlords and tenants of domestic or non-domestic**

[31] A separate Island Communities Impact Assessment considers specific impacts of the EPC reforms on rural and island communities.

property. This is because the information the EPC displays about their property will change with the introduction of the new rating system and redesigned certificates.

Even though the trigger points for when an EPC is required are not changing, the new rating system, redesigned certificate, and reduced validity period will mean that current and prospective owners, landlords, and tenants will receive new and more relevant information, which is more up-to-date, on how a property they occupy, or are thinking of occupying, performs against net zero objectives, and on potential improvements they could make to it.

For landlords specifically, there will be additional costs related to the reduction in EPC validity from 10 to five years, reducing the period during which they can recycle an existing EPC whenever a new tenancy is re-let for the same property. For large non-domestic buildings (over 250m^2) occupied by **public bodies** which are frequently visited by the public, there is a requirement to always display a valid EPC.

Transitional arrangements are being established to avoid 'day one' risks of these buildings being unable to obtain a new EPC (see Section 3). All consumers will be directly impacted by the increase in EPC lodgement fees, which are likely to be passed on by assessors and reflected in an increased cost to consumers of purchasing an EPC.

The **EPC assessment sector** will be directly affected as businesses. This includes individual assessors who undertake assessments and those working for Approved Organisations who oversee assessor accreditation, training, and quality assurance of their work. These groups are affected because they deliver EPCs and explain the content to consumers.

Whilst changes to EPCs since 2009 have been achieved incrementally (through regular CPD outlining changes to assessor conventions and software updates to SAP and SBEM), the reforms which the Scottish Government is now making are more fundamental (new rating system, redesigned certificates, and new technical and operational infrastructure), meaning AOs and assessors will need to fully understand, and implement, the reforms to ensure they remain operational in the market.

By retaining the existing trigger points for when an EPC is required, the volume of business generated for EPC assessors will likely remain consistent with the broader performance of the property market – in terms of the numbers of properties advertised for sale, lease or newly-constructed.

There will likely be additional business opportunities created for assessors through the reduction in the EPC validity period. This is unlikely to impact domestic properties which are sold, since, in practice, a new EPC is always produced to meet the 'information on energy efficiency' requirements of the Home Report Regulations, but for properties which are let, EPCs will no longer be able to be recycled for up to 10 years, and so assessors are likely to see some upturn in business from more frequent renewals every five years.

AOs and assessors will be affected by the increase in EPC lodgement fees – either having to absorb these or choose to pass them onto consumers. The time required to complete an assessment (and therefore cost) may increase depending on the required inputs to the assessment under the UK-wide move to the Home Energy Model. Any such changes will be UK-wide and we do not expect a significant difference to the time required to complete an assessment in Scotland compared to the rest of the UK.

Businesses working in the wider property market – particularly estate and lettings agents, conveyancing solicitors and mortgage lenders will be impacted through the changes to the rating system.

Whilst the trigger points for when an EPC is required are not changing, property agents, solicitors and mortgage lenders will need to understand the new rating system and will also need to be aware of the reduction in the EPC validity period to ensure the EPC remains valid. This is unlikely to be an issue for estate agents where an EPC is required when properties are advertised for sale, or for conveyancing solicitors and mortgage lenders where a new EPC is in practice produced each time a domestic property is advertised for sale, to meet the requirements of the Home Report Regulations.

Estate agents, conveyancing solicitors and mortgage lenders will simply continue to ensure that the EPC is valid. However, for letting agents, the reduction in EPC validity period from 10 to five years will likely reduce the number of times that an EPC can be recycled whenever a property is re-let. Letting agents will need to understand this reduced validity period and be able to check that adverts and leases are accompanied by EPCs which are five years old or less.

Other key sectors include **businesses who are involved in manufacturing or installing energy efficiency or heating measures in buildings**. They will be affected because the way that their products are rated and how these are reflected on the EPC (in terms of their energy efficiency, emissions impacts, installation costs and running costs) may change.

Local authorities will be impacted in their role as enforcement authorities for the regulations, including their power to issue civil penalties (as well as owners of public buildings, mentioned previously). Given that there are no changes to the trigger points for when an EPC is required, it is unlikely that there will be a greater burden of enforcement action for local authorities than at present. Nevertheless, the reduction in EPC validity period from 10 to five years will mean that for property lettings, local authorities may need to work more closely with letting agents as the new certificates bed into the market, to ensure they can target any enforcement action that may be needed in the event of any widespread breach of the regulations.

Government delivery programmes and policies which rely on EPCs will continue to be able to use them but will need to adapt to the new rating system. The intention to rename the existing headline rating as the 'Energy Cost Rating' will ensure continuity for programmes which have until now relied upon that rating as a means of measuring progress against their objectives. Likewise, retaining this rating will allow continued reporting of official statistical information such as via the Scottish Housing Condition Survey to show changes in performance across the whole building stock over time.

New ratings such as the Heat Retention Rating will be able to be used by policies and programmes seeking to more directly target fabric energy efficiency performance (as is the case with the Scottish Government's proposals for a minimum energy efficiency standard (MEES) for the private rented sector, which could also have a related impact on local authority enforcement, if local authorities are to use EPCs as a means of evidencing landlords' compliance with the MEES). The Heating System Rating will help to record progress of the building stock against the Scottish Government's target for decarbonising buildings.

This impact assessment is unable to fully consider how the range of government programmes and policies which rely upon EPCs will be impacted by the reforms. Impact assessments for those programmes will follow in due course as and when they choose to respond to the new certificates coming into force in 2028.

Academics and researchers will continue to have access to information on EPCs held in the Scottish EPC Register, through data access provisions within the new EPC Regulations. EPC data can help inform the development of better policy making across Government, the public sector, and other sectors to support decarbonisation. The Scottish Government has conducted a separate Data Protection Impact Assessment to accompany the new regulations.

Section 3 and 4 outlines in detail the Scottish Government's assessment of the expected impacts on these different groups and which are likely to result from our EPC reforms.

Section 2: Engagement & Information Gathering

Engagement Approach

The Scottish Government has engaged extensively in the development of its policy on EPC reform ahead of laying these regulations.

Public consultation and stakeholder engagement
We have held three formal public consultations, during 2021, 2023 and 2025, at each stage allowing us to further refine our policy development in the light of stakeholder feedback:

- 2021 consultation – this consultation outlined our initial proposals for reform, which included renaming the current EPC ratings and adding a third rating so that EPCs would display separate ratings for energy efficiency, cost, and carbon emissions.
- 2023 consultation – this consultation set out our preferred approach to reform, including confirming the new rating system that we intended to use for domestic and non-domestic EPCs and our intention to reduce the EPC validity period from 10 to five years, redesign EPCs to make them more accessible, and enhance quality assurance for consumers of EPC assessors and Approved Organisations.
- 2025 technical consultation – this consultation set out proposals for increases to EPC lodgement fees to support the costs of developing the new technical infrastructure (Register and calculation methodology) and operational infrastructure (introduction of enhanced onsite audit and inspection arrangements). It also sought views on the level of EPC penalty charges.

During the consultations, the Scottish Government held stakeholder events and received written responses. Analysis of these events and the responses received was set out in three published reports:

- 2021 consultation[32]
- 2023 consultation[33]
- 2025 consultation[34]

[32] Introduction - Heat in Buildings strategy - domestic EPC reform consultation: analysis summary report - gov.scot

[33] Energy Performance Certificate reform: consultation analysis - gov.scot

[34] 2025 Technical Consultation Analysis report

During the four years of policy development, we met stakeholders during consultation events, or bilaterally, from a wide range of different organisations. These included housing providers, landlords, local authorities, public bodies, utilities, the construction sector, mortgage lenders, and bodies representing: the EPC assessment sector, estate and letting agents, conveyancing solicitors. Alongside the 201 individual responses from the general public, this ensured wide-ranging and comprehensive engagement with groups likely to be impacted by the development of the regulations. Our goal from the outset was to make sure as many people were able to contribute to discussions and sessions as possible.

In addition, the consultation on the proposals for a Heat in Buildings Bill (which ran from November 2023 to March 2024), involved a wide range of stakeholder events and over 300 responses received to the consultation. That consultation also considered the role that EPCs could play in supporting proposed mandatory standards. It attracted widespread public, media and parliamentary interest in our proposals for EPC reform, and therefore also contributed to the final development of policy underpinning the new regulations.

Stakeholder working groups

The Scottish Government established a number of support groups to provide a forum for ongoing engagement and challenge to help refine our proposals.

This included an External Reference Group and an independently-chaired subgroup of the Heat in Buildings Strategic Advisory Group. Proposals were also presented to the Regulatory Review Group (RRG).

External Reference Group

The External Reference Group ensures that those working within the current EPC system (assessors, approved organisations, surveyors issuing Home Reports, building regulations officers/ local authority officers, etc.) are kept informed on progress and able to give views (i.e. to advise, inform, and discuss). It meets regularly throughout the year when relevant, to be kept abreast of progress in development of the regulations and will continue to do so when they are implemented.

This group is made up of the following external stakeholders (including wider-public sector representatives):

- All six EPC Approved Organisations[35] (representing the businesses directly impacted by the regulations, which govern the terms of their appointment, and those of their circa 3,500 members in Scotland)
- Proficiency (trade body representing domestic and non-domestic EPC assessors in Scotland)
- Property Energy Professionals Association (PEPA) (trade body representing the Approved Organisations)
- Royal Institution of Chartered Surveyors (RICS) (whose members are responsible for issuing Home Reports, of which a large number of EPCs issued form a part)
- COSLA (representing Scotland's 32 local authorities)
- Association of Local Authority Chief Housing Officers (ALACHO)
- Energy Saving Trust (representing energy advisors and external delivery programmes)
- UK Finance (representing lenders)
- Propertymark (representing estate and lettings agents)
- ESPC (representing conveyancing solicitors)
- Consumer Scotland (representing consumer interests)
- UK Government (Observers)

Independently chaired subgroup of the Heat in Buildings Strategic Advisory Group
The independently chaired subgroup of the Heat in Buildings Strategic Advisory Group (SAG) was established to provide independent challenge, advice, and expertise to support the Scottish Government. Members were chosen based on their expertise/ experience, and for their independence as experts who are not directly impacted by any changes introduced through our wider EPC Reform programme.

This group met - roughly - quarterly and continued to meet throughout 2025 (as required, reaching the end of its work during 2026).

It is made up of the following external stakeholders (including wider-public sector representatives):

- Regulatory Assistance Project (Chair) (representing independent expertise in regulatory design)
- Chartered Association of Building Engineers (representing professional expertise in disciplines across the built environment)
- Citizens Advice Scotland (representing consumer interests)
- Federation of Small Businesses (representing business interests)
- Monmouthshire County Council (representing independent expertise in EPC enforcement within local government)

[35] Elmhurst Energy, Bacra, Core Logic (ECMK), Sterling Accreditation, Quidos, CIBSE

- Nesta (representing public engagement and user design interests)
- Scottish Futures Trust (independent expertise in infrastructure development)
- Sustainable Energy Authority of Ireland (SEAI) (international expertise in EPC regulatory design and delivery)

Regulatory Review Group
Scottish Government officials presented the Government Response on EPC reform to the Regulatory Review Group (RRG) at its meeting on 25 March 2025. Following the meeting, the Chair of the Group wrote to Ministers, making the following recommendations:

- "1. Further consideration is needed regarding how the proposed changes to the EPC will interact with the home report.

- 2. The RRG notes concerns raised about potential unintended consequences for consumers if mortgage providers start using the revised EPC ratings as criteria for lending.

- 3. Constructive working relationships with Local Authorities and Scottish Government are critical to the success of implementation.

- 4. The management and capacity of on-site inspections presents potential challenges.

- 5. Comprehensive public engagement is essential to ensure consumer understanding and support".

The Scottish Government welcomed these recommendations from the RRG and is acting on them as part of its work with stakeholders (including local authorities, mortgage lenders, estate and lettings agents, conveyancing solicitors, Approved Organisations and communication with the wider public), ahead of the regulations coming into force in autumn 2028.

As requested by the RRG, Scottish Government officials will return again to the Group, to give an update on this work once it has progressed.

Internal Scottish Government and wider public sector engagement

The Scottish Government has engaged with a range of internal policy and regulatory functions impacted by our proposed reforms, including those from:

- Directorate for Energy & Climate Change (teams responsible for Heat in Buildings regulation (such as the proposed private rented sector minimum energy efficiency standard and Social Housing Net Zero Standard), Heat in Buildings delivery programmes, (such as Warmer Homes Scotland and Area-Based Schemes), Heat Networks and public sector heat decarbonisation;
- Directorate for Local Government & Housing (teams responsible for Building Standards, Housing (such as colleagues leading the review of Home Reports), Fuel Poverty; and
- Directorate of Tax and Revenue (teams responsible for the proposed Building Safety Levy) public buildings, and with legal and analytical colleagues.

To ensure that all relevant parts of the Scottish Government were able to input to, and be aware of the impact of, the reforms in the new regulations, we established an internal Scottish Government working group which included representatives from all of the policy and regulatory functions listed above.

As we have continued to develop these regulations, this group has continued to meet on a regular basis.

We have also engaged with the wider public sector through ongoing discussions with:

- Convention of Scottish Local Authorities (COSLA) and individual local authorities
- Scottish Energy Officer Network (SEON)
- Improvement Service
- Local Authority Building Standards Scotland (LABSS)
- Association of Local Authority Chief Housing Officers (ALACHO)
- Trading Standards Scotland
- Historic Environment Scotland
- Scottish Futures Trust

UK/ Devolved Administrations

The Scottish Government has engaged with the UK Government throughout the development of our policy on EPC reform and in finalising the new regulations. This has included:

- Official level engagement and participation in regular UK-wide working groups on existing EPC regulations and the calculation methodologies which

underpin them (SAP, SBEM, and development of the new Home Energy Model);
- Official level engagement in operational matters impacting the UK-wide EPC assessor market (including conventions followed by assessors and Approved Organisations, or changes to the EPC calculation methodology);
- Official level bilateral discussions on EPC policy and policy in related areas where UK Government policies or programmes use EPCs (such as the private rented sector minimum energy efficiency standard regulations in England & Wales);
- Successful negotiation with the UK Government to extend new powers under Part 10 of the Energy Act 2023 to allow the Scottish Ministers to make new EPC regulations (to replace powers which were lost when the European Communities Act 1972 was repealed during EU Exit);
- Agreement with the UK Government that the new Home Energy Model will be adopted across the UK as the basis for the EPC calculation methodology underpinning new regulations in Scotland and in England & Wales and Northern Ireland;
- Agreement with the UK Government that the new Scottish EPC Register will be integrated with the UK Government's 'cloud calculation service' (ECaaS) which underpins the EPC Registers for England & Wales and Northern Ireland; and
- formal association of the Scottish Government with parts of the UK Government's own recent consultation on EPC reform, where suggested reforms on quality assurance and data lodgement and reporting would impact the UK-wide internal market and therefore the approach taken in Scotland[36]

As part of our EPC Reform work, the Scottish Government advocated successfully for the need for more formal arrangements across the UK, to governance of EPC legislation and operational delivery. This reflects the fact that, since EU Exit, the four governments can no longer rely upon the unifying legal framework of the EU Energy Performance of Buildings Directive.

In summer 2025, a Memorandum of Understanding (MoU) was finalised between Ministers of the UK Government and other Devolved Administrations. This sets the parameters for how the governments work together when exercising their new powers under Part 10 of the Energy Act 2023. This ensures there is an official forum for engagement across the UK, and will facilitates joint working on areas such as EPC assessor skills and consumer protection.

[36] Reforms to the Energy Performance of Buildings regime - GOV.UK

The UK Government is also an observer on our External Reference Group (ERG) (see above) and Monmouthshire Council (from Wales) is a member of our EPC subgroup of the Heat in Buildings Strategic Advisory Group (SAG) (see above).

International

The Scottish Government has a commitment to align with the EU, where appropriate, and in a manner that contributes towards maintaining and advancing standards. The legal requirements for EPCs originated in EU law set out in the Energy Performance of Buildings Directive, which was recast several times between 2004 and 2018, prior to the UK's exit from the EU. The Directive was recast again by the EU in 2024, including new provisions for onsite audit and inspection of a proportion of certificates.

Given our commitment to continue to maintain alignment, the Scottish Government has, during consultation on EPC reform and the development of the new regulations:

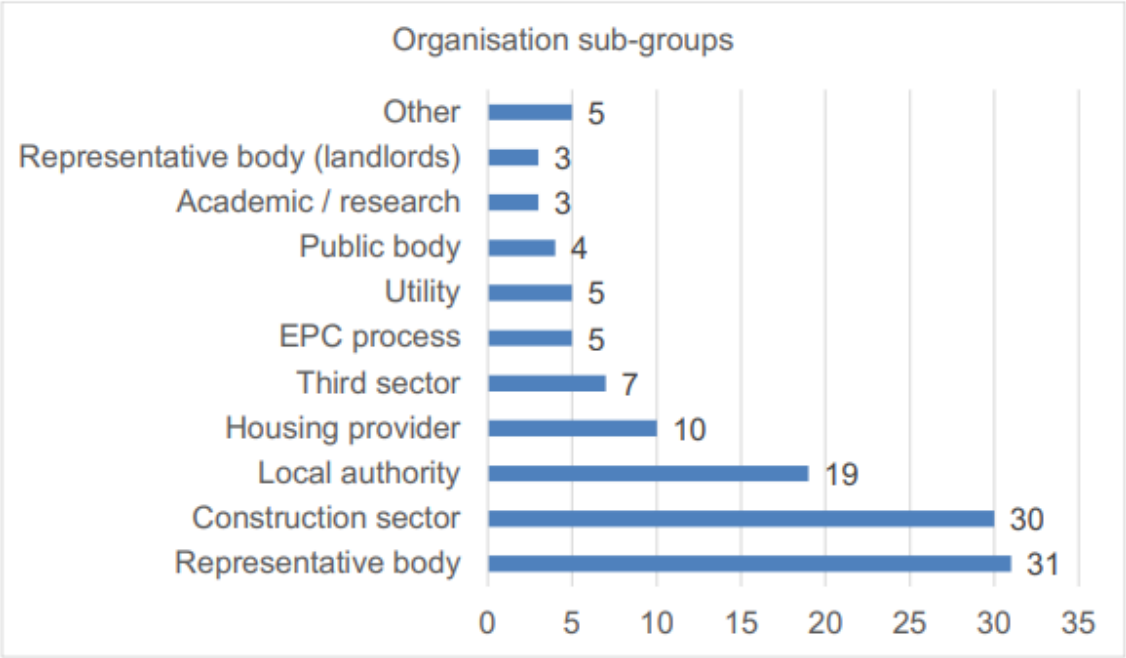
- engaged directly with the Government of the Kingdom of Denmark, through its Danish Energy Agency (DEA), as part of our existing Memorandum of Understanding. This included a formal response from the DEA to the 2023 consultation, and ongoing peer review workshops to test our proposals and consider alignment with the 2024 recast of the Directive; and
- engaged with the Government of the Republic of Ireland, through its Sustainable Energy Authority of Ireland, which sits as a member of our EPC subgroup of the Heat in Buildings SAG allowing us to benchmark our proposals against existing practice in transposing the Directive within Ireland, in particular where Ireland has already adopted onsite audit and inspection requirements.

Business & Third Sector Engagement

The Scottish Government has engaged extensively with business and the third sector throughout the development of its policy for EPC reform and the new regulations. This has taken place primarily through the External Reference Group outlined above, which includes a representative range of business and consumer interests.

Public consultation

2023 consultation
The 2023 consultation was the most comprehensive articulation of our preferred approach, and attracted the most responses (323). A wide range of individuals and organisations responded as set out in this respondent profile chart from the analysis report:



The majority of the 31 representative bodies which responded included business and/or third sector groups amongst their membership (such as the Association for Decentralised Energy, Heating & Hotwater Industry Council, Homes for Scotland, National Insulation Association, Property Energy Professionals Association, Propertymark, Scottish Federation of Housing Associations, Scottish Land & Estates, the Law Society of Scotland, the Royal Incorporation of Architects in Scotland).

In their responses to the 2023 consultation, responses to the most prominent questions from those respondents who were organisations, and therefore include representatives of these businesses and third sector stakeholders (and also include local authorities who may themselves be housing providers, together with public bodies and academic / research bodies) were as follows[37]:

- New domestic EPC rating system (Q1)

For organisations, in each case, other than landlords' representative bodies, there were clear majorities (67% of respondents) in favour of the proposed new ratings to be displayed on the reformed domestic EPC. On that basis, the Scottish Government has decided to introduce the reforms through the new regulations.

- New non-domestic EPC rating system (Q6)

[37] Annex 1 of: Energy Performance Certificate Reform Consultation: Analysis of Responses to Consultation

Opinion on reform of non-domestic EPC ratings was more mixed, with many organisations (16%) saying they did not know if they agreed with the new non-domestic ratings, and 25% not answering the question. This in part is likely to reflect the smaller size and more specialised nature of the non-domestic EPC market (with around c.5,000 assessments p.a. carried out compared to c.200,000 domestic assessments p.a.) Of those organisations who did answer, 51% were in favour and 9% against. Given that there were more in favour than against this proposal, the Scottish Government has decided to introduce these reforms through the new regulations.

- Change to EPC validity period (Q10)

Opinion of organisations on proposals to reduce the EPC validity period from 10 years to five was mixed, with a significant minority (30%) opposed to the proposals. The largest number of respondents (46%) were in favour of the proposals, but 15% of organisational respondents did not answer this question. 80% of housing providers who responded were opposed.

The Scottish Government recognises that there could be additional costs for businesses and the third sector from a reduced validity period, meaning that EPCs need to be renewed more frequently. This will not impact the advertisement of property for sale (where in practice a new EPC is produced each time a domestic property is advertised for sale to meet the requirements of the Home Report legislation) or for the construction of a new building, where a new EPC is also always required. Further information on the impacts of change in validity period is set out in Section 3 (Costs, Benefits and Impacts: *Numbers of EPCs lodged*).

- Review and update to audit and assurance requirements for EPCs (Q17)

There was a clear majority (67%) of organisations who were in favour of the Scottish Government's proposals to review and update the audit and assurance requirements for EPCs in Scotland. The Scottish Government has therefore decided to introduce new operational governance arrangements through the appointment process for Approved Organisations, and the requirements for EPC assessors, set out in the new regulations. The regulations also make provision for the new onsite audit and inspection requirement which was set out in the Scottish Government's response to the 2023 consultation, as a basis for enhancing audit and quality assurance.

2025 technical consultation

In total, 29 written responses were received to the technical consultation on EPC lodgement fees and penalty charges. The table below provides a breakdown of responses by respondent type.

Respondent Profile - Written Responses	Number	Percent
All Individuals	**13**	**45%**
Individuals	8	28%
Individuals - sector specific professional background	5	17%
All Organisations	**16**	**55%**
Approved Organisations (AO)	2	7%
Built Environment Focused Organisations	5	17%
Energy Focused Organisations	3	10%
Real Estate Focused Organisations	3	10%
Local Authorities*	3	10%
Total	**29**	**Note****

* The local authorities included one mainland authority, one rural mainland authority, and one island authority.

Note**: this table does not add up to 100% due to rounding.

In addition to the written responses, 46 organisations participated in the consultation workshops. The table below provides a breakdown of the organisations represented at the workshops.

Respondent Profile - Workshop Events	Number	Percent
Approved Organisations (AO)	2	4%
Chartered Surveyors	3	7%
Consumer Advice Bodies	2	4%
Design and Build Consultants	4	9%
Energy Focused Organisations	13	28%
Equality Rights Groups	1	2%
Financial Services Providers	1	2%
Heating Systems Manufacturers	3	7%
Housing Associations*	3	7%
Local Authorities**	7	15%
Real Estate Software Platforms	3	7%
Representative Trade Bodies	4	9%
Total	**46**	**Note****

*The housing associations included two from mainland Scotland and one island area.

**The local authorities included six mainland authorities and one island authority.

Note**: this table does not add up to 100% due to rounding.

Of the 29 written responses received to the 2025 technical consultation on EPC lodgement fees and penalty charges, the analysis of the consultation responses sets out that, overall, between half and two thirds of respondents who answered the questions supported each of the proposals:

- 68% supported the use of a statutory fee levied on lodgement of EPCs to fund the new elements of the regulatory regime

- 50% supported raising the statutory fees levied upon lodgement by £3.40 for both domestic and non-domestic EPCs
- 61% supported a review of the lodgement fee level within two years of the new regulations coming into force
- 57% supported reviewing the on-site audit and inspection function within two years of the new regulations coming into force
- 64% supported reviewing the penalty charges issued to those who do not provide a valid EPC within two years of the new regulations coming into force

Across each of the proposals, most of the opposition came from individuals rather than organisations. On this basis, the Scottish Government has decided to increase the EPC lodgement fee to the level set out in the new regulations, and to review this within two years of the new regulations coming into force. The Scottish Government has also decided to keep the EPC penalty charge at its current level, and to review this within two years of the new regulations coming into force.

Bilateral engagement with business and third sector

As part of our work to develop proposals for EPC reform we have engaged with businesses directly through one to one interviews, including during the formal consultation period. We started the business interviews in 2023 and they continued into 2025. They were held during consultation periods where related questions could be discussed in a separate format. A number of businesses were interviewed ranging from SMEs to larger companies and international organisations. These span multiple sectors including Approved Organisations; surveyors; architects; landlords; energy focused organisations; Local Authorities; financial industries and heating system manufacturers.

Our interview process has been clear from the outset. We informed participants that we would anonymise the content of interviews to allow for open and direct engagement with the issues. In reporting on these interviews, no names have been used and only the business sector and size used to identify contributors.

Themes identified in business engagement
Our interviews highlighted a range of different themes, which are summarised below:

- Types of businesses most affected by EPC reform

Interviews with SMEs in the assessment sector, with large businesses (energy companies and heating system manufacturers) and SMEs who were chartered surveyors, highlighted that EPC producers (i.e. assessors) would be affected by higher data gathering requirements and that businesses lodging EPCs (assessors and Approved Organisations) would be directly affected by changes to the lodgement fees. One SME highlighted that “ultimately, the costs will fall on

assessors. Approved Organisations will just pass the costs on to them." Interviewees also highlighted likely impacts of increased costs on social housing providers (housing associations and local authorities) and the potential for fee increases to be passed on to domestic and non-domestic tenants. There was concern about potential disproportionate impact on landlords and property agents operating in remote, rural and island locations.

- Changes to the non-domestic rating system

A chartered surveyor SME thought that "The biggest impact will fall on commercial property owners from change to headline non-domestic rating moving to a ratio (reference property) based rating as is done in the rest of the UK".

- Lodgement fee increase

This drew a wide range of responses, all of them highlighting the likely impact on businesses and upon consumers. An assessor SME highlighted that "lodgement fee increases together with additional EPCs from the move to a five-year validity period means that the costs will be passed directly to the consumer." Another noted that this "... will see a universal increase in costs that all will be expected to pay without distinction". There was concern in particular on the impacts of this on social housing providers – the combination of increasing lodgement fees and reducing the validity period of the EPC. Those interviewees taking a more positive response included a large energy company who saw benefit in "Increased costs of more time on site to get more accurate information. More important to get it right, especially for the accuracy of the heat retention rating." This was also supported by findings during analysis of responses during the technical consultation that "the increase in the fee would cover the costs of the additional regulatory services which will require additional resources, and ensure the system is well supported and quality assured. The increase would be broadly in line with inflation, which was considered reasonable. The fact that the proposed costs would remain lower than some other European countries/the European average was welcomed".

- Enhanced auditing requirements

The Scottish Government's proposals drew mixed responses from businesses. A social landlord SME noted that "there are significant challenges with onsite auditing – and this is even more acute in remote, rural and island areas. The risk is smaller from an RSL point of view". An SME Approved Organisation also highlighted that "with audits going above and beyond, this means more costs to develop assessors. Others took a positive view, with a large energy company noting that "for the purpose and benefits of onsite audits, there are some opportunities. If we find out that EPCs are of a poorer standard, we can build it into a win-win scenario by improving the EPC and the assessor." An SME Approved Organisation said that "benefits [from audits] are that assessor's ability to rationalise EPCs should improve. With

government auditing this should strengthen the reputation of the market. It should be very good for EPC quality in general and needs to be done fairly".

- Penalty charges

Interviewees did not comment on this in the one-to-one interviews, but during analysis of the consultation, one built environment-focused organisation noted that "regular reviews and considerations towards inflationary adjustments, and any increase in EPC Regulation breaches, would be a reasonable course of action in keeping the penalty charges proportionate over the medium and long term".

- Reduction in validity period impact on costs

There was concern from an SME social landlord that reducing the validity period could potentially double the rate of assessments being required and that this could necessitate employing more staff to undertake this, with a risk of significant cost increases. An Approved Organisation SME was concerned about a lot of change within the industry and that reducing the validity period was a major shift in policy. Another Approved Organisation SME noted that the additional volumes required by reduction in validity period may require additional assessors working in the sector. A large building energy modelling software and consultancy firm saw little impact in the reduction in validity period.

- EPC as a driver for compliance

A number of interviewees recognised that there was a role for EPCs in supporting compliance with potential mandatory standards or eligibility for funding. An Approved Organisation SME said that "[EPCs]...should be used for things like funding, marketing and regulatory reasons", whilst a large building energy modelling software and consultancy firm saw benefits in EPCs taking on an increased role if evidencing compliance, which could help their business to do more.

- New EPC ratings

Businesses interviewed were generally supportive of the new ratings proposed, with a large energy company noting that they were "really supportive of the new metrics considered. Carbon intensity and energy costs of the home are really good aspects to compare". A large heating systems manufacturer said that "there are positives from the ratings being able to show the actual benefits of air source heat pumps." An Approved Organisation SME, on the other hand, was concerned about "what happens with movements between bands? Will people accept this drop even though they see no difference in their own properties. This is a huge issue and could have impact on programmes".

- Education / awareness of EPCs

Changes to the rating system also linked to issues around public awareness and perception of EPCs, with a large energy company highlighting the role that EPCs can play in this and that this “would be to the benefit of householders”, whilst a large heating systems manufacturer stressed that the new ratings were “likely to need a public awareness campaign”. An Approved Organisation SME noted that “until in the long term people can see house prices influenced by EPCs, estate agents will not be motivated to go for quality. These correlations should be pointed out more.”

- Impacts on property market

Interviewees highlighted a range of impacts. A medium to large business in the financial industries noted that “EPCs are needed to understand the value of existing portfolios and their robustness over time. In a no action taken scenario the black book valuations of properties drop 40% over 20 years. The only basis for addressing this is through standardised EPCs and that is why getting reform right is so important. It informs lending policies and future impacts”. Another noted that “there could be instances of properties moving down ratings and this could be mortgage linked, moving homes out of eligibility.” EPCs were seen as providing a potential baseline on energy efficiency which could help customers and mortgage brokers, with a medium to large business in the financial industries highlighting that “research from 2024 investigated the importance of energy efficiency to buyers. It showed that energy efficiency was the second most sought-after attribute following location”.

Engagement with assessor organisations

As part of our EPC reform programme, we have also completed a review of the operational governance that covers those businesses which are accreditation organisations and with EPC assessors themselves, including representative bodies such as the Property Energy Professionals Association and Proficiency.

We have engaged extensively with each Approved Organisation through our External Reference Group (ERG) and directly (both virtually and in-person) to discuss our proposed EPC reform proposals. The governance review covered five main thematic areas:

- **Appointment and management of AOs** – including moving to a time-limited appointment process and more regular reporting requirements.
- **Quality assurance** – including the introduction of onsite auditing and smart auditing.
- **Enforcement of regulations** – including additional support for local authorities to discharge their duties as enforcement bodies.
- **Consumer care** – including improving consumer awareness.

- **Skills and qualifications of EPC assessors** – including a commitment to review the skills landscape jointly with other devolved administrations across the United Kingdom, and to ensure future training reflects the upcoming regulatory changes in Scotland.

AOs were, generally, supportive of our proposals. Questions around the logistics of onsite auditing were a common theme – and, as the Scottish Government progresses on the development of this new function, we will continue to engage with our AOs to ensure any onsite audit regime can be successfully delivered.

Concerns were raised regarding the duration of the time-limited appointment of AOs. The Scottish Government has recognised these concerns and we agree that a balanced approach is required to give our existing (and potential future) AOs the certainty needed, while also ensuring any potential poor performance/ non-compliance can be addressed sufficiently.

Section 3: Costs, impacts and benefits

This BRIA takes into consideration the wider impacts on all groups regularly interacting with EPCs as part of the normal functioning of the property market, which include organisations such as estate agents, letting agents, conveyancing solicitors, surveyors, EPC assessors, mortgage lenders and landlords.

In this section we set out what we think are the most likely costs, impacts and benefits of our EPC reforms, as set out in our preferred Option 3, above. As set out in that option, our reforms retain many of the existing requirements of the EPC regime:

- to ensure the continued provision of information to consumers on a standardised certificate and rating system, based upon a government authorised methodology;
- to require that this information is provided to consumers whenever a building is advertised for sale or for lease, or following completion of construction of a new building;
- to ensure that certificates are prepared by suitably skilled and qualified assessors;
- to ensure that EPCs are prepared to high standards of quality, accuracy and reliability;
- to allow EPCs and EPC data to continue to support a wide range of other government policies and programmes; and
- to remain consistent with UK-wide internal market legislation and in alignment with the broad requirements of the EU Energy Performance of Buildings Directive 2024.

There will be no change to the circumstances in which an EPC is triggered – when a property is advertised for sale or let, or when a newly-constructed building is completed, with a valid EPC being required to accompany both the advertisement of the property and upon completion of the sale or the lease.

Given that there will not be any change to these triggers, our assessment of costs is therefore narrower, and focuses only on those parts of our reforms which introduce new requirements that could add monetised impacts:

- the reduced EPC validity period from 10 years to five years
- the increase in EPC lodgement fees to support the provision of new technical infrastructure (updated calculation methodologies and new EPC Register),

and operational infrastructure (enhanced quality assurance through new onside audit and inspection function)
- the implementation of a new rating system and redesigned certificate

Our assessment of benefits and wider impacts looks more broadly across all of the reforms, to assess non-monetised impacts.

The approach taken in estimating the direct costs and benefits of Option 3 (EPC regime reformed), including assumptions, is laid out later in this section. The assessment of costs and benefits operates at the level of a social appraisal, where the appraisal is based on guidance laid out as part of HM Treasury's Green Book. In this BRIA, costs and benefits to business are considered.

In order to support this analysis, we also commissioned additional independent analysis[38] using an initial version of the new Home Energy Model, to help quantify the 'day one', or 'as is' performance of the Scottish housing stock against the new EPC ratings. This analysis is important in establishing a baseline for the housing stock, which takes into account improvements that have already been made by many property owners, such as landlords, to achieve a particular EPC rating under the 2008 Regulations.

Whilst the EPC Regulations in themselves do not require building owners to act upon the findings of an EPC, or its suggested potential improvement options, it is nevertheless likely that many will wish to do so – in order to meet requirements of their mortgage lender or to be eligible for government support, for example, or to meet a regulatory standard such as a minimum energy efficiency standard.

The results of this independent analysis are presented in the updated Government Response which accompanies the laying of the new regulations. This analysis will be used to help inform the development of the statutory calculation methodology for domestic buildings using the new Home Energy Model, which will be adopted by the Scottish Government when the new regulations come into force in April 2028. It allows stakeholders to have a clearer picture of the extent to which the whole domestic stock may need to make further improvements in order to meet overall net zero and fuel poverty objectives. This will help support consideration of impacts in related proposals for regulations, or for regulation-making powers, upon which the

[38] 2025 Stock Model Research

Scottish Government has consulted, such as the proposed private rented sector minimum energy efficiency standard[39].

As set out in the Government Response, the purpose of the independent analysis was to use the new Home Energy Model to confirm the amount of energy that current EPC Band C properties use in order to maintain a comfortable temperature. This will enable the Scottish Government to meet its commitment to ensure the bandings which we adopt for the new fabric Heat Retention Rating will retain broad equivalence with the current EPC Band C, which has been long-recognised as being a 'good' level of energy efficiency. The Scottish Government has therefore committed to ensuring that Band C on the new Heat Retention Rating will also represent a 'good' level of energy efficiency. Ensuring equivalence between current EPC Band C and HRR Band C is vital to minimise any detriment from moving to the new rating system, particularly for those property owners who have already taken action to improve their property to current EPC Band C.

The new independent analysis using the Home Energy Model updated previous work undertaken by BRE in 2023, using the old SAP-based calculation methodology, which estimated that to ensure equivalence with current EPC Band C, the new HRR Band C should be set at 71-120 kWh/m^2/year of energy consumption. The A-G HRR banding scale set out in the January 2025 Government response, was based upon this figure as the best estimate at the time to ensure equivalence to the current EPC bandings.

Since June 2025, an initial version of the Home Energy Model has now been become available for the first time, allowing modelling of the housing stock's current performance using the new calculation methodology. The independent analysis undertaken from June 2025 by Cotality used the same approach originally taken by BRE, to assess the equivalence under the Heat Retention Rating to current EPC Band C, using a far larger and more statistically accurate sample, drawn from the Scottish House Condition Survey, the results of which are generalisable across Scotland's 2.5m[40] occupied homes. The Cotality analysis, using the Home Energy Model calculation, showed that the actual level of energy consumption for 80% of homes currently at EPC Band C was in the range of 91-159 kWh/m^2/year, rather than the range of 71-120 kWh/m^2/year, estimated by BRE.

As a result, the updated Government Response published alongside this BRIA and the new regulations, presents adjusted Heat Retention Rating bands A-G that we

[39] Draft Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations: consultation - gov.scot

[40] Table 1.1 in Scottish House Condition Survey: 2023 Technical and Methodological Notes

intend to adopt for further, more detailed, modelling between now and the final version of the Home Energy Model which will become available during 2027. In adjusting the bandings in this way, we are ensuring full transparency for stakeholders and Parliament when scrutinising the new Regulations and understanding their impacts. The ultimate bandings adopted as required by Regulation 10 of the new regulations, when they come into force in April 2028, may see some further adjustment, but this will always be done to meet our commitment to ensuring HRR Band C is broadly equivalent to existing EPC Band C.

The revised bands for further modelling continue to ensure Band C on the Heat Retention Rating (now set at 91-159 kWh/m^2/year) is broadly equivalent to that of the SAP EPC Band C – 80% of homes currently at SAP EPC Band C achieve a Heat Retention Rating Band C or better, and around 54% of the stock achieves a Band C overall (in line with the results reported in the Scottish House Condition Survey for the survey years modelled).

These revised bandings will be used as a basis for further, more detailed, modelling of the specific measures that would need to be installed across the housing stock in order to achieve Band C on the Heat Retention Rating. As development of the Home Energy Model is finalised during the next 12 months, the Scottish Government will continue to refine its modelling and assessment of the current stock. We will therefore ensure that the final bandings adopted in the statutory calculation methodology (which will be adopted when the regulations come into force in April 2028) maintain our commitment to ensure that Heat Retention Rating Band C is broadly equivalent to current EPC Band C and therefore minimising any detriment of moving to the new fabric-based rating system.

Quantified Costs

In this section we assess the quantified cost impacts of the reduction in EPC validity period and the increase in lodgement fees on the following groups:

- businesses directly impacted (EPC assessment sector; wider property market businesses (estate and lettings agents, conveyancing solicitors, private landlords)

Wider consumer impacts are considered in section 4 as part of our assessment of the Consumer Duty, and specific impacts on local authorities are also considered in section 4.

Businesses directly impacted
Businesses expected to be directly impacted by EPC Reform include Approved Organisations (AOs), EPC assessor businesses, and wider property market businesses such as private sector landlords, estate and letting agents, and conveyancing solicitors and mortgage lenders.

Impacts faced by AOs and EPC assessor businesses are:

- Increased number of EPCs required due to shorter validity period, with a possible increase in the number of assessors active in the market
- Increased cost per EPC due to the increased lodgement fee, which may partially or wholly be passed to consumers
- Familiarisation costs associated with the implementation of the new metric and the move to HEM and SBEM

Impacts faced by wider-property market businesses are:

- Increased number of EPCs required for PRS landlords and/or letting or estate agents, due to shorter validity period
- Increased cost per EPC for PRS landlords due to the increased lodgement fee
- Improved information for mortgage lenders due to changes to calculation methodologies
- Improved information for landlords about the energy efficiency of their building, including measures they could consider to improve this, which could possibly lead to increased tenant retention rates
- Familiarisation costs associated with the implementation of the new metric and the move to HEM and SBEM

Numbers of EPCs lodged
In recent years, there have been around 200,000 domestic and 6,100 non-domestic EPCs lodged annually.

Of domestic EPCs, the majority of these are associated with properties for sale (around 90,000) or rental (around 50,000), or new build dwellings (around 20,000). Smaller numbers are recorded as being associated with assessments for funding programmes, or without a reason listed.

Of non-domestic EPCs, the largest part are recorded as being associated with properties for sale (around 2,800), followed by properties for let (around 1,900) and voluntary uptake (around 800). Smaller numbers are recorded as being associated

with public buildings for display (around 200) and properties being constructed (around 300).

It is expected that the reduced validity period would have the most significant impacts. The main impact will be on properties for let, where landlords will no longer be able to recycle valid EPCs for up to 10 years to cover new lets. Instead, they will only be able to recycle for a maximum of five years. There will also be an impact for large public buildings which are always required to display a valid EPC. We will put in place transitional arrangements to mitigate this (see Section 3). There will be no change for owner occupiers given that an EPC is, in practice, used to meet the requirements of the Home Report legislation, meaning that a new EPC is produced each time a domestic property is advertised for sale. For non-domestic properties advertised for sale, there is no equivalent requirement as in the Home Report legislation, so for these properties, the reduction in validity period could mean that a new EPC is required more frequently. While sales make up the largest portion of EPCs lodged, most domestic dwellings acquire a new EPC as a matter of course when putting a property up for sale.

The Scottish Government recognises that there could be additional costs for businesses and the third sector from a reduced validity period, meaning that EPCs need to be renewed more frequently. This will not impact the advertisement of property for sale (where in practice a new EPC is produced each time a domestic property is advertised for sale to meet the requirements of the Home Report legislation) or for the construction of a new building, where a new EPC is also always required.

It will most likely impact properties which are advertised for let, where landlords have been able to ‘recycle’ existing EPCs for up to a decade whenever advertising. By reducing the validity period, landlords would have to commission a new EPC once more within a decade than at present (potentially increasing their costs from the current average £100 per EPC per property, to £200 per property to obtain two EPCs over a decade, depending on how often there is a change in tenancy). We believe this is balanced against the fact that we are not changing the trigger points for when an EPC is required, so the legal requirements for when an EPC is triggered for properties advertised for let remain the same. This will impact the private rented and social rented sectors differently.

One key reason for this difference is the different pattern of length of tenure in each sector, as set out in the table below:

Share of households by length of time spent living at current address[41]

Sector	Under a year	1 to 5 years	5 to 10 years	Over 10 years
PRS	31%	44%	17%	8%
SRS	9%	28%	28%	35%

In the social rented sector, the longer average tenure length means that the vast majority of social rented properties will not immediately be affected by the change in the validity period of the EPC, with only around 9% of households expected to start a new tenancy during a year. In addition, around 35% of households are expected to live in their property for at least 10 years, which means that the properties in which they live will not be affected by reducing the validity of an EPC from 10 to 5 years.

Furthermore, as set out in the Government Response to our 2023 consultation, there are reasons outside or beyond the requirement within the Energy Performance of Buildings Regulations for a valid EPC to be provided, for example where a government funding scheme requires a new EPC, or where it could be used to fulfil the requirements of other regulations such as the Home Report Regulations. These additional requirements in other policies or regulations mean that currently a property can still be required to have a valid EPC even though it has not been advertised for let during the last 5 years. For the social rented sector, in addition, we have consulted on the basis that the proposed Social Housing Net Zero Standard would be based upon the reformed EPC's new Heat Retention Rating. In this case, social landlords would anyway likely need to obtain a new EPC in order to demonstrate compliance with that standard, should it be adopted, regardless of changes to the validity period.

For the private rented sector, with its shorter average tenure length, we recognise that the reduced validity period in the EPC Regulations will have a greater impact. Only around 8% of properties are occupied by households who will stay longer than 10 years, and will thus not be affected by the reduction in EPC validity from 10 to 5 years. However, again the impact of the reduced validity period has to be considered alongside other regulations which require an EPC. We believe that the impact of the reduced validity period is balanced by our proposals for a Private Rented Sector Minimum Energy Efficiency Standard, which would be based upon the reformed

[41] See Table 1.26 of SHS Data Explorer and Chart 3 of Characteristics of households by tenure - Households in Scotland by housing tenure: Scottish Household Survey, 2023. Note that since households are interviewed while still in their current property, the length of time at address will somewhat underestimate the length of completed tenure.

EPC's new Heat Retention Rating. In line with these proposals, private landlords would anyway likely need to obtain a new EPC in order to comply with that standard, should it be adopted, regardless of changes to the validity period.

We also recognise that there could be a significant increase in the demand for EPCs, particularly in the short run. This is likely to be spread across the first two years of the operation of the new regulations, due to their transitional provisions (outlined in detail further below). The transitional provisions will allow that during the first full year of operation of the regulations (from 30 April 2028 to 30 April 2029) both old-style EPCs (meeting the requirements of the 2008 Regulations) and new-style EPCs (meeting the requirements of the 2025 Regulations, as amended) will be valid for use in sales and lets. This should help to spread the peak in new-style EPCs across the first two years of implementation of the new regulations: in Year 1, some landlords may choose to continue using the old-style EPC, reducing the demand for new-style EPCs in Year 1, while some landlords may choose (or need[42]) to obtain the new-style EPC which means that if there is a further change in tenancy, they will not need to obtain a new-style EPC in Year 2.

In the social rented sector, there are around 52,000 new social tenancies each year.[43] Subtracting around 6,000 tenancies that start in newly built social sector houses[44] (which will have an EPC in any event due to New Build Regulations) gives an annual requirement for new EPCs in the social rented sector of around 46,000. In the private rented sector, we estimate that there could be around 108,000 lets each year where a new EPC is required[45]. We estimate that the annual requirement across the rented sectors for an EPC due to a new let could therefore be in the region of 154,000[46]. If the regulations had no transitional provisions, this could have

[42] For example, their old-style EPC could be more than 10 years old, or they may be required to produce a completely new EPC in order to meet eligibility requirements for a funding programme.

[43] Average over the last 4 years; see Scottish Housing Regulator Charter indicators and data by outcomes and standards, sum of C3.1 General needs lets, and C3.2 Supported housing lets.

[44] Average social sector new build completions over last 4 years; see Scottish Government Housing statistics quarterly update: new housebuilding and affordable housing supply.

[45] There were 349,000 properties on the Scottish Landlord Register in July 2025. Multiplying this by 31% (share of households who have been in their tenancy for less than a year, as discussed above), gives an estimate of 108,000 new tenancies per year in the private rented sector. Note that the number of properties on the register may somewhat overestimate the size of the sector, e.g. there may be a delay in landlords deregistering properties that they have disposed of.

[46] This is likely to be an overestimate, due to demand for EPCs from other government regulations and funding programmes, which do not form part of the requirements of the EPC Regulations themselves. An annual average of 19,000 EPCs have been issued in the rented sectors over the last four years where the reason given was something other than "rental" (also excluding EPCs where the reason given related to sale or new build), although the properties where an EPC is obtained for another reason will only partly overlap with those where there is a change in tenancy. Note also that, as in the social rented sector, some lets in the private rented sector will not require EPCs due to having a

resulted in an additional 113,000 EPCs being issued annually (over and above the annual average of the last four years of 41,000 EPCs a year for letting[47]). However, due to the transitional arrangements (set out below), this demand is more likely to be spread across the first two years of the new regulations coming into force. The number of EPCs for rental would then be expected to fall in the following years after Year 2, due to the tenure profile discussed above[48].

For the short-term let sector, where properties are normally continuously advertised, we anticipate the impact of the transitional arrangements in the regulations to require all of the approximately 30,000 short term lets[49] in Scotland to obtain a new EPC before 30 April 2029. If evenly-spaced over the transition period, this means around 2,500 additional EPCs per month.

In terms of cost impacts, the landlord of a property will have to pay at most an additional £100 per decade, which is an average of £10 per year, due to the shorter EPC validity period. On average, the cost will be less than this due to factors such as length of tenancy, and having a valid EPC for another reason (e.g. due to applying for funding from an energy efficiency programme).

The Scottish Government will work with the Approved Organisations who oversee EPC assessors, to ensure they are aware of this likely increase in demand for EPCs in the first year after the regulations come into force, so that the assessor market can prepare. It is also worth bearing in mind that when the 2008 EPC Regulations came into force in Scotland at the beginning of 2009, the assessor market similarly responded to a significant change in the requirement for EPCs.

The Scottish Government believes that, as set out in the Government Response to the 2023 consultation, on balance, our primary objective is to protect consumers by ensuring the EPC contains current and relevant information for the transition to net zero. Reducing the validity period will mean that landlords and prospective tenants

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valid new build EPC, although it is not straightforward to estimate the incidence of this as private sector build completion statistics include properties for owner occupation as well as any which will be used in the private rented sector.

[47] On average 216,000 total EPCs are issued each year (across all tenures and for all reasons)

[48] When EPCs were originally introduced, the number of EPCs where the reason given was “rental” fell from 45,000 in 2009 (the first full year of operation) to 28,000 in 2010 in the social rented sector, while in the private rented sector it fell from 61,000 to 20,000 (note that the private sector was around 30% smaller in 2008 than currently).

[49] As of December 2024, there were 27,406 short-term let licences in operation, with 3,305 applications pending determination. See Scottish Government Short Term Lets Licensing Statistics Scotland to 31 December 2024.

have access to more up-to-date information on the property's energy efficiency measures and emissions from its heating system than in the current EPC. This is particularly important for tenants and households at risk of fuel poverty, who are often more vulnerable to high energy costs and less able to make changes to their home environment. Having clear, reliable information will also be vital were proposed mandatory standards to be introduced, so that consumers can make more informed choices when buying or renting a property.

The increased lodgement fee will impact all EPCs lodged. However, this is a relatively small portion of the total cost of an EPC, so the cost in itself is not expected to have a behavioural impact on the number of EPCs lodged.

Analysis estimates that the impact of increased audit requirements due to higher numbers of EPCs, increasing the lodgement fees, and the requirement to familiarise with new systems and methodologies could result in an estimated cost to businesses of around £11-£13m over a 20-year period. However, some of this is associated with the increase in lodgement fees, which would likely be passed wholly or partially to consumers. Therefore, the effective cost to businesses could be lower than this estimate.

There are also some costs which it was not possible to monetise. These include:

- If assessors are required to travel more often, this could result in increased travel costs associated with transport.
- If there is an increase in the number of assessors then training and accreditation would be required. Due to uncertainty about current capacity in the labour market, this is not monetised.

Transitional Arrangements
The updated Government Response published alongside this BRIA and the new 2025 Regulations, as amended, sets out transitional arrangements. These will help to mitigate potential negative impacts on particular parts of the property market when the regulations come into force.

In order to avoid 'day one' issues and provide certainty to those involved in property transactions around the in-force date, the transitional arrangements within the regulations provide up to a one year grace period for properties being sold and let.

- **Buildings for sale or let**

These provisions cover **all** existing domestic and non-domestic buildings (other than particular large non-domestic buildings frequently visited by the public and newly-constructed buildings (see provisions for these other types of properties, below)).

The regulations specify a one year ‘relevant period’ within which the transitional arrangements apply:

- The relevant period is, at maximum, one year, from 30 April 2028 to 30 April 2029, but ends earlier if a property is sold or let before 30 April 2029.

The transitional provisions in Regulation 38, as amended, therefore allow that:

- between 30 April 2028 and 30 April 2029, properties being sold or let (including short term lets) may continue to use **either** valid EPCs issued under the 2008 Regulations **or** valid EPCs issued under the 2025 Regulations, as amended.

But they also restrict the length of the one year transition period for properties sold or let within that one year period in the event that they are sold or let again:

- an EPC issued under the 2008 Regulations may be used for the sale or let of a property after 30 April 2028, but if a property is sold or let again within the one year transition period, a new-style EPC issued under the 2025 Regulations, as amended will then be required.

Regulation 38, as amended, specifies a clear backstop date for the end of the transition:

- after 30 April 2029, only the new-style EPC issued under the 2025 Regulations, as amended will be allowed for sale or for let.

In practice, from 30 April 2028 onwards, when a building owner commissions a new EPC, assessors will only be able to **issue** new-style EPCs meeting the requirements of the 2025 Regulations, as amended but if an old-style EPC meeting the requirements of the 2008 Regulations is still valid during the transition period, it can still be **used** until the end of the transition period, or completion of the sale or let (i.e. the old-style EPC can be downloaded from the EPC Register and used in a property transaction).

From 30 April 2028 to 30 April 2029, we will therefore see diminishing numbers of EPCs previously generated under the 2008 Regulations being used in property transactions. Conversely, we will see increasing numbers of EPCs issued under the

2025 Regulations, as amended. From 30 April 2029, only EPCs issued under the 2025 Regulations, as amended, will be allowed.

The Scottish Government believes this represents a fair transition which will mitigate the following particular impacts:

- a potentially significant increase on day one in the number of EPCs that would be needed for properties which are continuously advertised, such as for short term lets, allowing hosts adequate time to obtain a new 2025-style EPC
- a potentially significant increase in year one in the number of EPCs that would be needed for private rented sector properties, where around 31% of the stock turns over per year, allowing landlords more time to obtain a new 2025-style EPC when advertising a new let
- day one and year one pressure on the assessor market as it adjusts to higher levels of expected demand for new certificates (as outlined above), allowing demand to be more evenly spread across year one and two from the regulations' 30 April 2028 in-force date

By amending the 2025 Regulations 18 months in advance of them coming into force, and by allowing the one year transition period for sales and lets after they come into force, the Scottish Government believes that it is giving sufficient time for property market actors to adjust to the new requirements. We will engage with all stakeholders in the property market and with the general public through a communications and marketing campaign to ensure they understand the changes. The one year transitional period will allow more time for the new rating system and redesigned certificate to become embedded and understood within the market before it is required for every property transaction.

- **Short term lets**

We recognise that short term lets are normally continuously advertised and therefore on day one of the new Regulations, as amended, it would not be possible for all hosts to immediately obtain a new-style EPC issued under the 2025 Regulations, as amended. Short term let properties will therefore have a full one year grace period in which to obtain a new-style EPC. This means that:

- between 30 April 2028 and 30 April 2029, short term let properties may continue to use **either** valid EPCs and recommendation reports issued under the 2008 Regulations **or** valid EPCs and property reports issued under the 2025 Regulations, as amended.

- after 30 April 2029, only the new-style EPC and property report issued under the 2025 Regulations, as amended, will be allowed for the letting of a building as a short term let.

As outlined earlier in this BRIA, this grace period allows the sector to have a more evenly-spaced transition to the new-style EPC for Scotland's approximately 30,000 short term lets, which should minimise any potential disruption to the market.

- **Large non-domestic buildings (frequently visited by the public)**

Regulation 13 makes provision that certain large non-domestic buildings which are frequently visited by members of the public must always display a valid EPC in a prominent place that is clearly visible to visiting members of the public.

The Scottish Government recognises the need to mitigate the risk that on day one, several thousand large buildings would immediately require a new EPC. Given the significantly higher costs of preparing an EPC for these more complex non-domestic buildings, and the smaller numbers of active non-domestic assessors available within the market, we do not believe that it would be possible to issue new EPCs at a rate beyond current market capacity.

Regulation 38, as amended, therefore makes provision that buildings which are affected by the requirements of Regulation 13, to always display a valid EPC in a prominent place that is clearly visible to visiting members of the public, can continue to use the old-style EPC they currently display under the 2008 Regulations until the end of its validity period, or until 30 April 2033.

This means that if the validity of an EPC issued under the 2008 regulations expires before 30 April 2033, it will be required to use a new-style EPC. After 30 April 2033, all building owners or occupiers covered by Regulation 13 will need to obtain and display a new-style EPC meeting the requirements of the 2025 Regulations, as amended.

For large public buildings, our analysis suggests that around 2,500 buildings in Scotland will need to meet the requirements to always display an EPC. The majority of these buildings currently have EPCs that would expire after 30 April 2033.

By allowing this five year grace period, the Scottish Government believes that this will help to smooth the transition for these large and often complex non-domestic buildings to obtain a new EPC.

As with other parts of the property market, the Scottish Government will engage with building owners and occupants covered by these requirements to ensure that they understand the requirement to have a new EPC before the new regulations come into force.

- **New construction**

Regulation 6 sets out a requirement for EPCs to be provided upon construction of a new property. This replaces the existing requirements in standard 6.9 of Schedule 5 of the Building (Scotland) Regulations 2004, and brings all legal requirements for the provision of EPCs into one set of regulations.

Developers of new buildings completed on or after 30 April 2028 will be required to give a copy of a valid EPC and Property Report that meets the requirements of the 2025 Regulations, as amended, to the owner of the building within 7 days of submitting a completion certificate to a local authority verifier.

As with other parts of the property market, the Scottish Government will engage with developers of new buildings and with local authorities to ensure that they understand the new requirements of Regulation 6 before the new Regulations, as amended, come into force.

Benefits

The Scottish Government believes that there are a wide range of benefits which will be delivered for businesses and for other actors through our EPC reforms.

Qualitative benefits
It has not been possible to monetise the majority of benefits associated with EPC reform. Nevertheless, these benefits are expected to be significant.

Key non-monetisable benefits of EPC reform include:

- Clearer information for landlords as to how their property can be improved to benefit current or potential tenants
- More accurate and understandable information for property owners, users and those providing financing (including Government delivery schemes)
- Continued data sharing provisions with more accurate and up to date information for government and researchers

- More accessible presentation of data means information accessed by users is greater and more useful, and available to more people
- Support to decarbonisation goals through improved energy efficiency information and information on clean heating options
- Support to other legislation, such as minimum energy efficiency standards
- Potential for increased employment and economic activity in the EPC assessor sector
- Raised quality standards and improved assessor skills through creation of new onsite audit regime leading to greater consumer confidence and reputational benefits for assessors

These benefits, while not monetised, indicate the significant positive impact EPC Reform is expected to have across multiple groups.

Providing accurate and understandable information
EPCs are a requirement under the EU Energy Performance of Buildings Directive and are a longstanding feature of the property market, providing potential owners and tenants with information about properties. For building owners, they provide information about how the building could be improved, leading to greater comfort and lower running costs for the occupier.

EPCs are the only mandatory assessment of the energy efficiency of buildings. The information they provide is relied upon by numerous high profile Government schemes and policies including the Fuel Poverty Strategy, proposed private rented sector minimum energy efficiency standard (PRS MEES), Energy Efficiency Standard for Social Housing / proposed Social Housing Net Zero Standard, Home Reports, Local Heat & Energy Efficiency Strategies, Warmer Homes Scotland, Area-Based Schemes, Home Energy Scotland loans and grants, the Energy Company Obligation, and the Renewable Heat Incentive. Collectively, the major Scottish funding schemes which use EPCs include Warmer Homes Scotland, Area-Based Schemes and Home Energy Scotland grants and loans, have a total capital allocation of nearly £200m for 2025-26. It is therefore essential that EPCs provide accurate and clear information to inform individuals and policymakers.

Improved Accuracy and Clarity
The reforms we have set out in regulations are essential to improving the clarity and accuracy of EPCs. This includes reforms to include more ratings to allow more targeted policy (e.g. through the introduction of a Heat Retention Rating, which will allow policies to directly use a rating based on the energy efficiency of the building fabric, and a Heating System Rating, which will allow policies to focus on the heating system. The current rating system combines these aspects meaning policies (such as PRS MEES) cannot target individual aspects of a building’s efficiency).

These separate ratings will also provide clearer information to current and prospective building owners and occupiers. This includes assisting landlords in understanding how they can improve their building to benefit and retain tenants. Businesses can therefore be better-informed when seeking to make investments in improving the energy performance of their property.

In addition to improving the accuracy of the EPC ratings, we have also undertaken user-centred-design to inform the design of the reformed EPC. This work sought to identify how the EPC can best communicate new ratings systems, support decarbonisation and ultimately, better inform consumers and building owners.

In response to user feedback, we have proposed designs for a new certificate –

- with a clean and modern colour scheme and layout
- reduced text and introduced icons and visual elements to communicate information more easily
- used primary ratings and page hierarchies to ensure users get key information quickly, and are signposted towards more information
- removed unwanted information

In advance of new regulations coming into force we will continue to iterate designs and engage with users to inform this work. We will complete user centred research to –

- Update the online website as part of EPC register updates.
- Move to a web-based format, building on the modular designs to date.
- Test how best to communicate new ratings systems.
- Engage with stakeholders to ensure accessibility requirements are met.
- Investigate the potential for an interactive tool to encourage people to consider retrofit options.

The updated designs received consistent positive feedback from users including that the new certificate design is more modern, the introduction of graphics makes it easier to understand and that the new ratings can be quickly identified. Users also called for links to further support and advice and this will be included. An easily understood and accessible EPC can be an effective tool to inform building owners and occupants and support the improve the energy performance of buildings.

More up-to-date information
Ensuring that the information EPCs provide is up to date is a key component of improving the accuracy of EPCs (as stated by organisations including Which?[50] and the Building Research Establishment[51]). Currently, landlords can provide an EPC to prospective tenants that is up to 10 years old, and there is no requirement to update the EPC if work is undertaken to the building (such as changes to the heating system or building fabric).

The 2025 Regulations, as amended reflect this need to ensure information on EPCs is up-to-date through the introduction of a five year validity period. This provides a benefit to prospective tenants who may be able to make more informed decisions (e.g. the figures shown on the EPC as to the building's energy efficiency and features will have been produced no more than five years prior to the tenancy, as opposed to 10 years as is currently the case). Landlords who have made improvements to their property will be able to market those improvements to prospective tenants through the enhanced rating information available on the reformed EPC.

Continued data sharing provisions with more accurate and up to date information for government and researchers
The data gathered through EPC assessments is stored in the Scottish EPC Register and a subset of this data is made available to stakeholders on our statistics platform. This data is used by a range of stakeholders including the Office for National Statistics, Ofgem, the Scottish Government, the Energy Saving Trust, local authorities, registered social landlords, universities, and private organisations. Uses of the data including helping local authorities and registered social landlords understand and track the performance of their stock (including supporting production on LHEES), and informing research into the energy performance of Scottish buildings. The EPC provides a standardised methodology for data collection and calculation.

Supporting other legislation
The information EPCs provide is relied upon by various UK and Scottish government legislation. This legislation includes:

- Climate Change (Scotland) Act 2009
- Energy Act 2011

[50] Reforming EPCs to support households in the energy transition - Which?

[51] BRE calls for reforms to EPCs

- Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 (and the related, statutory Fuel Poverty Strategy)
- The Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016
- The Building (Procedure) (Scotland) Amendment Regulations 2007
- The Building (Scotland) Regulations 2004
- The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022
- The Domestic Renewable Heat Incentive Scheme Regulations 2014
- The Electricity and Gas (Energy Company Obligation) Order 2023
- The Enhanced Enforcement Areas Scheme (Scotland) Regulations 2015
- The Feed-in Tariffs Order 2012
- The Green Deal Framework (Disclosure, Acknowledgment, Redress etc.) Regulations 2012
- The Home Energy Assistance Scheme (Scotland) Regulations 2009
- The Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008
- The Letting Agent Code of Practice (Scotland) Regulations 2016
- The Private Landlord Registration (Information) (Scotland) Regulations 2019
- The Renewable Heat Incentive Scheme Regulations 2018

Government schemes and policies which use EPCs include:

- the Fuel Poverty Strategy
- proposed Private Rented Sector Minimum Energy Efficiency Standard (PRS MEES)
- the Energy Efficiency Standard for Social Housing (EESSH) and proposed Social Housing Net Zero Standard (SHNZS)
- Home Reports
- Local Heat & Energy Efficiency Strategies (LHEES)
- Warmer Homes Scotland
- Area-Based Schemes
- Home Energy Scotland loans and grants
- the Energy Company Obligation
- the Renewable Heat Incentive.

Collectively, schemes underpinned by EPCs manage delivery of nearly £200m per year.

Increased awareness of energy efficiency and heating system improvements
The reformed rating system introduces separate ratings for the building's fabric (the Heat Retention Rating), heating system (the Heating System Rating), and cost (the Energy Cost Rating). This will provide building owners with more specific insight into

the drivers of their building's energy cost – whether this is due to the building fabric or the heating system – and so where they should prioritise upgrades.

Modernised, dynamic, EPCs

The reforms include moving from a static Portable Document Format (PDF) EPC format to a webpage-based EPC, with, in future, dynamic tools to allow consumers to input different variables in terms of their behaviour and preferences, to understand the likely impact that this would have on their energy use and the impact of retrofit measures could have on their home. This interactive format will help to ensure consumers and businesses can more accurately model the likely impacts of any changes to their property's energy efficiency or heating system, and the associated costs and savings from doing so.

Streamlined EPC lodgement process

Our EPC reforms include moving to the Home Energy Model, making use of the UK Government's Energy Calculation as a Service infrastructure (ECaaS) rather than developing separate calculation infrastructure for Scotland (with anticipated cost saving of £6.5 million and avoided £0.6m of annual running costs). This involves moving to a single point of lodgement for EPCs through ECaaS. This brings benefits to EPC assessors, Approved Organisations, and assessment software develops (specifically those who operate in both Scotland and England) as it reduces complexity for their systems – they will no longer need to develop, test, administer and operate software that lodges against two different EPC Registers.

Revised Non-Domestic EPC Rating System

The reformed non-domestic EPC rating system responds to stakeholder feedback that the current rating can act as a barrier to investment in Scotland, due to differences to the rating system used in England and Wales. This is because financial organisations that operate across the UK reportedly often do not understand the difference between the rating currently used on Scottish non-domestic EPCs and the rating used on EPCs in the rest of the UK:

- The Scottish non-domestic EPC rating is current based on absolute emissions intensity (CO2e/m2/year).
- In the rest of the UK, the non-domestic EPC rating is based on the building's emissions intensity compared to a reference building. The reference building is a type, size and layout, which is built to a specified standard. This means the rating system compares buildings against others of the same category, rather than an absolute comparison between libraries and swimming pools, for instance.

Moving to a similar non-domestic rating system as is used across the rest of the UK will allow those involved in non-domestic property transactions across the UK to compare EPC ratings more easily. This may lead to such organisations having greater confidence investing in Scottish buildings.

Raised quality standards and improved assessor skills
By creating the new onsite audit regime, assessors and Approved Organisations will receive an additional set of checks and scrutiny to ensure that EPCs are accurate and reliable. The Scottish Government believes that this will help to drive up standards and will support assessors in their continuing professional development to raise their skills and knowledge. We anticipate the impact of this to be an improvement in the reputation of EPC assessors and the assessment sector more generally, leading to greater consumer confidence and potential new business opportunities (for instance where a consumer requests an EPC voluntarily).

As the Scottish Government continues to develop the mechanics of our proposed audit regime, affected businesses will continue to be directly consulted via our External Reference Group.

Quantitative benefits
A reduced validity period is expected to lead to an increased requirement for EPCs, meaning businesses including AOs and EPC assessor businesses would see an increase in demand. In the central scenario, demand for EPC rises in line with a reduced validity period, resulting in a benefit to businesses of around £175m over a 20-year period. Depending on the scenario, benefits to businesses are estimated at between £75m and £274m.

EPC reform also provides underpinning support to other Scottish Government priorities such as the requirement to achieve net zero emissions by 2045 and removing energy efficiency as a driver of fuel poverty. By providing improved and more accessible information to businesses, consumers, researchers, and governments, EPC reform could indirectly support an increase in the uptake of energy efficiency measures, both in domestic dwellings and in non-domestic buildings. There is evidence that this secondary route could reduce household bills by increasing energy efficiency, and increase the value of a property[52].

[52] Proof of concept that requiring energy labels for dwellings can induce retrofitting - ScienceDirect

Other Impacts

The Scottish Government has engaged with a wide range of stakeholders during the past four years when it has consulted on EPC reform. Other impacts raised include:

- 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.
- The Regulatory Review Group recommended that comprehensive public engagement is essential to ensure consumer understanding and support.

We will develop a communications plan to ensure our key stakeholders and the wider public are made aware of the EPC reforms and how these changes may affect them in advance of the regulations coming into force.

The Regulatory Review Group also noted concerns raised about potential unintended consequences for consumers if mortgage providers start using the revised EPC ratings as criteria for lending. We will mitigate this through extensive engagement with the financial sector, including through the Financial Conduct Authority, Scottish Financial Enterprise, UK Finance and individual lenders and mortgage advisers, in advance of regulations coming into force. This will help ensure consistency in the way that lenders use the revised EPC ratings.

Beyond the public consultations, our stakeholder engagement has suggested other potential impacts:

- The Scottish Government has a commitment to maintain alignment with EU law where it is feasible and desirable to do so. Our approach to EPC reform will ensure that we continue to broadly align with the EU Energy Performance of Buildings Directive. The Directive has been amended since EU Exit, with its 2024 recast introducing a new requirement for member states to carry out onsite audit and inspection of a proportion of certificates. As set out in the technical consultation on EPC lodgement fees in 2025, the Scottish Government will exercise this function, to ensure independence from Approved Organisations and assessors. We estimate that this will cost £428,000 p.a. which will be reflected in the increase to the EPC lodgement fee. These additional costs will not apply in England & Wales which does not have a requirement to maintain alignment with EU law. These higher fees in Scotland therefore reflect the additional costs necessary to maintain broad alignment with the Directive since EU Exit. We have committed to reviewing the onsite audit function and lodgement fees within two years of the regulations coming into force, to ensure they provide best value for public expenditure.

Scottish Firms' International Competitiveness

We do not believe that these proposals will impact on the ability of Scottish businesses to compete internationally. EPCs are a legal requirement all around the UK and across the EU. Energy performance ratings for buildings are also required in other nations such as Australia, Canada, the United States of America, and South Africa. Scottish firms seeking to leverage their expertise and operate in these other markets would face similar legal requirements that would need to be addressed.

Small Business Impacts

Due to data constraints, we are unable to provide employment numbers for the entire EPC assessment company employment stock. We estimate there are over 3,000 EPC assessors active in Scotland, with many working in small numbers and likely part of SMEs.

Existing data for domestic EPCs between November 2023 and October 2024 indicates that most EPC assessor companies would be considered micro businesses, and none would be considered a large company.

Through our ERG, we have ensured members of Scotland's EPC assessment industry (both domestic and non-domestic) are represented. The ERG will continue to meet throughout 2026 (and beyond) to ensure that the Scottish Government has a formal means to discuss and gain views of our proposals directly from organisations representing EPC assessors themselves.

As part of the development of this BRIA Scottish Government officials engaged directly with businesses of all sizes (including micro and small businesses) to help us assess the impacts of our proposals on businesses who operate in Scotland's energy assessment market.

Investment

It is not envisaged that our reforms will have an effect on global investment as the broad requirements for when an EPC is needed have not changed. Changes to the EPC validity period, and to the lodgement fees will have cost impacts as outlined above, but these are more likely to fall upon existing domestic actors, rather than act as a barrier to new investment. Given that the requirement to have an EPC exists throughout the UK, and across the EU, investors in Scotland face similar

requirements. Though lodgement fee costs will be higher in Scotland than in other parts of the UK, they remain well within the range of equivalent small member states across the EU, and we have not been able to quantify any negative impact.

Workforce & Fair Work

We do not believe that these regulations will impact on Fair Work First principles.

Climate Change & the Circular Economy

Our decisions on EPC Reform and the provisions of the new regulations are part of wider plans to support decarbonisation of heat in buildings and to ensure EPCs have a continued role as a vital tool to help our buildings reach net zero: helping to ensure more accurate and comprehensive energy efficiency assessments, thereby enabling targeted improvements to - ultimately - reduce energy consumption and carbon emissions.

Competition Assessment

The measures taken to reform EPCs are not intended to limit the number or the ranges of suppliers of any such associated product including EPC themselves.

Suppliers will still be able to compete freely and vigorously to attract customers. Customers, in turn, will not be affected by limits to the choices they make or the information they can access.

We therefore do not envisage that the proposals contained within this document will limit the number or range of suppliers. The proposals should not affect the number of assessors or AOs, or their ability to carry out EPC assessments. We are not proposing any changes to the points at which an EPC is required under the regulations.

Conversely, the adoption of the Home Energy Model and new Scottish EPC Register may remove complexity barriers to new software developers and Approved Organisations. This is because the Home Energy Model would use a cloud-based calculation, removing the requirement for new entrants to develop their own

calculation engine[53]. Similarly, the new Scottish EPC Register will simplify software development by using the same lodgement end point as the UK EPC Register.

The lodgement fee increase will be applied equally to all EPC assessments – therefore, not causing any market distortion or limiting the ability of suppliers to compete.

We do not envisage the proposals to limit suppliers' incentives to compete. AO handling and membership fees for assessors already vary between AOs, while EPC lodgement fees are applied equally (which we also envisage will likely be passed onto consumers, and reflected in the overall EPC cost).

Consumers will still have the ability to engage with the market and make their own choices with regards to who they wish to carry out any EPC assessment.

Finally, we do not envisage these proposals impacting any suppliers' ability and/ or incentive to introduce new technologies, products, or business models.

Consumer Duty

The Scottish Government is reforming EPCs with the objective of improving the information that they provide to consumers wishing to understand the energy performance and emissions of their building – and hence its contribution to net zero objectives. We also want consumers to continue to be able to understand the impact of the performance of their building on their energy costs, and how they could reduce these through improvements to the building's energy efficiency or changes to its heating system. And we want consumers to be able to trust that their EPCs are accurate and reliable.

Our reforms to the EPC rating system will ensure that consumers have more comprehensive and relevant information to meet these objectives. We have worked closely with consumer groups to test our proposals and ensure that EPCs are redesigned to make them more relevant and accessible. The updated EPC design proposals have been directly iterated by user feedback. The designs have received positive feedback from users who have welcomed that the designs are more modern and that the introduction of graphics makes it easier to understand the content. We will scope out the potential content for a new dynamic interactive tool linked to EPCs. Interactive features would allow consumers to input different variables in terms of

[53] The Home Energy Model

their behaviour and preferences, to understand the likely impact that this would have on their energy use and the impact of retrofit measures could have on their home.

We also want to safeguard consumers by ensuring that EPCs are of the highest quality in terms of their accuracy and reliability. That is why we have proposed to strengthen audit and inspection arrangements through introduction of smart-auditing and the creation of a new onsite audit and inspection regime to verify that EPCs are accurate. These strengthened audit arrangements will enhance quality assurance for all consumers: ensuring they have accurate, reliable information to base decisions on. This work will be supported through increases to EPC lodgement fees set out in the new regulations.

The revised lodgement fee set in the new regulations will increase domestic EPC lodgement fees from £2.60 to £6.00, and non-domestic fees to £15.50. It is important to highlight that EPC lodgement fees have not risen since 2017 from their current price of £2.60 per domestic EPC and £12.10 per non-domestic EPC (if they had risen in line with inflation, they would already be 30% higher at £3.58 and £16.66[54] respectively).

The Scottish Government believes that the proposed fee increase represents a reasonable increase in costs to consumers in order to pay for an improved system from which they benefit. While these fees would, ultimately, be passed to consumers, the increase in the context of the total cost of an EPC is small (£3.40 increase against an EPC cost of £80-100), and minimal compared to other costs at EPC trigger points (e.g. when selling a house, or letting a property). The lodgement fees set in Scotland are also well within the range of those of similar smaller-sized EU countries[55], and reflect the higher fixed costs of the infrastructure, relative to the volume of transactions. These costs have been further reduced by continuing to share technical infrastructure with the UK Government. If fees had risen by the rate of inflation since 2017, they would already have risen to £3.58 and £16.66, respectively. The proposed lodgement fee increase set out in the regulations, therefore, represents a small increase when taking this wider context into account.

[54] Bank of England inflation figures have been used to uprate historic values for comparison purposes. The analysis is intended to provide an indicative retrospective assessment and is not a formal Green Book appraisal of future costs and benefits.

[55] Operational delivery of EPCs in Europe | ClimateXChange

The EPC lodgement fees will also cover the costs of providing the following services to the users of the reformed EPC regulatory system:

- New EPC website and register of Certificates;
- New and updated Calculation Methodologies for generating domestic and non-domestic Certificates, respectively; and
- New on-site Audit & Inspection of Certificates to ensure reliability and accuracy of assessors' work, and to drive up the quality of assessments for consumers.

These three regulatory functions are those which most directly benefit users of EPCs: by enabling the energy performance of their property to be calculated, certified, registered and verified as part of the normal functioning of the property market when their properties are advertised for sale or for lease.

Enforcement, Compliance, Monitoring & Sanctions

As highlighted earlier within this BRIA, under the Energy Performance of Buildings (Scotland) Regulations 2008[56], local authorities are designated as the enforcement authority. The current penalty charges for failure to comply with the existing EPC legislation are set out within Section 17[57] of the Energy Performance of Buildings (Scotland) Regulations 2008:

> (i)£500 for dwellings or buildings **[**(or building units)**]** that are ancillary to dwellings; or
>
> (ii)£1000 in any other case.

The Scottish Government consulted in early 2025 on our future approach to penalty charges within the new legislation. We sought stakeholder views from enforcement authorities and other respondents on what the appropriate level of penalty charges should be under the new regulations going forward. We also committed to reviewing the penalty charge level within two years of the new regulations coming into force to ensure they remain appropriate.

A range of views were expressed by respondents in relation to this proposal. Some were strongly supportive of penalty charges and increasing these in some or all circumstances. Others were against or ambivalent about the prospect of increasing penalty charge levels. Some were against the use of penalty charges at all (typically individuals). Mixed opinions were also expressed by the same respondents.

Generally, respondents did not specify the exact amounts they thought the penalty charges should be set at/increased to. While a few suggested they should be higher than the current level, others simply advised that the levels needed to be sufficiently high enough to act as an effective deterrent.

Of the 25 respondents who answered the question on reviewing the level of penalty charges within two years, nearly two thirds (64%, n=16) supported the proposal to review the level of penalty charges within two years of the new regulations coming into force. Conversely, 20% (n=5) opposed this, all of whom were individuals.

[56] The Energy Performance of Buildings (Scotland) Regulations 2008

[57] The Energy Performance of Buildings (Scotland) Regulations 2008 (legislation.gov.uk)

On this basis, the Scottish Government has decided to maintain penalty charges in the new regulations at their current levels, and we will review these again two years after the regulations come into force.

In order to support local authorities, the Scottish Government will work with local government representatives to develop further guidance, in the form of an enforcement ‘toolkit’, to help the enforcement authorities in the discharge of their duties.

Longer-term, we will continue to engage with local authorities around whether additional resource would be required to support EPC enforcement activities as the market evolves, particularly around enforcement of related regulations which we are proposing for minimum energy efficiency standards in the private rented sector.

UK, EU & International Regulatory Alignment and Obligations

Internal Market

Intra-UK Trade

As part of our EPC reform work, a Memorandum of Understanding (MoU) has been established with the UK Government and other Devolved Administrations. This ensures there is an official forum for engagement across the UK, and facilities joint working on areas such as EPC assessor skills and consumer protection.

The EPC assessor market operates across the UK and is covered by relevant provisions in the UK Internal Market Act 2020 (IMA) relating to mutual recognition of both “services” and “professional qualifications and regulation” . However, legislative competence for EPC Regulations is devolved to the Scottish Parliament. We do not anticipate the new regulations would have any IMA impacts, and as set out in the Government Response to the 2023 consultation, the Scottish Government will work with the UK Government and other devolved administrations to agree a common approach to issues around skills and qualifications, given that these are covered by UK internal market legislation.

The approach that we will take to implementation of the new regulations will ensure that the EPC regulatory regime in Scotland continues to, as far as possible, share technical and operational infrastructure with the UK Government and across the UK market. This will mean that the Scottish EPC Register will link to the UK Government’s cloud calculation service, and the Scottish EPC Calculation Methodology will be based upon the UK Home Energy Model and Simplified Building

Energy Model (SBEM). EPC assessors and Approved Organisations will continue to be able to operate across the Scottish market.

The difference in lodgement fees charged in Scotland reflects the higher operational costs of administering the EPC system in Scotland – however, the increase is lower than would have been the case had elements in Scotland (i.e. the Register and Calculation Methodology) been funded exclusively by Scottish fees (with no sharing of infrastructure across the UK). We estimate that this would have added an additional £0.6m per annum of running costs and would have resulted in higher fees.

We, therefore, do not anticipate any negative impacts on intra-UK trade or on the operation of the UK internal market.

International Trade Implications

None identified.

EU Alignment consideration

The Scottish Government has made a commitment to maintain and advance the high standards that Scotland shares with the EU. The principal legal instrument by which the EU sets out its standards for EPCs is the Energy Performance of Buildings Directive (EPBD), which has been recast several times since it was first adopted in 2002 (in 2010 and 2018).

Implementation of the EPC elements of the Directive in Scotland to date has been primarily the Energy Performance of Buildings (Scotland) Regulations 2008, made through the European Communities Act 1972(a). Transposition of relevant EPC provisions in the 2018 recast of the Directive took place prior to EU Exit and it forms part of the body of ‘assimilated’ Law (the new name for retained EU law). Powers now exist under Part 10 of the Energy Act 2023 to make new EPC Regulations.

The EPBD has now been recast again in April 2024 and includes measures to help ensure consistent high quality EPC assessments and encourage energy efficiency improvements. Measures in the EPBD which relate to EPCs include increased reliability, quality, and digitalisation of EPCs to maintain high quality EPCs. The recast EPBD also introduces the need for enhanced independent verification of energy assessments, including through on-site audits. The EPBD also calls for digital data collection and sharing, to improve knowledge on the building stock and awareness on energy consumption in buildings.

The reforms which we are introducing in the new regulations, and through the related operational infrastructure (such as creating the new onsite audit and inspection function) will enable the Scottish Government to maintain broad alignment with the main provisions and outcomes of the EPBD in relation to EPCs.

Legal Aid

No part of EPC reform will create a new procedure or right of appeal to a court or tribunal, or any change in such a procedure or right of appeal.

Digital Impact

We are addressing digital impacts through:

- redesigning EPCs through continued user testing
- ensuring EPCs move to a more accessible, digital format
- scoping out the potential content for a new, dynamic EPC user interface

In our 2025 Government Response to the 2023 EPC reform consultation, we set out our commitment to redesigning EPCs through a further phase of user testing, and that we would also move to a more accessible, digital format for EPCs. We have worked with design experts to ensure the reformed certificate design meets relevant accessibility standards.

EPCs are already accessed via a website. This website will be updated, modernised, and developed to meet the latest accessibility standards, in line with the Scottish Government's Response to the 2023 consultation on EPC Reform.

The Government Response confirmed that:

> "As part of our proposed move to the more accessible, digital format for EPCs we have also now commissioned research to scope out the potential content for a new dynamic EPC User Interface. This would include interactive features allowing consumers to input different variables in terms of their behaviour and preferences, to understand the likely impact that this would have on their energy use".

It also confirmed that:

> "The research will:
>
> • review existing approaches to displaying dynamic and interactive information about home energy efficiency,

• review evidence regarding the effectiveness of these approaches, and

• assess the importance of different occupancy variables that impact heat use and energy efficiency".

We are now undertaking additional work to consider how an optional extension to the EPC Register could allow building occupiers to see how their behaviour (such as heating setpoint) could impact their energy use and potential savings. We intend to include this functionality on the Scottish EPC Register at a later date.

Business Forms

The EPC system relies upon assessors submitting data which they gather during the course of surveying the building, which is then processed by software using the EPC calculation methodology (i.e. HEM or SBEM) to generate the EPC ratings and certificate.

The forms and calculation software used to record and process this data are developed by the Approved Organisations, and are regularly updated whenever changes are made to the conventions on how EPC data is gathered and processed. Since it is already long-established normal practice for the Approved Organisations to regularly update the forms which assessors use to enter and process data, we do not therefore envisage any negative impacts from moving to new forms when the new regulations and calculation methodology come into force.

When introducing the new operational governance arrangements which will accompany the new regulations, the Scottish Government will need to create a process for appointing or re-appointing Approved Organisations. New documentation (including a new Framework, application form, reporting form, etc.) will be issued to existing and prospective AOs for completion. We will ensure that parties receive sufficient advanced notice of our intention to appoint / re-appoint them, including publication of the relevant forms which need to be completed. We will also work with the Approved Organisations, when appointed under the new regulations, to develop the forms and documents necessary to introduce the new onsite audit and inspection function to be exercised by the Scottish Government, including its interaction with the AOs' existing desk-based audit function.

Section 5: Next Steps & Implementation

Recommendations & Preferred Options

The Scottish Government's preferred option is to proceed with Option 2. This option will include changes to the EPC rating system, improvements to the design of certificates, and enhancements to the technical and operational infrastructure, shared across the UK. These changes will bring benefits to users of the EPC system through ensuring better quality, improved accessibility, more accurate and more reliable EPCs.

It should be noted that benefits to consumers could not be monetised.

Summary costs and benefits table

Option	Total benefit per annum: - economic, environmental, social - policy and administrative	Total cost per annum: - economic, environmental, social - policy and administrative
1	£0.0m	£0.22m
2	£10.04m	£15.90m
3	£0.0m	£4.35m

Implementation Considerations & Plans

As set out in the updated Government Response which accompanies the new regulations and this BRIA, the Scottish Government will implement our preferred option through:

- amending the EPC Regulations that were laid in the Scottish Parliament in October 2025, using our powers under s.250 and s.331(2) of the Energy Act 2023 and sections 1 and 49(1) of the UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021;
- ensuring that there are 18 months between the 2026 amending regulations being laid and the amended 2025 Regulations coming into force, therefore ensuring sufficient time for the market to prepare for the changes to come into effect;
- ensuring that there are appropriate transitional provisions within the regulations, as amended, to address parts of the property market which could be negatively impacted when the new regulations come into force;

- engaging further with stakeholders who are directly affected by the regulations: in the Approved Organisations, assessor businesses, estate and lettings agents, conveyancing solicitors, local authorities, landlords, mortgage lenders;
- communicating the changes to the wider public to explain the new rating system and the redesign of the certificate;
- working with government funding programmes and regulatory regimes which rely upon EPCs, to ensure they can take into account changes to the rating system within the operation of their schemes;
- working with the Approved Organisations and EPC assessor community to ensure that all assessors receive training on the new regulations and changes to the certificates and rating systems;
- working with the Approved Organisations, UK Government and EPC assessor community to ensure that assessors receive training on, and testing of, the new calculation software which be used to record and process data gathered by assessors, using the new Home Energy Model and updated SBEM calculation methodologies;
- completing the joint review of National Occupational Standards (NOS) for EPC assessors with the UK Government and other devolved administrations, to agree on the new skills and qualifications requirements for EPC assessors operating across the UK internal market;
- completing user testing of the redesigned EPC;
- testing the new EPC Register to meet Digital Scotland user accessibility and design standards, and appointing the Scottish Ministers as keeper of the Register, working with the UK Government on the technical infrastructure, to be funded through EPC lodgement fees;
- launching a process to allow existing and potential Approved Organisations to be (re)appointed by the Scottish Ministers when the new regulations come into force;
- setting out new operational governance requirements for Approved Organisations, and their member assessors, via their letters of appointment and new accreditation schemes (replacing the current Operational Framework), and through establishing a new joint governance decision-making mechanism for operational matters between the Scottish Government and AOs;
- establishing a new onsite audit and inspection function within the Scottish Government, to be funded through EPC lodgement fees;
- continuing to work with the UK Government and other devolved administrations to provide UK-wide governance oversight to the assessor market through operation of our joint Memorandum of Understanding.

Post-Implementation Review

The Scottish Government has committed to reviewing both the level of EPC lodgement fees and penalty charges within two years of the regulations coming into force, to ensure they remain fair and proportionate. We are also committed to reviewing the operation of the onsite audit and inspection function, within two years of that function first being exercised.

We will continue to monitor and review the implementation of the regulations, and the associated operational and technical infrastructure, within the market, on a regular basis. We will continue to engage with stakeholders through our existing External Reference Group and independent sub-group, to take into account their views. Likewise, we will continue to consult upon any further changes that the Scottish Government may wish to make to the regulations, or which may be needed to ensure they remain fit-for-purpose in delivering our objectives for the EPC system.

Declaration & Publication

Sign-off for BRIA

I have read and approve the Business and Regulatory Impact Assessment for EPC reform. I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits, and positive and negative impacts with intended mitigations of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits, and impact of the leading options. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

I am also satisfied that officials have considered the impact on consumers as required by the Consumer Scotland Act 2020 in completion of the Consumer Duty section of this BRIA.

Signed: Stephen Gethins MSP, Minister for Europe, External Affairs and Energy

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Refresh conducted:	January	2024 – March	2024
Final BRIA produced:	October	2024 – October	2025
IA statement update:	August	2026	

Title of policy: The Energy Performance of Buildings (Scotland) Regulations 2025, as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026

Directorate: Energy & Climate Change

Division: Heat in Buildings Policy & Regulation

Team: Heat in Buildings Assessment Unit

BRIA authorised by: Jess Niven, Interim Deputy Director, Heat in Buildings Division

Date BRIA team first contacted: July 2024 (Dedicated teams newly formed)

Date: 24 August 2026

This impact assessment should be read in conjunction with the full suite of assessments on Energy Performance Certificate Reform 2025.

Analytical annex – summary of cost benefit analysis

Results	Low estimate (£m)	Preferred option (£m)	High estimate (£m)
Costs			
To businesses	10.75	11.81	12.86
To consumers	165.50	292.32	419.14
To SG and LAs	13.95	13.95	13.95
Total costs	**190.20**	**318.08**	**445.96**
Benefits			
To businesses	75.63	175.24	274.80
To consumers	0.00	0.00	0.00
To SG and LAs	19.39	25.48	31.31
Total benefits	**95.03**	**200.72**	**306.41**
NPV			
To businesses	64.84	163.43	261.94
To consumers	-165.50	-292.32	-419.14
To SG and LAs	5.49	11.53	17.66
Overall NPV	**-95.17**	**-117.36**	**-139.54**

Benefits to consumers are not monetised, suggesting overall benefits are significantly under-represented.

Key Costs and Benefits

The largest monetised costs to businesses are associated with administration, audit and familiarisation. The largest monetised costs to consumers are associated with an increased demand for EPCs. The largest monetised costs to SG and LAs are associated with administration.

The largest monetised benefits to businesses are associated with assessors seeing an increased demand for EPCs. The largest monetised benefits to consumers are not monetised. The largest monetised benefits to SG and LAs are associated with the lodgement fee.

N.B. Because benefits to consumers cannot be monetised, overall benefits appear much lower than they are believed to be.

Quantification of monetised costs and benefits

- Costs and benefits associated with a change in demand for EPCs
    - Demand for EPCs for owner occupied dwellings is not expected to change
    - Demand for EPCs for rented dwellings is expected to rise with a shorter validity period. This increase is higher for PRS dwellings than for SRS dwellings.
    - Increased demand for EPCs results in higher costs for LAs, consumers, some businesses, and landlords, and benefits to businesses including EPC assessors and Approved Organisations
    - Higher numbers of EPCs results in a higher demand for audit. Under the preferred option, this cost is held by SG.
- Costs and benefits associated with a change in the EPC Lodgement Fee
    - Under the preferred option, costs to businesses increase in line with the increased lodgement fee, though it is likely some or all of this will be passed to consumers
    - SG sees a benefit due to the increased lodgement fee
- Costs associated with implementing a new system
    - Landlords, local authorities, assessors, approved organisations, and other businesses such as conveyancers see a cost due to the time required to familiarise with new systems and requirements
    - SG sees staffing costs for administration of the programme

Limitations and uncertainties

- Labour capacity
    - Due to limited data, it is extremely uncertain how many EPC assessors might be needed to meet increased EPC demand. Rather than assuming an increase in number of assessors, this analysis assumes fairly high familiarisation times for existing assessors and organisations
- Familiarisation

    - It is unclear how much time would be needed by different actors to familiarise with new systems; estimates are based on existing programmes and anecdotal information
- EPC demand
    - Demand for EPCs is highly uncertain, due to both lack of data and uncertainty about future regulations, or funding opportunities requiring EPCs. Numbers of EPCs are modelled and estimated, with significant uncertainty
- Non-domestic data
    - The non-domestic analysis relies on the accuracy of EPC records from the EPC register. However, only a small proportion are quality assured, and the register lacks full data cleansing. To reflect this uncertainty, low, mid, and high range estimates are provided where EPC data is used.

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