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

Fairer Scotland Duty Assessment (FSDA)

August 2026

Scottish Government
Riaghaltas na h-Alba

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 Fairer Scotland Duty Assessment 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

Fairer Scotland Duty Summary

Title of regulations

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

Summary of aims and expected outcomes of The Energy Performance of Buildings (Scotland) Regulation 2025, as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026

The Fairer Scotland Duty, set out in Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on particular public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.

This Fairer Scotland Duty Assessment considers the impacts of the Energy Performance of Buildings (Scotland) Regulation 2025, **as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026** on those experiencing socio-economic disadvantage – those living on a low income compared to others in Scotland. These regulations will introduce reformed Energy Performance Certificates (EPCs). This assessment does not explicitly assess the impact of policies which rely, or may rely in future, on EPCs, such as Minimum Energy Efficiency Standards.

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, in practice, formed part of the prescribed documents of the Home Report since 2008.

The need for this reform programme follows advice from our statutory advisers, the Climate Change Committee[1], and is further compounded by recommendations received as part of an independent report, commissioned on behalf of the Scottish Government in 2019[2]. The Scottish Government committed to reforming EPCs in light of longstanding feedback that they are not fit for purpose in providing property

[1] Letter: Reform of domestic EPC rating metrics to Patrick Harvie MSP - Climate Change Committee
[2] A Review of Domestic and Non-Domestic Energy Performance Certificates in Scotland: Research report for the Scottish Government, Heat, Energy Efficiency and Consumers Unit - Final Report (www.gov.scot)

owners, tenants, or purchasers with relevant information on meeting net zero requirements for heating and energy efficiency.

The current EPC rating system has been widely criticised for not measuring and incentivising the most useful thing for consumers 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.

Reforms to the technical and operational infrastructure upon which EPCs are based are required 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).

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[3]. 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.

Energy Performance Certificate (EPC) Regulations

[3] 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)

The overall aim of these regulations is to provide the legislative basis for the operation of the EPC system and EPC assessor market within Scotland. The changes being made through the revised regulations are administrative in nature. They will not change the circumstances in which an EPC is currently required, when a property is advertised for sale or let, other than reducing the EPC validity period. The Energy Performance of Buildings (Scotland) Regulation 2025, **as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026** will:

- Introduce additional information on an EPC with a new EPC rating system for domestic buildings:
  - Heat Retention Rating (fabric energy efficiency);
  - Heating System Rating (type, emissions, efficiency, running costs);
  - Energy Cost Rating (retaining but renaming the existing Energy Efficiency Rating);
- introduce a new EPC rating system for non-domestic buildings;
- increase EPC lodgement fees:
  - from £2.60 to £6.00 for domestic EPCs;
  - from £12.10 to £15.50 for non-domestic EPCs;
- reduce the validity period of EPCs from 10 to five years;
- introduce strengthened operational governance arrangements for EPC assessors and Approved Organisations to enhance quality assurance for consumers.

EPCs supporting wider objectives

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, including to:

- support 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;
- underpin statutory requirements (e.g. in practice acting as a prescribed document within the Home Report[4]; as part of the Scottish Government's Fuel Poverty Strategy[5]; evidence in support of the Energy Company Obligation)
- provide lenders and landlords with information about the energy performance of their stock
- define mortgage terms used by banks and lending organisations
- supply information for energy efficiency research

[4] The Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008
[5] 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.

- create statistical models and map potential improvements and costs, including government reporting in annual surveys such as the Scottish Housing Condition Survey[6]

EPC Reform 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.

Summary of evidence

Reformed EPCs will be an important tool for those experiencing socio-economic disadvantage as they will help homeowners and tenants understand their homes' energy efficiency and provide information on potential improvements. This is particularly important for those experiencing income related pressures or who are at risk of fuel poverty, who may face greater barriers to accessing energy-efficient housing. The Regulations ensure that EPCs are available to prospective buyers and tenants so that informed decisions can be made on their decision to buy or rent a property. For those already occupying a property the EPC also provides information that they can use i.e. for tenants to engage with landlords on the energy efficiency of properties. This is important for those of socio-economic disadvantage given that households who are also in income poverty are the most likely to face serious difficulties paying for their essential needs including energy[7].

The Climate Change Committee[8], external stakeholders and independent reports have highlighted concerns around the relevance, accuracy and quality of EPCs produced and that this can impact all users of EPCs including those of socio-economic disadvantage. The ratings which EPCs currently display have been criticised by stakeholders as in need of reform as, in their current format, EPCs are

[6] Scottish House Condition Survey: 2023 Key Findings - gov.scot
[7] Tackling Fuel Poverty in Scotland: Periodic Report 2021 - 2024
[8] Letter: Reform of domestic EPC rating metrics to Patrick Harvie MSP - Climate Change Committee

not aligned with our net zero ambitions. An independent review[9] of EPCs recommended the need to improve the quality of EPCs and, in particular, to strengthen quality assurance requirements around audit and inspection of EPCs.

EPCs have also been criticised[10] for being hard to understand for consumers and consultation responses made clear that EPCs should provide clear information and links to further support to building owners and tenants to improve the energy efficiency of the buildings they occupy. Reformed EPCs have been designed to effectively communicate energy efficiency and heating system information to a wide array of users and provide links to further support where available.

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?

The independent Regulatory Review Group has also recommended that comprehensive public engagement is essential to ensure consumer understanding and support[11].

A communications plan will be developed 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. This has been mitigated through extensive engagement with the financial sector, including through the Financial Conduct Authority, Scottish Financial Enterprise 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.

Internal 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

[9] A Review of Domestic and Non-Domestic Energy Performance Certificates in Scotland: Research report for the Scottish Government, Heat, Energy Efficiency and Consumers Unit - Final Report
[10] Letter to Patrick Harvie MSP Reform of domestic EPC rating metrics to support delivery of Net Zero
[11] Reform of the Energy Performance Certificate: letter to Minister - gov.scot

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;
- Directorate of Tax and Revenue (teams responsible for the proposed Building Safety Levy) public buildings, and with legal and analytical colleagues; and
- Directorate for Tackling Child Poverty and Social Justice (team responsible for Fairer Scotland Duty Assessment.)

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, an internal Scottish Government working group was established and included representatives from all of the policy and regulatory functions listed above. As these regulations were developed this group has continued to meet on a regular basis.

Consultations

As part of our evidence-gathering process, three public consultations on EPC reform have been held:
- Domestic Energy Performance Certificates (EPC) reform: consultation (2021)
- Energy Performance Certificate (EPC) reform: consultation (2023)
- Energy Performance Certificate reform – lodgement fees and penalty charges: technical consultation (2025)

During these consultations, a series of public and stakeholder workshops were held and were well attended. 16 one-to-one interviews with businesses were conducted.

Extensive external engagement with impacted individuals and sectors has also been ongoing throughout this reform programme. Consultation responses were received from groups with a focus on fuel poverty.

More than 60 equality rights' organisations were contacted to highlight consultations and invite participation through a specific response, workshop attendance and contribution or through bilateral discussion to expand on proposals more directly.

Summary of Response Received

In response to the 2021 consultation, there were few responses which specifically raised issues of socio-economic disadvantage. However, in response to the question "Do you agree or disagree with the addition of the proposed Energy Use Rating?" a number of responses raised concerns that an EPC would require changes to be made to a property at potential significant cost to property owners. This was not the

Scottish Government's policy intention, and building owners are not required to install potential improvement measures or alternative heating systems that are highlighted on an EPC. Respondents stressed that it is important to retain a cost rating or running cost information on an EPC, as this is useful information for householders.

The 2023 consultation asked more direct questions on socio-economic disadvantage, including "We welcome any views on the usefulness of our proposals for other relevant policy areas, such as fuel poverty or the delivery of government schemes." EPCs were perceived to be useful for a range of policy areas as well as better targeting of resources for schemes, however, there were also concerns the EPC rating system could lead to higher levels of fuel poverty if people were forced to install heating systems that were more expensive to run. As now set out in the regulations, there is no legal requirement for building owners to install the improvement measures or alternative heating systems highlighted on an EPC. The EPC continues to be a source of information only.

In response to the 2025 consultation concerns were shared that an increase in lodgement fees combined with reduced validity period would result in increased costs for social housing provision, which could create additional pressures on poorer households. One organisation noted that the fee increase could have significant financial impacts when applied to the full council housing stock, with increases potentially being passed on to tenants. Workshops as part of the *Energy Performance Certificate reform – lodgement fees and penalty charges: technical consultation (2025)*[12] *asked* attendees what the impact of our proposals, in relation to lodgement fees, onsite audit and inspections and penalty charges, will be on various groups in Scotland. No potential socio-economic impacts were identified by stakeholders at these workshops.

In addition, to support our work, an External Reference Group (ERG) and subgroup of the Scottish Government's Heat in Buildings Strategic Advisory Group (SAG) were set up to provide external, expert input. Consumer interests are represented across these groups by Consumer Scotland and Citizens Advice Scotland (CAS).

Summary of assessment findings

The following principal socio-economic impacts have been identified, together with their mitigations, below:

- Affordability of EPCs for consumers
- Relevance of EPC ratings to consumers and to support government policies
- Accuracy of EPCs to improve their quality for consumers

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

Affordability of EPCs

The Scottish Government recognises that our EPC reforms will require increases to EPC lodgement fees and that these costs are likely to be passed onto consumers as part of the overall cost of the certificate (which is around £100 at present for domestic certificates).

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. As highlighted above, the requirement to obtain an EPC is on the building owner when selling or letting a property. While all consumers will be directly impacted by the increase in EPC lodgement fees, the increase represents a small increase when taking wider context of EPC reforms into account. Overall the cost of the EPC around £100 for a domestic property, remains a tiny proportion of the sale price of a property, or the annual rent charged.

Comparative analysis with the UK Government and the rest of the EU shows that EPC prices vary substantially, with larger countries such as the UK able to reduce costs due to greater volume of transactions relative to the similar fixed costs of maintaining the technical infrastructure. On the other hand, smaller countries such as Lithuania, Ireland and Denmark charge administrative fees of around £5 to £25 per domestic EPC. Research published by ClimateXChange[13] summarised the fees charged by other small and medium countries and showed the fee level of £6.00 for an EPC in Scotland is well within the price range of comparative small EU countries.

Overall EPC costs in the EU are substantially higher than in Scotland, and range from €95-600 per domestic EPC[14]. When taking into account the average cost of a domestic EPC, the increase represents a small proportion of the overall cost.

The socio-economic impacts of the higher lodgement fees, as a proportion of the overall £100 average cost of a domestic EPC, are therefore likely to be negligible, and we assess that further mitigations are not required.

Evidence from existing statistical publications indicates that there are socioeconomic differences linked with housing tenure. For example:

- The Scottish Household Survey indicates that, in 2023[15], households in rented dwellings were more likely to be in the lower SIMD quintiles. 19% of households in private rented dwellings and 47% of those in social rented

[13] Operational delivery of EPCs in Europe | ClimateXChange
[14] Operational delivery of EPCs in Europe | ClimateXChange
[15] SHS Data Explorer

dwellings were in Quintile 1, the 20% most deprived, compared to 11% of owner occupiers
- Data from the Family Resources Survey[16] indicates that in the period 2021-24, 42% of people in social rented housing and 32% of people in private rented housing were in relative poverty, compared to 20% of the population as a whole

Rented households are likely to face more direct impacts from EPC Reform, particularly in the private rented sector, as there is a requirement for a valid EPC to be available for all new tenancies. By reducing the EPC validity period to five-years, EPCs will therefore have to be produced more often. However, it should be noted that the impact of the lodgement fee increase and reduced validity period is paid by the landlord, rather than the tenant. While it is possible that this cost could wholly or partially be passed through to the tenant through rent, the impact per property is very small, and therefore PRS tenants are unlikely to be significantly affected.

Relevance of EPC ratings

The Scottish Government recognises that the ratings and information provided on EPCs are an important tool for consumers to understand the impact that poor energy performance of a building could have upon their energy bills – and steps that they could take to improve this. The ratings are therefore important for guiding government delivery programmes to help them target buildings with poor energy performance, which will often coincide with areas of socio-economic disadvantage. Our reforms therefore recognise the need to retain aspects of the current system which work well for consumers and government delivery programmes, and to enhance and add to these to ensure better information is provided.

To ensure all consumers are provided with relevant and accurate information about the energy efficiency of a building, and the potential options to improve this, the following ratings will appear on domestic EPCs:

- The **Heat Retention Rating**, this will provide new information on the fabric energy efficiency of the home – i.e. how well insulated it is.
- The **Heating System Type Rating**, which will show the current and potential emissions category, thermal efficiency, and running costs, of a home's heating system
- The **Energy Efficiency Rating** will be retained and renamed to the Energy Cost Rating. This is based on the cost of energy to run the dwelling to standardised conditions.

[16] Poverty and Income Inequality in Scotland 2021-24

Reformed EPCs will therefore provide clearer information on all current and potential clean heating options for a building – the thermal efficiency, emissions, running costs and installation costs. This will enable all consumers to make a fair comparison when taking decisions on future heating for their building. By renaming, and retaining, the Energy Efficiency Rating (as the Energy Cost Rating), consumers and government programmes will continue to understand the cost impacts of the building's current energy performance – and where improvements could be made that will reduce costs. This will continue to support policies mitigating socio-economic disadvantage.

In addition, the new Heat Retention Rating will provide new information on the fabric energy efficiency of a property. This will help consumers and government programmes to more clearly understand in which properties, poor energy efficiency may be acting as a driver of fuel poverty. Government programmes can therefore, together with the Energy Cost Rating, be better targeted at those properties where fuel poor households will benefit from improvements to the building's insulation, in order to reduce demand for heat.

The new EPCs will also highlight any advice and funding support that is available to help encourage people to improve the energy efficiency of their home and ultimately make their buildings cheaper to heat.

Overall, by providing more relevant EPC information to all consumers, those who are socio-economically disadvantaged will be better able to understand the energy performance of their current or potential home and how this could be improved and how energy costs could be reduced.

Accuracy of EPCs

The Scottish Government recognises that consumers need to have confidence that EPCs are accurate and reliable. Accurate EPCs will help to protect those who are socio-economically disadvantaged by ensuring that they know which potential improvement measures are most appropriate for their building. The Scottish Government is therefore introducing new requirements for EPC assessors and the Approved Organisations which oversee them to drive up standards of EPC quality and ensure higher levels of consumer confidence and increased consumer protection.

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. The anticipated impact of this will be an improvement in the reputation of EPC assessors and the assessment sector more generally, leading to greater consumer confidence and consumer protection,

benefitting all users of EPCs, including those households who are socio-economically disadvantaged.

Public engagement and communications

Beyond the specific mitigations outlined above, a communications plan will be developed 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. This communications plans will be designed to ensure those who are socio-economically disadvantaged are targeted.

Conclusion

The reforms to the EPC system introduced through the Energy Performance of Buildings (Scotland) Regulation 2025, **as amended by the Energy Performance of Buildings (Scotland) Amendment Regulations 2026** are designed to enhance the quality, relevance, and accessibility of EPCs for all users, including those experiencing socio-economic disadvantage. By introducing a new rating system, strengthening operational governance, and improving the clarity and usability of EPCs, the reforms aim to ensure that all consumers – including those who are socio-economically disadvantaged – are better informed and supported in making decisions about energy efficiency and heating in their homes.

While the increase in EPC lodgement fees and the reduction in validity period represent a cost increase, the impact on socio-economically disadvantaged groups is expected to be minimal. The obligation to provide an EPC to prospective buyers or tenants is on property owners and represents a small proportion of overall housing costs.

The reforms also allow EPCs to support wider strategic objectives, including tackling the climate emergency and reducing child poverty. New ratings will provide policy areas with additional options to then offer more targeted and effective delivery of government programmes. A targeted communications strategy will be implemented to ensure that the changes are clearly communicated to all affected groups, including tenants, landlords, and vulnerable households. These reforms have been developed through extensive consultation, engagement with stakeholders, and the establishment of internal and external advisory groups.

Policy sign off

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Date FSDA team first contacted: July 2023

Date: 24 August 2026

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

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