

Fuel Poverty/Energy Efficiency in the Rural Private Rented Sector

This paper aims to highlight the issues of fuel poverty and energy efficiency regulation faced in the rural private sector.

The group has already received papers on the failings of rdSAP to address rural properties, off gas grid issues, and hard to treat/heat properties. This paper, therefore, will not repeat the detail of these.

Rural PRS background

Scottish Government published a Sustainable Homes Strategy in 2013 which set out a commitment to set minimum energy efficiency standards in the private sector. This is to meet the EU Energy Efficiency Directive.

Energy efficiency standards for social rented sector have been in place since 2014. There is currently limited private sector energy efficiency regulation, however, the tolerable standard does include a requirement for thermal insulation and heating, and building regulations dictate minimum standards for new buildings and extensions.

23% of Scottish private housing stock falls into EPC E, F and G rating. This is the equivalent of just over 400,000 properties. 19% of these are in the Private Rented Sector (PRS).

Before works are even considered, the rural private sector is clearly a different beast to other housing. The majority is detached, pre 1919, solid stone wall construction, off gas grid, often with kitchen extensions and rooms in the roof. These elements mean the properties are very exposed and are harder and more expensive to heat and treat in terms of energy efficiency.

REEPS

The Regulation of Energy Efficiency in the Private Sector (REEPS) group was established by Scottish Government to oversee the development of draft regulations.

Modelling has been carried out based on Scottish House Condition Survey reports. The modelling identifies 355 archetypes, identifies appropriate energy efficiency improvements for each archetype, outlines principles for creating a hierarchy of measures, and outlines methods for determining costs of measures.

A public consultation on the regulations was delayed from last summer until the next parliamentary session. Discussions had been heading towards proposing a minimum of EPC E by 2018 with projection to EPC D. However, there is now a call for EPC C from some parts of the industry and some political parties.

It is proposed that trigger points for meeting the standards will be at time of sale or rental. It will likely be proposed there will be the ability to pass on liability to new owner to achieve within a set period of time. There will be a back stop date for all private sector properties regardless if they are rented or sold. The regulations will have an unknown effect on property values. Buyers will

automatically reduce perceived value by the estimated works costs which will really impact those in, or nearing, negative equity and they may find themselves stuck with a property unless they are willing to lose money. There will most likely be a number of exemption, abeyances and relaxations. The details of these will be developed through consultation but they will be a crucial element of the regulations.

The timescales are now unknown. While we must meet our energy efficiency target and try to improve living conditions the regulations must not be rushed as a long lead in time for owners is essential and poorly informed regulation will lead to unintended consequences.

Whatever the rating, trigger points and timescales decided upon are, there are a number of issues as identified in the table below which must be overcome before any standard is set.

The financing of meeting the regulations is unknown. Green Deal 2 with private finance is a possibility. This is still difficult for PRS though as bank loans were found to be cheaper and the tenant makes the savings, not the landlord.

England introduced their equivalent regulations in 2015. It is important to scrutinise the English regulations and impacts so Scotland can learn what has worked well and what has not. We understand from CLA colleagues that the regulations are not simple or rural-proof and they are still battling to resolve some of the issues noted below.

Concern	Implication	Solution
Costs of works underestimated by modelling	Property owners will not be given appropriate financial support and will not be able to meet regulations.	Reassess modelling to insure recognition of the particular needs and additional costs of improving the energy efficiency of the rural housing stock.
No SG plan to assist private landlords improve properties – misalignment of funding and regulation.	Property owners will not be given appropriate financial support and will not be able to meet regulations.	Review and investigate government funding and fiscal support to the sector. Privately funded Green Deal 2?
Fabric first and whole house approach is forgotten.	Energy efficiency works are useless if disrepairs are not tackled first. If ventilation is not considered alongside insulation results in sick houses and sick occupants.	House condition? Clear guidance and support for appropriate ventilation systems, especially for retrofit situations.
Flawed EPC methodology	No confidence in measurement. Inaccurate results and subsequent recommendations.	Lobby BRE. SLE has made representations on the areas that could be improved but have not had feedback on whether changes to the system will actually occur.
No account of embodied carbon. Stone and slate	Carbon saving calculations are flawed.	Recalculate EPC taking embodied carbon into account

houses are much better than modern.		
No account taken of shutters/curtains in EPC	Properties are given a worse EPC than actual situation. Low cost measures are not recommended.	Allow inclusion in EPC methodology
Balancing building architecture/history preservation with energy efficiency/comfort	Risks sacrificing historical buildings for a tiny saving in energy or CO2.	Continued investment in appropriate applied research, for example by Historic Scotland. Consideration of exemptions for listed buildings.
Lack of clear messages from research/experiments about most appropriate measures	Property owners do not know what is required or how to achieve it.	A comprehensive communications plan that gives even remote rural areas the information on energy efficiency they need, with clear targets for awareness raising. Clear guidance on the appropriate materials and installation methods for different housing types, especially the key differences in relation to “vapour open” and “vapour closed” construction.
Contractors – lack of availability and skills	Potential difficulties meeting deadlines. Risk of poor quality work.	Invest in skilled workforce. Give certainty of work. Introduce online training programme or similar. Allow plenty of lead in time.
Lack of SG attention to dealing with housing in agricultural tenancies	Many cottages and farmhouses will be left with poor energy efficiency and residents in fuel poverty.	Encourage time is given to understanding the problem and addressing it.
Impact of regulations on housing market	Property owners being unable to rent or sell their homes due to costs.	Economic analysis required on the effect on the housing market, including rental levels, created by the financing and resource requirements of achieving the targets set by regulation.

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