



Evidence submitted by Chartered Institute of Housing Scotland: 09 April 2020

About CIH

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Further information is available at: www.cih.org

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Chartered Institute of Housing Scotland's submission on energy efficiency for owner occupied homes



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1. Introduction

The Scottish Government has committed to ambitious statutory targets to reduce fuel poverty to no more than 5 percent by 2040 and to reach net-zero carbon by 2045. We will not be able to meet either of these targets without significantly increasing the energy efficiency of our homes. As set out in the consultation paper, a great deal of progress has already been made in the social rented sector and new regulations have been introduced to require minimum energy efficiency standards in the private rented sector (PRS).

However, the owner occupied sector is by far the largest segment of the housing sector at over 60% of households across Scotland. It is clear that we need to take actions to ensure that owner occupied homes are energy efficient, easy and affordable to heat and contribute to reduced carbon emissions. We welcome the decision to consider minimum energy efficiency requirements now rather than to wait until 2030.

Regulations will be required to compel owners to invest in improving their homes but clear communication, reliable advice and financial support for some will also be required. Ideally, home owners should be encouraged to carry out improvements and recognise the benefits of doing so – improved health and wellbeing, improved comfort, increased property value, reduced fuel bills and reduced emissions – with enforcement used as little as possible.

We know that the current Coronavirus pandemic will undoubtedly impact every part of the economy and that homeowners concerned with maintaining their income will not be considering long term investment in their homes at this point in time. However, we think it is still important to continue to develop plans for regulation even if timescales for introduction may be delayed.

Our response is based largely on work carried out before the current crisis and the proposal to introduce regulations before the end of this year may no longer be realistic. However, homeowners must be given as much lead in time as possible to understand their options and arrange any necessary work. The significant increase in the installation of energy efficiency measures that will be required to meet statutory targets will provide an opportunity to develop skilled jobs across Scotland as the government seeks to implement recovery plans after the current crisis.

In this response, we focus on the principles of introducing minimum energy efficiency standards to the owner occupied sector and key points that must be considered in doing so. More technical aspects relating to assessment criteria and deliverability are covered in detail in the response from the [Existing Homes Alliance](#) of which CIH Scotland is a member.



2. Consultation Questions

Do you agree or disagree that there should be a legally-binding energy efficiency standard for owner-occupied housing?

Yes, we agree that a legally binding standard must be introduced to ensure that homes across all tenures meet minimum standards. Alignment of standards across all tenures will ensure that people can expect to be living in a good quality home, regardless of tenure and avoid complications or confusion arising because of differences between tenures. For example, if an owner decides to rent their home or apply for a change the use to a holiday let.

Do you agree or disagree that EPC Energy Efficiency Rating band C is the appropriate standard to use? Please explain.

Yes, we agree that homes across all tenures should be moving towards an EPC rating of C but if improvements beyond EPC band C will be required to meet the statutory target of net-zero carbon by 2045, these need to be put in place now. Home owners need to know what will be expected of them over time to allow them to plan work and investment. A clear pathway to net-zero carbon must be set out from the outset.

What are your views on the "fabric first" approach as described section 1.1?

We agree that the 'fabric first' approach is the best solution in most cases. Ensuring that the fabric of our homes is fit for purpose will ultimately reduce the need for heat and contribute towards reducing carbon emissions. However, reaching net-zero carbon will also require the installation of renewable energy sources so the approach must not become 'fabric only'.

In your view, how can we ensure that when EPCs are used to determine compliance with the standard they are robust and not easily open to misuse?

Ensuring that the information and advice given to homeowners through the assessment process will be vital to the success of the Energy Efficient Scotland programme. As such, the assessors that carry out inspections must have the appropriate skills and training. Given the suggestion that more robust inspections will need to be undertaken along with a new role for advising home owners about the options available to meet minimum standards, it is clear that the current qualification requirements for assessors will need to be reviewed.

Do you think the standard should be fixed, or should it be subject to periodic review and change over time? Please explain your view.

We agree that a minimum standard of EPC band C should be fixed as an interim target on a clear pathway to net-zero carbon by 2045 in line with the Scottish Government's statutory target. As mentioned above, the end goal must be clearly communicated now, allowing home

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owners as much time as possible to plan ahead and carry out work in the way that best suits their needs. This may be a deep retrofit, meeting future standards from the outset, or a phased approach which takes into account the need for future work to meet higher standards at a later date.

Do you agree or disagree that 2024 is the right start date for the mandatory standard to start operating? Please give your reasons, whether you agree or disagree.

We agree with the approach set out by the Existing Homes Alliance report '[Pathway to zero carbon homes by 2045](#)' which recommends that a legally binding standard should be introduced in 2020 and implemented from 2025. A five year lead in time will allow the supply chain to prepare for significant increases in delivery and for requirements to be communicated to home owners. Having a set date will also ensure that action is not delayed longer than is necessary.

However, proactive communication alongside advice and attractive financial support packages (including loans and grants) during this time may help to encourage some work to be carried out ahead of the deadline and should not be delayed.

Do you agree or disagree with point of sale as an appropriate trigger point for a property to meet the legally-binding standard?

Yes, we agree that point of sale provides an ideal opportunity to trigger the standard.

Do you agree or disagree that responsibility for meeting the standard should pass to the buyer if the standard is not already met at point of sale, as described above? Please explain your views and give any evidence you have, whether you agree or disagree.

Yes, we agree that the responsibility for meeting the standard should be able to be passed on to the buyer. This will be particularly helpful for owners who do not have the upfront funding to carry out work themselves, or for those who need to move without the delay of work being carried out first. However, clear guidance will be required on timescales for meeting requirements and whether the responsibility could be passed on again. For example, if a buyer agreed to take on responsibility for the work but then had to sell the home shortly after, would the responsibility for the work be able to be passed on again and if so, would a further 12 month deadline then apply?

What, if any, unintended consequences do you think could happen as a result of these proposals? For example, any positive or negative effects on the house sales market.

Homes that already comply with standards are likely to achieve a better price than those that don't and would require investment from the buyer. This could help to change buyer behaviour and attitudes towards the value of energy efficiency.

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Conversely, owners who cannot afford to carry out the necessary work may see the value of their property fall. Owners who are asset rich and cash poor should be able to access information and advice to help them consider their options and plan the best solution for their circumstances whether that be access to grant or loan funding to have the work carried out, or passing the obligation on the buyer.

Similarly, some owners may be put off moving home, even if it would be in their best interest, if they could not afford to carry out work and thought that they would not achieve the desired value through selling a home that did not meet the minimum standards. For example, a household that wanted to downsize or move to a home more suitable to their needs, closer to work, family or support networks may struggle. As mentioned above, advice, information and financial support will be crucial. Alongside home energy advice provision, local Housing Options staff may have a role to play here in helping people to consider the pros and cons of moving home.

Do you agree or disagree with point of major renovation as an appropriate trigger point for a property to meet the legally-binding standard?

We agree that the point of major renovation is an appropriate trigger for the legally binding standard and this will help to increase the number of homes that met the standard, especially as a significant number of homes will not come to market in the near future. However, clear guidance and enforcement will be needed to ensure compliance.

What is your view on how "major renovation" should be defined? Should the Energy Performance of Buildings Directive definition, as described in Annex B, be used? Please explain.

No comment

What do you think would be a fair and appropriate method to ensure compliance, if the legally-binding standard is not met? What type of penalty system would be appropriate? Please explain.

While we think that proactive communication, advice and support should be used to encourage compliance as far as possible, we agree with the need for a robust approach to compliance and that a financial penalty would be appropriate and would be consistent with enforcement of standards in the private rented sector.

Should a penalty for failing to comply with the standard be one-off or recurring?

As we set out in our previous response to consultation on minimum standards for the private rented sector, a one off financial penalty alone may not be enough to encourage compliance, especially if the penalty is significantly lower than the cost of carrying out the work.

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[Regulations](#) introduced for the private rented sector set a maximum limit of £5,000 fine for non-compliance but, crucially, this limit relates to each breach of the regulations. So, if a landlord was fined for not meeting minimum standards, and did not carry out the necessary work before letting the property to another tenant, they could be fined again up to a maximum £5,000.

A similar recurring or increasing fine should be considered to encourage compliance for home owners. However, we would like to stress that any financial penalty should be seen as a last resort following provision of advice, information and support for work to be carried out. Enforcement action should take individual circumstances into account.

At what level, approximately, should any penalty be set?

The financial penalty must be proportionate but also high enough to encourage compliance. If the penalty is significantly less than the cost of the work and no other enforcement measures are put in place, it will not be an effective deterrent. For consistency, we would suggest basing penalties on the enforcement model that will be used in the private rented sector.

Are there any particular groups of people who could be adversely affected, more than others, by enforcement processes and charges?

Owners who are asset rich and income poor, who have struggled to meet the cost of works would be further disadvantaged by a financial penalty. As set out above, advice, information and support should always be offered to encourage compliance, taking individual circumstances into account.

Which body or bodies should check if the standard has been complied with at the trigger point, and should be responsible for levying any penalty?

Local authorities would be well placed to check compliance and enforce minimum standards through financial penalties. However, any new duties for local authorities must be resourced.

Considering the information above and in Annex D, what are your views on the best way to approach cost effectiveness, taking into account the trade-offs between how easy to understand and how sophisticated different definitions are, and how the different definitions might affect the number of homes that actually achieve the EPC C standard?

An exemption for 'cost effectiveness' needs to be clear and must not be used as a loophole to avoid work being carried out. It would make sense for exemptions for homeowners to be similar to those already applied to private rented properties.

However, if the ultimate aim is to improve the condition of our homes to meet fuel poverty and climate change targets, the cost of improvements should not be a barrier. For those unable to

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pay, particularly those in fuel poverty, the Scottish Government will have to provide financial support. As a member of the Existing Homes Alliance we have called for a significant increase in the Scottish Government's budget for energy efficiency work to at least £240 million per year to ensure that statutory targets are met across all tenures and that those who are on low income, are fuel poor or who cannot afford improvements are not disadvantaged.

Other than technical feasibility and cost effectiveness, are there any other reasons why a homeowner may not be able to bring their property up to EPC C at point of sale or renovation, and would need to be given an exemption or abeyance? (For example, difficulties of getting permission from other owners for common parts of buildings.) Please explain.

We agree that consent and participation from other owners can be a barrier when work needs to be carried out on communal parts. However, introducing similar standards across all tenures should keep this to a minimum as all owners, whether owner occupiers, private or social landlords should be working to meet minimum standards.

If the owner had attempted but was unable to get work carried out before the deadline because of an issue with a contractor or the supply chain. Personal circumstances (such as illness, a family issue or financial difficulty) could also prevent the owner from meeting timescales.

The ability to improve homes in conservation areas and listed buildings must also be considered.

Do you agree or disagree that, even if a property can't fully meet the standard, it should be required to get as close as possible to it?

Yes.

Do you agree or disagree that any exemptions or abeyances from the standard should be time-limited?

We agree.

Which body or bodies should take decisions about granting abeyances? Should this be done at a local level or centrally at a national level?

Local authorities would be well placed to make decisions about granting abeyances with robust guidance to ensure some consistency across different areas. However, any new duties for local authorities must be resourced.

The SLWG on Assessment propose that any new assessment regime should exist on two levels, comprising both a mandatory asset-based assessment and an optional occupancy-

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based assessment. What are your views on this approach? Do you agree that an occupancy assessment should be optional? Are there specific inputs that should be included in both? Please explain your answer.

No comment.

The SLWG on Assessment propose that the output of the assessment should be a report with tailored recommendations that set a clear pathway to both regulatory compliance (i.e. EPC band C) and zero carbon. There are conflicts between meeting the EPC rating and zero carbon. What are your views on how this can be handled/mitigated? Please explain your answer.

No comment

The new assessment proposals from the SLWG on Assessment include more of an advisory role for the assessor. What are your views on the additional skills and training required to deliver this role? Are existing Domestic Energy Assessors best placed to provide the tailored recommendations? What risks and conflicts do you foresee and how would you propose to mitigate them? Please explain your answer.

No comment

The SLWG on Assessment propose that the tailored recommendations to improve energy efficiency and achieve zero carbon should consider the legal designation of buildings, obvious defects or condition issues, and local costings. Do you foresee any liability issues in this approach and if so, what suggestions do you have to mitigate them? Do you believe the inclusion of local costings to be practical and what are your thoughts on what level should be considered 'local'? Should the local cost of energy also be considered? Please explain your answer.

No comment

The SLWG on Assessment propose that the assessment should provide a theoretical indication of whether recommendations are technically feasible. Please provide your views on who should determine actual technical feasibility? Should this be a qualified installer or someone else? Please explain your answer.

No comment

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In your view, what are the most important considerations for homeowners who are required to meet the legally-binding standard, in relation to skills, supply chain, consumer protection and quality assurance?

Consumers must have confidence in every aspect of the process. From the introduction of new minimum standards, Scottish Government must send clear communications about why the new standards have been introduced, how they will be applied and how people can access independent advice and information. A one stop shop for advice and information about energy efficiency measures and the support available would be helpful.

It is essential that the public has confidence in the supply chain and tradespeople.

What are your views on how the Quality, Skills and Consumer Protection SLWG recommendations specifically have an impact on the owner occupied sector? Please explain.

We welcome the work being carried out by the SLWG and agree that quality assurance and consumer protection are vitally important. We welcome the suggestion that a full skills review will be necessary to ensure that training and qualifications for assessors are adequate or can be built upon.

We also support the suggestion of a Scottish Quality Mark but understand that this is still under development. Some key points for consideration will be:

- Consistency and skilling up of the workforce, ensuring smaller organisations and local tradespeople are aware of standards and able to contribute to the significant growth of energy efficiency work.
- Clear written guidance on the techniques and technologies applicable to common house types.
- A mechanism for checking the quality of work carried out.

In your opinion, is this the right range of Scottish Government financial support schemes? Are there any gaps, regarding either types of financial product or groups of people who may be excluded from being able to access products? Please explain your views.

We agree that funding should be focussed on those most in need but some flexibility should also be allowed to prevent those just outside of eligibility being excluded from financial support.

The provision of low or no cost loans is useful but some people may not be in a position to pay for work upfront and then make a claim. In these cases, upfront finance may be required.

Practical support alongside financial support may be particularly useful for owners in a shared building. For example, help with organising work if one or more of the other owners is reluctant to do so.

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Do you agree or disagree that grant funding from the public purse should be focused on households who are vulnerable or in fuel poverty? Please explain if you disagree.

We do think it is right that support should be targeted at those most in need. However, as mentioned above, those who fall just outside of eligibility may still require support and we believe that the Scottish Government must significantly increase funding for energy efficiency work if targets on fuel poverty and climate change are to be met.

In your opinion, what sources of non-government, private sector support are people most likely to want to access? (eg from banks, building societies, credit unions, mortgage providers)

No comment