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A minimum energy performance standard for existing private homes

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The benefits of ensuring warm, dry homes

Improving the energy performance of Scotland's existing homes presents massive opportunities – helping to eradicate fuel poverty and its associated mortality and health problems; stimulating green jobs and reducing greenhouse gas emissions. To realise these benefits, Scotland requires a package of measures – attractive finance through the Home Energy Efficiency Programmes and related incentives; the provision of free advice and support; and the introduction of a minimum energy performance standard for all private homes. This paper focusses on minimum standards.

What are we calling for?

The Alliance believes that the success of the Scottish Housing Quality Standard (SHQS) shows that energy performance standards can cut fuel poverty and transform cold, damp houses into warm, dry homes. A minimum standard should now be set for private homes so they can share these benefits.

The regulation should focus on upgrading the worst-performing homes where fuel poverty is concentrated, setting a minimum standard of 'E' band on the Energy Performance Certificate scale at the point of sale or rental. Consideration should also be given to applying the standard at the point of major refurbishment.

The standard should be applied from 2016, allowing sufficient advance notice for landlords and owner-occupiers. The regulation should establish a trajectory to increase the standard by 2020 so that it harmonises with the social housing energy efficiency standard in due course.

The Scottish Government is committed to consult by spring 2015 on draft regulations that would set minimum energy efficiency standards for private sector houses, with a lead-in time to the introduction of any regulation. The Alliance is represented on the government's Regulation of Energy Efficiency in Private Sector Homes (REEPS) working group, along with representatives of consumer interest groups, local authorities, private sector landlords and the Fuel Poverty Forum.

Why is regulation needed?

We believe the Scottish Government's fuel poverty and climate change targets will be missed without minimum standards. While energy performance in Scottish households is getting better and helping to alleviate fuel poverty, not all households are benefitting from these improvements. In fact, the poorest and coldest housing, where fuel poverty is at its worst, is lagging behind, with little or no improvement since 2010. And the situation is getting worse – rates of fuel poverty are going up in these poorly rated homes – now at 79% - while they are going down elsewhere.

Who would benefit?

We believe the standard should be focussed on the worst performing houses – those rated F&G – because fuel poverty is concentrated in these households, and very cost-effective upgrades can be made easily. This would affect just 5% of Scotland's households over time, or about 120,000 dwellings.

The majority of the poorest rated homes are in rural, off-gas grid communities. Therefore it may be that some consideration needs to particularly 'expensive-to-treat' homes. Other factors such as building conservation will also need to be considered. However, the principle should be that every F & G property is improved, with the over-arching aim of ending fuel poverty must be borne in mind.

How much would it cost?

A recent study published by the UKGBC[1] using a sample of 3000 properties in England rated F or G found that:

- The average cost of reaching band "E" was only £1,421 per home
- The average annual energy bill saving by reaching band "E" was £409 per year
- More than 70 per cent of the properties were able to reach band "E" for less than £1,000.

This shows a very good return on investment and in many cases, these measures could be supported through the Scottish Government's Home Energy Efficiency Programmes or other UK incentive schemes.

Previous research by the Scottish Government (2011) found the median cost of upgrade to a D band (higher than what we recommend) would be £1,000, with median annual fuel bill savings of £140 giving average payback periods of less than 10 years.[2]

Protecting vulnerable consumers

It is essential that appropriate mechanisms, safeguards and support are put in place to ensure that regulation does not adversely affect disadvantaged groups. Specific support and finance should be made available to ensure vulnerable consumers do not become trapped in their own homes, unable to afford the required upgrades. In addition to this we suggest householders should be able to pass the requirement to upgrade the energy performance on to the purchaser of the property, with a requirement that the works are completed within, say, 12 months of purchase.

Enforcement

Local authorities are likely to have a role to play and this will require resources. Existing processes such as conveyancing and landlord registration could be used to assist with implementation and reduce actual enforcement action. We expect that few people would have to be regulated because the foreshadowing of regulation with drive a market transformation in energy upgrades.

Conclusion

The Alliance will continue to work with all stakeholders on the development of fair and effective energy performance standards for the private housing sector so all homeowners and tenants can enjoy the benefits of warm and affordable housing.

The Existing Homes Alliance Scotland (ExHAS) is a coalition of environmental, anti-poverty, consumer, and housing organisations who believe that urgent action is required to transform Scotland's existing housing stock in order to help tackle both fuel poverty and climate change.

For a more detailed FAQ on minimum standards go to www.existinghomesalliancescotland.co.uk.
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[1] Analysis for UKGBC and WWF: achieving minimum EPC standards in housing (2014)
http://www.ukgbc.org/resources/publication/analysis-wwf-and-uk-gbc-achieving-minimum-epc-standards-housing
[2] Impacts of options for regulating energy efficiency standards in the domestic sector, Scottish Government, 2011
http://www.scotland.gov.uk/Resource/Doc/347170/0115563.pdf