

## **Response to Building Standards Review of Energy Regulations - Call for Evidence**

**13 September 2018**

### **Please provide a brief description of the topic you wish to provide feedback on.**

The use of building regulations in the existing housing stock to achieve climate change and fuel poverty targets - and specifically to align with the Energy Efficient Scotland Route Map.

Thus, this response will focus on the application of standards to “existing buildings where relevant construction work is to be carried out and buildings being converted.”

### **Your commentary**

### **Please provide full details about the aspect of the 2015 energy standards that you are providing feedback on.**

#### **Priority for existing stock**

Most of the focus of this call for evidence is on the application to regulations to new build properties. However, as 85% of the housing stock we have today will still be with us in 2050, there is an urgent need to tackle its energy performance and to apply improved standards to existing homes.

The Energy Efficient Scotland Route Map has set or proposed standards for all tenures which mean there will be increased attention on energy upgrades. Regulation has role to play, alongside incentives, in achieving these standards. The current Route Map introduces regulation for the Private Rented Sector at the point of change of lease and will consider regulations for the owner/occupied sector in the future.

Therefore, we welcome the following bullet point in the list of topics for the proposed scope of the review of energy standards: to be considered:

- Achieving further carbon abatement from existing buildings – to support broader Scottish Government policy objectives, reviewing guidance on work to existing buildings to give more comprehensive information to support other drivers for the renovation of our existing stock.

However, we note that this is only one of eight bullet points, which could indicate the lack of development of how building regulations applied to existing buildings can help achieve climate change fuel poverty targets.

#### **Additional triggers for standards:**

To help ensure climate change and fuel poverty targets are achieved, we believe that regulations should also apply in the following circumstances:

- Standards should be introduced as consequential improvements. This is a common approach in the construction sector, under which significant improvement works, such

as those requiring planning permission, would also trigger a need to assess and if necessary upgrade energy efficiency.

- Similarly, standards should be introduced as a condition of accessing public funding to upgrade a house, whether or not planning permission is required.
- The introduction of standards should be accompanied by appropriate advice and incentives

### **What do we mean by consequential improvements?**

Consequential improvements are requirements for upgrading the energy performance of the whole house at the same time as undertaking significant building improvements to existing buildings. At a basic level, it is something of a quid pro quo, the likes of which are common in building regulations. The idea is that if you're doing something fundamental to your house that increases its energy consumption, you should do something that redresses the balance – such as improve the insulation, upgrade an old boiler or add better heating controls.

During major refurbishment, it is a sensible time to require energy efficiency improvements as it is often easier and less expensive to implement. This represents a considerable opportunity - over one in 10 UK homeowners invested in major refurbishments in 2014 – so using this trigger could potentially affect 2 million homes in the UK each year<sup>1</sup>.

#### *Sustainable Housing Strategy consultation*

While dated, the consultation on the Sustainable Housing Strategy (2012) is relevant here. The following question was asked under the 'role of standards' section: "*Q29 Should we consider additional trigger points to point of sale or rental? If so, what?*" (we are not aware of other consultations – particularly those related to Energy Efficient Scotland – formerly Scottish Energy Efficiency Programme – asking this question).

The analysis of responses showed that of those that answered this question (73%), over half (61%) said yes. The most common trigger suggested was building work, as follows:

- applications for building warrant, including any request for building warrant or planned improvement and work subject to building control.
- only building warrants for major works.
- major building work - including renovation, extension, roof conversion, fitting of bathroom, kitchen, internal structural work, re-roofing; extensions, extensions or alterations to improve, major structural repairs; refurbishment / renewal / rehabilitation.

Other suggestions included boiler replacement, window replacement; local authority action not specifically triggered by energy efficiency; application for planning consent; adaptation for accessibility (with extra funding); mixed tenure repairs; at periodic intervals in the life of EPC; at point of purchase; building MOT inspection; application for grant assistance.

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<sup>1</sup> RAP and ACE, Buildings and the 5<sup>th</sup> Carbon Budget (2016)

All of these suggestions are relevant to the proposed scope of the review of energy standards and should be considered as possible triggers for introducing standards.

The following comments were also made:

- need to communicate any proposal effectively to avoid problems of 'conservatory tax' proposal in England which was abandoned.
- energy efficiency regulation at the time of extensions could be attractive to homeowners if incentives for the measures were available, particularly if it saved double costs, such as scaffolding.
- continuous promotion of the benefits of improvements and availability of incentives could increase take up between point of sale and rental events, avoiding such events becoming critical due to unplanned expenditure.
- Light touch consequential improvements provisions were introduced in the 2010 revision of building regulations and it was suggested that a review of the impact of these provisions should inform future deliberations.
- Any requirement for improving energy efficiency should not be a disincentive to undertaking home improvements as this would damage the building industry.

### **Condition of improvement grants**

We believe that if a landlord or homeowner is in receipt of a grant for improvement works (eg for bringing empty homes back to the market, conservation buildings) there should be a requirement to reach a minimum energy performance standard, and the grant should reflect this cost. This ensures that the impact of public investment is maximised to achieve multiple policy objectives.

### **Impact of 2015 energy standards – consequential improvements.**

We are aware that 2010 regulations introduced insulation standards encouraged upgrading of wall and roof insulation in existing homes where other building work is proposed (not a consequential improvement exactly). In the review of regulations for October 2015, there were no proposals to extend this provision further except improving 'column a' U-values.

We have suggested several times that the impact of this provision should be evaluated, to assess alignment with government ambitions to reduce climate emissions and fuel poverty. The current rate of improvement of the existing housing stock is not sufficient to meet the targets set out in the Energy Efficient Scotland Route Map. According to the latest figures, only 39% of the housing stock is at EPC C (or above), which is the expected long term standard for all buildings. This means approximately 1.5 million homes need energy upgrades in the next 20 years. Regulation of the Private Rented Sector will help, but this is only 15% of the housing stock. Therefore, the use of other triggers, such as point of major refurbishment, must also be used as a driver for energy upgrades.

## Supporting information or evidence

### International experience

There is significant experience of using major refurbishment as a trigger for broader energy efficiency in Europe. These are a few examples:

**Germany:** A minimum standard applies to existing homes for any significant refurbishment. Major changes to the building envelope (e.g. roof, exterior walls, windows) must result in 30% increases in energy efficiency, and the envelope must be 15% better insulated. Heating, hot water, ventilation, shading, cooling systems must be upgraded to include energy efficient, and/or renewable technologies (e.g. solar thermal).

**Denmark:** Building codes for existing buildings apply when the building undergoes a major renovation or when replacing components such as roofs, windows, or heating supply. The building codes aim to 'future-proof' minimum efficiency standards for building components – for example a voluntary labelling system for windows on a scale of A to C, with C being the mandatory standard. To move towards renewable forms of heating, there is a ban on installing oil furnaces in existing buildings from 2017 and a ban on installing oil and natural gas furnaces in new buildings from 2012 with some derogations allowed.

**Netherlands:** Legislation has been introduced to give everyone a right to a heating connection, but no longer a right to connect to the gas grid. New houses will no longer be connected to the gas grid, and existing homes will gradually be disconnected at a rate of 30,000-50,000 per year to 2021, and then accelerated to 200,000 per year.

### Conclusion

The Alliance strongly recommends the review of the energy standards give significant priority to existing homes, reflecting its dominance in the housing stock – and therefore its influence on meeting Scottish policy objectives on fuel poverty, health, inequalities and climate change.

The trigger of major refurbishment provides a significant driver to encourage energy upgrades. Previous consultations have shown support for this approach, as it is a sensible and cost-effective time for homeowners and landlords to consider and undertake these improvements. This would not be an alternative to the regulation of a minimum standard, but a supporting mechanism to drive improvements across the housing stock.

It would also be worthwhile to consider the provision of public funding and/or local authority action on repairs as a trigger for applying a minimum standard.