

# Consultation Response

## Conserve and Save: A Consultation on the Energy Efficiency Action Plan for Scotland

From the Shelter policy library

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# Shelter

## Introduction

Shelter Scotland campaigns for decent housing for all in Scotland. An energy efficient housing stock is vital not only to reduce greenhouse gas emissions in line with the Climate Change (Scotland) Act 2009, but also to help tackle fuel poverty and to ensure that Scottish housing is warm and comfortable for all households.

Shelter considers that there are 4 key principles that should inform policy in relation to promoting energy efficiency in the housing stock:

- As far as practical, Scottish housing should make a proportionate contribution to the national greenhouse gas reduction targets.
- Financial support should be targeted at vulnerable and disadvantaged households in fuel poverty who, in the absence of substantial changes in energy efficiency, may need to increase their fuel consumption to achieve satisfactory levels of comfort and warmth.
- Resources for new building in the social rented sector should not be diverted to help private owners and landlords who are well able to fund the necessary improvements from their own resources.
- The use of regulation to achieve energy efficiency targets needs to be implemented with considerable care to ensure public support and taking into account the wide variety of types of housing found in Scotland.

As our specific interest is in energy efficiency in the residential sector, we have focussed on the questions in chapters 6 and 7 of the consultation paper taking into account the partial regulatory impact assessments set out in Annex A. We have used the question numbering set out in Annex B.

## Responses to consultation questions

### **Q8. Key concerns for SG to consider when developing action on energy efficiency in housing**

Our views on the key concerns are set out above. The data on energy efficiency across type, age, tenure and location presented in para 6.14 should certainly be taken into account in developing policy, but they should not be the only determinants in developing policy and shaping priorities. In particular, policy priorities also need to reflect the need to protect vulnerable groups and to continue to enhance standards in the social rented sector (where many of the most vulnerable households are to be found) even though average levels of energy efficiency are higher in that sector. Demolition of hard to treat

buildings should only be considered in exceptional circumstances and take account of the social consequences and carbon impacts of replacing existing housing.

**Q9. Key issues the SG should consider in the design and location of new housing and the maintenance and improvement of the existing stock to ensure that they are adapted to future climatic conditions.**

In addition to maximising the energy efficiency of the stock, the aim should be to minimise the risk of flooding and storm damage. Where feasible, micro renewable energy initiatives and combined heat and power and district heating schemes should also be promoted.

**Q10. With regard to traditional and historic buildings, what are the most important energy efficiency issues?**

The aim should be to encourage appropriate energy efficiency measures which protect the integrity of traditional and historic buildings. The work of Historic Scotland in this area is to be commended and they should be encouraged and funded to undertake further research and advisory work with other partner organisations. There will also be a need for demonstration projects, both to trial the measures themselves and also to encourage co-operative projects in multi occupied properties. There may also be a need to recognise that traditional buildings cannot easily achieve the temperatures which modern buildings are designed to achieve and this needs to be recognised in allocation policies (in socially rented housing), assistance with fuel costs for certain households and advice on other ways of keeping warm.

**Q11. What is the right balance in funding between Government, landlords and individual households?**

Our view on this is summarised in our introductory comments. Broadly speaking we consider that Government assistance (either in the form of grants, cheap loans or help with increased rents) should be targeted at low income households, particularly those affected by fuel poverty. The assumption that private owners who are able to pay will invest or borrow to undertake significant work is reasonable and it is also reasonable to expect landlords to fund the work from their own resources and recover costs, if necessary, through increased rents.

**Qs 12 and 13. What policies should be taken forward to meet climate change objectives for housing/priorities for expansion of existing programmes?**

The following policies need to be promoted:

- An integration of the multiplicity of existing incentive schemes taking account of their relative effectiveness.

- Honest and comprehensive advice to owners on the scale of what is required, the technical efficiency of the measures and their cost.
- Quality controls on suppliers of energy efficiency measures.
- A regulatory framework takes account of indirect and adverse consequences.
- Transparency in relation to costs which argues against hidden costs utility bills.

**Q14 What research and/or consultation needs to be undertaken to determine whether or not the existing Energy Report/EPC regime would be a sufficient basis for regulation?**

This is essentially a technical question but, in our view, such research should include:

- work to identify the nature of the assessment required to give comprehensive and accurate information on feasible measures in the range of Scottish residential buildings; the costs and benefits of such measures and the cost of the assessments themselves;
- a comparison for a sample of houses of energy assessments undertaken linked to the EPC regime with those using a more sophisticated assessment tool as developed in line with bullet point 1 above;
- research to clarify whether it is possible to identify a list of cost effective measures which would be potentially relevant for distinct types of housing or if it is necessary to use a comprehensive assessment in each case.

**Qs 15 and 16 Targeting regulatory requirements**

In our view, enforcement is the most problematic aspect of any system of regulation in this area, especially if this regulation is not backed up with financial incentives. Unless a viable system of enforcement can be identified, then the regulations will quickly become discredited. Our comments on targeting reflect this concern.

We consider that it would be impractical to require all houses to be assessed and brought up to standard by a specified date. If the date was reasonably proximate, this would create considerable administrative and enforcement problems together with an excess and inflationary demand for assessors and building firms capable of undertaking the work. If the date is set too far off – say in 10 years time – then this will simply encourage delay. Either way, the regulations are likely to become discredited.

There are 2 possible approaches which need to be considered further:

- Targeting by area with those areas likely to offer opportunities for cost effective improvements designated first. There would need to be a clear, legislative and administrative basis for designation and if the objective is to cover all (or almost all) housing or private sector housing in Scotland then this would still be a massive task.
- Introducing requirements at the point at which a house is sold or relet. This would have the advantage of making the enforcement process “easier”, but it could delay sales and discourage new lets. It would also be impossible to require works which need to be implemented jointly by, for example, owners of a multi –occupied block of housing.

It might be possible to combine these approaches by introducing the requirements before a house is sold or relet in designated areas with the number of designated areas being increased over time.

Although there is a logic to imposing requirements on the privately rented sector in advance of the owner-occupied sector since private landlords may not be incentivised to undertake works in houses which they do not intend to occupy, it is difficult to see how regulations could be introduced on this basis. In particular, the issues of prioritising within the owner occupied sector which contains the bulk of the stock would remain. Since privately rented houses turn over relatively rapidly, they would, in effect, be prioritised by the second approach described above. It would also be possible to identify areas for priority designation, if that approach is selected, by selecting areas with a significant proportion of privately rented dwellings.

Consideration also needs to be given to the social rented sector. Our initial view is that this should not be included in this system of regulation and instead standards should be imposed through revisions to the Scottish Housing Quality standard and enforced through the housing regulator.

### **Qs17 and 18 Energy Efficiency Standards**

Our preference would be to require owners to undertake cost effective improvements identified in the agreed energy performance assessment for the house in question. The emphasis should be on cost effective measures which pay for themselves in a reasonable period of time e.g. within 10 years or a similar period, since this will be crucial in obtaining public support.

In practice there may be a menu of potentially cost effective measures for specific types of houses which could be publicised and may help to simplify the assessments required.  
(See answer to Q14 above)

**Q19 Which type of organisation should manage delivery?**

Local authorities would be the obvious body to undertake this task, but they would need considerable additional resources and specialist skills to undertake it satisfactorily.

**Q20 When should regulatory standards be introduced?**

There needs to be a significant lead in time to ensure that the arrangements are well thought through, piloted and publicised.

**Q21 Should the SG introduce regulation in a way that maximises CERT investment**

The SG should take account of the implications for CERT funding and seek to influence the rules for CERT funding to ensure that this is not prejudiced. But it is unlikely that CERT funding, at present levels, will make a substantial contribution to meeting the SG's very ambitious targets.

**Q22 Support for low income and/or vulnerable households**

There should be a transparent and effective system of support for low income and vulnerable owners and tenants which includes both financial assistance for relevant owners and advice and assistance for owners and tenants who might be considered to be vulnerable by virtue of age, disability or other factors.

**Qs 23, 24 and 25 The Privately Rented Sector**

Our views on Q23 are set out above in response to the question on targeting (Qs15 and 16, penultimate paragraph of our response).

We have been involved in some dialogue about the efficacy of introducing a minimum energy efficiency standard in the private rented sector via the repairing standard. The attraction of this is that it builds on an existing statutory commitment and on an existing enforcement mechanism (the Private Rented Housing Panel). However, we tend to agree that this is not an effective mechanism for introducing regulation in the privately rented sector for the reasons given in paras 7.60 to 7.62 of the Consultation Paper and that it would be preferable to use the powers in the Climate Change Act.

Nevertheless, we suggest that further thought needs to be given to ways of involving tenants in the process of improving energy efficiency in the PRS. For example, tenants could have a right to be consulted before specific works are specified and, in certain cases, tenants may wish to undertake works themselves, with the agreement of landlords, and recover costs from the landlord together with any grants or assistance to which they are entitled.