Citizens Advice consultation response: Reforms to the Energy Performance of Buildings regime



Citizens Advice February 2025

About us

We can all face problems that seem complicated or intimidating. At Citizens Advice we believe no one should have to face these problems without good quality, independent advice. We give people the knowledge and the confidence they need to find their way forward - whoever they are, and whatever their problem.

We provide support in approximately 1,900 locations across England, Wales and the Channel Islands. Our service is delivered by around 19,000 volunteers and 9,800 colleagues.

Through our advocacy work we aim to improve the policies and practices that affect people's lives. No one else sees so many people with so many different kinds of problems, and that gives us a unique insight into the challenges people are facing today.

Executive summary

Citizens Advice welcomes the opportunity to respond to this consultation on reforms to the Energy Performance of Buildings regime. Energy Performance Certificates (EPCs) are a key tool for consumers who want to improve the energy performance of their homes. But they are also increasingly the foundation for broader policies to address fuel poverty and meet our net zero goals. **It is essential that EPCs are meaningful, accurate and useful for the households and policymakers that rely on them.**

Millions of homes across the UK are energy inefficient, leaving households paying higher energy bills to live in cold and unhealthy properties. Our research has found that 3 in 10 (30%) say they find it difficult to afford their energy bills - equivalent to over 8 million households.¹ But upgrading all inefficient homes in Great Britain to EPC C (using the current rating system) would create £23.8 billion in consumer bill savings by 2030, as well as preventing 6,000 excess winter deaths per year and stopping 670,000 children from developing asthma over the same period - saving the NHS £2 billion.² Improving the energy performance of our homes is vital. **EPCs must function as a clear, useful measure of energy performance, prioritising changes that will cut consumers' bills and improve their comfort at home.** This is key to persuading households to implement recommendations voluntarily and supporting policies to combat fuel poverty.

We support an increased level of information for consumers to give them a more holistic view of the energy performance of their homes. But moving to a system of multiple metrics risks making EPCs too complex for consumers to engage with easily. **Consumer testing will be essential to make sure new metrics don't cause confusion.** We are also concerned at the potential for contradiction between metrics, particularly heating system metrics. **Energy cost and fabric performance must be prioritised, particularly for schemes and standards that are designed to combat fuel poverty.** Further metrics must be carefully designed to avoid incentivising changes that could increase consumers' bills - particularly in the private rented sector.

We support a move to a **5-year validity period** to improve accuracy while minimising burdens on households. We also **strongly support proposals for improved requirements in the private rented sector**, including requiring valid EPCs throughout tenancies and expanding EPC requirements to houses in multiple occupation (HMOs).

¹ Citizens Advice (2025), <u>Frozen in place: Why we need urgent action to address energy</u> <u>affordability</u>

² Citizens Advice (2023), <u>Home Advantage: Unlocking the benefits of energy efficiency</u>

Finally, **quality control and monitoring must be a key focus of a future EPC regime**. Changes to the format of EPCs will only deliver the intended results if consumers trust their EPCs to be an accurate reflection of their properties.

We have chosen to share an overall response to the proposal to move to multiple metrics, followed by responses to questions relevant to our expertise. Our responses to all consultation questions regard **domestic buildings only**. Our response is non-confidential and can be published on your website.

What EPCs measure

Response to proposal to move to multiple metrics

EPCs are not only a key tool for informing individual consumers about how to improve the energy performance of their homes, or to help them make decisions about buying or renting a property. They also form the foundation of key policies to boost energy efficiency standards more widely:

- In targets for tackling fuel poverty and climate change
- As eligibility criteria for energy home improvement schemes
- Setting minimum energy efficiency standards for private rented homes

Balancing information and clarity

We welcome the introduction of additional metrics to increase the accuracy and usefulness of EPCs to consumers. There is value in providing consumers with a more holistic view of their properties and the changes they could make, including more information about their home's smart readiness and heating system. But it's vital to ensure that consumers are not overwhelmed by information, and are supported to stay warmer and cut their bills. As a result, energy cost and fabric performance must be the most important metrics to focus on as headlines.

Although the accuracy and usability of EPCs could be improved, the current A-G system is intuitive.³ Recent Citizens Advice research found that 76% of people who have read their EPC say it's easy to understand.⁴ Though consumers may gain a more detailed understanding of their home's energy performance from the introduction of multiple metrics, it's important to balance the value of extra information with the risk of sacrificing clarity. If a separate A-G grading is attached to each metric proposed, there is a risk that the level of information could be overwhelming for consumers.

Citizens Advice strongly supports commitments for user testing of the proposed metrics and their presentation. Consumer testing will be essential to ensure that EPCs are

³ Citizens Advice (2018), <u>Energy Performance Certificates in Buildings: Citizens Advice response to</u> <u>Call for Evidence from BEIS and MHCLG</u>

⁴ Polling from an online, nationally-representative poll of 2014 GB energy bill paying adults conducted by Yonder Data Solutions for Citizens Advice. Fieldwork was conducted between the 26th and 30th of January 2025.

presented in a way that is useful to consumers. Any user testing should consider how EPCs can deliver simple and straightforward headlines. This should include clear steps that consumers can take to improve their energy performance, the option to explore metrics in further depth where needed, and signposting to further support.

Prioritising metrics

The Government should consider the priority of metrics given the possibility that displaying four headlines may make EPCs hard to understand. While the Government wants to move away from Energy Cost (EER) being the sole metric for EPCs, financial motivations and barriers remain central to voluntary implementation of energy efficiency improvements.⁵ If prioritisation is needed, then cost and fabric performance should be the headline metrics. Information on cutting energy costs can drive voluntary uptake of measures for homeowners, while fabric performance is key to addressing fuel poverty and making homes warmer and safer. Additional information about heating and smart readiness, as well as further background about carbon and energy use, could be included as secondary metrics.

Our latest research shows that reducing energy bills and increasing warmth and comfort are the most common motivators for making energy efficiency improvements - approximately twice as many chose reducing energy bills as a motivator than climate impact.⁶ It is clear that energy cost is a key incentive for driving the voluntary uptake of EPC recommendations.

We also support a fabric first approach to home retrofit, like other consumer-focused organisations. Fabric changes deliver concrete improvements that aren't dependent on external policy contexts. They can make homes warmer and more resilient to bill shocks, while offering tangible climate benefits that do not rely on the decarbonisation of the grid supply. Fabric improvements are also vital for preparing homes for low carbon heating, as installing low carbon heating systems like heat pumps without insulating homes first can lead to higher bills and colder homes.

Managing contradictory metrics

It is also possible that some metrics could contradict each other. While well designed and installed heat pumps in insulated homes can save some consumers money, in other cases installing a heat pump can lead to higher energy bills due to high electricity costs and factors such as the system design. This means that installing a heat pump

⁵ Citizens Advice (2023), <u>Demand: Net Zero</u>

⁶ Forthcoming Citizens Advice report on retrofit affordability for homeowners

could improve the rating for the proposed heating system metric but increase costs for the occupant. Contradictory metrics can be confusing for consumers, particularly if they are prioritising which measures to make with limited funding.

We are also concerned that the proposed design of a ranking system could incentivise installing direct electric heating systems such as storage heaters, which have the potential to be low carbon but are inefficient and expensive for consumers to run. This could have adverse effects on occupiers, especially private tenants with little to no control over their property's heating system.

For these metrics to be useful to policy makers, choice of metric used must relate to the relevant policy goal. For instance, fabric performance must be a key metric for policies aimed at addressing fuel poverty and boosting standards in the home, including updated minimum energy efficiency standards (MEES) for the private rented sector. This will ensure that fuel poor households are supported to make fabric changes that will permanently lower their bills, and avoid raising households' costs by installing low carbon heating systems in homes that are poorly insulated.

Energy cost metric

Question 1: To what extent do you agree or disagree that information using an energy cost metric should be displayed on EPCs? If you wish, please explain your reasoning, and provide any evidence to support your view.

- Strongly disagree
- Disagree
- □ Neither agree nor disagree
- □ Agree
- ✓ Strongly agree

We strongly agree that information on energy cost should be displayed on EPCs for domestic buildings, as a headline metric. Along with fabric performance, information on energy cost should be given priority over information about a building's smart readiness or heating system.

The cost of heating energy inefficient homes results in poor health and financial outcomes for consumers. Government statistics show that over 3 million households were in fuel poverty in England in 2023, meaning they couldn't heat their homes to an

adequate level without falling into poverty. And 8.9 million households would need to spend more than 10% of their income after housing costs to heat their homes properly.⁷

At Citizens Advice we see first-hand the impact of high energy prices and high levels of fuel poverty in our clients. In 2024 our advisers helped more than 90,000 people with energy debts, more than any other year on record.⁸ And recent Citizens Advice research found that 3 in 10 (30%) say they find it difficult to afford their energy bills - equivalent to over 8 million households. This can lead to serious harm, with nearly two thirds (63%) of people in energy debt saying that they had had to ration their energy, including switching off or turning down their heating or water, in the past year.⁹ Prices look unlikely to return to pre-crisis levels in the near future, and the average bill under the price cap will increase by £111 to £1,849 from April 2025 - with another rise possible in July.¹⁰ This makes it all the more urgent to improve the energy efficiency of the UK's housing stock and bring down bills.

Our research has found that upgrading all inefficient homes in Great Britain to EPC C (using the current rating system) would create £23.8 billion in consumer energy bill savings. It would also have key health benefits, preventing 6,000 excess winter deaths per year and stopping 670,000 children from developing asthma by 2030 - saving the NHS £2 billion by 2030.¹¹

Reducing fuel poverty is a key priority for the Government. And reducing energy costs is also a priority for consumers. Research we conducted in 2024 shows that reducing energy bills is the most common motivation for making energy efficiency improvements, alongside improving warmth and comfort. Saving money on bills (61%) is the biggest motivation for those interested in making home improvements.¹² Helping consumers understand how different measures could save them money is key to persuading them to take action to improve the energy performance of their homes.

Fabric performance metric

 ⁷ Department for Energy Security and Net Zero (2024), <u>Annual fuel poverty statistics report: 2024</u>
 ⁸ Citizens Advice (2025), <u>Frozen in place: Why we need urgent action to address energy</u>

affordability

⁹ Ibid

¹⁰ Ibid

¹¹ Citizens Advice (2023), <u>Home Advantage: Unlocking the benefits of energy efficiency</u>

¹² Forthcoming Citizens Advice report on homeowner attitudes to energy efficiency measures

Question 2: To what extent do you agree or disagree that information derived from a fabric performance metric should be displayed on EPCs? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- Agree
- Strongly agree

We strongly agree that information derived from a fabric performance metric should be displayed on EPCs as a headline metric. Along with savings on energy bills, improving warmth and comfort is a key motivator for consumers who make changes to their homes. A fabric performance metric would help consumers understand measures that would improve their thermal comfort and wellbeing within the home.

Like other charities and consumer organisations, we support a <u>fabric first approach</u> to decarbonising heat in homes that prioritises improving energy efficiency before installing low carbon heating. As we explore in our overall response to the proposed metrics, fabric changes deliver concrete improvements that are not dependent on external factors and are vital to prepare homes for new heating systems.

Fabric performance as well as energy cost should be the main metric for policies and schemes that aim to reduce bills and tackle fuel poverty. These include requirements for minimum energy efficiency standards (MEES) in the private rented sector.

Heating System Metric

Question 4: To what extent do you agree or disagree that information based on a heating system metric should be displayed on EPCs?

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- Agree, with appropriate design and safeguards please see full response below
- □ Strongly agree

We agree that information about the efficiency and environmental impact of property heating systems should be displayed on EPCs. However as explored above, the heating metric could contradict the energy cost metric, creating confusion for consumers and possibly leading to higher energy bills. The Government must carefully consider where it is appropriate to use a heating system metric.

We are also concerned that a heating system metric that uses a ranking system as proposed in this consultation could have unintended consequences for consumers. Depending on the final design of the heating system metric, for instance how environmental impact and efficiency will be balanced, there is a risk that high-cost direct electric heating systems could be incentivised. We strongly recommend consumer testing of this metric, and we explore the appropriate design of a heating system metric further in our response to Question 5.

Deciding on a heating system also depends on different factors and can require preparatory work on the home. Consumers will need tailored, independent advice to make this decision. While an EPC can't provide this level of support, it should signpost consumers to other sources of advice. This requires further policy change to ensure that good quality, independent advice is available to consumers looking to retrofit their homes.

Question 5: What are your views on the design principles and the scope for a Heating System metric? Please provide evidence where possible.

Any heating system metric must be carefully designed to avoid perverse outcomes for consumers. We are particularly concerned that the Government's proposals around ranking heating systems could incentivise the installation of inefficient and expensive heating systems like storage heaters. The Government has suggested that a well-designed metric could place efficient low carbon heating systems like heat pumps at the top, fossil fuels at the bottom, and energy intensive but potentially low carbon heating in the middle. We agree that any heating system metric should consider the efficiency of the system as well as its carbon intensity. But the Government's proposed ranking structure suggests that systems such as direct electric heating could be seen as an attractive "middle ground" between heat pumps and fossil fuels, particularly as the cost of installing systems like storage heaters is significantly lower than installing a heat pump.

But inefficient electric heating systems like storage heaters are far more expensive to run than more efficient systems. This means that installing direct electric heating could improve a home's heating system score but increase bills, especially in poorly insulated properties. This could be particularly problematic in the private rental sector, where landlords might be tempted to choose options that are <u>cheaper to install</u> and improve elements of their EPC score but that leave tenants facing higher energy bills. Our research has shown that those with inefficient legacy systems pay far higher energy costs and are disproportionately likely to be private tenants, who have very little control over their property's heating system.¹³

Ravi lives in a privately rented home heated by electric storage heaters that are expensive to run. The property has an EPC rating of E and extensive mould, which is aggravating his long-term medical conditions. Unsure where to turn next for help, Ravi contacted Citizens Advice for support.

Switching from a gas boiler to direct electric heating could also disqualify households from receiving some forms of support to install a heat pump in the future, as schemes such as the Boiler Upgrade Scheme (BUS) are only open to those switching away to fossil fuels. This risks leaving households trapped on expensive direct electric heating systems. Wherever possible, households should be supported to switch from fossil fuels directly to efficient systems like heat pumps, with appropriate insulation work, rather than legacy electric heating systems.

Though we see the value of offering consumers clear guidance and information about low carbon heating options, we are also wary of overloading consumers with information that in some cases may be contradictory. And while distinguishing between the efficiency levels of systems within the same category could provide a useful and nuanced view, it will be important to consider how to make sure that a ranking system is useful and doesn't become outdated over the course of the life of the EPC particularly for developing technologies.

Although this information is valuable, any heating system metric should not be used as a primary metric for policies or schemes designed to reduce fuel poverty. We note that the Government's recently published consultation into higher minimum energy efficiency standards for the private rented sector proposes that the heating system metric could be a secondary measure of the new standards.¹⁴ It is essential that this is designed carefully to ensure that homes are appropriately insulated before new heating systems are considered, so that tenants aren't left with higher bills due to moving to electric heating systems in a poorly insulated property. We support proposals that fabric performance should remain the primary metric to guard against this, with landlords

¹³ Citizens Advice (2023), <u>A cold reality: The hidden cost of living with electric heating</u>

¹⁴ Department for Energy Security and Net Zero (2025), <u>Improving the energy performance of</u> <u>privately rented homes: 2025 update</u>

required to reach an appropriate standard of fabric performance before considering other metrics.

But there remains a risk that even a secondary metric for heating systems could lead to adverse effects for tenants if this metric isn't well-designed. A secondary heating system metric based on the type of ranking system proposed in this consultation could result in landlords installing systems like storage heaters in order to boost their heating system score. The level of risk will depend on the value of a direct electric heating system within the final ranking system, but it appears that switching from a gas boiler to a storage heater would improve a home's heating system score under current proposals.

Technologies like storage heaters are significantly cheaper for landlords to install than more efficient low carbon options such as heat pumps - and could become particularly attractive in a MEES context where the proposed £15,000 cost cap may not cover the cost of both fabric measures and a heat pump. But installing storage heaters would leave tenants with an inefficient heating system and potentially higher bills. Insulating a property but simultaneously switching to a more inefficient heating system could reduce or even cancel out the financial benefits of improved energy efficiency.

Smart readiness metric

Question 6: To what extent do you agree or disagree that information based on a smart readiness metric should be displayed on EPCs?

- Strongly disagree
- Disagree
- □ Neither agree nor disagree
- ☑ Agree, with appropriate design and safeguards please see evidence below
- Strongly agree

We agree that information about the smart readiness of properties should be displayed on EPCs for both domestic and non-domestic buildings, if the metric is carefully designed. The Clean Power 2030 targets for flexible demand are ambitious, with a four-to-fivefold increase in demand flexibility required over the next 6 years.¹⁵ A smart readiness indicator could support this by placing value on and introducing incentives for more smart-ready buildings. At a future stage, we also think that there could be value in introducing a smart readiness metric for the non-domestic sector. The non-domestic

¹⁵ DESNZ (2024) <u>Clean Power 2030 Action Plan</u>

sector has the potential to provide a significant proportion of flexibility.¹⁶ By introducing a smart readiness metric for the non-domestic sector, the government can help provide incentives for the sector to become smarter and provide more flexibility to the grid.

However, we would be in favour of making smart readiness a secondary metric along with the heating metric. We are concerned that making smart readiness part of the headline metrics could be confusing for consumers and detract from the main focus of the EPC.

It is also worth considering the value of a smart readiness metric in the context of the current smart meter rollout. While 65% of domestic meters are now smart meters,¹⁷ and most people with smart meters are satisfied with them,¹⁸ some aspects of the consumer experiences of smart meters have deteriorated. Citizens Advice research has found that 20% of people with a smart meter reported having to regularly give manual meter readings to their supplier, and more reported having to give them occasionally.¹⁹ These numbers reflect wider problems with some smart meters not communicating wirelessly or energy suppliers not making full use of smart functionality. Households with a smart meter that doesn't work properly may not be able to use smart energy services like Time of Use or export tariffs, meaning they can't make the most efficient use of low carbon technologies like electric vehicles and solar panels.

A smart readiness metric therefore needs to be carefully designed so that it is nuanced enough to give consumers accurate information about their home's ability to participate in smart systems. A poorly designed or oversimplified smart readiness metric will be of limited value to consumers, and could even mislead them about the smart capabilities of their home. Simply having a smart meter installed in the property doesn't automatically mean that homes are ready for smart technology. This means that using smart meters as a direct proxy for smart readiness, without considering how effectively the meter is working in practice, could lead consumers to believe that their homes are ready for smart technology and flexible energy services when this is not the case.

Question 7: What are your views on the definition, design principles and the scope for a smart readiness metric? Please provide evidence where possible.

Designed well, a smart readiness metric could place value on flexibility. It has the potential to support and incentivise households and businesses to improve the smart

¹⁶ 'Figure 2: Demand flexibility at peak in our Further Flex and Renewables pathway', NESO (2024) <u>Advice on achieving clean power by 2030</u>

¹⁷ Department for Energy Security and Net Zero (2024), <u>Q3 2024 Smart Meters Statistics Report</u>

¹⁸ Citizens Advice (2024), <u>Get Smarter: Ensuring people benefit from smart meters</u>

¹⁹ Citizens Advice (2024), <u>Get Smarter: Ensuring people benefit from smart meters</u>

readiness of buildings, ultimately contributing to higher levels of engagement in energy flexibility and bringing down energy bills.

We envisage that higher tiers of smart readiness could be associated with the presence of technologies such as working smart meters, intelligent appliances that are fixed and wired to the property like EV charging points, solar PV battery storage and heat pumps. Defining working smart meters should go beyond simply whether smart meters are reported as working in 'smart mode', as this represents just a subset of the problems consumers can encounter with smart meters.²⁰ Careful decisions would be necessary about which appliances are within scope and add meaningful value to the metric.

As we explore in our answer to Question 6, there is a risk of oversimplification when it comes to associating smart meter installation with a higher tier of smart readiness. A smart readiness metric must consider actual functionality of a smart meter, rather than providing a higher score based on the presence of a smart meter alone. Without this, a smart readiness metric has the potential to mislead EPC users and risks them incorrectly believing that their home is ready to benefit from energy flexibility.

Another broader limitation is that many of the factors impacting whether a household can benefit from energy flexibility and bring down bills in practice are related to the household rather than the property itself.²¹ We think this should be acknowledged and made clear to EPC users.

The Government should build on learnings from existing examples and work on the concept of a smart readiness metric. For example, the European Commission's <u>Smart</u> <u>Readiness Indicator</u> is currently being tested by EU countries in preparation for its large-scale implementation, and the Centre for Net Zero has published proposals for a <u>Smart Buildings Rating</u> which sets out how a metric that measures a building's potential to flex its demand should be designed to complement a reformed EPC.

Energy use metric

Question 8: To what extent do you agree or disagree that information from an energy use metric should be displayed on EPCs?

□ Strongly disagree

Disagree

□ Neither agree nor disagree

²⁰ Citizens Advice (2024), <u>Get Smarter: Ensuring people benefit from smart meters</u>

²¹ Citizens Advice (2023), <u>A flexible future: Extending the benefits of energy efficiency to more people</u>

- Agree please see evidence below
- Strongly agree

We agree that an energy use metric could provide helpful information to consumers and offer tools to compare energy performance on different buildings.

However, a newly designed EPC with multiple metrics already risks overwhelming consumers with information. And we also agree that consumers will already be able to access information about energy demand, heating efficiency and electricity generation from other proposed metrics. Changes made in response to fabric performance and heating system metrics will also have a positive impact on overall energy use. As such, we agree that an energy use metric should be a secondary metric. The Government should make sure that the final format of a newly designed EPC is subject to robust consumer testing to make sure that supplementary metrics inform consumers rather than introducing more complexity with additional but similar information.

Carbon

Question 10: To what extent do you agree or disagree that information from a carbon based metric should be displayed on EPCs? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- Agree please see evidence below
- □ Strongly agree

We agree that a carbon metric provides a useful way of measuring progress to meeting net zero.

Around a third (32%) of homeowners cited reducing their carbon footprint as a key motivator for making upgrades, representing a significant minority. However this remains significantly lower than those who cited energy bills or increasing warmth and comfort as key motivators. Consumers were twice as likely to say they were motivated by energy bills than carbon.²²

Making energy efficiency upgrades to address energy cost and improve fabric performance will also have a significant impact on reducing a property's carbon emissions. This means that headline metrics on energy cost and fabric performance can result in a lowered carbon footprint, even if a consumer doesn't engage with a specific carbon metric.

Again, the Government must use the design of EPCs to manage the risk of introducing too much information for consumers. We agree that carbon should be a secondary metric, subject to consumer testing on the best format to engage and inform users.

SMETER methods

Question 11: To what extent do you agree or disagree with incorporating smart metering technologies, like SMETERS, into the energy performance assessment framework for buildings? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- ☑ Agree, with appropriate design and safeguards please see evidence below
- □ Strongly agree

Using smart metering technologies such as SMETERs in the energy performance assessment framework could deliver benefits, as it will provide data on the actual energy performance of a home. This could provide a more accurate and tailored picture for consumers.

However, these technologies will necessarily only be available to homes with a fully operational smart meter. As we explore above, a significant minority still use traditional meters and the smart meter rollout is not envisaged to reach all homes. Private renters

²² Forthcoming Citizens Advice report on retrofit affordability for homeowners

and households with lower incomes are less likely to have smart meters installed. There is also significant variance in the distribution of smart meters by both building type and geography.²³ Even where a smart meter is present, not all smart meters are operating in smart mode. Citizens Advice research has highlighted wider problems with smart metering equipment not working as it should for consumers.²⁴ As smart metering technology becomes a more important part of energy services and assessment frameworks, the Government must address these issues promptly or risk consumers disengaging from both smart metering and the key products and services smart meters enable.

The Government should also consider any potential additional disruption this could add to the assessment process for households, for example if additional monitoring devices needed to be installed.

²³ National Audit Office (2023), <u>Update on the rollout of smart meters</u>

²⁴ Citizens Advice (2024), <u>Get Smarter: Ensuring people benefit from smart meters</u>

When EPCs are required

Validity periods

Question 13: What should be the validity period for Energy Performance Certificate (EPC) ratings?

Don't know
Less than 2 years
2 years
5 years
7 years
10 years

We support a move to a 5 year validity period. EPCs gradually become outdated over time, which reduces their usefulness as a tool and risks damaging consumer trust.

This is partly because older EPCs won't account for the impact of any changes to the building that have been made since the last assessment. But even where there haven't been changes to the building itself, changes to fuel prices or assessment methodologies can reduce the accuracy of EPCs and make them feel less relevant to consumers. Given documented concerns around the quality of assessment for historic EPCs, long validity periods also risk keeping potentially inaccurate EPCs in use for longer. This can mean that consumers are relying on poorer quality information when making choices about buying or renting homes, or about the changes they should make to their homes.

We believe that a 5 year validity period strikes an appropriate balance between ensuring EPCs are accurate and avoiding excessive costs for households. As the consultation points out, valid EPCs are only required at the point of build, sale or lease (or during an active tenancy, if this consultation's proposals are confirmed). Given that the average length of occupation is 16.8 years for owner occupiers,²⁵ this would not result in all owner occupiers needing an EPC every 5 years. But it does mean that prospective buyers and tenants would have access to more up-to-date and reliable information about properties.

²⁵ Department for Levelling Up, Housing & Communities (2023), <u>English Housing Survey 2022 to</u> <u>2023: headline report</u>

While updating more EPCs more frequently will increase costs for some householders, the price of an EPC remains very low compared to the overall costs of buying or selling a home, or the income from a rental property.

Citizens Advice has however seen clients who don't have a valid EPC and have been deterred from applying for Government energy efficiency schemes because they are worried they will need to pay for a new certificate to prove their eligibility.

Tessa came to Citizens Advice because she's in debt and struggles to pay her energy bills. She looked into applying for the ECO4 scheme to improve her insulation, but couldn't afford the cost of a new EPC to prove her eligibility and was told that she couldn't apply as a result.

An inability to pay for an EPC shouldn't be a barrier to accessing schemes that are designed to combat fuel poverty.

Requiring a valid EPC throughout the tenancy period

Question 15: To what extent do you agree or disagree that a new EPC should be required when an existing one expires for private rented buildings? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- Agree
- ☑ Strongly agree

We strongly agree that a new EPC should be required when an existing one expires for private rented buildings. This will help to ensure that tenants have access to accurate information about their homes throughout their tenancies, including if they renew or extend leases.

As the consultation points out, this is particularly important given that the Government has committed to raising minimum energy efficiency standards (MEES), which are based on EPC ratings. Up-to-date and accurate EPC ratings will be essential both to inform landlords about the changes they should be making to improve the property, and to ensure that tenants are receiving the benefits of higher standards. If EPCs are out-of-date, they may not capture the improvements that should be made to boost tenants' energy efficiency.

As well as implementing a new trigger point for the private rented sector requiring a new EPC when the existing one expires, the Government must consider how to improve enforcement so that all landlords are providing EPCs in practice. Previous Citizens Advice research has found that 35% of private tenants said their landlords didn't provide them with an EPC,²⁶ while Citizens Advice advisers have helped privately renting clients whose properties don't have an EPC. A lack of EPC means tenants can't assess the improvements they could ask for in their property. And in some cases, a lack of EPC is accompanied by wider problems and serious breaches from landlords:

Jasmine's privately rented property doesn't have an EPC, but it has poor quality windows and is badly affected by mould and damp, which makes Jasmine's asthma worse. As well as the lack of EPC, Jasmine hasn't been given a Gas Safety Certificate and the property doesn't have a carbon monoxide alarm.

Ensuring that landlords are providing valid EPCs will be essential to enforcing MEES as a whole, and EPC non-compliance can alert local authorities to wider compliance issues. We discuss the need for monitoring and enforcement more widely in our responses to Questions 34 and 35.

Marketing a building for sale or rent

Question 16: To what extent do you agree or disagree that the regulations should be amended so that a property must have a valid EPC before it is marketed for sale or rent? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- Neither agree nor disagree
- □ Agree
- ✓ Strongly agree

We strongly agree that the regulations should be amended so that a property must have a valid EPC before it is marketed for sale or rent. This will ensure that prospective

²⁶ Citizens Advice (2023), <u>Damp, cold and full of mould</u>

homeowners or tenants have full information at the point that they are making a decision about a property. This could be especially valuable for tenants, who currently face some of the lowest levels of energy efficiency. Three quarters (75%) of renters have lived in a home with damp, mould or excessive cold, and more than a third (36%) of renters said they couldn't heat their homes to a comfortable temperature last winter.²⁷

Houses in multiple occupation

Question 17: To what extent do you agree or disagree that houses in multiple occupation (HMOs) which don't already fall under the (Minimum Energy Efficiency Standards) MEES should do so when a room is rented out? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- Agree
- ☑ Strongly agree

We strongly agree that houses in multiple occupation (HMOs) which don't already fall under MEES should do so when a room is rented out. HMOs are disproportionately occupied by people from vulnerable groups who are more likely to have low incomes and be less able to challenge landlords over poor conditions. HMOs are also prone to issues such as damp and mould.²⁸

Requiring HMOs to hold valid EPCs and comply with MEES regulation would put them on equal footing with the rest of the private rented sector. This would mean that people living in HMOs would be able to live in warmer and healthier homes, subject to strong minimum standards.

If MEES were extended to HMOs, meeting these standards could be made a condition of HMO licensing. Enforcement is already expected to be a key challenge in successfully implementing MEES more widely, as enforcement responsibilities lie with overstretched local authorities that aren't always able to enforce proactively. But licensing requirements could provide a simpler route to enforcing these standards for HMOs,

²⁷ Citizens Advice (2024), <u>Through the roof: rising rents</u>, disrepair and evictions

²⁸ Information on HMOs taken from CURE, Future Climate and University of Manchester (2014), <u>Housing of Multiple Occupancy: Energy Issues and Policy</u>

that would save local authority resources while ensuring that HMOs are complying with MEES.

Question 18: To what extent do you agree or disagree that there should be a transitional period of 24 months to allow HMO landlords to obtain a valid EPC and comply with MEES regulations? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- Neither agree nor disagree
- ☑ Agree
- □ Strongly agree

We agree that there should be a transitional period of 24 months to allow HMO landlords to acquire an EPC and comply with MEES regulations.

Short term rental properties and heritage buildings

Question 19: To what extent do you agree or disagree with requiring short-term rental properties to have a valid EPC at the point of being let? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- □ Agree
- ✓ Strongly agree

Question 20: To what extent do you agree or disagree with requiring short-term rental properties to have a valid EPC irrespective of who is responsible for meeting the energy costs? If you wish, please explain your reasoning and provide any evidence to support your view.

□ Strongly disagree

Disagree

- □ Neither agree nor disagree
- Agree
- Strongly agree

Question 21: To what extent do you agree or disagree that we should remove the exemption for landlords from obtaining an EPC for buildings officially protected as part of a designated environment or because of their architectural or historical merit? If you wish, please explain your reasoning and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- ☑ Agree
- □ Strongly agree

We answer Questions 19, 20 and 21 together.

We strongly agree that short-term rental properties should have a valid EPC at the point of being let, regardless of who is responsible for meeting energy costs. Again, this will bring these properties in line with the rest of the rental market.

We also agree that the exemption for landlords from obtaining an EPC for protected buildings should be removed. The Government should consider evidence in this area from organisations with expertise in historic or protected buildings.

EPC data

Data sharing

Question 28: To what extent do you agree or disagree with the approach to remove the option to opt-out EPCs from the EPB Register public address search?

- □ Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- ✓ Strongly agree

We strongly agree with the proposal to remove the option to opt-out EPCs from the EPB Register public address search. As the consultation points out, the opt-out can prevent prospective buyers and tenants engaging with the energy performance of the property and can be a barrier to accessing energy efficiency schemes. It is particularly important that private landlords provide transparency about the energy efficiency of the properties they are renting out, including through the EPB Register public address search.

Using existing data in EPC assessments

Question 31: To what extent do you agree or disagree that data gathered in previous EPC assessments should be available for use in future EPC calculations for a dwelling?

- □ Strongly disagree
- Disagree
- □ Neither agree nor disagree
- ☑ Agree, with appropriate design and safeguards please see full response below
- Strongly agree

Question 32: What are your views on the approach to using existing data, while balancing accuracy and practicality?

We answer Questions 31 and 32 together.

Data gathered in previous EPC assessments can provide useful context for a future EPC assessment, and can be used as an additional check on newer calculations.

However, over-reliance on data from previous assessments risks damaging the accuracy of EPCs. The Government correctly highlights that the reliability of previous data is crucial to making this system viable. Given documented concerns around accuracy of data in older EPCs, which we explore further in our response to Question 34, this is a significant risk.

We agree that it will be necessary to balance practicality with accuracy. While it may be appropriate to use older information for minor upgrades, there must be clear trigger points where a full reassessment is required. This will prevent a deterioration in the accuracy of EPCs over time, or an entrenching of potentially inaccurate data.

Managing EPC quality

Question 34: Do you have suggestions for other actions which could be taken to improve the accuracy and quality of energy assessments, or to help identify fraud in EPC assessments?

Accurate, high-quality assessments are fundamental to an effective EPC assessment. The most carefully designed EPC format will not be useful to consumers or policymakers if large numbers of EPCs do not accurately reflect the features of a property. Errors in EPCs make it more difficult for consumers to assess the energy performance of their homes and the changes they could make. And inaccuracies in individual EPCs can have serious impacts on consumer trust in EPCs as a whole, making it less likely that they will use them as a tool.

While discrepancies or inaccuracies are likely to be unintentional much of the time, deliberate manipulation remains a risk. A property's EPC rating can determine its eligibility for financial support or its compliance with standards. There is therefore an incentive for some homeowners or landlords to be given a certain EPC rating, and a corresponding pressure on assessors to provide this. It is vital that the Government takes steps to improve monitoring and enforcement to ensure that policies based on EPCs have the intended consequences of making homes warmer and cheaper to run.

For example, EPCs will be the metric for compliance when minimum energy efficiency standards (MEES) in the private rented sector are tightened. This will give landlords a clear incentive to reach a higher EPC rating while undertaking as few potentially costly upgrades as possible. But raising a private rented property's EPC to C, or the equivalent under the new rating system, is only meaningful if it reflects actual improvements that will benefit tenants.

The Government must ensure that EPCs are subject to a robust monitoring and enforcement process, including:

- **Increased monitoring**, for example by assessor certification schemes. This should include improved oversight of auditing and better information about auditing results.
- Effective enforcement action where quality falls short.

Improved EPC compliance and enforcement

Question 35: To what extent do you agree or disagree with these proposals to improve compliance? If you wish, please explain your reasoning or other ways to improve compliance and provide any evidence to support your view.

- □ Strongly disagree
- Disagree
- Neither agree nor disagree
- ☑ Agree
- □ Strongly agree

We agree with proposals to improve compliance: including working with Local Weights and Measures Authorities (LWMAs) to review and improve current guidance, improving access to EPB data and working with estate and letting agents to promote the need for EPCs.

Reports of lower compliance with EPC regulation in the private rented sector are particularly concerning, and reflect our findings from research and our consumer data. Letting agents could have a particular role to play in ensuring compliance in this sector.

These proposals must be supplemented with wider reforms to monitoring and quality.

Voluntary implementation of EPC recommendations

Question 46: Please let us know if you have any evidence on the rate of voluntary implementation of recommendations made in EPCs.

While EPCs can make recommendations about changes consumers should consider making to their homes, the actions people take in practice depend on a range of factors. While a well-designed EPC can be an effective tool to inform consumers and signpost them to further action, this must be supported by wider policy interventions that give consumers the support they need to make changes in practice.

The rate of voluntary implementation of recommendations made in EPCs varies depending on the type of technology or upgrade and the financial situation of the occupier or homeowner. General awareness of the EPC among homeowners appears relatively high, with 79% of the public aware of EPCs in winter 2023,²⁹ but there is less evidence of significant actions taken in response to the document. Only 29% of those who are aware of their EPC have seen advice on how to improve their rating.³⁰ Our research has found that cost is the most important motivator for performing home upgrades, regardless of whether an EPC has recommended them.

Our 2024 survey of UK homeowners found that there is widespread interest in making energy efficiency improvements in the next five years. 69% are interested in making at least one energy efficiency improvement - that's more than 19 million homeowners. 55% are interested in insulation improvements, including loft, walls, floors and draught proofing. 49% are interested in installing either solar panels, solar thermal heating or home battery storage. Interest in heat pumps is lower, but 27% of consumers say they're interested.³¹

Different measures also have different levels of affordability for consumers. The percentage of interested homeowners who can afford home retrofit without additional borrowing also varies. Fabric and insulation measures range from £640 for loft insulation, with 61% of interested homeowners able to afford this without additional borrowing, to £7,500 for double and triple glazing, which 33% of interested

²⁹ Department for Energy Security and Net Zero (2024), <u>DESNZ Public Attitudes Tracker: Heat and</u> <u>Energy in the Home Winter 2023</u>

³⁰ Ibid

³¹ Forthcoming Citizens Advice report on retrofit affordability for homeowners

homeowners can afford without borrowing. Heat pumps cost approximately £10,000 and see only 16% of those interested able to afford without additional borrowing. The upfront cost of measures is clearly a barrier, and our research has found that 23% of UK homeowners are interested in a heat pump but are not able to pay or willing to borrow.³² This shows the need for targeted support to help homeowners make home upgrades to drive uptake of recommendations.

But while current government funding supports those on the lowest incomes, and the Boiler Upgrade Scheme offers subsidies to install heat pumps, many still can't access support for the measures they need. And consumer finances remain squeezed, with around 6 in 10 adults in Great Britain saying they are spending less on non-essentials because of increases in the cost of living. 29% of adults say they wouldn't be able to afford an unexpected expense of £850, showing consumers' limited ability to spend on larger one-off expenses such as home upgrades.³³ In this context, the voluntary uptake of recommendations will depend on their affordability, and how much they reduce consumer bills. We explore full recommendations around boosting the affordability of home upgrades in a forthcoming report around retrofit affordability for homeowners.

As well as the high upfront cost of measures, consumers also consider the impact on their energy cost. Saving money on bills (62%) is the biggest motivation for those interested in making home improvements, which is unsurprising in the context of high energy costs. For consumers to implement recommendations voluntarily, especially given the high upfront costs, they must see tangible reductions in bills. Consumers with tight budgets are likely to implement recommendations with greater certainty of savings.Increasing the warmth and comfort of their homes is also a key motivation for people to make energy efficiency improvements. Our most recent data shows that 54% rate it as a motivation, second only to saving money on bills.³⁴

Increasing demand in this market is vital. Regulation and protection are key in developing consumer trust and growing demand, as is consumer access to high quality advice throughout the home upgrade process. We need to increase consumer knowledge of and enthusiasm for energy efficiency measures as a way to increase warmth and comfort and reduce bills. This is why we advocate for a public awareness campaign to increase consumer knowledge of the benefits of energy efficiency and the need for low carbon technology. We believe a successful campaign would have a positive impact on levels of voluntary uptake of recommendations.

³² Citizens Advice (2023), <u>Demand: Net Zero</u>

³³ Office for National Statistics (2024), <u>ONS - Cost of living insights: spending 13/02/2024</u>

³⁴ Forthcoming Citizens Advice report on retrofit affordability for homeowners

Concerns about the reliability of measures and installers also remains a significant barrier to the implementation of energy efficiency upgrades. While most consumers who have upgrades installed see clear benefits, rogue traders and poor quality installations can cause serious harm to consumers and affect overall confidence in retrofit measures. Citizens Advice research has found that three quarters of homeowners say they have concerns about the installation of measures, and a majority are concerned about choosing a contractor (86%).³⁵ And in 2023 the Citizens Advice consumer service data dealt with over 1,500 cases related to insulation and 282 cases related to heat pumps.³⁶

Our research and data shows that when installations go wrong, consumers can struggle to find solutions - even when they've used accredited traders. We have highlighted the gaps in the consumer protections framework in our reports <u>Home Safe</u> and <u>Hitting a</u> <u>Wall</u>. Consumers must have access to good quality independent advice throughout the retrofit process, including support if there are issues with installations. Consumers must also be able to access a single quality scheme for low carbon home improvements and a clear redress process where things go wrong. This should be backed up by a robust legal enforcement regime with powers to tackle rogue traders. A strong consumer protection framework is vital for raising standards and giving people the confidence to engage with retrofit. Without this protection, many people will choose not to make changes to their homes regardless of the recommendations on their EPC.

³⁵ Forthcoming Citizens Advice report on homeowner attitudes to energy efficiency measures

³⁶ Citizens Advice (2024), <u>Hitting a Wall: Protecting consumers who install net zero technologies</u>

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