



Citizens Advice Scotland

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CAS Response to Energy Efficient Scotland consultation (March 2019)

Who we are

The policy teams at Citizens Advice Scotland use research and evidence to put people at the heart of policy and regulation in the energy, post and water sectors in Scotland. We work with government, regulators and business to put consumers first, designing policy and practice around their needs and aspirations. We aim to represent the views of different consumer groups using evidence of consumer views and supporting research wherever possible.

Citizens Advice Network in Scotland

Citizens Advice Scotland (CAS), our 60 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Advice for Scotland provides information on rights and helps people solve their problems.

In 2017-18 the Citizens Advice Service network helped over 295,100 clients and dealt with almost 800,000 advice issues for clients living in Scotland. With support from the network clients had financial gains of almost £142.2 million and our self-help website Advice in Scotland received approximately 3.2 million page views. On energy consumers issues in particular, we advised on over 41,000 energy-related issues in 2017-18, generating over £1.8m in client financial gain.

Our extensive footprint is important in helping us understand how issues impact locally and nationally across the country and the different impacts that policies can have in different areas.

General Comments and Key Points

- We support the ambitious accelerated target of all homes EPC band C by 2030 providing that:
 - Owner occupiers are offered a robust campaign of impartial advice, education, and financial support throughout the entire process from decision making to post-installation maintenance. HES should be expanded to a one stop shop for consumers that offers support, advice, and redress throughout the entire consumer journey.
 - A third category of compassionate exemption is established for circumstances where it would be inappropriate to enforce regulation for compassionate social reasons.
 - Fuel poor households are offered targeted financial assistance, advice, and support to ensure they have equal access to the measures necessary for meeting minimum targets.
 - Energy efficiency upgrades are fitted using a “whole home” approach that ensures only properly ventilated and appropriate systems for the property are installed.
- We believe that the best trigger points for regulation in the private rented sector is landlord registration. We believe that point of new tenancy in the private rented sector is a good opportunity for offering advice, support, and signposting, not regulation.
- Any cap of required works in the private rented sector should be high enough to cover a broad range of the most vulnerable tenants but practicable enough to avoid pressuring the rental market. It should be high enough and designed in such a way that it does not exclude maintenance costs.
- While we do not have evidence of our own to submit regarding supply chain capacity, we would like to highlight the need for robust consumer protections and redress to prevent rogue traders and sub-par installations as the energy efficiency market inevitably grows after regulation.
- The Scottish Government should commit to a clear route map regarding their intentions for the future of the Scottish energy network, so that off grid homes may plan for the future and feel secure investing in future proof upgrades to their homes.
- An overarching independent consumer protection body should be established that defines success for both properties and consumers and builds a robust framework of evaluation for EES. This body should issue a Scottish Quality mark to accredited suppliers that is clear, accountable, and easy to recognise. Quality marked installers should be prohibited from any cold calling activities.

Response to Specific Questions

CAS has responded to the previous consultations on Energy Efficient Scotland (EES), which can be found on our [website](#);

- i) [Response to the EES route map consultation \(July 2018\)](#)¹
- ii) [Response to the Scottish Energy Efficiency Programme](#)² (May 2017)

In these consultations we have supported the ambition of EES to upgrade the energy efficiency of Scotland's housing stock to increase the warmth and affordability of heating homes. From a householder perspective, this provides obvious benefits of: fuel bill savings; mitigating the impact of fuel price rises by future-proofing homes; increased thermal comfort and associated health benefits. Research from the Centre for Energy Policy (2018) estimates that under EES, there will be an average 9.6% reduction in energy required to run Scottish households, and for low income households this rises to 13.2% (equating to a 3.9% reduction in spending on energy coupled)³.

Previously we've taken a more cautious view of regulation of energy efficiency standards in the owner occupied sector on the grounds that a full Business and Regulatory Impact Assessment (BRIA i.e. cost/benefit analysis) of reaching EPC Band C needs to be undertaken before CAS can reach a view on this from a consumer perspective⁴. We said:

*'we would prefer to examine and consider such analysis of potential impacts before commenting further on alternative trigger point options'. And if regulation were introduced, our research noted 'the perceived importance of regulation being introduced slowly and in targeted ways – i.e. starting from a focus on the lowest EPC levels and/or being relevant at the point of sale – rather than being imposed on all private housing'*⁵.

We are not aware of any new BRIA analysis in the public domain, and this limits our ability to provide a fully informed view point. Nonetheless we have sought to represent Scottish consumer views to the best of our abilities, with the limited evidence that we do hold and of course, a large degree of speculation given the 20+ year duration of EES.

We highlight the following caveats to our response to this consultation:

¹ <https://www.cas.org.uk/publications/cas-consultation-response-energy-efficient-scotland-route-map>

² https://www.cas.org.uk/system/files/publications/cfu_submission_to_sg_consultation_on_seep_-_may_2017.pdf

³ <https://pureportal.strath.ac.uk/en/publications/potential-wider-economic-impacts-of-the-energy-efficient-scotland>

⁴ Point 3.29 in https://www.cas.org.uk/system/files/publications/warming_scotland_up_to_energy_efficiency_cfu_insight_report_-_2017-10-10.pdf

⁵ Section 68, p18. https://www.cas.org.uk/system/files/publications/cfu_submission_to_sg_consultation_on_seep_-_may_2017.pdf

- I. It is difficult to provide a fully informed view on the acceleration of targets until we know what the Scottish Government proposes around the compliance and enforcement of EPC standards. This has a large bearing on the public acceptability of regulation, as well as the resourcing required to enforce. For example, if fines were to be levied on people who didn't comply by 2030, how much would this be, and how would it be monitored and enforced? We expect the consultation on the owner occupied sector later this year to address these questions.
- II. It is difficult to take a view on how the accelerated target for owner occupiers will impact on objectives to deliver fuel poverty targets, when we don't know any more details of the Fuel Poverty Strategy. The draft Fuel Poverty Strategy refers to EES, LHEES and the existing HEEP area-based schemes as playing a key role, but more detail on how this will be delivered is required. In particular we don't yet know how fuel poor households will be identified and therefore it is unclear how they will be supported; nor do we know what financial support they will be offered.
- III. Please note, we make some recommendations to Scottish Government for further research on particular issues at various points throughout this consultation. These are in bold and in blue for clarity.

1. With regards to achieving an accelerated delivery of the standards proposed, do you think mandatory action for owner occupiers would be required? Please provide a rationale for your answer.

- 1.1 In short, we think that were the Scottish Government to proceed with an accelerated targeted of 2030, then mandatory regulation for all owner occupiers is the only realistic way to achieve the standards of 'all home EPC Band C by 2030'. We cautiously support regulation given the scale of the task to: improve and future-proof Scotland's housing stock; to reduce fuel poverty and increase thermal comfort across all tenure; to meet the net-zero carbon target by 2045; and combined with the fact that energy efficiency programmes to date haven't achieved the numbers required. Without regulation, the alternative is for Scottish Government to grant or heavily subsidise measures for all tenures and to make the incentives as attractive as possible. We recognise, however, that this is not a realistic proposition within the constraints of government budgets, and that it would risk diverting precious funds away from those who are less-(un)able-to-pay. Targeting of resources is therefore necessary, and a combination of carrots and sticks is likely required. Our cautious support is contingent on a number of important caveats which are outlined below in points 1.18 to 1.20.
- 1.2 This view is supported by evidence from a recent opinion poll that we commissioned in March 2019 regarding attitudes to the regulation of energy efficiency standards. When asked whether they supported regulation by 2040 or 2032, the net majority of

respondents agreed (62% and 59% respectively), with the most common reason being for environmental reasons. A fuller explanation of these results can be found in our briefing paper on our website⁶.

- 1.3 This research was undertaken by YouGov consisting of an online 'omnibus' survey to a nationally representative sample of 1002 Scottish adults of which 620 were owner occupiers and 360 were renters (either social or private housing), and 22 were what respondents self-categorised as 'other'. The figures were weighted by age, gender and geographical region, social grade and highest education level. A range of questions were asked of respondents to better understand people's levels of awareness about EPCs; motivations to improve their EPC rating, and attitudes to regulation of energy efficiency. When asked the question:

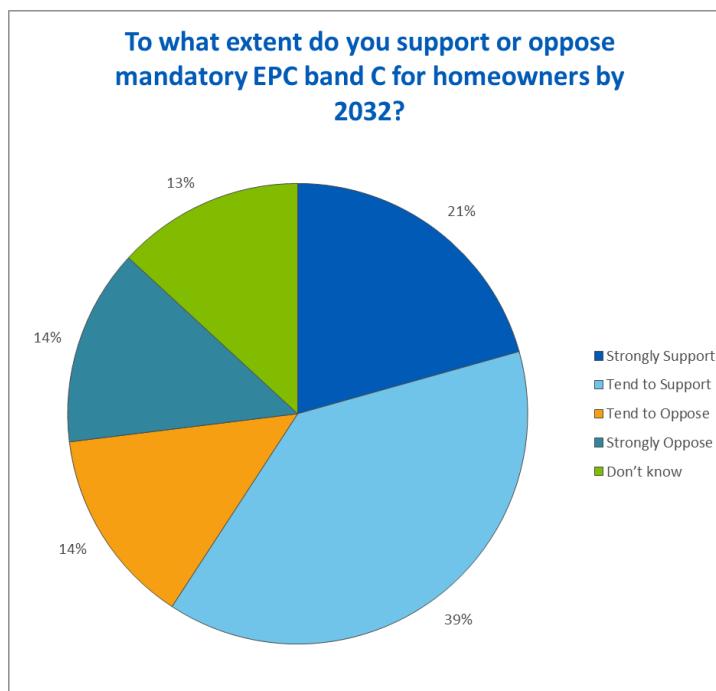
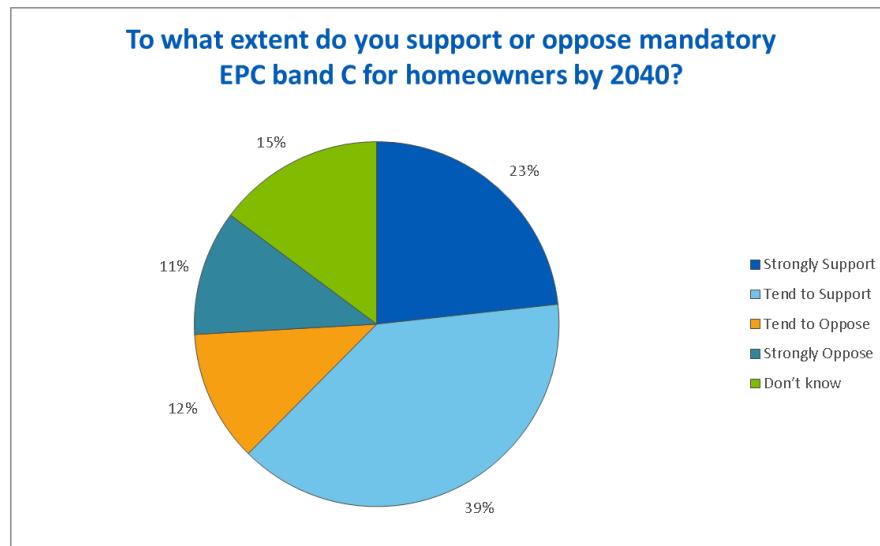
"The SG may decide to make it mandatory for all homes to reach an EPC Band C as a minimum rating by 2040 9(i.e. Band A being the most energy efficient and Band G the least efficient), where this is technically possible and cost-effective...Thinking specifically about how this will affect you...To what extent would you support or oppose this legislation/measure?"

The majority (62% of owner occupiers, n=370) were in net favour of regulation of EPC Band C by 2040, with 23% [n =138] saying they strongly support it, and 39% saying they tend to support it [n=232].

Note - only owner occupiers answered this question (n=620) which is a filtered sample and therefore not a nationally representative figure.

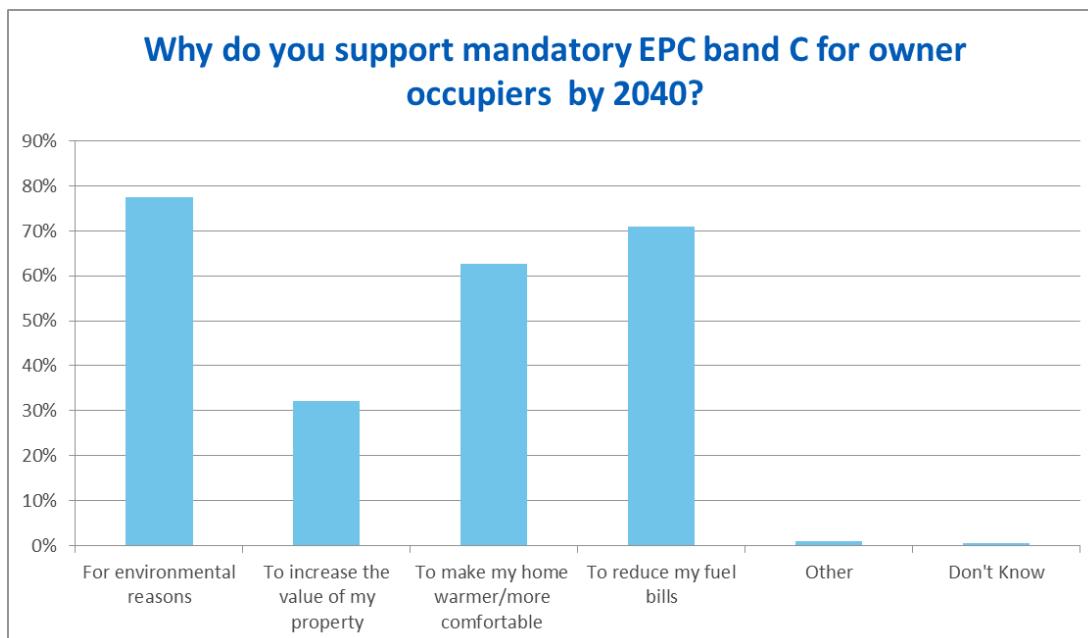
- 1.4 When asked the same question about regulation but regarding an earlier target of 2032, 59% were in favour of regulation to EPC Band C by 2032 – slightly less than before but still a majority. Note – at the time of the survey, this consultation was not yet published therefore the accelerated target date of '2032' was picked. The pie-charts below show the relative difference in answers between target dates of 2040 as compared with 2032. The split in support/opposition of regulation is broadly similar. The fact that there was overall net support for regulation in both target-date scenarios gives us reason to believe that there is broad public support for regulation in principle. Put another way, the fact that an early back-stop date almost a decade earlier did not change peoples' answers significantly (62% compared to 52% net support respectively, and 23% compared to 21% 'strongly support'), gives us reason to believe that an earlier target would not have much of a bearing on peoples' views.

⁶ <https://www.cas.org.uk/publications>



- 1.5 The 370 owner occupiers in the omnibus survey who said that they supported regulation were then asked, 'which, if any, of the following are your reasons for supporting regulation' – interestingly 77% of these said for environmental reasons, making it the most common response, followed by 'saving of fuel bills' (71%), as the graph below

shows. This indicates that we shouldn't always assume that householders are only motivated by saving money on bills; that altruistic environmental reasons and the comfort of feeling warm in one's home is also important. [Cambium's report](#) (2018)⁷ supports framing energy efficiency in a way that appeals to people's sense of altruism for the environment and betterment of housing stock and well-being.



- 1.6 What is likely to be the more critical factor in the public acceptability of regulation, is whether or not sufficient financial and advice support is in place to help them access energy efficiency measures and heating upgrades easily. Secondly, whether people have confidence in installers and the supporting systems (i.e. Scottish Government finance schemes and consumer protection framework), is likely to be a major determinant of public acceptability too.

- 1.7 Support for a target date of 2040, was strongest (69%) in the 35-44 age group, though net support was strong in every group. Net opposition was lowest in the 25-34 age group (11%), which also had the largest percentage of strong supporters (36%), and respondents who did not know (23%). It should be noted that the 25-34 age group was the smallest of the statistically representative groups (n = 51 weighted base). Respondents 55+ were the largest group of respondents and were somewhat more

⁷ http://existinghomesalliancescotland.co.uk/wp-content/uploads/2019/06/Right-Frame_EXHA_FINAL_Jan2019_.pdf

moderate in their support, with 22% strong support, 38% tending to support, 12% tending to oppose, 14% strongly opposed, and 15% unsure. Overall, 60% of the 55+ age group supported the measure to some extent. The base number of 18-24 year olds was not large enough to be statistically representative.

Support did not vary much between home owners who own their home outright and home owners who have a mortgage. 61% of homeowners without a mortgage supported the legislation, while 65% of those with a mortgage did. The largest difference between the two groups was those who were strongly opposed; 13% of homeowners without a mortgage were strongly opposed, while only 9% of owners with a mortgage felt the same, perhaps reflecting the perceived additional burden of paying for measures on top of their mortgage commitment.

Regionally, support was lowest in Central Scotland, where only 53% of respondents supported the legislation, and South Scotland, where 56% did. Support was highest in North East Scotland and the Highlands and Islands, where there was 69% support, followed by West Scotland (68%), the Lothians (63%), and Mid-Scotland & Fife (60%). There was not a large enough sample size from Glasgow to be statistically representative for the question. It should be reiterated that questions posed only to homeowners or only to renters are not statistically representative of Scotland as a whole, they are filtered down from the nationally representative sample.

- 1.8 It is important to exercise caution when interpreting these results. The net support for regulation in the online survey of 2019 differs significantly from our deliberative research in 2017 which looked at public attitudes to regulation and incentives to take action. This 2017 deliberative research highlighted how far removed public support for regulation currently is and what distance there is to bridge that to gain public acceptability.

'As the report⁸ states, people appear by and large to be 'not there yet' in lining up with the positions agreed by their governments on climate change and future energy usage, and on targets investment costs and behaviour change which those imply.'

Here some research participants expressed strong opposition to the same regulation. Many described it as "bullying", "controlling," and "robbery⁹".

⁸ https://www.cas.org.uk/system/files/publications/consumer_participation_in_energy_policy_-_ipsos_mori-involve_technical_report.pdf

⁹ https://www.cas.org.uk/system/files/publications/consumer_participation_in_energy_policy_-_ipsos_mori-involve_technical_report.pdf

- 1.9 This contrast in opinion may be mainly a result of the differences in methodology which significantly determines outcomes.

For example the deliberative research in 2017 comprised of small focus groups (structured dialogues) and a citizens' jury where participants were provided with much more detailed information from an expert panel, in order to take an informed view. They were also influenced by others' opinions whereas the online survey captures peoples' spontaneous responses to a policy that is not fully explained. In 2017 respondents were presented with a more detailed scenario, in which home-buyers would be subject to a £1000 fine for not upgrading the EPC of their property within 12 months of purchase, adding a substantial and actual penalty to the regulation, while in the most recent survey, only regulation was suggested, without a concrete penalty for non-compliance.

Participants expressed concerns about the practicalities of imposing the regulation, the effect it could have on the more vulnerable members of the population, and the downstream effects the scenario posed to them could have on the housing market. The citizen's jury in particular, became more opposed to the policy the more it was discussed. The difference in results could suggest that support could diminish when homeowners are given more information.

- 1.10 The fact that our own two sets of research data show that results can be very different, and indeed conflicting, highlights the fact that the research methodology and the way in which questions are framed has a significant bearing on how people respond. While the spontaneous views captured in an online survey do serve as a useful litmus test of public opinion, they should also be investigated further to reveal if and how opinions change with the benefit of further information. We therefore **strongly recommend that the Scottish Government undertake its own research on attitudes of owner occupiers to regulation, before introducing regulation**. This will help to determine the most appropriate communication strategies for different consumer groups. As our omnibus survey shows, there is a marked difference in attitude depending on age. This perhaps infers a person's likelihood of staying in one property for the rest of their life and therefore their willingness to invest in energy efficiency.
- 1.11 Our further rationale for supporting regulation is as follows. It is unlikely that non-mandatory incentives alone will encourage the mass uptake of energy efficiency upgrades as required of the c.900,000 properties (currently below EPC C) to meet the

2030 target. In our report *Taking the temperature: a review of energy efficiency schemes in Scotland*¹⁰ by CAG consultants, the contractors stated

'even with improved marketing and communications, it is hard to envisage how the necessary consumer demand can be driven in the absence of regulation'.

Of all the energy efficiency and renewables initiatives to date, in Scotland and GB, we have seen some sharp rises in uptake in Scotland, most notably with solar PV under FITs – however none of these schemes have had a corresponding impact on shifting EPC ratings at scale. The alternative to regulation would be to offer owner occupiers a very attractive (i.e. cheap, heavily subsidised) and time-limited offer to upgrade the energy efficiency of their properties by the 2030 target. This would have to be sufficiently attractive in financial terms as well as practical terms to incentivise mass uptake of energy efficient/renewables measures. Critically, it would have to make installations of measures as easy as possible for people to generate the uptake at the scale required. As we said in our previous consultation response, the Scottish Government should offer a wide-range of fiscal and financial incentives that would appeal to as many different types of people (and their respective abilities to pay) in order to accelerate the uptake of measures:

"generous incentives would be an essential feature of any large-scale programme to counteract the currently limited levels of uptake of the less easy-to-do measures and to drive greater and faster investment by property-owners¹¹"

Our omnibus survey on Scottish consumer attitudes found that 62% of homeowners would be motivated to make energy efficiency upgrades to their home if offered a grant from the Scottish government, and 49% would be motivated by a £500 council tax rebate in the year following the upgrade (respondents could choose multiple answers). Incentives should be offered alongside a well-resourced, sustained public education campaign to make people aware that regulation is coming, and it's in their interests to future-proof their homes now.

- 1.12 Under the various energy efficiency schemes to date in Scotland, none have generated mass uptake on a scale that is required to achieve 'all homes up to or beyond EPC band C'.

¹⁰ <https://www.cas.org.uk/publications/warming-scotland-energy-efficiency-putting-consumers-first>

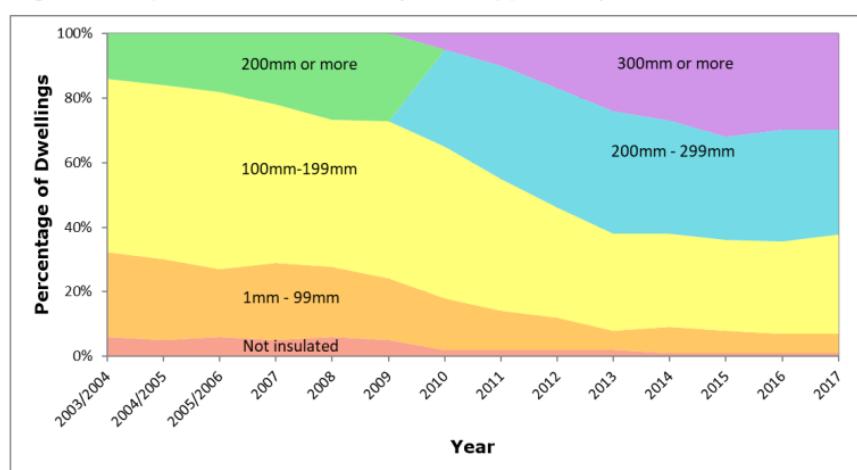
¹¹ Pg. 18 https://www.cas.org.uk/system/files/publications/cfu_submission_to_sg_consultation_on_seep_-may_2017.pdf

Our report 'Taking the Temperature'¹² outlines all of the Scottish and GB energy efficiency schemes of past and present and their relative success. Notable improvements have been made as the graphs below show; we've seen a steady rise in the number of cavity wall insulation and loft insulation installs. It is however, the hard-to-treat properties in particular, including those with solid walls and difficult-to-access lofts and tenement properties, which now need to be addressed. These more complex installations often come at great expense and disruption. Our report *Taking the temperature* said that:

"The remaining opportunities for basic insulation measures such as loft and cavity wall insulation are increasingly limited. There should be more focus on measures such as solid wall insulation. Such measures are far more expensive and disruptive, further exacerbating the issues of consumer demand and funding constraints. In addition, there is concern that solid wall insulation may be physically and/or aesthetically damaging for some older properties¹³"

We've had a carrots approach to energy efficiency for several years now, however now that the 'low hanging fruit' of easy, accessible walls/lofts have been addressed, and with levels of installs plateauing despite the presence of incentive schemes such as the Home Energy Scotland loan scheme, it does raise the question of whether 'carrots without sticks' is sufficient to future-proof the most inefficient of properties.

Figure 9: Depth of Loft Insulation (where applicable) 2003/04 – 2017



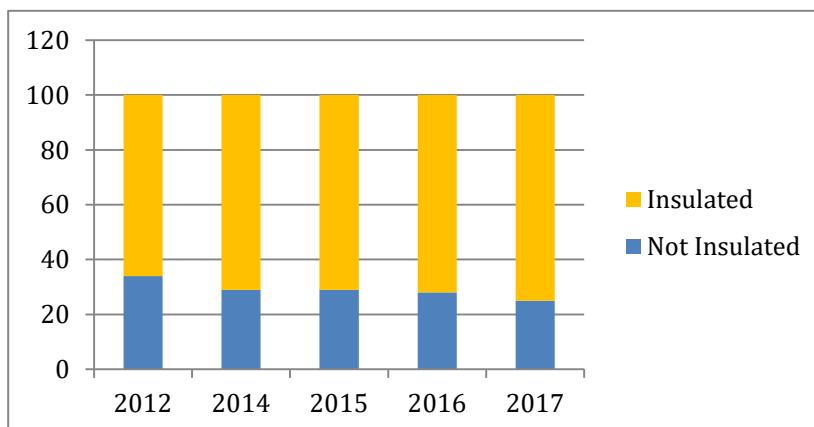
Note: A dwelling is classified as 'not applicable' for loft insulation if it has a flat roof or another dwelling above it (i.e. it is a mid- or ground-floor flat).

¹² https://www.cas.org.uk/system/files/publications/taking_the_temperature_-_a_review_of_energy_efficiency_and_fuel_poverty_schemes_in_scotland.pdf

¹³ P6 https://www.cas.org.uk/system/files/publications/taking_the_temperature_-_a_review_of_energy_efficiency_and_fuel_poverty_schemes_in_scotland.pdf

Overall levels of loft insulation in Scotland are consistent with trends in EPC data above. Strong improvements were evident between 2009 and 2013, when loft insulation was strongly marketed and installed free of charge. Loft insulation patterns have not changed much over the last few years, however (SHCS p32).

The charts below show that progress on insulated cavity walls in recent years is continuing, although at a slower rate than in the past. The SHCS acknowledges that the physical survey may under-estimate the number of cavities which have been insulated, as it is not always possible to observe physical evidence after the work. However, the lower lines in the table also show that there is no evidence of a significant discrepancy between survey and administrative data. This remains an area for research; it should be possible to match addresses of houses assessed by the survey to addresses of houses which are recorded as having CWI installed.



Percentage of cavity walls insulated in Scotland from 2012-17

We have estimated the number of measures needed to improve the energy efficiency of homes in Scotland to an EPC Band C in the table below. It shows the approximate installation rate required per year to meet this target. The colour coding indicates the degree to which there are technical constraints installing a measure to meet the EPC Band C target by 2030 (green) or those which, with further incentives from government, could achieve the target (amber). It also points out where further research is required to fully understand the issue.



Key:

Green: no constraints likely on delivery towards EPC C

Amber: possible constraints and some research needed

Red: very likely constraints and significant research needed

Measure	Outstanding number of households needed to meet EPC C	Approximate current rate of installation per annum in Scotland / capacity assessment	Timescale for completion at current rates	Policy issues
Loft insulation	101,000 with less than 100mm likely to need improvements. Further 463,000 with less than 200mm insulation would benefit from top up	Current delivery 12,000 pa – mix Previous rates have been much higher though so no evidence of technical constraint	8-9 years if all current work was targeted at lofts with less than 100mm insulation. 47 years if all lofts with 200mm or less require insulation	Loft insulation is the single most common measure identified for improving home insulation in E, F, G rated properties. Significant rates of improvement in the past were associated with strong promotion of free installation. Rates have now slowed dramatically following changes to past programmes. Research needed to better understand any outstanding concentrations of



				consumer groups / house types which would benefit from insulation. In any event, strong case for providing this measure free given its cost effectiveness.
Cavity Wall Insulation	457,000 unfilled cavities identified in SHCS: CWI will not be appropriate for all of these however	10,000 pa As above, previous rates have been much higher so no technical constraint	Perhaps 30- 40 years, depending on the exact number of suitable unfilled cavities. Note that those unsuitable for CWI may require SWI.	CWI is the second most common measure identified for improving insulation in E, F, G rated properties. Same pattern as above; some evidence that lack of communal agreement in flats is a barrier which must be addressed. Similar research and policy approach as above, again given cost effectiveness.
Solid wall insulation	529,000 uninsulated solid wall properties. Some 242,000 of these are pre-1919 flats, and there is clear evidence that SWI is not necessary to reach EPC C in many of these.	10,000 pa Technical constraint in this area is possible.	Likely at least 300,000 solid wall properties will need this measure to improve their insulation levels = 30 years at current rates. In addition, some properties with cavities may also need SWI.	In addition to possible technical constraints, SG research suggests that typical SWI costs are around £10,000 per property. A clear understanding of the exact levels of need and of supply chain capacity to deliver this measure is needed



Modern standard boilers	Around 900,000 boilers need to be upgraded to meet modern standards	100,000 pa This is very largely delivered without public sector intervention, other than through social housing providers and under SG Fuel Poverty support	8-10 years – boilers are typically replaced at end of life, and the run rate has been consistent in recent years.	No public sector intervention is needed in this area, although it should be used as a trigger point for targeted communications to encourage householders to consider efficient, low carbon alternatives.
District heating	Unknown, more likely electric heating users	2,000 pa But uncertain: likely concentrated on 1945-82 high flats in which mains gas is not available. SHCS quotes a figure of around 54,000 of these, some of which already have DH. Possibility of technical constraint unknown.	Unknown: however it should be possible to use SHCS data to produce a good estimate of current position and overall need.	Regulation of heat networks is expected to be forthcoming following the CMA investigation. Assuming it comes to pass, and Scottish Government can legislate for regulation, then it should pave the way for further installs on the ground.



Renewable heating	To be determined: likely interaction with SWI for some off gas rural houses; they may need this or SWI, but perhaps not both, to reach EPC C	Approx 2,500 pa, based on Ofgem data, more likely off gas grid houses	Unknown	Bespoke advice is available on these systems through EST, and financial support through RHI (although this is currently due to close in the next few years). However, installation rates remain very low. Question about what other support is needed?
Solar PV	Solar PV, where suitable, will raise the EPC level of a house. The extent to which it reduces energy use or energy costs will depend on household circumstances	Annual rates of installation not clear, but FiTs registration data suggest a range of 5-10,000 houses each year since launch. Demand is closely linked to available subsidy rates. Approx 55,000 households installed to date according to Ofgem	Unknown and difficult to determine at high level without data on house aspect	It is likely there will be some houses which can reach EPC D relatively cheaply, but which would require much more significant investment (eg SWI) to reach EPC C. In these cases, solar PV may be a more cost effective additional measure, although it would have less impact on heating costs or carbon emissions. Issue for consideration – but worth noting that solar PV has proven to be by far the most popular renewable technology for consumers.

- 1.13 We conclude that for the majority of homes in Scotland, the combination of a modern boiler with loft (where possible) and either cavity or solid wall insulation will achieve EPC C.

The figures in the table above show that of all the measures, only boiler upgrades are being installed at a level which is on track to meet the EPC C by 2030 in the near future (in 8-10 years' time). New boilers, probably driven by end of life replacement by private owners, are being installed at levels nearly three times those of all other measures taken together. On this basis, it is very likely that all boilers will reach modern standards by the late 2020s, without any change in current policies. It is equally clear that there are no industry or supply chain barriers to this at present.

We therefore **urge the Scottish Government to model the impact of the change on existing EPC levels in Scotland of boiler upgrades being completed**; the aim would be to answer the question 'how many homes will reach EPC C when all boilers meet modern standards?'. This will go some way towards answer the first question in this consultation – is regulation necessary at all. Once this picture is clear, it will be easier to identify additional measures required and the cost effectiveness of these – the extent of need for additional types of insulation, especially of solid wall insulation and / or of alternate heating sources. Once these needs are clear, it will be possible to assess technical feasibility more easily.

- 1.14 Relying on the replacement of end-of-life boilers however, will not future-proof housing stock from future rises in fuel prices. Even with an efficient gas boiler, it does not necessarily address the issue of draughty, damp properties linked to health problems issues, nor the issue of affordability of rising fuel bills, nor the address the aim of lowering carbon emissions. Critically, relying on the replacement of gas boilers alone, does not address the issue of energy inefficiency and fuel poverty in off-gas properties. This is where fuel poverty levels are highest, typically in remote rural areas and those using electric heating, as our research from 2018 highlights¹⁴.
- 1.15 This leads to the conclusion that the only realistic way to achieve the standards of 'all home EPC Band C by 2030' is to make it mandatory – with the aforementioned caveats. This will prompt those households due to replace an ageing boiler to take action where they would have had to anyway. The advantage being it may dissuade 'emergency purchases' in the instance that a boiler breaks down and a new one installed without consideration of other low carbon options. Furthermore, a lead-in time of 10 years before a regulatory back-stop, together with a sustained communication campaign, could

¹⁴ https://www.cas.org.uk/system/files/publications/2018-06-12_speaking_up_-understanding_fuel_poverty_support_needs.pdf

allow owner occupiers to take a more informed view of heating options and consider insulation measures too.

- 1.16 We would add however, that this very ambitious target of 2030 does come with numerous risks, as outlined in points 1.18-1.20 below – namely that it puts householders under enormous time and financial pressure. To enforce mandatory action, would mean supporting households with a very robust programme of works to make it as easy, cheap and quality-assured as possible. In addition to an attractive financial offering (perhaps achieved with bulk procurement under LHEES and extended to owner occupiers), a water-tight consumer protection framework would need to be in place from the outset (i.e. early 2020) to avoid a sudden rise in fraudulent installers and DEAs, pressure sales tactics and shoddy workmanship in rushing jobs to meet the target date. We are also concerned that local authorities and their respective Trading Standards Teams could be overwhelmed by an influx of cases to investigate, as well as an influx in requests for exemptions from regulation. Local Authorities and Trading Standards Scotland would need to be sufficiently resourced in order to cope with the likely rise in demand. We know from TSS that about 90% of their case load of 100 was regarding the mis-selling of Green Deal when complaints about the rogue trader Helms first emerged.
- 1.17 If the Scottish Government was to rely exclusively on regulation of minimum energy efficiency standards at the point of sale, then the BAU scenario (with current rates of uptake) doesn't even reach the 2040 target, never mind the 2030 target. Neither does the BAU scenario + regulation from 2025 or 2030 at the point of sale. The latter scenarios get closer than standard BAU but it is still a long way short of the target by at least > 130,000 households in 2040. This would suggest that some additional form of regulation is required, either at additional trigger points or a blanket-approach. We comment on trigger points in Q2.

Caveats to our support for regulation

- 1.18 We have a number of reservations over the risks of accelerating the targets which are outlined below. Our broad support of regulation is therefore conditional on the assumption that homeowners are sufficiently supported to meet EPC band C – both with advice, education and financial support. This is what we highlighted in our [previous consultation response](#) in May 2017

"any new regulation of homeowners to implement minimum standards of energy efficiency would need to be preceded, or at least accompanied by, substantial

efforts to lead and transform public opinion – whether through education, communications and marketing, or awareness-raising¹⁵.”

- 1.19 We are of the view that for regulation by 2030 to be publicly accepted as well as to be practically possible – it will be necessary to introduce a third category for exemptions. Currently, two broad terms are used to describe exemptions: where it is ‘not cost effective’ or ‘technically feasible’.

We are aware of the work that has already taken place via the Short-life Working Group on Assessment to bottom-out what these terms mean in practice, and what methodologies would be used to assess this. CAS currently sits on this working group. In addition, we think it will be necessary to have either a third category or provisions to the aforementioned two on compassionate grounds. This exemption category might be expressed as something like where it is ‘inappropriate to enforce regulation for compassionate social reasons’.

This type of caveat would help to ensure that particularly vulnerable owner occupiers are afforded some sort of flexibility in meeting the 2030 target, and indeed exemption in acute scenarios. For example, those with long-term mental or physical impairments for whom the disruption of having major energy efficiency upgrades done would be too stressful and cause them undue distress. Solid wall insulation or double glazing installs may, for example, require a householder to be decanted to another property for a few days whilst working is underway, in addition to the mess and disruption caused by the works. Such individuals may not have the local family support or financial means to accommodate this arrangement. Those who are elderly and/or with mental health issues in particular, may find it incredibly stressful to prepare for, and witness disruption to their home for something like solid wall insulation. It will be imperative that there are programmes in place to support these householders.

The Scottish Government may wish to consider a hand-holding service to effectively project manage the works, and take account of these sensitivities.

- 1.20 The accelerated timescales of regulation by 2030 (assuming this is applied to householders and not just at trigger points) puts householders under a lot of pressure to get the works done, not least in financial terms but also in terms of time to organise the works. Working professionals with young families in particular, may be cash and/or time-limited to undertake this in their own home, in addition to supporting other (elderly/vulnerable) family members in their own respective homes. There is a lot of

¹⁵Pg. 17

https://www.cas.org.uk/system/files/publications/cfu_submission_to_sg_consultation_on_seep_-may_2017.pdf

time, money and energy involved in the various stages and it should not be underestimated how much support will be required to do the following:

- Seek quotes for an EPC assessment and get it done,
- Consult Home Energy Scotland and/or other advice-giving organisation
- Seek quotes for EE works,
- Apply for financial support,
- (time off work to) Oversee the energy efficiency works and/or heating system install,
- Organise a final EPC assessment by way of proof of compliance with regulation,
- Complete paperwork for loans/ certificates for installations.

This is an onerous process, and as we've called for in our previous consultation response, it is essential that under EES, it is made as easy as possible for people, with a 'one-stop shop' approach.

We suggest an expansion of the role of Home Energy Scotland, above and beyond a national advice service, to include accreditation of DEAs and installers, source of quotes, project management of jobs for vulnerable householders, and the central point of contact for complaints and redress.

2. What trigger points, e.g. sale, renovation, etc. could be used to require owner occupiers to undertake energy efficiency improvements?

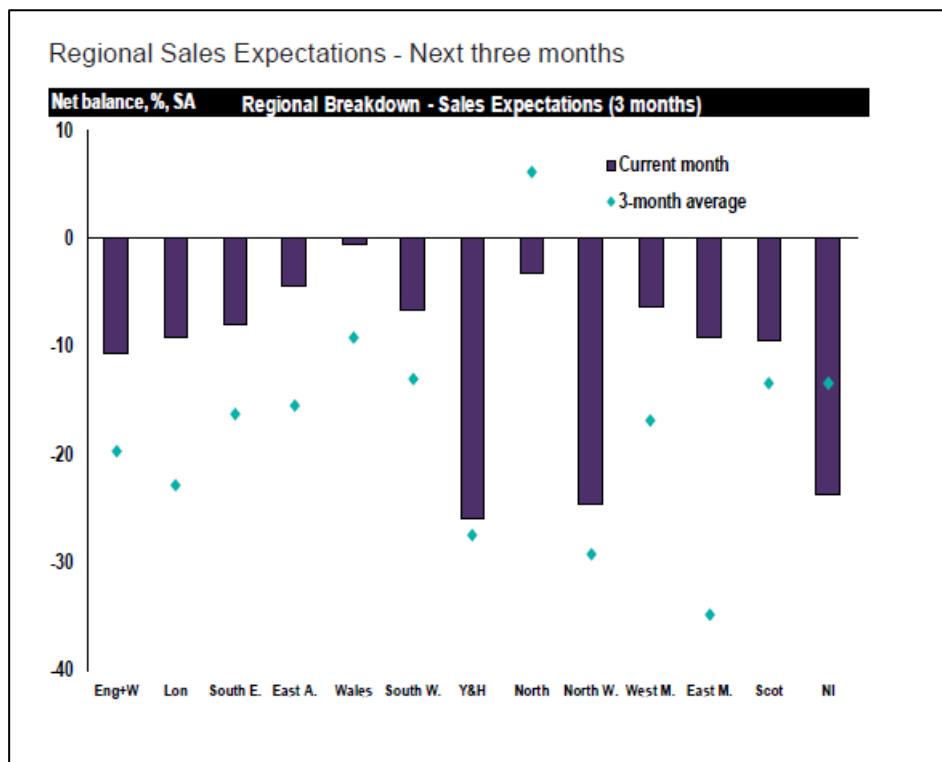
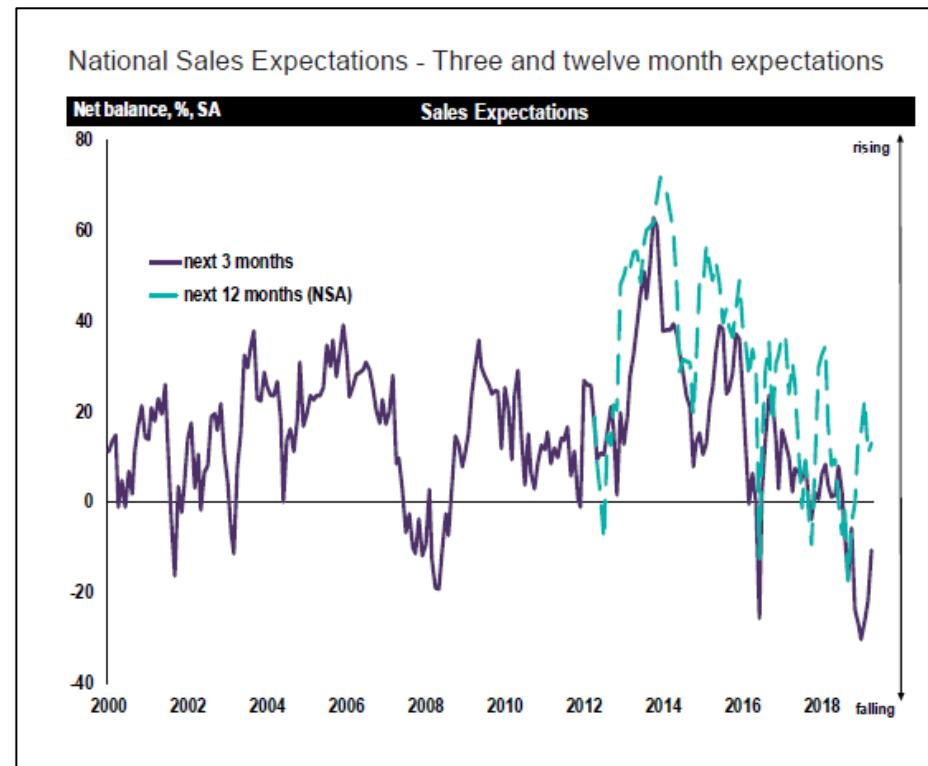
- 2.1 The consultation document points out that introducing regulation at the point of sale (with the onus on getting the EPC assessment done being on the seller) is not sufficient on its own to meet the 2040 target, let alone an earlier target. The rate of property sales amongst properties that are below an EPC C is just 36% within a 10 year period, and 65% within 20 years – which takes us to 2040. Based on these assumptions, that would still leave approximately 325,500 properties unaffected by regulation, and to be brought up to a Band C.

It is risky to rely on past trends in property sales and assume a rate of 36% when the future of the economy is so uncertain with the unknown impacts of Brexit on the housing market, inflation, employment levels and costs of living, plus the potential rise in austerity cuts. All of these things combined might lead to a downturn in the property market as people choose to stay put and extend their properties instead. The [April 2019 RICs survey](#) of residential properties projected a downturn in the next three months both



UK wide and in Scotland (see figures below).¹⁶ Thus the EE target of Band C may not be met with regulation at the point of sale alone.

¹⁶ RICS (2019) UK residential market survey. RICS. Available at: <https://www.rics.org/globalassets/rics-website/media/knowledge/research/market-surveys/uk-residential-market-survey-april-2019-rics.pdf>



National and regional residential sales projections, May – July 2019. RICs UK residential market survey

- 2.2 The consultation paper does not explore whether the onus for regulation should lie on the seller, who may be motivated to follow a least cost approach to the upgrade of energy efficiency as they won't benefit from it directly, or the buyer, which could risk slowing down the property market. In the first case, opportunities for whole-house upgrades could be missed. On the other hand, putting the added regulation on the buyer places additional financial burden on buyers who may already be stretched in covering a house deposit, as well as the overheads of a new property, furniture, refurbs, mortgage repayments etc. Yet the buyer may be more incentivised at upgrading their EPC rating as they will reap the benefits in the long term, and may be undertaking major refurbishments/decorating anyway in a period of relative upheaval. This is likely to apply to just a minority of new buyers with the capital and time to invest in energy efficiency measures and new heating systems. Such is the upheaval and administrative burden of moving home that it would seem unfair to penalise buyers with yet a further mandatory action. If regulation were to be applied to buyers it would be important to offer buyers a grace period in which to upgrade the EPC rating – to account for over-stretched household budgets. We can not assume that when people move it is to their 'home for life.' We therefore support regulation at the point of sale on the proviso of a grace period, although more research on the impacts on such a policy should be undertaken to avoid unintended consequences on property market.
- 2.3 In point 1.13 we talk about that fact that turnover of replacement for old, inefficient boilers is happening anyway at a rate of c.100k per annum. Nonetheless this should be used as a trigger point for targeted communications to urge homeowners to take action and install a new efficient heating system. Properties with ageing boilers could be identified through EPCs lodged on the central HEED database – which will only be a fraction of the total.

Using a trigger point of major renovation works is a possibility (where properties are identified when a building warrant application is made to the local authority), however a careful consideration of how 'major renovation' is defined is required. A new house extension for example, seems a sensible time to install energy efficiency measures, however smaller, external changes to a property such as an external porch or shed, is not appropriate and extra regulation could impede of householder's right to making basic home improvements.

We have considered a number of trigger points as outlined below and concluded that none offer a satisfactory point of intervention for regulation. Instead, they offer the opportunity to identify specific consumer groups and tailor communications messages accordingly to prompt the upgrade of EE measures. These trigger points for marketing, offering support services, and offering discounted offers could be:

- For tenements where communal repairs are underway (as identified through planning departments but only if/where permissions are sought. However this could be supplemented with tenements identified via council's initiative for communal repairs (E.g. Edinburgh City Council initiative)
 - Commencement of an LHEES or HEEP ABS delivery scheme – offers an opportunity to extend the offer to neighbouring private properties in an area-based approach (as per currently exists under HEEPS-ABS).
- 2.4 Slightly out with the question of trigger points, is the question of how do you incentivise homeowners to take action to install? The need for a wide-ranging suite of financial and fiscal incentives has already been made to help homeowners with the costs of installation. One must also bear in mind the additional pressures on household budgets such as inflation and rising food prices, and the impact of other policies such as the phasing out of petrol and diesel vehicles by 2032. More householders may need to finance a new ULEV car, for example. There is scope, therefore, to change the outputs of a 'Scottish assessment' of an EPC to tailor the results to the occupants, rather than just the building. Tailored results about expected fuel savings are likely to be more meaningful and credible to people. Our 2019 omnibus survey regarding consumer attitudes towards EPCs and regulation of energy efficiency showed that 32% of people said they'd be motivated to take action if they were given tailored information on fuel bill savings. CAS intends to undertake research this year to understand consumer attitudes to different presentations of EPC results e.g. reframing energy efficiency in terms of the altruistic benefits to society and climate change mitigation. This was recommended in a report by Cambium, commissioned by the Existing Homes Alliance. This may help to inform the way in which the Scottish Government uses the Scottish assessment to incentivise owner-occupiers to take action.

3. If you think mandatory action would be required to achieve an accelerated delivery of standards, when should mandatory energy efficiency targets be introduced in the owner occupied sector?

Before 2030

In 2030

After 2030.

- 3.1 It is not possible for us to draw a definitive conclusion on target dates without: more information about how regulation would be enforced in practice (whether fines would be issued for example); and critically, without knowing what range of incentives and support will be in place to support householders and; how exemptions would be applied. Nonetheless, what we are certain of is the need to inform householders as early as possible of forthcoming regulation. This is essential to give homeowners sufficient lead in time to consider their prioritisation of personal investments and home improvements,

save up finances to fund measures, and consider if/how this impacts upon their decisions to buy/sell a property as well as decide how they might need to plan to support other members of their family with EE upgrades in their respective homes (e.g. elderly parents).

On a target date, we are of the view that it should be in 2030, or after 2030, but certainly not before 2030. Any earlier than 2030 risks placing too much burden on the supply chain, and could compromise the ability to reach the fuel poverty target if resources were over stretched.

- 3.2 Regardless of the technical capacity to install these measures, it is clear from current installation rates that the only measure clearly on track to meet **either 2030 or 2040 target** at present is boiler replacement.
- 3.3 It is also clear that the current range of financial schemes in place to support energy efficiency measures for owner occupiers (namely the Home Energy Scotland loan scheme, but in certain areas HEEP ABS) – has not been sufficient to generate a rate of installation required to meet the target by 2030 or by 2040. Therefore a combination of enhanced financial incentives, alongside regulation is most likely the best way to achieve this. One aspect of the debate at present is the question of whether achieving these improvements by 2032 is technically practical – we consider this in section 4.5-4.7. But of all contingent factors, perhaps the most significant are:
 - i) Whether the supply chain can meet the demand of accelerated targets – alongside the pressures generated by LHEES and the FP Strategy and
 - ii) Whether consumer protection and quality assurance of installers is sufficiently robust to give consumers the confidence to take action.
- 3.4 We agree with an accelerated target for achieving the EPC C standard, no sooner than 2030 but potentially before 2040. Our rationale is outlined as follows:
 - 1) Improving energy efficiency in alignment with targeted support from the fuel poverty strategy can help address fuel poverty. Aligning interim targets in the Fuel Poverty bill with the EES target for owner occupiers could create economies of scale, while using LHEES as a key delivery mechanism could reduce unit costs of measure for owner occupiers who are fuel poor. A 5% fuel poverty target delivered in each local authority by 2040 in conjunction with LHEES becoming a statutory duty on local authorities helps avoid an urban bias and under catering of remote rural areas. However, big incentives are still required to encourage installers to work in remote and rural regions; a local authority framework of installers could guarantee work in these areas.
 - 2) Combining the fuel poverty target of EPC band C by 2030 with the “all homes” target encapsulates owner occupies who are fuel poor in the same target. This prevents

confusing messaging for homeowners, who might otherwise be left asking “am I or am I not considered fuel poor- and therefore which target applies to me?”

- 3) Combining the targets for fuel poverty and energy efficiency could generate economies of scale. We accept that there will likely be a small minority of homes for which this target is too complex, too expensive, or both. A further minority of households will find the targets too onerous to bear, due to incapacity as a result of long term illness, frailty, physical or mental health reasons. We suggest that in this instance, a third category of exemption on compassionate grounds be created. Without such compassion, over-bearing and uncompromising regulation could create public backlash and be plagued with tabloid exposés, which would undermine the entire EES programme. This will of course necessitate a subjective assessment with the flexibility to cover a wide range of scenarios.

Setting a clear timeline of eleven years (2030) could encourage householders to act. 2040 may be too far in the future for homeowners to take note of, thinking that they do not need to make changes now as they may be living elsewhere then.

As the domestic energy sector accounts for 16% of Scotland’s emissions, energy efficiency is an important means of achieving the climate change target of zero emissions by 2045 from 1990 levels¹⁷. However, achieving this through regulation of energy efficiency is only justified when homeowners are offered enough advice, education, and financial support to meet EPC band C. We highlighted this in our response to the previous consultation in May 2017.

- 3.5 There will be many homeowners who cannot upgrade the energy efficiency of their home due to technical reasons such as solid stone properties (529,000 solid wall properties remain uninsulated in Scotland) or rooms in the roof. Other homes will require upgrades that are impossible for cost reasons – SWI, renewable heat, and solar photovoltaics require major investment.
- 3.6 Concerning fuel poverty, an accelerated target of 2032 for owner occupiers focuses attention on the one driver of fuel poverty over which the SG has most control. If the supply chain becomes saturated and overwhelmed with demand from the owner occupier sector to reach the 2032 target, there is a risk that this diverts supply chain capacity away from those in fuel poverty, who arguably need support more. It will therefore be imperative that the Fuel Poverty Strategy outlines a very clear path for the identification of fuel poor households, and a quick mobilisation strategy for the supply

¹⁷ Committee on Climate Change Report - Pg. 37 <https://www.theccc.org.uk/wp-content/uploads/2018/09/Reducing-emissions-in-Scotland-2018-Progress-Report-to-Parliament.pdf>

chain to focus efforts in these areas, possibly through a ramping up of the existing HEEPS-Area Based Schemes.

Our research from 2016 (Taking the Temperature) concluded that

"Of the Scotland-specific schemes for which data is available, area-based delivery of universally free measures has proven to be the most cost-effective approach to reducing carbon emissions from homes¹⁸"

Although the area-based schemes have been relatively successful in maintaining delivery of solid wall insulation, the Scottish Government will need to incentivise this measure and other measures for hard-to-treat properties on the scale necessary to meet targets.

- 3.7 In our responses to the current consultation on low carbon heat we explain our policy position on how low carbon heat interacts with fuel poverty. As noted throughout this response, the setting of an accelerated target for owner occupiers does risk putting household bills under more financial strain. Fuel poor households with electric heating – the most expensive heat source- could be offered financial support to offset the high upfront costs of heat and electricity sources with lower running costs, such as heat pumps, high retention storage heaters, solar pv, and home battery storage. To maximise fuel bill savings, households will also require the appropriate post-installation support and advice about using their new system.

4. From a supply chain perspective, do you think bringing forward the timescales for the Programme would have a positive or negative effect on quality, skills & capacity and consumer protection? Please provide a rationale, and evidence where possible.

Quality

4.1 Skills

We have no evidence of our own to contribute to this question on skills. Suffice to say that having a big enough work force with the appropriate skills in Scotland is absolutely paramount to the success of EES, and even more so if targets are brought forward to 2030. The inevitable strain this will place on the supply chain means that upskilling of new apprentices must happen in the immediate term, given the lag time in training. Upskilling will be required in all aspects including: installation of energy efficiency measures, heating systems, commissioning, electrical and plumbing works, remedial works, maintenance works, roofing, designers, and domestic energy assessors to undertake EPC assessments. The latter is particularly critical if regulation is introduced in

¹⁸ P101. https://www.cas.org.uk/system/files/publications/taking_the_temperature_-_a_review_of_energy_efficiency_and_fuel_poverty_schemes_in_scotland.pdf

the PRS as well as owner occupied sector. All the more so if the Scottish Government introduces a new 'Scottish assessment' to the EPC assessment process. DEA's and/or 'Designers' as the consultation refers to, must be trained, accredited and in place on day one of the EES programme. Time and resources must clearly be factored in to this process and there is a question over who funds this training. A recent survey (May 2019) of supply chain companies by the Existing Home Alliance (ExHA) found that 61% of companies (n=11) said that they did not think that there are enough skilled suppliers in their trade to achieve EPC Band C for most properties by 2030. Clearly this is an area that needs real focus and resourcing.

4.2 Capacity

We don't have our own evidence on the capacity of the supply chain to meet the standards by 2030 or 2040; however the capacity question is one of our biggest concerns in accelerating targets. A regulatory back-stop of 2030 puts the supply chain under tremendous pressure with the ensuing risks of rush-jobs, shoddy-workmanship, potential back-handers to DEA's to give a property a better EPC rating, an influx of pressure sales tactics, and cold-calling. We know from Trading Standard Scotland, that when government-backed schemes are introduced, they are often accompanied by a sudden rise in spurious advertising claims of 'free money' or "£x towards X" such as: "Get paid £2500 to replace your old windows". However in reality, this discount may be from a heavily inflated price which does not deliver the good value it claims to.

Get Paid To Replace Your Old Windows and get them installed before the end of May.

It sounds absolutely crazy, doesn't it? With the Scottish Home Discount Programme getting paid to replace your Double Glazing is a reality.

Any homeowner in Scotland is automatically eligible for £2,500 of funding that can be used to replace the old windows in your property and have them replaced for A+ Rated Energy Efficient Windows.



- 4.3 On capacity, we should not forget that this includes Local Authority planning departments. Regulation under EES will inevitably prompt a rise in the number of building warrants and requests for planning permission in conservation areas (for measures like solid wall insulation, glazing, the siting of air source heat pumps and biomass boilers/flues, Solar PV, solar thermal and wind turbines). Additionally, if local authorities are expected to manage requests for exemptions to regulation, this will also place them under considerable strain.

4.4 Current supply chain attitudes

More research is required to understand what suppliers think about their ability to ramp up their business operations in respect of demand generated by the regulation of the PRS and owner occupier regulations. We assume that the Scottish Government has conducted its market research in this regard.

The only recent evidence we have seen concerning the attitudes of those involved in the heating, insulation and renewables supply chain is from the Existing Homes Alliance (ExHA) of which CAS is a member. ExHA invited 62 companies with operations in Scotland to respond to an online survey. Nineteen companies answered the survey of which 17 (89%) said that they agree that 'it is achievable for all homes to reach EPC Band C by 2030 where cost effective and technically feasible'. Some cited that 'only regulation will drive the change', and 'the key to successful delivery against the target is clarity and consistency. Set the target, confirm it, [do] not change it and the supply chain will deliver', although one acknowledged that 'some difficulties would need to be overcome with Hard to Treat properties'.

When asked 'does your business/organisation have the capacity to respond to a growth in demand? (about 1 million homes will need energy efficiency and heating upgrades)' – 94% (n=17) said yes, with some citing between 10% - 30% year on year growth.

4.5 Loft insulation – industry capacity:

In terms of industry capacity for loft insulation, the speed of improvement between (roughly) 2009 and 2013 is particularly impressive, going from around 25% of lofts in Scotland having 200mm or more insulation, to over 60%. This includes about 30% of all properties having 300mm or more.

Less than 10% of lofts now have less than 100mm of loft insulation. This equates to 101,000 homes, with only 9,000 homes in Scotland having no insulation at all. A further 30% of all lofts (563,000 properties) have less than 200mm of insulation.

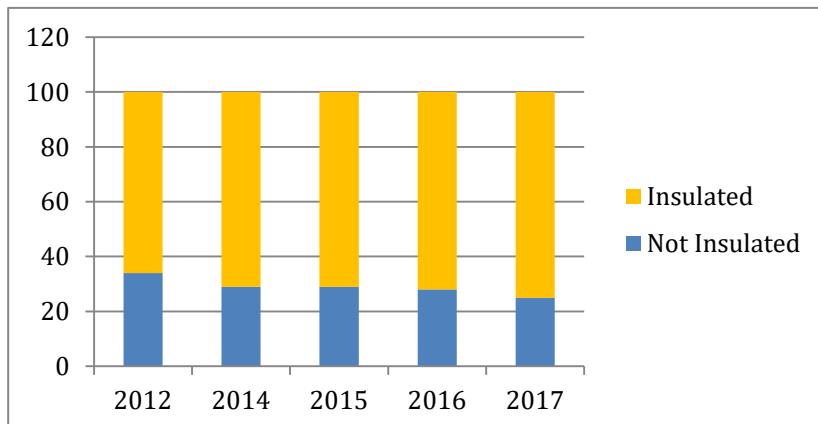
Administrative data shows that some 59,000 lofts have received improved loft insulation over the last 5 years, giving an annual improvement rate of around 12,000. If this trend continues, and assuming that improvements are concentrated on those with 200mm or less of insulation, we might expect 180,000 further lofts to be fully insulated by the end of 2032, or 276,000 by the end of 2040. Even by 2040, this would still leave nearly 400,000 lofts with less than 200mm of insulation.

The observed earlier rates of improvement show that there are no (or at least few) technical barriers to further uptake of loft insulation. The recent flat trends do, however, indicate that there are policy and / or consumer attitude barriers to further improvements.

We recommend that the Scottish Government undertakes further analysis of the types / geographies / tenures / groups of consumers needing more insulation. This would help show whether there are any patterns which could then be targeted.

4.6 Cavity wall insulation–technical capacity:

The chart and table below show that progress on insulated cavity walls in recent years is continuing, although at a slower rate than in the past. The SHCS acknowledges that the physical survey may under-estimate the number of cavities which have been insulated, as it is not always possible to observe physical evidence after the work. However, the lower lines in the table also show that there is no evidence of a significant discrepancy between survey and administrative data. We recommend that the Scottish Government undertakes research to understand this discrepancy; it should be possible to match addresses of houses assessed by the survey to addresses of houses which are recorded as having cavity wall insulation (CWI) installed.



Proportion of insulated v. not insulated Scottish homes, 2012-2017. Scottish Housing Condition Survey

Table 11: Cavity Wall Insulation, 2012 and 2014 to 2017¹⁵

	2017		2016		2015		2014		2012	
	000s	%								
Not insulated	457	25%	512	28%	525	29%	518	29%	606	34%
Insulated	1,363	75%	1,323	72%	1,286	71%	1,287	71%	1,157	66%
Total	1,821	100%	1,834	100%	1,811	100%	1,805	100%	1,763	100%
Sample	2,284		2,154		2,099		2,017		2,076	
Cumulative reduction in SHCS uninsulated since 2007										
000s	359		304		291		298		210	
Cumulative recorded cavity wall insulations under government schemes since 2007										
CERT ¹									218	
ECO	91		82		72		54			

Current rates of installation of CWI are around 10,000 each year, and the SHCS suggests that there remain 457,000 uninsulated cavity walls. CWI will not be appropriate in all cases. However, the data still suggests a significant opportunity to improve insulation levels, without particular technical barriers.

As with loft insulation, it would be helpful for the **Scottish Government to analyse the data to better understand whether / where there are particular concentrations of uninsulated walls**. 2015 research for the Scottish Federation of Housing Associations, for example, found that all housing associations in urban areas identified multiple ownership of blocks of flats as a barrier to the installation of insulation.

4.7 Solid wall insulation–technical capacity:

The 2017 SHCS found a total of 643,000 solid wall properties in Scotland. Of those, 467,000 were pre-1919 properties – table below (SHCS p18).

Table 12: Wall Insulation of Solid and Other Wall Types, 2012 and 2014 to 2017¹⁹

	2017		2016		2015		2014		2012	
	000s	%								
Not insulated	529	82%	524	85%	552	89%	528	86%	557	89%
Insulated	115	18%	94	15%	71	11%	85	14%	66	11%
Total	643	100%	617	100%	623	100%	613	100%	623	100%
Sample	718		696		655		663		711	
Cumulative recorded EWI installations under government schemes since 2007, thousands										
CERT ECO*	50		41		30		19		9	

The SHCS notes that 50,420 solid walled properties were insulated under CERT / ECO between Jan 13 and December 17, or just over 10,000 each year. The survey shows that there has been a consistent increase in the proportion of insulated solid walls, although still just over 80% - some 529,000 properties - remain uninsulated. If all of these properties need solid wall insulation (SWI), it would take until 2070 at current rates to install the necessary measures.

It is worth noting, however, that not all solid walled properties do need to be insulated to reach EPC C. Traditional sandstone mid-floor tenement flats in Glasgow already achieve a C rating when a modern boiler and double glazed windows are installed¹⁹. Top floor flats will be at or close to that level if loft insulation is in place. The SHCS states that there are 182,000 pre-1919 tenement flats and a further 60,000 'other flats' of that age.

In total, those flats account for more than half of all pre-1919 properties, and well over one-third of all solid wall properties, including those already insulated.

We recommend that Scottish Government undertakes analysis to understand how many of those flats do in fact require SWI to reach EPC C (or are already insulated); if a sizeable proportion do not require SWI, the scale of the overall task is clearly made much more achievable.

There is an outstanding question as to whether the current rates of installation are limited by industry capacity, by lack of funds, or a combination of both. However, the trends above show that the difference in date between 2032 and 2040 is in this case quite small compared to the wider challenge.

¹⁹ It is possible to check the EPCs of individual dwellings by postcode at <https://www.scottishepcregister.org.uk/>

4.8 Consumer protection

So long as a robust consumer protection is in place under EES (whether that is the Scottish Quality Mark or otherwise) the target date of the standard shouldn't have a bearing on consumer protection. This is assuming that a robust consumer protection framework is already be in place from day one of the EES programme, as it should be. Where it may be problematic is if/where and when sudden rises in rogue traders occur (possibly because of pressures on the supply chain to deliver by tough timescales) and either:

- i) This leads to a proliferation of rogue traders taking advantage of owner occupiers rushing to get work done by 2032 or/and,
- ii) That the enforcement agencies/accreditation bodies/HES (if HES manages the Quality Mark) – are inundated with compliance issues that they don't have the time or money to resource.

In addition, Trading Standards Scotland and Trading Standards departments in each local authority could be flooded with scams issues to investigate and/ fraudulent installers or DEAs. We know that issues with a rogue trader called Helms under Green Deal consumed much of TSS's investigation time and caused significant levels of consumer detriment which still continue today. We could see a ramping up of such cases under EES, and we argue that:

- Funding for TSS and local authorities' Trading Standards departments should be increased in anticipation of this. This will help to ensure that scams, fraudulent trade and issues with non-compliance with accreditation standards are resolved in a timely manner.
- Those companies or individuals under investigation should be suspended from working until a compliance issue is resolved. Where a scam is reported by householders, there should be a central database to record these, and cross-referrals of intelligence between relevant agencies (TSS, Police Scotland, CAS, EST/HES, local authorities) to ensure that there is a swift red flag and ensuing investigation. In the case of Helms under the Green Deal, action was not swift enough to prevent Helms from trading. To ensure public trust in EES and give people the confidence to install and self-fund measures, it is essential that consumer protection and redress is water-tight.
- The Scottish Government could overcome the risk of cold-calling and pressure sales by applying a mandatory policy of all accredited installers under the Scottish Quality Mark that states: "no Quality-Mark accredited installer will ever cold-call you, by phone or by door-knocking".

- In addition, Home Energy Scotland could potentially offer a service whereby they can verify the legitimacy of an advert, offer or claim in order to give people reassurance that an offer is legitimate.

Arguably the same rush to get works done may occur just before 2040, were the target to be 2040. The difference is that by 2040, accreditation bodies, enforcement teams and Trading Standards Scotland may have had the benefit of time to smooth over early issues.

5. In your view, how would accelerating Energy Efficient Scotland help, and/or how would it hinder, plans to address fuel poverty?

- 5.1 The Fuel Poverty Bill is in the process of acquiring Royal Assent following the stage 3 debate on 6th June 2019. The Bill enshrines a target of:

"in the year 2040, as far as reasonably possible no household in Scotland is in fuel poverty, and in any event, no more than 5% of households in Scotland are in fuel poverty (and no more than 1% in extreme fuel poverty). Median fuel poverty gap is no more than £250 by 2040".

The final Fuel Poverty Strategy will be enacted one year after the date that the Bill gains Royal Assent. Assuming this happens around November 2019, we are looking at a date of November 2020 before we know what the final Fuel Poverty Strategy is. It is difficult to answer this question without knowing what the Fuel Poverty Strategy will entail.

- 5.2 Although energy efficiency alone cannot eradicate fuel poverty- improving Scotland's housing stock should be an infrastructure priority and is a no regrets option. CAS's report (2016) *Taking the Temperature* concluded that retrofitting existing housing stock is central to eradicating fuel poverty and limiting greenhouse gas emissions in Scotland.

The draft Fuel Poverty Strategy points to LHEES and EES as being the key delivery mechanisms for meeting the fuel poverty target in regard to removing energy efficiency as a driver of fuel poverty. There is however little mention of if and how the Scottish Government will target additional financial support to the fuel poor in order to address low incomes as a driver of fuel poverty. Furthermore it is unclear as to how the proposal of a Scottish Government-funded Public Energy Company will address fuel poverty. As the final Fuel Poverty Strategy is developed (to be enacted a year after gaining Royal Assent), it will be necessary for the Scottish Government to outline with absolute certainty:

- i) How the Fuel Poverty Strategy fits in with EES

- ii) What new support mechanisms it will include, such as financial support for those in persistent fuel poverty, and those in fuel poverty despite living in energy efficient homes.
 - iii) How fuel poor households will be identified (whether by a door-step assessment tool or otherwise, and correspondingly, how Local Authorities will be supported to identify fuel poor homes. This will allow LA's to better plan for LHEES whilst at the same time addressing fuel poor households as a sub-set within their Strategy). If LHEES is to become a statutory duty as planned, then we suggest that the fuel poverty target of 'no more than 5% by 2040' is included within that.
- 5.3 Regardless of the outcome of the final Fuel Poverty Strategy, it will be essential that EES focuses on fuel poor households by ramping up efforts under new and existing schemes (like HEEP-ABS and Warmer Homes Scotland). There needs to be a clear strategy to address fuel poverty under EES, otherwise there is a risk that attention of stakeholders and the supply chain is unduly focused on the able-to-pay, owner occupier sector. This is a particular risk considering that fuel poor households can often be the most difficult and complex retrofit jobs, particularly in remote rural locations. Bringing forward the backstop date of EPC C to 2030 for owner occupiers could risk focusing supplier competition on the owner occupier sector, perhaps with the prospect of more lucrative and easier retrofit jobs in privately-owned homes. Accordingly, there is a risk that the accelerated target for owner occupier regulation would create:
 - i) A geographic bias towards easy installations in urban population centres and/or
 - ii) A sector bias towards wealthier, able-to-pay owner occupiers and social housing (where the big installation contracts are likely to be via LHEES and HEEP-ABS) such that low-income owner occupied properties in fuel poverty are unintentionally excluded in a competitive market, if led by market forces alone.
- 5.4 Regarding the first point above, on geographical bias, this should be avoided providing that fuel-poor owner occupied households in remote areas are offered deals to support energy efficiency retrofits. For example, one would assume that Local Authorities will use their LHEES as a key means by which to meet the fuel poverty target of *no more than 5% of households in the local authority area to be in fuel poverty in the year 2040*. The fact that the Fuel Poverty Bill includes a provision 1A that 'The Scottish Ministers must ensure that the 2040 target is met in each local authority area' gives us some reassurance that legislation will ensure progress is achieved in all geographic areas, and help to avoid remote rural areas being left behind. Therefore the meeting the fuel poverty target is tied-up with, and to some extent contingent upon, the targets for regulation of energy efficiency under EES. This is likely to drive a lot of local-authority led programmes – e.g. bulk-procurement of energy efficiency measures under expanded existing programmes such as HEEP-ABS, and potentially new programmes under LHEES.

5.5 It will be essential, that fuel poor owner-occupiers are supported to install measures – ideally free, or heavily subsidised (whether by central government or under these Local Authority-led programmes) - to avoid being 'shut-out' of the supply chain, as the big suppliers are drafted to work on the big contracts for local authorities. If the target date for owner occupiers is brought forward to 2030, the whole supply chain will be under huge pressure to deliver – and as such it will likely be harder for remote rural (fuel poor) householders to obtain quotes for works as DEA's and installers prioritise easier jobs, and installers are tied-up in big framework contracts for local authorities. The Scottish Government would need to ensure that there are sufficiently big incentives for installers to work in remote rural regions with the guarantee of work, and also to encourage local installers to take on local jobs. For example, a procurement process that identifies a framework of several local contractors which can pool resources and create economies of scale. This would serve multiple purposes: first to give householders reassurance that a local installer could more readily attend to future maintenance issues; secondly, one might assume that people have more trust in local installers; and thirdly, it could help to boost local economies and employment levels.

5.6 Alignment of targets

An advantage of bringing the target date of regulation forward to 2030 is that it aligns with the interim target in the fuel poverty Bill of 'no more than 15% of Scottish households to be in fuel poverty by 2030'. This helps to removes confusion for owner occupier households from a messaging point of view, because fuel poor home owners are encapsulated by the same target date. If the target were 2040, a fuel poor homeowner might not know if they are deemed 'fuel poor' and whether the 2040 target date applied to them. The news of forthcoming regulation for homeowners might create a sense of panic for a householder already struggling to pay the bills and stay warm. With an aligned target, communications with fuel poor households can be better managed to avoid this scenario and instead advise them of what support is available to reduce their bills.

5.7 The interim target in the Fuel Poverty Bill (no more than 15% of households to be in fuel poverty by 2030), goes some way to ensuring that the proportion of households in persistent fuel poverty (as a result of a damp, energy inefficient homes as opposed to low income alone) will drop.

Accelerating the target (backstop) for owner occupiers to reach EPC Band C from 2040 to 2030 could, theoretically, help to expedite the reduction of fuel poverty so long as energy efficiency retrofit programmes are delivered effectively. Much of this is contingent on the supply chain being able to meet demand, and that the attention of the supply chain is concentrating on fuel poor households via bulk procurement and big contracts.

5.8 In our response to the Scottish Infrastructure Commission²⁰ we have made a number of recommendations in relation to the transition in energy infrastructure. These are also relevant to EES and the Fuel Poverty Strategy, and could be a way to support fuel poor households:

- Financially supporting fuel poor households with electric heating – the most expensive heat source- to install alternatives with lower running costs such as heat pumps or high retention storage heaters which have a high upfront cost.
- Fuel poor households could also be financially supported to install measures which will reduce their bills such as solar pv and in home battery storage. Alongside financial support, households will also need the appropriate post-installation advice and support to maximize fuel bill savings.
- Consumer protections, such as appropriate redress and complaint handling for vulnerable consumers within community energy projects and new flexibility services must be prioritized.

Risks

5.9 A risk of accelerating the owner occupier target to 2030 is potentially forcing households (including fuel poor households) to invest in the wrong type of heating system that is either inappropriate for their property or lifestyle, and also at risk of being more expensive to run. With the inevitable rise in marketing around energy efficiency that would follow regulation and the rise of time-limited offers of discounts and deals from LA/government people may feel pressurised into making decisions without knowing enough about:

- i) Which type heating systems are appropriate for their property. For example, a heat pump may boost the EPC rating of a property but it's unlikely to run cost-effectively in a poorly insulated, draughty building. Furthermore it can be very costly to run if the controls are used incorrectly because of a lack of understanding – for example, if immersion heater is relied upon, instead of buffer hot water tank.
- ii) The future of the gas grid and whether the UK Government intends to expand the reach of the existing gas network, or whether the Scottish Government will focus investment on a greener electricity grid or infrastructure for hydrogen (instead of conventional gas). All of these questions remain unanswered and all

²⁰ <https://www.cas.org.uk/publications/cas-submission-infrastructure-commission-scotland>

have a bearing on what type of heating system is the cheapest to run, particularly for off-gas properties. For those households connected to the gas grid, conventional is likely to continue to be the cheapest form of energy for some years yet.

In this consultation the Scottish Government has suggested that the technology is 'not there yet' and that accelerating targets for regulation may be premature whilst technologies are in an R&D phase. We would contest this, believing that there are plenty of technologies that are market-ready already (heat pumps being well established, and efficient storage heaters being commercially available). The greater question at play is not so much the technology, but what the future of the energy grid is. Should households invest in electric heating (efficient storage heaters or heat pumps), invest in gas and get themselves connected to the grid if one of the 1.6 million unconnected homes²¹ (Britain wide) within 23 meters of the network in anticipation of hydrogen, or should they opt for biomass and hope that a local supply chain for pellets and chips remains cost-effective and reliable in the future?

We therefore highlight the need for the Scottish Government to commit to a clear route map regarding their intentions for the future of the Scottish energy network.

This will give industry, homeowners and local government a clear signal as to what heating systems they should invest in. Needless to say, this decision will have a huge impact on the affordability of energy in the future.

17% of properties are not connected to the gas grid in Scotland²². Although low carbon technologies such as heat pumps and biomass boilers exist, these alternatives require significant upfront investment. As noted previously in this response, those who use electric heating can face a number of issues²³. 25% of households in the Highlands and Islands rely on oil heating, and as our research *Clubbing Together*²⁴ showed, prices can be highly volatile – a 74% increase was seen between January 2016 and January 2018.

We think that financial investment in alternative heating systems for fuel poor households in off-gas areas should be an infrastructure priority. We are pleased to see that the Scottish Government are consulting²⁵ on their off-gas decarbonisation strategy to understand the best options for heating homes that are not connected to the gas network and who currently rely on high carbon fuel sources such as oil and LPG.

²¹ https://www.cas.org.uk/system/files/publications/2018-08-15_off-gas_report_final_0.pdf

²² <https://www2.gov.scot/Topics/Statistics/SHCS>

²³ <https://www.cas.org.uk/publications/hard-wired-problems>

²⁴ https://www.cas.org.uk/system/files/publications/2018-10-04_clubbing_together_report_final.pdf

²⁵ <https://www.gov.scot/publications/energy-efficient-scotland-future-low-carbon-heat-gas-buildings-call-evidence/>

6. With regards to reducing the emissions associated with the supply of heat, what are your views on consideration of energy efficient improvements alongside changes to heating systems?

- 6.1 A 'fabric-first' approach is a well-established view: improve the insulation of a property first before changing the heating system to avoid wasted heat and associated carbon emissions, and effectively future-proof a property.

It is essential that ventilation is considered as part of overall fabric improvements, otherwise problems can arise with rising humidity, leading to dampness, mould and corresponding respiratory health problems – like asthma – a concept often referred to as 'sick building syndrome'. Furthermore, the addition of insulation and draught-proofing without factoring in adequate ventilation does carry the risk in some properties of locking in moisture and in fact exacerbating dampness/mould. In extreme cases this may lead to structural issues. It is therefore important that EES insulation programmes do not cause unintended consequences like this.

- 6.2 The consultation proposes a whole-house assessment by 'designers' and we agree with this to help mitigate the aforementioned risks. It will be important that these designers are fully trained in designing for ventilation and able to advise householders on ventilation, as a lot of ventilation comes down to behavioural use of windows and radiators.
- 6.3 It will also be important for those responsible for giving impartial advice, such as HES advisors and designers, to encourage a householder to focus on energy efficiency before or at the same time as installing a new heating system, given the logic of a fabric-first approach. This will avoid problems such as over and under-sizing heat pumps which will only work cost-effectively when they are correctly sized in a building and commensurate with the heat-loss calculation. Heat pumps work on the basis of low-temperature ambient heat, as opposed to convective heat from high temperature radiators in conventional gas-central heating. They work most efficiently in well insulated and draught-proofed buildings, and should be kept running at a lower temperature to provide a steady level of heat. They are therefore sensitive to fluctuations in heat loss e.g. a window left open or draughts, or sudden demands for heating where the back-up immersion heater kicks in, or the number of heat compressor cycles increases. Both of these will use more electricity in the process and thus risk raising heating costs significantly if not used properly. It will be important under EES that:
- i) Heat pumps are only installed in suitable, insulated properties;

- ii) Heat loss calculations used to determine the size of heat pump by an installer at the point of quotation are accurate. We suggest that the Scottish Government considers extra quality controls at this point -e.g. under a Quality-Mark accreditation scheme- undertaking an inspection of a certain percentage of each installer's heat pump installations to ensure that the sizing was calculated correctly. This is the approach that the accreditation body HIEES takes;
- iii) That installers and/or HES supports heat pump customers to apply to their District Network Operator (DNO) for permission to install a heat pump before installation. DNOs need to be advised of heat pump installations to ensure that the local grid connection get cope with the additional spike in electricity required to run a heat pump;
- iv) It is mandatory for EES installers to advise householders on the correct use of heat pump controls to ensure that they are using the system cost effectively. Ideally this would include a follow-up call or visit to check the customer's understanding. At a minimum the householder should be supplied with and taken through an easy-to-follow Plain English instruction manual;
- v) That householders with new heat pumps are advised of the most appropriate, cost-effective tariff to be on for a heat pump (e.g. Economy 10 offers three periods of off-peak electricity).

7. What are your views on using change of tenancy as a trigger to require the increased standard?

- 7.1 CAS broadly supports the Scottish Government's proposals for minimum standards of energy efficiency in private rented housing, and believes there should be a robust framework of general consumer principles that offer support, advice, protection and redress for tenants. While change of tenancy could be a trigger for regulation – there is a risk that landlords could pass on the costs of energy efficiency upgrades to tenants. We would only support this if legislation or some robust measure was put in place to avoid landlords raising rents to cover their retrofit costs. Our preferred option is that the increased standard be applied when landlords register or re-register with their local council. This supports Shelter Scotland's previous recommendation.
- 7.2 While there has been positive improvement in some of Scotland's National Performance Framework indicators, progress on the majority has stalled. In particular, the Scottish Housing Condition Survey suggests that some 68% of homes in Scotland have some degree of disrepair, and 40% of Scottish homes fail to meet the Scottish Housing Quality

Standard (SHQS)²⁶. This is particularly acute in Scotland's fastest growing housing sector, the private residential sector, where 48% fail the SHQS, a higher proportion than any other housing type.

- 7.3 CAS calls on the Scottish Government to install additional protections to ensure landlords do not pass off the cost of EPC assessment and other one-off costs to tenants, including at the point of new tenancy, and to ensure that the increased standard does not inflate rent prices. Some tenant protection is offered by section 11.1 of the [Tenements \(Scotland\) Act 2004](#), which states
*"an owner is liable for any relevant costs (other than accumulating relevant costs) arising from a scheme decision from the date when the scheme decision to incur those costs is made"*²⁷.

CAS would like to see the costs of energy efficiency upgrades and EPC assessment formally supported by provision.

- 7.4 Only 39% of housing stock in the private rented sector is EPC band C or better, making it far less energy efficient as a sector than social housing (55% of social housing is in band C or better)²⁸. [Research](#) done by Citizens Advice in England found that in all cases studied minimum standards of energy efficiency in private rented homes brought net benefits for tenants, even when landlords passed the costs on through higher rents²⁹. While increased standards of energy efficiency in the private sector would be beneficial to tenants, including the most vulnerable members of society, change of tenancy is a less than perfect trigger for requiring the increased standard. It would be administratively difficult for local authorities, could put tenants who push for upgrades at risk of losing a tenancy, and could cause undue financial strain on landlords, potentially increasing rent for energy efficient properties or causing properties to be sold or converted to holiday lets. These problems could be aggravated by lack of choice in the market and a lack of general knowledge and information about energy efficiency and EPCs.

²⁶ Scottish Housing Survey Results, 2017. <https://www.gov.scot/publications/scottish-house-condition-survey-2017-key-findings/>

²⁷ [Tenements \(Scotland\) Act..](#) Available at: <http://www.legislation.gov.uk/asp/2004/11/section/11>

²⁸ Scottish Housing Survey Results, 2017.

²⁹ Frontier Economics (2017). The impact of Minimum Energy Efficiency Standards in the Private rented sector. Citizens Advice. Available at:
<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Frontier%20Economics%20for%20Citizens%20Advice%20-The%20Impact%20of%20Minimum%20Energy%20Efficiency%20Standards%20in%20the%20Private%20Rented%20Sector.pdf>

7.5 Surveys conducted by [Shelter Scotland](#) in 2017 and CAS in 2019 identified broad support for a mandatory minimum standard from tenants, though some tenants expressed concerns to Shelter that landlords would leave the market or increase rents in response to the costs of updating the property³⁰. A survey conducted by CAS in 2019 found that 79% of surveyed Scottish adult renters and those who live rent free support mandatory minimum standard of EPC band C for landlords in 2030³¹. Minimum standards are not without risk; Landlords could decide to sell their property, leave it vacant, or convert it to a holiday let should they feel the cost of the upgrade is too high, increasing pressure on a rental market in which choice for tenants is limited³². Tenants who push for landlords to make repairs in the period before a tenancy change could have their application rejected in favour of a less demanding candidate. To address some of these concerns, CAS has [previously recommended](#) that landlords should not be able to pass on the costs of EPC assessments or other one-off costs to tenants, including at the point of a new tenancy³³. The Scottish government should install additional protections to ensure that increased standards do not grossly inflate rents.

Case study: Client rents from a private landlord. Client showed a video from the month before her visit of water pouring out of her boiler. The problem occurred on a Saturday and the landlord did not come until Sunday, and could do nothing until an engineer came on Monday. A new boiler was installed on the Thursday of the same week. The landlord threatened to raise the Client's rent to cover the cost of a new boiler. The Client told the landlord that she would not pay increased rent as the boiler had not been serviced the previous year. The Client reported the issues to her Council and was ensured that she was on their waiting list but that they had no housing available at that time. Client has a four month old baby.

7.6 An academic study conducted in 2014 found that the main reason landlords do not make energy efficiency improvements was high upfront costs, with 60% of UK landlords

³⁰ Shelter Scotland (2017). Scottish Government Consultation on Energy Efficiency: The Views of Private Tenants. Available at: https://scotland.shelter.org.uk/__data/assets/pdf_file/0007/1391398/SG_Consultation_on_Energy_Efficiency_the_Views_of_Private_Tenants.pdf__nocache

³¹ YouGov (2019) *Scottish consumer attitudes to Energy Performance Certificates and regulation of energy efficiency*. Citizens Advice.

³² Shelter Scotland (2018). Energy Efficient Scotland consultation: Shelter Scotland Response. Available at: https://scotland.shelter.org.uk/__data/assets/pdf_file/0010/1547776/Energy_Efficient_Scotland_consultation_shelter_scotland_response_FINAL.pdf__nocache

³³ https://www.cas.org.uk/system/files/publications/cfu_submission_to_sg_consultation_on_energy_efficiency_and_condition_standards_in_private_rented_housing_-_june_2017.pdf

surveyed citing this as a deterrent³⁴. Existing tenants with a tenancy agreement perceive asking for energy efficient upgrades as risky: 60% of tenants surveyed by Shelter in 2017 felt uncomfortable asking their landlord to make energy efficiency upgrades³⁵. 40% of tenants surveyed by [Citizens Advice](#) in England felt uncomfortable requesting any repairs from their landlord³⁶. Evidence from our bureaux indicates that in some cases tenants sometimes have difficulty getting landlords to install energy efficiency upgrades or make energy efficiency repairs (see cases below). These results, when compared to the results of the 2014 survey of UK landlords in which 47% of landlords cited “tenants seem perfectly happy with the energy efficiency of their home” as a deterrent to making energy efficient improvements, indicates a disconnect between what landlords perceive and the reality of what tenants want³⁷. Additionally, while 47% of improvements were done at least in part to improve the thermal comfort of tenants, only 7% were carried out in response to a tenant’s request³⁸.

Case study: Client attended appointment to discuss issues she has with her rented property and large fuel bills. Client has had issues with a boiler that has been condemned due to landlord not carrying out repairs. Client has no heating or hot water, and the property is not water or wind tight. The bathroom of the property has mould and there are cracks on the toilet. The Client has raised these issues with her letting agent numerous times by phone and email, and while the letting agent appears to be chasing the landlord to get the repairs done, none had been carried out at the time of the Client’s visit. Client’s monthly direct debit for energy is over £300 due to projected usage of 54,000 kWh a year.

- 7.7 Recent research commissioned by CAS found that less than half - 44% - of Scottish adults surveyed had prior knowledge of EPCs. Of the 44%, 10% had seen an EPC in paperwork when they first rented their current home, and 5% had seen it posted in their current rental property³⁹. Tenants unaware of EPCs may not understand their rights when searching for a new property and landlords could be equally unaware of their obligations, as EPCs are not currently required in the minimum housing standard⁴⁰. Most

³⁴ Hope, A., and Booth, A. (2014). Attitudes and behaviours of private sector landlords towards the energy efficiency of tenanted homes. *Energy Policy*. 75. Pp. 369-378

³⁵ Shelter Scotland (2017). Scottish Government Consultation on Energy Efficiency: The Views of Private Tenants.
³⁶

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Effective%20energy%20efficiency%20standards%20for%20private%20renters%20.pdf>

³⁷ Hope, A., and Booth, A., (2014).

³⁸ Ibid.

³⁹ Citizens Advice Scotland (2019). *Briefing Paper: Scottish consumer attitudes to Energy Performance Certificates and regulation of energy efficiency*. Citizens Advice Scotland.

⁴⁰ Shelter Scotland (2018). Energy Efficient Scotland consultation: Shelter Scotland Response. Shelter Scotland.

landlords in Scotland (84%) own only one rental property, meaning they are not classified as professional landlords and are less likely to be aware of new regulation⁴¹. One landlord, responding to a 2014 UK wide academic survey commented that “it’s just something that most landlords don’t think about – the energy efficiency – even though we should, we just want the rent⁴².” Making tenancy change the trigger for minimum standards of EPCs where there is a low to moderate level of awareness about what an EPC is and where to find it could result in low levels of compliance due to lack of knowledge. It is unclear how the minimum standard would be enforced, as local authorities do not have contact with landlords or tenants when there is a change in tenancy⁴³.

The Scottish Government should undertake a robust communication campaign to make both tenants and landlords aware of their rights and obligations under the new standards. To support this campaign, CAS calls for research about effective and consumer friendly communication strategies for EPCs.

- 7.8 The shorter notice period associated with the private residential tenancy (introduced in December 2017) makes tenancy change as a trigger for meeting the minimum standards impractical⁴⁴. The new tenancy agreement requires tenants to provide only forty days' notice when planning to vacate a property, which does not give landlords much time to arrange for improvements to be made⁴⁵. The average length of a private residential tenancy is three years, with the [most recent housing survey data](#) showing that 40% of adults living in private rented housing had lived at their current address for less than a year⁴⁶. High turnover rate combined with short notice periods would make it difficult for landlords, especially in older properties that might require more extensive and expensive upgrades, to make the required improvements quickly, resulting not only in financial responsibility for the improvements, but loss of revenue through delaying rental income from a new tenant. For landlords that own listed properties, securing planning permissions could extend the timeline even further. Tenants who are moving out of a property could be at risk of temporary homelessness if they are unable to quickly or immediately move into their new home.

⁴¹ Kerr, N., and Winskel, M. (2018) Private rental sector and home energy retrofit investment. Available at <https://www.climatexchange.org.uk/research/projects/private-household-investment-in-home-energy-retrofit-reviewing-the-evidence-and-designing-effective-public-policy/>.

⁴² Hope, A., and Booth, A. (2014). Pg. 375

⁴³ Ibid.

⁴⁴ Shelter Scotland (2017). Consultation on Energy Efficiency and Conditions in the Private Renter Sector. Available at:

https://scotland.shelter.org.uk/__data/assets/pdf_file/0020/1391411/Scottish_Government_consultation_on_EE_and_conditions_in_the_PRS_Shelter_Scotland_response_final.pdf__nocache

⁴⁵ Scottish Government (2017). Private residential tenancy: information for landlords. Available at: <https://www.gov.scot/publications/private-residential-tenancies-landlords-guide>

⁴⁶ Scottish Government (2018). Scottish Housing Survey Results, 2017.

Case Study: Client came into Bureau reporting that the windows in his private rented property did not fit correctly and that there was a gap under the front door that let in wind. Client returned the following week and reported that the landlord had made some repairs, including putting in an excluder under the front door of the flat to prevent draughts. Client advised that the real problem is the windows in the bedroom; though he puts towels around the edges to improve insulation it is sometimes too cold to sleep in the room. Client has spoken to the landlord and the landlord told him that the windows needed to be replaced, a repair the landlord could not currently afford. Client does not wish to move flat for the sake of his mental health.

- 7.9 Change of tenancy as a trigger point would be administratively difficult for local authorities, which could cause low levels of enforcement. All private landlords are currently required to register themselves and the properties they own with their local council every three years, and though the percentages of landlords and properties registered are [not currently available](#), making it difficult to estimate compliance, this established link between councils and landlords would be much easier to monitor and enforce⁴⁷. Several local authorities that participated in the [Energy Efficiency Scotland pilot program](#) reported limited knowledge of the age, condition, and energy efficiency rating of homes in the private rented sector, making it challenging to identify homes that needed repairs and estimate the required investment of time and money necessary to bring them up to standard⁴⁸. Integrating energy performance certificates into landlord registration, as Shelter Scotland suggests, could help fill this data gap⁴⁹. Local authorities are already responsible for handling landlord registration and the assessments that accompany it; including EPC registration as part of this process seems like a reasonable extension of this service. It should be noted that local authorities who used EPCs as a source of data to identify households in pilot programs ran into problems where EPCs were out of date or not sufficiently detailed, which in some cases meant that homes were not fitted with energy efficiency measures they should have been because it was not allocated in the budget⁵⁰. A rough outline of how EPC band improvement could be

⁴⁷ Livingston, M., Berry, Kate., Gibb, Kenneth, and Bailey, N. (2018). Private Renting Reforms: how to evidence the impact of legislation.. Available at: <https://sp-bpr-en-prod-cdnepl.azureedge.net/published/2018/11/14/Private-renting-reforms--how-to-evidence-the-impact-of-legislation-1/SB%2018-77.pdf>

⁴⁸ Bush, R., McCrone, D., Webb, J., Wakelin, J., Usmani, L., and Sagar, D. (2018). Energy Efficient Scotland – Phase 1 pilots evaluation final result. Scottish Government. Available at: <https://heatandthecity.org.uk/wp-content/uploads/2018/11/EES-Pilot-Evaluation-Phase-1-Final-Report1.pdf>

⁴⁹ Shelter Scotland (2018). Energy Efficient Scotland consultation: Shelter Scotland Response.

⁵⁰ Bush, R., McCrone, D., Webb, J., Wakelin, J., Usmani, L., and Sagar, D. (2018). Energy Efficient Scotland – Phase 1 pilots evaluation final result.

linked to landlord registration, along with the procedural changes and support needed to administer the regulation can be found below.

7.10 In any scenario, regulation of the Private Rented Sector should be accompanied by a clear strategy for funded provision of advice and representation for tenants. CAS welcomed the movement of PRS housing cases from the civil court to the Housing and Property Chamber first-tier tribunal. This is primarily because business before civil courts can present many barriers to users, including:

- The length of time taken for a case to reach court
- Frequent Delays
- Low priority of housing cases within the court system
- Difficult to understand processes and procedures, made worse by lack of representation
- Inconsistent and unpredictable decisions

Tribunals offer a level of accessibility that courts do not, primarily due to their specialist, interventionist, and informal nature. Parties are less likely to need representation as tribunal members use plainer English and know what questions to ask to get to the root of the problem. By offering a single gateway for claims, processes are more likely to be straight forward, delays are decreased, and the proceedings are more accessible. However, tenants still need a spectrum of advice that ranges from accessible online resources and toolkits to telephone or face to face advice. Advice should be complemented by representation when necessary.

Registration

Landlord re-registers with local authority, submitting EPCs as well as appropriate gas and electricity certificates

Local authority resources would be limited to an administrative check of EPC Band, moving to notification if EPC band lower than C is submitted



Notification

Local Authority informs landlord that energy efficiency upgrades are required by a certain date, noting that property assessment and advice are available from the Energy Savings Trust for a fixed fee.

A large change in the recruitment and training process for the Energy Savings Trust and partner organizations - research with landlords would be needed to identify the scale of resource needed



Assessment

Property assessment commissioned by the landlord. Assessments would include a visit to each property to identify measures needed to reach EPC band C, the associated costs, and any applicable grants.

Processes would be needed to ensure follow up and enforcement, including a financial cut off beyond which no action would be required.



Improvement

Landlord installs necessary improvements

It would be worth considering an offer of a fixed, low-cost reassessment as a means of gathering information on what has already been done



Compliance

Landlord or Energy Savings Trust notifies local authority of works that have been done.

8. What are your views using 1 April 2025 as the date to start applying minimum standard of C when there is a change in tenancy?

- 8.1 As stated previously, CAS supports the Scottish Government's proposal to implement minimum standards of energy efficiency in the private rented sector, but believe that the standards should be tied to landlord registration, not change of tenancy. Furthermore, CAS supports the regulations going into effect sooner rather than later, as minimum efficiency standards have been shown to have substantial net benefits for tenants⁵¹. This is especially important as in 2017, 25% of Scottish households remained in fuel poverty.⁵²
- 8.2 CAS also acknowledges that both tenants and landlords will require a range of support to ensure that standards are met and that all improvements installed are safe, healthy, and of high quality. Support should include education for tenants on how to best utilize the new, energy efficient technologies so that they are able to realize the largest net benefits. In order to support tenants, guidance on their rights as regards energy efficiency standards as well as guidance on how to best use their heating system should be written in plain English and included with the tenancy agreement provided at the start of their tenancy.

To support landlords and ensure high levels of compliance, the Scottish Government should undertake a communication campaign that is clear and robust, and provides guidance and information on the new energy efficiency standards as well as any funding or other resources available to landlords.

- 8.3 It is important to ensure that all installations made by landlords are appropriate for the property and have actual benefits for tenants. Evidence from our bureaux suggests that in some cases tenants do not see actual savings from energy efficiency measures when they are installed due to behaviour or a misunderstanding of the new system. A [2006 study of English households](#) participating in the UK government's "Warm Front" initiative, which installed energy efficiency measures such as cavity wall insulation, loft insulation, and draught proofing in vulnerable households, found that there was no reduction in fuel consumption in the homes after the installation of the energy efficiency measures. The study attributed the lack of change to the "take back factor," also known as the "rebound effect," in which home holders use more energy after energy efficiency measures are installed because energy is predicted to cost less. Other contributing behavioural factors included opening windows more often or continuing to use the old heating system even after the new one was introduced, and overly simplistic modelling

⁵¹ Frontier Economics (2017). The impact of Minimum Energy Efficiency Standards in the Private rented sector. Citizens Advice.

⁵² Scottish Housing Condition Survey, 2017.

of energy efficiency in homes (the SAP methodology)⁵³. [Other studies](#) have found that shortfall between predicted and actual energy savings from energy efficiency measures can be as much as 50%⁵⁴. Technical evaluations of households that participated in the pilot program of Energy Efficiency Scotland (2017-2018) may indicate a similar effect, as internal temperature of dwellings did increase but scarcely any energy savings were identified⁵⁵. These results are based on limited data.

- 8.4 Additional support post-installation for tenants could make a large difference in energy saving behaviour. The Energy Savings Trust, in partnership with Changeworks and SCARF conducted a small pilot project from October 2015 to June 2016 that aimed to identify the best techniques to encourage best use of heating controls, pilot these techniques and evaluate their impact, and inform a larger future pilot program. The pilot targeted households that had had insulation installed through the Home Energy Efficiency Scotland Area Based Scheme (HEEPS: ABS) and split them into high cost and low cost intervention groups. Each household received newsletters from the Energy Savings Trust and were invited to join the Energy Savings Trust Scotland Facebook page. High cost households had the option of home visits. Advice and support provided through the pilot caused significant behavioural change; 74% of households participating changed at least one heating-related behaviour during the pilot, and 95% of those who changed behaviour maintained the behaviour change for the duration of the program.⁵⁶ CAS recommends similar levels of support be provided to the most vulnerable tenants when new systems are installed in their homes.

Case study: Client lives in a one bedroom flat that was recently insulated and had a new heating system installed. She uses a prepayment meter and still spends £20 a week on electricity and £15 a week on gas, which adds up to 60% of her universal credit personal allowance.

- 8.5 Management companies and landlords should ensure that tenants understand any new systems being installed in a property and that any insulation installed is done correctly

⁵³ Hong, S., Oreszczyn, T., Ridley, I. (2006). The impact of energy efficient refurbishment on the space heating fuel consumption in English Dwellings. *Energy and Buildings*. 38. Pp. 1171-1181. <https://www.sciencedirect.com.ezproxy.is.ed.ac.uk/science/article/pii/S0378778806000399>

⁵⁴ McCoy, Daire. (2017). Heating homes: do energy saving measures reduce energy consumption in social housing?. London School of Economics and Political Science and Grantham Research Institute on Climate Change and the Environment. Available at: <http://www.lse.ac.uk/GranthamInstitute/news/heating-homes-do-energy-saving-measures-reduce-energy-consumption-in-social-housing/>

⁵⁵ Bush, R., McCrone, D., Webb, J., Wakelin, J., Usmani, L., Sagar, D. (2018). Energy Efficient Scotland- Phase 1 pilots evaluation final report. Scottish Government.

⁵⁶ Energy Savings Trust, (2017). *The behaviour change pilot: encouraging households to make better use of their heating systems*. Available at: https://www.energysavingtrust.org.uk/sites/default/files/reports/SEEP%20-%20Advice%20%20Information%20-%20Behaviour%20change%20pilot%20-%20FINAL_06Jul16.pdf

and paired with proper ventilation, to avoid dampness and ensure good air quality. The John Gilbert Architect Firm, in association with the Pebbles Trust, suggests that larger housing organisations and management companies ensure all controls for heating, cooling, and electronics are clearly labelled and easy to understand when designing and installing any energy efficiency measures, and recommends that they explore the option of creating a role to assist tenants with heating systems and controls⁵⁷. Encouraging landlords and management companies to engage with tenants in these ways would help ensure any improvements are put to the best possible use. Extra support should be offered to tenants on prepayment meters on which tariffs are best for them.

Case study: The Client lives in a private let with her two children, the older of which suffers from chronic asthma and must keep warm. The Client feels she is paying excessively for electricity, as her house is entirely electric heating. Despite having a smart meter and additional insulation installed by her landlord, the Client has not had any energy savings. She is now dealing with large amounts of condensation on the windows, which is worsening her son's asthma.

- 8.6 The Nest Scheme in Wales offers a good opportunity for consumer driven policy learning. Nest has played a large role in increasing the energy efficiency of housing stock in Wales⁵⁸, where from 1 April 2018 privately rented properties have been required to reach EPC band E or higher before granting any new tenancy agreements⁵⁹. Nest uses a combination of marketing, targeting activity and partnerships with almost 300 organisations including local authorities, health boards, and Citizens Advice (England and Wales). The scheme offers support and advice on energy efficiency and water savings, a package of free home energy efficiency improvements, referrals to a range of support services, and signposts to guide clients through the installation process. Third party services such as benefit checks, care and repair services, energy tariff advice, Warm Home discount, debt advice, and the priority service register may also be referred to or recommended to clients. Customers are eligible for home energy efficiency if they are living in an EPC band E, F, or G home and are in receipt of a means tested benefit. The improvements aim to achieve EPC band C where cost effective and possible to do so, are tailored to the property, and may include a new boiler, central heating system, and/or insulation. If the client lives in a privately rented home, Nest ensures that all permissions required from the landlord are secured ahead of agreeing on installation dates with the

⁵⁷ Gilbert, C. (2018). Sustainable Renovation: Improving homes for energy, health, and environment Available at: <http://s3.spanglefish.com/s/31974/documents/%5bdigitalv3%5dguide-to-domestic-retrofit-compressed.pdf>

⁵⁸ Nest, 2019. *Nest Annual Report*. Available at: https://nest.gov.wales/workspace/uploads/files/nest-report_2017-18_english_fi-5b4c9a0604a6c.pdf

⁵⁹ UK Government (2019). Guidance: The Private Rented Sector Property minimum standard – landlord guidance documents. Available at: <https://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents>

client. Employees of the scheme manage and supervise installation and inspect the work on completion, arranging any remedial work that may be needed. 79% of properties were at EPC band D or higher post-installation⁶⁰. CAS would like to see a similar “one stop shop” system for consumers in Scotland that provides guidance, advice, and quality assurance for both tenants and landlords.

Case study: Client lives alone and uses British Gas for her electricity and gas provision. She has a smart meter, but is concerned that it may not be working correctly as she feels her bill is too high. She wishes to change to a pay-as-you go system but cannot until her utility bill is settled.

- 8.7 Policy learning opportunities from the Nest programme are numerous. The scheme offers tenants a wide range of support throughout the process, and as Nest secures permission from the landlords, tenants could have less cost associated with requesting the renovations. Determining eligibility for improvements on the means of the occupier, not the landlord means the most vulnerable households in inefficient housing are better able to upgrade their homes with less likelihood of increased rents. Pairing advice with installation means tenants are more likely to understand and effectively use any new systems or measures being installed. In addition to these standards, CAS would like to see equivalent advice provided about the installation of renewables, so that landlords and tenants understand the expected effects on both energy efficiency and fuel bills.
9. **With regards to providing a useful tool to landlords planning and executing improvement works, what are your view of basing any cap of required works on a definition of cost-effectiveness and technical feasibility?**
 - 9.1 Citizens Advice Scotland supports a cap of required works that is high enough to cover a broad range of the most vulnerable tenants but is practicable enough to avoid pressuring the rental market. Any cap of required works should be high enough and designed in such a way that it does not exclude maintenance costs, a valuable and essential part of ensuring Scottish homes are efficient and comfortable for many generations to come. Additional guidance for long term and lifetime lets should be made available.
 - 9.2 As previously recommended for the owner occupied sector, a compassion exemption, verified by an independent third party and valid for the duration of the tenancy should be made available to tenants who are especially vulnerable and would be badly affected by disruptive building works. To address each sector’s unique challenges and needs, the definitions of cost effectiveness and technical feasibility should be different in the owner occupied and private rented sector.

⁶⁰ All information and figures about Nest comes from the 2017-2019 Nest Annual report

- 9.3 Citizens Advice (England and Wales) recommended a cost cap of £5000 based on research commissioned in 2017⁶¹. The cap was suggested at £5000 because this amount extended the largest net benefit to the largest group of consumers – 90% of EPC F and G properties would be improved, compared to 70% of F and G properties with a £3500 cost cap⁶². CAS believes a similar analysis of Scottish homes would be beneficial in helping to determine the appropriate level for a Scottish cap. CAS agrees with our colleagues' recommendation that there should be an effective quality check on energy efficiency assessments to avoid any incentive for landlords to bend or break the rules. Additionally, a framework should be put in place to ensure landlords do not submit the highest available quote from a contractor in order to take advantage of cost caps. Cost effectiveness varies depending on the individual, and its definition for the private rented sector will have to be different from the definition for the owner occupied sector, as landlords will not benefit from reduced fuel bills and so cannot include fuel savings in their cost calculations.
- 9.4 A technically feasible definition for the private rented sector will be difficult as well, as the type of home being let varies greatly across Scotland, and let properties in multi-occupancy and mixed tenure buildings will have different restrictions than detached or semi-detached houses. 63% of the private rented sector are flats in multiple occupancy and/or mixed tenure buildings, making securing permissions for retrofits from other homeowners (where applicable) a significant potential barrier⁶³. The definition of technically feasible must be flexible enough to work across the many types of property owned and let by private landlords.
- 9.5 It is essential that tenants understand their rights and are able to refuse any works that are too stressful or harmful to their physical or mental health. A compassion exemption should be available to especially vulnerable tenants for the duration of their tenancy. Landlords should make information about this exemption available to their tenants, and suitability of the exemption should be verified by a third party, who grants the exemption after ensuring the tenant is applying for it voluntarily and that they understand their rights and the extent of the proposed works. Should the tenant end their tenancy, the landlord should be held to the minimum standard and be required to carry out any necessary works. The landlord should be required to carry out any and all works that are not disruptive and would not adversely affect the tenant's physical or mental health.

⁶¹ Frontier Economics (2017). The impact of Minimum Energy Efficiency Standards in the Private rented sector. Citizens Advice

⁶² Ibid, pg. 9

⁶³ Kerr, N., and Winskel, M. (2018) *Private rental sector and home energy retrofit investment.. Available at <https://www.climatechange.org.uk/research/projects/private-household-investment-in-home-energy-retrofit-reviewing-the-evidence-and-designing-effective-public-policy/>.*

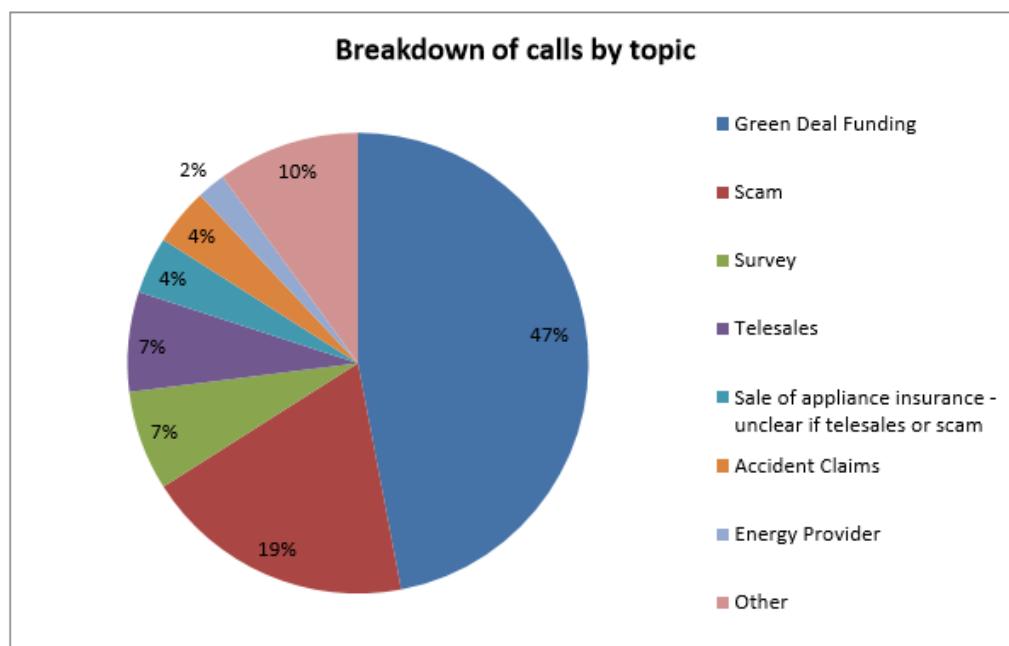
Considering the recommendations made by the Quality Assurance Short Life Working Group:

10. The Short Life Working Group have made recommendations which they believe represent the actions required to ensure that Energy Efficient Scotland will achieve consistently high levels of quality, health and safety and consumer protection. Do you agree? If not, what more or less should be done?

CAS sat on the SLWG and attended the three meetings and by and large our contributions have been taken into account, as such we broadly agree with the recommendations here.

We have detailed our response to question ten in relation to each of the recommendations for Quality and Consumer Protection.

- 10.1 Mis-selling and cold calling about Energy Efficiency products, and in particular the Green Deal, was the most reported nuisance call in 2018, making up 47% of all nuisance calls in Scotland⁶⁴.



Trading Standards Scotland (2019) Scottish Government Call Blocking Project Evaluation Report

⁶⁴ Trading Standards Scotland (2019) Pg. 13 - Scottish Government Call Blocking Project Evaluation Report

Furthermore, our consumer tracker survey found that 6% of respondents said that they had experience of home improvement scams, and 4% had experienced home repairs, making home improvements and home repairs the 8th and 9th most common scam category respectively. A recent omnibus survey CAS conducted on awareness of rights and redress found that of adults who had recently purchased energy efficiency equipment,

- 28% were aware of the cooling off period (period in which the policy can be cancelled for a full refund)
- 34% were aware of the terms and conditions
- 34% were aware of coverage available if the purchase was made on a credit card
- 22% were not aware of any of the above and
- 25% could not remember or recall.

Of adults who had recently purchased renewable energy products,

- 41% were aware of the cooling off period
- 49% were aware of the terms and conditions of the product
- 39% were aware of cover available if the purchase was made on a credit card
- 4% were not aware of any of these
- 16% could not recall.

In both questions, respondents could select multiple answers. The prevalence of cold calling and scams combined with relatively low levels of awareness about consumer rights and protections underline the need for a quality assurance framework and easily accessible system of redress.

10.2 **Recommendation 1**

We agree with the development of Quality Assurance criteria for suppliers. However, if the aim is to integrate the Quality Assurance criteria with existing standards and develop EES Programme specific criteria where lacking, then we would ask for confirmation as to how this will be easily accessible to consumers and suppliers. CAS supports the Quality Assurance criteria to be contained in a central, comprehensive and accessible format. Communication of the Quality Mark's criteria and the consistency of the message being delivered is key to the Quality Mark's success.

A report by Citizens Advice in 2015 commented that

"The provision of quality assurance 'badges' for consumers, notably the Green DeaCode of Practice and Quality Mark, are not widely recognised or understood by

the general public, and therefore respondents say that consumers have no 'useable' benchmark standard.⁶⁵

It was also reported that consumers were not aware of the existence of the Quality Marks so did not appreciate the benefit of using companies who were registered under it. Clear messaging, which highlights the requirements suppliers have to meet is essential in how consumers understand the quality assurance criteria and the weight they afford it when selecting suppliers.

10.3 **Recommendation 2**

CAS supports an overarching central body with responsibility and accountability for the Quality Mark criteria and who hold the publicly available Directory.

We would seek clarification as to the organisation(s) which will be vetting and investigating suppliers and how this organisation will be motivated to ensure the system is robust. This has the potential to be a complex regulatory process which will need to be fair and balance the interests of consumers and suppliers. More information is required in terms of how this will be funded, whether there will be an appeals process for installers, and how the appeal process would operate.

We support a publicly available Directory of suppliers and would also call for the results of the independent inspections and information on the suppliers who are subject to sanctions to be publicly available on this Directory.

CAS would look for clarification on how quality is to be assessed on work that is subcontracted by accredited installers. In these instances will consumers be protected under the EES scheme?

10.4 **Recommendation 3**

The infrastructure that is put in place for the verification of businesses who wish to achieve the Quality Mark is essential in ensuring a level playing field.

Whether there will be a cost to being accredited with the Quality Mark is likely to impact SMEs. In the current market for accreditation schemes, some suppliers are likely to migrate to the scheme that is the cheapest and who asks the least questions. If the vetting scheme for Quality Assurance can be provided by a not for profit organisation this may help to create robust governance and support a level playing field for suppliers.

⁶⁵ <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/quality-assurance-in-energy-efficiency-and-low-carbon-schemes-in-the-domestic-market/>

If one organisation is carrying out the vetting and accreditation of Quality Assurance for EES this is likely to help combat the issue of phoenix companies moving from one accreditation scheme to another.⁶⁶

We would ask for confirmation of whether the periods of time for suppliers to complete the Quality Assurance criteria are to be different for different sized businesses or locations and if so will how will suppliers be supported through this process?

10.5 **Recommendation 4**

We support the development of a definition of success for properties and consumers. Looking at a whole household and not limiting success to the house can allow for advice and support to be tailored and for consumer behaviour change to be supported where necessary.

We support development of monitoring and evaluation of EES. In our report, *Taking the Temperature*⁶⁷ we highlighted that the lack of formal evaluation was a missed opportunity to improve the management of schemes and inform future developments. Evaluation will also allow fuel poverty rates to be measured within the EES programme. We would welcome the use of customer satisfaction surveys, perhaps using the HES model where consumer funding was dependant on their completion of the survey.

10.6 **Recommendation 5**

We support the use of a designer role.

10.7 **Recommendation 6**

We welcome confirmation about who will carry out the vetting and inspections. We would support a central collection point of inspections, as this would allow for monitoring of suppliers who are working across regions. This could also highlight more high risk work (in terms of consumer protection) such as air source heat pumps or where large numbers of installations are being carried out by one company.

We would like to see what the sanctions will be for the inspection regime. We would ask for clarity on timescales for suppliers who are failing inspections and whether temporary sanctions will be imposed during investigations. If the ultimate sanction is to remove the Quality Assurance mark will this also effectively remove the suppliers ability to work within the renewable retrofit sector in Scotland?

10.8 **Recommendation 12**

⁶⁶ 'One company folds, but can set up again under a different name and just go to a new certification body...these phoenix companies are the biggest problem' - Energy supplier/utility company. CitA 2015 Quality assurance in energy efficiency and low carbon schemes in the domestic market.

⁶⁷ https://www.cas.org.uk/system/files/publications/taking_the_temperature_-_a_review_of_energy_efficiency_and_fuel_poverty_schemes_in_scotland.pdf

We agree there needs to be a clear, simple and well defined complaints process and this should include a clear and simple redress route. Evidence gathered in our Bad Company found consumers faced difficulty securing redress or resolution due partly to the multiple complaints channels and the lack of an identified clear pathway for consumers to follow. It is essential that consumers are fully aware of the value of the Quality Mark and what it can offer them in terms of consumer protection. We support the provision of guidance for consumers who go out with the Programme, but the form this guidance takes and how it will differ from the resolution pathways available to consumers within the Programme needs to be further understood.

- 10.9 A clear definition of when consumers are covered under the EES Programme and its resolution pathway is essential and this would need to be followed up by clear messaging to consumers. We would like to seek clarification on whether:
- (i) Consumers who receive EES financial incentives but arrange their own work be covered under the Programme?
 - (ii) Self-funding consumers who use an EES approved installer will be covered under the Programme?
- 10.10 We agree that linking complaints to the Quality Mark to ensure suppliers' registration is representative of the service they provide, is vital. We would also call for measures to allow for provisional or temporary sanctions against suppliers to be made where there are serious complaints or high volume complaints, such as mis-selling, high pressure sales or inappropriate installing of products for the home or consumer?
- 10.11 In our Bad Company report we became aware of 1,125 complaints against HELMS, accounting for 27% of total HELMS plans over three years. HELMS were able to continue trading despite complaints; maintaining their registration with certification bodies and operate as an authorised Green Deal provider. The fact their registration was not affected for a period of time allowed them to carry on practices of mis-selling and high pressure sales to more consumers.

10.12 Recommendation 13

Whilst data sharing between key agencies would be sensible, there would need to be clarification of the level of involvement by CAS and others.

We would welcome swift and thorough handling of complaints and call for temporary sanctions, whilst investigations are ongoing. This would be useful where serious complaints are made or where the numbers of complaints against a supplier are high.

We would ask for clarification on which organisation would be responsible for the central complaints register and what the process and timescales of swift and thorough investigation would be. If investigations are conducted by organisations carrying out the inspections/trader verifications, how will consistency of decision making across Scotland be ensured?

We would ask for data sharing of the names of directors who have been investigated following complaints. If a history of directors companies and any investigations or sanctions is recorded, we believe this would help tackle the practice of phoenix companies within this sector. It is essential that accreditation for the Quality Mark takes this information into account for new supplier companies seeking QM accreditation.

10.13 Recommendation 14

We support the use of contract agreements, particularly the use of a recognised template that has been designed with input from a range of stakeholders including consumer protection organisations.

The problems that can arise for consumers when a supplier goes out of business and cannot fulfil its obligations or offer consumer redress must be addressed. We found in our *Bad Company* report that HELMS consumers face significant detriments because the route to redress is poor when the supplier no longer exists to remedy problems.

CAS has previously suggested a central pot of money to be made available to remedy consumer issues in circumstances where a supplier no longer exists. There would need to be consideration as to how this would be managed, and how phoenix business practices would be discouraged.

10.14 Recommendation 15

We support the development of a communication strategy to raise awareness of EES within the retrofit market. The use of scenario testing to identify consumer detriment is vital. This is of particular significance within a market where many sales are likely to be off-premises sales and sales to vulnerable consumers.

The results of a YouGov poll⁶⁸ we recently carried identified that 22% of consumers who had purchased energy efficiency products were not aware of the terms and conditions they were agreeing to, any cooling off periods or any potential cover if purchase was made by a credit card. We fully support communication for consumers that can highlight what they should expect from renewable retrofit work.

We are aware that the majority of Trading Standards Scotland's work was investigating the mis-selling of renewables. We are also aware that the targeting of consumers has moved from doorstep selling, to tele calls and more recently onto social media. The agility of data companies to target consumers along with how they market themselves should be considered particularly how EES plan to keep pace with digitally adaptive technologies.

10.15 **Recommendation 16**

We would support the provision of plain English guides that can offer accessible and practical advice on how to use the products consumers have had installed.

We would advocate for funding to be set aside to provide an ultimate recourse to redress and compensation for installations done under EES when all else fails.

11. Do you have any views on how this can be achieved whilst at the same time ensuring maximum participation from suppliers across Scotland regardless of their size and geographical location?

- 11.1 An effective and responsive complaints model that quickly manages or removes rogue businesses may encourage those with better practices but perhaps smaller profit margins to operate.
- 11.2 An overarching infrastructure for the accreditation, vetting, investigation and enforcement of the Quality Mark could allow for consistent decision making. If this body is a not for profit organisation, this is more likely to offer robust governance.
- 11.3 If suppliers focus efforts on the populated central belt, intervention will be required to avoid rural and island premium costs for installation. It is important that the Scottish Government procurement frameworks under EES do not penalise small installation

⁶⁸ Link - To be published on our website

companies, as larger suppliers may be unwilling to quote for jobs on islands. Equally important is supporting local supply chains, especially biomass supply chains and maintenance coverage. Our *Taking the temperature* report found that the Scottish national EE scheme, which focused efforts on rural areas, did well to counter the urban bias of Britain-wide schemes like ECO and CERT. However, rural areas need more help proportionally because housing stock is lower grade and more inefficient, and levels of fuel poverty are higher.

- 11.4 If LHEES is implemented by local authorities (some of whom have the added advantage of previous pilot programs) on the same timescales, there may be a simultaneous increased demand on installers across the country. Theoretically, local installers may choose to cater for demand in their locality in order to achieve lower overhead, but we certainly cannot assume this will be the case. LHEES procurement should favour local business in their respective local authorities in some manner, otherwise there will be a drain of both installers and DEAs to the most populated areas.

12. What do you think the role of Scottish Government should be in ensuring the quality criteria are consistently met?

- 12.1 A programme of education throughout the lifetime of the EES programme should be provided. It should have clear messaging about where to go for advice, and provide a clear and useable benchmark standard for consumers. With a 2030 target, there needs to be capacity to compete with the businesses using social media, doorstep selling, and telephone calls to inform consumers, particularly if misinformation is being provided.

There should be clarity on how the Quality Mark will sit in relation to the UK TrustMark and other UK accreditation schemes. Suppliers who operate across the UK are likely to be using a number of these and as such there is potential for further consumer confusion within this landscape.

- 12.2 We support a one-stop-shop for EES to provide advice, assessments, directory of installers, to report complaints and to look for redress. This can help tackle the problems seen with Green Deal and ECO which have a highly complex landscape for consumers to navigate.

In the Citizens Advice report *Quality assurance in energy efficiency and low carbon schemes in the domestic market*, there was dissatisfaction from respondents, with one commenting –

"Why three schemes for what the consumer sees as one job? The energy efficiency and low carbon fuel sector is not a 'one stop shop' and has been made very complex." Quality assurance body, energy efficiency.⁶⁹

- 12.3 The protection of consumers as a last resort when the supplier's business no longer exists must be considered in terms of how consumers will be financially compensated or any issues with products or fitting remedied.
- With a 2030 target will there be capacity for investigations in what is likely to become a growth sector? Particularly when speed in managing complaints will be essential for building consumer trust in EES and the Quality Mark.
- 12.4 In conclusion to question 12, our key concerns and asks of Scottish Government are as follows:
- Who will be vetting and investigating suppliers?
 - Quality Assurance accreditation, to be provided by a not for profit organisation
 - Temporary sanctions on suppliers during investigations.
 - Short timescales for dealing with complaints
 - A clear definition of when consumers are covered under the EES Programme and for this to be made clear to consumers
 - Clarification on data sharing obligations expected of CAS
 - Clarity on how consistency of decision making across Scotland can be achieved
 - Details of directors as well as suppliers to be held centrally to avoid phoenix companies within the sector.
 - Development of scenario testing to shape the campaign of awareness raising
 - A clear plan for keeping pace with digitally adaptive technologies used to inform consumers of the renewable schemes. This is particularly significant where misinformation is being provided and a 2030 target creating an opportunity to panic consumers.
 - Provision of user guides for the household that reflect realistic outcomes from the products installed and how best to use them and protect their warranties and guarantees
 - Funding set aside or a mechanism to create effective redress for consumers where the normal route has failed.

⁶⁹ Para 3.2.1 <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/quality-assurance-in-energy-efficiency-and-low-carbon-schemes-in-the-domestic-market/>

13. Taking the above into account, what further incentives could drive further heat demand onto networks?

13.1

There is a need for a range of fiscal and financial incentives as per our consultation response in 2017 – Warming up Scotland to energy efficiency, and per our 2019 EPC omnibus survey. Warming up Scotland recommended a council tax incentive for the owner occupied sector and some sort of loan combined with other incentives for landlords. Our recent omnibus survey on consumer attitudes towards EPCs and energy efficiency regulation found that when asked

"Which, if any, of the following would motivate you to further upgrade the energy of your home? Please select all that apply"

Scottish homeowners surveyed were most motivated by grants, tax incentives, interest free loans, and tailored advice:

- 62% selected “a grant, i.e. free money from the Scottish government to partly cover the cost of a an energy-saving measure”
- 49% selected “council tax rebate of £500 (in the first year)”
- 42% selected “knowing how much I could save on fuel bills” and
- 32% selected “interest free loans from the Scottish Government” and “advice tailored to the homeowner and the property”

CAS supports a mix of grants, interest free loans, tax incentives, and tailored advice to help people meet the mandatory energy efficiency goals set by the Scottish Government. As previously stated, it is likely that there will be a mix of carrots and sticks needed.

13.2 Consumer trust is essential; therefore it is essential that robust consumer protection, info and redress are in place. Government-backed procurement and warranties will help to bolster confidence. Uptake of heat networks may increase with the introduction of regulation for heat networks – something that CAS has been lobbying for a number of years.

Regulation of heat networks would increase confidence and encourage investment. CAS would like to see publishing and benchmarking of prices, minimum standards of billing (as related to both regularity and accuracy), support for vulnerable consumers and consumers in debt, access to redress, compensation for interrupted supply, rules around fault handling, technical standards to ensure efficiency, and clear, fair contracts for

consumers. For more information, please refer to our *Different Rules for Different Fuels* report⁷⁰..

- 13.3 There are numerous benefits and cost-savings to low carbon heat. EST has undertaken existing public campaigns which highlight positive user experiences of low carbon heating, including heat pumps and biomass, which helps to normalise and mainstream new technologies and assuage peoples' doubts. Publication of the results of field trials of hybrid heat pumps and the Green Homes Network (which is run by EST and connects householders with renewable systems to other interested householders who want to learn from their experiences) will further normalise these options.
- 13.4 CAS calls on the Scottish Government to give a clear message about the future of heat networks in either electricity or gas/hydrogen. Having clear messaging and a future they can plan for will encourage people to make investment decisions for their home and heating system.
- 13.6 In our report *Pylons Pipes and People*⁷¹ CAS make a number of recommendations about the future of heat.
- Provision for affordable heat for vulnerable consumers should be a central component of future heat strategy.
 - Exploration should take a whole system approach including electricity, gas, the heating system, the building fabric and the household and look at how different policy drivers in Scotland interact.
 - The consumer impacts of different heating methods, such as cost and ease of use, must be considered for Scottish consumers and must take regional differences such as fuel costs and energy demand into consideration.
 - Overall strategy for the future of the gas grid, should build on the local heat and energy efficiency strategy (LHEES) work currently being done by each local authority in Scotland.

13.7 Other heating systems

It is notable that there is a slow but steady increase in the number of households using boilers (with any fuel), as opposed to other sources of heat, with the proportion reaching

⁷⁰ <https://www.cas.org.uk/publications/different-rules-different-fuels-exploring-consumer-protection-district-heating-market>

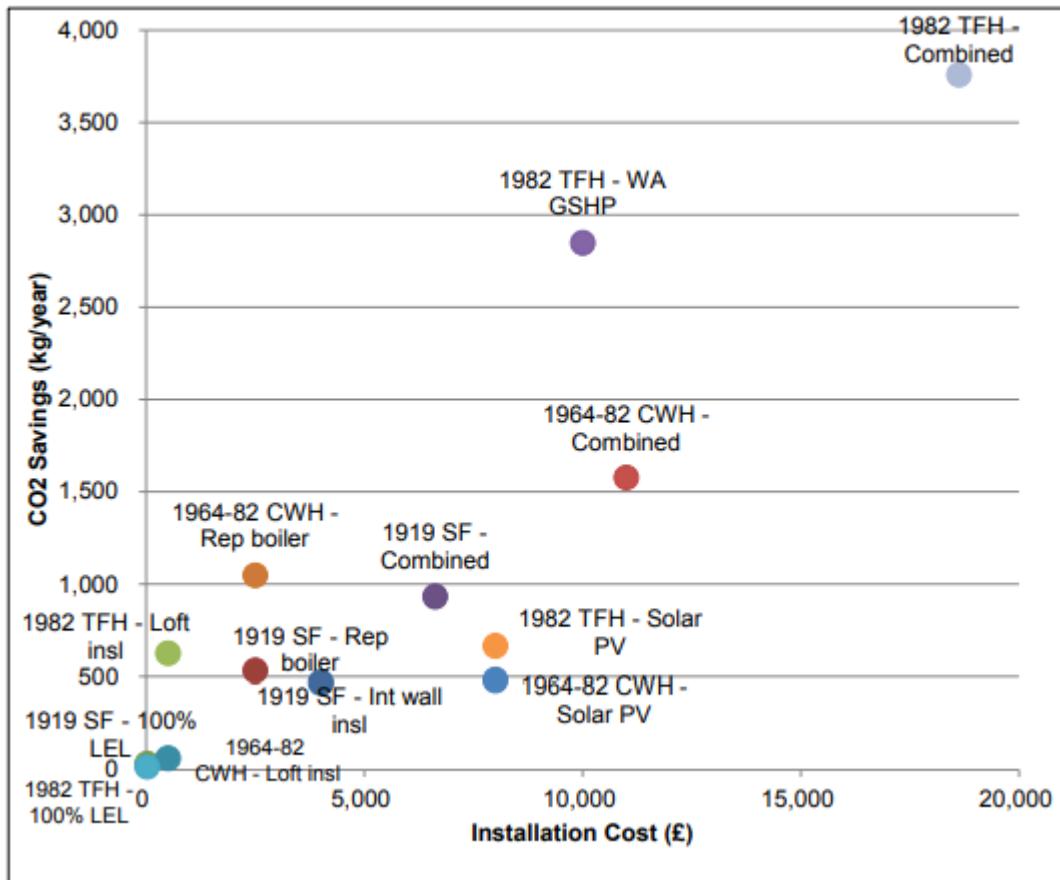
⁷¹ https://www.cas.org.uk/system/files/publications/cas_pylons_pipes_and_people_energy_networks_in_scotland_august_2018.pdf

85% in 2017. Of the remainder, the biggest group by far are those using electric heating with storage heaters. Perhaps not surprisingly, there has been a slight fall in the number of households using electric heating. The SHCS found 292,000 households using electric heating in 2017, down from 316,000 in 2013. As with solid walled properties, not all of these will need a change of heating system to reach EPC C; some 26% of electrically heated properties already do so. This is very similar to the 27% of post 1982 flats which use electric heating (p23), and it seems likely that there is an overlap between these figures.

Electricity is, however, by far the most expensive source of heat per kWh. Its use is also concentrated among lower income groups, and the combination of these factors means that fuel poverty among those using electric heating has consistently been higher than for any other fuel. 32% of those using electric heating report 'that their heating system does not keep them warm in the winter' (SHCS p85) and 52% of those using electric heating are in fuel poverty (SHCS p78).

As a result, social housing providers in particular have sought to replace electric systems with either, a mains gas heating system, with district heating, or with a renewable heating system, discussed below.

Figure 2.1: CO₂ savings versus installation costs for selected interventions on three common housing types



Pg. 26, *Taking the Temperature*

CO₂ savings versus installation costs for selected interventions on three common housing types
Key: SF – Solid Wall Flat CWH – Cavity Wall House TFH – Timber Frame House

Measures are low energy lights, internal wall insulation, loft insulation, replacement boiler, solar photovoltaic panels, a ground source heat pump, and combinations of these (as appropriate, see source). Also note that costs for PVs are not static. Source: Baker et al., 201251 .

14. Taking the above into account, what further assistance could support the growth of appropriately-sited, low carbon heat networks?

We have replied to this question in more depth in our response to the low carbon heat consultation. In addition:



- 14.1 The reduction of business rates charged by Scottish Government would make it more cost effective to lay new pipes in the ground, in turn making the business case more attractive for heat networks.
- 14.2 New build standards must be raised to a mandatory EPC Band B to future-proof for further regulations. This could encourage developers to consider low carbon heat a more attractive option.
- 14.3 Promotion of the positives of low carbon heat to householders and highlighting their consumer rights about when and how they can back-out of a contract if they wish, and how it is cost-effective for them to stay on a heat network.
- 14.4 Business could be encouraged to take out finance from the Green Investment Bank and/or Scottish National Investment Bank. Offering very low interest loans would be an especially strong motivator.