



October 2018

## Response to BEIS/MHCLG Call for Evidence – Energy Performance Certificates for Buildings

### Introduction

The End Fuel Poverty Coalition is a broad coalition of anti-poverty, environmental, health, trade union and consumer organisations working together to eradicate fuel poverty. The coalition campaigns to influence Government and other bodies to take action to end fuel poverty and thereby improve people's health and quality of life, reduce living costs, create jobs and drive down carbon emissions.

We welcome the opportunity to respond to this Call for Evidence. In particular we strongly welcome the Government's recognition that the exclusion of HMOs from the Private Rented Sector Minimum Energy Efficiency Standard (MEES) should be addressed. We will set out in detail our proposed mechanism for doing so in our response to Question 11 below – and very much hope that the Government will act to implement the necessary changes as quickly as possible.

In addition, we argue that measures to improve the accuracy and reliability of EPCs are particularly important in the context of the MEES for domestic properties, as all possible steps have to be taken to prevent 'gaming' at the margin between Bands F and E.

Finally, if the domestic MEES is to succeed in its aim of improving the worst-performing rented properties, rigorous enforcement will be necessary. There are already concerns that overstretched local authorities are simply not prioritising enforcement and that less scrupulous landlords are taking advantage of this to ignore their legal obligations.

We will be responding only to those questions which we believe have a particular significance for fuel poor households.

### Responses to individual questions:

#### **Question 1: Have we captured all of the current uses of EPCs? Are there any existing or emerging uses we should be aware of?**

The call for evidence captures most of the current uses of EPCs. However, it omits to mention that EPC ratings underpin the Government's Fuel Poverty Strategy for England, which sets a target for as many fuel poor homes as is reasonably practical to achieve EPC Band C by 2030, with interim milestones of Band E by 2020 and Band D by 2025. In addition, having a home with an EPC rating of E, F or G is one of the eligibility criteria for NEST, the Welsh Government's fuel poverty scheme.

Other local energy efficiency schemes also often use EPC ratings to target potentially eligible households.

The Housing Health & Safety Rating System (HHSRS) is used by local authority environmental health officers to assess whether there are health and safety risks in dwellings. An EPC rating of F or G is used by them as a proxy for a Category 1 hazard for excess cold.

**Question 11: Would you support introducing new EPC trigger points at any of the stages listed above (or any other stages)? What evidence do you have relating to the advantages and disadvantages of any of these trigger points?**

#### *Houses in Multiple Occupation*

On the specific point about Houses in Multiple Occupation (HMOs), we would strongly advocate the introduction of a requirement for an EPC for the whole building to be produced when a single unit in the building is marketed for rent.

HMOs are disproportionately occupied by vulnerable people who have no other choice about where they live. Energy efficiency problems (such as damp and unhealthily low temperatures) are more prevalent in HMOs than in other types of home.<sup>1</sup> Despite this, the domestic MEES does not apply to the overwhelming majority of HMOs. It only applies where a property has an EPC, and there is currently no obligation to obtain an EPC for an individual non-self-contained unit within a property.

Requiring an EPC for the whole building to be produced when a unit in an HMO is rented out will go part way to triggering the PRS minimum standard. However, it would also need to be accompanied by a minor amendment to the Energy Act 2011. The Act currently only applies where properties are let out under a single tenancy, not multiple tenancies (as is generally the case with HMOs). A simple amendment to Section 42 of the Energy Act 2011 could extend the definition of 'domestic private rented property' to include a property let out on more than one tenancy. A private member's bill introduced by Dr Alan Whitehead MP in the 2014/15 Parliamentary session showed how this could be done.<sup>2</sup>

**Question 21: What evidence do you have on compliance with the requirement for providing an EPC when purchasing/letting a property, or the requirement to display the EPC rating in property listings? Does this differ by tenure type or by any other subset of the building stock? What evidence do you have on the reasons for lack of compliance with the requirement for an EPC?**

The evidence cited in the Call for Evidence is compelling. It suggests that compliance in the private rented sector is far worse than in the social housing and owner-occupier sectors. This is of grave concern, given that the private rented sector has the highest proportion of any sector of the worst-performing (F and G-rated) properties. In turn, households living in the PRS have the highest prevalence of fuel poverty – 21.3% compared to 7.4% in the owner occupier sector but rising to a staggering 45.7% if we just look at PRS F and G stock.

**Question 23: Which of the suggestions provided above do you think would be effective in improving compliance with the requirement for an EPC, bearing in mind the other changes to EPCs**

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<sup>1</sup> NEA and Future Climate, *Fuel Poverty and Houses in Multiple Occupation: Practitioners' Views, Final Report*, March 2016

<sup>2</sup> Houses in Multiple Occupation (Energy Performance Certificates and Minimum Energy Efficiency Standards) Bill, <https://publications.parliament.uk/pa/bills/cbill/2014-2015/0082/15082.pdf>

**being considered. Do you have any other suggestions? Please provide reasoning and any evidence you have to support your response.**

We strongly endorse the suggestion that enforcement requirements for the MEES and EPCs be better aligned. A number of local authorities in areas with two-tier local government have raised the concern that enforcement responsibilities are currently split between upper-tier and lower-tier authorities. This makes little sense.

Given the relatively low energy performance and low levels of EPC compliance in the PRS, any steps that encourage provision of EPCs for privately rented properties are to be welcomed. In particular, we think that the provision of an EPC should be a requirement of access by landlords to both tenancy deposit schemes and landlord licensing schemes.

For further information please contact:

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