

## Response ID ANON-CH5P-HCFR-K

Submitted to Improving the energy performance of privately rented homes  
Submitted on 2020-12-17 15:25:41

### About you

What is your name?

Name:

[REDACTED]

What is your email address?

Email:

[REDACTED]

What is your organisation?

Organisation:

ROCKWOOL Ltd.

Are you happy for your response to be published?

Yes

Would you like to be contacted when the consultation response is published?

Yes

How did you hear about this consultation?

Where did you hear of this consultation?:

Email from BEIS

Other (please specify):

### The consultation

**Question 1** We would welcome views on possible impacts of the policy on the size of the PRS sector, the effect this could have on vulnerable households, and suggestions to mitigate this effect where it does occur, including any evidence.

Please provide your views below:

Not applicable to ROCKWOOL's areas of expertise.

**Question 2** Do you foresee any impacts for protected groups?

Don't know

Please explain your answer below and provide evidence to support your answer:

Not applicable to ROCKWOOL's areas of expertise.

**Question 3** We would welcome views on any possible long-term impacts of COVID-19 that could impact on making the required energy efficiency improvements from April 2025 and suggestions to mitigate this effect where it does occur, including any evidence.

Please provide your views below:

With positive news of a vaccine we anticipate that social distancing associated with COVID-19 will no longer be required by 2025. If it were, we are confident that there would be minimal impact on energy efficiency improvements. Much energy efficiency upgrade work can be readily accommodated within COVID-19 health and safety guidelines and minimal household interaction, for instance where it is carried out on the outside of buildings and in self-contained spaces.

We would expect that there will be an increased trend towards working from home and so there could be a reluctance from tenants to have works done on their homes when they are working there. However, as the consultation paper states, the 'new tenancies' and 'all tenancies' approach means that, in most cases, work can be carried out between tenancies to avoid disruption to tenants working at home.

**Question 4** Do you agree with the government's preferred new target of EER C as a minimum energy performance standard in the PRS?

Yes

**Please explain your answer below:**

The introduction of private rented sector regulations for energy efficiency was welcome but the Minimum Energy Efficiency Standard (MEES) must now become more ambitious to make progress towards Government's own target for all homes to have an EPC rating of C by 2035.

We agree the Energy Efficiency Rating (EER) is an appropriate metric to use for the new target. The EER captures the costs of energy use in the home and recommends energy performance measures to deliver energy bill savings. Therefore, using the EER will drive measures that protect tenants from high energy costs. This is particularly important as fuel poverty is disproportionately high in the private rented sector.

The EER is also consistent with a fabric first approach. Measures that deliver energy bill savings are more likely to be fabric measures that reduce the amount of energy needed to heat a home, rather than low carbon heating technologies which can be more expensive to run. Whilst we recognise the important part low carbon heat is going to play in reducing building emissions, it is important to get the sequencing of these measures right. Without all appropriate efficiency measures in place, carbon reduction efforts through decarbonising heat systems are less effective and will have less of an impact on bringing down bills.

**Question 5 We would welcome your views on the pros and cons of these alternative metrics, in relation to our overall policy goals around reducing carbon emissions, fuel poverty, and energy bills.**

**Please provide your views below and provide evidence with your answer.:**

The Final Energy Rating, whilst helpful in showing the energy demand of a building, strips out the fuel price and so wouldn't protect a tenant against high energy costs. As we answered in the previous question, we think it's important that reducing fuel poverty is protected through energy efficiency policy.

Again, the Primary Energy Target will be a useful tool to understand how much energy a building actually uses, but we agree with the consultation that currently it isn't well suited to this policy area as it favours fossil fuels over electricity.

We think the Heat Transfer Coefficient (HTC) could be a useful metric. The consultation states that there should be a fabric first approach to the strengthened MEES. The HTC would be a tool to enable this approach through setting a target that would limit the heat loss from a building, only achievable through high-performing building fabric.

We recognise that the HTC is a narrow metric that only really tells you about the building fabric, but we think this could work as a secondary target to help drive that fabric first approach. This would mean adding the HTC to the EPC and setting a separate target in the regulations. ROCKWOOL would be willing to work with BEIS in more detail on how this might work in practice.

**Question 6 Do you agree with the government's preferred policy scenario of requiring 'new tenancies' to reach EER C from 1 April 2025 and 'all tenancies' to reach EER C by 1 April 2028? If not, do you have alternative suggestions?**

Yes

**Please provide evidence with your answer.:**

There is a long way to go in terms of reaching Government's target for all homes to have an EPC rating of C by 2035. This is the right level of ambition for the rented sector to meet those targets.

We agree that using a change of tenancy as a trigger to require an increased standard of energy efficiency is the right approach, with a cut-off date for all tenancies to meet the target. Having a cut-off date will ensure tenants with long leases are not at a disadvantage.

The long-term clarity will enable building owners to plan investment in the energy performance of their stock and undertake it when most cost-effective. Provided Government communicate their final policy decision next year, there is sufficient time for landlords to plan work accordingly and save or borrow money to undertake work if necessary. As the consultation states, the longer-term target is important to encourage building owners to take a whole house approach to energy efficiency improvements. Energy efficiency policy to date, for example ECO and its predecessors, has tended to encourage measure-by-measure approach to improvements, not considering the suitability of each measure for the home which can have unintended consequences for the building performance.

Setting ambitious targets for energy efficiency also gives a clear message to the energy efficiency market on where to invest resources. Requiring new tenancies to reach EER C from 2025 will go some way to giving the supply chain confidence that there will be a steady stream of measures ahead of 2028. However, it will be important for the supply chain that measures are installed throughout the next eight years. Incentives to nudge landlords to make improvements earlier would be a useful way to ensure a pipeline of work.

**Question 7 Do you agree with increasing the cost cap to £10,000 inclusive of VAT as our preferred policy proposal?**

Yes

**If not, please explain why not and provide evidence with your answer.:**

We strongly agree the cost cap needs increasing, and £10,000 seems like a sensible amount.

We have some concern that the current proposal would not include costs incurred prior to 2023 in that amount. This seems counterintuitive as it could deter landlords to undertake improvements head of 2023. We surely want to encourage any building owner to make energy efficiency improvements as soon as possible. As we said in our previous answer, the supply chain needs a steady stream of work in the pipeline to have the confidence to invest in skills and capacity, and we don't think government should be designing policy that delays building owners undertaking energy efficiency measures.

**Question 8 Should the £10,000 cost-cap be adjusted for inflation?**

Yes

**Please explain your answer:**

If the modelling is correct, a cap worth 15-20% less than it is today, that could result in buildings coming out of scope towards the end of the time frame.

**Question 9 Should a requirement for landlords to install fabric insulation measures first be introduced?**

Yes

**If yes, when, and how should such a requirement be implemented? Please provide evidence to support your answer.:**

Yes, we agree that there should be a fabric first approach. Only once the building fabric has been improved should attention turn to optimising the heating source. Supplying heat to inefficient buildings requires generation not only of the heat that is needed, but also the heat that is wasted. Improving the building fabric first will improve the performance achieved through low carbon heating measures installed subsequently, thereby reducing the demand for heat and ensuring that households, particularly those in fuel poverty, can keep energy bills as low as possible. This is particularly important as many new heating schemes will be using electricity at a higher price than gas, so fabric and new heating must work together to limit the quantity of energy needed to heat the buildings. Additionally, as many low carbon heat technologies work best when radiators and heating elements run at lower temperatures, it will always be imperative that properties are well insulated and draft-proofed to maintain comfort levels for occupants.

In terms of how to implement a fabric first approach, as we covered in our answer to Question 5, we think a Heat Transfer Coefficient target would be a way to do this. We suggest it would be a secondary target to the EER C target to drive landlords to undertake measures to the fabric first whilst protecting tenant from high running costs through the energy efficiency target.

We're not confident that including a fabric first approach in the guidance would be strong enough to ensure all landlords complied. Some fabric measures, particularly external wall insulation, are likely to cost more than other measures recommended, and unless they were compelled to do otherwise, many landlords would opt for the cheaper measures rather than the most effective.

We recognise that building fabric measures will not always be appropriate for certain properties. In some instances, for example, the cost of external wall insulation may run to the tens of thousands. For some properties, the building may be architecturally unsuited to insulation measures. A cost cap and ensuring that recommendations are based on a proper building survey (i.e. through PAS2035) should ensure that fabric measures aren't implemented where they aren't appropriate.

**If no, what are the alternative installation methods that maximise energy efficiency outcomes? Please provide evidence to support your answer.:**

**Question 10 We would welcome views on the alternative of a dual metric target to reach both EER Band C cost metric and also EIR Band C carbon metric, with an increased cost-cap of £15,000 inclusive of VAT.**

**Please provide your views below:**

As already stated, we think the EER is a good metric to use because it captures the costs of energy use in the home, and therefore will ensure that the policy protects tenants in the private rented sector from high energy costs, and ensures the regulation is aligned with the fuel poverty strategy.

According to the Government's modelling in the Impact Assessment, a dual metric target would see similar numbers of homes able to meet the required target and a similar improvement to the number of households in fuel poverty, with higher carbon emissions reductions overall. Therefore, we would support this approach in theory as a means to delivering on policy outcomes.

However, if Government does decide to go for the dual metric, it will be even more important to ensure the fabric first approach was embedded in the regulation. Adding in an EIR metric will require significantly more low carbon heating installations. As we have already touched on, only once the building fabric has been improved should attention turn to optimising the heating source. As such, in this scenario we would strongly recommend Government mandate a fabric first approach, i.e. through the Heat Transfer Coefficient, to achieve the right sequencing of measures.

**Question 11 Should government introduce an affordability exemption?**

Don't know

**If yes, we would welcome views on how such an exemption should be designed and evidenced, and any potential impacts on the PRS market.:**

Not applicable to ROCKWOOL's areas of expertise.

**Question 12 What should the eligibility criteria be for an affordability exemption if it is introduced, and how can the criteria accommodate fluctuations in a landlord's finances and/or in the value of a property?**

**Please provide your views below and provide evidence to support your answer:**

Not applicable to ROCKWOOL's areas of expertise.

**Question 13 Should we incorporate TrustMark into energy performance improvement works?**

Yes

**If not, please explain why not and provide evidence with your answer.:**

Although we believe that TrustMark could benefit from some further improvement, it should be incorporated into energy efficiency improvements. Given that ECO and Green Home Grant measures must be undertaken by TrustMark-registered businesses, it would be strange not to do so with these regulations. Otherwise, there is the risk that you encourage work of a poorer standard for those living in the private rented sector.

Additionally, this would be a further signal that Trustmark accreditation is the direction of travel for the energy efficiency industry. We know that there has been some reluctance from the industry to apply for Trustmark accreditation due to installers finding the process to complex, or the costs involved to high. It's important that Government keeps up the momentum and is consistent and clear that investing in gaining Trustmark accreditation is a good business decision.

However, we do think it will be difficult to mandate that measures are undertaken by TrustMark businesses. This isn't a scheme that has the same trigger points as ECO or the Green Home Grant where you can apply certain requirements for funding. We would therefore recommend that Government recommend Trustmark in guidance and signpost landlords to the Trustmark scheme at every possible opportunity, including working with landlord associations and membership bodies.

**Question 14 What role can the private rented sector play in supporting the rollout of smart meters and what are the barriers and possible solutions to achieving this?**

**Please provide your views below:**

Not applicable to ROCKWOOL's areas of expertise.

**Question 15 We would welcome views on whether the PRS Regulations may need to be tightened further for the 2030s?**

**Please provide your views below and provide evidence to support your answer:**

The Committee on Climate Change's pathway to net zero released in December 2020 assumes that the buildings sector can reach the required carbon reduction using the EER C target, and so provided there is enough progress in other parts of the built environment this might not be necessary.

The aim should be to give as much clarity to landlords and the supply chain about what future requirements will be to give businesses as much time as possible to prepare for changes. If in future years, the Climate Change Committee finds that the proposals outlined in this consultation will not be far enough to meet our carbon targets, then Government should aim to communicate the future trajectory of standards as soon as possible. This would enable building owners to plan investment in energy performance in a way that best suit them. For example, a landlord could opt to improve their property to a higher standard in one go, avoiding having to do two lots of improvements to meet strengthened requirements.

Government should avoid landlords spending money to comply with strengthened regulations to meet a certain standard, for them to have to do it again to meet a strengthened standard some years later when it would have been cheaper to combine the works.

**Question 16 What are the other steps government could take to increase awareness and understanding of the PRS Regulations?**

**Please provide your views below and provide evidence to support your answer:**

There will be other organisations and individuals better placed to advise on how to raise awareness with landlords. However, given the scale of energy efficiency retrofit needed across different building types and tenure, we believe a widespread awareness raising campaign communicating the benefits of energy efficiency improvements is needed.

**Question 17 Is the introduction of a PRS property compliance and exemptions database necessary to help local authorities to proactively enforce minimum energy efficiency standards?**

Don't know

**If yes, should we include the per-property registration fee within the cost cap?:**

Whilst we don't have the expertise to go into the detail, we know to date that levels enforcement of the current MEES regulations has been low. Local authorities are operating under resource constraints and we would support measures to make enforcement easier and more effective.

**If not, what alternatives to a PRS property compliance and exemption database would you suggest?:**

**Question 18 Do you agree that government should set a maximum total registration fee for landlords with a very large portfolio?**

Don't know

**If yes, how many properties should qualify as a "very large" portfolio? What should the maximum fee be? :**

**If you do not agree to a maximum total registration fee proposal, do you have alternative suggestions?:**

**Question 19 Should government seek primary powers to place a requirement on letting agents and online property platforms to only advertise and let properties compliant with the PRS Regulations?**

Don't know

If not, please explain why not and provide evidence with your answer.:

Not applicable to ROCKWOOL's areas of expertise.

**Question 20 Should government remove the seven to twenty-one day exemption period on landlords making all reasonable efforts to provide a valid EPC prior to a property being marketed or let?**

Don't know

If not, please explain why not and provide evidence with your answer.:

Not applicable to ROCKWOOL's areas of expertise.

**Question 21 Should government increase the level of the fixed civil penalty fine for offences under the EPB Regulations (currently set at £200)?**

Don't know

If yes, how high should the fine be?:

Not applicable to ROCKWOOL's areas of expertise.

**Question 22 Should government enable LAs to inspect properties for PRS compliance?**

Don't know

If not, please explain why not and provide evidence with your answer.:

Not applicable to ROCKWOOL's areas of expertise.

**Question 23 Should government permit local authorities to use EPC Open Data for some phases of PRS enforcement?**

Don't know

Please explain your answer below and provide evidence to support your answer:

Not applicable to ROCKWOOL's areas of expertise.

**Question 24 Should there be a requirement for post-improvement EPCs (and for the cost to be included within the cost cap)?**

Yes

Please explain your answer below and provide evidence to support your answer:

We think it is sensible to require post-improvement EPCs, particularly if it improves enforcement of the regulations. The cost of obtaining an EPC is low and shouldn't impact the implementation of measures on a building if it was included within the cost cap.

**Question 25 Should a valid EPC be in place at all times while a property is let?**

Yes

Please explain your answer below and provide evidence to support your answer:

As we argue above the cost of obtaining an EPC is low, so this shouldn't be a burden for landlords, and requiring a valid EPC would ensure tenants with long tenancies aren't disadvantaged.

**Question 26 How can the most consistent set of recommendations in the EPC be assured? Does using only the most recent SAP methodology allow this?**

Not Answered

Please explain your answer below and provide evidence to support your answer:

We would always advocate for the most recent SAP methodology to be used when recommending measures for a property. Using the most up to date standards should certainly help create consistency in measures, and also ensure that as the methodology is improved over time, so too are outcomes for energy efficiency.

One way to do this is to shorten the time an EPC is valid. In the past we have argued that the requirement for a new EPC should be every five years rather than ten. As we have said above, the cost of an EPC is low, and so shouldn't be too burdensome on property owners.

We would like to point out here that the recommendations on an EPC should not be taken as the definitive list of measures suitable for a property. An EPC is not

a retrofit design plan, but an indication of what measures might be suitable for a building.

The retrofit design process must start with a good quality survey and assessment of each building, from which a good quality design is developed, suited to the type, condition and location of each building. The resulting design must take into account crucially important characteristics such as moisture/vapour performance, compatibility with the existing structure (and with other measures), fit-ability, detailing at interfaces and, ultimately, whole system suitability.

If Government incorporates TrustMark and PAS2035 into these regulations, once the landlord decides or needs to undertake energy efficiency improvements, this in-depth assessment of the building, separate to the EPC, would use an updated SAP methodology to come up with a suitable plan.

**Question 27 Should listed buildings and those in a conservation area be legally required to have an EPC?**

Don't know

Please explain your answer :

Not applicable to ROCKWOOL's areas of expertise.

**28 Should government seek primary powers to increase the maximum fine level to £30,000 per property for each breach of the PRS Regulations?**

Yes

If yes, should it be adjusted for inflation? Please provide evidence with your answer.:

We agree that the fine level should be increased. We don't have a strong view on the exact level, but it should be high enough to discourage landlords taking the risk of a fine over complying with the regulations. The current equivalence of the cost cap and the fine is could disincentivise landlords from undertaking improvement work – instead preferring to risk a penalty.

If not, what would be an alternative, appropriate maximum fine level? Please provide evidence with your answer.:

**29 Should government introduce powers for tenants to request that energy performance improvements are carried out where a property is in breach?**

Don't know

If yes, how could a redress mechanism be devised?:

Not applicable to ROCKWOOL's areas of expertise.

**30 Should government introduce some form of local authority disclosure or benchmarking where a property is in breach of PRS Regulations?**

Don't know

Please explain your response below :

Not applicable to ROCKWOOL's areas of expertise.

**31 Do you agree that the updated exemption regime should come into force on 1 April 2025?**

Don't know

If yes, do you agree that the property compliance and exemptions database should be opened six months prior to commencement of exemptions?:

Not applicable to ROCKWOOL's areas of expertise.

If not, please explain why.:

**32 Should the 'new landlord' temporary exemption be simplified so that it applies to any person who has become a landlord within the last six months?**

Don't know

Please explain your answer and provide evidence to support your answer:

Not applicable to ROCKWOOL's areas of expertise.

If you would like to upload any supporting evidence, please do so here.

File upload:

No file uploaded