

**energy
saving
trust**

Improving energy efficiency in owner occupied homes

Energy Efficient Scotland Consultation Focus Groups

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Energy Saving Trust Insight & Evaluation



Executive summary

The Scottish Government has been committed to ambitious carbon reduction and fuel poverty targets through the Climate Change (Scotland) Act 2019 and the Fuel Poverty (Scotland) Act 2019, respectively. One major workstream is to tackle energy inefficient homes as a driver of fuel poverty and climate change. Having introduced minimum standards for social housing and private-rented homes, the Scottish Government has resolved to address energy inefficiency in owner-occupied homes. The Scottish Government has proposed a minimum energy efficiency standard for owner-occupied homes. The proposal was open for consultation from December 2019 – April 2020. The Scottish Government commissioned Energy Saving Trust for additional research to explore homeowners' in-depth opinions on the details of the proposal through focus groups and telephone interviews. Participants' feedback is summarised now.

Overall view on the standard

- The standard was considered as comprehensible, though some participants had to be reminded that the standard would only apply when a property was triggered by a sale or major renovation, not to all homes after 2024. This confusion was encountered approximately once or twice in most of the focus group sessions. Reinforcing the trigger points throughout the sessions was important to ensure discussions remained based on facts and not on a misinterpretation.
- There was some opposition to the standard based on perceived disadvantages. Major disadvantages were additional work created, disruption to the home and day-to-day life, and cost. Regarding cost, the following issues were cited: unaffordability of measures, low cost savings resulting in long paybacks, the cost of measures impacting the price of a home upon sale, and involuntarily getting into debt.
- However, there was universal support for the principle of having some form of standard, and opposition was based on its implementation in practice and components. Major advantages given were cost savings, addressing climate change, increasing comfort, and improving or upgrading the home as an asset.

Views on the Energy Performance Certificate (EPC)

- The EPC's clarity and use of colour and infographics were praised, but it was believed its comprehensiveness would overwhelm some homeowners.
- It was asserted that the EPC would be outdated once the standard was implemented. Feedback included changing the way measures are recommended to give more clarity on how points are allocated, and allowing homeowners the flexibility to install the measures they preferred in the order they preferred. Alternatively, if there was a more rigid approach to be followed (i.e. fabric first) it should be more clearly set out and justified. It was also favourable for the EPC to contain more concrete actions.
- The EPC was also criticised as too generic and lacking context on the building and its occupants.

Compliance to the standard

- The Energy Efficiency Rating of band C was regarded to be appropriate, although some suggested scaling it according to the age of the property. There were also concerns that updating the standard at a later stage would disrupt homeowners' budgets, plans and ability to meet the standard.
- Limiting the standard to two trigger points was thought to limit the impact of the standard as many homeowners would not be selling or renovating. Universalising all incentives for every homeowner was recommended to encourage both voluntary and obligatory compliance.
- Exemptions were supported as well as criticised as contradictory.
 - Cost-effectiveness criteria was welcomed to limit homeowners' investments, and cost caps were preferred over maximum payback periods. Cost caps were suggested to be scaled according to the property's value and homeowner's income.
 - Exemptions were supported as well as opposed for homes technically unable to meet the standard. Most wanted criteria for these homes to make some or all feasible installations. There were also concerns that categorising a home as exempt or unable to meet the standard would devalue it, trapping the homeowners with an undesirable property.
- There was a debate on whether the responsibility of the standard should always remain with the seller or if it could transfer to the buyer. Some wanted it to be an obligation on the seller (even advocating a portion of the sale proceeds to be arrested if the seller failed to meet the standard). Others called for flexibility, assuming there would be a negotiation on the price if the responsibility was transferring to the buyer. It was reckoned that properties which did not meet the standard would lose value.
- 2024 was regarded as too soon for some but the right timeline for others. Having abundant time between communication about the standard and implementation of the standard was important for all. Widespread communication which reached every homeowner well in advance was called for.
- There was discontent and opposition against penalties, but also recognition that a law requires tools for enforcement. Financial penalties were deemed effective, but mechanisms which made penalties redundant were also proposed. For a seller, the sale could be prevented, or a portion of the sale proceeds ringfenced. For a buyer, a retainer could be sought, or an automatic loan could be appended to the mortgage.

Help to meet the standard

- Participants suggested that if any single property in a multi-occupancy building was sold the standard could be triggered for the whole building. However, it was advised that the Scottish Government would be best placed to administer the process and arrange the financing. Additionally, all homeowners' payments should be deferred until they sold their property.
- It was highlighted that vulnerable groups needed funding and handholding, including someone to potentially manage the process on their behalf.
- Impartial advice was asked to be made available to all homeowners.

- The Scottish Government was requested to provide a list of accredited retrofit installers that homeowners could depend on. There were also concerns about the lack of qualified installers.
- Financing was, by far, the most dominant and critical issue
 - Grants were the most desired funding option, and indicated as the only feasible option by a few. But largely, participants wanted to see smarter use of grants, subsidies, cashback and tax breaks. For example, using various tools as incentives to entice homeowners to fulfil their obligations or voluntarily meet the standard.
 - Interest-free loans with long paybacks were demanded as a necessity. Different repayment mechanisms were suggested, including appending the loans to mortgages or attaching it to the home as a council tax so it would transfer to the new homeowners.
 - A property charge was the most popular way of repaying an interest-free loan; the funds would be recuperated from the proceeds of a home sale.

Contents

Executive summary	2
1 Introduction	6
2 Methodology	7
2.1 Recruitment	7
2.2 Data collection	7
2.3 Analysis	8
3 Results	9
3.1 Overall view on the standard	10
3.1.1 Understanding the basic requirements	10
3.1.2 Disadvantages of a standard and installing measures	10
3.1.3 Advantages of a standard and installing measures	18
3.2 Energy Performance Certificate	23
3.2.1 Clarity	23
3.2.2 Guidance to meet the standard	24
3.2.3 Context-specificity	26
3.3 Compliance to the standard	28
3.3.1 The minimum standard	28
3.3.2 Those not selling or renovating	29
3.3.3 Exemptions	30
3.3.4 Responsibility of meeting the standard	35
3.3.5 Introduction in 2024	39
3.3.6 Penalties	40
3.4 Help to meet the standard	46
3.4.1 Multi-occupancy buildings	46
3.4.2 Vulnerable groups	47
3.4.3 Advice	49
3.4.4 Trusted tradespeople	49
3.4.5 Financing	51

1 Introduction

The Climate Change (Scotland) Act 2019 and the Fuel Poverty (Scotland) Act 2019 has committed the Scottish Government to ambitious carbon and fuel poverty reduction targets, respectively. The Energy Efficient Scotland (EES) government programme addresses carbon emissions and fuel poverty by improving building energy efficiency. One major way in which EES aims to increase building energy efficiency is through setting minimum energy efficiency standards for homes across Scotland. While minimum standards are already in place for the social housing sector, the introduction of private-rented sector minimum standards has been paused due to the Covid-19 public health crisis and there are currently no standards for owner-occupied homes. However, owner-occupied homes constitute a 68% majority of homes in Scotland¹. Increasing the energy efficiency of these homes remains a major priority of the EES programme and, by extension, forms a critical part of meeting the national climate change targets.

The Scottish Government recently held an open online consultation² on proposals for energy efficiency standards in owner-occupied homes (consultation open from 19 December 2019 – 9 April 2020). In this consultation, the Scottish Government sought feedback on proposals for what a potential energy efficiency standard for these homes could look like and how homeowners could be supported in meeting it.

Energy Saving Trust (EST) was commissioned by the Scottish Government to gather additional views on the proposals in the consultation directly from homeowners. The aim of this research was to directly and deeply engage with homeowners of various backgrounds to discuss the proposed law in detail, including their views on how the standard could be implemented. This qualitative research focussed on understanding how the homeowners may view the proposed standard and what they thought it might mean for them. The findings are intended to supplement the findings of the main consultation.

This document requires that the reader be knowledgeable on domestic energy efficiency policy and practice in Scotland and well-versed with the Scottish Government's EES consultation proposals on an owner-occupier energy efficiency standard, upon which this research is based.

¹ Scottish Government (2019). Energy Efficient Scotland: Improving energy efficiency in owner occupied homes.

² <https://consult.gov.scot/housing-and-social-justice/energy-efficient-scotland-owner-occupier-proposals/>

2 Methodology

2.1 Recruitment

The methodology was developed to help collect as much qualitative data on the participants' thoughts about the proposal as possible. In total, five two-hour long focus groups were held in the week commencing 9 March 2020. Two focus groups were held in Edinburgh and Glasgow each, and one focus group was held in Motherwell. All focus groups involved semi-structured discussions and were moderated by an EST researcher. Focus groups consisted of 7-10 homeowners each; each focus group consisted of participants from these categories³:

- Group 1: Young people (under 35) who have their own home or are in the process of purchasing one and first-time homeowners (who may be over 35).
- Group 2: Older people (over 70) and those with disabilities.
- Group 3: Those who own a flat.
- Group 4: Those who live in an older (pre-1919), listed or other potentially exempt property.
- Group 5: Those who live in an area with deflated property prices.

These participant categories helped secure representation from key types of owner-occupier households in Scotland. In particular, an effort was made to ensure that the more vulnerable categories of homeowners – for example, those likely to be disproportionately affected due to disability, economic status and age – were well-represented. Additionally, it was also important to represent homeowners who may face unique challenges in improving energy efficiency, such as those living in multi-occupancy, older and listed buildings.

Additionally, hour-long semi-structured telephone interviews were conducted with five respondents from various parts of the Highlands and Islands. These were carried out to ensure representation from homeowners in rural Scotland since it was not feasible for EST researchers to travel to various distant locations in the time available.

2.2 Data collection

The focus group content was developed in consultation with the Scottish Government. Each section contained an explanation of a part of the proposal and typically a scenario to help participants contextualise it, followed by a set of questions to explore their views on it. The content covered the key parts of the proposals, including:

- Overall opinion on having a standard.
- What the standard should be and evaluating the energy performance certificate (EPC) as a tool to manage it.
- The advantages and disadvantages associated with the standard and installing energy efficiency measures.
- Specifics on how it should be implemented (including exemptions, cost caps and a changing standard).
- Help needed to reach it.

³ A £50 shopping voucher was given to participants as a compensation for their time.

The content explored various scenarios which were based on real and anonymised EPCs. These EPCs helped participants better understand the technical aspects of the standard and get a better sense of what the topic meant in practice. EPCs included properties at different energy efficiency rating (EER) bands, various levels of cost estimates to meet the proposed band C standard, and different types of properties. Altogether, seven EPCs were used in the research and each major discussion point typically involved one or two EPC scenarios.

Participants were encouraged to remain open to different ideas and allow their stance to fluctuate throughout the discussions. Their comments were not treated as 'right' or 'wrong' (other than the moderator offering technical corrections), but received neutrally by the research team. The focus of the questionnaire (and moderation) was overwhelmingly geared towards encouraging participants' free critique of the proposals. This involved encouraging any and all disagreement or agreement with proposals and with others in the room, followed by a heavy stress on constructive feedback. They were prompted to state the strengths and weaknesses in each section of the proposal. Wherever possible, participants were encouraged to provide alternatives and their own ideas. While the conversation itself was limited to the proposals, participants' ideas were not limited to those in the proposals; they were free to challenge and propose what they thought could work. When the technical nature of the subject hindered the conversation, participants were instead encouraged to state their general ideas on the aspect.

2.3 Analysis

Participants' responses were analysed using framework analysis. Framework analysis is an applied policy research methodology which has been developed to analyse qualitative data captured through specific questions and to solve a set of very specific a priori issues⁴. Additionally, this technique was developed to extract information which has the potential to help create actionable outcomes. The following five stages of framework analysis were used⁵:

1. Familiarisation – the researcher is immersed in data and familiarises themselves with a selection of data (being careful to select a sample that represents the variety and breadth of responses) to become cognisant of recurring themes and key ideas.
2. Identifying a thematic framework – recognising emerging themes and building a framework around those to categorise all responses.
3. Indexing – 'coding' (categorising) all data according to themes established in the framework.
4. Charting – data is lifted and put into charts of themes while it remains linked back to its source.
5. Mapping and interpretation – analysis of key characteristics and summarisations which echo the true thoughts and meanings of respondents in relation to the questions.

After these five stages the data, with minimal interpretation, is presented in this report.

⁴ Ritchie & Spencer (1994). Qualitative data analysis for applied policy research. In Bryman & Burgess (1994). *Analysing Qualitative Data*. 173-194. London: Routledge.

⁵ Srivastava & Thomson (2009). Framework Analysis: A Qualitative Methodology for Applied Policy Research. *JOAG*, 4(2).

3 Results

The results are presented through four major themes, each with multiple sub-themes. The data is mapped and presented in this way because it was considered the most accurate and logical representation of participants' collective feedback:

- Overall view on the standard – this theme covers participants' basic understanding of the legal requirements as well as criticisms and endorsements for the standard.
- Energy Performance Certificate – this theme consists of feedback on the EPC.
- Compliance to the standard – this theme addresses various challenges in implementing the standard, including critique of the major policy mechanisms involved in governing the standard (e.g. exemptions, costs caps, penalties and updating the standard).
- Help to meet the standard – this theme covers discussions on financing mechanisms, government intervention, schemes, and other support to help meet the standard.

All participants were initially unaware of the proposals and the consultation. Their thoughts on the standard matured as the discussion progressed through increasing levels of details. The themes follow a similar order; overall views on the standard are addressed first, followed by specifics of the standard in subsequent themes.

Participants disagreed on many issues, especially when they established a view on a topic. However, many also changed their opinions, alternated, played devil's advocate, or did not take a specific stance when discussing topics. For example, participants often supported as well as opposed various parts of the standard (or the standard itself) as they constantly weighed its advantages and disadvantages. The results attempt to capture this complexity by presenting as many views in the various themes as possible to avoid painting a particular view as the most popular, unless there was an overwhelming consensus for it. Additionally, there are multiple opposing stances highlighted throughout the results. Therefore, these results should not be treated as a definitive answer on what most people will think about the standard but rather as a representation of the variety of potential opinions among the Scottish population.

3.1 Overall view on the standard

Once the standard was introduced to the participants, they were asked for general thoughts and views on overarching aspects. This theme discusses these in three following sections below.

- Understanding the basic requirements
- Disadvantages of energy efficiency measures
- Advantages of energy efficiency measures

3.1.1 Understanding the basic requirements

While initially unaware of the standard and consultation, every participant indicated they understood the requirements of the proposed standard well, with one participant summarising the view:

I think we understand the basics of what is being proposed from 2024 onwards.

Moreover, participants were eager to find out more about specifics in the standard. For example, one participant remarked:

I understand the requirements, but you need criteria. That's the bit that is missing.

However, despite everyone affirming that the standard was “pretty clear” some participants had to be reminded during discussions that it would only apply if they were selling or renovating their home. This was because they slipped into a mindset or made points based on the assumption that the standard would apply universally to all properties after 2024. In other words, some seemed to forget the standard would **only** come into force when a sale or renovation triggered it, despite confirming they understood this earlier. Often, this misunderstanding generated frustration and negative feedback that the standard would be overbearing. However, constant and swift reminders that the standard would only apply at trigger points after 2024 kept the conversation on track and seemed to somewhat reduce that level of frustration. One potential reason for this phenomenon is that, while participants understood the criteria initially, additional layers of complexity about the standard overwhelmed them, causing some key facts to be left out of the equation when forming opinions⁶.

3.1.2 Disadvantages of a standard and installing measures

General opposition to the standard

Some participants questioned the purpose of the standard and challenged its existence on several fronts. One major view was that the standard would be an unfair burden on individuals. While climate change was actively cited by an overwhelming majority as a significant challenge,

⁶ When this misunderstanding arose, it was clarified immediately. Furthermore, the moderation included subtle and repetitive positive reinforcement of basic facts (e.g. reminder of trigger points) throughout the facilitation to minimise misconceptions of the standard. This ensured only views of the facts were recorded. Therefore, the results do not contain opinions based on a false understanding of the standard. Finally, misinterpretation of the standard was not observed for all participants, but a number significant enough worth noting.

it was suggested that requiring householders to act meant that the Scottish Government was shifting the burden to the population rather than choosing to tackle large businesses and polluters.

Is this the most cost-effective way of achieving reductions or should it be about power stations?

Is it going to be something similar [an energy efficiency standard] for businesses?

Scottish Government should go after big businesses first.

I do agree but I just feel there is a great deal of hypocrisy here with the Scottish Government. We're quite happy to pump oil out of the North Sea and yet in the same sense they're saying there's a crisis and emergency. There is a disconnect between the two things.

Furthermore, some participants displayed nimbyism by agreeing that action needs to be taken to reduce emissions but were resistant to achieving reductions through a standard which would impact them directly.

A bit of a shock. But on the other side of the coin I believe that something needs to be done. But can it not be something else?

I think it's a good thing obviously. It's unfortunate that now is the time. But something does have to be done. It [the standard] might not be the top thing for climate change.

Home ownership shouldn't be government's business.

Moreover, participants also suggested other routes which should take priority or receive further attention from the Scottish Government in lieu of a standard for homeowners.

I would rather they invested in transport and other things like that...I just think there are quicker ways of reducing emissions other than just going for the home.

Concentrate on the big picture rather than picking on individual citizens.

Other things need to be focused on, like there are hardly any charging points for electric cars. That should be the main focus.

Disadvantages

A significant amount of criticism was directed at disadvantages that participants expressed would result from being **required** to install energy efficiency measures. Importantly, participants had limited direct criticisms of installing energy efficiency measures per se, but criticisms spurred when measures were discussed as a requirement under the standard. It was this involuntary commitment to install at or close to trigger points which was associated significantly more with disadvantages than the energy efficiency measures themselves. That is not to say that participants did not recognise any disadvantages with installing measures, but that the

disadvantages associated with them became more prescient and pointed when discussed as part of a requirement.

Participants' comments on disadvantages of energy efficiency measures were categorised under three major areas explored now.

- Additional work
- Disruption
- Cost

3.1.2.1 Additional work and time

Many participants stated that installing energy efficiency measures would be a significant undertaking which could become a major additional burden.

It sounds like it's going to be creating a lot of work as well.

[It will] put a lot more stress on people.

A few participants asserted the standard may be creating altogether unwanted work for homeowners, and that it may force homeowners to do work they do not view as necessary. This was contextualised within a situation where those participants felt they considered whatever current measures they had to be sufficient or, having undertaken improvements recently, they were not looking to take on more work.

Carrying out work that doesn't necessarily need to be done.

I feel like I've done all I can within my means. If I could afford cavity wall insulation, then I would do it. People in Scotland surely do everything that they can.

Participants were particularly critical of the additional work if they would have to bring their home up to the standard for a sale. They considered it could potentially interfere with, complicate or slow down the selling process.

What would happen if I received my EPC and my EPC was an E, when I know it was meant to be a C [to meet the standard]. I am just about to sell my house with three people interested in buying it. What would happen?

More time to organise things, there may be a couple of things you want to do, and this will add pressure on the time to do things.

Furthermore, it was also viewed as a challenge from a buyer's perspective. Most participants said they would prefer a property which met the standard and considered it as an additional area they would have to factor into finding a home. Therefore, it would add additional time and work for both selling and buying, essentially becoming an additional component of the moving process.

[You would be] worried about your own house as well as the house you are buying.

However, the additional work was not viewed as an equally significant disadvantage for someone undertaking a renovation.

[It is] less of an issue for people looking to do refurbishment work.

3.1.2.2 Disruption

Disruption to the home was also cited as a major disadvantage.

A major disadvantage is the upheaval to a house.

Quite a bit of disruption to the house as well.

The disruption to your home. Huge deal.

Participants also expressed that they would be concerned if achieving the standard meant an excessive amount of work and deconstruction of the property.

Don't want to rip apart the building to meet it.

However, some also identified there would be a pay-off in the form of a more energy efficient home at the end of the disruption. The following comments explore this; the first comment weighs the relative disruption against the benefit, comparing installing energy efficiency measures to a renovation.

It's probably not so much disruption, it's maybe the time scales. I can understand how you might have a disruption for a few weeks to get your ceiling done or insulation done but in the long term that's going to be helpful, and if I think it's done properly people won't object to that too much.

[It] depends on the disruption.

Some were also concerned about other disruptive issues such as unknown people entering the house as well as potentially having to move out temporarily.

[I am] worried about strangers coming into the house.

Upheaval with the family, how quick is a boiler going to be put in? People needing to stay with friends and family out of the property.

3.1.2.3 Cost

The cost of installing measures was overwhelmingly the most prominent issue throughout the focus groups and interviews. It was reverted to and linked to almost all other parts of the proposal. All participants identified it as the greatest disadvantage and barrier to installing measures. In fact, their views on many aspects of the standard depended on what that meant for them in terms of cost; it was the most dominant factor in decision-making processes by a significant margin.

In terms of what motivates people at the end of the day, money does motivate more than anything else.

When participants were asked in general terms what the proposed law would mean for them if their home did not meet the standard, respondents almost universally defaulted to cost first and foremost.

Spend a load of money.

A lot of money going to be spent.

When I look at it, I think that it's more cost for me.

Participants' detailed comments on cost-related disadvantages of the standard are explored under these subject areas:

- Affordability
- Low cost savings
- Loans and indebtedness
- Interference with sale

Affordability

Various EPCs were provided to participants, each with a different set of measures (and cost estimates) to reach the standard. Participants indicated that affordability depended on a person's financial circumstances and the property's EPC.

It can vary a lot, it depends.

Certain things are cheaper to do.

Some of them are ranging from hundreds of pounds to tens of thousands of pounds. Depending on someone's circumstances they may not be able to afford or implement the changes or recommendations.

Most participants adapted the conservative approach where they inferred the costs to reach the standard based on EPCs with higher cost estimates⁷. While they recognised the variability presented to them, the higher-cost EPCs were repeatedly used as a key reference point in "what-if" scenarios. In that respect, the standard was often viewed as unattainable or too burdensome and participants expressed that they did not have the money available to pay for the measures required.

Not everyone can afford it.

I'm not really getting how people are going to be able to afford this.

I don't plan to sell my house however anything can happen. So, I could find out in a years' time that I might be moving somewhere else or I might need to sell my house. I am then going to have to do some work, but I can't afford to do that.

⁷ Typically, £5,000 was the minimum amount referenced by participants when providing thoughts on the costs of the standard. It can be considered their comments were based on a judgement they would need to spend at least £5,000.

Moreover, most participants displayed concern if they had to spend a significant amount of money, viewing it as an unwelcome cost. Typically, their comments were accompanied with an anxious tone.

You would have to have additional add on expenses. So, if you've got a young family or whatever it's just unwelcome. And expensive.

If I'm going to have to spend another £5-10,000 pounds when I'm selling my house, I'm not going to be happy.

Frightening. They are big numbers.

Cost is a disadvantage and a burden.

[It is a] huge bearing.

It was also equated to a tax by some participants apprehensive that the standard could corner them into a situation that they would not be able to afford.

Expense. [It's] going to be huge. It's not an infinite budget. You don't have a choice.

Not affordable. It's like a tax because we have to do it.

It's almost like a tax isn't it? You could be spending £14,000 on insulation.

The householder is the one that bears the bill, the government is saying it has to be done but it's the householder's responsibility.

The standard was also considered problematic for those in fuel poverty. Some also posited it as a catch-22 for the fuel poor: those in fuel poverty would not be able to afford these measures because not having these measures keeps them in fuel poverty.

The tragedy is that the people who are in the poorest housing are probably the people who are least likely to afford to do the work.

24% of the population of Leith are in fuel poverty. You can own your own home and still be in fuel poverty.

People in fuel poverty would struggle.

Despite passionate criticisms of their unaffordability, measures were nevertheless universally considered to be desirable. Participants remained cognisant of their benefits and saw merit in having a standard. However, participants' contention was based on the concept that measures would be forced on them without a reliable financial arrangement to make them economically feasible or attractive. In other words, they posited that installations becoming a requirement would prioritise them as a major expenditure above other commitments, which may include basic household needs. This potential reprioritisation was a sacrifice they overwhelmingly disagreed with.

Most people are trying to bring their houses up to that level now anyway. The first thing I think is cost – going to have to budget that in – so what else needs to take a back seat?

I believe that nobody objects to their home being increasingly energy efficient, however, the objection is when there is a burden of cost. If you're on a minimum wage or low wage and you're surviving on a week to week basis then you will struggle.

People are going to be upset if they're going to have to spend thousands of pounds. At the end of the day, if you sell your home it has to be at the required standard. It's not right if someone is walking into a home that isn't at that standard. To be honest I can't afford, I couldn't afford it.

I think I would struggle with that. I already have a mortgage on my house so maybe I would increase that. I'm in a relatively good job and, well I suppose £2500, if that's what it costs, I would probably do it. I suspect there are those that can't do that. I'm in a medium sort of pay brackets, I would, I think I could probably do it, but I would struggle for a wee while.

Furthermore, most participants indicated that if the standard would be accompanied with a system to make it affordable it could potentially overcome the most significant barrier and make it feasible for most (discussed further 3.4 'Help required to meet the standard').

[The] major barrier is affordability. Unless there are systems in place to make it affordable somehow, [otherwise] it won't happen, some people just won't do their project.

Low cost savings

The EPCs presented to participants covered a broad range of typical cost saving scenarios. Although, a significant proportion of participants asserted that the savings were trivial in comparison to the investment they would have to make.

My issue is the bottom line says it all, you would need to spend so much to meet a standard...very little savings on the face of it.

Savings are not worth it and negligible.

People are not going to look at the savings overall – just look at the cost.

The typical savings over three years. It's not a huge amount.

Furthermore, participants also argued that the long payback periods associated with many measures were not only unhelpful but economically harmful when viewed purely from an investment standpoint.

I'm looking at typical savings over three years, £300 pounds over three years, you're talking about £100 pounds a year. And it costs £2,500 to do it so you're talking about recovering that saving over 25 years. That doesn't really make

sense. I'm not saying you shouldn't do insulation but if the government is forcing someone to do that then it's not economically beneficial to people.

Additionally, some participants also highlighted that if they installed measures to meet the standard in readiness of a sale or as a buyer moving in, and soon after decided to sell their home, they would have to discount the cost savings after the point of sale, making it an investment not worthwhile. This was deemed by some as an eventuality since the typical payback period of many measures extended beyond the period they considered one might stay. They perceived that the investment was too long-term for the benefits to be tied to the property; the potential loss waiting to happen would be incurred once they decided to move⁸.

People are thinking if I invest this and I come to sell my house again – people intend to invest in themselves more than the environment – if they're told you won't get your money, they'll think twice about doing them.

More broadly, when cost savings were cited in discussions as a potential benefit, there was typically a challenge presented to the contrary. The advantage was recounted as disadvantage, often with success in causing other participants to agree.

Interference with sale

The cost of reaching the standard was also viewed by some as a potential hindrance in the buying-selling process. It was viewed as potentially negative from both the seller's and buyer's perspective. Some participants reasoned that there would be an added cost; however, one group posited that this would have a negative impact on the seller while others considered that the cost would pass onto the buyer. They were adamant that the standard would comprise a zero-sum game in which one party would gain and whilst the other would lose.

It sounds to me that is expensive for the seller.

It won't be good for the purchasers. If you're the seller and you're going to build these improvements into your sale price... I just keep coming back to the costs in my head.

Some also suggested that a standard may prohibit homeowners from selling their property altogether. It was implied that if homeowners were not able to finance the energy saving measures, they would become trapped in their property.

[You] have to build cost of renovation into the cost of selling.

You might get people who are forced not to sell because they can't do the improvements.

If you don't have the money to spare. Then you're stuck in that property.

While it was clear to participants that proposals also included provisions that could transfer the responsibility to a buyer, they maintained that affordability to meet the standard would

⁸ Installing measures to bring the home up to the standard in the lead-up to a sale was considered just an outright expense associated with the sale and not linked to cost savings. This is discussed in the next section 'Interference with sale'

nonetheless have a major impact on many homeowners' ability to move. They implied that, firstly, a home which does not meet the standard would fetch a lower price⁹ and, secondly, if homeowners were to spend money to meet the standard it would prove too costly; disallowing a lot of people to move to a preferred home in both scenarios.

It still comes down to the fact that they have to have the money in order to be able to move.

A lot of people will be put off selling [their] property because they can't afford the amount.

Although, participants recognised that if a homeowner thought s/he had no option to afford the standard, they would ultimately be able to sell the home and allow the responsibility to transfer to the buyer. However, circumstances would then dictate if they benefit by allowing the buyer to bear the expense or lose out if the value of the home suffered too much.

There's a calculation you've got to look at who's best to do it, the buyer or the seller. You don't want to be stuck not being able to sell your house.

Loans and indebtedness

"Getting into debt" was another cost-related disadvantage highlighted by participants. Some were apprehensive about people getting into debt to meet the standard.

It can vary wildly. Some people it's impossible for them to afford it. And are left with loans they didn't want to take on.

Furthermore, there was also apprehension about getting into more debt in addition to the mortgage, especially when it surrounded a home purchase.

Not looking to get into more debt on a home, before you've even moved into your new house.

3.1.3 Advantages of a standard and installing measures

General support for the standard

In the beginning of each session or interview, participants were asked whether they would back the notion that, in principle¹⁰, Scottish homes must be brought to a certain energy efficiency standard. There was not only no ideological opposition, but also unanimous support for the concept.

In principle I support it, yes.

It's good in principle.

⁹ This was discussed at length by participants. It is covered in detail under 3.3.4 'Responsibility of meeting the standard.'

¹⁰ This was aside from all the practicalities. In other words, setting aside the challenged of the proposed standard, would they support the principle of a standard of some sort.

In principle, absolutely.

Further, some recognised that in practice it would mean a cost but affirmed their support.

In principal yes – it's a cost but as a nation if you genuinely think it's the right avenue to go down then that's the way forward.

However, many participants recognised that while they were unreservedly in support of it in principal, and understood the need and importance of it, they were equally concerned with how it would be implemented in practice.

The principle is good. The detail could be very divisive, I think; the opinions on how you get to that.

They need to be clear on what they're trying to achieve.

Advantages

In one question, participants were asked if they recognised any advantages for installing energy efficiency measures. In response, measures were almost universally recognised as a positive and beneficial thing. Furthermore, whenever measures were being discussed a requirement of the standard, participants repeatedly suggested them as something desirable and welcome, notwithstanding the challenges and disadvantages cited in equal measure. Since these benefits were the only justification for the standard, they were the critical motivator in spurring debate, causing participants to consistently weigh them against the disadvantages, make the case for overcoming technical challenges and, ultimately, garner support for the standard. Sustained acknowledgement of these benefits was critical to keeping the discussions grounded and establishing the standard as a realistic option in a debate worth having. Participants' references to advantages throughout the discussions are grouped under the following four categories explored now.

- Saving money
- Climate change
- Comfort
- Improving assets

3.1.3.1 Saving money

Cost savings from installing energy efficiency measures were repeatedly cited as a benefit. Although, the extent to which the savings mattered in relation to investment varied for participants (see 'Low return on investment' in section 3.1.2.3 'Cost'). Some referred to cost savings as a significant benefit.

First and foremost is cost [saving] for me.

The cost savings impact to the homeowners.

Participants also weighed the savings against the investment, with some leaning towards the conclusion that the savings were a benefit while others remained undecided.

It's a big pay-out [investment] obviously. The saving over the few years is a lot as well, I suppose you are investing to make a saving over the next few years as well. And you will get that money back I suppose.

I suppose if you insulate it well then it will cost less to heat, so is it not worth that investment?

Some were also willing to take a long-term view on the savings, expressing that they still recognised benefits in recovering the money even if it took a while.

Ultimately, I'm sure it would help everybody or homeowners to save, I would have thought, in the long term.

Give people a long-term picture and show them how much they can save in the long term.

Various participants also highlighted that they would see particular benefit in cost savings from the perspective of a buyer moving into an energy efficient home. This was accompanied with the implication that they would not be making the investment to install measures but would benefit from them regardless.

I'd feel pretty good if I was buying new house. If there are energy saving benefits from it.

Others expressed that energy savings for fuel-poor households would be a significant benefit as the reduced cost of bills would mean more disposable income.

But you've also got fuel poor people who won't need to spend so much money on their home. I know there's probably a lot of heat escaping from my house going into the sky, it's a waste of money. So, if my house is more energy efficient then I would have more money for myself.

3.1.3.2 Climate Change

Most participants affirmed that action needed to be taken on climate change; and if improving energy efficiency of homes is an area with significant emission reductions then a standard would be necessary to back. These points recognised, both, that it was about “doing your bit” as well as making the change nationally.

Ultimately everyone is going to benefit from it. We're from a generation that has to make a change at some point¹¹.

I agree with it. [We're] definitely in need to start doing more stuff. The environment is getting worse and worse isn't it. Climate change has to be addressed.

¹¹ This viewpoint was expressed by a young individual from the focus group with multi-occupancy. The “generational point” which stressed the need for any current generation was only recorded for one individual. However, views about the need to do something urgently were almost unanimously expressed, or confirmed and tacitly approved by all.

You've got the environment, which we all have to protect.

However, some participants juxtaposed the environmental gains against the cost barrier as a reminder that they still considered there to be a contention. Although, despite presenting the contention they contended that climate change demands action regardless.

It's probably a good idea in the long run. It is expensive.

Saving for a deposit is hard enough you know. I can see what they're trying to do here with the EPC. But it's just another added expense. It's just part of the course though isn't it? With the way that everything is going with climate change and all that, it's obviously trying to save the amount of energy that you're spending. It has to be done, you have to roll with the times.

On the other hand, there were also some participants who did not give merit to the cost in contrast with the threat posed by climate change. They backed the environmental argument as the potentially the main reason for installing measures to meet the standard.

Is not just the finance, it's about the environment too.

3.1.3.3 Comfort

Comfort was cited as a major factor for supporting energy efficiency measures. This was viewed as particularly important for homeowners in Scotland where the climate is cold.

One of the most important things is to be warm and comfortable and dry.

We live in a very cold climate, [it is] important to have a warm home, free of damp.

[It is a] basic human right to be warm and comfortable in the home.

Furthermore, a warmer and more comfortable home was also linked to addressing fuel poverty and cold home-related health issues.

Health reasons. People are dying younger. Fuel poverty.

3.1.3.4 Improving assets

Another important advantage for installing energy efficiency was protecting one's asset. Participants considered how bringing your property up to the standard would mean they would be able to sell it when they wanted.

It means you can sell your house potentially.

While others, considering the situation from a buyer's perspective, agreed that moving into an energy efficient home which met the standard would become an expectation, or an accepted part of the purchasing process.

When you buy a house, you're already looking at how energy efficient the house is. If this is a consideration already you are already looking at how efficient the home is, so it should fall quite closely in line with that. If a buyer is coming in to

buy the flat then the energy efficiency of the flat is part of the consideration process, so it's fairly unlikely that you are going to buy a house that is not that efficient.

It's an expensive business buying a home anyway. It's expensive to sell a home. Then trying to get that to a band C, is just another add on.

If they added it on to the home report it wouldn't bother me. It's something else to look for.

Therefore, the standard, simply by virtue of existing in relation to such an important asset, established itself as a potential advantage for participants. Many participants reflected how energy efficiency measures were beneficial in terms of personal assets – for “protecting your assets” – as well as beneficial for assets owned nation-wide by “upgrading property stock”.

3.2 Energy Performance Certificate

Participants were asked for feedback on the EPC document itself. This included views on clarity, comprehensibility of its sections, informativeness, and helpfulness in guiding homeowners to meet the standard. Participants' feedback for this theme is categorised under the following areas.

- Clarity
- Guidance to meet the standard
- Context-specificity

3.2.1 Clarity

When participants were introduced to the EPC, its main features and the full report were briefly explained. They were then given approximately 2 minutes to review the document and thereafter asked to comment on whether they found the EPC to be clear. The consensus was that the EPC was comprehensible.

Yes, I think they're very good. I find them very helpful.

They are quite clear. Find them easy to read, and are a handy document.

Pretty good, understanding it from a glance. Simple rating system. Corresponds to signage on appliances that you buy.

Pretty simple to understand.

In addition to overall clarity of the document, participants found the graphic elements to be particularly useful. Colours and infographics were described as very helpful aspects.

The colours help visually as well: you don't want to be in the red you want to be in the green.

When selling a house and buying, look for the green.

It's quite easy to read because of the traffic lights.

The graphics really help to narrow all the text down.

There were also specific comments on the helpfulness of the cost saving estimates on the EPC.

It's quite good because I can see the current and potential. I could see where you could make savings.

It is showing you the savings. It's like a money saving certificate.

However, there were also some views critical of the structure of the EPCs. Some felt that it could be overwhelming for people new to the subject due to the amount of information and text, especially if the EPC was not explained to them in the way the participants were introduced to it.

An EPC is so comprehensive that it might scare people. It reminds me a lot of a bill, a document I got from Scottish Power.

For people who do not read things like the EPC it needs to be really clear: this is what you need to do to improve your house, this is what it will cost.

It could be quite confusing for folks I suppose.

Even just the design of the page: so we've all just looked at the visual grid, and the text highlights what everyone was struggling to get.

Furthermore, those who had recently commissioned an EPC commented that they did so as a requirement of the sale and did not pay much attention to understand it. The experience with the assessor was described as relatively uneventful and the process of acquiring an EPC rather simple.

I had to get it done as it was just something I had to do. I didn't really understand what it said to be honest.

Finally, it was also suggested that, since the EPC is generally created as part of the sale, most homeowners will be unaware of their EER rating and band. It was expressed as a concern, especially when a home does not meet the standard and the homeowner is not aware in the lead-up to a potential sale.

Unless you have sold your house you have no idea where you are.

3.2.2 Guidance to meet the standard

While most participants recognised the EPC as a clear and comprehensible document, there was also considerable feedback that it nevertheless needed to be updated for the new standard. The EPC was recognised as clear and useful for the purpose it serves now, but was not viewed as entirely fit for purpose in the future as it was not deemed helpful or actionable enough. Many suggested that they are not actually aware of exactly what they would need to do in practice to reach an EER band C.

I don't know what it means in reality.

One major area of feedback to address this was the way in which measures were recommended. Participants found the EPC's cumulative points system to be ambiguous. They initially assumed that recommendations could be taken in any order. For example, a band E property's EPC recommendations included insulation first to move it to band D, and a new boiler thereafter to reach band C; however, participants expected that omitting the insulation and changing the boiler was sufficient to meet the standard. When informed that this was not possible, they expressed that a more flexible system (e.g. points-based) in which they could choose the order of measures would be more suitable. They wanted to be able to clearly see the impact of each new measure on the EER rating.

It feels like you have a choice. It feels like you can do any of these six [recommended measures in a sample EPC] and it will bring you up [to band C]. It's not clear. The EPC basically gives you one avenue and makes the rest redundant, if you can't do number one. Give the EPC a points system – so you

can figure out how many points it takes to get up to the band C so that you can pick and choose what to do.

I want to know what impact replacing just the boiler has [on the EER]. Because right now I don't know.

The fabric first approach was explained to illustrate why the EPC recommendations were ordered in a specific way. In response, many explained that it was not clear to them that there was an explicit order which should be followed when installing measures. The fabric first approach was well-received when its benefits were described, but participants remained unsatisfied about its ambiguous representation through a cumulative points system and missing explanation in the EPC. Ultimately, they expressed the need for an easy-to-understand, self-explanatory, and actionable guide which helps the homeowner make the changes they need to make to reach the standard. If there were specific measures homeowners are required to install in a specific order, it needed to be clear. On the other hand, if there was flexibility in the approach, that needed to be easily understood and facilitated through a user-friendly system. The current system seemed to them as neither a list of requirements nor a flexible system they could adapt.

There's no prioritisation of recommendations.

[It would be] good if it had essential measures and then recommended measures.

We should focus on things that are important to the home. Put in [clarify] the 3 things that would bring you to the band [for this EPC]. Then keep them as your priority and focus on them.

Some suggested a section which lists clearly distinguishable measures they required to reach the standard, followed by optional measures or recommendations. Ultimately, participants wanted to be clear about what they needed to do to comply with the law. They sought clarity on exactly the minimum amount of work for the legal requirement in any system.

Just because it says recommended, it would be useful to see a minimum [to satisfy the legal requirement].

There should be a bit in the EPC that tells what you need to do to meet the requirements of the law.

[I'm] not clear what the law would require.

[You] need to clarify the legal requirement, [you] need to clarify the mandatory things that need to be done.

Some participants also wanted more help and actionable outcomes directly from the EPC. Specific ideas include: an indication of what measures they could install themselves; clearer signposting to grants and other financial support; and more precision on cost estimates for each home.

Doesn't suggest [if you need an] expert or [if it can be installed] DIY.

There needs to be a reference for financial assistance on the form. For example, see this website [Home Energy Scotland].

Understanding the cost you need to pay when the brackets are wide ranging; that's not very helpful at all.

Some people might feel a bit frightened by that figure and find it off putting, the range, the cost. It needs to be more specific.

Additionally, a small group of participants also suggested a system to help appeal against the results of the EPC if they disagreed with the assessor's judgement. They implied that assessors were employed by or working on behalf of the Scottish Government. It was clarified to these participants that the assessor is a qualified, independent and nongovernmental party certified to rigorous standards. However, they maintained that a process to challenge the content in the EPC was necessary.

Is there a dispute resolution element to it if you don't agree with the decision about what you need to do to your property?

[We] need an arbitration process that people who don't agree can go to, a complaints process to challenge the report.

Some participants were satisfied with the level of information and guidance in the EPC. To them, it was an actionable document, suitable to help them understand what they needed to do to meet the standard.

It's basically telling you what to do. It is clear.

It seems to give the actions which is a good thing, what you would get back on your investment.

3.2.3 Context-specificity

Several participants also suggested the EPC needed to be more context specific by taking account of the characteristics of the property and how it is used. They perceived the recommendations made in the EPCs as too generic. Specific recommendations based on the home and its occupants, they believed, would make the EPC more fit-for-purpose and useful.

It's okay setting things out in lovely colours. It's the practicalities of it all. It doesn't seem practical. It's got to be judged on the actual age of the house, the interior of the house; it shouldn't be one rule fits all.

Is the measure too simple? Should the measure not take to account the number of occupants in the house, how the house is used?

It needs to be specific to, for example, the age of the property. What is achievable? There should be higher expectations in a newish property compared to an older one.

For the most part, these participants arrived at the above conclusions independently. They had not been provided information on the potential differences in dwellings, the complex ways in which the EPC can be limited due to these differences, or any specifics on proposals to improve the EPC to address these challenges. While their arguments are not technical, the substance reinforces extant concerns about the (un)suitability of the current EPC to support a legal standard.

3.3 Compliance to the standard

Participants were introduced to the key technical and compliance-related topics to understand their views on how the standard should be structured. This theme explores these topics.

- The minimum standard
- Those not selling or renovating
- Exemptions
- Responsibility of meeting the standard
- Introduction in 2024
- Penalties

3.3.1 The minimum standard

Participants were asked about their opinions on what the minimum standard should be. They were informed that the Scottish Government has proposed EER band C, which typically means that a home is draught-proof, well-insulated and has an up-to-date and energy efficient heating system. Most concurred that this was a good standard.

I suppose I live in the part of the world where we have high levels of fuel poverty, high percentage of fuel poor properties, and probably the oldest population in the country. I do think we should aspire to a C.

However, some participants also suggested that a scaled standard, which treated properties based on their age, should be considered.

Maybe the government needs to consider that a lot of people live in very old buildings. If your house is pre-1950s then come up to a D, if your house was [built in the] 1980s then come up to C.

Some also recognised that the standard may be updated, considering it to be something potentially positive.

Overtime standards improve, knowledge improves. Fifteen or twenty years ago, we would not be sitting here discussing this.

On the other hand, some were apprehensive of an updating standard. The key reason was if homeowners carried out installations well in advance or in preparedness of a potential sale, an updated standard could unexpectedly interfere with their plans or harm their investment. These participants wanted a standard to remain unchanged for a long period.

As long as the regulations haven't changed between doing up your property in 2024 and selling your property in 2028.

Should we be aiming at B? Is it not ambitious enough? We might have to come back again in a few years' time to upgrade again.

3.3.2 Those not selling or renovating

The two trigger points, sale and a major renovation, seemed sensible to most participants. However, some also emphasised that many homes may not achieve the standard since they will not be triggered. They were critical of this omission and indicated that this could mean a significant loss in emission reductions or neglect homeowners who may desperately need energy efficiency measures.

Some people live in the house for years and they don't move.

[Even] if you don't want to sell it you will probably want it done eventually, obviously. But you wouldn't be in as much of a rush to get it done.

Then you don't have to do anything do you? So potentially you're not going to get a lot of people and it's not going to show a benefit [in reducing emissions and addressing fuel poverty]. Because only a small percentage will sell.

Certain participants indicated that one route to address this was by encompassing all homes under the standard, not just those triggered by a sale or a major renovation. There were also calls to ensure that inherited properties should be covered under the standard since they could move between many generations without being triggered by a sale.

Many homes will never meet the standard unless pressed, and the climate emergency is an emergency, so people have to be forced, [or] they do otherwise. It doesn't go far enough, especially homes that will not be sold or will be inherited. You will need to catch inherited properties.

It raises a question in my mind about the two [trigger] reasons on the screen here. There are also people who need new heating systems, for example. There are lots of things they could do to their home which doesn't involve it being a major renovation. It needs to be clarified [implemented] for everybody, not just those selling or renovating¹².

However, participants also suggested that incentives¹³ could be another compelling way to encourage homeowners who are not selling or renovating to reach the standard or install some measures. Many deliberated that homeowners may want to upgrade their property to remain flexible or they may embark on a gradual programme of installations to become prepared, even if they have no immediate plans to sell. Furthermore, they also described that homeowners who may intend never to sell or renovate would be indifferent to a standard with those triggers¹⁴.

¹² This participant argued that many homeowners who may have inefficient or lacking measures, such as an inefficient heating system, may never sell or renovate their home. From their perspective, such untriggered homes should also be targeted as they could be among those with most potential to reduce emissions. Other participants made a similar point. Besides providing examples to illustrate their point, no one provided specific rules on technologies which should be required for homes not which had not been triggered. They mainly raised concerns about untriggered homes. However, some did advocate for the standard to be applied to all homes.

¹³ They refer to financial incentives which could make the standard an appealing prospect instead of a burden for homeowners, discussed in 3.4.5.1 'Public funding.'

¹⁴ See these points in reference to 3.1.3.4 'Improving assets' which describes that participants understood meeting the standard, in part, would mean taking care of their (largest and most important) asset.

The incentive should be there for everyone as some are not selling or renovating. As part of benefits [financial incentives] they should get their energy efficiency upgraded. Lots of people will never sell, and many in fuel poverty, so incentives.

It would have to be of interest for people to make their houses like that, but they are not legally required to do it. But they may want to follow this.

3.3.3 Exemptions

Exemptions were introduced to participants as a mechanism to excuse homeowners and homes that cannot meet the standard because it may not be cost effective or technically feasible. The possibility of exemptions was received positively by many.

We need some exemptions.

[Homeowners] should get a certificate to say that they are exempt.

However, a full exemption was posited by some to be contradictory to what the standard was attempting to achieve. Those participants expressed concerns that many homes which may get exemptions may be properties that need energy efficiency measures the most.

The houses that are exempt [from installing measures], surely these are the houses that need them.

The exemption doesn't make sense. Surely, they are the properties that need this [standard] the most.

Therefore, no one was entirely opposed to exemptions and almost no one was in favour of very lax criteria for exemptions. Most participants favoured a nuanced approach; they deliberated where the line should be drawn and the various factors that should be accounted before a home is exempted. These specifics are discussed in relation to the two criteria for exemptions now.

- Cost effectiveness
- Technical feasibility

3.3.3.1 Cost effectiveness

Participants were informed that the standard would require homeowners to install measures only to the extent they are cost-effective. They overwhelmingly agreed with the idea of a mechanism which limited homeowners' financial investment.

Yeah that's a good idea you could easily run into high bills.

You would have to consider that because you could go on and on and end up spending more than you really wanted to.

I would say that if the house needed more work, if it was above a certain amount, and you didn't have to pay the rest, then yes, that would be good.

People need to be taking accountability and sharing the burden. But maybe the people living in these homes don't have the money. [We] don't want the knock-on effect of going into debt.

Participants were introduced to the concepts of a 'cost cap' and a 'maximum payback period' to determine what would be cost-effective. Initially, there was some uncertainty as to how these could work in practice. Importantly, it was not the concepts themselves which confused participants (they understood what a cost cap and maximum payback period is), but how they could be effectively defined and implemented.

The second part you mentioned there about the cost. What is cost effective and what is not cost effective?

At what point is something cost ineffective?

It's hard to draw a definitive line as there are so many factors.

Because of the renovation, who determines what is expensive and what is not?

Maximum payback period

The maximum payback period was not engaged with well. The concept was difficult facilitate discussion on primarily because participants found it challenging to engage with ways the maximum paybacks could work and develop and communicate their ideas. Most of the attention was concentrated on cost caps which were easy to understand and discuss thus drew automatic attention. When the maximum payback concept was reintroduced the discussion shortly made its way back to cost caps¹⁵. Despite this, there was some support expressed for the concept. Some participants called for a short payback and one participant remarked that a payback test would be more complicated since it would have to factor in unpredictable future energy costs.

If you can't get the money back in three years, then don't do it.

It's a riskier metric to work on. Because it's a prediction rather than the value of the property [when compared to the cost cap].

Cost cap

The cap was a debated topic. Many viewed it as a welcome addition to help safeguard homeowners against untenable costs.

Capping it is a good idea. It's the fear of the unknown.

¹⁵ One potential explanation for this is that cost caps may have been more engaging, practical and easy-to-understand. Another explanation is that participants could not consolidate the difference between what they may have considered a satisfactory payback period and the significantly longer paybacks of most measures, questioning whether any.

[It is] not feasible to expect those in a low-income area to spend £20,000.

However, others suggested that it could compromise the main purpose of the standard by limiting installations on properties with the greatest potential to save energy.

If you cap it, does it not contradict the whole thing?

As soon as you put a cap on, then you could be compromising the aim.

Although, all participants were equally adamant that the standard should be affordable for everyone. Therefore, many indicated that the best outcome could be achieved by varying the cap based on what a homeowner can afford. Participants suggested scaling the cost cap according to the value of the property. This would help attain the maximum potential of each property based on the funding potential of the homeowner.

A cost cap is fair enough but it's quite subjective. [There are] going to be some situations where people lose out a bit: the cost cap [should be] scaled with the value of the property.

It should be based on the overall value of the property. That would be more achievable.

Is it going to be a percentage of the cost? It should be based on the size and the cost of your house, like a council tax band.

It depends on the overall value of the house. The cap should be a ratio of money against the value of the home. A £750,000 home in Edinburgh is different from a £70,000 croft in Harris, and it's also likely there is a difference in incomes.

Similarly, some suggested an alternative: using income to scale the cost cap. This approach took a more direct route to discern affordability and establish how much a homeowner should have to spend.

It should be means-tested. All should be affordable for everyone to do.

Different bands of caps, based on income, situation, dependants – it's difficult as there are people who can cheat that.

There has to be a level that the government is going to set that you are obliged to pay. If it is means-tested, so some sort of percentage...there has to be some level of 'you've done your bit.'

3.3.3.2 Technical feasibility

Participants were presented with an EPC of a property which could not technically meet the proposed standard. This property was at EER band E and had several recommendations which moved it to a maximum at band D. Their thoughts on exemptions for such properties were sought. For most, it was a challenging dilemma: the property has the capacity for several measures which could improve it considerably, but it is nevertheless unable to meet the standard.

Now the money is getting unfeasible. The real kick in the teeth is that it's not really getting much more energy efficient. At some point it needs to be brought up to a better standard. But even when you've done all that, the savings aren't that much and it's still under the standard.

Some were keen to see full exemptions. These participants typically lived in older and listed buildings and supported exemptions because they believed it would prevent them from having to make a cost-ineffective investment.

As long as that is taken into consideration in the survey then that's fine for a homeowner.

I'm just curious on the criteria for it being exempt. I live in a very old property. I would like to know the stipulations; would I be eligible or would I not? To be made exempt – that's not just the answer, it is [because it is] non-cost effective.

A total exemption was, however, considered counterproductive by many participants. One reason for opposing a total exemption was that it would be unfair to give some homeowners an exemption when others would be required to meet the standard. Another reason was that an exemption based on technical feasibility could encompass a large enough proportion of Scottish homes to compromise the effectiveness of the standard.

I'd be annoyed if I had a property that I had to get up to the band C but then someone else had a property that was exempt.

That could be lots of houses in Scotland because they are older with thick stone walls. In Edinburgh there are lots of listed properties.

Participants held various positions on what amount of work should be required for properties which cannot meet the standard.

One group debated the possibility of demolishing these homes, which some of its participants classed as unfit for accommodation. Others objected on the basis that this would include buildings which are part of Scotland's architectural heritage and, therefore, should be preserved. Although demolition is outside the scope of the consultation, this discussion is useful to explain some participants' thought process: full exemptions are simply not an option; homes should either be improved so they are liveable or somehow brought up to the standard, even if that means reconstruction.

If it's a tenement, compulsory purchase is the ultimate. Knock it down.

If they aren't worthy of keeping, then knock them down.

Why throw good money to bad?

Can you bring it up to where it is feasible? You shouldn't have to pay the penalty for that. You can't be forced out of your property if you can't bring it up to a C.

What would compulsory purchase result in? Why pull down lovely old buildings?

Most participants wanted to see some form of proportional action to make the property more energy efficient. Several participants suggested that the property should be required to improve one band. Others suggested it should be required to reach the highest band it can.

You should at least do what is needed to take it up to the next band.

They should make improvements to move it up to a D [from E].

Getting it to a band D would be the most to do.

You should bring it up to D, the best [band] it can be. That should be sufficient.

Do as much as is feasible, work on the rest as you go along.

Some suggested more bespoke approaches. One approach involved stipulating long-lasting measures with the greatest potential to save energy, increase comfort and improve quality of life. Another approach was to require the lowest cost measures to be installed. Additionally, certain participants did not provide a specific solution but explained they would like to see a system which is based on prioritising measures with the greatest climate impact.

You should have to do the cavity wall insulation [the highest recommendation on the EPC] and do the other measures that are feasible. It's difficult because it's subjective.

I guess it would depend on what the recommended measures are. In this situation you should have to do the two recommendations that are feasible [lowest cost]. But I don't know how that would work. But the things that are not so expensive maybe you should have to do them.

When you look at the typical savings per year it's not actually that what your [total savings] output will be. You might want to pick the one that gives you the most [overall] savings and longevity.

We need to have some parameters in place. What are we trying to achieve? Trying to address climate change. What is going to be the biggest impact to the environment?

Several participants also advocated that these properties should be required to carry out all measures that the EPC recommends. Instead of an exemption, they wanted to see these homes to reach their full energy saving potential in recognition that these properties needed the most attention.

If you can't meet what you are obliged to meet, then you must have to do what you can.

They should do whatever they can do, if you have enough money.

Possibly the recommendations section isn't a recommendations section, but is a thing you must do. Regardless of whether the standard is C, you still have the list of things that you have to do.

You should do all of the recommendations on the EPC to take it up to the highest standard.

Market implications

Participants also raised significant concerns about the market implications of openly defining properties as exempt or unable to reach the standard. These concerns were not about what those homeowners should be required to do, but the ramifications of creating a separate category of homes. They explained that if a home could not reach the standard, clearly defining it as exempt or 'technically unfeasible' would set it apart in the market, regardless of the measures it had installed. This would, in effect, create a dual market with two categories: one where properties which were at the standard were valued and demanded as normal, and another where devalued exempt properties existed with little or no demand.

The problem is that the person who's going to sell thinks well I can't afford that, and the buyer then says I don't want to put that much into a property that is potentially, going forward, going to be hard to sell. Properties are going to lose a lot of value.

The properties that you're not going to be able to meet the criteria on are going to lose value. People will start to try and stay clear of these.

Is there another category – an undesirable category. How would you then sell that though?

Some participants asserted that these homes will not be marketable, trapping their homeowners.

You would never look at an exempt property – heating bills are going to be twice the amount.

What is going to happen to these properties if you can't bring it up to standard. Will somebody be willing to buy it?

There is nothing you can do. It says say it will never meet [band] C. Your house is undesirable.

A lot of these houses will just be unsellable.

3.3.4 Responsibility of meeting the standard

Participants lengthily debated who should be responsible for meeting the standard when triggered by a sale¹⁶. They examined whether the responsibility should always remain with the seller or if it could be accepted by the buyer. One comment exemplifies how a lot of participants were ambivalent about this dilemma.

¹⁶ This section does not apply to the major renovation trigger point.

I'm going to contradict myself here. As a buyer, I would expect it to be done before I move in. As a seller, I would say it's up to the person buying it.

Many advocated that the standard should exclusively apply to the seller, without any repercussions for a buyer. Participants tended to highlight this as a quality assurance issue where meeting the standard should become a legal obligation of the sale, much in the same way as building regulations and other laws apply to a seller. This could simply be governed by preventing the sale unless the property met the standard.

It's something that should be done before the house is sold.

I think it is very positive [to obligate only the seller], it makes it safer for the buyer.

It should be the person who's selling it, not the person purchasing. Because they are selling it and really it should be brought up to standard. They should be making sure that it is current with the new standards. I don't think it should be the person buying the house.

The seller should get it done. The seller should have to get it up to standard before putting it on the market.

Maybe the sale won't go through. Because if you are going to put a law in place you have to be firm about it.

Furthermore, certain participants also suggested that the buyer should be protected from incurring cost of meeting the standard in any situation. When it was suggested to them that a homeowner may need to sell but may not have the funds, time and/or capacity to meet the standards, they proposed the buyer could potentially carry out the work but the costs should still be borne by the seller. This could be achieved by ringfencing a portion of the sale proceeds or discounting the price of the sale to fund the work (either before or after the buyer moves in).

I would need to know the identified work required. I would imagine the liability sits with the seller as opposed to the buyer. And if you're looking for a quicker sale then you could go negotiate with the potential buyer the cost of the work for the buyer to undertake it.

Is there going to be set rules like if you are selling do you have to adjust the cost of your sale?

If the onus was on seller then money would be taken off the home for the buyer, and they would take costs of improvements off. The buyer could take improvement costs off the price of sale.

If you were to buy a house there would be an expectation. If I buy your house and I find your boiler is not right, there should be some kind of a comeback that says you have so much time to get this house up to standard.

If the seller doesn't meet the standards, then there could be some sort of floating charge taken off the cost for some improvements.

However, some highlighted this as a concern from a seller's perspective, questioning why an agreed cost of sale should be changed. Furthermore, they also emphasised that a seller may need a sale and be unable to fund the costs of the measures.

The question is though you don't know when you're selling your property and how much you're going to get. If the person that buys it has to pay the costs, are they going to take that off the cost that they've agreed with you?

Will they allow you to sell it without it [the standard]? If you can't sell and you're desperate to sell, you are going to have to find the money from somewhere.

Many participants advocated for flexibility, allowing the responsibility to transfer to a willing buyer.

You will have two levels. You can let the buyer pick up the tab or you're going to have to find the money to put in.

It's going to be a thing [legal responsibility] that you pass on to the buyer. Somebody is going to buy them with the expectation that you still need to do this and that [to meet the standard]. I would be expected to replace, for example, the boiler.

These participants suggested that homes which do not meet the standard would be open to price negotiation between the parties. If the legal responsibility was clearly defined and easily transferrable, it would provide both the seller and the buyer an equal opportunity to settle a price which meets their goals. This would allow buyers and sellers to operate freely and let homeowners choose the most suitable option.

Will it impact the sale if you're not willing to make the changes? Will it be cheaper to do it yourself or get the buyer to do it? Might be in your best interest to do it before or might not.

Surely the smart move would be to say that at the point of the transaction that it would be reflected in the price. Each transaction would be treated on its own merits.

There is the option either way. As the buyer you say: 'I'll get all this done but give you this price.'

You need to factor in that cost I suppose. It sounds like there could be some negotiating to do if it's you or the buyer who has to pay it. It certainly would be an extra negotiation to the sale or the purchase of the property.

You just sell your house cheaper that's it. Be upfront about what's not working, what is.

However, there were opposing concerns about homes losing value if they were marketed without meeting the standard. This was an issue for participants who posited that sellers who could not afford or did not have the time or capacity to meet the standard would be left

optionless. Since these homes would be attached with a potentially undesirable legal responsibility for the buyer, the market would determine a lower price.

If you were in the market to buy a house, would you be looking at a property that doesn't meet the criteria?

If you can't afford to upgrade your property, then you have to sell it at a lower price.

You might not be able to afford it. Or if you do sell, it might be at a very minimal price.

A few expressed concerns that these properties would become more difficult to access for buyers if mortgage lenders classed them as undesirable to lend on. This would present issues to both buyers, who may be willing to purchase and improve the home, as well as sellers who would face another hurdle in selling the property.

Mortgage lenders might not be willing to lend money on properties that don't meet the standards.

Moreover, participants also expressed that transferring the legal responsibility to a buyer is not guaranteed to meet the standard in the same way as stipulating it before it could be sold. A buyer could be faced with many types of hindrances after the sale, preventing them from meeting the standard¹⁷.

What happens about change in circumstances? For example, if someone has broken up.

Finally, participants recognised that in a system where only the seller is legally bound, a homeowner will carry out improvements only once in their lifetime (notwithstanding other implications such as an updating standard). However, in a system where responsibility could transfer to the buyer, one could repeatedly face the responsibility when moving between properties, including twice during a single home move. Some expressed apprehension about having to comply with the standard multiple times. They acknowledged that homeowners would be aware of this responsibility and could avoid it, but they called for the standard to limit compliance to once in a lifetime.

Could you end up picking up the cost on both ends? Will it be protection on that?

People are only going to have to do it once. Because you're only going to have to sell the house once. You shouldn't have to do this more than once. You need to be smarter in buying, don't want to incur the cost.

¹⁷ This issue is discussed further in reference to 3.3.6.1 'Views on penalties'

3.3.5 Introduction in 2024

When participants were asked about their view on introducing the law in 2024, most indicated that there was a very limited amount of time to prepare on a national level.

This is all being developed at the moment, so 2024 seems a long way. [But] 2024 doesn't seem a long time to give notice to homeowners.

2024 is not long.

Some disagreed with this timeline and advised they would prefer the law to be introduced later. This disagreement pointed to the amount of time homeowners need to plan or make the changes, time to allow the retrofit market to grow to the level required, and prioritisation of other sectors for carbon reductions.

I intended to make changes anyway. I wasn't aware I had a three-and-a-half-year deadline. It would be nice to do it at my own pace.

I think 2024 is a bit soon to be honest. It can be quite a costly thing to do. I agree with it, but I would rather it be 2027, 2026.

We don't know how people are going to be recruited and trained to provide the services required.

Why did they pick 2024? Aren't there quicker ways to cut down emissions, like travel? I would prefer longer, and I would rather they invested in transport and other things like that. I would rather it would be 10 years [and 2030]. I just think there are quicker ways of reducing emissions other than just going for the home.

However, some agreed with the timeline. They referenced the urgency of climate change and the need to act now. They contended that 2024 would be sufficient to be prepared.

It highlights the urgency of it, saying to do it by 2024.

I think the emergency of it is important here.

That seems ages away, but it isn't. If it's going to help climate and also obviously help to reduce costs, as much as they can afford to do it. I think it would be a good thing yeah.

Yes, I do [agree with 2024]. It seems sufficient time to get things done.

Although many participants explained that the specific year was not as important as the time between being informed of the law and the law coming into effect. They believed 2024 could be potentially feasible, but any delays in communicating the standard with the public would have consequences on readiness. They asked for as much time as possible between informing people and enforcement.

Timing between letting people know and when it kicks in is crucial.

If it is going ahead the more time before it kicks in the better. Give people more time, as much as possible

Depend[s] on when it becomes public.

[It should come] with enough warning, if you told us about it in 2023 then no – [if you told us now] then yes, [there's] enough time to put the measures in place. I suppose it's how much you say, right, this should be changed, and this should be changed.

Furthermore, there was strong support for widespread and early communication by fully saturating all channels, (e.g. TV, leaflets, etc.) to ensure all homeowners were fully aware of exactly what the law is and why it is critically needed well in advance of enforcement. This would allow people to realise its purpose, understand it, and plan for the changes, which could include beginning installations early to work at their own pace. Many also favoured launching the standard early to allow people to meet it before it was enforced to stay ready for any possibility of a sale.

I think the government needs to take responsibility for informing people.

Get the leaflets out to the public, get the leaflets through the doors of every home in Scotland.

Well, advanced warnings so people can start working on their properties. You should convey the message: 'this is good – sounds good for the future of the planet – this is the way it is going, this is the future.' It's an educational thing.

[We want] sooner to know about this, more time, [it should not be] a surprise, [we want to] find out earlier.

I think 2024 is not far away. They really need to start letting folk know now.

3.3.6 Penalties

Participants were informed that proposals included penalties to help enforce the law. Their views were sought on whether they agreed or disagreed, and the types of effective penalties and enforcement mechanisms which could encourage them to meet the standard. Their feedback is grouped under the following two areas explored now.

- Views on penalties
- Types of effective penalties

3.3.6.1 Views on penalties

Upon introduction to penalties and their possible types, most participants initially expressed some form of discontent or unease with the concept of a penalty¹⁸. Some outright rejected penalties.

There shouldn't be any.

It's ridiculous.

I'm not clear why there needs to be a penalty.

We don't need to go down that road.

Some suggested that penalties could be counterproductive and could have a polarising effect if exacted on unable or unwilling homeowners.

They will create hatred and resentment.

As long as you get help to do it and not get punished for not doing it.

Some also questioned how a penalty would work in practice. For example, if a buyer or renovating homeowner did not attempt to meet the standard, could a (paid or unpaid) penalty prevent them from selling? And if they could sell the home, would the penalty be waived, continue to follow them, or remain attached to the property for the next homeowner?

If it really came down to one of these horrific EPCs and you are getting hit with fines left right and centre, you will probably be like I'm going to sell my house, pass on cost. It's not realistic to fine and expect someone to pay thousands.

Furthermore, certain participants stretched the logic of penalties to theorise the Scottish Government's response if people rejected to do the work and kept ignoring the penalties. They used these scenarios to support their conclusion that penalties would be ineffective in motivating people.

It can go on and on and on, people can be fined and won't pay.

It just seems that it's a bit odd that there's a system about saving the planet but then it ends up with people going to jail.

This is where it falls down, because you have to enforce the law, tax them, or remind them. This will probably cost more in the long run than the amount of money it takes to get your property to the standard in the first place.

Many also raised concerns about penalties being imposed after circumstances adversely change for a buyer who agreed to take on the responsibility. Penalties could have a detrimental impact on homeowners already under distress.

¹⁸ Penalties were the final topic. They followed discussions of all the challenges associated with the standard. The complexity and potential impact of the standard on them had begun affecting participants' patience. They were primed to heavily criticise additional 'negative' aspects of the standard by this point. However, as discussions progressed, participants began to discuss penalties with more nuance.

What if you're in a position where there's no way you can afford to do this kind of thing, so you just get hit with recurring penalties. Fines are circumstantial. You could be planning on doing something and something happens in your life, then you no longer have the means to do it.

It's difficult for the buyer. What happens about a change in circumstances? For example, if someone has broken up.

Who takes responsibility for making sure the house is up to standard if one person suddenly disappears?

Additionally, many were also apprehensive about penalties being imposed on those who cannot afford to meet the standard in full. Participants suggested such penalties would be discouraging, especially for homeowners who may want to install measures.

I agree there should be funding or assistance. My concerns are that there will be a bracket of people who would not get the assistance they need and then would be penalised. Some of it sounds like a good idea but personally I can't afford to do it. Does that mean I would end up being penalised because I can't afford what I need to do?

It depends on why people are selling their house. What if they have no money? So a penalty is not helping people.

Despite some fervent opposition, most participants ultimately submitted that a law necessitates penalties to function. Many who originally opposed or criticised a penalty also eventually stated that it was essential to have a way to enforce the standard. Although, some remained opposed to penalties throughout and those who accepted that they may be necessary typically did so with a disconsolate tone. Overall, most respondents remained unenthusiastic, whether they agreed or disagreed with a penalty.

I think if it's the law then you would have to have penalties. If it is the law and you don't do it, then what's the point of having a law.

You've got to have a way to enforce it.

The only way to put the policy in place is to get people to do it.

Most conferred that the standard would be unsuccessful without the means of discouraging homeowners from ignoring it. They suggested that most homeowners will not oblige without a penalty.

There has to be some sort of penalty, or no one would do it

There has to be a penalty, or you won't do it.

If it isn't right [and the homeowner refuses to meet the standard] there should be a penalty. And nobody likes that. But that's an incentive to get the job done.

Yeah well if it's there [under the standard], then it needs to be addressed. The only way you're going to address them [non-conforming homeowners] is by giving a penalty.

3.3.6.2 Types of effective penalties

Participants were asked for their views on the types of penalties which would be most effective in encouraging them to meet the standard. The consensus was that if there was to be a penalty it should be financial. That would be the most convincing and, for some, the only feasible way to deter them from ignoring the standard.

Always, financial.

It's got to be financial one way or another.

Anyone taking money from me will make me do it straight away.

If they can afford to do it but refuse, then fine them.

Furthermore, many expressed that the fine needed to be set at a level high enough to encourage homeowners to act. Otherwise, homeowners may pay the fine instead of choosing to install measures.

One-off fines won't work. Maybe a recurring fine that's going to add up.

But how do you deliver them? If the fine is small you might just take the fine.

It should be recurring and increasing.

It could be financially better to take the fine [instead of installing measures] if recurring [in small amounts].

Furthermore, some also suggested that the fine should account for the variable costs needed to reach the standard.

Would it be fair to give someone the same fine who had to pay £100 pounds to do something, and then give the same fine to someone who had to pay £4000 to do something?

Some cited the council tax as the most convenient and enforceable way of implementing the penalty.

We all pay council tax. Maybe the council tax could be used to take back the money.

Council tax is pre-existing, so it will be easier to enforce and oversee.

Despite suggesting ways in which penalties could be implemented, many participants opposed financial penalties which reduce the ability of homeowners to fund measures. They assumed that fines would not be recoverable and, instead of funding measures they would unproductively extract money from homeowners. Some assumed that this would disengage homeowners from

installations, and cause their interest to spiral away from implementing the standard. It could result in homeowners ignoring fines.

It shouldn't be a running penalty, as you won't get the money back. That will just end up with people not answering letters.

As a result, many participants preferred using penalties to acquire funds from unwilling homeowners to invest into the required measures. The penalty would work to forcibly meet the standard on behalf of a homeowner who was able to afford the measures but unwilling to act.

There needs to be a second way. I don't like people being penalised or punished. I would be challenged if it was a criminal conviction. Yes, there's got to be some way of recovering the money from those who won't pay. I can understand what it needs to be, some form of mechanism.

Saying you either do this or you are going to be charged anyway. So you're probably best off doing it in the long run because you're going to get charged anyway.

Participants also suggested ways of enforcing the standard where a penalty would become redundant (this point does not apply to renovations as it is exclusive to the point of sale). This would involve reserving the estimated cost of meeting the standard as part of the transaction. Where the seller is obligated to meet the standard, a portion of the sales proceeds could be retained to pay for the measures (with the installation managed by a public body or the new buyer). An alternative method to enforce a seller's obligation is to prevent the sale of properties which do not meet the standard. Furthermore, a retainer or a mortgage-appended loan was also proposed as an obligatory scheme for a buyer accepting the responsibility. The mortgage could include a built-in cost ringfenced for funding measures to meet the standard. It was suggested this would increase the likelihood of the buyer acting since the funding would be automatically available and secured against the home.

You could arrest the proportion of the sale proceeds or stop the sale going through.

It seems a bit daunting, it sounds as if you're at fault. If you were buying a house and it didn't come up to the EPC. It should be the person who's selling it not the person purchasing.

Like a retainer? Well, you would have some money put aside and, unless the work's done, then they [the retrofit installers] would just take that money. Like what you would do with a contractor.

Add it on to the length of your mortgage, and if you move you have to then pay the difference that you still owe.

Another mechanism suggested to enforce the standard without a fine was the Scottish Government stepping in to make the installations. At the point of sale, work could be carried out after the home was vacated by the seller but before the buyer moved in, and funded in whichever manner is suitable. Alternatively, it was also suggested that an intervention of some

sort could be used to install measures for and on behalf of renovators and buyers staying in their homes.

The government would get the work done and it would come off the cost of home, and the new buyer would not have to get it done.

If you don't do it, could the council do it for you and you would be charged?

I like the idea to get the government to do the work for you.

Maybe give them five years to do it. Then if it's not done at that time, then the government come into your house and do the work and bill you for it.

Many participants also proposed building mechanisms such as penalty abatements, warnings, and extensions. These would allow relief for vulnerable or unable to pay homeowners, as well as provide grace periods for those who needed slightly more time or opportunities for homeowners to comply.

Have exemptions to the fines.

If you don't do it then maybe you can have a three-month and then six-month extension. But then if you don't do it, then maybe you can have a penalty.

If they're willing to fine you, then they should be willing to notify you when you are close to your deadline.

3.4 Help to meet the standard

Although all participants supported a standard in principle, most had reservations about various parts of it in practice, and some opposed it altogether. As already detailed in preceding sections, criticisms were not against the concept itself, but rather against practicalities which they considered to be genuine barriers in the way of something they supported. However, participants viewed dependable help in meeting the standard as a gateway to making this achievable and backable. Many opined that the standard would not be successful without a robust support system. Others were highly anxious of a standard without this system in place, reckoning it would be a significant and unbearable burden.

Discussions about how homeowners could be helped in realistically meeting the standard almost always involved a central responsibility for the Scottish Government. They considered it was the Scottish Government's obligation to establish systems which made it easy, convenient, achievable and attractive. Feedback on help required to meet the standard is covered under the following areas discussed now.

- Multi-occupancy buildings
- Vulnerable groups
- Advice
- Trusted tradespeople
- Financing

3.4.1 Multi-occupancy buildings

Shared measures for multi-occupancy buildings were considered as some of the most complicated barriers to the standard. Many participants depicted them as situations without any clear solutions, primarily due to different circumstances and preferences of the shared owners. Getting voluntary agreement from all owners was not considered to be a workable option for most.

It's difficult getting agreement from everyone when you're in mixed tenancy [multi-occupancy buildings].

If you're going to have to replace the whole roof. For one person to bear the cost, it would be unrealistic. But it would be really difficult if nine people live in the block of flats.

Participants discussed the possibility of the standard being triggered by the sale of any property in the building. Many believed it could create an air of uncertainty where anyone could trigger the standard at any point and, as the outgoing seller, would potentially not have to deal with the disadvantages. They wanted the costs and process to be managed in a way which recognises the circumstances of all occupants. Participants suggested a body to act collectively for all occupants after the standard was triggered, including carrying out the administration and organising the financing. Furthermore, they supported a mechanism where the seller would pay but all costs would be delayed the remaining occupants. Solutions were based on a novel

property charge without a time limit, secured individually against each property in the building¹⁹. The debt would be serviced in parts from the proceeds of the sale of each home. This would ensure that the remaining occupants would not have to pay until they themselves decided to sell. Most participants identified the Scottish Government as the ideal candidate to manage the process, but factors were also suggested by some.

There should be some way of spreading the cost over time. Mr seller has to pay his full whack, but there must be a way to delay that payment [for everyone else].

The government should really help there maybe. It shouldn't cost everybody that much because it would benefit everybody eventually when selling their house.

I'm not sure how to approach it. Where she stays, she has a factor who acts on behalf of everyone. They would be the one to be dealing with it. She doesn't have to talk to her neighbours about that sort of thing.

Additionally, they maintained that the cost should be split among occupants without anyone having to make disproportionately higher contributions, including the seller or buyer of the property which triggers the standard.

You would be a little miffed about shared walls if you covered the full cost of insulating that wall. You would want some dispensation of some kind for some part of it. That could really cause some tension.

The same price should be indicated to every single person. Some houses are five apartments some houses are three.

3.4.2 Vulnerable groups

Participants had major concerns about how vulnerable homeowners would deal with and fund the standard within the limited capacity and budget they had. One elderly participant remarked that he would not pay out this much in his lifetime, leaving it to his children. Participants expressed their options may be limited to either bearing an overwhelming cost or becoming trapped in their current home.

Older residents are a major concern, depending on the urgency with which you wish to sell your house.

The older tenement buildings will be most affected. Maybe a lot of older people who have lived there for years and have not done much to their property will be more affected, cost-wise affected. It would cost a lot more to bring the property up to standard. They will be hit quite hard I think.

¹⁹ See section 3.4.5.3 'Loan repayment using a property charge' where this financing arrangement is discussed in more detail as a funding option for all homeowners.

Where would people like elderly get their money from?

I wouldn't pay out so much at my stage of life. I'd leave it for the kids to pick up later on.

Furthermore, capacity and ability to meet the standard was highlighted as another major concern for vulnerable people. After various parts of the standard were discussed²⁰ participants questioned how vulnerable people will be able to deal with these changes. They recommended support and handholding, or management on behalf of some categories of people, would be the only feasible way in which the standard could be achieved and vulnerable persons could be protected. Moreover, they also highlighted that there may be need for ongoing support for homeowners post-installation.

It's not just about money, it's also about the individual capacity of the person. My wife's mother could not begin to cope with that.

Elderly residents would freak if had to do this. It would be a major impairment for them. They would need help to walk them through it.

How will an elderly couple sell a property they cannot get up to standard? What criteria does that come into? Will it their house be excluded because obviously they are in their 80s? Are they going to be able to sell it because they may not be able to market the house?

For people who are not technologically advance, getting new boilers, it is a big thing to learn how to set these new things. It's complicated.

Participants also introduced various scenarios where vulnerable, poor and financially unstable homeowners could be adversely impacted. They were particularly fearful of any unintended consequences that the standard could have in these situations. Installing measures was universally considered as a difficult and expensive process; and the negative impact of something going wrong for a vulnerable person was distressing. Some argued that the law would be judged in its success for a major part on how the system handles these groups. They suggested a safety net under the standard to exempt or implement and fund the standard for these groups. The safety net was not considered appropriate for those able to support themselves.

If people are infirm and need to go into a [care]home, the local authority is put into a situation of conflict. What happens in this situation? Will the local authority upgrade it and then sell it on their behalf?

People who are forced to leave – how do you cope with them? There has to be some safety net for the vulnerable. This will only be a good law if the government, or whoever, manages to cope with the 10% who are forced to leave their homes. How do you cope with people who are just too old?

²⁰ The processes participants referred to were: understanding the standard, planning the best course of action, dealing with administrative processes, organising finance and arranging and managing installations.

The safety net [should] only kick in when someone is selling their property. It's alright for people who have got the money and know what they're doing.

3.4.3 Advice

Impartial advice was considered critical to help homeowners understand what they need to do and how they can do it. Some indicated that the focus group was an unordinary situation where they were given detailed explanations. They highlighted that an opportunity for all homeowners to get such detailed walkthroughs, advice and help would be necessary.

When it is explained, yes it makes sense. But I think there are people out there who need a really detailed explanation of what they need to do.

Energy advice is good, as people don't know where to start. Impartial advice. It would be interesting to see if they charge you a fee, and how much that would cost.

How much information will you give people? How much help is there for people who maybe don't understand it. Where can you go to get help?

Some called for more hands-on and context-specific advice to take people through the process. This included availability of professional advisor who could visit homeowners in need of it.

Give more advice to people, especially the vulnerable. Have advisers come in and advise them.

Some participants also wanted the advice to provide the most cost-effective route to meet the standard. Additionally, they also wanted clarity on types of funding available.

For me it would be the cheapest to move forward. A cosy chat about the options for me would not be of interest at all.

More information on what [funding] you can access.

Participants also suggested that communication and guidelines about the standard needed to be easy-to-understand.

Be clear on the criteria of what is to be expected. These things are complicated. Really simple guidelines need to be issued.

3.4.4 Trusted tradespeople

Many participants expressed the importance of having trusted and qualified tradespeople to carry out the works. They expressed the need for confirmation that they are in reliable hands before approving installations.

Tradesmen who are authorised to do this work need to be approved.

We need the right people to do the right job.

As long as you know that you are employing a professional to do the work.

You need to know that whoever comes through the door is a legitimate, capable individual.

See if you are getting a loan, and you're paying back the money, you should be able to choose who you go with. They have got to have the qualifications to do the work.

Some were concerned that the major boom could also attract a significant number of rogue tradespeople. They were anxious about being unable to differentiate the unqualified tradespersons mixed in the fray. Although it was also suggested that the standard could create an opportunity to address rogue tradespeople by bringing them into the fold.

There's lots of money to be spent, but also a lot to be made. Not sure how you do it [prevent rogue tradespeople].

It's a good opportunity to sort out rogue tradesmen and get them accredited.

Some stated that, since the Scottish Government is introducing the standard, it is ultimately the government's responsibility to ensure all homeowners can access trustable tradespeople. Multiple participants asked for a government-recommended list of tradespeople.

Being able to find trusted tradespeople for big jobs like the roof or insulation. It would be nice to have somebody recommended, one of these recommended companies. I can imagine a lot of people getting ripped off.

The government should provide people, and be responsible.

Whether the government has a specific contractor to use to do the works.

Furthermore, participants also stated that availability of tradespeople was currently a major issue. They wanted to avoid a situation where they plan to do the installations but are unable to secure contractors. This was an especially critical challenge for those in rural areas, who face an even greater barrier in securing a reliable tradesperson due to the lack of credible suppliers.

I've been trying to get quotes from a builder since last November, trying to do my roof. I can't get quotes from people to do it. So, I think that's part of the problem, it's that there might be people in my situation who want to do something but can't get people to do it.

One participant from rural Scotland highlighted that if they are ultimately able to secure a tradesperson the improvements would cost them significantly more than they would an urban homeowner. Therefore, the both the lack of suppliers and costlier improvements presents an even greater challenge for rural homeowners.

I'm in a rural island area. People say this is the indicative cost, while I suspect that in my area it is probably going to be at least double.

One suggestion was that the supply chain challenges could be overcome by Scottish Government intervention to grow the sector, primarily via financial incentives for businesses.

I am suggesting that there might be government subsidies or incentives. Tax breaks could be an obvious one, or cheaper loans on buying equipment.

3.4.5 Financing

The cost of meeting the standard was, by a significant margin, the most dominant topic of discussion. It was also the most commonly cited barrier and almost universally identified as the greatest obstacle. Cost can confidently be regarded as the most contentious and discouraging issue for participants. Oftentimes, it was cause to frustration and opposition of the standard²¹.

There's something really unfair or unequitable about the way you are going about this.

All participants considered financing to be the most critical issue for successful implementation of the standard. Many were eager to find out what kind of financing the Scottish Government may implement once the standard is enforced, maintaining that most homeowners would not be able to finance it themselves.

People can't afford to do these standards, would the government step in? What would they be offering people in this case?

Are you going to pay for this yourself or is there going to be help?

Most participants were unaware of existing support schemes such as Home Energy Scotland grants and loans. When described, they were all received well. But the scope and availability of schemes was doubted by some, especially in the context of austerity cuts and potential economic instability. There was some degree of scepticism that sufficient support would be available when homeowners need it.

This is the here and now. With the way the world's going, the economy is going. Westminster's cut Scottish funding even further. It looks good now, but it's a strain on a government. What's to say that all that's going to be there when it comes to it?

It's good that they're there, but will it be there when you need them. What's it going to be like post Brexit when the economy is going to tank? Purse strings are going to be a little bit tighter for governments. It's good that they'll do it, but will they be there when you need them?

Ultimately, participants wanted to see equitable financing across the board. One participant simplified this sentiment:

²¹ One major explanation for frustration against cost is that, while many detailed aspects of the standards were discussed, detail on potential future funding and financing schemes was not available. In other words, the standard seemed a lot more tangible and real to participants in comparison to help to fund it. Existing and past schemes were explained, including grants, loans, cashback and free advice. However, not everyone deemed them sufficient.

It's about ensuring people who can pay do pay, and those who can't pay get help.

A universal theme in participants' feedback on financing was reducing or eliminating added cost from their regular expenditures or savings (i.e. cash on hand). This involved increased public funding, cost-free loans with long-term or delayed repayment mechanisms, or a mixture of public funding and loans. Easy-to-access and all-encompassing financing schemes with minimal or no impact of repayments on homeowners' existing cash and income were described as the most advantageous and, at times, the only feasible options. In fact, a system with minimal or zero impact on homeowners' income and cash was the primary theme in almost all participants' views on an ideal financing structure. Furthermore, discussing these attractive financing arrangements did not only alleviate the major concern of cost, but also made the standard an appealing prospect for many. They were most optimistic (or least pessimistic) about the standard when discussing these financing options. Participants' feedback and ideas about these options are now discussed under the following major categories.

- Public funding
- Loans
- Loan repayment using a property charge

3.4.5.1 Public funding

Grants and subsidies were predictably the most attractive option, they were favoured as the first port of call to fund measures. Some implied that, while a grant would encourage them to install, the eligibility criteria may exclude most homeowners.

Initially, [I would] check if [I was] eligible for a grant.

Grants will be hard to come by.

But if there was some sort of grant available then that would be quite beneficial to certain people.

Is the government going to give us some sort of subsidy?

Participants advocated for the eligibility criteria of grants to be expanded to encompass more homeowners. Without more prevalent grant funding, they argued, the standard would place an unfair demand on homeowners and be unaffordable.

A lot more people [should] get the grants. There should be a deeper look into the eligibility criteria in order to get a grant. Otherwise it won't be fair.

Some suggested basing grant eligibility criteria on several different variables to account for various factors and circumstances that may impact a homeowner's ability to afford the measures. In addition to means-testing, it could include the value of the home and the level of work that needs to be done.

For the grant option, take into account income and amount of work that needs to be done, the area where the house is, and the value of the house.

Assuming the grants are means tested?

Certain participants were in favour of a grant-intensive approach. They advocated for all or a major proportion of the work to be covered under grants and subsidies, arguing that was the only feasible way that homeowners would be motivated or able to do it.

I have received grants for doing installations to my property. I've had internal wall insulation and insulation in the roof. In my part of the world the uptake has been really high. Where you find people struggle will be replacing boilers; you tend to just carry on with your existing boiler because they're quite expensive.

When I went to buy my house five or six years ago, there was the possibility of doing some insulation in the loft. But at the time of buying it, a lot of funding to the local authority had stopped. I couldn't get a grant to do the installation or sort out my roof. I find it a little bit difficult because I don't think I could afford to do measures that I should be doing.

Another perspective on a grant-intensive approach was that it was the Scottish Government's responsibility to fund the standard since it was introducing it. Those participants claimed that grant funding should be allocated because installing measures was a public good which addressed climate change.

I don't think this should be put down to me or the public to do it. The government should come up with the money for it. I couldn't do it. It should fall into the hands of the government and their purse, not our purse.

If the government is bringing this in to improve the carbon footprint and energy efficiency and all that, shouldn't they heavily subsidise it? So instead of, say, a cavity wall insulation or something that is quite expensive, would the government maybe not say: 'We pay 75% of that because it's going to benefit the country and the environment.'

While some backed a grant-intensive approach, many others made a more refined case for using public funds to excite homeowners. These participants wanted to see pervasive use of incentives to draw people toward the standard. Offering to address cost part of the way was highlighted as something which could make the standard attractive for homeowners, akin to gamifying it. Discussions on the possibility of grants and subsidies was the single topic which made the standard seem potentially appealing to participants as something they may be galvanised to do voluntarily. They suggested incentives could include subsidies on measures, direct grants, cashback on installations and tax breaks. The following responses address the question 'how do you think reaching the standard can be made affordable?'

It would have to be something we wanted to do. Like a subsidy on specific measures.

I tend to prefer incentives like using the council tax [discounts]. Something to make it worth your while to do it. Make it a good thing.

Purely financial incentives, like cashback.

A high cash back.

For a first-time buyer, it [the cost of the standard] would put me off. [I would like to see] more incentives, or help part of the way. Grants are the biggest incentive, or cashback tied to a time limit [for a buyer who is accepting the responsibility to meet the standard after the sale].

Additionally, participants also suggested that coupling a cost cap with a grant (to cover the remaining cost beyond the cap) to reach the standard could make it more attractive.

For the sake of argument, if it is £7,000 to improve it and the cap is £5,000, and the remaining £2,000 is covered by some sort of grant, it would be a really good incentive for people to go ahead with the works. People feel they will be getting something, it's a good incentive.

Furthermore, some also asserted that these measures should be made available to all homeowners, not just for sellers and renovators²².

The incentives should be for everyone, as some are not selling or renovating. As a benefit they should get their energy efficiency upgraded. Lots of people will never sell, and many of them are in fuel poverty, so incentives for everyone.

Moreover, it was also argued that grants should be made available to 'ordinary' people and not wealthy homeowners. At various points, participants keenly promoted those unable to afford the standards (including those in fuel poverty) to be funded and protected from any adverse impacts of the standard, and for those able to afford to support themselves. One participant made this case in reference to renewable technology, where more targeted funding for mid-low-income homeowners was called for.

More incentives for other areas like wind turbines and renewable energy. Grants for these only seem to be for people with money, an ordinary person can't get grants for these. It does not incentivise normal people.

3.4.5.2 Loans

Loans were discussed as another major option to finance measures. They were not as favoured as grants, and were disregarded by a few participants. Although the majority of participants considered them as potentially feasible but nevertheless expressed that obtaining and managing a loan could be challenging for many homeowners.

Loan agreements, I think, don't work. If you're a young couple and can't afford to do it, what do you do? You don't want to take out a loan. Definitely, the grants are best.

²² See discussions in 3.3.2 'Those not selling or renovating'. Some participants made the case for any support for meeting the standard to be made available to all homeowners. Those not selling or renovating could be incentivised to use the support to fully or partially meet the standard, or gradually work towards it.

I can imagine quite a lot of people would be a bit daunted entering into a loan agreement

I would have to really look into that [loan] in greater detail to be assured that I could actually afford to do it.

It's not ideal to take out a loan out if you're selling your home.

Most participants maintained that they would only consider loans if they were on favourable terms. They established that, since the standard was being introduced as a new obligation, it should be accompanied with finance which allows it to be achieved. Furthermore, most participants indicated that they would prefer the loans scheme to be managed by the Scottish Government²³. The two critical characteristics of favourable loans were zero interest and long paybacks periods (ranging from three to over twenty years)²⁴.

Interest free loans would be ideal, more manageable. Taking on a loan to do some work is more manageable for people.

It's a no-win situation. Some people would feel trapped. I wouldn't get a loan unless it's zero percent and with a fifteen to twenty-year payback.

It should be an extremely low interest rate, if any, if there is an obscene cost like [EPC] number 6 [with potentially £5,000 required to meet the standard].

If it was something like paying it back over three years or under low interest, and have it set like a direct debit. As long as you were sure that you would be able to afford it and be able to pay each payment, whether it's monthly or half of it up front and then the rest.

In support of long payback periods, some suggested using the mortgage to finance measures. This could be achieved by attaching the cost of the loan to the mortgage so the installations would be minimal and distributed throughout the mortgage repayment term²⁵.

Could you put stuff onto your mortgage as well?

Add it on to the length of your mortgage, and if you move you have to then pay the difference that you still owe. Then its spread over 20 years. Things can happen in 5 years, so spread it over the length of your mortgage

Another mechanism suggested for providing loans was by appending them to council taxes. This, in effect, would attach the loan to the property rather than the homeowner per se. The

²³ This is also discussed further in 3.4.5.3 'Loan repayment using a property charge,' the most popular loan repayment method among participants, which they remarked the government should manage.

²⁴ The reasoning behind zero interest loans and long repayment periods was based on two scenarios. First, the repayment periods were close to the typical length of mortgage or ownership of a home. Second, the repayment periods were congruent with the payback period of the measure in form of energy savings. In both scenarios, participants considered the repayment to either be balanced out either by energy savings or consist of negligibly low repayments alongside their mortgage. This follows the general theme of financing: limiting the impact of cost on homeowners' cash and income.

²⁵ Some suggested this as a standard procedure, or a legal requirement, when the buyer accepts the responsibility to meet the standard. See 3.3.6.2 'Types of effective penalties'

homeowner would be obligated to repay the loan (via an additional line in the council tax) only as long as s/he owned the property. If the property was sold, the incoming homeowners would become liable to continue the repayment as the outgoing homeowner would be relieved.

If improvements are mandatory, you could pay it via your council tax.

Additionally, some participants also asserted that any potential loans mechanisms should also be made available to homeowners not selling or renovating.

If there's an interest free loan, I'd rather do it and reap the benefits and stay in my house.

However, loans were strongly linked to affordability and only considered viable if the homeowner had the appropriate level of income proportionate to the cost of reaching the standard and a reasonable financial record. A homeowner would be limited in situations where that was not the case. Participants questioned how the system would treat these homeowners. They indicated that solutions to these situations should be prepared and any adverse impact on such groups should be prevented.

You've got people who couldn't afford to pay back, would struggle to pay it back. Then you have another group who could afford to pay things outright.

A loan might be useful for, say, someone who does have a decent income but doesn't have £10,000 to spare.

The challenge is finding the money. What are you going to do if you cannot get the loan? What if you have bad credit?

3.4.5.3 Loan repayment using a property charge

The most popular loan financing mechanism was to secure it against the home using some form of property charge. Participants were not referring to traditional equity loans because they did not acknowledge an equity stake being exchanged for this loan. Rather, they were discussing something closer to a charging order on a property. However, this would be a voluntary agreement. Simply put, an interest-free loan to be repaid from the proceeds of the sale, whenever that may be.

I think what will happen is that the government will say that if you sell your home this [repayment] will come out of the sale of your home.

A property charge makes it affordable.

Some sort of loan or property tax. Once they sell their house, eventually that will go to the government.

The only way I think you can see this happening is giving them loans and recoup back at the point of sale. That clears the debts. If you don't do this, and the [cost or repayment] gaps can't be made by someone, then it just won't happen.

If the government is say to say to me 'John [anonymised], we will give you the money and when you sell the house give the money back'. If all of it is covered by loans and grants, that would make it good.

Some called for options in repaying the loan to better suit the needs of the homeowners: the loan could be paid in instalments or via a property charge.

You could either pay it back in instalments or you could pay back when you sell your house.

It depends on circumstances of the person, a short-term loan or put on the value of the house that could be paid back once it is sold.

The HEEPS Equity Loan was also described to participants. It was considered complicated to understand since the details surrounding Scottish Government equity stake in the home confused participants (especially regarding the monetary value of equity increasing as the value of the home increases). Most preferred discussing the property charge, which was simple to understand, had no caveats, and naturally emerged as the common-sense loan financing idea for many. Although, a limited number expressed support for the equity loan.

I think the best way would be as you said for when the government gets a stake in your house, that's when they take it back. Because there is no way you can kind of skip that. I think that's better than doing caps.