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Bristol Energy Network Response to Private Rental Sector (PRS) Consultation.

Improving the Energy Performance of Privately Rented Homes in England and Wales



BEN Consultation Response - Improving the Energy Performance of Privately Rented Homes in England and Wales

Bristol Energy Network (BEN) is a multi-member organisation with the goal of finding methods of providing clean energy affordably and with minimum waste in Bristol and the surrounding areas. Combating fuel poverty is a core focus at BEN as it is detrimental to the health of local communities. 20,709 households in Bristol are fuel poor and numbers will only continue to rise as the environmental crisis worsens, highlighting the urgency for BEN to respond to this government consultation. The individuals and community groups that BEN consists of work not only to “combat fuel poverty”, promote environmentally sound energy sources, and encourage energy efficiency, but also to keep the wider population informed on such topics.

BEN are responding to the Private Rental Sector Consultation as it is highly relevant to these core goals. In a document compiled by Bristol City Council about the Housing Crisis, it is stated that 29% of all properties in the city are privately rented. With over a quarter of Bristol’s population renting privately, ensuring that the correct standards are set by the government to achieve methods for sustainable energy and the wellbeing of the community is essential. BEN believes that responding to the PRS consultation is one of the first steps toward holding the government accountable for setting such standards. With the help of BEN’s many members, this consultation response has been compiled eclectically, taking into consideration the circumstances of the wider community with each individual question.

This document contains responses to questions from the PRS consultation that are linked to the goals and focal points of BEN and its members. The aim of this response is for BEN to provide knowledge and expertise surrounding topics relevant to the organisation and its members, in addition to giving a voice to the communities residing in Bristol and its surrounding areas dealing with the Private Rental Sector. We would be happy to contribute to any follow-up discussions.

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

Yes we agree it is a step in the right direction to meet EER C as a minimum energy performance. However, the government could be more ambitious as this target will only deliver a partial success in energy efficiency because its measurement by EPC rating is already recognised as not being thorough enough. An example of an award-winning technique that the government could invest more research and development into is an internal thermal imaging survey combined with pressure reduction which has already been pioneered in Malvern, Worcestershire by Energy Tracers C.I.C ® in 2010 and developed &

implemented in Bristol by The Cold Homes Energy Efficiency Survey Experts (C.H.E.E.S.E Project- <https://cheeseproject.co.uk/>) over the last five years.

The thermal imaging survey identifies areas in your home where heat is being lost. By revealing the 'ground truth' of the building it allows highly targeted remedial action to be taken, often at low cost, and in a cost-effective manner. Just targeting the draughts revealed can deliver savings of energy of up to 30%. The C.H.E.E.S.E project currently offers this Energy Tracing® from £100 and free to those in fuel poverty. This is a more effective approach to ensure that all houses are raised to a suitable standard as the EPC relies on a computer model of energy efficiency that is blind to faults in construction and maintenance. There is also currently a scandalous performance gap of up to 250% between 'as designed' and 'as built' in new homes, including social housing. This is contributing to both fuel poverty with the expense of heating up the property to a good standard being "higher", and increased carbon emissions and poor health as consequences. There is also a risk that retrofit buildings will not achieve zero carbon in operation hence our recommendation to update and use the Energy Tracing ® approach alongside Energy Performance Certificate (EPC plus Energy Tracing ®). Another advantage of the Energy Tracing ® approach is that by enabling cost-effective, targeted retrofit it delivers the best carbon improvements per pound.

A thermal imaging survey has other knock on benefits such as helping to mitigate climate change and move towards a zero carbon future. Bristol City Council, along with 302/400 (74%) councils nationwide as stated by "Campaign Against Climate Change" has approved a motion to declare a climate emergency and pledged to be carbon zero by 2030. Therefore, increasing the uptake in thermal imaging surveillance would help this goal to be achieved.

As Britain transitions towards its goal of net zero targets this may need to be reviewed. To achieve net zero emissions, we will have to transition completely away from traditional natural gas boilers for heating homes on the gas grid. We would advocate for a target of EER C & EIR C i.e., to encourage installation of low carbon heating and progress towards achieving the carbon budget. To be consistent with the Energy White Paper zero-carbon pledge this should be explicit within policy. With low carbon technologies still being more costly than gas central heating the government grant funding should remain in place.

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

Yes- we do agree with 'new tenancies' requiring EER C from the 1st of April 2025 and 'all tenancies' to reach EER C by 1st April 2028. This proposed timeline allows landlords sufficient and realistic time to plan and save the money for the changes they need to undertake to achieve this rating.

In order to ensure measurable and transparent progress, each property should have a 'roadmap' by 2022 outlining how EER C would be reached by 2025. Property roadmaps could be monitored by a roadmap register which would act as a contract between landlords and local authorities to ensure that all tenancies reach an EER C by 2028. This would be a blanket policy ensuring that all properties are covered- with failure to meet policy regulations being met with a tiered system starting with advice and support, moving to fines and ultimately resulting in the property being seized from the landlord. Absentee landlords should be met with harsher penalties than landlords who are present.

A 'roadmap' for each property should be structured as a business model, a binding contract between local authority and landlords to ensure tenants are kept informed about the progress of their property and are able to pursue legal action against landlords if necessary. HMOs are on the rise in Bristol, and many other cities- due to the growing housing crisis, and should be considered a crucial part of the PRS consultation. Although arrangements between landlord and tenants in HMOs can be more complex than single occupant tenancies, they should not be excluded from regulations. Extra consideration should also be given to leasehold properties in blocks, where there is a potential barrier to action created by the need for all leaseholders in a property to agree. Failure to reach EER C by landlords of properties in the PRS by 2028 should ultimately be met by a Compulsory Purchase Order (CPO).

Question 9: Should a requirement for landlords to install fabric insulation measures first be introduced? If yes, when, and how should such a requirement be implemented? If no, what are the alternative installation methods that maximise energy efficiency outcomes? Please provide evidence to support your answer.

We are in support of the fabric first approach to improve housing quality, especially if it is related to the 'ground truth' of a building as revealed by a thermal survey using the Energy Tracing ® approach. By requiring landlords to install draught proofing and fabric insulation tenants will receive substantial benefits such as reducing the costs of having a warm home and also big carbon savings.

We would suggest that, as a minimum, future grant funding requires a landlord to commission an independent retrofit coordinator to produce a plan for the property. This plan should take a fabric first approach to delivering the necessary EER and EIR targets.

An issue with the current EPC system is that the person employed to carry out the survey is chosen by the landlord, this would also be the case for a retrofit coordinator. The landlord is invested in having the highest possible rating and therefore it cannot be assumed that the surveyor is always acting impartially. Therefore it is crucial that in the future system there is a higher degree of independence, validity and quality in the recommendations made by the coordinator.

The fabric first approach would also be of benefit to the landlords as it can reduce operational costs and reduce the need for maintenance during the building's life. Fabric first approach has been considered to be more effective than the expensive energy saving alternatives as not all consumers are using them effectively. Fabric first is a simple way to ensure carbon emissions stay low and heating bills can remain low to eradicate fuel poverty.

Question 11: Should the government introduce an affordability exemption? If so, we would welcome views on how such an exemption should be designed and evidenced, and any potential impacts on the PRS market.

No, the government should not include an affordability exemption. We would not support the government in allowing any delay in improving energy efficiency or low carbon technologies for tenants.

If there was an exemption some landlords may find a way to evade the private rental sector regulations which would result in extra burden on local authorities to chase up and enforce regulations. The impact of an affordability exemption would leave many tenants continuing to pay full rent to landlords whilst living in unimproved properties. Bristol Energy Network's focus is to help improve those vulnerable households in the private rental sector who experience fuel poverty and by having an affordability exemption it undermines the regulations.

As an alternative the government could consider offering zero or low interest loans to landlords in order to enable them to undertake any necessary improvements. The amount of interest paid on the loan could depend on how many levels the EPC improves by e.g. one jump from rating D-C could be 2% but from E-C 1%. This would encourage those landlords with poorly rated buildings to install improvements and therefore benefit fuel poor tenants. Furthermore, this would help accelerate the government's progress towards reaching the fuel poverty goals.

In Bristol there's already a revolving loan type fund via Wessex Resolution CIC now Lendology C.I.C. to ensure loan funds are available to finance an improvement package where the landlord needs it. This came in to tackle MEES.

Bristol Energy Network is also exploring a pilot project 'Warm Up Skill Up' and with Bristol Credit Union potential offering lending services via an 'Energy Wallet' to undertake Energy Tracing ® approach with EPC & shallow retrofit measures including draught proofing, so that a retrofit road map can be undertaken <5k as an entry level/introduction to accessing retrofit and starting point for a home energy Road Map.

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

New rentals have to have water meters now, why not smart meters? There should be a strong encouragement in getting landlords to use periods where there are no tenants to install a smart meter. There are great benefits to both the landlord and the tenants with smart metres providing both accurate billing information and greater control and visibility over expenditure. Local Energy Clubs (as discussed in the 2020 Energy White Paper) demonstrate the huge opportunities of using smart meters and should be supported. Such initiatives pay a fair price to renewable energy generators and offer consumers the chance to reduce bills by using energy when it's cheaper, helping those at risk of fuel poverty.

Smart meters can be switched between credit and pre-pay modes remotely, as well as allowing for remote emergency top-ups and friendly credit. Smart meters can also be useful in avoiding or resolving disputes between landlords and tenants, including at change of tenancy, since they provide accurate daily readings. A particular priority should be to replace old-style pre-pay meters, which would bring benefits for landlords themselves in managing their property and for tenants to access the most competitive tariffs. However, there are some technical issues which will need resolving with installing some smart metres into some properties e.g. Economy 7.

Connectivity issues present a major barrier for the installation of smart meters in privately rented homes. Many people are unable to acquire smart meters due to lack of wifi signals in certain areas. Smart meter roll out should thus be linked to broadband roll out e.g. in rural areas.

If there is adequate wifi connection in any given area, the next barrier to those renting privately is a lack of education on the rights of possessing a smart meter. Landlords are not currently required by law to install smart meters, however tenants are entitled to request a smart meter if they are account holder for their bill and monitor energy use within the property they are renting and most smart meters are transferable between energy suppliers - although not many people are aware of this. Therefore information packs should be given in a tenants hand book explaining their rights on moving. This is especially important for informing young people for whom this might be their first property. It is also important that this handbook is available in various common languages in order to ensure that minority ethnic groups, where English is not their first language, can obtain this information. Additionally, all meters must have display facilities for the householder in an accessible location where it can be seen, not just metering capability.

Whilst there is no quick-fix for connectivity issues as a barrier to the installation of smart meters by the PRS, there are possible solutions to address other barriers. For example, a local distribution of energy generated locally at a lower cost would result in a reduction of bills to those in privately rented homes. The PRS should support movement from big energy production to local energy production by providing tenants with smart meters so they are educated and able to make informed decisions about efficiency and cost of their energy suppliers. The same rule should apply for HMOs.

Question 15: We would welcome views on whether the PRS Regulations may need to be tightened further for the 2030s. Please provide evidence with your answer.

PRS regulations will certainly need to be tightened further to reach the goals set to be achieved by 2030. Without tighter regulations there remains an abundance of exemptions which allow landlords to sidestep improving standards. After attending a meeting with Shelter in early December, it is evident that the energy standards in many PR properties are not sufficient. The people (current tenants in Bristol) sharing their stories in the meeting stated that lack of communication between tenant and landlord is a big issue when trying to argue for energy improvements. Tighter regulations for all properties (HMOs included) should be structured in a tiered system in accordance with a roadmap business model. Provision of support should be the first step granted to landlords who look as if they are not on target to meet energy standards in a given timeframe. However, regulations should be tightened to incur fines for lack of progress, ultimately resulting in a Compulsory Purchase Order of any property that fails to comply with regulations. Regulations should be imposed less forgivingly on absentee landlords, moving past fining as a sanction and taking reluctance to comply with environmental regulations as a criminal offence.

Additionally, overheating is already a major problem, particularly in new builds. As average temperatures rise over the next few decades, there is a high likelihood that air conditioning will become more common and significantly stress the national grid. Active cooling should be an absolute last resort, and a high level of evidence should be provided to justify it. Support should therefore be available to advise landlords on adequate cooling strategies in place for any retrofit program.

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

In addition to providing consultations, the government should use a mixture of awareness raising techniques. The majority of the public that are not professionally involved with the PRS will be unaware of regulations and rights involved with renting privately- so raising awareness amongst, and educating the general population should be a key goal of the government. Methods such as press releases and the creation of easily accessible educational materials should be used. Furthermore, holding public events at local and national levels with PRS regulations as the central focus is another step that could be taken by the government.

In a project to work on improving the PRS led by students, it was highlighted that renting privately disproportionately affects younger people as they are increasingly blocked from purchasing property (Covi, 2019). An article written in the Guardian (Tickle, 2015) states that millennials do not view rent as a priority, and suggests educating the youth about rent through charitable organisations and in education frameworks as a successful method for

tackling this disadvantage. Whilst educating young people about renting privately could be viewed as idealistic, there should be more effort from the government targeted at educating young people about their renting rights. For example, many students moving to HMOs are taken advantage of and overlooked due to the fact there is little transparency between tenant and landlord and young people are not made aware of their abilities to contest lack of energy efficiency in their homes.

Another important method to increase awareness and understanding of PRS regulation is by contacting; Landlord bodies, letting agencies and advice organisations such as Citizens Advice, Shelter and energy advice agencies. The government could promote agencies such as these on the gov.uk website or in their landlord and tenant guide booklets which are issued for each tenancy.

Additionally, community energy and local anchor organisation are crucial for communicating energy-saving measures and delivery of a retrofit strategy as independent actors can provide services in delivering local energy solutions such as Local Energy Clubs (as discussed in the Energy White Paper, December 2020).

Question 21: Should the government increase the level of the fixed civil penalty fine for offences under the EPB Regulations (currently set at £200)? If yes, how high should the fine be?

Yes, the government should increase the level of the fine to greater than 200gbp. Offences under the regulations such as failure to disclose ratings and information make the PRS a hostile environment for tenants. Without being able to access EPB ratings etc tenants are unable to make informed decisions regarding their living, which could ultimately be detrimental to their health and the fine for such offences should be upwards of 300gbp depending on the building and the cost of renting it.

An alternative policy that the government could consider is having a tiered penalty system. This may be the first offence receiving a warning but also provided with support and advice on how to adhere to the regulations. After the next offence the landlord should receive the fixed civil penalty fine for continuing to ignore the regulations. Lastly, in the case of persistently ignoring to follow the regulations the local authority should be able to issue a Compulsory purchase order (CPO). This is an important deterrent for landlords as they do not want a criminal offence or be threatened with their property being seized off them, therefore this encourages compliance with regulations.

Additionally, for properties being brought onto the market by buy-to-let landlord we suggest a higher rate of stamp duty for poorly performing homes, and 0% stamp duty for energy efficient homes as an incentive for reaching the suggested goals. Capital gains tax would be more relevant as it would force landlords to improve properties if it were linked to energy efficiency.

Question 22: Should the government enable LAs to inspect properties for PRS compliance? If not, please explain why not and provide evidence with your answer.

Yes. Having attended a meeting with Shelter Bristol, a local organisation reaching out to those in need of support in the PRS, it is evident that supervision and communication are lacking in the PRS. If LAs were able to inspect properties, regulations would be easier to monitor and uphold and there would then be more scope for tenant transparency and quicker response to addressing issues. All struggling tenants in attendance at the Shelter meeting cited lack of communication with their landlords (particularly concerning energy efficiency) as the biggest struggle when unable to cope with affordability and lack of heating etc.

Question 29: Should the government introduce powers for tenants to request that energy performance improvements are carried out where a property is in breach? If yes, how could a redress mechanism be devised?

BEN believes that yes the government should introduce redress mechanisms for tenants renting privately. The UK Ministry of Housing should work alongside landlords, agents, and organisations within local communities such as BEN to devise a fair but firm method for tenants to request performance improvements where a property is in breach. Communication between landlord and tenant is a crucial element for redress mechanisms, so governmentally enforced regulations upon landlords to ensure they are being proactive when contacted by their tenants is essential. In a meeting hosted by Shelter Bristol, tenants stated that poor communication by their landlords (when residing in properties with less than acceptable energy standard) worsened individual experience of the PRS.

Whilst redress mechanisms should be devised and implemented where a property is in breach of energy performance regulations, it is difficult to enforce meaningful redress mechanisms. The main issue lies with the monitoring of processes and receiving of adequate compensation by tenants. An example of where compensation should be facilitated by redress mechanisms is when works to improve energy efficiency are carried out whilst the house is occupied by tenants- causing disruption. Landlords often limit communication with tenants, or communication gets misconstrued by a third party meaning that disruptive works begin as tenants are not properly informed. In particular, young people and those in HMOs should be protected by redress mechanisms to ensure that their rights are not breached.

With a roadmap business model, policy action and redress could be enforced by local authorities being granted the ability to install methods for energy performance (E.g. loft insulation) at the cost of landlords who fail to stick to their improvement plans. This would be more restricted without an efficient grant structure in place, whereas those in privately owned homes are able to make the choice to finance and install their own insulation; those in privately rented homes are more restricted particularly by lack of rights education and disjointed communications with landlords.