



OFFICIAL REPORT
AITHISG OIFIGEIL

DRAFT

Local Government, Housing and Planning Committee

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Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
25th Meeting 2025, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Meghan Gallacher (Central Scotland) (Con)
Mark Griffin (Central Scotland) (Lab)
Fulton MacGregor (Coatbridge and Chryston) (SNP)
*Alexander Stewart (Mid Scotland and Fife) (Con)
*Evelyn Tweed (Stirling) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

John Blackwood (Scottish Association of Landlords)
Gillian Campbell (Existing Homes Alliance Scotland)
Professor David Jenkins (Heriot-Watt University)
Bryan Leask (Rural and Islands Housing Association Forum)
Andy Parkin (Elmhurst Energy)
Alan Stark (Scottish Property Federation)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 30 September 2025

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning and welcome to the 25th meeting in 2025 of the Local Government, Housing and Planning Committee. We have received apologies from Mark Griffin, Willie Coffey and Fulton MacGregor.

The first item on our agenda is a decision on whether to take item 4 in private. Do we agree to take that item in private?

Members indicated agreement.

Energy Performance Certificates (Reform)

09:30

The Convener: Under our next agenda item, we will take evidence as part of our scrutiny of the reform of energy performance certificates. We are joined in the room by Professor David Jenkins, professor of energy and buildings at Heriot-Watt University, and Alan Stark, chair of the Scottish Property Federation's sustainability and building design committee. We are joined online by Gillian Campbell, director of the Existing Homes Alliance Scotland, and Andy Parkin, technical development director at Elmhurst Energy. I welcome our witnesses to the meeting.

We have about 90 minutes for discussion. There is no need for you to operate your microphones. Members will direct their questions to someone in the first instance, but, if you would like to come in, please indicate that to me or the clerks. If you are online, please do so by typing R in the chat function. However, do not feel that you necessarily need to answer every question.

I will start with a scene-setting question for everyone, but I will direct it to David Jenkins first. What is your general sense of the need for reform of the EPC system? We have been talking about reform for quite a long time—since the Committee on Climate Change gave that direction in 2017. What are your overall views on the Scottish Government's broad approach?

Professor David Jenkins (Heriot-Watt University): Energy performance certificates are traditionally quite conservative documents. There is a requirement for standardisation, which has meant that there probably have not been many changes in the past. In order for EPCs to do a better job, various assumptions—varying from those about building physics to those about how EPCs are applied—need to be updated to reflect our access to new technologies and uses and different software and techniques.

The call for refreshing how we generate and use EPCs is a sensible one. There is plenty of evidence behind that drive. I expect that we will discuss the detail of the proposed reforms later, but there are quite sensible suggestions for improvements. Some of them have been influenced by what is happening across the United Kingdom, because we share certain processes with the rest of the UK. There is also a lot of change going on across Europe. We should remember that we are talking about a document that is European in its genesis, and lots of other countries are navigating their own changes.

There is already a sea of change around EPCs, which is potentially good. Some of the reforms that the Scottish Government has proposed respond to those needs very well, but, as we will discuss, there probably needs to be a bit more caution and care with others. However, there is certainly a strong case for change.

Alan Stark (Scottish Property Federation): Our members agree that there is a need to change the system, which is not very accurate. However, the current system is generally consistent, so everybody knows where they stand in relation to the tiers for properties. The calculation might not be exactly right, but it generally works in a tiered system.

The big concern is that we do not know what the new system will look like and what impact it will have. Properties that are currently at band C or above might suddenly not be at that band. There is huge concern that any recalculation could have a big impact, so it is important that time is allocated for thorough testing of the new system before it is introduced and thrust upon every property.

The Convener: Thank you—that is great. Gillian, do you have anything to add?

Gillian Campbell (Existing Homes Alliance Scotland): I think that it is universally agreed that reform of the existing system has been needed for some time. For a start, the information on EPCs is often limited; from a consumer's point of view, it does not present accurate information on the energy efficiency of the home or, indeed, the energy costs, which do not respond to changing energy prices. The current system is not giving home owners, or tenants, sufficient information to make informed decisions, so the certificates are really not fit for purpose from the consumer's point of view, particularly with regard to net zero and decarbonising our heating systems.

The Existing Homes Alliance Scotland welcomes the proposed revisions to the EPC system—as has been alluded to, they have been a long time coming—and there is broad consensus that the current system is not fit for purpose. We welcome the proposal to provide clearer information through the proposed new ratings, and we particularly welcome the inclusion of a heat retention rating, which shows how much heat is needed to maintain a set temperature.

I am also keen to point out that although reforming EPCs is absolutely essential—and, as I have said, is likely to be welcomed across the board—we need to remember that such reform is a means to an end, not an end in itself. Reformed EPCs will help owner-occupiers, tenants and landlords to better understand the energy efficiency of their properties, but that information

will be meaningless unless they are enabled to act on it. It is great that we are making progress on reforming EPCs, but it is a small part of a bigger picture.

The Convener: Does that bigger picture connect with the heat in buildings work that is coming? Is that part of it?

Gillian Campbell: Absolutely. Alongside the EPC system, we need a robust framework of advice and support so that people know where to go when they want to upgrade their homes and can act on the information that they get through the certificates. We also need a range of financing mechanisms and incentives to make improving energy efficiency and switching to clean heating an attractive and affordable option.

We also need policy clarity—indeed, you have just alluded to the forthcoming heat in buildings bill. Time is passing, and we need a clear regulatory framework through not only a heat in buildings bill but the social housing net zero standard to allow landlords, home owners and—critically—the supply chain to see what is coming down the line and factor that into investment decisions.

The Convener: Andy, do you have any views on reform of the EPC system and the Government's approach?

Andy Parkin (Elmhurst Energy): Yes. Thank you for allowing me to speak today. It is fantastic to have been invited.

I cannot really add much more to what has already been said—the comments that have been made are absolutely right on. However, speaking from our members' perspective—we represent somewhere in the region of 2,000 energy assessors in Scotland—I would point out that they have to go on this journey, too. We cannot lose sight of the fact that energy assessors are the practitioners here; they are the ones who apply the methodology and who interact with the consumer and customers, so they need to be brought along on this journey.

Wherever there is change, we have to plan it in, and we have to understand that the pace and the amount of change within that period of time are significant. We are talking not just about reforming EPCs, but about changes to methodology and, indeed, changes to regulation at sort of the same time. So, there is plenty to do, and Elmhurst and the other schemes that are involved with the energy performance of buildings are all in place to do it; we just need to know what is happening in good time and have plenty of time to implement those changes with our member.

The Convener: I am going to stick with you for my next question, Andy, because I am interested

in hearing an assessor's view of the three sets of ratings that the Scottish Government intends to display on the EPC—the heat retention rating, the heating system rating and the energy cost rating—and how assessors will work with that.

Andy Parkin: That is quite difficult to answer without getting into the way that the methodology will work. Without getting a bit trite, it is akin to—

The Convener: Feel welcome to get into the methodologies, because my next question was going to be about your views on the assessment methodology. Take it all as a package.

Andy Parkin: Okay. We understand that the home energy model will be the next methodology that comes in. Currently, we use the standard assessment procedure and reduced data standard assessment procedure, without losing sight of the commercial methodologies in the simplified building energy model and dynamic simulation modelling. At the core, much of what will be done from an on-site perspective or a data collection and data entry perspective is going to change. That is the first thing that assessors will need to understand.

It is also about how the methodology and the calculation will proceed, what makes the differences—where the tolerances are and where the methodology differs from the current versions of SAP and RDSAP—and understanding how that manifests itself within the metrics that are displayed on the EPC.

I say this a lot, but it is akin to skateboarding down a hill. We know where we are going, and we know that we need to get to the bottom of the hill. However, we do not know what is coming down the line unless we are fully informed about what is changing in the methodology. That is just about the methodology. A new EPC with new metrics is like adding another skateboard on top.

Everything is moving around at the moment, and we have to be able to get our members to understand each piece individually, then make sense of it as a package. That is difficult to do right now, because we do not know enough about what is changing. A lot of things are still up in the air—particularly when it comes to the HEM methodology, it is fair to say. We do not have conventions—nor a static set of data points, at the moment, although that is pretty close now. There is quite a bit to do.

I am also sympathetic to any cross-border member. We have a number who work in Scotland and England. It is difficult to work with two different kinds of EPC. They are handling two different reports and two different outputs at the same time.

The Convener: What will happen? Do you or does somebody else offer the training

programmes for them to develop? In response to my first question, you said that they need time. What are we looking at in training and development?

Andy Parkin: Our members are used to upskilling and absorbing new information through either on-going continuing professional development or an upskilling or retraining programme. Anybody who has been around since the beginning of EPCs has experienced that. For domestic energy assessors, there has been a complete change in the national occupational standards.

We will probably need somewhere in the region of six months in order to take what is changing, write material and roll that out to our membership. Some will do it early; others will fall into line later. The question remains: do we need to make that a mandated piece of training, or can it be done more passively through, for example, CPD? I rather suspect that it will have to be the former, because the changes are significant.

I think that six months is what we need. We have a decent enough understanding of the direction of travel, but we definitely need confirmation of things such as the HEM methodology and what happens with the RDHEM—the reduced data home energy model. I hate to use that phrase, because it is not an official term; it is the existing domestic version of the home energy model. If we are to change the assessment procedure, that moves things further. We need to be mindful of that.

The schemes will roll out the majority of the training. However, there are other training providers out there and they will want to do the same thing for energy assessors. We need to bring everybody to the same place.

The Convener: Thanks very much for that. It is good to get a sense of the time that will be needed for people to be able to work with the system after has come through in regulations.

David Jenkins, do you have any thoughts on those ratings and the assessment methodologies?

09:45

Professor Jenkins: Yes, I have some concern. I will mention quite a lot of European work, because a number of European countries are looking at what are sometimes referred to as next-generation energy performance certificates and the idea that we might try to get more or different information, or different output metrics, on an EPC.

Some of that research has shown that we are sometimes a bit too keen to put extra things on an EPC just because we can; we have not

necessarily thought about why we want that extra information. The problem with extra information, particularly with a static EPC document, is that you can quite quickly cause information fatigue for the user of that document. You need a really clear reason and rationale as to why you need a heat retention rating, for example. What will that do that the EPC currently does not do? In particular, it is not really clear to me how the proposed three new ratings and their output metrics will be game changers in relation to people actually taking action on their buildings as a result of them. That is what we should be focusing on.

One of the main problems with EPCs at the moment is that the EPC process finishes, and that is it. Nothing happens after that point. There is a missing bridge between the end of the EPC process and tradespeople actually coming into buildings and doing things.

When we add extra output metrics on to EPCs, as is being proposed, there needs to be a really clear demand for that particular output metric. It is about asking who has told us that they need that information. What evidence do we have that the information will stimulate action that is not currently being stimulated? I am not convinced that we have that evidence across all the output metrics that have been proposed for new EPCs.

Lots of horizon Europe-funded European projects have done their own versions of next-generation EPCs. They have tested out different bits and pieces and produced new draft EPCs, which are often documents that are just full of information. You imagine a typical householder picking up such a document, and you think, "What are they going to do with that?"

A slight caveat is that one of the positive proposals in relation to the reform of EPCs is to change how we interface with them. In the modern day, there is no reason why an EPC should be a static document, such as a PDF or a paper document. The UK Government has an option for EPCs in England and Wales to be accessed through an online interface. Although it is a fairly simple one, it means that, as an end user of an EPC, you can start to filter the information that is more important to you, and maybe reduce information fatigue.

However, the available output metrics still need to be tailored to some kind of demand or need, and I am not sure that we have quite got that right in what is being proposed.

The Convener: What do you propose?

Professor Jenkins: The current generation of the standardised EPC rating is broadly fine. We can talk about some of the improvements that are needed if necessary. From that point onwards, we need to find a way of pointing householders to

practical information about what comes next: for example installers, practitioners and tradespeople.

The Convener: It is about that bridge.

Professor Jenkins: We have to accept that, within an EPC, there might be recommendation that is very bland and very broad. However, it needs to be enough to push that person towards a professional who can then give more detailed and tailored advice.

EPCs are not about being tailored. They are all about being average and generic—that is their job. We can criticise them for that, but, to some extent, it is their job to be very average and generic. However, we need the information in the EPC to hold people's hands in taking them to the next step. The work that has been going on across Europe in relation to building renovation passports is the kind of work that we need to be reflecting on.

Alan Stark: I agree with what has been said.

I will make two points. First, the assessors need time. Not only do they need to understand what is required of them and how to turn that into an EPC, but every property is going to have to be reassessed, which will take a bit of time. We therefore need to make sure that we have got the EPC right, and then roll it out, which will also take quite a bit of time.

As David Jenkins said, it is very helpful if what is on the EPC points in a direction. The current one gives vague ideas about what you can and cannot do. However, that in itself is helpful, because it lets the end user, or owner, say, "Well, if I do that, this is what will happen."

That is where there is a huge gap. The insulation type modifications are all a bit vague, and we do not want to end up going down the wrong route again, as happened in the past. We need to be clear that the suggested modifications have been tried and tested, and that they are not just thrust upon people and rolled out. Otherwise we will find that we have spent a whole lot of money to achieve absolutely nothing.

Gillian Campbell: I will build on some of what David Jenkins said about the format of the certificate. We welcome the proposal to look at something web-based, as it needs to be a dynamic model that can be updated and that is usable by the end user.

A fixed assessment does not reflect real-world costs and emissions. Neither the heating system rating, which is essentially a carbon rating, nor the energy cost rating would reflect the real world. Carbon intensity of heating systems, for example, will be affected by the decarbonisation of Scotland's grid, which will change over time, and, as we know—since we have seen it over the past

few years—the costs of electricity and gas are hugely volatile and will change. Both of those metrics will be out of date incredibly quickly, unless the EPC system is a dynamic one that allows the end user to add current data to get a real-time assessment.

I am interested in and supportive of the idea that the EPCs should be seen as a stepping stone towards a building renovation passport or logbook-type approach as a means of improving how we manage and maintain our homes. As David Jenkins said, that idea is being explored across Europe. Those comprehensive long-term planning documents can include a digital logbook, the recording of work as it is done and a long-term renovation roadmap that sets out future measures for retrofit, along with links to contractors and links to finance options. There is a huge opportunity here to make the system dynamic and usable for the consumer, and for it to deliver action rather than be just a snapshot in time.

The Convener: Okay, great. The whole thing about an online dynamic system that can be responsive to changing metrics and show financing options as they come online is very interesting.

I bring in Evelyn Tweed with some questions.

Evelyn Tweed (Stirling) (SNP): Good morning. Thanks for your answers so far, which have been very helpful. To follow on from what we have been talking about, do you feel that the proposed new system will provide sufficient information to building owners to incentivise energy-efficient improvements and reduce emissions from their heating systems? There is a notion that the system should be dynamic and that people will want it to do certain things. Will the system as proposed do that? I will come to Gillian Campbell first.

Gillian Campbell: That is a really important question because, as I said at the start, EPCs are only a part of the picture—they are not an end in themselves but a means to an end. That is why having clear information that the consumer understands is the first step. A whole communication process should happen to ensure that the reader of the assessment understands what they are being told. The concept of a heat retention rating, for example, is incredibly important for giving the home owner the understanding of the heat demand of the building and of how they can act to reduce that heat demand, but it is a new concept to the vast majority of home owners, tenants and, in many cases, landlords. There is a real risk of confusion, especially since we have another metric: the heating system metric. The use of the word “heat” in different contexts is a real issue; it is a bit of a challenge.

Earlier, someone mentioned the risk in relation to people operating across the UK. As we have slightly different terminology and different systems across the different nations, a communications challenge exists. I think that the UK Government proposes that we talk about a fabric performance rating rather than a heat retention rating, for example, so different parts of the UK and assessors who operate across the country speak in different languages, which is potentially confusing to the end user, the consumer.

I go back to the question, which was about whether the new system will incentivise action. Whatever that web-based or dynamic system will be, it will need to have clear links to follow-on advice. The document should tell someone not only where they are right now and recommend what they can do, but—this is critical—say what they should do with that information.

One of the big barriers that we face at the moment is that home owners know that they have to do something, but they do not know what that something is or who can help them. As a result, there will need to be alignment with, say, an expanded Home Energy Scotland service that can pick up the resulting increase in referrals and inquiries for action.

We might also need, alongside Home Energy Scotland, locally based one-stop shops or retrofit agencies that home owners can go along to and say, “Look, I’ve got this certificate, and I don’t know what to do next.” The one-stop shop can then guide them through the process of understanding what will work for them and help them develop their long-term retrofit plan and act on what the certificate is telling them.

The Convener: Thanks. Andy Parkin indicated that he wants to come in. [*Interruption.*]

Andy Parkin: I cannot unmute myself. Ah—there we go.

Just to echo the points that have been made on the dynamic aspects of the EPC, I have to say that that is something that we have long called for, because it just makes absolute sense. Your EPC is set according to the date on which it was lodged, and it uses the fuel prices and the carbon emission factors that are in place at the time. It is set in two ways: first, in the methodology, and secondly, with any figure that is quoted for costs or savings, which will be a more recent number. There is confusion about that aspect in the minds of the consumer and other stakeholders in the industry, but it is really only just being talked about and appreciated now.

However, if we are going to create a dynamic EPC, we need to understand what we want from it and what it actually means. I would be very cautious about having an EPC that changed from

one day to the next or which was truly dynamic in that respect. After all, as we know, policy and regulation are coming in, under which a rating at a certain time will be key.

Whatever we get, it will need to be the next step from the static EPC that we have currently. I want to be able to compare it to where I am at the moment, and I want to be able to see whether fuel prices, say, or carbon emissions have changed. We need to make that part of the journey, and the consumer needs to be able to appreciate it, too. I agree with everything that Gillian Campbell has just said in that respect.

The EPC should lead the consumer to ask themselves four things. What should I do? Why should I do it? What will I get from doing it? Who can I trust to help me? That last point goes back to what Gillian was saying about its being the next stepping stone. I really want to avoid the assumption that the EPC can do everything for everybody in a particular format, because it cannot. Indeed, it has been the victim of that over the years; it was brought in for a particular purpose, but that purpose has moved on while the EPC has not. Therefore, we have to commit to educating all stakeholders in what it does and what the next steps are with regard to the data for the report.

The interoperability of data, particularly to ensure that it can be moved into digital log books or a retrofit programme, will be essential. Again, that issue will have to come out as we get closer to launching HEM and the reduced data version of it.

The Convener: Thanks. I want to bring in Alan Stark.

Alan Stark: To answer the question, the EPC, if it gives the right level of information, will be an incentive to people to improve their properties. I think that most people want to do that, but they also need to know what such improvements will achieve for them. Will their running costs be reduced? Will their property be worth more? It will always come down to people asking themselves, "What am I going to get from this?"

Cost is the huge issue. Making, say, grants or loans available might incentivise people to push on and do something. If it is just down to you, you might be able to do that work, but having to pay for it all yourself might be a disincentive.

The Convener: I will bring in David Jenkins

Professor Jenkins: As for whether the new system will incentivise action, I would point out that, when the rates of cavity wall insulation being installed were particularly high, the EPC system was quite heavily involved and signposted people towards grant schemes. Obviously, a large part of

that incentive was the fact that at the time—say, 15 or 20 years ago—loft and cavity wall insulation was, in some cases, free, or very low cost, because of the grant schemes. Therefore, you had a combination of reasonably useful information in the EPC that was directing you towards, or leading you to investigate, a grant scheme and making you aware of the existence of such a scheme.

With some insulation measures, we do not have quite the same generous funding landscape, particularly for householders. We have significant schemes for things such as heat pumps. It is difficult to talk about incentivisation without making sure that the information in the EPC is paired with a well-structured grant or financial support mechanism, which is not the case right now. That is a key point.

10:00

To repeat an earlier point, incentivisation means that something from the EPC needs to go through a next step that becomes more tailored. It is difficult to incentivise somebody with a single sentence in a recommendation list about cavity wall insulation. The hand still needs to be held through to later steps; otherwise, that action will not happen.

The Convener: I have a supplementary on that. Do grant schemes need to be technology neutral, so that there is more flexibility in what people can use, rather than focusing on air-source heat pumps? Might that help?

Professor Jenkins: The schemes should not necessarily be technology neutral. I am all for incentivising insulation and heat pumps. Our scheme for funding that looks quite generous, but other countries have more generous grants to support heat pumps. I do not know whether "technology neutral" is the right term. Energy performance certificates should be the first step and should tell people what technology should be installed, not just for the individual house but across the stock. If the model is working, even on a very basic level, it starts to tell us the technologies that are likely to have maximum impact on people's energy bills and on carbon emissions.

I would not say that the scheme should be technology neutral, but we need to broaden it. We need to look at the successes that we have had in the past with insulation schemes. They had issues and flaws, but they had some successes in actually getting technology and materials into buildings. We are in quite a different landscape now, in terms of the number of installations of low-energy technologies in buildings.

The Convener: I will go back to Evelyn Tweed. Andy Parkin wanted to come in on that point, so

maybe you can direct your next question to him, Evelyn, and he can wrap in whatever he wanted to say.

Evelyn Tweed: Okay. I was going to ask Andy this question anyway, so that fits nicely.

Andy, will the new system adequately allow for differences in building type and geographical area to be fully taken into account?

Andy Parkin: There are two aspects to that question. On the geographical point, the SAP has historically been calculated based on a single point in the country to allow an EPC in an outer Hebridean island to be compared to an EPC in Glasgow. However, clearly, there are differences between those two locations that have to be taken into consideration. I do not see any particular issue with being able to compare EPCs on an outer Hebridean island with another EPC in the same geographical location, and the same applies for Glasgow or Edinburgh. There will be differences if you do that, but I think that that is fine.

The priority is to ensure that anybody who looks at an EPC gets more accurate and correct information. As much as anything, it should be about the recommendations, which takes me to the point that I was going to try to wrap in. The current recommendations on EPCs are driven by something that is called appendix T, and they are a bit blunt. They apply only when certain scenarios are in place, and they are probably not aligned very well with what we are trying to achieve in terms of decarbonised heat and so on.

The challenge is that the recommendations tend to be very safe ones. For instance, we already measure areas of walls because we also measure areas of windows, so if you subtract that from the total area, you get the area of the walls. If we are going to recommend applying material to a wall to insulate it, we should have a fair idea of how much material is required, and therefore, regionally, how much that should cost to apply to a building.

Those will still be estimates, but it would be much better to take that information and get a more accurate estimate of cost than just have a very blunt table at the back of the methodology that says, "Cavity wall insulation will cost you £1,000." It probably will not, because that does not consider the wall area or geographical location.

I would be supportive of enhanced recommendations appearing initially on the EPC, then further enhancement if the choice is made to vary that in any way—for example, looking at a particular kind of heat pump or a different level of insulation. We should be able to do that dynamically, but it has to come from the information that is put into the EPC, not from a very safe assumptive position as a starting point.

I hope that that makes sense. The route through is quite complicated, but the issue is both property and geographically specific, and getting better recommendations is so important when it comes to adopting what the EPC is trying to put in front of the consumer.

Gillian Campbell: I am keen to jump back to the question about whether EPCs will do enough to incentivise action. To be honest, the answer is no, because they are a tool that helps people to take action and understand what their starting point is and what they need to do; they will not drive action.

What will drive action is, first, an awareness of the benefits of investing in upgrading insulation and installing measures such as clean heat and so on, when it comes to running costs, air quality, tackling damp and mould and improving the health of the occupants of the building. The starting point is that people need to understand why there is a case for action.

Secondly, the measures need to be affordable, both in their up-front costs—which are addressed in part through having the right grant system, but also through having other financing mechanisms, such as low-cost loans, long-term financing and property-linked finance that can support any remaining cost to the home owner—and in running costs. When it comes to clean heat, running costs are a major barrier, and we need the UK Government to take action urgently on rebalancing electricity and gas prices.

The third thing that needs to happen for people to take action is to make the process easy. That goes back to my earlier point about working alongside Home Energy Scotland—having one-stop shops or retrofit agencies, with the right advice and support, so that people can take their EPC and say, "Right, I want to do something; I think I can afford it, because all these financing mechanisms are available; I know why I want to do it; therefore, help me on my journey to upgrade my home."

The Convener: I will bring in David Jenkins—briefly, please.

Professor Jenkins: We could already take geographical differences into account within the current SAP model if we wanted to. We could alter climatic regions within Scotland and within the UK. However, we do not do that. That is not because there are any flaws or limitations in the modelling; it is because of the standardisation requirement—it is easier to have that common climate. We could make the argument for change.

I would trust the new home energy model a bit more to deal with variations in weather data. A slight issue with that is that it can be a bit of a Pandora's box. If you consider the effect of

location on the energy use of a building, the difference between north and south is really important, but there are also significant differences when it comes to the altitude of a location and its proximity to the coast. If we are to go into that level of detail, do we need to include those factors as well? They can have a big impact on heating consumption in particular.

There is a reasonable argument that there could be more geographic and climatic variations within the model, and the home energy model will probably do a better job of that than SAP, although we could do that right now if we wanted.

Evelyn Tweed: Thank you for that.

Finally, what are your views on the proposed new non-domestic metrics and assessment? Who would like to kick off with that?

Alan Stark: I cannot give you the detail, because I do not know what it is. In general, though, the non-domestic issue is complicated because, often, it is the tenant who does the fit-out, and the end use has a huge impact on the rating. The non-domestic side is a difficult animal to deal with, because there are too many unknowns. Until a tenant comes on board and decides what the fit-out will be and how it will operate, it will be very difficult for an assessor to say what the result will be.

As I have said, I do not know the detail of what is coming through—Andy Parkin might know better how that might be dealt with—but I do see it as problematic.

Andy Parkin: Yes, it is hugely complicated, and our assessors are dealing with it right now. I must admit that it is not the area that I am closest to, since I am focused on the domestic side, but I accept that there are issues in that respect. There might be a change of tenancy; the building might get taken back to, or close to, its original fit-out; it will have to meet building regulations—and in England and Wales, there is a minimum standard that it has to adhere to; and then we go again. It is all about when the assessor goes in and updates the EPC, if that is required at that point. There is that complication—that nuance—to consider. Again, we have to pivot as the regulations change and provide the best support and guidance to our members.

Not much is really changing in the new system as far as the ratings are concerned. We still have the A to G rating, which is based around carbon per metre squared; we have the direct emissions, which are the actual value of the A to G rating; and then we have energy demand, which is eminently sensible, as it boils things down to the brass tacks of how much energy is required per square metre per year for that property. It is regulated energy. As we have already established, it is very much

down to the tenant of the building as to whether that stays close to the truth or whether they go completely off at a tangent and do something different with that building, and it is down to the assessor to capture that information. However, if they are not in the property at the time, we might have a divergence in the data that ends up in the Scottish register.

The Convener: Thanks. Does anybody else want to comment? David?

Professor Jenkins: There is a potential unintended consequence with non-domestic buildings. With such buildings, we have essentially two paths of assessment, the first of which is a simple model—the simplified building energy model—while the second is a more detailed dynamic simulation that is split in various ways, which we do not need to talk about.

However, with the home energy model that is coming in for residential buildings, there might be, say, more building physics involved in the model of a house than in some of the simple non-domestic buildings. That is not by design—it is just that the home energy model will update residential assessments. Further down the line, we might need to think about the equivalent of the home energy model for simple non-domestic buildings, which might give us an opportunity to pull in more metrics and more useful information, similar to what we are talking about for residential buildings.

For simple non-domestic buildings, the SBM model is quite simple—it is more similar to SAP than it is to the home energy model—but for more complex non-domestic buildings, we already use a more involved modelling approach. We might have to fix that potential clash.

The Convener: Before I bring in Alexander Stewart with some questions, I want to pick up on that point. Some of you have said that the lowering of energy bills could be an incentive. However, we are now hearing about the work that the UK Government might do. What happens if we finally get what some people are calling for, which is the delinking of electricity from the international gas price? If electricity suddenly becomes more affordable, we potentially lose an incentive. Could other incentives keep people on track in that respect?

Professor Jenkins: If that happens, we will end up incentivising heat pumps more, which is potentially a positive outcome. One of the issues with heat pumps at the moment is that your carbon emissions go down but your energy bills can still be significant. You might not see that saving on your energy bills when you switch, particularly from a gas boiler to an electric heat pump, because of how electricity is costed and how we pay for it. Therefore, reforming electricity pricing in

the way that you just suggested could provide an additional incentive with regard to some measures and the transition from gas heating to non-gas and non-polluting heating.

The Convener: Andy?

Andy Parkin: Thank you. I might have pressed R more than once.

I absolutely agree with David. The transition to clean heat is very much linked to electricity, which, although not the only fuel in town, does represent the general direction of travel. It is very difficult to make that transition when gas has historically been, and is currently still, cheaper than electricity. The calculation is relatively simple: electricity is about three and a half or four times more expensive than gas, so your heat pump or heating system needs to be three or four times more efficient to balance the equation.

That is why we do not see a large number of recommendations for heat pumps on EPCs. Fundamentally, an EPC is about fuel poverty and helping people understand running costs rather than the decarbonisation of heat. It brings me back to our original point about the direction of travel with EPCs and whether they are fit for purpose.

10:15

That delinking is an essential piece of work, and it needs to happen. However, we cannot put anybody who currently uses gas into a position where they are moving towards, or are being plunged into, fuel poverty, because we have tilted the equation in the wrong direction, which is what will happen if we get it wrong. We have to be laser focused on that, too.

Alexander Stewart (Mid Scotland and Fife) (Con): You have touched on the quality of assessment and aspects of training, but it might be good to expand on that. Do we have enough assessors available to undertake the process? The success of all of this will depend on ensuring that everything happens across the board.

You have touched on urban and rural areas with regard to implementation and the timings and structure that might be in place. Perhaps Andy Parkin or Alan Stark can answer this initially, but how do we ensure that we have enough people to do the assessments? If we do not, we will end up with a logjam in some process, and people will not get what they had expected in the timescales given.

Andy Parkin: We have good coverage of energy assessors across Scotland. There are obvious areas where things are more difficult, such as the Highlands and Islands and anywhere more rural that is difficult to access. The travel

time is often the rate-limiting step, and there is a cost associated with that, too.

However, we cannot lose sight of the fact that the purpose of EPCs is to act as a starting point. The assessment is getting more and more complicated; complexity brings the potential for accuracy, but it also brings the potential for inaccuracy, because you need to maintain repeatability. If we make the assessment methodology more complicated, we will add time on site, too, which will add cost but will also mean that less can be done in a day. Either that the field force needs to be bigger or we will be doing less in the same timeframe.

There are about 2,000 energy assessors—I say “about”, because there is no hard-and-fast number; it changes on a daily basis—and, as you would expect, they are based around the major urban conurbations. I think that there is enough resource there.

Training is the other part of the equation. If we need more assessors, how long will it take to train them from scratch? We are quite lucky in Scotland, in that the majority of EPCs are done by chartered surveyors, of which there is a pool, and we can supplement them with domestic energy assessors, who come from other walks of life. There are different ways of doing the training, depending on people’s prior knowledge and experience.

We have not talked about the validity period, although it might be next on the list. Obviously, if you decrease the validity period from 10 to five years—which is sensible, for many reasons that we can come on to—you will be adding 20 to 30 per cent on top of the current workload. We must be mindful of that, because I think that it will cause a logjam in some parts of the country. We need to understand that and be able to address it.

Alan Stark: I agree with Andy Parkin’s comments about the logjam. One of our members’ concerns is that, if the new system is brought in and the clock starts ticking, especially with the 2028 date for rental properties, I do not see how we are going to be able to train people in order to implement it. Every property will have to be reassessed, and that is no small number—in fact, it is vast. I worry that the timeframe is far too tight; we need to allow the measures to roll out properly.

I am not sure that I agree with Andy Parkin on the change from 10 to five years, especially if the EPC is to become dynamic. In that case, there is almost no reason why an EPC should be outdated, because it will automatically update itself. The five-year period will be difficult, because not much will change in five years unless someone does a very specific fitment, which should show on the dynamic EPC, anyway. There

is cost and time involved in allocating resources for that, and that is probably unnecessary, particularly if the EPC is dynamic.

Alexander Stewart: Are the Scottish Government's plans with regard to updating the auditing and assurance requirements enough, given the timescale and the framework that you are looking at?

Alan Stark: I do not think that enough time is being allocated. I do not think that the EPC changes should be applied until, say, 2030, because landlords will need time to do the reassessment, see what that means and look at costs and ways of implementing what is required.

There is the added complication of having a tenant on board and needing to somehow get in there and do the work. There is a window when a new tenant comes along, but it is also a window in which lots of rental can be lost if a landlord starts doing an awful lot of work.

It is complicated. Andy Parkin's team is facing a big problem with getting all of that assessed, then telling people where they are and giving them time to do something about it. It needs to be programmed in. The budgets are not small, by any stretch of the imagination.

Alexander Stewart: Andy Parkin, do you agree with that? Do you see that as a complication? Do the Scottish Government's actions give you some security on that process, or not?

Andy Parkin: I understand and recognise the concerns. If there is to be a window of time in which all landlords have to improve buildings, it will, invariably, either be locked to the void period or have to be planned in some way. If everybody plans it within the same sort of timeframe—which, to be honest, will probably be towards the back end—we might have an issue. It is all about education, awareness and a desire to avoid such a scenario, but I do not think that you can open things up any further, because all we will do is shift the timescales back.

If we have to assess buildings in a short period of time to ensure that everybody is in the same place, that will be problematic. However, I am not sure that that will necessarily end up happening. We have been talking about the validity period—I will have to agree to disagree with Alan Stark on that one. I think that moving from 10 years to a reduced validity period is necessary, even if we have a dynamic aspect to EPCs, because, if you are to make decisions of significance on a building, you will need up-to-date information. Even if you have information on what people have just done, you will still be surprised at how much buildings change in a relatively short period of time.

Professor Jenkins: We have to push for a challenging timescale, because our buildings are already behind the curve. We just have to get on with it, to some extent, but I do appreciate the practical issues involved.

The volume of EPC assessments that will come through will be a challenge, as Andy Parkin has mentioned, but we in Scotland and the rest of the UK have decided on an approach of simple assessments and a relatively low—in fact, zero—educational requirement on our assessors. What we do have, however, is a formal and quite well structured training regime for our assessors, which other countries do not have. Other countries have a higher threshold of educational background for their assessors—we do not have that. We have a simple assessment and a simple training approach.

The home energy model that is coming in does not necessarily have to disrupt that, because we have the idea of wrappers around the model. It is as if someone changed my car engine, but I could still drive the car; I do not really care what has happened to the engine, because I can still get on with driving the car. That is how the home energy model might come across. We will have to retrain assessors, and they will need additional information, particularly if new output metrics have been generated by the home energy model, but I think that that will be manageable if we do it in the right way.

Gillian Campbell: I agree with what David Jenkins has just said about needing to get on with it. As was mentioned at the start of the session, we have been talking about EPC reform for almost a decade now, and the sector has had a clear understanding for at least five or six years that minimum energy efficiency standards for the private rented sector are coming down the line. It has been a long time coming, and people are expecting it.

When it comes to the challenges of delivering this on time, I understand that the Scottish Government is proposing to roll out the new system from late 2026, following the UK Government's completion of the HEM work. That still gives us two years before the 2028 date for the change of tenancy work in the private rented sector, which is doable. Granted, it will need a concerted effort and have to be well co-ordinated if we are going to make it happen, but it is doable.

I also want to make a point about training and building capacity to aid the roll-out of the new EPC system. Training is not necessarily just for assessors; at the end of the day, this is also about consumers—home owners, tenants and landlords—and how they use the information, so they will need to understand it. Communicating the content of the EPC must form a key part of the

training programme over the next couple of years, and we need to support not only assessors in being able to communicate the findings, but, say, solicitors and estate agents in engaging with their clients more effectively and explaining what it means and what their options are.

As I have said, we need to ensure that it is not just some bit of paper, website or whatever that is giving this information. The whole point of the reform is to drive action, and people need to understand what they are being told and what they can do about it.

Alexander Stewart: My final question is about enforcement. It is going to fall on the councils to enforce and manage in that way all the reform that is going to take place. There will be practical issues, and there might be penalties for those who have not fulfilled the requirements in time. It would be good to get a view on that, because if we are going to struggle to get everything done in some areas, the onus will be on councils to deal with enforcement. How that is managed and how they cope with that might well become an issue for us down the line.

Alan Stark: It is going to be difficult for the council to suddenly have to deal with it, but it is the right route to take. How it manages that will really be down to the council.

The penalties concern me slightly, because a £30,000 fine was being bandied about. People need to know that there is a carrot rather than a stick. If the stick is like a tree, people will look at it and say, "Well, my property is worth £100,000. If I'm looking at a £30,000 fine, I think I'll just sell it." That is the worst thing that could happen, because it will have a massive impact on availability. The council might well have a resource problem, but the stick is a bit too large or too disproportionate.

Andy Parkin: I do recognise that, but the fact is that we did not really have a stick before. Notionally, yes, a lot of enforcement has been done passively through other processes to ensure that EPCs are in place at the point of sale or rental. We still see huge amounts of non-compliance with the regulation, however, so enforcement is essential, especially as we are going to expand the remit, new regulations on minimum standards are coming in and so on.

Training will be essential. There are awareness raising and other schemes to help and support councils in meeting that training need, if that is where they want to go. The key to all of this is data, the availability of data and bringing together databases. Obviously, the world of artificial intelligence is a wonderful place, and it is moving forward at pace, but where it was previously seen as difficult to bring large data sets together and do something sensible with them, there are now

infinite opportunities to take an awful lot of the heavy lifting out of that process.

I completely agree with Alan Stark's comments: this is not about penalties, but about education. It is about nudges and ensuring that those who need to do something are doing it. That does not necessarily mean slapping a big penalty on somebody or threatening them with it. There should be ample room to realise that, if something has not been done, it can get done, without the need for a penalty. The Property Energy Professionals Association has been helping with that, but the fact is that raising awareness and writing letters when non-conformity and non-compliance happen mean that the right thing gets done almost 100 per cent of the time. All it takes is a letter.

10:30

The Convener: I will just come in with a supplementary. Andy, you talked about bringing large datasets together. Will you unpack that a little bit for us so that we understand what kinds of things you are referring to?

Andy Parkin: Obviously, there is the EPC dataset. You could call it an open dataset, but you have data on every property that has an EPC. Therefore, you know that there is an EPC, and you know the rating, the validity period and so on. There will be other datasets on property transactions and on council tax or the equivalent, so you can start to build a picture of whether a property has an EPC, when it got it, whether it had it in time for a transaction, and whether that EPC is at the right level since the transaction. It is then just a case of considering the use of that data, what the next step is and how you rectify a problem where one exists.

I am afraid that I cannot go into much more detail than that because that other part is not my world, but we are starting to see it happen more and more. We have seen some enforcement activity in places such as Westminster, where they are doing that sort of thing with the data and it is having an impact. We are seeing the levels of compliance increasing to percentages in the high 90s, which is fantastic.

The Convener: That is great—thanks. Back to you, Alexander.

Alexander Stewart: That is probably enough from me, convener. Unless anyone else has anything to say, I am content.

The Convener: I call Meghan Gallacher.

Meghan Gallacher (Central Scotland) (Con): Good morning to the witnesses. The danger of going last is that a lot of what you want to discuss has already been discussed. However, I have not

heard from David Jenkins and Gillian Campbell specifically on the EPC validity time period being reduced from 10 years to five years. It would be helpful to hear their views on the reduction in the timeframe.

Professor Jenkins: I generally support it, but I am aware of the implications that it will have for certain stakeholders. When you see it written down, it feels as though we will need to double up on EPCs, but, as has already been intimated, we can be more efficient in how we generate EPCs. If we are following the European energy performance and buildings directive, EPCs do not need a site visit. Very often, though, there is a pretty good reason why they do need a site visit.

If we are storing data properly, with high levels of quality control, we can crack open the old EPC again and revisit it with new assumptions. Maybe that is how we would revise our EPCs every five years. There might be some situations in which somebody needs to go back in and do an EPC again, and there will be a potential cost attached to that for the owner of the building. We have to understand that.

For the reasons that have already been mentioned, I think that 10 years is too long a period for EPCs to be valid, as too much changes over that time period. We can be a bit smarter in how we refresh EPCs. It does not always require a human being to go to the building. We have already described how EPCs are very simple, and, because they are so simple, if we store data better, we can generate EPCs in a much more efficient way. A five-year cycle then becomes a lot more manageable.

Gillian Campbell: I emphasise the point that it does not mean that we will be doing twice as many. There are different ways of delivering this. The Existing Homes Alliance does not have a particular position on reducing the time period, but I know that some of our members would be keen for consideration to be given to the resource implications for social landlords, for example.

Although there is a desire to provide prospective owners and tenants with the most up-to-date information, which is positive, there will be resource implications in some cases that we need to be mindful of, particularly if landlords are required to get a new EPC after energy efficiency upgrades as well as for every change of tenancy. I also appreciate that there are different ways of doing this and it does not necessarily mean a full site visit for every certificate.

Andy Parkin: I agree with everybody. We already see the precedent set by, for example, the display energy certificate, which is typically done on a seven or 10-year cycle. There is one site visit and there are then repeated updates of the report

or the certificate after that. That involves using data and evidence that have been gathered by the building owner and given back to the energy assessor. Therefore, it is very possible.

I agree 100 per cent with David Jenkins that, if we start a process for, say, a brand new building, we will have all the evidence there—it is all documented. Of course, we need to make sure that that is what is installed in the building, but information such as the U-value, the Psi-value, the original specs and the floor plan of the building should all be stored within a logbook or similar, which is accessible by the energy assessor who is updating the report.

We probably also need to explore some time limits, because things change. However, it can be done. We also now have the technology to visit a site without actually visiting a site, so all things are possible.

Meghan Gallacher: Thank you. That is helpful.

If witnesses will bear with me, I would like to expand on a point that Gillian Campbell raised in relation to landlords. We will hear from the Scottish Association of Landlords on our next panel. In its submission, it states that it has concerns regarding this particular proposal, because

“it will increase costs for landlords without delivering significant additional value”.

It also states:

“The energy efficiency of most properties will not materially change within five years”

and asks for a “more proportionate approach”, which would be to

“require a new EPC at the first letting”

following the minimum energy efficiency standard—MEES—compliance date and to

“retain the 10-year validity period thereafter”.

Does anyone have thoughts on those concerns or, indeed, alternative proposals?

Professor Jenkins: If it is correct about the frequency of change in buildings, that is probably a sign that we have failed on retrofit anyway. It is therefore almost a moot point whether EPCs have been effective, because, if we are not upgrading the building stock on the timescale of between five and 10 years, we will not hit our retrofit targets and carbon targets anyway.

It is probably right in relation to historical action and there not being a lot of changes in those time periods. However, we are trying to enter a phase of changing how we do retrofit and refurbishment, and we want changes to occur over those timescales.

Gillian Campbell: Similarly to David Jenkins, I note that the whole point of this is about driving improvement across our housing stock. We would therefore hope that there would be some improvement over the next five to 10 years, to ensure that we are tackling the big challenges around fuel poverty and damp and mould.

Although the vast majority of homes in the private rented sector, and others, are in very good condition, even if things are not changing that much, does that not go back to the earlier point that an in-person EPC assessment is perhaps not required and that there are fairly high-level, streamlined ways of doing this?

It is about how we implement the proposals and how, from the outset, we do so as efficiently and effectively as possible, without placing any unnecessary burden on the home owner, whether that is a landlord or an owner-occupier. It is also about ensuring that the people who get the certificate in the end get something that they can do something with—something that they know what to do with and that is usable.

Andy Parkin: I agree. If you have a retrofit programme in place, perhaps you could have a pre-EPC and a post-EPC, and the post-EPC could be done off the pre-EPC plus the work that has been done through housing to 2040 or similar. That is very valid. Once you are at a certain standard, the frequency of the EPC assessment could perhaps be reduced. That is one idea.

Meghan Gallacher: That is helpful.

Alan Stark: That is exactly the point. If something has changed, it is a good idea to get the EPC updated, regardless of whether that can be done dynamically or there has to be another assessment. However, if nothing is being done, I do not see any point in doing an EPC for the sake of it. It should be done only when something has changed.

Meghan Gallacher: It goes back to the argument about up-front costs versus potential benefits that could follow thereafter, and the up-front costs will be daunting for many home owners up and down the country with these reforms coming through.

Alan Stark: It could also be a cost that is not really achieving anything.

Meghan Gallacher: Yes.

I will stick on this theme for a second and return to the issue of geographical challenges, which was discussed earlier in relation to rural versus more urban properties. Scottish Land & Estates is hinting at concerns about implementation, because it is harder to retrofit and upgrade rural properties in order for them to achieve EPC ratings. Given the type of buildings that rural

properties are, in relation to structure and age, there are usually higher costs associated with trying to get them up to a good energy efficiency standard. How do we get around that?

There are houses and rural properties that do not achieve an EPC C rating, which is the energy efficiency standard that we are hoping that properties will achieve. With the new reforms, how will that be achieved without asking people to take ridiculous energy efficiency measures? One example that I heard about directly from the owner of a stand-alone rural property was that they would have to put up a wind turbine in front of the property. That gives an indication of the significant barriers that home owners in rural areas face in trying to make their homes more energy efficient.

Gillian Campbell: With regard to the disparity between rural and urban properties, we need to remember to focus on the occupant of the house and how comfortable it is for them, irrespective of where they live. The system should give them information about how much energy they need to heat their home, irrespective of where it is, and how much it will cost them, irrespective of where it is.

We also need to think about how we ensure that there is fairness across the country and that people in rural areas do not have to pay more because of where they happen to live. We need the right framework of support, so that people who live in rural areas are not adversely affected if they have to take additional measures to enable them to afford to heat their homes properly and to live comfortably and with clean air. That means ensuring that the right grant and financing mechanisms framework is in place, so that additional measures, such as additional insulation measures, battery storage or solar panels, are supported. Different measures should be available to bring down the cost and to reduce the impact on home owners in areas where the implications could be negative.

Andy Parkin: This is not about saying that someone must have a wind turbine next to their front door; it is about saying what is reasonable and where the line falls. The regulations specify an EPC C rating, and we need to understand what that means under the new metrics. Improving the thermal performance—the heat retention—of a building is different from putting a wind turbine in front of the house. That needs to be taken into consideration.

I am in complete agreement with Gillian Campbell. We cannot allow properties to fall behind simply because they are in rural areas, because that will create a big chasm, which will make it even more expensive and even more difficult to bridge that gap in later years. We must

start making progress with all buildings, regardless of whether they are in a rural or an urban area.

However, I accept that there is a bigger challenge in rural areas. We spend a lot of time talking to the likes of the National Trust, and it is interesting to see how the National Trust is addressing that challenge, because it has a very large rural portfolio. It has managed to achieve some really good stuff with relatively cost-effective levels of investment. I think that we should look at what it is trying to achieve, because it is interesting to see how it is addressing the challenge.

Professor Jenkins: I would be quite happy for micro wind turbines to be removed from the EPC recommendation list, as wind turbines should not be built in such locations. However, that is an aside.

It is important to remember that there will be an exemption list for the policies that we are discussing—there always is. With the clean heat policy and the drive to end polluting heating systems, rural areas were a particular focus for exemptions. Obviously, we need to be careful that the exemption list is not so long that we miss out lots of properties. Some rural properties have a particular need for action because their heating is so expensive. We do not want to move people on to an exemption list with the result that the action that they need to take to reduce their energy bills is not taken. There is a wider conversation to be had.

Alan Stark: The problems are not restricted to rural areas. The same problems arise in an urban context with tenement properties and so on. That is where the exemption list will come in. There is an issue in relation to the number of people who will be impacted. We do not want the process to involve only a narrow window of people contributing to it, with the result that very little is achieved. There needs to be a wider solution.

Costs are probably the single biggest issue that will drive the approach that is taken. It is a big concern that, for some of the properties that I am talking about, it is very difficult and very costly to achieve an upgrade. It is very difficult when the owner of a flat wants to improve the energy efficiency of the property but the people in the surrounding flats do not want to know and will not necessarily be involved at that stage, because their flats are rental properties. It is difficult for an owner to do something that does not impact on surrounding properties. That is not just a rural problem; it is a global problem in assessing every individual building and ensuring that the assessment is fair and reasonable for everyone.

10:45

Meghan Gallacher: That is helpful. Thank you very much, everyone, for answering those questions.

We have discussed consumer awareness and confidence in the new system, so I will not go into the questions that I had on that, as we do not have much time left.

Regarding the proposed timetable, we have talked about the implementation date later in 2026. Does anyone have any further comments on the assessor market or on the need for those in the property letting and conveyancing sectors to prepare? That will be hugely important—and you touched on it earlier, Alan. I invite any further comments in that space, as that will be a crucial matter for the implementation of the EPC reforms.

Alan Stark: As I mentioned earlier, there is a concern about the assessment time. There is the matter of getting the rules ready and fit for purpose, and then there is an assessment period and a need to take in that information. Gillian Campbell said that those in the rental sector have been aware of that. We have been aware of it, but we have not been aware of what the detail will be, and we will not know that until next year. We will then need time to assess it and make a programme budget to implement it.

I would be concerned if the rules did not come out until later in 2026, for instance. There would then be an assessment period, and we would need time for that. We would then need a period in which to get the EPC done and to assess it ourselves—and to budget for it. I feel that the 2028 deadline is a bit tight. Instead, it should probably be two to three years after the measures are introduced, whenever that may be. It might not be in 2026, as the date might slip—I do not know. The concern is that the timescale is a bit too tight to make sensible and reasonable decisions.

Gillian Campbell: I will build on what Alan Stark said. Any changes to an EPC system will have implications. For example, the current energy efficiency rating is the basis for measuring social landlords' compliance with the energy efficiency standard for social housing—EESHS. Bodies such as the SFHA and many landlords are hugely supportive of reform and the introduction of a fabric efficiency rating. It is essential that the EPC reforms are appropriately aligned with the new social housing net zero standard and that recognition is given to any potential impact that the changeover might have on social landlords.

Councils and housing associations urgently need confirmation of what the new social housing net zero standard will look like, along with the technical guidance that is required and a clear

transition plan detailing how they can shift to the new EPC system and new reporting systems.

Meghan Gallacher: My final point does not relate directly to the EPC, but it forms part of the wider discussion. At some point, a heat in buildings bill should come through the Scottish Parliament. We do not have much time left between now and the end of this parliamentary session, but there should be a discussion of the issue, as the Government has outlined. I seek your views on how the regulations fit in with the forthcoming heat in buildings bill, from what you know or are aware of.

In relation to legislation in general, the Parliament will be debating the Housing (Scotland) Bill later today, there will then be the heat in buildings bill, and there is EPC reform. Do you think that we are overlegislating? Are we trying to do too much at the one time?

I know that that is a huge question. I do not know who wants to pick that up.

Alan Stark: There is a risk that there is too much. All regulatory stuff ends up costing money to achieve, as well as time and resource, but we have to move forward. It is all about timing and making things happen in a reasonable format. It is crucial that we move EPC reform forward. There are also building regs on boilers and upgrading insulation. New builds are well covered, and I do not think that there is really a need to push things much further forward there—it is all very good. How we deal with the existing stock and slowly bring things forward there is more of an issue.

Our members are worried that all the costs are building up and that, from a landlord's perspective, letting properties is starting to become unviable. There is a difference between a property worth £100,000 and a property worth £800,000. A £10,000 spend on a property worth £800,000 is not that bad, but it is bad for a property worth £100,000. If you spend £10,000 on updating insulation or on any type of carbon reduction, you would probably be able to charge only £100 more per month—if anything—so it would take 8 to 10 years to cover the cost. In parallel with that, other regulations are kicking in, mortgages are going up by £200 to £300 a month and kitchens and bathrooms need regular maintenance.

There is a risk that the combination of all those things will start to make it unviable to be a landlord. The public perception is that landlords make a huge amount of money on every property, but that is not the case. Margins are actually quite small, and, if all those things chip away at the margin at once, that becomes difficult to swallow. I think that people will decide that being a landlord is unviable and will just put their money in the

bank, which will lead to a big problem with a reduction in the number of available properties.

I am concerned that all those things are building up. I am not saying that they should not happen, but perhaps they should be more spread out. I know that that conflicts with the target of trying to achieve all those things as soon as possible, but I am being realistic in seeing those problems.

Meghan Gallacher: That is really helpful. Thank you.

The Convener: We will hear next from Andy Parkin and then from David Jenkins.

Andy Parkin: Gillian Campbell had her hand up, and I am quite interested in hearing from her first.

The Convener: We will hear from Gillian, from Andy and then from David.

Gillian Campbell: My first point is on what was said about costs. That £10,000 cap is a cap, not an expectation of how much people will spend. Research that we recently carried out clearly indicated that the average cost for the vast majority of homes will be about £3,500, with some paying a lot less and others a bit more, so we should not focus overly on the £10,000 cap or assume that that will be the norm when it will be true in only some cases.

Regarding regulation, we are not overregulating in the slightest. We know from talking to industry that industry needs policy certainty to be able to invest in creating the jobs and skills that we will need in the next 10, 15 or 20 years. We do not have that policy certainty just now, so using regulations such as the proposed heat in buildings bill and the private rented sector minimum energy efficiency regulations to set out a clear pathway to net zero would give industry a clear idea of what that pipeline will look like in the next 10 or 15 years, freeing up companies to borrow and to invest in creating jobs across the country. It would also help us to ensure that there is a supply chain in place, so that home owners can act on their EPC certificates.

Andy Parkin: There are a few things in there. We need ambition and we need to be able to see the scope of it all, so that we can understand how it all sits together. We should not curtail that ambition, which is going to come at some point, but we do not have the clarity that is absolutely key. We need certainty and clarity, so that we can start to roll this out.

Alan Stark was right in what he said about the timeline and the phasing of how legislation comes into being, because that is what will make it effective. It is not about having too much at the start; it is about how things are phased.

We have not really spoken about the concepts of the value or devaluation of properties as a result of EPC ratings, but that is a consideration. If you draw a line in the sand and start to put a value on the energy performance rating, then, as we saw with mortgage valuations and green mortgages, that will become another consideration within the equation and will move the needle round a little bit. We are seeing better ratings having an impact on property values. Higher minimum standards also have slightly different metrics, so we will see the value needle moving round.

The worst-case scenario would be if someone did not do something, which led to a devaluation of the property over time that made it less desirable and harder to sell, further impacting the value and making it difficult to access the cheaper lending models that are now coming to the fore. There could be a double or triple whammy that we must be mindful of.

Professor Jenkins: If we have ended up having slightly parallel exercises, with EPC and energy efficiency on one side and clean heat on the other, that is probably because we have been missing the energy efficiency targets and have had to crack on with the drive towards clean heat as a way of decarbonising heat in buildings. If we get the EPCs right, they should be recommending the same technologies that the clean heat bill would be trying to push anyway. The two sides are not working against each other, so they should align quite well.

I took part in some of the Scottish Government discussions about heat in buildings. There could have been a little more dialogue between the EPC reform group and those looking at clean heat about the definitions and targets being used. There are reasons why that is challenging, but we can bring those things together. It does not have to come across as first telling people to do one thing and then telling them to satisfy a new set of targets; everything should align towards the same targets.

Meghan Gallacher: That is helpful. Thank you all very much.

The Convener: That concludes our questions. I thank all the witnesses for contributing to the discussion. It has been helpful to hear their views.

I will suspend the meeting briefly to allow for a changeover of witnesses.

10:56

Meeting suspended.

11:02

On resuming—

The Convener: I welcome our second panel of witnesses: John Blackwood, chief executive, Scottish Association of Landlords, and Bryan Leask, secretary, Rural and Islands Housing Association Forum. We have around 60 minutes for the discussion. As I mentioned to the previous witnesses, there is no need for you to operate your own microphones; and members may direct questions to specific witnesses but, if you would like to come in, please indicate to the clerks.

I direct my opening question to Bryan Leask first, but I seek views from both of you on the need to reform the EPC system. We have been at that for quite a while, having started the work in 2017. What are your views on that reform and the Scottish Government's broad approach overall?

Bryan Leask (Rural and Islands Housing Association Forum): There is definitely a need for reform. We have been calling for that for a long time.

We should bear in mind what an EPC actually is and what it does. When it first came into force, it was a piece of information at a point in time. That was its purpose. Now, we are trying to see it as a bit of a silver bullet to solve all our ills. That is not what it does.

Back in my previous life, I was a domestic energy assessor. Carrying out these assessments was part of what we used to do. The problem with them is that, because they are standardised, they are not particularly accurate. They do not give particularly accurate information to the home owner, the tenant or whoever it might be.

In addition, they are restricted to regulated energy. A tenant cannot split out that regulated energy from their energy bill. They have an overall bill that they pay. If they are told on an EPC that their regulated energy costs X but they know that they are paying Y, they have a doubt over the accuracy of that EPC, despite the fact that that is not what the EPC is trying to tell them.

We therefore do absolutely need that reform. We need to have a look again what the EPC is for, what we are trying to use it for and the information that it provides. Not before time are we looking at what we have.

The Convener: What about the Scottish Government's approach?

Bryan Leask: It is getting there. I might want to strengthen some things a bit but, within that, some areas are going in the right direction. The matrix that is to be put on the proposed EPC is absolutely a move in the right direction. The move to the heat retention rating is absolutely the right thing to do. It

tells the story about how well the building itself will retain the heat that is created. In all honesty, that is just about the only thing that should be important, because we cannot dictate the cost of a tariff from a supply company; we can dictate only the control of how much energy that house needs to use. The heat retention rating, or the fabric efficiency rating or whatever you call it, is probably the key matrix on that. That is the best change.

The Convener: John Blackwood, what are your thoughts on the need for reform and your views on the Scottish Government's overall approach?

John Blackwood (Scottish Association of Landlords): I very much agree with what Bryan Leask said, so, rather than reiterate that, I will just add to it. We need to get back to a focus on what matters to landlords and tenants when it comes to the EPC. What are they trying to find out?

When we let properties, our prospective tenants are saying, "How much is it going to cost me to live in this property?" Rental costs are their primary concern but, rightly, they are also thinking about running costs. They are asking, "What are the bills for this property, and how warm will it be to live in and call my home?" The EPC does not answer those questions. It is easy for me, as a landlord, to turn round to the tenant and say, "Well, there is the EPC and you can see what it is," but it does not really address the burning questions that people are asking.

Likewise, the landlords are looking at the EPC and asking, "What can I learn from this? What is this telling me about my property?" Again, that is very unclear.

Therefore, as you will see from our written submission, we very much welcome the proposals to look at the EPC and how it fits into the bigger decarbonisation agenda.

The Convener: I move on to EPC ratings and assessment methodology. Again, I come to Bryan Leask first, because he started to talk about heat retention ratings. I am interested in hearing your views on the three sets of ratings that the Scottish Government intends to display on the EPC: the heat retention rating, the heating system rating and the energy cost rating. I would also be interested to hear your views on the assessment methodology.

Bryan Leask: As you have said, I touched on the heat retention rating. That is a good change and has been long needed. It also ties back to some of the proposals that are coming forward from the Government on the net zero standard for social housing. Tying those together—making sure that we are not asking for more than one thing—is key. The idea of its being location neutral is also key, so that we are comparing like with like.

The understanding of the heating system type is going in the right direction. However, it is not location specific. I am from Shetland. We are a net exporter of renewable energy. We produce 13 times more energy from renewables in Shetland than what we need, as an island, to operate. However, that is not taken into account. We are taking a national average position, using the SAP definition, which is a centralised house somewhere. That does not allow for a measure of locational sensitivity that might be better. It might be aiming just at decarbonisation, whereas most houses in a rural aspect will be on electric-fed heating. The electricity grid is becoming more decarbonised all the time, so the position on the heating element in those houses will change.

We need to be careful on that. When we have looked at the software—this comes back to the methodology—the recommendation tends to be for a heat pump. I understand that. The coefficient is better than it would be for a storage heating system. However, as our grid gets smarter, we will have a need in homes to store energy when it is cheap. That is just a reality. Heat pumps do not do that. They do not have storage capacity. Storage heaters do it. Storage heaters have the capacity to store energy when it is cheap, and if that can be tied back to a smart meter in that property, it will allow the tenant the opportunity to store that energy when it is cheap—or free, depending on how far we go with the energy market.

We have some concern on the energy cost rating. Cost ratings are never accurate. As soon as you do one, it is out of date, because energy costs fluctuate so much.

As I said, the EPC covers only regulated energy. The proposal is just for the heating element, but a tenant does not see that breakdown. They get a bill from the energy supplier and that is what they pay—that is what they know the cost is.

Part of our concern from a rural perspective is that we operate in areas where we have longer heating seasons, higher wind speeds and more detached properties than in urban areas. When grant providers provide grants based on the EPC, particularly if they are looking at the cost parameter, the cost parameter will not be accurate in that rural area, because it will cost more there. You need more energy to heat that property than you do to heat a property in an urban area. We need to be careful about using the EPC to assess whether a grant is applicable to that property.

An EPC can tell them that the cost is an A because the property is efficient but, unless we educate households about how to become more efficient, they will not operate at that A level. They are not operating in line with the EPC that has been produced.

RIHAF did a piece of work to look at Ofgem's recommendation for the amount of energy that is required to run a home and it is about 15,000kWh per year. That is Ofgem's recommendation for the average household. We have all seen that the energy cap is £1,750 per year. If you move that to a rural house with storage heaters, that same £1,750 will be able to buy only 6,000kWh of energy in a year. For the same sort of money that Ofgem says that an average household should be spending in a year, a household in a rural area will be able to buy less than half the energy if they are on a fully electric system. That is all to do with the price of the tariff.

Operating gas is probably 3.7p to 4p per kWh, and the cheapest rate for energy from electric will be about 16p per kWh. That is four times more expensive. Ten years ago, it was twice as expensive. Energy from electric in homes has gone from being twice as expensive as gas to now being four times as expensive as gas. That is where the breakdown comes from, and it has driven a lot of people back into fuel poverty. We need to be careful that the recommendations for the EPCs do not push more people into fuel poverty.

The Convener: Before I bring John Blackwood in on the ratings and assessment methodology—if he wants to come in on that—I am interested in your point that the current recommendations are about air-source heat pumps. With an air-source heat pump system, you could have a hot water tank storage system so that you could then use the hot water in your heating system. Another thing that we have been hearing about is the potential for solar thermal, so that you could bring up your heating to a certain level. We could also help people with damp and mould, so that they would have warmth in the house. That is getting away from EPCs, but it is all connected. As you both said, people want to know what is happening in their experience of living in their home.

Bryan Leask: I will go back to the heat pump element. At the moment, if you apply to put a heat pump in your property, you will probably get a grant to install it. That heat pump will probably last about 12 years, roughly—we have been installing them in Shetland for 25 years. You do not get a grant to replace it. You have to find that capital investment yourself to replace that heat pump in 12 years.

We need to understand not just the capital expenditure at the outset but the longevity of the component and its cost. As I said, we have been doing it for 25 years in Shetland. The research that we have done shows that, over 30 years, the cost of a maintenance programme for a storage heating system will be a quarter of the cost for a heat pump system, because the component will

last 30 years. Although it is more expensive than a heat pump for the tenant to run, from our perspective as a landlord, it is much cheaper. It is a quarter of the price to have a storage heating system as opposed to a heat pump system.

It comes back to cost. Do we then need to increase rent? Again, the research that we have done shows that, if we moved all our homes on to heat pumps, we would have to increase our rents by £500 per year per property. That is probably going to mean a rent increase in excess of 13, 14 or 15 per cent if we move from our current heating system to a heat pump system.

As I said, we need to be careful with the recommendation, and we need to understand what we are asking people to try to do. On individual homes, I can understand it. If you make a choice about what you want to do, that is fine, but as landlords we need to be careful.

11:15

The Convener: So it is about thinking about the bigger picture and the context. I asked about this earlier, and you touched on it—if we get to a point where we are delinking electricity from international gas prices, would the cost of the storage system fall?

Bryan Leask: Yes—we are seeing that already. Tariffs are coming out that give you a seven-hour cheap rate, but they all seem to be linked to having electric cars. Why can an electric car be charged at 7p per kilowatt hour but I cannot charge a storage unit for 7p per kilowatt hour? It does not make any sense. The people who can afford an electric car, which is not cheap, can get electricity for their whole home at 7p per kilowatt hour for seven hours a day, but I have a storage heating system and I cannot afford an electric car, so I cannot do that. Why is that?

There are some questions about the energy market that we need to ask. That goes beyond the EPC issue, but these matters are all interlinked and cannot be looked at in isolation, so we need to be careful.

The Convener: Great. Thank you for letting me go down that path a little bit.

John, do you have any comments on the EPC ratings and the assessment methodology?

John Blackwood: We certainly welcome the methodology. It is much clearer and allows both landlords and tenants to investigate, look at it and, as I said earlier, answer the questions that they are really asking.

A big aspect of the EPC that we tend to overlook is that it shows only part of the data that is collected by the assessor. That is a problem for

landlords. Often, landlords will complain to us, saying, “I have an EPC here and I don’t think it is correct or accurate. How can I interrogate the data?” Currently, they are unable to do so. Therefore, the proposals to develop a system in which that data can be interrogated—for the sake of accuracy, if nothing else—would be very welcome.

We need to think about the basis of the metric and how that data is used. We also need to think about how transparent we are in sharing that data so that anybody can see it—particularly the landlord as the owner of the property, but equally the tenant who is living in that home. It is important to think about how the data is shared. We can look at all the metrics we want, but the data must be clear, simple and easily understood by us all. That is a challenge in itself.

Another issue regarding data is that we can have landlords saying, “I can go to two EPC assessors and they will give me a different EPC rating, so how do I know which one is right?” Interrogation of that data would allow them to identify whether somebody has maybe made a mistake or has not picked up the correct information. That could be looked at at the time.

The other issue is that, if a new EPC assessment is done as a result of the tenant making home improvements through the different schemes that are available, the landlord might not be aware of that because they do not get the new EPC. We believe that there needs to be a system implemented whereby, if the EPC is upgraded or changed in some way, the landlord is notified of that, so that they know the true EPC rating of the property. We have heard lots of complaints from landlords who say, “I did not know that a new EPC was registered for my property because nobody told me, and the rating is different from the one that I think is correct and the one that I am using.”

There are big issues, more so with the collation and transparency of data and how that transfers into the EPC itself.

The Convener: We were talking with the witnesses on the previous panel about having a dynamic interface online where EPCs are linked to the property, which everyone can see. Would it involve something like that?

John Blackwood: Exactly. I know that this is moving on from the discussion of the EPCs, but we welcome the regulations that are being discussed and should be laid before Parliament on the introduction of the heat and energy efficiency technical suitability assessment. That would be a big step forward in allowing us to look at that technical suitability assessment.

The trouble is the timing of all that—I know that your previous panel talked about this, too. For

private landlords, the system will not be available until 2028, but we have to comply—certainly in terms of the draft regulations that we have seen—by 1 April 2028, so we will not have time to see that system before we are required to comply. We believe that we need to look at the dates, and we are pursuing that issue with the cabinet secretary at the moment.

The Convener: Great. I will bring in Evelyn Tweed with some questions.

Evelyn Tweed: Good morning, and thank you for your answers so far, which have been very helpful. I will go to John Blackwood first and will ask exactly the same question that I put to the previous panel, so you will have heard it before.

Will the proposed new system provide sufficient information to building owners to incentivise energy efficiency improvements and reduce emissions from their heating systems? Will it encourage people to make improvements to their homes?

John Blackwood: It is important that the new system answers the questions that people are asking. I can speak only about what we hear from our members, but they are saying that they want to improve the energy efficiency of their properties, which are assets that they want to invest in and that they will want to dispose of at some point. It is important both that tenants are happy and comfortable in their homes and want to stay in them because they are warm enough to live in and the tenants can afford to heat them, and that there is long-term capital appreciation of the property. Our members are always thinking about improvements.

Currently, landlords come to us and say, “I need a new heating system in my property because it is getting to the end of its life, but I don’t know what to put in. One minute I hear, ‘Go for gas,’ and the next minute it is, ‘Don’t go for gas—go for electric.’” Our members are confused about what heating systems to install and, when a tenant looks round a property and sees electric storage heaters, that can put them off, because they think that they will be expensive to run, even though they might be more energy efficient.

Those are the conflicts that landlords and tenants have when they are looking at different heating systems. Of course, repairs, renewals and upgrades need to be done quickly. Landlords cannot take time to investigate. If they have a tenant in a property, the boiler breaks down and the engineer says, “You need a new boiler,” the landlord will need to do that as soon as possible. If someone is living in the property, the landlord cannot investigate all the different systems and options.

Those are the challenges—we cannot lose sight of the reality. I am sure that landlords and tenants want to have more energy-efficient homes—I do not come across anyone who is against the idea—but there are challenges with how we get from A to B and when changes should be made. One of the biggest problems is that landlords are coming to us saying, “I want to make energy efficiency improvements to my property, but I don’t know what to do. If I do anything just now before the regulations are laid and agreed to by the Parliament, will those changes suffice, or will I have to spend yet more money doing something completely different?” There are mixed messages and there is confusion among landlords and tenants, which we need to tackle head on.

Bryan Leask: My simple answer is that the proposed new system in itself will not incentivise change—the key bit is that it will not do it in itself. I go back to my earlier point that we need to understand what an EPC is and its purpose, which is to provide information at a point in time.

I have recommendations for improvements. There was a lot of discussion on the first panel about a dynamic EPC, which would allow information to change. I believe that we should put some form of free-use calculator online that is very simple to use and lets people add information that would allow them to see what difference any change would make. You should be able to see what impact doing X, Y, or Z will have on your payments. In reality, most people are interested in the cost of any changes and the payback period for any work that they do on a property. So if you are paying X at the moment, you want to know that you would save Y if you make an improvement. Based on the cost, you want to know what saving you would generate.

However, the price of the tariff would have the biggest impact. You might be better off shopping around and changing your tariff, which could have a bigger impact than the saving that you would generate from spending £10,000 on installing a heat pump. If there is a new EPC that tells you how many kilowatts per square metre per year you use and you input your current tariff, the calculator could work out the cost and what you could save on a different tariff. A drop-down menu could allow you to see what would happen if you moved from one heating system to another, which would give you an assumption of the reduction in kilowatt hours per square metre per year and any potential savings.

That would give a higher level of incentive than just the EPC. We need to be careful that we are not trying to make the EPC into something that it is not. It is not a silver bullet or the answer to everything; it is a piece of information, based on one point in time, that tells us how well the house

retains heat, what type of heating system is being used and—on average, for a typical house—how much it will cost to heat that home. However, as I said, that cost element is not accurate and it is not location specific.

John Blackwood: Sorry to take up time on this issue, but I think that it is important to state that the views of the customer are always a big incentive when it comes to a landlord renting a property. When EPCs came in, no prospective tenant or existing tenant ever asked a landlord about an EPC—they were not interested. You would say, “I have spent a lot of money doing this; here it is, and this is what it tells you,” and they would say, “Okay, that’s fine, but I just want to know where the property is, what it looks like and so on.” However, perhaps as a result of the cost of living crisis and rising fuel costs, tenants are starting to ask questions about running costs and are looking at the EPC, even though it might not answer their questions. They are interested in finding out more. I cannot speak for the social housing sector, but we are certainly starting to see that in the private rented sector.

If we educate the public—by “the public”, I mean all of us—to understand the importance of those ratings and how they can be of use to us in our lives and make our lives better and more comfortable, that will drive a change.

Evelyn Tweed: So we need to think about education and how to make EPCs practical and user friendly, so that people understand what they do.

John Blackwood: Exactly. They have to be easily understood. Also, they have to be accurate—one of our big issues is that they are not accurate in the first place.

There are many issues to take account of. I do not want to go back to a discussion of air-source heat pumps, but I have one in my home, and if you ever want to do an evidence session on them, I am happy to come along and give you my personal experience—good, bad and indifferent. I do not regret installing it, but the reality is that I do not have a warm, comfortable home any more, which I had when we had gas central heating, so I need a back-up source of heating, which, for me, is an open fire. I do not see that as progressive.

How can we meet such challenges? Obviously, technology changes all the time, and I hope that that will continue to be the case. However, even though we have had a lovely summer, my heat pump is still on for hot water—I need it for that. There is a big debate out there about what is the right solution, and I guess that there will be different heating solutions for different properties, and for different parts of the country, from our cities to our rural communities. We are learning all

the time, but we have to take the public with us on that journey and answer those questions as we go along.

The Convener: Evelyn, when you ask your next question, I would like you to direct it to Brian Leask, as he would like to come in on that issue, and he can weave in what he wants to say about it as he responds.

Evelyn Tweed: That is fine; I was going to come to Brian anyway.

The previous panel of witnesses said that assessors are generally to be found in the central belt rather than in rural areas. Are there enough assessors in rural areas?

Bryan Leask: Yes—for the current system. We are quite a small housing association in Shetland, and we have four. We do about 70 EPCs a year, and that number of assessors is sufficient for what we need. The bulk of the EPCs are done by surveyors when they do an evaluation of a property—the bulk of them come through in relation to property sales.

From our point of view, whether it is for social rent or short-term lets, which we also support, there is a sufficient number of assessors at the moment. However, EPCs are becoming more complex. We have moved from RDSAP 2012 to RDSAP 10, which makes the process of gathering the necessary data to get an EPC much more complex, so it takes longer. The time allocation is a bit of an issue. It takes us between an hour and two hours to do an EPC. However, you must bear in mind that we are in Shetland, and somebody might need to take two ferries to get to an island to do that EPC, which, again, takes additional time.

However, that added complexity has enabled us to become far more accurate. As Andy Parkin mentioned, measuring windows is a big issue. We now have to measure every window in the house—we did not have to do that in the past, as an assumption was built into the software. Also, the ability to build a measurement of the airtightness of the property into the EPC assessment is a massive improvement. If you do not do that, the EPC software will make an assumption that there are five or perhaps 10 air changes in an hour. However, if an air pressure test in a property finds that the air tightness measurement is actually two air changes per hour, that does not massively improve the EPC rating. The key thing is that the more data that we add into the calculation, the more accurate the rating becomes.

11:30

We have touched on heat pumps—I have a heat pump installed in my house and the position is

exactly the same as John Blackwood's. It is important to understand which houses are suitable for heat pumps. Airtightness is key to the performance of that heat pump. The heat pump operates at a very low temperature: the water comes back through at about 45°C, so the radiators will not get hot and you will not feel it. The heat pump will maintain that standard heat. However, if that heat is not being retained in the home—it is just disappearing through drafts everywhere—the heat pump has to work longer and harder, and it becomes very expensive to run. It comes back to the recommendations about that.

To go back to your question on incentivisation, having an online system will be key. I do not agree that somebody should be able to go into the system and change the data, because people are trained to do it and the training is not minimal. Domestic energy assessors undertake significant training and a large amount of CPD. I do not agree that EPC ratings should be dynamic enough to be changed like that. However, people should be able to access the data behind the rating, because the EPC that they get has fairly limited information on it, and if they are interested in making improvements and in finding out how that result came about, the data behind it is key to that. It will incentivise people more if they understand where the readings have come from and what the measures are. Data access is key to that.

Evelyn Tweed: Does either of you have views on the proposed new non-domestic metrics and assessment? You are shaking your heads—you do not.

The Convener: There is a bit of flex in our time. We will go to Alexander Stewart's questions.

Alexander Stewart: I want to go back to the quality of assessment and the assurance of governance when it comes to the assessments. We have touched on the fact that several assessors are required to carry out the work to make sure that a rating is the case.

You have indicated that, as landlords, you want to make sure that you get the right assessment and do the right things in a property. We believe that we may have enough assessors to cover the process, but there may be some logjams in the system in relation to how the process is managed and how effective it is. The success of the system is dependent on having enough people to make sure that individuals such as you are managing to fulfil the needs in the timescales. If you do not do that, there may be penalties later in the process.

Can you give a flavour of how the assessment process should work in some areas? Will it work on the timescales that you want for your organisations—and for individuals who have such facilities—or will it cause continuing difficulties? If

it will cause difficulty to a landlord, will they just sell up because, as has been said, it is not worth the hassle of going through the process?

John Blackwood: I concur that it is a big challenge for landlords, regardless of where they are in the country—although there are extra challenges in rural Scotland. All our members will say that, at some point or another, they will struggle to get tradespeople to do any of those jobs. Whether those are for upgrades, maintenance issues or heat pumps, it is nigh on impossible to get somebody to come and fix it. That trade does not exist. Someone will come and install an upgrade, but they will not repair or maintain. What is the point in having something that cannot be repaired or maintained?

Equally, and in relation to assessors, if we need to make changes—I know that there is a proposal to change the timescale from 10 years to five years—that will be a big challenge. I do not know how we will achieve that in Scotland. It will put an onerous burden on the sector to deliver that. If we want people to do the work to improve the energy efficiency of our homes and achieve the decarbonisation agenda, we will have to make sure that we have the tradespeople, the skills and the knowledge in Scotland to deliver it. I do not believe that we are there yet.

Alexander Stewart: Do you have a similar view, Bryan?

Bryan Leask: I go back to the number of assessors and the training that is required. RDSAP changes all the time—as I said, we have moved from RDSAP 2012 to RDSAP 10, and now we are proposing to move to the home energy model. Our domestic assessors are used to changing the procedure and models and getting training on it. We heard this morning that there are 2,000 domestic energy assessors across Scotland. The question is not necessarily whether we have enough assessors but whether we have enough trainers. How many training packages will we have to do? How often will they happen? What length will they be—a three-day session or a five-day session? We need to understand what those elements will be to ensure that our assessors have the time to spend on them, and not only on the training element.

Usually, when assessors do the training, they have to do three or five tests; results are then sent back to the authorising organisation—we use Elmhurst Energy, which you heard from earlier—which assesses those five tests to give assessors the accreditation to be allowed to go out and start doing the work. It is not as simple as getting your training and going out and doing it; as I said, you have to do tests to ensure that you have the skills and are getting the results that you would expect

to get. Elmhurst will delve into the five tests fairly deeply to do the assessment.

It comes back to the audit of that process, which we might touch on later. There is discussion in the proposal about on-site audits. We heard this morning that audits do not have to happen on site—you can do modelling or desktop surveys—but that does not necessarily fit round the audit process that you are trying to build into this. Do we want the audit process? What is the timescale and the cost involved in it? What is the purpose of it, to a degree? If we are going to allow that modelling element instead of an on-site assessment, how do you audit that?

From a rural perspective in particular, would having on-site audits mean that my assessors have to wait for somebody to fly to Shetland before they do an assessment, as opposed to doing an assessment because they have time that day to do it? I do not want to lose time waiting for an auditor to come up. I think that we touched on the point that someone does not necessarily have to be there in person. Some sort of AI system could perhaps say, “This is what I have done and this is the assessment I have carried out,” and we would work our way through that.

The assessor element is a key question. We need to ensure that assessors are up to speed and to understand that that will take time—Andy Parkin said this morning that he believed that it would take about six months, which is reasonable if there are enough trainers. We need to understand that, once we have had the training, we still have to do the practical assessment at the back end.

Alexander Stewart: You have touched on auditing and the assurance requirements. What are your views on how the Scottish Government has managed that work and on the plans that it has updated? Do you think that it is being realistic, or is it trying to be a bit too ambitious? Will the timescales that it has set out be met?

Bryan Leask: Do you mean for the audit process?

Alexander Stewart: For the auditing and assurance requirements.

Bryan Leask: I was a domestic energy assessor for 15 years; I stopped doing that about 10 years ago. It was not as simple then, because every assessment that you did was effectively assessed by Elmhurst, as the authorised organisation. If it had a question about an assessment, it would ask for enhanced auditing of that, and it might take you another two hours to gather all the detailed information that you had to provide.

The audit process is there already. I think that the Scottish Government's proposal is reasonable to a degree. It is asking for an enhancement of the audit organisation. It might simply be a case of explaining what systems are in place to audit its assessors, as opposed to the audit of the assessors themselves.

I would also ask whether we need a level of qualification or a level of training—somebody touched on that point this morning. I personally think that a level of training is enough; I do not think that you necessarily need to go to university to be able to do one of those things. However, if you are going to have a level of training, it needs to be at a set level. All our guys have done five or seven-day training plus five practical assessments, which I think is reasonable and gives you a good experience in doing the work; I do not think that doing a one-day assessment course and saying that you are now qualified to do an EPC is sufficient. There needs to be a bit more robustness in relation to the level of training that you are asking domestic energy assessors to have. The level of competence and experience can then be measured through the audit organisation.

Alexander Stewart: John, do you think that the Scottish Government has got some of that right?

John Blackwood: You will not be surprised if I say that it probably has not. Our biggest issue—this is moving to the proposed regulations and the bigger picture—is the timing. We believe that it is too ambitious. We are not against the principle; it is just about how on earth we get the private rented sector to the state that the Government wants by 1 April 2028, when some of those systems will not be in place until 2028. I simply do not understand that.

I understand that the cabinet secretary and her team are considering that, but that is what we have seen in the draft—as have members. We need to be more realistic with the timescales to get everybody on board with the proposals. Nobody is saying that we should not be doing this, but it needs to be measured and proportionate and it needs to achieve what it sets out to achieve. Putting unrealistic timescales on things is just not on.

Alexander Stewart: We touched earlier on enforcement and penalties, which might have to become part of the process as the policy expands and goes further. Do you have views on how that will work? Some people on the previous panel felt that if there is too much enforcement and there are penalties attached to it, people would be put off and they would end up selling. That would potentially make things even worse.

John Blackwood: Yes, exactly. It goes back to the earlier point about needing to incentivise people to improve their properties so that we achieve the targets and ensure that the housing sector is the best that it possibly can be, whether that is the social housing sector, the private rented sector or the home ownership sector. It is a disappointment to us that so much is focused on the rented sector. That is for a number of reasons, which we can argue about another time. However, a lot of properties in the home ownership sector are untouched by all this.

Given all the other pressures on landlords now, it would be easy for them to say, "Let's just get rid of it", and their property would, perhaps, get into the hands of a home owner who does not need to bother about any of these things. That is an incentive not to improve things. We need to find a better way of communicating the messages and getting them right.

The timing is crucial. We are talking about changing the timing by a couple of years. Many people—landlords in my sector—have been on this journey since way before Covid. We talk about everything in pre-Covid and post-Covid terms, but members will know that regulations were introduced in 2020, just before the pandemic happened. We were geared up for implementing them and had told our members that any improvements that they made from 1 October 2019 would be taken into consideration. Some of them are making those improvements and have been doing so for years, but they are now wondering whether all the money that they have spent in the past has been wasted, and they are stalling.

I will be honest. If landlords were to ask us what we would do to improve the energy efficiency of the homes that they rent out, we would say that we cannot tell them that and that perhaps the best advice at the moment is to do nothing. That is not the message that we want to convey. However, we need to have the right information—information that is based on data—and we need to have the skilled workforce that can deliver for us when that work is required.

Meghan Gallacher: I will start with questions on the EPC validity time period. It is proposed that the period will reduce from 10 years to five years. John Blackwood, I hope that you do not mind, but I raised the concerns that the Scottish Association of Landlords has about the reduction with the previous panel. I will put my question to you first. What would you like to see changed in the proposed timeframe? Should we be sticking with 10 years or should we be following the alternative proposal that has been outlined?

John Blackwood: We are in favour of sticking with the 10-year period. We feel that it is important

to maintain that, and that is what landlords are used to. Remember that regulation—and increased regulation—incurs costs, and that those costs go up all the time. Ultimately, the people who have to pay those costs are the consumers—the burden falls on them—which, in our case, are the tenants. We do not want, yet again, to be placing greater pressure on the need to increase rents in the future. We need to think about what the bigger public benefit is. The 10-year timescale is proportionate, and that is what we should be aiming for.

A landlord could make an improvement to a property and add a new heating system within a 10-year period, but could that happen in a five-year period? I can imagine that, in five years' time, another EPC will be done and in many cases the property would not have materially changed, if it has changed at all. What is the purpose of just getting another EPC done? It is another bit of paper, another assessment and another cost. That would be unfair and unnecessary, and it would put an undue burden on landlords.

In addition, that approach will turn people off the whole decarbonisation agenda. They will be wondering what the point of an EPC is. At the end of the day, they will see it as just another check that tells them nothing different from what was there before. The only area that we could perhaps look at is new lets after the minimum energy efficiency standards for the PRS come in. I see a justification for that, but only for new lets, and still with a validity period of 10 years, because there will need to be a period of time in which we catch up with the new system. I cannot see the point in changing the validity period from 10 years to five years.

11:45

Meghan Gallacher: Thank you. Bryan Leask, do you have any comments on the reduction in the validity timeframe?

Bryan Leask: I agree with John Blackwood. I do not believe that a compelling case has been made as to why we need to reduce it. There are prompts for when an EPC is required, and those prompts are sufficient, although they could probably be strengthened a bit. At the moment, the prompts are at the sale or re-let of a property. Maybe changes or upgrades to the heating system or the insulation level should also be a prompt to do an EPC. However, people are probably doing that anyway, because there is a good chance of getting a grant, which would require a new EPC once the work has been completed.

Although the prompts might need to be strengthened, I do not believe that there is a strong enough or compelling enough case that the

period needs to change from 10 years to five years. I do not know what benefit that would bring to tenants. The information on an EPC is far more useful to me as a landlord than it is to a tenant, so I am not sure what the purpose of that would be.

We also need to be careful, given that reducing the timeframe will have an impact on workload, cost and staff time. I think that I heard someone on the earlier panel say that they believe that the reduction would lead to a 30-odd per cent increase in workload. We think that the increase would be closer to 50 per cent, because we do not know how many times people will move out of a property between year 5 and year 10. We think that the increase in the number of EPCs that we do will be closer to 50 per cent. That could be significant for a small team or organisation, and it would be even more significant across the board.

We need to be careful about what we are asking for, and we need to understand that, each time we do EPCs, the cost has to be met by our tenants. The cost has to be applied to the rent, and it needs to be met. That is an on-going issue, particularly in rural areas, where travel distances are bigger and it becomes more of an issue for us to achieve that increase in the number of EPCs.

My personal view is that we should maintain the 10-year period, but perhaps new prompts could be put in on when an EPC would be required within that 10-year period.

Meghan Gallacher: That is helpful. I raised issues with the previous witnesses regarding rural properties and the significant challenges—bespoke challenges, in some instances—that they pose, given the type and structure of housing and the age of the properties that are involved. It is usually very challenging for home owners to get those properties up to current EPC standards without substantial additional costs. We have discussed a great deal how the initial costs might yield a benefit in future years, but there is a question whether the up-front cost is affordable for people. How challenging do you think that EPC reform and any other pieces of legislation that are coming down the track will be for the rural landscape?

Bryan Leask: EPC reform is, on the whole, welcomed. As we have been saying, a lot of it is needed, but a few areas need to be looked at. The rural aspect is important. Rural areas experience the highest levels of fuel poverty and the poorest-quality housing stock. Accessing grants is an issue because of the cost element. It is probably 40 or 50 per cent more expensive to do a piece of work in a rural area such as Shetland as opposed to in Aberdeen, purely because of the cost of transport and the lack of labour and supply chain. All those things need to be taken into account.

An EPC may come with a recommendation to change something and state what the estimated cost will be, but that cost will not come anywhere close to the reality of the cost in a rural area. It gives a false impression. A tenant might say, "The EPC says that you can put this in for only that cost," but we know that that is not true. That creates an unrealistic expectation from a tenant. They might say, "You can afford to do this. Why are you not doing it?" However, the cost that is stated is not the real cost, which is probably 50 per cent more. Our rent structure does not allow a landlord to increase the rent because a new system has been installed. We have to be careful about the information that is being provided on EPCs. We need to understand the supply chain and the cost of doing work in rural areas.

Equally, as you touched on, the type of stock that we have, and how spread out it is, is different. If the validity period decreases from 10 years to five years, the fact that the stock is so spread out will add significant time to our doing the revised EPCs. A lot of the changes need to be carefully considered from that rural aspect.

I implore the Parliament to have another look at the island communities impact assessment. I have been involved in quite a few of them, and I will be perfectly honest: they feel like tick-box exercises, because I have not seen a change in any detail as a result. That needs to be investigated again.

Meghan Gallacher: I agree. Scottish Land & Estates and other stakeholders have called for a rural impact assessment. You are right: if we are to go down the route of such assessments, they have to be meaningful and all those aspects must be explored. Again, your answers leave a lot of unanswered questions, but it was good to hear your thoughts.

I move on to the workings of the UK and Scottish Governments. Should there be closer working between them on EPC reform? Would that be better for landlords who have properties across the UK, to ensure some uniformity? What needs to happen to ensure that implementation is successful? I do not know whether Bryan Leask or John Blackwood wants to come in first.

Bryan Leask: I will quickly jump in. Most people will be interested in what grants are available for work that they might do. Some grants are still controlled through Westminster; prime among them is the energy company obligation grant. Having commonality between the two systems will set out an even playing field for accessing some of that ECO funding. That is vitally important.

We need to be careful with the recommendations on EPCs. At the moment, as Andy Parkin touched on earlier, EPCs are a blunt

tool and they give fairly blunt information. He was absolutely right. That is their purpose.

John Blackwood touched on the HEETSA, which is coming through. The legislation will be critical when it comes to the requirement to carry out a HEETSA and get more technical expertise so that we get the reasoned recommendations that we do not get with EPCs. The guys who are doing EPCs are not trained to give that information.

The HEETSA therefore becomes a separate thing. However, again, we need to be careful that we are not doubling up the assessments and having staff constantly in and out of people's houses. The heat and energy efficiency technical suitability assessment—I think that I will stick to HEETSA—is an important tool for making sure that recommendations on a property are technically feasible and have a realistic cost attached to them. That information is not in the EPC.

Meghan Gallacher: That is helpful.

John Blackwood, to go back to Scottish-UK Government workings, would a more aligned approach to EPC reform make things easier for landlords who work across the country?

John Blackwood: Yes, that is a good idea. What is more, it might improve the accuracy of the EPCs in the data that is collected and shared. We would welcome that.

Our concern, which we have made in representations, is with the lead-in time. In our opinion, as we touched on earlier, that needs to be at least two years, so that we have the time to look at it. That would allow landlords to plan for those investments, upgrades and improvements, and minimise disruption for tenants.

We need to think about that when it comes to long-term tenants. It is, perhaps, easier when we have empty properties, although landlords cannot plan for that, because they do not really know when a tenant is going to leave. Nevertheless, especially if tenants are in situ, it is difficult to manage, so we have to think about that disruption.

Obviously, there are pressures on rent in both the social rented and private sectors, for exactly the same reasons: all these things cost money and, ultimately, that will be reflected in rents at some point. We need to plan for all those eventualities, including the cost implications as well as the practical implications of the improvements.

Meghan Gallacher: We hope to complete the Housing (Scotland) Bill this evening. We also have legislation on building standards, a heat in buildings bill—although we are vastly running out of time to look at that legislation—and EPC reform.

It is all happening at the same time. Is there a danger that we are overlegislating at present? What impact will all those things running at the same time have on landlords and tenants who are navigating this very complex system? They will have to understand what the legislative and regulatory changes mean, as well as deal with the associated costs. I know that that is a very wide question.

John Blackwood: You have hit the nail on the head. It is always important to review our legislation to ensure that it is fit for a modern Scotland and that it suits its people, but we seem to be doing a lot at the same time on different aspects of housing. In my case, that is to do with the private rented sector.

There are a lot of mixed messages, too. We hear different stories, which causes confusion and concern. You must always remember that private landlords, whom I represent, are investors first and foremost. Yes, they provide homes for people to live in—that is important, because Scotland needs homes and we should encourage that—but they are investors. If you frighten investors, at some point they will think, “Hang on a minute. Shall I continue to invest in the sector? When the tenant gives notice, they might query whether that is the time to get out and invest in something else.

That is a concern for us. For a number of months, we have made representations about landlords leaving the sector for a number of reasons—it is a combination of all the above. They are frightened about what the future might hold and there is confusion about what the changes might mean for them. Remember that, by far, most landlords are not institutional investors or big landlords; they have only one or two properties. It is not their everyday job and keeping abreast of all the changes is very difficult. They need to be a member of the Scottish Association of Landlords so that we can support them through that journey, but, even for us, it is a full-time job to keep in touch and be up to date with all the changes, so it is difficult for everybody.

All these things are well intentioned, but we need to ensure that they are proportionate and well thought out, and that they achieve the aim that we all want at the end of the day.

Meghan Gallacher: That is helpful.

Bryan Leask: John Blackwood hit the nail on the head without even mentioning the Scottish equivalent to the Passivhaus standard, the net zero standard or the fuel poverty strategy. There is loads of stuff coming through; it feels endless at the moment, to be honest. We have dealt with an incredible number of consultation documents over the past two years—it has pretty much been on a weekly basis.

There is a time and place for such changes. There is a point to saying, “If we do it all at once, we don’t have to worry about it again.” That is fine if you leave us alone for a while after you have done it, but it just seems that you get one change in place and then the next round comes through. We need to be careful not to overburden the sector as a whole with bureaucracy, because it is very difficult to get comfortable with where we need to get to.

All these things, whether you like it or not, add layers of cost, because they need to be assessed. The information needs to be provided to the regulator. All the information needs to be gathered and accounted for, and the data analysis on it needs to be done. The more that you ask for, the more time it takes for information to come through. We need to be careful about that.

Sometimes, there is a feeling of exhaustion as yet another consultation drops on the floor. We are waiting for the Passivhaus standard to come through. What will that mean? We are waiting for the net zero standard. Part of me thinks that that is fine, and that I will deal with it, but we at least need to be given an answer on what those things will mean. Those things seem to be sloshing around the walls of this building for a long time. However, we do not know when we will get an answer on what the timescales for them will be or on what the outcomes will be.

Earlier, John Blackwood made the point that we do not know what to advise people to do, because the legislation is not in place. We have not heard when it is coming through, we do not know why it is delayed and we do not know whether what was in the consultation documentation will be looked at and changed. The uncertainty is an issue, as much as anything else. After we do the consultation, do we hear anything else at the back end of it?

The heat in buildings element is key, because the whole decarbonisation agenda is critical, but it cannot be read in isolation—none of the policies can be, because they all impact on one another. You carry out an EPC assessment and make a recommendation, but unless you undertake fabric improvement, you will be pushing the person who is moving from gas to electric into fuel poverty. That will impact on the fuel poverty strategy. Then, the heat in buildings bill or strategy will be brought in, which will say that we need to do X, Y and Z and which will look at different aspects, but that will impact on our ability to meet the net zero standard and the timescales that it requires.

All those things are interlinked, and because they all come at you from different angles, you think—as John Blackwood said—that you should perhaps wait before you go down a route until you can find out exactly what you are meant to do. It

might be that a new piece of legislation drops and you think, “God, we’ve gone the wrong way. We are wasting tenants’ money on a direction that we should not be heading in.”

Meghan Gallacher: That is really helpful. Thank you both very much.

The Convener: That concludes our questions. Thank you both for your contributions to the discussion.

Subordinate Legislation

Council Tax (Dwellings and Part Residential Subjects) (Scotland) Amendment Regulations 2025 (SSI 2025/249)

Redemption of Heritable Securities (Excluded Securities) (Scotland) Order 2025 (SSI 2025/251)

11:59

The Convener: The next item is consideration of two Scottish statutory instruments.

As members have no comments, does the committee agree that it does not wish to make any recommendations in relation to the instruments?

Members *indicated agreement.*

The Convener: We agreed to take the next item in private, so that concludes the public part of the meeting.

12:00

Meeting continued in private until 12:10.

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Official Report
Room T2.20
Scottish Parliament
Edinburgh
EH99 1SP

Email: official.report@parliament.scot
Telephone: 0131 348 5447

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