



Committee on Fuel Poverty

Committee on Fuel Poverty (CFP) Recommendations from the report on Enforcing the Enhancement of Energy Efficiency Regulations in the English Private Rented Sector (PRS)

31 May 2019

Summary

The Committee on Fuel Poverty (CFP) commissioned research from RSM UK Consulting to look at enforcement levels of the Minimum Energy Standards (MEES) for the Private Rented Sector (PRS) in England. They found that current enforcement levels in England are low, and that Local Authorities do not have access to accurate data that is necessary for efficient enforcement. Local Authorities, responsible for the enforcement of MEES need up-to-date data to enable them to identify landlords and the EPC ratings of their properties. They concluded that a nationwide landlord register for England is the only means by which properties can be systematically identified.

The CFP therefore recommend that a national mandatory PRS registration scheme should be set up covering England, and that it should be run centrally but accessed and enforced by Local Authorities locally. The scheme should integrate the necessary details on the landlords, their properties and the energy efficiency ratings of the properties. Enforcement needs to be cost neutral for Local Authorities and fines set at a sufficient cost in order to incentivise reluctant landlords to comply.

Introduction

If the Government are going to meet their legally binding commitment, to insulate as many as reasonably practicable fuel poor households to Band C by 2030 then it is essential that the PRS plays their full part. 2015/16 data, for England, shows that 19% of private sector tenants are fuel poor households compared to 8% in the owner occupier sector. 35% of all fuel poor live in privately rented homes.

20% of all households in England are in the PRS. Current legislation requires all Band F/G PRS properties in England and Wales be upgraded to Band E by 2020, providing that the cost to do so does not exceed the cap of £3,500, and they do not qualify for an exemption. If fully implemented, this will upgrade about a quarter of the remaining fuel poor Band F/G homes in England to Band E and will also install some energy efficiency measures in another quarter of Band F/G fuel poor homes.



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The current legislation applies only to Band F/G PRS Homes which number 263,000 in England. The CFP have recommended that the PRS Regulations are extended to include achieving Band D in 2025 (bringing up to 773,000 more homes into scope in England) and Band C in 2030 (up to a further 2,398,000 homes for England). Also, that the cap on the landlords' expenditure is reviewed and increased to achieve the fuel poverty 2030 Band C target.

If current legislation is to be effective, it must be adequately enforced and therefore the CFP welcome the report by RSM UK Consulting, as it provides useful additional evidence on the weaknesses in the current system and how to improve them.

RSM Report

Enforcement must be underpinned by good data. Importantly the study found that both the quality of data, and the ability of Local Authorities to access data was patchy. Data was gathered from multiple sources and the quality of some data was questionable. In order to enforce MEES, Local Authorities need up-to-date data on the addresses of rented properties, their EPC ratings, when tenure changes, when tenancy changes and the address of landlords in a format that is easy to use and updated on a regular basis.

The Department for Housing Communities and Local Government (MHCLG) are responsible for maintaining an accurate and comprehensive data base of EPC data and to adapt this data base for the MEES and to make the relevant data easily available to Local Authorities. RSM UK Consulting interrogated the current EPC data held by MHCLG and found that it was last updated in 2016. Furthermore, only about 50% of PRS properties are showing as registered and the EPC data held for them is less than 50% accurate. There also seemed little ownership for checking whether the PRS properties that register as 'unimprovable' were in fact not able to upgrade the EPC economically.

The study looked at national landlord registration schemes in Scotland, Wales and Northern Ireland. These demonstrated that national schemes can gather accurate data on a high percentage of PRS properties at reasonable costs. They also demonstrated that these schemes can be used to educate those landlords who are unaware of all their responsibilities.

The study also suggests the responsibility for enforcement within Local Authorities would sit better with Environmental Health Officers or Housing departments (the statutory responsibility to enforce MEES currently sits with Trading Standards). Government should



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also consider the benefits of better integration of MEES with other housing standards legislation relating to the PRS (e.g. Housing Health and Safety Rating System). The study also concluded that enforcement action undertaken by Local Authorities needed to be funded, or by some means cost neutral. For example, through a modest charge to landlords collected via a national registration scheme. For landlords, the cost of non-compliance needed to be much higher than the cost of compliance.

Committee on Fuel Poverty Recommendations

Following from the research by RSM UK Consulting, the CFP recommends:

- 1) That a national mandatory PRS registration scheme should be set up covering England, and that it should be run centrally but accessed and enforced by Local Authorities locally. The scheme should integrate the necessary details on the landlords, their properties and the energy efficiency ratings of the properties.
- 2) That such a scheme should be on-line and be funded by a charge on landlords. We would expect this to be relatively inexpensive given the current models that exist in Scotland, Wales and Northern Ireland.
- 3) That the Register would require up to date EPC ratings to be provided by the Landlord with accompanying evidence, along with evidence if any properties are deemed 'unimprovable'.
- 4) That enforcement of the MEES and EPC are managed by Environmental health and housing council departments which are more focussed on ensuring standards in the PRS more generally and would be better placed to enforce both EPC compliance and the MEES together.

We strongly recommend that the Government move forward with a Mandatory Registration Scheme as the issue of enforcing the MEES will become a significantly harder challenge once the minimum standard rises to a D and then a C, as a much higher proportion of properties will fail to comply. Forming a long-term plan with details of exemption criteria, dates and support to help landlords reach the higher EPC ratings are essential to ensure that the task of enforcing these rising standards is manageable. We urge Government to work across Departments bringing the aspirations of BEIS to address fuel poverty and climate change together with the MHCLG broader responsibilities to maintain the EPC lodgement database, and to ensure decent housing conditions across all tenures.