

Local Government, Housing and Planning Committee  
Tuesday 30 September 2025  
25<sup>th</sup> Meeting, 2025 (Session 6)

## Reform of Energy Performance Certificates

### Introduction

1. In his [letter to the Committee](#) on 9<sup>th</sup> January 2025 the then Minister for Climate Action advised the Committee that new regulations will be coming before the end of the year and explained that:  
  
“These regulations will introduce an improved EPC rating system to give consumers better information on the energy efficiency of their property and on the emissions and efficiency of its heating system. We will introduce a redesigned certificate to support the roll out of this new rating system, together with strengthened operational governance requirements to improve quality assurance of the assessor market, and new technical infrastructure to support this, working with the UK Government where necessary.”
2. At its [meeting of 9 September 2025](#), the Committee agreed to take evidence on the anticipated regulations that will reform the current system of Energy Performance Certificates (EPCs).
3. Although the regulations have not yet been laid before Parliament, [the Scottish Government has made public how it intends to reform the EPC system](#).
4. In this evidence session, the Committee will hear a wide range of stakeholders’ (as listed in the Agenda) to help inform its anticipated scrutiny of the regulations.
5. Annexe A below provides more detailed background on the EPC system and the proposed changes to it.
6. Annexe B provides a written submission received from the Scottish Association of Landlords.

### Next steps

7. The Committee will scrutinise the regulations once laid before the Scottish Parliament, taking into account the evidence heard during this session.

**Committee Clerks**  
**September 2025**

## Annexe A



### Reform of Energy Performance Certificate system

#### How the current EPC system works

8. The [Energy Performance of Buildings \(Scotland\) Regulations 2008](#) provide the current legal framework. The regulations were introduced across the UK in common with other member states, when the UK was a member of the EU. This legislation transposed the EU Energy Performance of Buildings Directive and was retained in UK law following EU Exit.
9. These requirements apply to both homes (or domestic buildings), and non-domestic buildings.
10. EPCs provide information about the energy efficiency of a building that allows for comparisons to be made between buildings under standard operating conditions. They also suggest potential steps the owner could take to improve the energy efficiency of their building.
11. EPCs currently include two ratings:
  1. **Energy Efficiency Rating:** The EER is a measure of energy costs per square metre per year (it is not a direct measure of energy efficiency). The ratings are A-G; and
  2. **Environmental Impact Rating:** The EIR is a measure of greenhouse gas emissions per square metre per year.
12. The ratings are generated using a defined calculation methodology called the Standard Assessment Procedure (SAP) which uses information about the characteristics of the home and its heating systems.
13. Non-domestic EPCs display the Energy Performance Rating, an A-G rating and 1-100 value based on the calculated emissions for the building in kg CO<sub>2</sub> / m<sup>2</sup> / year.
14. EPC energy assessors in Scotland must be a member of an organisation which has been approved by the Scottish Government to deliver services in relation to EPCs. Assessors must make sure that the EPC and the associated data is entered onto the relevant register.

#### When is an EPC required?

15. EPCs must be produced:

- when a new building has been constructed (at the completion stage of the building warrant process);
- when a building is to be sold; and
- when a building is to be let to a new tenant.

16. EPCs are valid for 10 years.

### **Why is the EPC system being reformed?**

17. [Work to reform the EPC system has been underway for several years](#). The Scottish Government commissioned research and established working groups during 2017-20 to make recommendations for reform.

18. This programme of work responded to long-standing criticism and recommendations from the UK Climate Change Committee (CCC) who have said that the metrics and ratings EPCs currently use are not appropriate to drive the improvements that we need in the fabric of buildings. As the [CCC has stated](#):

“EPCs currently include two ratings - the ‘Energy Efficiency Rating’ (EER) and the ‘Environmental Impact Rating’ (EIR). Of these, the EER is commonly used to deliver policy and as a focus when selling or letting homes. However, this metric is actually a measure of energy costs, not energy efficiency: it does not accurately incentivise the energy efficiency and heating solutions required to reduce emissions. The ratings are split into bands (labelled A to G), which support simple comparisons between properties. The ratings themselves use a 1 to 100 scale, rather than real-world units, and only include certain aspects of energy consumption: this can make them difficult to understand and impossible to compare against actual energy consumption.”

19. The proposed regulations have been informed by various Scottish Government consultations on reform including:

- [Scottish Government initial consultation on EPC reform which ran from July to October 2021](#)
- [Scottish Government consultation on EPC reform which ran from July to October 2023](#)

### **Summary of proposed reforms**

20. The proposed changes aim to introduce an improved EPC rating system to give consumers better information on the energy efficiency of their property and on the emissions and efficiency of its heating system.

21. The [Scottish Government’s website](#) explains that that the reforms to the EPC system will include:

- a new EPC rating system for **domestic buildings**, which will give clearer information on the fabric energy efficiency of a property, the emissions, efficiency and running costs of its heating system, and the cost of energy to run the home to standardised conditions;
- a new EPC rating system for **non-domestic buildings**;
- a **redesigned EPC certificate**, based on a first phase of user testing, and to be followed by a second phase prior to regulations coming into force;
- **reduction of the validity period of EPCs from 10 to five years** to ensure consumers have more up-to-date information;
- development of a new EPC **user interface** to sit alongside the published EPC;
- introduction of strengthened **operational governance arrangements** for EPC assessors and Approved Organisations to enhance quality assurance for consumers;
- establishing a **new technical infrastructure** to replace the current *Standard Assessment Procedure* (SAP) with the new **UK Home Energy Model (HEM) calculation methodology**, together **with a new EPC Register**, where the Scottish Government will share significant parts with the UK Government; and
- continuing to work with the UK Government and devolved administrations where there are shared elements of the EPC regulatory system such as around skills and qualifications, across the UK internal market.

## Domestic EPCs

22. Information in the then Minister's [letter to the Committee](#) in January 2025 and the [Scottish Government response to the consultation](#) advised that there will be three main new ratings on the domestic EPC:
- **Heat Retention Rating** – A-G rating (based on kWh/m<sup>2</sup>/yr) based on the amount of heat needed to maintain a set temperature, and improved by fabric measures such as loft or wall insulation;
  - **Heating System Rating** – categorisation of heating system type and emissions; A-G rating showing efficiency and running costs of current system; information about how these could be improved (e.g. by installing clean heating)
  - **Energy Cost Rating** – A-G rating (based on £/m<sup>2</sup>/yr) rating giving an indication of the impact of changes on running costs and providing a consistent means of comparison across the UK. This is same as the existing Energy Efficiency Rating / SAP / EPC Rating.

23. These ratings will be accompanied by additional information within the EPC that helps people understand how different parts of their home, such as the insulation level or heating system, contribute to the costs and emissions.

### Non-domestic EPCs

24. There will also be reform of **non-domestic EPCs**, with a further new set of ratings:
- **Energy Efficiency Rating (A to G)** - based on modelled emissions from regulated energy use to align with the rating system used across the UK;
  - **Direct Emissions (kg of CO<sub>2</sub>e/m<sup>2</sup>/yr)** - the building's modelled direct emissions to allow a focus on the decarbonisation of individual buildings; and
  - **Energy Use (kWh/m<sup>2</sup>/yr)** - the building's modelled energy use under standardised conditions to allow comparisons between buildings.

### Home Energy Model (HEM) calculation methodology

25. The Scottish Government plans to share the methodologies [the new Home Energy Model](#) and existing Simplified Building Energy Model (SBEM - used to assess non-domestic properties) with the UK Government, but states that it will have greater autonomy to develop a Scottish 'wrapper' for HEM to ensure that EPCs produced are better-tailored to Scotland's building stock and climate.
26. The Scottish Government expects to contribute towards the ongoing costs of the UK Government in developing and maintaining HEM infrastructure and SBEM for the benefit of service users.

### Operational governance arrangements

27. The Scottish Government plans changes to the operational and governance arrangements of EPCs. [In its response to the consultation](#), the Scottish Government noted that it will implement changes through "a revised Operational Framework – which will be negotiated and come into force for Approved Organisations and assessors when the revised regulations come into force during 2026."
28. This included work on skills and qualification. In [its response to the consultation](#), the Scottish Government said that it would undertake a joint exercise with the UK Government and other devolved administrations to a) assess the existing skills/ qualifications landscape across Scotland and the United Kingdom and b) make recommendations that can be taken forward to professionalise the EPC assessor industry. It also committed to working with Approved Organisations (AOs) to improve training and upskilling and to ensure that there is a sufficient pool of competent and skilled EPC assessors available in the market to handle any anticipated increases in the volumes of EPCs needed to be undertaken.

29. In terms of quality assurance, the Scottish Government has stated that it has commissioned an independent audit of all AOs, the results of which will help to inform the future Operational Framework.
30. AOs are responsible for overseeing EPC assessors, ensuring that they are fit and proper persons with adequate qualification, training, and experience, and for ensuring that the preparation and issuing of EPCs is carried out in a consistent, accurate and independent manner.
31. The [Scottish Government has stated that it will include exploring](#) continuous improvement in the discharge of the various functions under the Operational Framework: from reforms to the AO appointment process, to enhanced performance management arrangements. It will also consider what proactive measures can be taken to attract new applicants to become approved under the revised Operational Framework to ensure the market continues to remain competitive.
32. The Scottish Government aims to introduce enhanced auditing and inspections requirements including existing desk-based random sampling supplemented by some onsite inspections. This will also align with an updated [EU Energy Performance Buildings Directive in 2024](#).

### **Lodgement fees**

33. Lodgement fees form part of the current EPC Regulations and reflect the costs incurred in running the technical and operational functions of the regulatory system. This includes the cost of administering the EPC Register which is presently managed by the Energy Savings Trust on a not-for-profit basis.
34. Lodgement fees are paid by AOs when a certificate is lodged on the Register. AOs then charge this fee to assessors.
35. The Scottish Government issued [a technical consultation on the proposed changes to lodgement fees and penalty charges in March 2025](#). It proposing a small increase to the EPC lodgement fee which it estimated was needed to meet the cost of providing the following services to the users of the reformed EPC regulatory system. These services will be carried out by the Scottish Government:
  - New Register of Certificates;
  - New and updated Calculation Methodologies for generating domestic and non-domestic Certificates; and
  - New on-site Audit & Inspection of Certificates to ensure reliability and accuracy of assessors' work, and to drive up the quality of assessments for consumers.
36. The consultation proposed that EPC lodgement fees rise by £3.40 per certificate resulting in EPC lodgement fees of £6.00 for Domestic EPCs and £15.50 for Non-Domestic EPCs.

## Enforcement

37. Under Regulation 17 of [The Energy Performance of Buildings \(Scotland\) Regulations 2008](#) local authorities can issue penalty charges if a property owner fails to provide a valid EPC when selling or letting a property. The penalty charges are £500 for domestic properties and £1,000 for other types of buildings.
38. [The Scottish Government's consultation noted](#) that it had “engaged with local authorities who have advised that they have rarely, if ever, used these powers in the 16 years that the existing Regulations have been in force.”
39. The [Scottish Government consultation](#) did not propose to change local authorities' powers to enforce the new Regulations. The technical consultation sought views on what the appropriate level of penalty charges should be under the regulations and noted that the government would review the penalty charge level within two years of the new Regulations coming into force to ensure they remain appropriate. It is not yet clear what decision has been made on this matter.

## Implementation plans

40. [The Scottish Government's response to the consultation set](#) out its anticipated implementation plans:

“We intend to lay regulations during 2025 to bring these changes into force in 2026. This timetable will give time for the assessor market and those in the property letting and conveyancing sectors to prepare for these changes. We have listened to stakeholders' calls for the introduction of the UK Home Energy Model to be used as the basis for reformed Domestic EPCs, and so the final date on which the regulations come into force will be dependent on when HEM becomes available. We are liaising closely with the UK Government on this issue and anticipate regulations coming into force in the second half of 2026.”

## Requirements of building owners to meet certain EPC ratings

41. Currently, there are no requirements for any building owner to make sure their building meets a specified EPC rating.
42. [The Scottish Government has consulted on introducing regulatory requirements for private landlords](#) that would require all private rented homes to meet an EPC Heat Retention Rating (i.e., performance of the building's fabric) of band C by 2028 for new tenancies and by 2033 for all tenancies.
43. The consultation paper set out the Scottish Government's anticipated timetable with regulations planned to be laid in the parliament in early 2026 and coming into force in 2028.
44. It is expected that the anticipated bill on heat in buildings will introduce a framework for regulations to ensure that owners meet certain minimum energy efficiency standards. However, it is not yet clear what this might mean for owner

occupiers in the future. There is a similar lack of clarity around any requirements in the new Social Housing Net Zero Standard.

**Heat and Energy Efficiency Technical Suitability Assessment (HEETSA):  
scoping consultation**

45. [The Scottish Government's response to the EPC Reform consultation](#) set out that:

“Many stakeholders have criticised the limits of EPCs as being inappropriate when determining which measures are suitable (or unsuitable) for buildings which are 10 more technically complex or harder-to-decarbonise such as traditional and protected buildings or tenements.

46. We therefore proposed that EPCs act only as basic evidence to support compliance with mandatory standards, and to provide an initial signpost towards more detailed assessment and technical advice where needed.

47. Hence, we proposed to develop an additional form of assessment beyond the EPC – a Heat & Energy Efficiency Technical Suitability Assessment (HEETSA). This could be used to evidence flexibility needed for such buildings to comply– i.e. for exemptions or variations to mandatory standards – and to ensure that any measures installed are technically suitable.”

48. [In June 2025, the Scottish Government launched a scoping consultation on plans for a HEESTA.](#)

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**17 September 2025**

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

## Annexe B

### Submission from the Scottish Association of Landlords

#### Energy Performance Certificate (EPC) System Reforms

Scottish Association of Landlords (SAL)

Date: Tuesday 30 September 2025

## Introduction

The Scottish Government has indicated its intention to lay regulations before Parliament in 2025 to reform the Energy Performance Certificate (EPC) system for buildings in Scotland. As the representative body for landlords and letting agents across Scotland's private rented sector (PRS), the Scottish Association of Landlords (SAL) supports reforms that help improve energy efficiency and reduce emissions, but we also seek to ensure that changes are proportionate and workable in practice.

This paper outlines SAL's response to the key proposals.

## SAL Position on Proposed Changes

### 1. New EPC Rating System for Domestic Buildings

SAL **welcomes** the proposal to revise the EPC rating system to provide clearer information on:

- Fabric energy efficiency
- Emissions, efficiency, and running costs of heating systems
- Energy costs under standardised conditions

We believe this approach will better support landlords in reducing emissions and help tenants understand likely energy costs.

### 2. New EPC Rating System for Non-Domestic Buildings

**Not applicable** to SAL's membership.

### 3. Redesigned EPC Certificate

SAL **supports** the planned redesign of the EPC certificate. Early proposals suggest a more user-friendly format with content that is more relevant to forthcoming PRS Minimum Energy Efficiency Standards (MEES).

We welcome the planned second phase of user testing prior to the introduction of new regulations.

#### 4. Reduction of EPC Validity from 10 Years to 5 Years

SAL has **serious concerns** about this proposal.

- It will increase costs for landlords without delivering significant additional value.
- The energy efficiency of most properties will not materially change within five years, unless improvement work is undertaken to comply with MEES.
- A **more proportionate approach** would be:
  - Require a new EPC at the first letting following the MEES compliance date
  - Retain the 10-year validity period thereafter

#### 5. New Dynamic EPC User Interface

SAL supports the development of a dynamic user interface but **seeks clarity** on its design and functionality.

We have **long called for**:

- **Access to full EPC data:** Currently, the certificate shows only a small portion of the data input by assessors. Without full transparency, landlords cannot verify accuracy. Even minor errors can significantly affect the EPC rating and result in unnecessary expenditure to meet MEES.
- **Notification system for EPC updates:** Landlords should be able to register to receive alerts when a new EPC is lodged for their property. Some members have experienced situations where a new EPC, commissioned by a tenant or contractor, overrides the previous EPC without the landlord's knowledge—leading to accidental non-compliance or misinformation being passed to prospective tenants.

#### 6. Strengthened Operational Governance for EPC Assessors

SAL **strongly supports** this measure.

We have consistently raised concerns about the **quality and consistency** of EPC assessments. Inaccuracies in EPCs are common and can result in landlords being required to make costly improvements unnecessarily. Enhanced oversight and quality assurance will benefit consumers and property owners alike.

#### 7. Introduction of the UK Home Energy Model (HEM) and New EPC Register

SAL **welcomes** the transition to the UK-wide **Home Energy Model (HEM)** and a new EPC register.

- We understand this will improve EPC accuracy and alignment with PRS MEES requirements.

- However, we stress the need for a **minimum lead-in time of two years** between the introduction of HEM/revised EPCs and the implementation of PRS MEES.

This timeframe is necessary to allow landlords to:

- Plan and fund improvements
- Minimise disruption to tenants
- Ensure proper installation of energy efficiency measures
- Manage property voids and maintain rental income

## Conclusion

SAL supports the broad direction of EPC reform, particularly efforts to improve accuracy, transparency, and relevance to PRS MEES. However, the reduction of EPC validity to five years risks imposing unnecessary costs on landlords and could undermine support for the wider decarbonisation agenda.

We urge the Committee and the Scottish Government to:

- Take a proportionate, evidence-based approach
- Prioritise transparency, accuracy, and user functionality in the new system
- Provide sufficient lead-in time for all future requirements

We look forward to continuing our engagement with Parliament and officials to ensure reforms are effective, fair, and deliverable.