

# Report of the Strategic Director, Place to the meeting of Regeneration and Environment Overview and Scrutiny Committee to be held on 10 March 2020

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**Subject:**

**ENERGY EFFICIENCY IN THE PRIVATE RENTED SECTOR IN THE BRADFORD  
DISTRICT**

**Summary statement:**

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**Portfolio:**

**Regeneration, Housing, Planning &  
Transport and Environment/Sport and  
Culture**

**Overview & Scrutiny Area:**

**Regeneration and Environment**

## 1. SUMMARY

This report provides an update for members on energy efficiency in the private rented sector in the Bradford district, please note this report does not cover Social Housing or owner occupied properties.

## 2. BACKGROUND

2.1 The Regeneration and Environment Overview and Scrutiny Committee considered a report on energy efficiency in the private rented sector on 26<sup>th</sup> March 2019. At that meeting members requested that a further update report be presented to the Committee after a further 12 months.

2.2 Fuel poverty remains a significant issue in the Bradford Metropolitan District. The latest figures available from the Department for Business, Energy and Industrial Strategy (BEIS) show that 13.5% of households (37,767) in the Bradford District were in fuel poverty in 2017, which is higher than the national average of 10.9% and the average in the Yorkshire & Humber region of 10.6%. Bradford has the highest levels of fuel poverty in both the Leeds City Region and the Yorkshire & Humber region. Bradford has a relatively high level of fuel poverty due to the high level of deprivation in parts of the District, low household incomes and the poor quality of the dwelling stock. Whilst there are no statistics available specifically for the Bradford district, we know that the highest rates of fuel poverty are in the private rented sector. The latest national figures from BEIS show that 19.4% of households living in privately rented accommodation in 2017 were in fuel poverty, much higher than the social rented sector (11.3%) and for owner occupiers (8.0%).

2.3 In 2015 the Council commissioned a Stock Modeling assessment of housing conditions in the district. Conducted by the Building Research Establishment, the findings indicate that:

- The importance of the private rented sector in the district has grown significantly from 11% of housing (22,200 dwellings) in 2007 to 18% of housing (39,382 dwellings) in 2015
- 11% (4,452) of private rented dwellings have an Energy Performance Certificate (EPC) rating below Band E
- Fuel poverty affects 15% in the owner occupied sector, 28% in the private rented sector and 18% in social rented (using the old 10% income definition of fuel poverty)
- The highest concentration of fuel poverty is found in the City, Manningham and Bowling and Barkerend Wards.

A comparison with the results from the previous Stock Condition Survey undertaken in 2007 indicates that there has been a slight improvement in property conditions, but that there are still significant issues with property condition in the private sector and, in particular, the private rented sector.

The importance of addressing these poor conditions in order to create a good quality private rented sector for the District is recognised as a priority in the Council's "A place to call home, a place to thrive, Housing Strategy for the Bradford District 2020-2030".

- 2.4 Bradford has a good record of taking advantage of available funding to improve the energy efficiency of properties in the district. This has meant that most of the 'traditional' build dwellings in the district have benefitted from cost effective 'standard' loft and cavity wall insulation measures. This means that the main issue in the Bradford District is now insulating the remaining 'hard to treat' stock in the district. This issue is intensified as the areas with the highest levels of fuel poverty are concentrated in the inner-city and former social housing estates where these types of dwelling stock are prevalent. However, it has proven difficult to ensure that tenants in private rented housing benefit from these schemes to the same extent as owner occupiers.
- 2.5 The Energy Efficiency (Private Rented Property) Regulations 2015 (the Regulations) will apply to all tenancies from April 1st 2020. Under the Minimum Energy Efficiency Standards (MEES) Regulations, there is a requirement for any properties rented out in the private rented sector to normally have a minimum energy performance rating of 'E' on an Energy Performance Certificate (EPC). Enforcement of the MEES Regulations in the Bradford District will be overseen by the Housing Operations Service (please see Section 2.8 below).
- 2.6 Under the Regulations residential landlords will be required to pay up to £3,500 (inclusive of VAT) per property to bring their properties up to an EPC rating of E. This maximum amount or "cap" is inclusive of any third party funding obtained by residential landlords, including local authority grants, meaning that for those who receive such third party funding, the maximum amount they need to contribute themselves may be significantly less than £3,500.

Where the cost of works to achieve an EPC rating of E will exceed £3,500 a landlord can apply to the Government for an exemption.

- 2.7 Under the Regulations there are a number of offences which range from an offence of registering any false or misleading information on the Private Rented Sector Exemptions Register to renting out a property with an EPC rating below 'E' for varying periods of time.

In line with the Regulations the Council can impose financial penalties or fines for the various offences. There is a maximum level of penalty of £5,000 that applies to each property.

- 2.8 Housing Operations Service Officers often work with colleagues across West Yorkshire to agree a consistent approach across the sub region with regard to the enforcement approach to new legislation. This is important due to the fact that property owners often operate across local authority boundaries. This approach is being used to develop and agree an approach to the enforcement of MEES.

### **3. OTHER CONSIDERATIONS**

- 3.1 Research from the Energy Saving Trust in 2013 found that tenants in private rented housing are the least likely to benefit from the uptake of energy efficient, money saving upgrades to their homes through the Energy Company Obligation (ECO) scheme and various other initiatives that have operated over the past 14 years. This has also been the experience locally where it has been

difficult to get uptake from the private rented sector for various energy related initiatives, especially where a customer contribution is required. A reason for this may be because it is unclear who the main beneficiary of the work is, i.e. is it the tenant who benefits from lower bills or the landlord whose property is improved.

- 3.2 It can be difficult for private landlords to establish a business case to justify investing in stock at the lower end of the PRS market, as it tends to provide low yield rents and any energy efficiency improvements in the property are unlikely to attract a higher rent or significantly increase the potential sale value. This is likely to be an issue in some parts of the Bradford District where there are the most significant levels of fuel poverty.
- 3.3 Any initiatives to improve the energy efficiency of the private rented stock in the district above the minimum required to meet the Housing Health and Safety Rating system (HHSRS) standard would need to provide an offer to private landlords that would be attractive enough to encourage them to invest, even in low yield properties. This would require significant funding to be identified. Any potential bid for funding from external bodies (such as the Warm Homes Fund) would require match funding.
- 3.4 There is an information page on the Council's "Stay Connected" service. This is used to provide information and updates for landlords and tenants on a range of issues including new legal responsibilities and available initiatives (link: <https://www.bradford.gov.uk/contact-us/email-alerts/stay-connected-sign-up-for-email-alerts/>).
- 3.5 Officers from the Housing Service have worked on a regional basis to develop an Energy Repayment Loan (ERL) for owner occupiers to enable them to access energy efficiency schemes. These loans will be delivered by the Empty Homes and Loans Service within the Housing Operations service at Bradford.
- 3.6 A similar product aimed at landlords has been developed on a regional basis. Officers are working proactively with the Regional Homes and Loans service to identify a funding source to deliver loans to this user group. The delivery of any scheme targeted at rented properties would need to be implemented carefully to ensure that it could be delivered effectively alongside the Council's other housing enforcement responsibilities.

## **4 FINANCIAL & RESOURCE APPRAISAL**

- 4.1 Additional resources will not be made available from central Government to implement the new and proposed statutory responsibilities. The Council can however retain any income generated from civil penalty notices that are paid provided that it is used to further the Local Authority's statutory functions in relation to their enforcement activities covering the private rented sector.

## **5 RISK MANAGEMENT AND GOVERNANCE ISSUES**

No significant risks have been identified.

## **6 LEGAL APPRAISAL**

The previous issue regarding who the enforcing authority will be for domestic premises under the guidance issued by the Department for Business, Energy and Industrial Strategy (BEIS) has now been resolved.

## **7 OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

The improvement of housing conditions in the District will have a positive impact on those groups and individuals who suffer multiple disadvantages associated with poor quality and inadequate housing.

### **7.2 SUSTAINABILITY IMPLICATIONS**

The interventions that the Council takes to improve the quality of the private rented stock will help to create a more sustainable housing stock for the district.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

Any work done to a domestic property to improve its energy efficiency is likely to have the effect of reducing the domestic carbon emissions of that property (in addition to reducing the household's heating bills). This will contribute to meeting the District's Greenhouse Gas Emissions targets.

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

None

### **7.5 HUMAN RIGHTS ACT**

No implications under the Human Rights Act have been identified.

### **7.6 TRADE UNION**

No Trade Union implications have been identified.

### **7.7 WARD IMPLICATIONS**

While Housing Standards work is largely reactive and covers the whole District, work funded externally (such as by energy companies via the ECO scheme) will consider operational reasons as well as the requirements of the funder to determine the areas where works would be targeted.

### **7.8 IMPLICATIONS FOR CORPORATE PARENTING**

None

## **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

A Privacy Impact Assessment would be carried out if any initiative was to be identified to improve energy efficiency in the private rented sector.

## **8 NOT FOR PUBLICATION DOCUMENTS**

None

## **9 OPTIONS**

- 9.1 Option 1 – that the Committee considers the report.
- 9.2 Option 2 – that the Committee notes the report and request a further update on energy efficiency in the private rented sector in a further 12 months.

## **10 RECOMMENDATIONS**

- 10.1 That the report is noted and a further update on energy efficiency in the private rented sector be presented in twelve months time.

## **11 APPENDICES**

None

## **12 BACKGROUND DOCUMENTS**

None