

HOME INFORMATION PACKS IMPLEMENTATION UPDATE 11 JUNE 2007

Introduction

1. Today (Monday 11 June 2007) the Government is taking the next step in the implementation of home information packs (HIPs), by introducing new regulations to Parliament.
2. As the Secretary of State for Communities and Local Government outlined to Parliament on 22 May 2007, the Government intends to introduce home information packs in England and Wales on 1 August 2007 on a phased basis, starting with homes with 4 or more bedrooms. The regulations being tabled today and the accompanying commencement order set that process in motion.

Regulations

3. Two sets of regulations are being laid before Parliament:
 - **revised Home Information Pack regulations.** These replace the regulations laid before Parliament in March. The revised regulations implement the HIPs scheme in line with the announcements made on 22 May.
 - **regulations to make amendments to the Energy Performance of Buildings Directive regulations,** which are already in force. These amendments are intended to ensure the smooth implementation of the Directive in line with the new HIPs regulations.
4. Further detail on the purpose and effect of the regulations is attached at Annex A.

Phased roll out of home information packs

5. The requirement to have a home information pack, including an energy performance certificate (EPC), when a home is marketed will be rolled out in phases, according to the size of the property, measured by the number of bedrooms.
6. It is envisaged that there will be three phases of implementation of HIPs:
 - homes with 4 or more bedrooms
 - homes with 3 bedrooms
 - all other homes

7. Each phase will be activated by a commencement order. The first order, which has now been made, requires all homes marketed with 4 or more bedrooms on or after 1 August to have a home information pack.
8. Further commencement orders will be made for subsequent phases. The criteria to be used for rolling out the next phases of HIPs implementation will be:
 - a) whether sufficient home inspectors (HIs) and domestic energy assessors (DEAs) have been certificated or accredited to meet demand;
 - b) whether the regional distribution of HIs and DEAs will ensure an adequate supply of EPCs; and
 - c) in assessing a) and b), taking account of the lessons learned from the operation of HIPs.
9. We expect that in order to meet the three criteria for 3-bedroom homes it will be necessary to have 2000 HIs and DEAs in place. Based on current evidence, to cover the whole market, we would expect to need a total of 3000 HIs and DEAs in place. We believe these are prudent figures that will ensure the smoothest possible transition in the market.
10. Communities and Local Government will publish on the Home Information Pack website (www.homeinformationpacks.gov.uk) the national numbers of inspectors and assessors who are certificated or accredited on a regular basis.
11. Any property on the market before 1 August 2007 will not need to produce a HIP. However, a date will be set when all properties that remain on the market will be required to have a HIP. We will set this date in the light of market conditions as HIPs bed in.

Industry commitment to provision of inspections and assessments

12. We welcome the commitment from some of the largest pack providers that, should there be difficulty in obtaining a HIP for any property anywhere in England or Wales, they will guarantee to provide a pack within 7 working days at their advertised national rate. These HIP providers have offered that if they fail to achieve the 7-day target, they will provide a refund of £100. The Association of HIP Providers will offer a helpline from which sellers or other responsible persons can order a HIP. The Association will then operate a clearing-house system to allocate work across their membership.

Provision of free energy performance certificates

13. In order to support and inform the roll-out of EPCs and to provide ongoing opportunities for estate agents and HIP providers to improve and refine their HIP and EPC processes, we will provide £100+VAT towards the cost of each of 5000 subsidised EPCs in HIPs purchased

prior to 1 August on a voluntary basis. This will also allow earlier opportunities for carbon savings to be made. We will publish further details on the home information pack website.

Consultation on energy performance certificates

14. The Department will carry out a full public consultation this summer on the issue of what, in the longer term, the maximum age of an EPC within a HIP should be when a property is first marketed. This consultation, and the publication of an accompanying impact assessment, is in line with the agreement reached with the Royal Institution of Chartered Surveyors following the latter's application for a judicial review on 15 May 2007.
15. These plans will not affect the start of the implementation of home information packs and EPCs on 1 August 2007 and subsequent phased roll-out.

Ensuring the quality of home information packs

16. The qualifications and quality of work undertaken by energy assessors is proactively monitored by approved accreditation schemes. A similar framework of certification operates for home inspectors undertaking Home Condition Reports (HCRs). Schemes monitor the accuracy of the EPCs or HCRs and also the professional conduct of members. All energy assessors must be a member of a scheme in order to operate in the marketplace.
17. From 1 August, any estate agent in England and Wales marketing a home with a home information pack (HIP) will be required to belong to an approved redress scheme for HIP-related complaints. The Department of Trade and Industry (DTI), who have responsibility for estate agents, will introduce this requirement in time for and to coincide with the introduction of HIPs on 1 August.
18. Most of the other bodies involved in the home buying and selling process - for example, solicitors and licensed conveyancers - are already members of redress schemes through their professions. All accreditation and certification schemes for DEAs and HIs respectively are required to have robust complaints and redress handling procedures. In addition there are voluntary redress schemes to which most major HIP providers and private search companies belong.

Pilot schemes for social housing

19. We are inviting local authorities and registered social landlords to participate in a pilot scheme to produce EPCs for their social housing stock. This will enable lessons to be learned on applying the energy assessment process to this sector and to be fed into implementation plans and best practice guidance for the introduction of EPCs in the social housing sector in October 2008. This will also ensure that the benefits of HIPs and EPCs are realised as soon as possible and are

spread beyond owner-occupied housing, using the over 1000 HIs and DEAs who are already certificated or accredited. Details of the local authorities who are piloting the roll out of EPCs for their social housing stock will be published on the home information packs website.

Home inspectors and domestic energy assessors

20. We also need to ensure that further inspectors and assessors are trained and accredited so as to ensure the effective roll-out of HIPs across all property types. We welcome the incentives being offered by the industry to encourage the training and accreditation or certification of more assessors and inspectors, by subsidising costs or rewarding successful accreditation or certification. The Department is working closely with training providers and accreditation bodies to ensure that any remaining blockages to the speedy accreditation of inspectors and assessors are removed.

The housing market

21. Independent economic analysis conducted for the Department suggests that any impact on the volume of properties marketed for sale as consumers adjust to the new duties is likely to be both small and transitory compared with normal fluctuations in listings. The analysis is being updated to reflect changes to the implementation timetable, as announced on 22 May 2007 and will be published in due course.
22. In the medium term, as home information packs improve transparency and increase competition, making home buying and selling a quicker, more certain and less daunting experience, the operation of the market should improve.

Evaluating how home information packs are working

23. The Government will carry out an assessment of how well HIPs are working by the end of the year to determine what action, if any, is necessary to maximise reduction of carbon emissions and ensure that market-led transformation moves forward as quickly as possible. This assessment will be informed by experience of roll-out since 1 August, results of consultation on EPCs; and the results of the area trials, which are looking particularly at the impact of Home Condition Reports.

Communities and Local Government

11 June 2007

ANNEX A: Purpose and effect of the revised regulations in accordance with the statement of 22 May

The following changes are included in the regulations being tabled today:

- a. **ensuring properties marketed between 1 June and 31 July do not need a HIP on 1 August**, as a result of the change of the start date for HIPs.
- b. **freedom to market without a HIP until an EPC can be obtained - the “First Day Marketing” principle**. The new regulations make it possible for a limited period for a home to be marketed in advance of getting an Energy Performance Certificate, although the seller has an obligation to obtain one as soon as possible, and certainly by the time of exchange of contracts. The “First Day Marketing” will cease at the end of 2007.
- c. **removal of requirement to produce an Interim Energy Assessment** on properties built to Part L of the Buildings Regulations 2006. As part of the phased roll out of HIPs, properties built to Part L 2006 will be introduced as a separate group in due course. There will therefore be no need for Interim Energy Assessments as full EPCs will be available from the date when HIPs are required for these properties.
- d. **obligation to include “fridge rating” charts for energy efficiency and environmental impact in estate agents’ particulars** to apply as soon as an EPC becomes available, until the end of the “First Day Marketing” period.
- e. **maximum age of EPC** when a property is put on the market to be extended from 3 to 12 months, pending the results of a consultation to be conducted during the summer. EPCs go beyond providing simple ratings, by suggesting cost effective actions designed to improved the energy performance and carbon footprint (and rating) of a property. To ensure these are credible, up-to-date information is required on current technology and techniques, together with average energy costs.