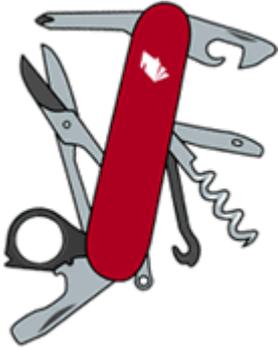


Be prepared

Home Information Packs
are mandatory from
1 June 2007



PROGRESS

an industry update on Home Information Packs

Issue 12 : 4 May 2007

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In this Issue

House of Lords Merits Committee — CLG's formal response
Procedural guidance

House of Lords Merits Committee — CLG's formal response

As trailed in **PROGRESS** Issue 11; on 4 May 2007, CLG sent their formal response to the House of Lords Merits Committee. Please see below the letter from Baroness Andrews to Lord Filkin.

Baroness Andrews OBE
*Parliamentary Under Secretary of
State*

**Department for Communities
and Local Government**

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4 May 2007

Lord Filkin
House of Lords
Westminster
London
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HOME INFORMATION PACKS AND THE ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE

The Government is grateful to the Merits Committee for its consideration of the Home Information Pack regulations and the regulations giving effect to the European Directive on the Energy Performance of Buildings. I thought it might be helpful if I wrote to you summarising the Government's position.

The purpose of these regulations is two fold:

- to improve the home buying and selling process for consumers by improving the flow of timely information; and,
- to improve sustainability by reducing carbon emissions

In terms of the first objective, the evidence of inefficiency and market failure within the home buying and selling market is clear: the average transaction takes over 6 months and is slower today than ten years ago; one in four transactions fails between an offer being made and contracts being exchanged; costs of £1000 or more can be wasted if solicitors and surveyors have been instructed. The market has not benefited from improvements in efficiency and reduction in cost in the way other markets have. Home buying and selling could benefit from greater transparency and competition to improve efficiency and services for the consumer.

The Government believes that HIPs, which bring together information consumers need to help them choose a home, will deliver immediate benefits to homebuyers and act as a catalyst for substantial, market-led change to provide a much better service to consumers. Initial results from the trials suggest that 77% of prospective sellers are satisfied with their HIPs.

In terms of the second objective, the Government is responding to the urgent need to reduce carbon emissions as swiftly as possible. Homes are responsible for 27% of carbon emissions. Energy performance certificates will for the first time provide buyers and sellers with clear information about the energy efficiency of homes and what can be done to cut both emissions and fuel bills. They can also be linked to grants and loans to help homebuyers more easily make improvements to their homes.

The Committee has reached two main conclusions:

i) that there will not be significant voluntary take-up of home condition reports, and that it is therefore questionable whether a mandatory HIP will have the impact the Government seeks.

The Government agrees that HIPs that include home condition reports (HCRs) will have considerable benefits, helping to minimise the risk that problems come to light at a late stage in the transaction and cause it to fail. That is why HIPs are being introduced to support the market-led rollout of HCRs. The committee will be aware that we did not believe it would be practical to introduce compulsory HCRs this June; however the area trials are continuing to look at the best way to promote the voluntary rollout of HCRs. We agree with the committee and with Which? that HCRs will play a valuable role, however we have taken a different practical approach to their rollout.

In addition, we also believe that HIPs without HCRs will still benefit consumers. They provide an important incentive to reform searches and address significant weaknesses in the information consumers currently have when they make a decision. It will provide a foundation on which the market can build and will introduce greater incentives for efficiency and competition in the production of information. We do not believe it will be possible to trigger market change including the rollout of HCRs with an entirely voluntary process. Previous attempts at voluntary change - for example a pilot scheme by the Law Society - have not delivered for consumers. Consumers deserve a better deal.

ii) that the Government has not presented enough evidence to justify what the Committee considers to be over-implementation of the Directive.

The Government believes strongly that climate change is important enough to justify going further than European requirements.

The evidence which justifies the actions we have taken to achieve more carbon savings is set out in detail in the RIA, which was agreed with the Better Regulation Executive. The Government's proposals will achieve more carbon savings and cost less than if we had simply replicated the provisions of the Directive.

Furthermore it has been a longstanding policy intention that a newly produced EPC is justified every time a home is bought and sold. This will act as a more effective incentive to improve energy efficiency and cut fuel costs than an EPC which might be as much as ten years out of date.

I am copying this letter to members of the Committee and to Baroness Hanham and Baroness Scott. A copy will also be placed in the Library of the House.

BARONESS ANDREWS

Procedural guidance — available shortly

The procedural guidance, to accompany the Home Information Pack Regulations 2007, will be published shortly. The guidance is intended to provide help on interpretation of the regulations and will be of particular interest to those who are directly involved in the production of the Home Information Packs. Click [here](#) to read the guidance.