Consultations on Scottish Government proposals: Energy Efficiency Standard for Social Housing (EESSH) & Sustainable Housing Strategy

July 2012
Introduction

Welcome to the eighth in a series of regular briefings prepared by the Housing Strategy team on the big issues concerning housing. These briefings will be shared with staff, tenants and elected members and keep everyone up to date with regards the ever changing policy context that we are operating within.

The Housing Strategy section is responsible for:-

- Supporting the development of a culture of continuous improvement in Housing services and to facilitate opportunities to excel;
- Developing and implementing effective strategies for Housing and Community Safety Services within West Dunbartonshire;
- Developing the Council’s housing strategy to ensure that it supports the delivery of our strategic priorities;
- Performance management within Housing and Community Safety services; and
- Promoting effective management and the involvement of tenants across all aspects of Housing Services.

For further information on Housing Strategy please telephone 01389 737889 or e-mail: housing.strategy@west-dunbarton.gov.uk
Background

The Scottish Government is currently consulting on two inter-linked proposals: Developing an Energy Efficiency Standard for Social Housing; and Homes that don’t cost the earth: A consultation on Scotland’s Sustainable Housing Strategy.

The former is a high level strategic document and the latter is a more detailed consultation on one of the constituent themes of the strategy. This briefing note summarises the main elements of both consultation papers but focuses in greater depth on the proposed Energy Efficiency Standard for Social Housing (EESSH).

Downloads:
Developing an Energy Efficiency Standard for Social Housing

Homes that don’t cost the earth: A consultation on Scotland’s Sustainable Housing Strategy

The deadline for responses to both consultation documents is 28 September 2012. Please send your comments to:

Sarah Ward, Housing Strategy: 01389 737152
sarah.ward@west-dunbarton.gov.uk
HOMES THAT DON’T COST THE EARTH: A CONSULTATION ON SCOTLAND’S SUSTAINABLE HOUSING STRATEGY

The Sustainable Housing Strategy sets out the Scottish Government’s vision for warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland.

The objectives of the strategy are to:

- Deliver a step change in the provision of energy efficient homes to 2030 through retrofit and new-build
- Ensure that no-one in Scotland has to live in fuel poverty as far as practicable by 2016
- Make a full contribution to the Climate Change Act targets
- Enable the refurbishment and house-building sectors to contribute to and benefit from Scotland’s low carbon economy and to drive Scotland’s future economic prosperity

The actions needed to achieve the objectives are set out in the strategy as five themes:

- A national retrofit programme to tackle fuel poverty
- Introducing standards to increase the uptake of energy efficiency measures
- Financial market transformation to create long-term change in perception among surveyors, lenders and consumers of the real value of low carbon, energy efficient homes
- New build market transformation to maximise the potential of the innovative design and construction techniques
- Skills and training

The ‘route map’ setting out the implementation of the strategy till 2030 is set out in table 1 on page 4.
### Table 1: Sustainable Housing Strategy Route Map to 2030 (adapted from original)

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Events</th>
</tr>
</thead>
</table>
| 2012 | Consultation on 2013 Building Standards  
Green Deal – ECO commences  
Warm Homes Fund Commences  
Microgeneration strategy in place  
Updated report on proposals & policies  
Heat mapping & District Heating loan scheme  
National Planning Framework 3 Participation Statement published |
| 2013 | Energy Efficiency Standard for Social Housing Launched  
Launch of National Retrofit Programme  
Revised new build energy standards within building regulations |
| 2014 | Independence Referendum |
| 2015 | Deadline for SHQS  
Statutory target for ECO to be met  
Earliest date for regulation of energy efficiency standards in private housing |
| 2016 | Deadline for Scotland’s Fuel Poverty targets to be met |
| 2017 | Updated report on policies and proposals |
| 2020 | Energy efficiency standard for social housing to be met  
RPP1 Homes & Communities milestones to be met  
Energy Efficiency Action Plan target: Scotland’s energy consumption to be 12% lower than in 2005-07 |
| 2022 | New energy obligation in place |
| 2027 | RPP2 Homes & Communities milestones to be met |
| 2030 | A step-change in provision of energy efficient homes with fuel poverty, emissions and energy targets met and a housing sector at the heart of Scotland’s low carbon economy |
DEVELOPING AN ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING

The aim of the proposed Energy Efficiency Standard for Social Housing (EESSH) is to further improve the energy efficiency of social housing in Scotland. The consultation proposes setting a minimum EPC rating (the Environmental Impact rating) which all social rented housing should meet by 2020. The rating will vary depending on the house type and source of fuel to heat the dwelling, so a mid-floor flat with gas central heating will be expected to reach a higher rating than an end-terrace house with electric storage heaters.

Why is a new energy efficiency standard for social housing necessary?

1. The Scottish Government believes that meeting the Scottish Housing Quality Standard (SHQS) in 2015 will make a significant contribution to meeting the Climate Change and Fuel Poverty targets but meeting the Standard cannot account for all the savings needed to meet these targets. A more demanding energy efficiency standard will ensure the necessary reductions in carbon emissions and more affordable energy.

2. Social landlords are well placed to act as pioneers for the housing sector because of their ability to plan and manage improvement programmes and offer economies of scale. This is attractive to energy companies seeking to fulfil existing obligations under the current CERT and CESP programmes (to be replaced in October 2012 by Green Deal and the Energy Company Obligation).

3. Social landlords also have a duty (as part of the Scottish Secure Tenancy Agreement) to ensure that their properties are “wind and watertight, habitable and in all other respects reasonably fit for human habitation”.

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1 The Climate Change (Scotland) Act 2009 requires the Scottish Government to set out how Scotland will meet target to reduce greenhouse gases from 1990 levels across all sectors by 42% by 2020 and 80% by 2050. Scottish Ministers have committed to ensure, so far as reasonably practical, that people are not living in fuel poverty 2016 (Scottish Fuel Poverty Statement, 2002)
Key Points

The proposed energy efficiency standard for social rented housing will be a minimum Energy Performance Certificate (EPC) rating (see table 2 on page 7). Two factors [the Environmental Impact (EI) rating and the Energy Efficient (EE) rating] are generated when the EPC process is run. The former is a measure of CO₂ emissions; the latter is based on energy costs associated with the energy delivered to the dwelling to provide heating, ventilation, and lighting. The Scottish Government is proposing that the standard will be based on the EI element and that a minimum EI rating will be established for broad categories of similar house types.

The EI is assessed by calculating the CO₂ emissions per m² of floor area. The amount of emissions is converted to a rating scale of 1-100 with a rating of 1 meaning large amounts of emissions per m² and 100 meaning zero emissions.

The standard refers only to properties that are heated by gas or electricity. Dwellings heated by oil, solid fuel, or LPG are not likely to reach the higher standards of energy efficiency without a change in fuel source. The Scottish Government is considering whether all homes heated by these fuel sources should be converted to a renewable heating system by 2030.

The government is proposing that the standard includes a duty on social landlords to encourage tenants to reduce their energy consumption using a variety of interventions such as a basic advice to more detailed education and support about how to use any energy efficient technologies installed in the property.

The new standard will be finalized during the end of 2012 with the first milestone being 2020.

The energy efficiency standard will form part of the next charter and will be included in future annual monitoring returns to the SHR. This is not likely to take place till 2017-18 at the earliest.
Table 2: The proposed standard for gas and electrically heated dwellings for 2020 (adapted from tables in consultation document)

<table>
<thead>
<tr>
<th>Broad type of property (gas heated)</th>
<th>Minimum EPC (EI) rating</th>
<th>Broad type of property (electrically heated)</th>
<th>Minimum EPC (EI) rating - the standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top floor flat</td>
<td>C (70)</td>
<td>Top floor flat</td>
<td>D (60)</td>
</tr>
<tr>
<td>Mid floor flat</td>
<td>C (80)</td>
<td>Mid floor flat</td>
<td>C (70)</td>
</tr>
<tr>
<td>Ground floor flat</td>
<td>D (65)</td>
<td>Ground floor flat</td>
<td>E (50)</td>
</tr>
<tr>
<td>Mid-terraced house</td>
<td>C (70)</td>
<td>Mid-terraced house</td>
<td>D (55)</td>
</tr>
<tr>
<td>End terrace/semi-detached</td>
<td>D (65)</td>
<td>End terrace/semi-detached</td>
<td>E (50)</td>
</tr>
<tr>
<td>Four in a block – lower</td>
<td>D (60)</td>
<td>Four in a block – lower</td>
<td>E (50)</td>
</tr>
<tr>
<td>Four in a block – upper</td>
<td>D (60)</td>
<td>Four in a block – upper</td>
<td>D (55)</td>
</tr>
<tr>
<td>Detached bungalow</td>
<td>D (55)</td>
<td>Detached bungalow</td>
<td>E (50)</td>
</tr>
</tbody>
</table>

There is acknowledgement of the additional cost that may be involved in implementing the standard. There are no new sources of grant funding but there are a variety of loan funds available and schemes that offer lower tariffs for those who switch to renewable energy sources. The ones available to the Council are in the text box over the page.
**Funding Sources**

**Scottish Government:**

Climate Challenge Fund: 2008-2015. This fund can support eligible projects which promote increased take up of energy efficiency measures across all housing types.

**UK Government Funding:**

Energy Company Obligation & Green Deal. These streams will be introduced towards the end of 2012 to replace CERT and CESP. Green deal will allow householders to make improvements to their homes with no upfront capital costs – costs are met through savings on the electricity bills. This is available to households in all tenures.

**European Funding:**

SPRUCE (Scottish Partnership for Regeneration in Urban Centres). This is one stream of the JESSICA programme and includes up to £15m which can be invested in energy efficient retrofit projects. West Dunbartonshire Council is one of 13 eligible local authorities. SPRUCE may be able to offer loans on more favourable terms than the PWLB.

**Feed in tariffs:** Delivered by energy providers, these generate savings on energy bills as households will be generating their own electricity.
What it means for West Dunbartonshire Council

The Scottish Government has put the housing sector at the heart of Scotland’s low carbon economy and expects to achieve a wide variety of outcomes ranging from affordable warmth for all households through to boosting the nation’s economy through the creation of jobs and expansion of the energy efficiency ‘industry’.

The development of the EESSH sends out the clear signal that achieving greater levels of energy efficiency has to be one of the strategic priorities for the Council as a landlord and it could be argued that energy efficiency becomes one of the main drivers for investment. The long term nature of the Scottish Government’s Sustainable Housing Strategy means that the Council should consider developing a long term asset management strategy for its housing stock.

There may be additional staff resources or training required if the standard includes a duty on social landlords to encourage tenants to reduce their energy consumption.

More Information

More information is available on these significant consultation documents, and a further briefing note will be issued outlining our consultation response:

Developing an Energy Efficiency Standard for Social Housing

Homes that don’t cost the earth: A consultation on Scotland’s Sustainable Housing Strategy

For further information contact:
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