



EDINBURGH TENANTS
FEDERATION

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Edinburgh's Federation of Tenants' and Residents' Associations

'Energy Efficiency Standard for Social Housing post-2020 (EESH2)

ETF Members' Briefing Paper

July 2018

1.0 Introduction

Edinburgh Tenants Federation (ETF) has produced this Briefing Paper on The Energy Efficiency Standard for Social Housing post 2020 (EESH2). The



consultation can be accessed from the Scottish Government's website, but the direct link is below:

Discussion paper

https://consult.gov.scot/++preview++/better-homes-division/social-housing-post-2020/user_uploads/00534991.pdf.

2.0 Background

The Energy Efficiency Standard for Social Housing was introduced by the Scottish Government in March 2014 with the aim to encourage landlords to improve the energy efficiency of social housing in Scotland by 2020. EESH2 aims to help improve the energy efficiency of social housing, support reduction in carbon emissions, reduce fuel poverty, increase affordability of fuel costs and improve comfort for tenants. The Scottish Government states, "We recognises that all tenants want to live in good quality, warm, low carbon homes. Improved energy efficiency has a major part to play in achieving this goal". Research suggests that the majority of landlords are set to meet the EESH2 targets.




Since April 2015, social housing should meet the Scottish Housing Quality Standard (which includes minimum levels of insulation and efficient heating). The Scottish Government is now consulting on plans for EESH2 which considers new targets for post 2020.

In March 2017, the EESH2 Review Group was established to consider future energy efficiency milestones. This Group informed proposals for activity post 2020, including setting future EESH2 targets, contained within the **Consultation on the Energy Efficiency Standard for Social Housing post-2020 (EESH2)**. The consultation plays a crucial part in the Energy Efficient Scotland programme, through its vision to make Scotland's homes and buildings warmer, greener and more efficient.

EESH2 Review

- Phase 1 completed in October 2017, assessing progress and updating Guidance:

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- Interaction between EESSH and SHQS;
 - Expanded list of reasonable measures;
 - Data on progress to help inform investment;
 - Funding streams;
 - New exemption categories;
 - Summary of Charter indicators for EESSH.
- Phase 2 considered milestones and activity post-2020, with sub-Groups to consider:
 - Level and measurement of EESSH2;
 - Funding and costs;
 - Health implications (both tenants and building fabric); and
 - Innovative technology.

Phase 2 will be complete following conclusion of consultation and confirmation of outcomes insert.

3.0 Setting the Scene

It is a legal requirement for all homes to have an energy performance certificate or (epc). New build homes tend to have high epc ratings, while older homes tend to have lower ratings of around D or E.

The current milestone for EESSH 2020 is to meet a minimum standard for energy efficiency for all social homes. The Scottish Government is proposing future activity for EESSH2 as follows:

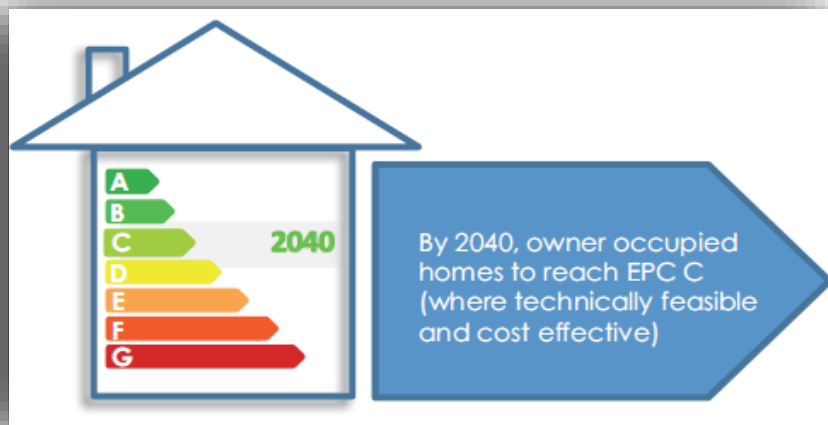
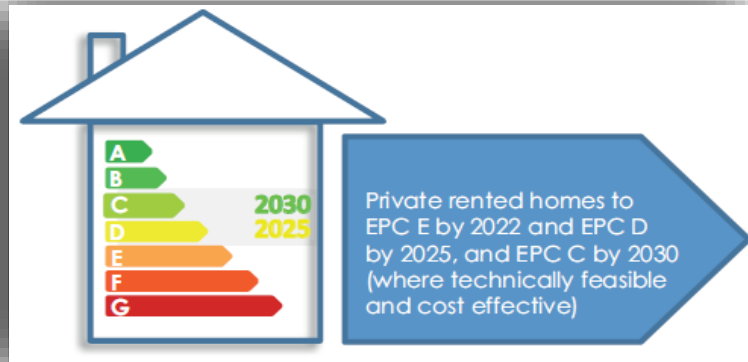
- A target to maximise the number of social rented homes meeting an EPC B by 2032;
- The EESSH2 milestone to include air quality and environmental impact requirements (from 2025);
- A floor of EPC D as the minimum energy efficiency standard for a house to be let, subject to limited temporary exemptions and when this standard should come into force;
- A vision for 2040 for social housing's contribution to realising the Scottish Government's fuel poverty, energy efficiency and climate challenge ambitions;
- A review of EESH in 2025 to assess progress and confirm any additional requirements of the 2032 milestone or 2040 vision.

The EESSH and EESSH 2 targets for energy efficiency in social housing are part of a bigger picture of Scottish Government's energy efficiency promotion. The Energy Efficient Scotland Programme will improve energy efficiency and promote low carbon heating in Scotland's homes and buildings. A link to more information is available in the final 'more information' section of this briefing.

- **Domestic Sector:** by 2040 all Scottish homes to achieve an EPC C. This will be phased differently across tenures:
- **Social Housing:** EESSH2
- **Private Rented Sector:** EPC E by 2022, EPC D by 2025, and proposing EPC C by 2030 (tech feasible and cost effective)
- **Owner-Occupied:** EPC C by 2040
- **Fuel poverty:** EPC C by 2030 and EPC B by 2040

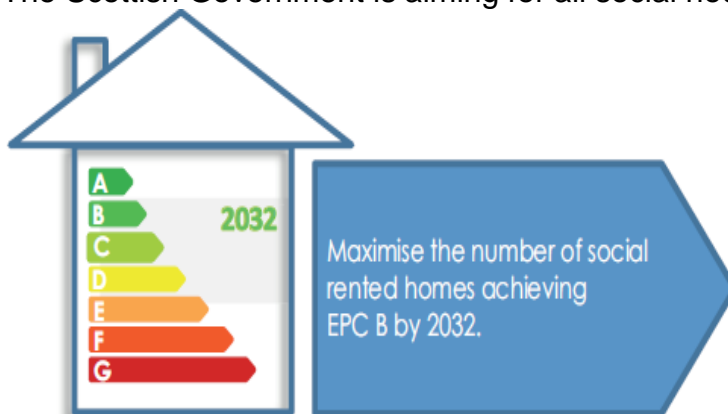
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- **Non-Domestic Sector:** buildings will be assessed and improved by 2040.



4.0 Context for the Review

Households that are living in, or vulnerable to, fuel poverty spend a larger proportion of their income on fuel bills. Improving energy efficiency is one of the most sustainable ways to lift households out of fuel poverty. It saves money on fuel bills year after year as well as helping to protect against future changes in fuel prices. The Scottish Government is aiming for all social housing to meet EPC B by 2032.

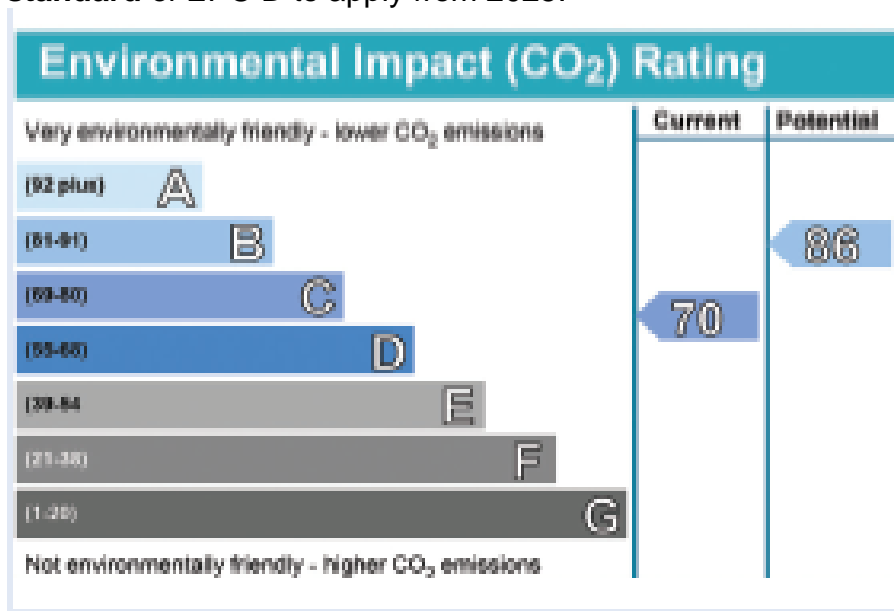


The Scottish Government recognises the challenges in meeting this standard for all property and fuel types, and so are proposing a lower target of EPC, which reflects the difficulties of improving detached homes and houses reliant on some fuel types (e.g. oil and solid fuel). However, it is important to note that on the basis of current stock estimates these properties account for only 6% of social housing.

The Scottish Government notes that the 2032 milestone will be challenging to meet, achieving it will depend on funding streams to support the necessary works and because there is also a practical limit to how much improvement is possible in some cases.

A review of the new EESSH2 Standard is proposed for 2025. This will involve:

- Assess progress towards meeting the new standard;
- Consider further requirements of 2032 milestone, including. **air quality** and **environmental impact** elements.
- EESSH2 is an aspirational target and therefore proposing a **minimum standard** of EPC D to apply from 2025.



The EESSH 2020 milestone sets a minimum standard of at least EPC D and the majority of social housing will meet this. It is proposed that social housing that cannot be brought up to EPC D by April 2025 should not be let to social tenants. However in some cases there are a number of obstacles to bring some properties up to the 2020 standard, including:

- Technical difficulties;
- Lack of consent, in particular mixed block tenures where the landlords are in the minority;
- Barriers of costs and funding;
- In some circumstances, landlords can report temporary exemptions for properties that cannot be brought up to the 2020 standard. Some exemptions are allowed for technical and social reasons e.g. someone doesn't want to get insulation put in their loft. These targets would be reported on in landlords' Annual Reports to tenants, and monitored by the Scottish Housing Regulator.

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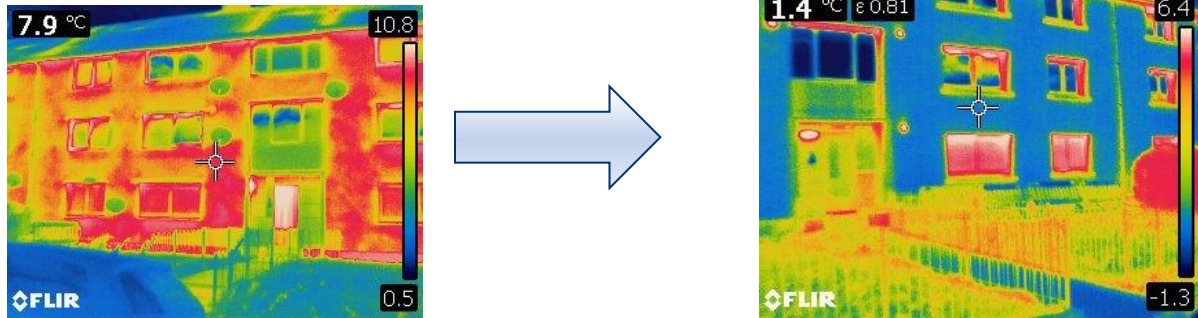
However, temporary exemptions will still be required for some properties that cannot meet the 2025 minimum standard of EPC D (e.g. where tenants refuse permissions for work to be undertaken). Moreover, there are other exemptions that are currently recognised such as, technical issues, excessive costs and unable to secure funding will no longer apply to new social lets by 2025. This addresses the situation of tenants living in properties subject to long-term exemptions, which may no longer be considered to be a suitable standard for social housing accommodation.

	Current Exemptions for EESSH	Will exemption apply to minimum standard from 2025?
A	Technical	NO
B	Social	YES
C	Excessive Cost	NO
D	New Technology	YES
E	Legal	YES
F	Disposal	YES
G	Long-term Void	YES
H	Unable to Secure Funding	NO

Many landlords are trying innovative approaches to new technologies. The Scottish Government proposes that when implementing any new approach, effective monitoring and evaluation is very important in assessing/measuring the effectiveness of an intervention. The assessment should be independently analysed where possible. The Scottish Government has recognised that tenants should be involved in the monitoring process; e.g. tenant control systems and smart connected thermostats can be adopted to improve outcomes and messaging. Consistent messaging to tenants on the efficient and effective running of their homes is essential, and landlords should ensure that all tenants are furnished with the information they need particular to their property.

By 2040 the Scottish Government wants poor energy efficiency to be removed as a driver to fuel poverty in social housing and, as far as reasonably practical, all social housing should be carbon neutral. This vision should reduce fuel costs for tenants and maximise the energy efficiency potential of the social housing stock.

- Supported by a longer term vision for 2040, with an *aim to remove poor energy efficiency as a driver for fuel poverty, and for all social housing to be carbon neutral as far as reasonably practical.*



Recommendations for funding were made by the finance sub-group of the review. These are just recommendations e.g to provide comprehensive, multi-year funding and a recommendation to consolidate the many funding streams that currently exist.

In terms of actual funding committed, £3.5m has been committed in a 'Decarbonisation Fund' across 2018/19 and 2019/20.

- **Costs of EESSH 2:** Landlord Case Studies and National Housing Model
- **Benefits of EESSH2:** £160 average annual fuel bill savings and 0.4MT reduction in annual carbon emissions

	LAs	RSLs	All social landlords
Case studies grossed up to sector level			
EESSH 2 compliance	55%	87%	62%
Total cost	£1.5bn	£1.9bn	£3.4bn
Cost per dwelling not meeting EESSH 2 in 2020	£5,500	£9,300	£7,100
Cost per all dwellings in stock	£4,800	£6,900	£5,800
National Household Model			
EESSH 2 compliance	47%	51%	49%
Total cost	£1.7bn	£2.0bn	£3.7bn
Cost per dwelling not meeting EESSH 2 in 2020	£5,100	£5,600	£5,400
Cost per all dwellings in stock	£5,000	£5,400	£5,200
Cost per upgraded dwelling ¹	£5,300	£6,100	£5,700

5.0

Key Issues/Likely Areas of Concern for Tenants

- There is no discussion about how regulation of housing in Scotland links to international human rights law, or how a rights based approach to housing in Scotland could be taken. Tenants have a right to adequate housing as part of the International Covenant on Economic, Social and Cultural Rights (ICESR). Framing housing in human rights terms shifts the perspective by recognising that the State (Government and Public Authorities) has responsibilities of housing in Scotland and tenants (rights holders) have rights. This is emerging as a key trend in Scotland right now but is missing from the key themes in this paper;
- Tenants in Edinburgh already pay the highest rents in Scotland and rents will increase by a further 2% for 2018-2019. Many tenants are suffering from the effects of Welfare Reform. Some will not be able to afford the annual rent increases that landlords enforce. The General Fund budget for all local

authorities, including Edinburgh, has reduced for many years, so trying to find the necessary funds will be challenging;

- Who pays for increased energy efficiency measures? is a key concern for tenants. The cost of improving energy efficiency in social housing may fall to tenants in the form of increased rents. Tenants have a right to demand that sufficient funding is put in place from Scottish Government to support Social Housing providers in reaching new energy efficiency standards without placing the full burden for this on tenants;
- There is very little reference in the consultation plans to the need for, or cost of, supporting tenants with new technology or supporting them with how to use e.g. new heating systems. Support for tenants via e.g. face to face advice, provision of positive information stories and case studies is essential and should be an integral part of any energy efficiency works.
- The targets are unrealistic and unlikely to be met without starting to use more expensive measures to install renewable energy;
- Sufficient notice needs to be given by landlords before any energy efficiency improvement work is undertaken;
- The added uncertainty of Brexit and its implications for all landlords and tenants only increase the unpredictability of trying to reduce costs and or/increase savings;
- It is good that the consultation includes the need to create comfortable indoor environments with sufficient ventilation rather than just focussing on increasing warmth;
- Check if your home has an EPC to see what rating it currently is.

6.0 How can feedback be given?

A Questionnaire is available to complete online

<https://consult.gov.scot/++preview++/better-homes-division/social-housing-post-2020/useruploads/00534991.pdf>.

The deadline for responses is Friday 27th July 2018.

There are 12 questions but answering all the questions is not compulsory.

Consultation Questions




2032 milestones of EPC B

1. What are your views on the proposed target to maximise the proportion of social housing meeting EPC B by 2032?
2. What are your views on the proposal for a lower target of EPC C for detached houses and houses reliant on specific fuel types (e.g. oil, LPG and solid fuel)?

Review content and timing of 2025

3. What are your views on the proposed content of the review:
 - (a) to assess progress?
 - (b) to consider the 2032 milestone in the context of technological developments?
 - (c) to consider any additional requirements of the 2032 milestone regarding air quality and environmental impact?
4. In terms of the timing of the review, what are your views on:

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- (a) the proposal to review in 2025?
- (b) the proposal to review earlier if UKG has made announcements on hydrogen and the re-provisioning of the gas network?

Any other comments

- 5. Do you have any other comments on the further requirements proposed for the EESSH 2032 target?

Minimum Standard

- 6. What are your views on the proposed minimum standard that no social housing should have an EE rating of less than EPC D?
- 7. It is proposed that this minimum standard of EPC D applies to social housing from April 2025, in line with the standard for the private rented sector. What are your view on this timescale for social housing?

Exemptions

- 8. What are your views on the proposal that landlords would need to provide a short narrative explanation of their performance in their annual returns to the SHR?
- 9. What are your views on the proposal that limited exemptions should apply to the 2025 minimum standard for new lets?

New Technology

- 10. What are your views about the proposed approach to recognising new technology in EESSH2?

Vision

- 11. Do you have any comments on the EESSH 2040 Vision for (a) poor energy efficiency to be removed as a driver for fuel poverty and for (b) social housing to be carbon neutral?

Cost Implications

- 12. Do you have any views on the assessment of (a) costs, (b) benefits and (c) funding implications of EESSH2?




The Scottish Government also welcome general feedback on their proposals too via;



EnergyEfficientScotland.gov.uk

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7.0 What's next?

The Tenants Information Service (TIS) will be holding a free consultation event on **Tuesday 17th July 2018, Waverley Court, 4 East Market Street, EH8 8BG**. To book a place at the event contact Jill Miller on 0141 248 1242 or email jmiller@tis.org.uk.

ETF will be holding a session on **Wednesday 18th July, 5.00pm-8.30pm, Norton Park Conference Centre, 57 Albion Road, Edinburgh EH7 5QY**, where you will hear about the consultation and help form ETF's response. To book a place or find out more please contact Mark Henry, Development Worker on 0131 475 2509 or email mark@edinburghtenants.org.uk. You can book a place online at www.edinburghtenants.org.uk. ETF has produced a Briefing Paper about the consultation. Please contact mark@edinburghtenants.org.uk or call 0131 475 2509 for a copy.

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