



ORKNEY
ISLANDS COUNCIL

Item: 13

Education, Leisure and Housing Committee: 5 June 2024.

Energy Efficiency Standard for Social Housing.

Report by Corporate Director for Education, Leisure and Housing.

1. Overview

- 1.1. Progress towards meeting and continuing to meet the Energy Efficiency Standard for Social Housing is inter-related to work to address the Scottish Housing Quality Standard.
- 1.2. While a second Energy Efficiency Standard for Social Housing (EESH2) is required to be met by 2032, the Scottish Government is currently undertaking a review of that standard and therefore delivery of this standard is temporarily on hold.
- 1.3. The review, referred to at paragraph 1.2 above, is underway and will replace the EESH2 guidance with a new Social Housing Net Zero Standard (SHNZS) in Scotland. The consultation on the new guidance closed in March 2024. It is not known when the Scottish Government will publish its new guidance but it is anticipated this year.
- 1.4. The Scottish Housing Regulator has requested that the Annual Return on the Charter indicators for 2023/24 should reflect compliance in relation to meeting the initial EESH target, which was to be met by 30 December 2020, and maintenance of that target thereafter.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Scrutinise the level of progress towards meeting the initial EESH target, as detailed in sections 3 and 4 of this report, in order to obtain assurance that the Council's response to meeting and maintaining that standard is satisfactory.

3. Background

- 3.1. The Energy Efficiency Standard for Social Housing (ESSH) aims to improve the energy efficiency of social housing in Scotland. It is intended to help reduce energy consumption, fuel poverty and the emission of greenhouse gases.
- 3.2. The Standard was based on minimum Energy Performance Certificate Energy Efficiency ratings. As Standard Assessment Procedure software is updated, new ratings are declared. An example of these is shown in the ratings table below and varied depending on the type of property and the fuel used to heat it.

	Energy Efficiency Rating as at 2009.	Energy Efficiency Rating as at 2012.
Dwelling Type.	Electric.	Electric.
Flats.	65	63
Four-in-a-block.	65	62
Houses (other than detached).	65	62
Detached.	60	57

- 3.3. The Scottish Government previously announced a requirement to meet a second ESSH target by 2032 with a mid-point target of 2025. Guidance issued in March 2021 required the following:
- By 31 December 2025, no social housing is to be re-let below EPC B and D.
 - By 31 December 2025, no energy efficiency improvements in social housing should worsen either the environmental impact rating of a home, or the air quality of a home.
 - By 31 December 2032, all social housing meets, or can be treated as meeting, EPC Band B, or is as energy efficient as practically possible, within the limits of cost, technology and necessary consent.
- 3.4. The Scottish Government is currently reviewing their ESSH2 guidance and targets and are to replace the ESSH2 guidance with a new Social Housing Net Zero Standard (SHNZS) in Scotland. The consultation on the new guidance closed in March 2024. It is not known when the Scottish Government will publish its new guidance but it is anticipated this year.
- 3.5. Following publication of the revised guidance, plans will require to be reviewed to deliver SHNZS across all of the Council's housing stock within the relevant timeframe.

3.6 A plan to meet SHNZS will be reported to Committee in due course. In addition, an annual report regarding the level of compliance will be presented to the June cycle of meetings.

4. Current Assessment of Council Housing Stock

4.1 An assessment of the Council’s housing stock had initially been undertaken in order to determine how many properties have energy efficiency scores which do not meet the Energy Efficiency Standard for Social Housing, which required to be met by December 2020. Once properties were identified, works were undertaken to those requiring energy efficiency improvements. Energy efficiency scores are revaluated on the completion of works.

4.2 The following table represents the current position with respect to EESSH as at 31 March 2024. Exempt properties are due to factors like disproportionate cost or those in abeyance because the tenant does not want, or feel able to cope with, any works.

	31 March 2024.	31 March 2023.	31 March 2022.
Total Properties.	1005.	1,006.	983*.
Properties Achieving EESSH1.	940.	937.	902.
Remaining Properties.	65.	69.	81.
Exempt Properties.	30.	49.	61.
Failed Properties.	35.	20**.	20**.
EPC update required following works.	15	9.	6.
Scheduled 2024/25.	20	11.	11.

* Figure does not include properties that were out of scope. Properties which are out of scope includes properties which are not self-contained, for instance hostels with common facilities.

** While there is some overlap between these figures, the comparable number is coincidental and the 20 fails shown for 2022/23 are not the same 20 fails for 2021/22.

- 4.3. The significant number of Energy Performance Certificate (EPC) surveys undertaken over recent years, coupled with new build programmes, have resulted in a situation where the Council holds individual energy efficiency scores for 97.4% of its stock, which is significant. Many councils use a system of cloning Energy Performance Certificates for properties that are the same build type and layout in this respect. The Council endeavours to avoid this practice wherever possible, preferring to have precise information relating to the individual property.
- 4.4. During 2023/24, works were undertaken to 5 of the 11 non-compliant properties reported as of 31 March 2023. The remaining 6 properties have been rescheduled to 2024/25 with one property due for completion in July 2024. The predominant reason for the works to these properties was not completed was due to the priority given to statutory compliance in terms of Electrical Installation Condition Reports (EICR tests) and installation of fire detection devices to current standards. Of the 9 outstanding EPCs identified in 2022/23 6 were carried out. With the remaining 3 being rescheduled for 2024/25. During 2023/24 period accreditation difficulties were experienced that resulted in the outstanding 3 properties not receiving an EPC update. The accreditation difficulties have since been resolved.
- 4.5. As at 31 March 2024 there were 35 properties failing EESSH this figure includes the slippage from last year and 14 properties that are no longer exempt as they have come out of abeyance:
- 6 properties with works scheduled for completion in 2023/24 are to be completed and an updated EPC carried out.
 - 3 properties scheduled for an EPC to be carried out in 2023/24 to have a new EPC carried out.
 - 12 properties are to have updated EPC documents uploaded to Concerto (NS&I's property data storage facility) and Scottish Housing Quality Standards Module updated to reflect new scores.
 - 14 properties have come out of Abeyance in 2024 and are currently being accessed for potential works or updated EPC.

For Further Information please contact:

David Brown, Service Manager (Resources), extension 2421, Email david.brown@orkney.gov.uk

Implications of Report

1. **Financial** – Complying with Energy Efficiency Standards comes at a cost.
2. **Legal** – Performance with energy efficiency standards is reported to the Scottish Housing Regulator.
3. **Corporate Governance** – None.
4. **Human Resources** – None.
5. **Equalities** – None.
6. **Island Communities Impact** – None.
7. **Links to Council Plan** – The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan** – The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
9. **Environmental and Climate Risk** – Non energy efficient homes increase fuel use.
10. **Risk** – Homes not compliant with the Scottish Housing Charter.
11. **Procurement** – None.
12. **Health and Safety** – None.
13. **Property and Assets** – Contained in the report.
14. **Information Technology** – None.
15. **Cost of Living** – Energy efficiency of homes directly impacts on fuel costs.

List of Background Papers

None