

## **Item: 11**

**Education, Leisure and Housing Committee: 6 June 2018.**

**Energy Efficiency Standard for Social Housing.**

**Report by Executive Director of Education, Leisure and Housing.**

### **1. Purpose of Report**

To provide a progress update in respect of the Council's requirement to meet the Energy Efficiency Standard for Social Housing across the Council's housing stock by 2020.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That progress towards meeting the Energy Efficiency Standard for Social Housing is inter-related to works to address the Scottish Housing Quality Standard.

#### **2.2.**

The level of progress towards meeting the Energy Efficiency Standard for Social Housing, as detailed in sections 5 and 6 of this report.

### **3. Energy Efficiency Standard for Social Housing**

#### **3.1.**

The Energy Efficiency Standard for Social Housing 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. It is anticipated it will make a significant contribution to reducing carbon emissions by 42% by 2020 and 80% by 2050 in line with the requirements set out in the Climate Change (Scotland) Act 2009. There will be a need to seek additional funding in order to meet the requirements of the Energy Efficiency Standard for Social Housing.

#### **3.2.**

A new Energy Company Obligation funding programme is being developed by the United Kingdom Government and, although some details are available, the Council

does not yet have a detailed understanding of what level of support will be available for the installation of measures in the Council's housing stock.

### 3.3.

The Standard is based on minimum Energy Performance Certificate Energy Efficiency ratings. As Standard Assessment Procedure software is updated, new ratings are declared. These are shown on the ratings table below, and vary depending on the type of property and the fuel used to heat it.

<b>Minimum Standard Assessment Procedure ratings to pass the Energy Efficiency Standard for Social Housing</b>			
	<b>Energy Efficiency Rating as at 2009</b>		<b>Energy Efficiency Rating as at 2012</b>
Dwelling type	Electric		Electric
Flats	65		63
Four-in-a-block	65		62
Houses (other than detached)	65		62
Detached	60		57

### 3.4.

Energy Efficiency Standard for Social Housing targets beyond 2020 have not yet been announced and consequently this makes planning to meet the standard challenging. However, recent discussions with the Scottish Government around the current consultation on the new Energy Efficiency Standard for Social Housing standards show that the Scottish Government is aiming for a very aspirational Energy Performance Certificate score of B for all social housing stock by 2032. A briefing paper will be circulated to Councillors prior to the Energy Efficiency Standard for Social Housing 2 consultation response from the Council.

## 4. Current Assessment of Council Housing Stock

### 4.1.

An assessment of the Council's housing stock has been undertaken in order to determine how many properties have energy efficiency scores which do not meet the Energy Efficiency Standard for Social Housing and works are ongoing to address this.

## **4.2.**

As at 31 March 2018, the Council had 957 self-contained properties of which 81.5% or 780 met the Energy Efficiency Standard for Social Housing. Of the 177 fails, 126 (71%) are marginal fails, in that their Standard Assessment Procedure ratings are four points or fewer below the required level. 51 (29%) properties are clear fails. This compares to figures at 31 March 2017 when the Council had 965 properties of which 77.6% or 749 met the Energy Efficiency Standards for Social Housing. Of the 216 fails, 151 (70%) were marginal fails and 65 (30%) of properties were clear fails.

## **4.3.**

The significant number of Energy Performance Certificate surveys undertaken recently coupled with new build programmes have resulted in a situation where the Council holds individual energy efficiency scores for almost 92% 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.

## **4.4.**

Targets beyond 2020 are as yet unknown, although the Scottish Government is starting initial discussions on Energy Efficiency Standard for Social Housing 2. Prior to the final targets being known makes planning to meet the standard challenging. While every effort will be made to ensure that the most appropriate financial and practical options are implemented, there can be no guarantee that options chosen based on the information held at a given point in time, will be shown to be the most effective option once further information becomes available.

## **4.5.**

Financially the Council remains in a challenging position and achieving the Energy Efficiency Standard for Social Housing on some properties is going to be incredibly challenging when considering available funding in the Housing Revenue Account.

## **4.6.**

The Council will look to attract additional funding in the form of Energy Company Obligation funding. However, issues with staffing capacity and the fact only one locally based contractor has access to that funding are proving restrictive. At this point in time, a project that would be deemed suitable for Energy Company Obligation funding support is not in the pipeline.

# **5. Programme of Works for 2017 to 2018**

## **5.1.**

A programme of works was undertaken in 2017 to 2018 to bring a further 34 properties up to the Energy Efficiency Standard for Social Housing.

## **5.2.**

Works included the installation of seven high heat retention storage heating systems, eighteen underfloor insulation installations and four loft insulation installations. Around £27,000 was spent on EESSH works in 2017 to 2018.

## **6. Potential Measures for 2018 to 2019**

### **6.1.**

Given the measures that have already been undertaken such as window/door replacement and loft/underfloor insulation, the Council is now at a point where, in many cases, more costly procedures will need to be undertaken such as internal/external insulation or the installation of more efficient heating systems.

### **6.2.**

The Council is investigating various heating options with cognisance given to installation, maintenance and running costs, as well as ease of use and suitability to the property types in question.

### **6.3.**

Every effort will be made to choose an appropriate improvement which will effectively future-proof the stock beyond current Energy Efficiency Standard for Social Housing standards, while also contributing towards the Council's Carbon Management Programme and the Fuel Poverty Strategy.

### **6.4.**

This approach is intended to reduce the likelihood of having to revisit properties in the short term thereby reducing the financial impact to the Council.

### **6.5.**

Some tenants may refuse the works proposed by the Council. In these cases, affected properties are moved into abeyance and reported as such in the Council's yearly report to the Scottish Government.

### **6.6.**

If a tenant leaves a property that was in abeyance and requires additional works to meet the Energy Efficiency Standard for Social Housing, every effort will be made to undertake necessary works before the next tenant moves into the property.

## **7. Links to Council Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Thriving Communities.

## **8. Links to Local Outcomes Improvement Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Living Well.

## **9. Financial Implications**

### **9.1.**

The Council House Build Programme has transformed the Council's housing stock, increasing the number of properties that meet the Scottish Housing Quality Standard and the Energy Efficiency Standard for Social Housing. This has, however, been achieved through the Housing Revenue Account taking on additional loan debt that requires to be serviced out of the rental income before any other revenue expenditure. The Housing Revenue Account therefore has limited flexibility in the short term to take on any additional expenditure commitments.

### **9.2.**

It is anticipated that the financial costs associated with meeting the Energy Efficiency Standard for Social Housing will be significant and, therefore, require additional external funding to be sourced. Financially the Housing Revenue Account is not in a position to fully fund the Energy Efficiency Standard for Social Housing standard and care requires to be taken to endeavour to reduce the impact on tenants' rents.

### **9.3.**

The Council has agreed that, with effect from 1 April 2018, Council house rents should increase by 3%. The annual budget for Housing Revenue Account rental income for 2018 to 2019 is £3,697,000. The rental increase should generate additional income of £107,700 during financial year 2018 to 2019.

## **10. Legal Aspects**

### **10.1.**

Section 31 of the Housing (Scotland) Act 2010 provides that Scottish Ministers must set out standards and outcomes which social landlords should aim to achieve when performing housing activities. The document in which those standards and outcomes are set out is to be known as the "Scottish Social Housing Charter".

### **10.2.**

Charter outcomes include property maintenance services, maintaining the fabric of the properties in respect of the repairing obligations contained in the Housing (Scotland) Act 2001. Additionally, ensuring that the properties continue to meet other appropriate housing quality, and/or energy efficiency and/or carbon emission standards. The energy efficiency standard for social housing (ESSH) is a further part of this process.

## **11. Contact Officers**

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