

Housing, Regeneration and Planning

Energy Efficiency Standard for Social Housing: Analysis of Consultation Responses

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This report summarises the results of a consultation carried out by Scottish Government between June and September 2012. Views were sought from key stakeholders in the housing and related sectors on the proposed shape and content of an Energy Efficiency Standard for Social Housing (ESSH) in Scotland.

Main Findings

- Sixty-four per cent of all respondents (76% of those answering the question) thought that improving energy efficiency was a priority for tenants. In particular, respondents felt tenants were most concerned with fuel prices and thermal comfort. Seventy-four per cent of respondents (90% of those answering) considered the modelled case studies helpful, and 65% of respondents felt that additional case studies covering a range of other house types would be useful (85% of local authority sector respondents, 71% housing association respondents).
- Fifty per cent of respondents (72% of those answering) felt that the further measures indicated for ESSH for 2020 and advanced measures indicated for ESSH for 2050 were realistic and achievable, although some difficulties might be encountered (typically in off-gas areas and conservation areas/listed buildings).
- Only 37% (46% of those answering) agreed with the proposal to adopt an Environmental Impact (EI) measure of energy efficiency. Many preferred the Energy Efficiency (EE) rating, which has been used for the SHQS.
- Fifty-nine per cent of respondents considered the ratings targets set for the main property types suitably challenging. However, only 22% of respondents (33% of those answering) agreed with the suggested target proposed for unusual properties, with many respondents concerned that it would be unaffordable.
- Fifty-six per cent of respondents (81% of those answering) thought, given the sources of funding available, the standard could not be achieved at a reasonable cost, particularly for unusual stock types and in some locations. Concerns were expressed about levels of funding, and changes in the structure of funding (from grants to loans, and from payments to landlords to payments to householders), that served to increase uncertainty.
- Fifty per cent of respondents (75% of those answering) would welcome the Scottish Housing Regulator (SHR) monitoring the standard. This was seen as a continuation of the role played under the SHQS.
- Forty-eight per cent of respondents (82% of those answering) identified additional costs associated with monitoring: typically staff costs, IT systems, and development and maintenance of databases. There was a concern that, unlike the SHQS, the standard would require a 100% stock database, although this was not explicitly stated as a requirement. Several respondents suggested permitting cloned data, at least in the interim.
- Fifty-nine per cent of respondents (93% of those answering) agreed with proposals to set regular milestones to measure progress towards 2050. Fifty-six per cent of respondents (80% of those answering) agreed that the setting of the longer-term milestones should be deferred until progress towards 2020 can be reviewed. However, a number of respondents considered that the interim milestones should be set as soon as possible to facilitate long-term business planning.

Background

The consultation was undertaken as part of the government's wider Sustainable Housing Strategy (SHS) which aims to provide for warm, high quality, low carbon homes, and contribute to the establishment of a successful low carbon economy. The standard is designed to improve the energy efficiency of social housing and so help reduce energy consumption, fuel poverty and the emission of greenhouse gases.

The proposed standard is to establish a minimum Energy Performance Certificate (EPC) rating. The government proposes this will be the Environmental Impact (EI) score, and will be different for different dwelling types and fuel types.

The response

In total, 86 responses were received to the consultation. Respondents have been classified using the information they provided in the respondent information form. As might be expected, most of the responses came from the housing association sector (49%) and the local authority sector (26%). The other responses came from private sector organisations (12%), other organisations (10%) and individuals (3%).

The consultation contained 30 questions. There was a high level of response across the questions, with all but four questions answered by more than 70% of respondents.

A summary of the analysis of the views from the written submissions follows. The full analysis is provided in the main report.

Why is a new standard necessary?

This chapter of the consultation looks at the rationale for introducing a new energy efficiency standard, owner-occupiers and private rented housing, and the benefits to tenants and encouraging energy efficient behaviour. [Questions 1 to 7]

Many landlords report piloting and implementing a wide-range of energy efficiency measures in their stock, including: adopting high eco standards and including renewables in their new build developments; using high grade and innovative products during improvement programmes; and piloting the use of renewable energy sources.

The target date for achieving the Scottish Housing

Quality Standard (SHQS) is 2015. However, not all the stock may be improved by then. Landlords report a small number of key difficulties: some stock, such as traditional stone tenements, is disproportionately expensive to improve; some tenants are unwilling to allow their homes to be improved; and some owners in multi-tenure blocks are unwilling/unable to participate in improvement programmes.

Most respondents considered that tenants were concerned about rising fuel costs and affording to be comfortably warm at home. There was a strong view that tenants are concerned about rising fuel costs and so would support measures that would either enable them to reduce fuel costs and/or improve the level of comfort within their home for a given cost outlay, without impacting on rent levels. However, there were mixed views as to whether tenants would prioritise measures to improve energy efficiency in their home. There were also mixed views as to whether any particular equality group would be disadvantaged by the new standard. Generally respondents thought not, although there were concerns that some older people and people with disabilities might find the increasingly complex heating systems difficult to use and would need much greater support. There were also concerns that people on low incomes might be adversely affected by any rent increases necessitated by the improvements.

A range of measures were suggested to both improve energy efficiency awareness and to help tenants better manage their energy consumption. These measures covered provision of information, advice and advocacy, awareness raising, and use of smart meters and smart controls. Some respondents suggested that government and other agencies should provide the bulk of the information and advice as a service to the general public.

Developing the standard

This chapter looks at how the standard has been developed; the research, modelling work and methodology used; and dealing with hard/expensive to treat properties. [Questions 8 to 11]

Generally, respondents found the research and modelling that has been undertaken to inform the development of the standard helpful. There was general agreement that the case studies cover the right range of property types, and respondents welcome proposals that further case studies will be brought forward on additional property types and fuel sources. Some respondents noted that it would not

be possible for Scottish Government to provide case studies for every combination of property type/fuel, but it could facilitate the sharing of landlord case studies as these are produced. Some respondents raised concerns about the information used in the case studies; in particular, it was noted that costs used are installation costs, and do not take account of the wider costs associated with the improvements; and there was uneasiness about the 1990 baseline – most respondents felt they did not have the information to check whether or not it was correct; some were willing to accept the accuracy of the baseline, others were not. However, there was broad agreement that the range of improvement measures set out in the case studies for 2020 and 2050 was realistic and feasible.

The proposals to use the SAP/RdSAP methodology for regulating energy performance were generally welcomed by respondents. Many landlords have invested in that approach for the SHQS and have already built up familiarity with the approach and a databank of EPCs. That said, a number of improvements to the SAP/RdSAP approach were requested.

The proposed Energy Efficiency Standard for Social Housing

This chapter looks at the draft standard; the alternatives that have been considered; and the possible role of exceptions to the standard. [Questions 12 to 21]

Only around a third of the respondents (37% of all respondents, 46% of those answering the question) agreed with the proposed EI rating approach, which measures energy efficiency in terms of carbon dioxide emissions. Instead, many respondents expressed a preference for the Energy Efficiency (EE) rating. This approach relates to energy use and cost and was considered more relevant to tenants' priorities; and is familiar to landlords from their work on the SHQS. Should the EI measure be adopted, there was widespread agreement that a dwelling's current EE rating should be safeguarded so that improvement measures do not result in a decline in energy efficiency.

Respondents were generally comfortable with the ratings targets that have been proposed. In particular, most respondents considered the rating targets proposed for the main property types were challenging but achievable and affordable. However, there were a number of concerns: difficulties were anticipated delivering the standard for the main property types in some particular locations (for example, off-gas

and areas affected by planning restrictions); there were mixed views as to whether the target set for some electrically heated properties should be lower than the SHQS target; and the target proposed for unusual properties was not generally considered achievable. Respondents considered there would remain a need for some exceptions to the standard; typically where there are no measures to bring the property to standard/at a reasonable cost; where owners or tenants refuse to co-operate; and where the improvement is scheduled for life-cycle replacement.

Financial implications - costs and funding sources

This chapter looks at the indicative cost of meeting the energy efficiency standard, the potential funding streams available and the financial benefits. [Questions 22 to 24]

The consultation document provides a list of the main sources of funding to support energy efficiency work. Respondents generally agreed that this list was comprehensive, with the only other substantive source of funding likely to be the landlords' own resources. Most respondents were of the view that, given the range of funds available, the standard could not be achieved at a reasonable cost. They stressed a number of critical uncertainties: in particular, the cost of achieving the standard is not yet known - for example case studies/ratings for potentially the most expensive properties, the unusual properties, have yet to be finalised; and landlords have yet to produce detailed cost projections for their own stock; while grant funding levels are not known and will be subject to on-going uncertainty at the local level as a result of the changes to the funding regimes.

Measuring and monitoring progress of the standard

This chapter looks at the Scottish Social Housing Charter and the potential role of the Scottish Housing Regulator (SHR), and the available data sources for measuring progress towards the standard. [Questions 25 to 27]

The proposal that the SHR monitor the standard was generally welcomed by respondents, as it would continue the approach operating for the SHQS and would avoid bringing in a new body to undertake the monitoring. Some concerns were raised about whether the SHR had sufficient technical expertise, although it was suggested this could be addressed. Some respondents were also concerned that in

the longer-term there was an inconsistency between the active monitoring required by the standard and the risk-based performance management approach that the SHR has been adopting.

Respondents generally considered there were additional costs associated with monitoring. Typically these related to staff time for monitoring and training in new systems; IT costs in systems development and software; and the establishment and maintenance of a 100% stock database, though some respondents had undertaken/planned to undertake a 100% stock survey information and had a viable asset management database.

Timescales for the energy efficiency standard

This chapter looks at further milestones for the standard. [Questions 28 to 30]

The vast majority of respondents agreed with proposals to set regular milestones to measure progress to 2050. Respondents typically favoured milestones set every ten years (as proposed in the consultation document) or, in some cases, every five years (as per the SHQS). It was suggested that the frequency of milestones may need to be increased towards 2050, particularly if progress towards the 2050 target is poor. Respondents also tended to agree that the setting of each milestone should be deferred until progress on the previous milestone could be reviewed. It was felt that this would result in realistic, challenging and achievable milestones; and would ensure that milestones took full account of new technologies and fuel price relativities. However, a number of respondents in their comments noted that the milestones were needed as soon as possible to inform long-term business planning, investment decisions and loan restructuring.

This document, along with the full research report of the project and further information about social and policy research commissioned and published on behalf of the Scottish Government, can be viewed on the Social Research website at: www.scotland.gov.uk/socialresearch. If you have any further queries about social research, please contact us at socialresearch@scotland.gsi.gov.uk or telephone 0131 244 2111.

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