

Item: 9

Education, Leisure and Housing Committee: 5 June 2019.

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 for the Council to seek additional funding from the Scottish Government and any other available funding in order to meet the requirements of the Energy Efficiency Standard for Social Housing.

3.2.

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 in the ratings table below and vary depending on the type of property and the fuel used to heat it.

Minimum Standard Assessment Procedure ratings to pass the Energy Efficiency Standard for Social Housing

	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.

Energy Efficiency Standard for Social Housing targets beyond 2020 have not yet been announced. However, recent discussions with the Scottish Government regarding the 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, which is significantly about the requirements of the current Energy Efficiency Standard for Social Housing.

3.4.

There has been no announcement from the Scottish Government about how these requirements will be supported financially.

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.

4.2.

As at 31 March 2019, the Council had 955 self-contained properties of which 84.7% or 809 met the Energy Efficiency Standard for Social Housing. Of the remaining 146 properties, 108 fail the Energy Efficiency Standard for Social Housing standard, while 38 properties are either exempt due to factors like disproportionate cost or are in abeyance because the tenant does not want, or feel able to cope with, any works to go ahead. This compares to figures at 31 March 2018 when the Council had 957 properties of which 81.5% or 780 met the Energy Efficiency Standards for Social Housing. Of the 177 fails, 126 (71%) were marginal fails and 51 (29%) 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 about 90% 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.

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 the Housing Revenue Account. This may lead to a number of poorly performing properties requiring to be sold to attract a capital receipt, rather than requiring significant revenue expenditure. This may pose additional difficulties should the properties in question be occupied.

4.5.

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 2018 to 2019

5.1.

A further 13 properties were brought up to the Energy Efficiency Standard for Social Housing in 2018 to 2019

5.2.

Works included installation of seven high heat retention storage heating systems, as well as updated energy surveys to properties.

6. Potential Measures for 2019 to 2020

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. Corporate Governance

This report relates to governance and procedural issues and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

8. Financial Implications

8.1.

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.

8.2.

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.

8.3.

The Council has agreed that, with effect from 1 April 2019, Council house rents should increase by 2.4%. The annual budget for Housing Revenue Account rental income for 2019 to 2020 is £3,785,700. The rental increase should generate additional income of £88,700 during financial year 2019 to 2020.

9. Legal Aspects

There are no legal implications arising directly from this noting report.

10. Contact Officers

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