



Consultation on the Energy Efficiency Standard for Social Housing post-2020 (ESSH2)

To: All Chief Executives, Main Contacts and APSE Contacts in Scotland

For information only to England, Wales and Northern Ireland

Key Points

Scottish Government is conducting a consultation on a range of proposals for new milestones for the Energy Efficiency Standard for Social Housing (ESSH2), which brings together all of the energy efficiency works on buildings done by Scottish Government under one heading.

This approach should mean that “by 2040 poor energy efficiency should be removed as a driver for fuel poverty in social housing and as far as reasonably practical all social housing should be carbon neutral.” This briefing gives an overview of why Scottish Government are consulting and the most relevant proposals for local authorities.

The consultation closes on 27 July 2018. The full consultation paper can be downloaded [here](#). Consultation responses can be submitted [here](#).

1.0 Why they are consulting on ESSH2

- **Fuel poverty** - Despite all of the efforts in recent years by social landlords to improve the energy efficiency of homes, 200,000 social rented households remain in fuel poverty by its current definition. That is around one third of those total households.
- **Climate change** - Scotland also has ambitious emission reduction plans, with a required 23% reduction in the residential sector and 59% in the services sector by 2032 on 2015 levels. To achieve the wider climate change targets, the energy efficiency of buildings needs to improve.

Health - Air quality can greatly affect people’s health, especially for the young, the elderly and those with pre-existing health conditions. Improving the energy efficiency and air flow of properties could result in significant benefits in health outcomes for those individuals.

2.0 Main proposals

Proposals for the 2032 milestone include:

- Maximise the number of social rented homes meeting an EPC Band B by 2032 (EPC Band C for detached homes and those using less common fuel types like oil or LPG)
- A minimum energy efficiency standard of EPC Band D for a house to be let socially
- There could also be additional requirements around air quality and environmental impact subject to a 2025 review (this might mean that energy efficiency measures may be required not to negatively affect the environmental impact of a property)

- Local authorities must support EESSH2 as part of their energy efficiency strategies

The proposals generally allow for small variations in measurement and understand the difficulties involved in bringing certain types of properties up to this standard. Although it should be noted that several exemptions currently recognised will not apply to social lets from 2025 onwards ('technical reasons', 'excessive cost' and 'unable to secure funding').

3.0 Proposals trajectory

The proposals for EESSH2 are best understood using the table below:

2018	2020	2025	2032	2040
<p>Landlords collect data on air quality (measuring CO₂, temperature and humidity)</p> <p>Landlords collect EPC data on environmental impact of energy efficiency measures</p>	<p>Social housing to meet EESSH 2020 milestone (subject to temporary exemptions)</p>	<p>Review progress towards EESSH2 2032 milestone</p> <p>Consider introduction of additional requirements around air quality and environmental impact</p> <p>No social housing to be below EPC Band D (subject to temporary exemptions)</p> <p>As far as possible, all hard-to-treat properties in rural and off-grid areas meet the 2020 milestone</p>	<p>Maximise attainment of EPC Band B for social housing</p>	<p>Poor energy efficiency removed as a driver for fuel poverty</p> <p>All social housing is carbon neutral, as far as reasonably practical</p>

Source: [EESSH2, Page 7](#)

4.0 Sources of funding

There are many different sources of funding available to help landlords meet the cost of EESSH. Links to more information on these different mechanisms of funding are contained in the table below:

Climate Challenge Fund (CCF)	HEEPS: Loans (Registered Social Landlords Scheme)
Energy Company Obligation (ECO)	Community and Renewable Energy Scheme
Help to Heat	District Heating Loan Fund
Feed in Tariffs	Renewable Energy Investment Fund
Renewable Heat Incentive (RHI)	Scottish Partnership for Regeneration in Urban Centres (SPRUCE)
Home Energy Efficiency Programmes for Scotland: Area Based Schemes (HEEPS:ABS)	

5.0 Impact assessments

Alongside the consultation, a series of impact assessment documents have been produced and can be viewed at the links below:

- Equality impact assessment [\[link\]](#)
- Strategic environmental assessment [\[link\]](#)
- Partial business and regulatory impact assessment [\[link\]](#)

6.0 Consultation questions

1. What are your views on the proposed target to maximise the proportion of social housing meeting EPC Band B by 2032?
2. What are your views on the proposal for a lower target of EPC Band C for detached houses and houses reliant on specific fuel types (e.g. oil, LPG and solid fuel)?
3. What are your views on the proposed content of the review:
 - (a) to assess progress towards meeting the new standard?
 - (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:
 - (a) the proposal to review the new standard in 2025?
 - (b) the proposal to review the standard earlier if UKG has made announcements on hydrogen and the re-provisioning of the gas network?
5. Do you have any other comments on the further requirements proposed for the EESSH 2032 target?
6. What are your views on the proposed minimum standard that no social housing should have an energy efficiency rating of less than EPC Band D?
7. It is proposed that this minimum standard of EPC Band D applies to social housing from April 2025, in line with the standard for the private rented sector. What are your views on this timescale for social housing?
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?
10. What are your views about the proposed approach to recognising new technology in EESSH2?
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?
 - (b) social housing to be carbon neutral?
12. Do you have any views on the assessment of:
 - (a) costs of EESSH2?
 - (b) benefits of EESSH2?
 - (c) funding implications of EESSH2?

7.0 APSE Comment

APSE welcomes the release of the EESSH2 consultation and encourages our members to provide their thoughts on the proposals that have been outlined. The document highlights the work already done by local authorities in improving their housing stock and they are already leaders in addressing the problems outlined in the paper.

Asthma is noted as an example of a health condition affected by poor indoor air quality, and it is estimated that around 320,000 people in Scotland are presently receiving treatment for asthma, a fifth of whom are children. Although the reasons for the high prevalence of asthma are not clear, poor ventilation can lead to poor indoor air quality, and the behaviour of occupiers (e.g. closing vents to reduce heat loss, closing windows due to security concerns, low recognition of health impacts of air quality) is one of those factors. Changing behaviours is considered fundamental in improving lives and as landlords introduce new and extra technology into properties it is vital that tenants know how to use it effectively. This is a huge challenge for councils.

They also face a challenge in convincing developers to ensure new properties are built to the highest standards possible to reduce the chance of issues arising in future. One method of accomplishing this is through the local development planning process. These are just two examples of where local authorities can influence the actions of those building or living in the properties within their areas.

APSE has long been a champion of the delivery of affordable energy and commends local authorities and other social landlords on the progress made in improving energy efficiency in Scotland so far; we have covered energy affordability in multiple publications including '[Municipal Energy: Ensuring councils plan, manage and deliver on local energy](#)' which goes into detail about the benefits for councils from investing in renewable energy schemes.

We have also set up APSE Energy, a partnership developed by member authorities that maximises the opportunities local authorities are currently offered by bringing 77 councils together on a national scale to work on the green energy agenda. For further information on APSE Energy please contact Phil Brennan, Head of APSE Energy.

Discussions on the delivery of housing improvements and energy efficiency by local authority professionals take place in our [Building and Housing advisory group](#) and our [Renewables and Energy Efficiency](#) advisory group that meet several times each year. Please contact the APSE Scotland office at 01698 459051 or by [completing this online form](#) if you would like to be kept informed about future meetings.

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