

The Energy Efficiency Standard for Social Housing (EESH)

**Background and guidance
for social landlords**

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Executive Summary

Purpose and background

The EESSH aims to encourage landlords to improve the energy efficiency of social housing in Scotland. This supports the Scottish Government's vision of warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland, as set out in the Sustainable Housing Strategy (SHS). Both the SHS and the EESSH were subject to public consultation over the summer of 2012.

Developing the EESSH

The Scottish Government and stakeholders have worked together to agree the EESSH. This has involved significant input from experts drawn from the social housing sector and the energy efficiency community, including extensive engagement with housing sector representative stakeholder groups. Taking lessons learned from the SHQS, the EESSH has been developed as a simple and flexible standard, using modelled case study examples, with detailed peer review, to inform its design.

The EESSH ratings and methodology

The EESSH sets a single minimum Energy Efficiency (EE) rating for landlords to achieve that varies dependent upon the dwelling type and the fuel type used to heat it. The ratings reflect that some dwelling types are more challenging to improve than others. Social landlords must ensure that they achieve the relevant minimum EE rating by the first milestone of 31 December 2020, for all applicable social housing. The standard does not prescribe which measures must be installed and landlords can choose measures that are suitable for a range of contexts. A set of Reasonable Measures, highlighted because they provide a good balance of benefits and cost, have been identified and landlords should consider these when preparing their approach to achieving the standard. For harder to treat properties, additional measures should be considered and landlords are encouraged to look for creative approaches including using renewable technologies.

Stock condition data

As the EESSH is a variable rating, it is vital that social landlords can identify the energy efficiency rating of their stock at the outset, so good quality information on the energy efficiency of dwellings is important. While it is anticipated that landlords will increasingly make use of Energy Performance Certificates (EPCs) for each property, there is no requirement inherent in achieving the EESSH that social landlords must purchase a new EPC for every property.

Benefits

The EESSH will mean that in the main no social property will be lower than a 'C' or 'D' energy efficiency rating, meaning that tenants should benefit from a warmer home, which could mean lower fuel consumption, lower energy bills and less tenants in fuel poverty. Attaining the EESSH is projected to provide benefits to social tenants of around £127m each year due to improved energy efficiency.

Costs & funding

On the basis of compliance with the SHQS, 64% of social housing would already meet the relevant EESSH rating at 01 April 2015. The total cost to achieve the EESSH is estimated to be around £900m. It is anticipated that landlords will make use of the available funding from public and regulated energy company funded energy programmes. The Scottish Government's Home Energy Efficiency Programmes for Scotland (HEEPS) funding will help landlords in circumstances where owners in mixed tenure stock are reluctant to agree to the installation of common measures.

Risk management

Landlords will be able to take account of their individual circumstances when constructing business and financial plans for delivery of the EESSH. Landlords will be able to use temporary exemptions from meeting the EESSH minimum ratings in defined circumstances. This includes, from 2017, circumstances where landlords, despite all reasonable efforts, cannot access external funding to pay for a measure necessary, over and above business as usual upgrades, to achieve the EESSH.

Review

It is proposed that there will be a review of the EESSH in 2017. It is acknowledged that a review period is prudent to enable a further consideration of the cost assumptions and the potential risks to landlords in achieving the standard, taking account of progress to date and the availability in practice of expected funding streams while also enabling further consideration of progress toward the 2020 milestone. The outcome of the review will inform future decisions on the terms of the EESSH, including setting further milestones beyond 2020.

Regulation

The Scottish Housing Regulator (SHR) will monitor compliance with the EESSH following support expressed for this role through the EESSH consultation. Social landlords will be required to collect robust data on their progress in delivering the EESSH and to provide the SHR with proportionate annual information on compliance.

Support for landlords and tenants

The Scottish Government and stakeholders have developed a dedicated EESSH website to help support landlords and provide further advice and information to tenants. The website contains a comprehensive range of publications, information and links. The EESSH website has a dedicated tenants' area and a Tenants' guide is available in a downloadable format.

1.0 Purpose and Background

1.1 The Scottish Government's proposals for a new Energy Efficiency Standard for Social Housing (EESH) followed from 'Homes Fit for the 21st Century' which was published in February 2011. This had set out the Scottish Government's vision for housing for the coming decade and our commitments that by April 2015, all social landlords must ensure that all their dwellings pass all elements (where applicable) of the Scottish Housing Quality Standard (SHQS); and that by November 2016, so far as is reasonably practicable, nobody will be living in fuel poverty in Scotland.

1.2 Separately, the Climate Change (Scotland) Act 2009 set a world-leading target of a 42% reduction in greenhouse gas emissions against 1990 levels by 2020. By 2050, an 80% target reduction should be achieved from the 1990 baseline.

The Sustainable Housing Strategy

1.3 The Scottish Government is committed to tackling fuel poverty and meeting the challenging targets for reducing carbon emissions set by the Scottish Parliament. The Sustainable Housing Strategy (SHS) sets out the actions to be taken to support our vision of warm, high quality, affordable, low carbon homes and a housing sector that helps to establish a successful low carbon economy across Scotland. Both the SHS and the EESH were subject to consultation over the summer of 2012, and the finalised Sustainable Housing Strategy¹ covered energy efficiency for all tenures. While the EESH is concerned only with social housing, we have established a working group to develop proposals for minimum energy efficiency standards in private sector housing, taking account of issues raised in the consultations.

The Climate Change (Scotland) Act 2009

1.4 The Climate Change (Scotland) Act 2009 requires public bodies, such as councils, to ensure that they are acting sustainably through their actions and through the decisions they make. Councils also have statutory duties, through the requirement to have Local Housing Strategies (LHS) in place, and specific guidance² has been issued on addressing climate change.

Home Energy Efficiency Programmes for Scotland (HEEPS)

1.5 Local authorities have a key role to play in energy efficiency matters affecting their areas. They also have a key role to play in delivering the Scottish Government's Home Energy Efficiency Programmes for Scotland (HEEPS). This will deliver on the Fuel Poverty Forum's recommendations for a shift of focus to Area Based Schemes (ABS) to tackle fuel poverty but with national schemes to provide for the most vulnerable households wherever they live.

¹Sustainable Housing Strategy, Scottish Government, <http://www.scotland.gov.uk/Publications/2013/06/6324>

²Local Housing Strategy - Climate Change, Scottish Government, March 2011, <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/deliveryframework/lhs/cc>

1.6 Local authorities, as strategic housing authorities, have the local knowledge and information needed to identify fuel poor areas and develop schemes. They will work closely with other housing providers in their area, such as Registered Social landlords (RSLs), to ensure the most fuel poor areas are identified and prioritised. HEEPS is being designed to be able to offer significant support to social landlords by helping to address issues such as 'blockers' in mixed tenure blocks. We also know that social landlords are making good progress towards meeting SHQS by April 2015 despite the difficulties of consent to common works in mixed blocks and harder-to-treat properties.

2.0 Developing the ESSH

2.1 A working group was set up in 2011 to develop a draft ESSH for public consultation, including representatives from the Scottish Government, Local Authorities, Registered Social Landlords (RSLs), the Energy Saving Trust (EST), the Scottish Federation of Housing Associations (SFHA), the Glasgow and West of Scotland Forum of Housing Associations (GWSF), the Convention of Scottish Local Authorities (COSLA) and the Scottish Housing Regulator (SHR). The remits, agendas and notes of meetings of the different stakeholder groups are available on the Scottish Government website³.

Building up from the case studies

2.2 Draft case studies were produced to profile the most common constructional types and age bands of the housing stock. The age bands represent typical levels of thermal performance for that period, where revisions to building regulations have increasingly improved these levels. The mix of bands also reflects the Scottish House Condition Survey (SHCS) categories of housing stock. It was recognised that the built form of the dwelling also has a bearing. For a house, this is likely to be a semi-detached, end-terraced or mid-terraced. Detached houses were not modelled as they represent less than 1% of the stock. For flats, modelling was done on top, middle and ground floors. Modelling for the draft case studies was done for both gas central heating and electric storage heating. Further dwellings for example, non-traditional building typologies, which can often be harder (or at least more expensive) to treat were also modelled. The modelling work has also been peer reviewed by external technical experts.

2.3 These modelled case study examples form the backbone of the proposed standard, and for these reasons it was important that the original work was peer reviewed and in effect 'validated'. The peer review was undertaken at the same time as the consultation, so that respondents had the opportunity to tell us what they saw as the 'Harder-to-Treat' dwelling types. This was to show what could be done to improve the energy efficiency of these dwellings.

³ <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/sustainable/standard/stakeholder/working/group>

Other fuels

2.4 Other fuels such as Solid Mineral Fuel (for example coal); Liquid Petroleum Gas (LPG), Oil and Biomass were also modelled. Selected case study examples, which were more likely in a rural setting (such as semi-detached and four-in-a- blocks) were modelled and compared against EESSH Electric ratings, as an initial proxy, as was the case originally for SHQS.

Consultation process and key findings

2.5 The consultation took place in the summer of 2012. It attracted 86 responses from social landlords and the private sector and others. We have listened carefully to the views of a wide range of stakeholders through both the formal consultation exercise and a series of consultation events. In light of the independent consultation analysis findings⁴, and further discussions with stakeholders there is a preference to monitor the proposed standard using the Energy Efficiency (EE) Rating, rather than the Environmental Impact (EI) Rating, which was proposed in the original consultation. As improving the energy efficiency of a home, also has a positive effect on the environment, as less energy is consumed and therefore less carbon emissions are produced, it is recognised that we are still addressing climate change.

2.6 We have also looked closely at the views expressed around regulation and the setting of ratings. We have worked closely with the Scottish Housing Regulator (SHR) to develop a proportionate approach to monitoring compliance with the EESSH. A simplified rating was also requested. We have listened to stakeholders and we have reduced the number of categories and subsets.

2.7 We conducted further detailed consultation with key stakeholders over the second half of 2013 and into early 2014 to test cost assumptions against the anticipated availability of funding for energy efficiency measures. Further feedback from this exercise resulted in several amendments being made to provide assurance to social landlords on financial risk. We recognised the need to introduce, in certain defined circumstances, temporary exemptions from the EESSH. We also agreed to conduct a substantive review of EESSH in 2017 to look at actual progress achieved, and the impact on landlord finances from the UK governments' welfare reform changes and changes to funding provided through Energy Company Obligations (ECO).

Impact assessments

2.8 Three impact assessments were undertaken to support the EESSH: The Business and Regulatory Impact Assessment (BRIA), the Equalities Impact Assessment (EQIA) and the Strategic Environmental impact Assessment (SEIA).

⁴ [Developing an Energy Efficiency Standard for Social Housing: Analysis of Consultation Responses](#), for the full report or; [Energy Efficiency Standard for Social Housing: Analysis of Consultation Responses - Research Findings](#) for the main findings.

2.9 The BRIA incorporated a modelling exercise involving a representative number of social landlords. It concludes that implementation of the EESSH over and above meeting the SHQS and Business as Usual (BAU) programmed upgrades would cost in the region of £310 million to achieve compliance of 90% of all current social housing stock with EESSH by 2020. It also indicates that it is potentially possible for landlords to achieve 99% compliance of all current social housing stock at a cost of around £900m by 2020. Social landlords are eligible for funding through the Energy Company Obligations (ECO) and Scottish and UK government supported programmes.

2.10 The EQIA shows that it is unlikely any equality groups will be significantly disadvantaged due to the implementation of EESSH. In fact, it concludes that all social tenants, including those with protected characteristics are likely to benefit from the new standard as it aims to improve the energy efficiency of the social housing stock in Scotland. In particular, it has the potential to help those living in fuel poverty as they should be able to heat their homes more cost effectively.

2.11 The SEIA process helped identify where environmental objectives might be affected. It recognised that the implementation of the EESSH would have a positive impact on climatic factors. Other environmental interests assessed in the report relate to the potential impacts on bats, pine martens and birds - It is clear however from the measures already in place to protect these species, including licensing requirements as appropriate, that it is highly unlikely the new standard would have significant environmental impacts on these species.

3.0 The EESSH ratings and methodology

3.1 The EESSH aims to encourage landlords to improve the energy efficiency of social housing in Scotland. It sets a single minimum Energy Efficiency (EE) rating for landlords to achieve that varies dependent upon the dwelling type and the fuel type used to heat it. The ratings reflect that some dwelling types are more or less challenging to improve than others.

3.2 The minimum EE ratings for the 2020 milestone are set out in the table below.

Table 1. EESSH minimum ratings for 2020

Dwelling type	EE Rating (SAP 2009)	
	Gas	Electric
Flats	69	65
Four-in-a-block	65	65
Houses (other than detached)	69	65
Detached	60	60
Other fuels – SHQS requirements.		

3.3 Social landlords must ensure that they achieve the relevant minimum EE ratings by the first milestone of 31 December 2020 for all applicable social housing. The intention is that further EESSH milestones may be set after this date, if it is necessary, to ensure that the energy efficiency of the social housing stock continues to improve as we approach the 2050 target in the Climate Change (Scotland) Act and that tenants benefit from acceptable levels of home energy efficiency. The planned review of EESSH in 2017 will consider any new milestones alongside issues such as progress to date and the availability of relevant funding sources.

3.4 The new standard effectively replaces Element 35 of the SHQS. Elements 31 to 34 of SHQS, which apply to particular energy-efficiency measures which must be installed in the stock, will continue to apply (although any dwelling required to meet the EESSH ratings will typically have at least these upgrades installed). Non-energy-efficiency elements of SHQS will also continue to apply. In addition, to act as a safeguard the dwelling’s current EI rating should not decrease as new measures are installed.

3.5 Given the relatively small numbers involved (coal itself accounts for less than 1% of the social stock), the minimum EE ratings for dwellings which use fuel types other than gas or electricity, such as solid mineral fuel (e.g. coal), Liquid Petroleum Gas (LPG), oil and biomass, continue at their current levels as set in Element 35 of the SHQS. Social landlords will of course still be considering how to improve these properties, for example fuel-switching may be an option which arises. Again this position will be reviewed in 2017.

“Reasonable Measures” methodology

3.6 Working closely with an External Working Group, whose membership was drawn from social landlords and representative bodies, the Scottish Government developed the proposed EESSH ratings by applying a set of “reasonable measures” to representative stock types using the RdSAP methodology, assuming that the dwellings were already compliant with SHQS. SHQS compliance remains a target for April 2015 as part of complying with the social housing charter. These reasonable measures are set out in the table below, although not all of them are relevant to all house types (loft insulation being one obvious example). They were chosen on the grounds that they offer reasonable improvements in energy efficiency relative to the cost of installing them. Most measures are also eligible for external funding.

Table 2. List of reasonable measures

Condensing boilers	Loft insulation top-up
Double/secondary glazing	Floor insulation
Heating controls	Compact fluorescent lighting
Storage heaters	Solid wall insulation (external)*
* Solid wall insulation was not modelled as a reasonable upgrade for pre-1919 buildings, due to the potential technical challenges (although it may be suitable for some buildings)	

General approach to compliance

3.7 It is anticipated that social landlords will generally look to install 'Reasonable Measures' **first** before looking at other "Additional Measures" (see below), where it has been identified that a dwelling does not already meet the minimum EESSH rating. This will follow-on from an initial consideration of what Business as Usual (BaU) works (i.e. cyclical replacement of existing elements, for example boilers, windows and storage heaters) are planned to occur anyway. In most cases, the use of BaU and reasonable Measures should achieve the relevant EESSH rating, though it is important to remember that if social landlords can achieve higher ratings, this will provide a warmer home. Social landlords, subject to cost/benefit decisions, may also decide to install measures which achieve significantly higher ratings at the outset which will mean that they are 'future-proofing' their stock.

3.8 Notwithstanding the above, it is important to note that the EESSH does not prescribe which measures must be installed so **social landlords are free to meet the EESSH minimum ratings as they see fit, using any available measures. It is for landlords to identify the most cost-effective measures, in their individual operating context, and use these to achieve the standard.** The [EESSH website](#) provides a range of case study examples to aid social landlords in making these decisions.

Harder to treat properties

3.9 For some harder to treat properties, Solid Wall Insulation (SWI) may be appropriate. For other stone-built properties and pre-1919 tenements with an attractive façade, Internal Wall Insulation (IWI) can be used. It must be stressed that IWI has not been modelled in EESSH as a 'reasonable measure' for solid stone properties altogether, as it is recognised that potential disruption to tenants has to be taken into account. This is not to say IWI is not a feasible solution for some properties, and this can be undertaken with appropriate technical advice, should a social landlord wish to make these homes warmer in this way. Equally, it is possible to undertake partial External Wall Insulation (for example at the rear or gable end).

Additional measures

3.10 For the minority of properties where social landlords cannot achieve the minimum EE rating using only reasonable measures then additional measures are likely to be required. Landlords are encouraged to be creative and innovative in their approaches to improving energy efficiency and to assess all available options. A range of renewables solutions such as Biomass, Solar Hot Water, PV, Air/Ground Source Heat Pump, Micro Combined Heat and Power, may be considered. Options such as district heating, heat recovery and flat-roof insulation may also be appropriate in specific circumstances. As noted previously the decision on what measures are installed to ensure compliance with the standard lies with the individual social landlord.

4.0 Stock information

4.1 As the EESSH is a variable rating, it is vital that social landlords can identify the energy efficiency rating of their stock at the outset. Social landlords are currently monitoring progress towards achieving the SHQS by 2015. This includes using energy efficiency data to report on Element 35 of the SHQS (reaching a required SAP rating). While it is anticipated that landlords will increasingly make use of Energy Performance Certificates (EPCs) for each property, there is no requirement inherent in achieving the EESSH that social landlords must purchase a new EPC for every property. Energy modelling can be undertaken to assess the baseline energy efficiency ratings of stock, without the need to lodge a new EPC for every property.

4.2 It is anticipated that landlords will already have or be working towards a property database that holds detailed condition and energy efficiency information for each individual property in ownership. Whether this is achieved by a survey of every property or by 'cloning' or 'extrapolation' from samples is likely to depend upon the scale and variations of property type within the property portfolio. Whichever method is chosen, landlords will need to be assured that their information is fully robust, supports business and investment planning processes and enables accurate reporting to the Scottish Housing Regulator.

4.3 Social landlords will wish to decide for themselves when it would be most beneficial to 'refresh' energy efficiency details, including EPCs, to reflect the instalment of any new energy efficient measures to a property and record this into the systems they have in place. As work may be phased, social landlords will need to consider when is the best point in time to record improvements. This will enable landlords to build their asset management information of their housing stock, which will also help in reporting levels of compliance to the Scottish Housing Regulator.

5.0 Benefits, costs and funding

Benefits of delivering the EESSH

5.1 For tenants, the EESSH will mean that in the main no social property will be lower than a 'C' or 'D' energy efficiency rating, meaning that tenants should benefit from a warmer home, which could mean lower fuel consumption, lower energy bills and less tenants in fuel poverty. Attaining the EESSH, in addition to regulations specifying minimum energy efficiency of new boilers, is projected to provide benefits to social tenants of around £127m each year due to improved energy efficiency. This is equivalent to an average of around £210 per year per household.

5.2 For climate change carbon abatement, attainment of the EESSH is projected to reduce carbon output by 760kT per annum from the social rented sector.

Estimated costs for social landlords of compliance with the EESSH

5.3 The Scottish Government worked with case study landlords to produce estimates of EESSH compliance rates and associated additional costs. On the basis of compliance with the SHQS, 64% of social housing would already meet the relevant EESSH rating at 01 April 2015. The table below reports the results.

Table 3. EESSH Scottish level costs and compliance

Dwellings meeting EESSH after SHQS	64%
Dwellings meeting EESSH after reasonable measures	88%
Cost per dwelling of reasonable measures*	£519
Total cost of reasonable measures – LA sector	£166m
Total cost of reasonable measures – RSL sector	£144m
Total cost of reasonable measures – social sector	£310m
Dwellings meeting EESSH after all measures	99%
Cost per dwelling of all measures*	£1,495
Total cost – LA sector	£478m
Total cost – RSL sector	£415m
Total cost of all measures	£892m

Costs per dwelling are calculated by dividing the relevant total cost by the total Scottish social housing stock.

Funding

5.4 It is anticipated that landlords will make use of the available funding from public and regulated energy company programmes. A full list of available funding sources can be found on the EESSH website.

5.5 Social landlords are eligible for the Carbon Saving and the Carbon Saving Communities elements of ECO. The Scottish Government's Home Energy Efficiency Programmes for Scotland (HEEPS) funding will help landlords in circumstances where owners in mixed tenure stock are reluctant to agree to the installation of common measures. Social landlords will also be able to use a proportion of this funding for enabling costs such as home visits, transport and scaffolding.

5.6 A variety of other funding sources are available. Some of them, such as the Renewable Heat Incentive (RHI), will be of particular importance for funding the more expensive further measures, including renewable options such as air source heat pumps and biomass boilers. The RHI pays participants of the scheme a fixed tariff for every unit of renewable heat generated, with tariffs set so that the cost of upgrading to these technologies will be repaid over the lifetime of the upgrade. The availability of funding for energy-efficiency measures is supported not only by Scottish Government and UK Government commitments to their respective climate change targets, but also by the EU Energy Efficiency Directive (2012/27/EU), which establishes a common framework of measures for the promotion of energy efficiency to ensure the achievement of the EU's 2020 energy-efficiency target. This includes a legal obligation to establish energy-efficiency obligations schemes or policy measures in all Member States.

6.0 Risk management

6.1 There are a range of important factors which affect the costs attributable to EESSH, as well as the approach that landlords should take when determining their strategy for compliance with EESSH. Social landlords will want to carefully consider these when updating their business plans, determining their own estimations of cost and planning their EESSH investment strategy.

Strategic asset management and financial planning

6.2 The rationale for setting EESSH in terms of an Energy Efficiency rating, rather than specifying specific measures which must be installed, is to provide landlords with the maximum flexibility to determine for themselves the most appropriate way to work towards compliance with the standard. In this way landlords will be able to take account of their individual circumstances when constructing business and financial plans for delivery of the standard.

6.3 A landlord's strategic asset management plan will also reflect the individual priorities of the landlord in terms of decisions on investment and wider stock management. This will mean that a social landlord's strategic approach to achieving EESSH will need to consider the long-term future of any stock which is not considered to be contributing toward its strategic direction (which will now include achieving EESSH). This may mean that, for some social landlords, timing of investment will be an important consideration and options appraisals and cost/benefit decisions are likely to be made before investment to achieve EESSH is agreed. The Scottish Housing Regulator (SHR) has also published advice on Strategic Asset Management in August 2012.

Business as Usual (BaU)

6.4 When undertaking a costing for the EESSH, it is important to identify those costs which are **additional** to those which would have arisen in the business as usual (BaU) case. The BaU case as applied to energy efficiency in social housing would involve (i) complying with the energy-efficiency elements of the Scottish Housing Quality Standard (SHQS), (ii) complying with any other relevant regulations applicable to energy efficiency, and (iii) routine cyclical replacement of elements.

6.5 With respect to (ii), the regulation of the energy efficiency of boilers is of particular importance in the context of EESSH. Even in the absence of EESSH, boilers would need to be replaced as they come to the end of their working life, and the replacement boiler would have to comply with relevant regulations. For example, since 2010, new gas boilers have had to meet the same level of energy efficiency that has been modelled when setting EESSH ratings. If a boiler life of 10-15 years is assumed, then over the decade to 2020 (the date of attaining EESSH), two-thirds to 100% of relevant boiler upgrades would have to be undertaken even in the absence of the EESSH, and some boilers compliant with the 2010 standards are likely to have been installed in the stock even before 2010. Thus by 2020 almost all boilers would either have been upgraded to the relevant standard or be within a few years of being upgraded.

6.6 As with all its regulatory functions the Scottish Housing Regulator will take a proportionate approach to monitoring EESSH, and expects that social landlords have a robust approach to asset management planning. Where these plans show a commitment to replacing the boilers shortly after the 2020 target date as part of a life-cycle approach to asset management, social landlords will not be forced to incur new costs by unnecessarily accelerating carefully planned investment cycles. Similarly to the above, the cyclical replacement of windows would also have occurred without the introduction of EESSH. It should be borne in mind that replacement windows account for a significant share of the total estimated cost of EESSH compliance. Where landlords have robust replacement programmes it is also anticipated that landlords would not be expected to incur new costs by unnecessarily accelerating these programmes if the replacement date is shortly after the 2020 target date. If social landlords decide to make use of these provisions they need to ensure they keep good records of the reasons behind the decision and be prepared to explain, if required by the Scottish Housing Regulator, why a property or group of properties cannot be brought up to the EESSH by 31 December 2020.

Temporary exemptions from the EESSH

6.7 In line with the SHQS, it is proposed that, in what should be a small proportion of cases, landlords will be able to use temporary exemptions from meeting the EESSH minimum ratings. This includes, from 2017, circumstances where landlords, despite all reasonable efforts, cannot access external funding to pay for a measure necessary to achieve the EESSH. In addition, properties for which landlords currently claim exemptions and abeyances under Element 35 of SHQS are likely to remain eligible for exemption from the EESSH, subject to the SHQS exemptions and abeyances guidance. It must be stressed that as per standard SHQS practice, exemptions must be kept continually under review, since changes in technology, funding streams and legal parameters will allow dwellings which were previously exempt to become compliant. Guidance on temporary exemptions from the EESSH can be found on the EESSH website [here](#).

7.0 Review of the EESSH

7.1 It is proposed that there will be a review of EESSH in 2017. It is acknowledged that a review period is prudent to enable a further consideration of the cost assumptions and the potential risks to landlords in achieving the standard, taking account of progress to date and the availability in practice of expected funding streams while also enabling further consideration of progress toward the 2020 milestone. The outcome of the review will inform future decisions on the terms of the EESSH, including whether milestones remain achievable and the setting of any further milestones beyond 2020.

7.2 The proposed date for the review is based on the following considerations:

- The full impacts of the changes made by the UK Government to ECO will be clear. The review group will thus be in a position to confirm whether the funding streams necessary to attain EESSH are working as expected.
- Findings from the Scottish Government's HEEPS, which is designed to work alongside ECO, will inform learning.
- Monitoring information on progress with EESSH will be available from all social landlords beginning in 2015/16. The impact of the UK Government's welfare reforms on social landlord finances will be clearer.
- It will allow enough time for landlords to respond to any revisions to EESSH in time for the first milestone of 2020.
- It will provide a reasonable time frame for landlords to plan for any further milestones to be set beyond 2020 in order to meet targets on Climate Change and in addressing Fuel Poverty.

8.0 Regulation

8.1 The Scottish Housing Regulator will monitor compliance with the EESSH following support expressed for this role from the EESSH consultation. Social landlords will be required to collect robust data on their progress in delivering the EESSH and to provide the SHR with proportionate annual information on compliance from 2015/16. It is also proposed that the EESSH will form part of the Social Housing Charter when it is reviewed, currently scheduled for 2017. Further details of the SHR's approach to regulating the EESSH can be found on their website [here](#).

9.0 Further Advice for landlords and tenants

9.1 The Scottish Government and stakeholders have developed a dedicated EESSH website to help support landlords and provide further advice and information to tenants. The website contains a comprehensive range of publications, information and links.

9.2 A Tenants' guide is available in a downloadable format [here](#). The EESSH website has a dedicated tenants' area, where tenants can see what the relevant rating for their property would be. Benefits to tenants from having a more insulated home are also listed. To assist social landlords, sample text to explain EESSH is available, which social landlords may wish to use for tenants' newsletters.

9.3 The Scottish Government has an Energy Efficiency budget for the provision of energy efficiency advice to support landlords, tenants and owner occupiers. Advice is delivered by Energy Savings Scotland Advice Centres (ESSACs) managed by the Energy Saving Trust (EST).

**Scottish Government
March 2014**

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