

**4. Please indicate which category best describes your organisation, if appropriate.**

**(Tick one only)**

Executive Agencies and NDPBs	<input type="checkbox"/>
Local authority	<input type="checkbox"/>
Other statutory organisation	<input type="checkbox"/>
Registered Social Landlord	<input type="checkbox"/>
Representative body for private sector organisations	<input type="checkbox"/>
Representative body for third sector/equality organisations	<input type="checkbox"/>
Representative body for community organisations	<input type="checkbox"/>
Representative body for professionals	<input checked="" type="checkbox"/>
Private sector organisation	<input type="checkbox"/>
Third sector/equality organisation	<input type="checkbox"/>
Community group	<input type="checkbox"/>
Academic	<input type="checkbox"/>
Individual	<input type="checkbox"/>
Other – please state...	<input type="checkbox"/>

## CONSULTATION QUESTIONS

CIH Scotland response separately attached below

### **General comments**

CIH Scotland welcomes the consultation on the proposed new standard. We welcome the objective of making Scotland's social housing stock as energy efficient as possible, not least as this will help address fuel poverty as well as reduce carbon emissions. As the consultation recognises, local authorities and registered social landlords have made good progress towards achieving the Scottish Housing Quality Standard, and the new standard will consolidate that progress and further confirm the sector's commitment to high standards.

We believe that the social housing sector agrees in principle with the need for an enhanced standard which builds on the energy efficiency elements of the SHQS. The sector's patience would, however, be tested if there were to be a perception of tough action on social housing and prevarication over minimum standards for private housing: CIH Scotland's response to the parallel consultation on the Sustainable Housing Strategy – and also the response from the Existing Homes Alliance Scotland – makes clear our view that the Scottish Government should move quickly to set a standard for private housing and then allow a lead-in time prior to implementation and enforcement.

CIH Scotland does not assume, however, that it will be easy for all social landlords to meet the new standard across all of their stock. It would be naïve to assume that some of the ongoing challenges with meeting the SHQS will not also create difficulties in relation to the new standard, particularly in relation to specific 'difficult to treat' property types such as stone tenements and other mixed tenure blocks and properties with electrical heating.

The Scottish Government's clear expectation is that social landlords will fund work to achieve the new standard, i.e. through rental income. CIH Scotland believes that some landlords may encounter real problems with some of their stock, and that some may need financial support if specific problems are to be overcome and exemptions avoided. The welfare reforms will affect all social landlords, and whilst action to limit the damage is being planned and/or undertaken, it is hard to see how any landlord can avoid losses of income. For developing councils and housing associations, low grant rates and a difficult borrowing/lending climate mean increasing pressure on finances.

It is not clear that sufficient external funding will be available to those landlords for whom the new standard presents real difficulties. Whilst at this stage it is hard to see the Green Deal itself having much impact on social rented stock, one would hope that the Energy Company Obligation will help fund some energy efficiency work in hard to treat, even if the position on ECO is far from clear at the current time. But beyond this, it would appear that there are no plans for financial support to be made available. CIH Scotland believes this is likely to need to be considered seriously by the Scottish Government, especially at the point where it becomes clear what work the ECO will and will not apply to.

If the Scottish Housing Regulator does indeed assume responsibility for assessing compliance with the standard (and we are not convinced that it wants this role) it will be important for a sensible and proportionate approach to be taken: social housing makes up less than a quarter of Scotland's overall housing stock, and significant inroads into reducing fuel poverty and enhancing energy efficiency will be made only if widespread improvements can be made in relation to private housing stock. Social landlords are the easy target but a sense of perspective should be maintained in policing the contribution they make through improvements to their own stock.

### **Social landlords as energy efficiency 'pioneers'**

The consultation asks about the extent to which social landlords have acted as pioneers in addressing energy efficiency. There is no doubt that a number of social landlords both north and south of the border have sought to innovate in this area, despite the expense and risk involved, and the fair possibility that some technologies have eventually proven unsuccessful. The challenge, though, for the sector and for the Scottish Government, is to assess how much of such innovation is genuinely replicable – i.e. it is affordable and capable of being mainstreamed.

Innovation in this area tends to be fraught with difficulty: putting in new kitchens and bathrooms is normally rather easier. Energy efficiency work can often involve overcoming a range of obstacles such as dealing with owners unwilling to engage, let alone pay for work, battling to get solar panel installation through the planning system, and tackling the problems of failure to get access to tenants' homes.

### **Reducing SHQS exemptions**

It is these problems, along with technical issues in dealing with hard to treat property types, which have contributed significantly to applications for exemptions from the SHQS. The consultation asks what the Scottish Government could do to assist in reducing exemptions. One potential solution to some of the difficulties – a National Lending Unit – was explored by the Scottish Government when it was looking to complement local authorities' Schemes of Assistance under the 2006 Act. The proposed NLU was to have made available loans to home owners, which would be repaid on sale of the property – loans which could be used for repairs, improvements or adaptations. Such a mechanism was being explored for the very reason that no appropriate commercial equity release products had emerged and none seemed likely to emerge.

CIH Scotland recognises that there would be start up and ongoing running costs, and that there would need to be an initial capital input to get the recycling loan fund moving. But over time, a substantial amount of private equity could be brought into the system to pay for energy efficiency work along with other types of work. Without such an initiative, CIH Scotland believes that home equity will largely remain untapped, leaving few, if any, carrots to be offered to owners. This prevents social landlords from achieving the SHQS in many mixed tenure blocks, and will impact on the ability of home owners – in both stand alone housing and in flats – to carry out work to meet the minimum standards which the Scottish Government will introduce for private housing.

In the meantime, CIH Scotland welcomes the clear indication from the Scottish Government that with both SHQS and the proposed new standard, there is in

general terms no prohibition on letting a property which fails the standard: failure to meet the standard is not seen as breaking the law, and a sensible, risk-based approach will be needed on a case by case basis when it comes to decisions on letting individual properties.

Landlords continue to be plagued by problems with accessing property to carry out inspections and repair and improvement works. A disproportionate amount of resources are spent on trying to gain access to a minority of homes – probably around the 10% mark for many landlords. CIH Scotland would welcome a commitment from the Scottish Government to examine ways of alleviating these difficulties which put landlords between a rock and a hard place in terms of compliance with different laws.

### **Tenant awareness of the importance of energy efficiency**

CIH Scotland believes that as with the population as a whole, social housing tenants do not accord a particularly high priority to energy efficiency and, specifically, to energy consumption. The public education process of increasing the public's awareness of how to reduce energy consumption is an ongoing one and seems likely to involve national and local government, advice agencies and social landlords, amongst others. In this respect it does not seem unreasonable that the proposed new standard should include a duty on social landlords to encourage tenants to reduce their energy consumption. As well as addressing ongoing ignorance (which exists across all housing tenures) about basic energy saving steps, the advent of newer heating systems puts a particular onus on social landlords to make sure that tenants have clear information about using their heating and other appliances efficiently.

Whilst we recognise the Scottish Government's caution in undertaking public education campaigns sometimes perceived as expensive, the value of a campaign to urge more efficient energy consumption would seem to be especially significant, not least in relation to tackling fuel poverty. The consultation's recognition that many of Scotland's more vulnerable tenants are likely to be in their homes for large periods of the day makes messages about efficient energy use particularly important.

Meeting the standard will require social landlords to identify the right balance between rent increases to fund the work and the direct savings tenants should then see in reduced energy bills. This is a difficult balance to achieve, not least as rent increases are likely to be across the board, whereas some tenants will benefit more than others from reduced energy bills, depending on how efficient or otherwise their property was before any work to meet the new standard.

One group of tenants for whom there are particular sensitivities are those working age tenants affected by the bedroom tax – some of whom will find their benefit income drastically reduced from April 2013. This alone will make landlords think twice about unduly increasing rents to pay for energy efficiency work.

### **The technical standards**

A high level of technical expertise – including practitioners from councils and RSLs – went into developing the different standards for different property types and identifying the most appropriate draft case studies. CIH Scotland recognises that the

case studies cannot possibly cover every property type but that the great majority of social housing stock is covered.

On using the SAP/RdSAP methodology for regulating energy performance in the social rented sector, we note that the modelling in the consultation document was carried out using the 2005 ratings. We understand, though, that processes are being put in place to update the modelling using the most up to date ratings available.

We are generally happy that the suggested improvements in the case study examples are realistic and feasible. It has been suggested to us that there could be more inclusion of examples of alternatives to electric heating (for example biomass heat pumps), and that the case studies might also better acknowledge that there can sometimes be additional costs such as those associated with decanting tenants in order to carry out under-floor heating work.

The consultation asks whether the standard should be aggregated across a social landlord's entire stock or set at an individual dwelling level. CIH Scotland supports the Scottish Government's preference for the latter option, as using the former would skew the figures for those landlords with a greater proportion of newer stock.

### **Exceptions**

The consultation asks whether there should be exceptions to the proposed standard and, if so, how these should be treated. As stated in our introductory comments, if it proves to be the case that some landlords encounter real problems with some of their stock, and appropriate financial support to overcome specific problems is not available, exceptions may well be necessary. We would not expect these to be hugely significant in number, but the principle of exceptions should not be ruled out at this early stage.

### **Funding**

There is currently a distinct lack of clarity over (a) exactly what, if any, funding sources may be available to social housing landlords to contribute to the cost of energy efficiency work. What seems more certain, however, is low take-up by tenants of any schemes encouraging them to carry out work themselves. Feedback suggests that the majority of social housing tenants believe it is their landlord's responsibility to pay for energy measures. All the signs are that take up of the Green Deal among social housing tenants will be very low indeed. There appear to be better prospects for the housing sector to take advantage of funding through the Energy Company Obligation, but the extent to which Scottish social landlords will be able to take advantage in order to target low income areas remains in doubt at the current time.

This uncertainty over what is a slowly evolving picture makes it all the more important that the funding available to social landlords is subject to ongoing review all the way up to the point at which the standard is to be met. As we noted in our introductory comments, CIH Scotland believes that financial support for landlords is likely to need to be considered seriously by the Scottish Government, especially at the point where it becomes clear what work the ECO will and will not apply to.

## **Monitoring compliance with the new standard**

CIH Scotland can see the obvious case for the Scottish Housing Regulator to monitor progress towards compliance with the new standard, given its existing responsibilities in relation to the SHQS. There may, though, be a question mark over whether there is sufficient technical expertise within the SHR but this will largely be a matter for the SHR to address.

It will be important that the SHR's data requirements are consistent with existing data being used by landlords to assess energy efficiency and that no new data burden is added specifically for the SHR's purposes.

## **Setting longer term milestones beyond 2020**

CIH Scotland supports the Scottish Government's intention to set further milestones for the improvement of energy efficiency levels in social sector stock. We agree that it makes sense to defer the setting of further milestones until such a time as progress towards 2020 can be achieved.