

**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 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... Representative body of local authorities	<input checked="" type="checkbox"/>

COSLA's Response to the Scottish' Government's consultation.

1. COSLA welcomes this opportunity to respond the Scottish Government's consultation, *Developing an Energy Efficiency Standard for Social Housing*.
2. Councils are committed to the 2016 target to eradicate fuel poverty where practicable, and to meet their climate change duty. COSLA welcomes the Scottish Government's Sustainable Housing Strategy's vision for, 'warm, high quality, affordable low carbon homes and a housing sector that helps to establish a low carbon economy across Scotland'. However, whilst the SHS's principles are admirable, we have to be pragmatic about what councils can achieve within the budgets and resources available to them.

Scottish Housing Quality Standard

3. The Scottish Housing Quality Standard (SHQS) set the following energy efficiency standards to be met by 2015 by all social landlords:
 - 100mm roof insulation
 - Cavity wall or equivalent insulation (where technically feasible and appropriate)
 - Hot water tank and pipe and cold water tank insulation
 - Full energy efficient central heating
 - Any other energy efficient measures that will bring the property up to a minimum energy efficiency rating subject to technical feasibility and proportionate cost.
4. The majority of social landlords are making significant progress towards the SHQS. Across the social sector, most failures (44% of dwellings) are on the energy efficient element. A recent report from the Scottish Housing Regulator (March 2012) on the likelihood of meeting the SHQS found that:
 - A minority of councils and stock transfer Registered Social Landlords (RSLs) will struggle to meet the 2015 SHQS target. Mainly due to failing on the energy efficiency criteria.
 - During 2010/11 over £370 million was invested in improvements toward reaching the SHQS.
 - Landlords project a total investment of over £1.3 billion between 2011 and 2015 to meet the SHQS equivalent to £6,500 per house still to be improved. To fund this and their other specific SHQS stock investments, RSLs estimate that they will need to draw down £214 million from private lending facilities and councils plan to use £570 million of prudential borrowing.
5. There are currently 596,000 homes in the social rented sector, 54% of which belong to councils and 46% of which belong to RSLs. Modelling showed that by 2015 if all social rented properties meet the SHQS then there would be an average modelled reduction in emissions from social housing of 56%. This modelling suggests that meeting the SHQS

would be sufficient to provide a global pro-rata contribution from social housing to meet the overall 2020 climate change target of a 42% reduction. However, the standard will not be set on a global scale; instead the standard will be applied per property. This means the standard will be more costly to achieve.

6. It should also be borne in mind that social housing stock only accounts for 25% of all housing in Scotland, and the most energy inefficient housing stock is in the private sector. Some mixed tenure properties are making it difficult for councils to achieve the 2015 SHQS, where owner occupiers refuse to finance improvements, let alone the 2020 or 2050 target. COSLA welcomes the Scottish Government considering implementing legislation to tackle this problem.

Energy Efficiency Standard for Social Housing

7. Unlike the SHQS, the standard will focus entirely on energy efficiency. The Scottish Government wants the standard in place by the end of 2012 to allow landlords time to plan and prepare. The Scottish Government's consultation states,

'The proposed energy efficiency standards builds on the SHQS and the suggested ratings for many homes do not go much beyond what would be expected to meet the SHQS. In fact for certain house types, meeting the SHQS should mean that the 2020 target has also been met'.

8. For some councils this statement will be true, depending on the age and type of housing stock. Stock which is off gas mains supply and hard to treat properties will not meet the 2020 target. Currently some councils are close to meeting the 2020 target, while others are not, but few are likely to be in a position to meet the 2050 target without the introduction of new energy efficiency technologies and significant further investment.

Affordability

9. COSLA has concerns about the affordability of the standard. It is assumed that the bulk of funding will come from councils and RSLs' own investment programmes. The standard will lead to a greater reliance for some councils on borrowing and increasing tenants' rents. Meeting the standard's 2050 target will be difficult.
10. The Scottish Government has listed in the consultation other possible source of funding such as the Scottish Government's National Retrofit Programme (which is focused on areas with fuel poverty), the Warm Homes Fund (a Scottish Government loan fund to support renewables in poorer communities), Green Deal and ECO (a dedicated community carbon saving scheme aimed at retrofit in poor communities and funding for hard to treat wall cavities). However, it would be imprudent to assume considerable levels of funding will be available from these sources.
11. It is anticipated that the impending welfare reform changes will place a strain on councils' Housing Revenue Account, due to the expected increases in rent arrears and the change in the uprating of rents for housing benefit from the higher RPI to the lower CPI.
12. A Scottish Housing Regulator report (March 2012) identified the following as constraints to funding the 2015 SHQS:
 - severe pressure on councils' budgets, including increased costs of borrowing;
 - potential increases in bad debts as a result of difficult economic conditions and the proposed changes to the benefits system; and

- the implications of Welfare Reform and resulting pressures on landlords' cash flow.
13. The Scottish Federation of Housing Associations (SFHA) cautiously welcomes the standard. The SFHA has a question mark over the affordability of the standard due to the current challenges and pressures facing RSLs with the forthcoming welfare reform changes and the reductions in subsidy for new build affordable housing.

Monitoring of the Standard

14. The SHQS is currently monitored by the Scottish Housing Regulator (SHR). COSLA will canvas individual councils for their opinion on the best route to monitor the standard. COSLA recommends that any monitoring must be proportionate and appropriate.

COSLA position

15. COSLA's Community and Wellbeing Executive Group agreed the following policy position on the Scottish Government's consultation, *Developing an Energy Efficiency Standard for Social Housing*,

'Councils want their tenants to live in warm, comfortable and energy efficient homes. Local government is committed to the climate change targets and eradicating fuel poverty. The public sector needs to provide leadership on mainstreaming climate change action, although only a small percentage of emissions are directly attributable to local government and social housing. The standard comes at a time of significant cuts to Scottish local government. As it is also the time when housing benefit claimants will be facing a reduction in their payments, it may be difficult to justify to tenants rent increases to meet an energy efficiency target in 2020 and 2050. In the first instance, we need to support councils to meet the 2015 SHQS.

The proposed standard needs to get the balance right between being challenging and yet being affordable and achievable. In implementing the standard there is the assumption that social landlords' investment programmes will shoulder the majority of the cost. Councils need to be satisfied they can afford and plan for the 2020 and 2050 targets before signing up to the implementing the standard. Therefore, prior to any implementation of the standard COSLA is recommending that a costing exercise is undertaken by the Scottish Government.'