

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 checked="" 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

Question 1: Do you have experience, or know of, social landlords acting as 'pioneers' in addressing energy efficiency?

Yes No

Question 1(a): If 'yes', please provide details, including any web links/contact details you may have.

No comment

Question 2: For landlords, what is the greatest cause of SHQS exemptions in your stock? Is there anything that the Scottish Government could do to assist in reducing exemptions?

No comment

Question 3: What has been your experience in improving properties in mixed tenure estates?

Scottish Land & Estates is surprised that this consultation does not also ask the private sector directly what their views on improving energy efficiency in mixed tenure estates are.

With 76% of the housing stock in Scotland in private ownership, how can the Scottish Government establish the right mix of measures without asking appropriate questions that take both RSL and private owner's views into account?

We think that this consultation is much weaker and probably less informative than it could have been because of this issue.

Question 3(a): If you have developed solutions to work with owners and/or private sector tenants, please provide details.

The Scottish Land & Estates response to Q14 Homes Don't Cost the Earth (HDCE) would appear to give some information relating to this question.

"Local Authorities should not have the power to enforce decisions taken by owners in terms of title deeds or a Tenement Management Scheme (TMS).

However, consideration should be given as to whether owners, in a situation where they have decided to carry out work but one (or more) party(ies) has not paid for the work, should be able to apply to the Local Authority for payment of the share of the party(ies) who did not pay. The Local Authority could then "acquire" the other owners rights to recover the cost from the non-paying owner(s).

There are cost implications for Local Authorities (and therefore, the tax payer) in this, however. How would the Local Authority recover the costs from the non-paying owner(s)? What would happen if owners disappeared/did not have the money? There may be room for a regime whereby a Local Authority could serve a notice on a property so that the costs were recovered on sale. However, if a property is mortgaged, there may be no free sale proceeds to meet the cost. Local Authorities have not always achieved a good success rate at recovering other sums (e.g. Poll Tax/Council Tax), and, accordingly, such repair/improvement costs could become a burden on the tax payer.

Local Authorities already have power to issue Work Notices and Maintenance Orders in certain situations. While this relates to sub-standard housing and disrepair, we do not consider this power should be extended to include power to enforce improvement in the condition of properties.

We think that giving Local Authorities the power to enforce decisions taken by a majority of owners in terms of title deeds or a Tenement Management Scheme has some merit. If there is a majority vote within the tenement that certain works should be carried out then we do think that the Local Authority should be able to enforce this against any dissenters.

However, although it seems logical to give Local Authorities power to enforce decisions taken by owners in terms of their title deeds or a TMS and the necessary powers may be able to be granted by means of amending the Tenements (Scotland) Act 2004 (the 2004 Act), from a legal perspective the matter could prove complicated. Where there is no provision in the title deeds (or the title deeds for all the flats in a tenement do not make the same provision) for making decisions, then the rules set out in the TMS (in Schedule 1 of the 2004 Act) will apply – i.e. majority decision. Where the title deeds do make provision it would in most instances be for decisions to be made on the basis of a majority of proprietors. Accordingly, it is not the decision making which is at issue but, rather, the reluctance of those in a tenement property to incur the cost of repairs where they may have difficulty in recouping costs from uncooperative owners. This issue would be resolved (subject to the provisos made above) by giving Local Authorities power to pay the share of such an owner and take on recouping the cost – in other words the owners would have confidence to proceed with the decision they have made in the knowledge that they would not have to pay the share of an uncooperative owner and then recover the same through the Courts. Local Authorities already have power to serve work notices and maintenance orders etc (as referred to elsewhere in this response) in terms of the 2006 Act where work is required to maintain a property but the owners have not made a decision to do so. The introduction of a power to enforce decisions of owners, therefore, would result in duplication (a) between owners and Local Authorities and (b) of powers already held by Local Authorities; and lead to potential confusion about which route was the correct one to pursue.”

Question 4: The Energy Efficiency Standard for Social Housing will directly affect a diverse group of social sector tenants who have individual needs and experiences. In your view, is improving the energy efficiency of social rented housing a priority for tenants?

Yes No

Yes and No, it depends on the circumstances. There is a danger in trying to make one solution fit all situations.

Question 4(a): If 'yes', are the suggested 'potential benefits' broadly the right ones? Are there any others you would suggest?

Yes in broad terms tenants are interested in having a warm home

Question 4(b): If no, why is this? How would you suggest we increase tenant awareness of the importance of energy efficiency?

No, if the cost of the improvements, or the type of regulation force the landlord to significantly increase rents, or reduce the supply of housing to balance their finances.

Social housing organisations like the PRS are businesses. They need to have appropriate cashflows to support investment and need to watch that they don't stretch their balance sheets too much. If costs and revenues don't create appropriate rates of return, then banks (or government's bearing in mind the bond market influence) will not lend to them (or they go bust) because the organisation will not over the medium to long term be able to pay the borrowed money back.

There are around 5.1M people in 2,430,000 households in Scotland. The average occupancy is 2.1 people per household. A basic issue is that 82% of Scottish households, some 4M people, are not aware of the need to improve energy efficiency. 11% of the housing stock is in the Private Rented Sector, and 24% is RSLs, which indicates that 35% of households are tenants, potentially with similar issues.

This means that a comprehensive communications plan is needed, that is structured to fit with a diverse, segmented, politically and economically sensitive mass consumer market. This is a big task that needs expert market research, marketing and advertising inputs. How can the Scottish Government work out what support is needed until it fully understands this crucial market and how best to communicate with it? How can it find a "champion" to lead the changes needed in user behaviour?

The first place a marketing and communications plan should start from is to do sufficient market research to understand the market. Although the Scottish House Condition Survey (SHCS) and the various Fuel Poverty Forum reports, e.g. Fuel Poverty Evidence Review Aug 2012, are of high quality, they do not cover some significant and very important areas related to the understanding of people and the housing market. In other words there

are significant gaps in knowledge. The work simply has not been done.

We think there are three very significant gaps in knowledge that need to be filled:

- **First, to gain a comprehensive understanding of behavioural factors and current use of heat, light and power in homes in a variety of house types, economic and social groups, etc. . The approach to research hitherto has focused too much on technical aspects.**
- **Second, to gain an understanding householder’s attitudes towards energy efficiency measures.**
- **Third, to gain an understanding of the dynamics of the RSL, private housing and PRS markets and the likely economic and other impacts of introducing regulations, and consequent potential liabilities. This research needs to be carried out by respected independent economists.**

Furthermore, once the National Retrofit campaign is started the change in attitudes, and especially any changes in the economics of the housing market need to be monitored closely. Things like customer satisfaction surveys of the GD assessors, and installers will be required. Qualitative surveys of estate agents, mortgage companies, private owners, letting agents, landlords and tenants will be needed to detect problems in the process before they become serious. There is potential for inappropriate regulation to depress house prices and impact on housing supply. There will need to be detailed and on-going studies of the housing market to monitor impact.

The complexity of the housing stock also means that one solution will not fit all circumstances and that specialist skills and advice will be needed, supported by appropriate research. At the moment there are conventional solutions and the research being carried out by Historic Scotland and others into alternative, usually more natural materials based solutions. There is however a considerable gap. This means that there needs to be an awareness raising programme for professionals, such as architects, building surveyors, contractors, tradesmen, building control officers etc.etc. i.e. everyone in the building industry and especially for insulation companies. This is a big task that will need a comprehensive understanding of the communications networks in the building industry.

A key issue for all the professionals and people in the building industry will need to be made aware of is the significant risk that condensation, damp and mould problems are created by retrofitting and sealing buildings that were well ventilated previously.

A key area of support is the provision of advice that is “fit for purpose”. The Scottish Government therefore needs to continue to support research into all house types found in Scotland and ensure that the advice that is given to owners and occupiers is appropriate in all circumstances. At the moment some elements of conventional insulation approaches are being challenged

by the research done by Historic Scotland, Universities etc. Bearing in mind the pressure to improve energy efficiency more investment is needed in research to speed up the provision of good quality advice to for all archetypes found in Scotland.

At the moment there is a lot of emphasis on the one-stop-shop approach. This needs to be augmented by support for the range of specialists that will be required to give appropriate detailed advice for each archetype.

Question 5: Do you consider any particular equality groups will be at significant risk as a result of this new policy? If so, please outline what measures you consider appropriate to minimise risk.

The rural sector, a “rural weighting” is required.

Question 6: Do you think the implementation of the Standard will cause an undue financial burden on any particular equality group? If so, we would welcome your views on what action could be taken to minimise that burden.

Yes, landlords that have a significant number / high proportion of hard to treat properties, e.g. pre-1919 traditional buildings.

The Scottish Government (2011) *Impacts of options for regulating energy efficiency standards in the domestic sector* uses unrealistically low cost figures, especially for hard-to-treat houses. See Historic Scotland Technical Paper 16 and Bruce et al 2011. This has made all the subsequent calculations on how much money will be required inaccurate.

Question 7: What else would you suggest to help tenants better manage their energy consumption?

SMART meters and advice appropriate to the situation & see our response to Q4(b).

Question 8: Do you think that example case studies will be helpful or unhelpful in taking forward the Standard?

Helpful Unhelpful

However there needs to be more independence in the preparation of the costs of works to check their accuracy, also taking issues like rurality into account, which increases costs of works.

If you think they are helpful:

Question 8 (a): Are these the right range of dwelling types to be represented as case studies? Yes No

Need to include all fuel types and a full range of house types.

Question 8 (b): Are there any other types (including hard to treat) that you would like to be included as a case study? Yes No

Question 8 (c): If yes please state type and say why you think they should be included?

Need to include all fuel types and a full range of house types. Also more general information on the house size and construction type is required to enable comparisons to be made.

Question 9: What are your views on using the SAP/RdSAP methodology for regulating energy performance in the social rented sector?

The system is inflexible and is not user-friendly. The system is slow to incorporate improvements, innovations, or new products and needs a major overhaul with significant investment.

Detailed comments are:

- A general lack of transparency of the input data and information analysis. Several inputs are controlled by commercial companies e.g. BRE, Sutherland Tables. This is not acceptable for a potential regulatory tool for 2.43M houses.
- Lack of transparent fuel cost inputs and inability to vary those inputs with local up-to-date prices. This could lead to inappropriate decisions being made on which fuel type to choose for a heating system.
- Use of 3 year rolling average historic fuel costs. Investment appraisal is a forward looking process.
- Lack of transparency on EPC report or publicly available SAP guidance material of standardised assumptions on occupier comfort levels. A user therefore has no means of comparing what they know about their own expected comfort level, the insulation and heating system in their house, with the information on the EPC report.
- Poor structure of the EPC approved software, in that separate reports have to be generated each time a slight change to the input data is made. The process of doing cost/benefit analysis is an iterative one. The lack of core data retention and the inability to respond flexibly to changes severely restricts the usability of the system.
- Standardised assumed levels of comfort could affect investment decisions by over-stating savings that could be made from investment in insulation or heating system options. When linked to the GD this will mean households will pay more.
- The financial outputs encourage investment in central heating systems that could create higher fuel bills and increase CO² emissions. The opposite of the stated purpose for the EPC system.
- Lack of warnings that poor quality fitting of insulation and lack of appropriate ventilation can quickly cause condensation and damp problems.
- Continued inability to input the correct "U" levels for a range of

measures to improve the energy efficiency of the house and linked with a very narrow range of eligible measures under GD, see HS Technical Paper 16.

- EPCs are valid for 10 years and cost between £80 - £120 per house, in the private sector. There is doubt over the accuracy of the survey's done to date. They become out-of-date very quickly as soon as any additional measure is done. The credibility of the system is not high.
- An urgent programme to make the RdSAP/SAP processes fit for purpose for all building types, including pre-1919 solid wall houses is required. Fit for purpose should include both technical adjustments, and improvements to the presentation of the information for non-technical users i.e. occupiers and owners of houses.

Question 10: Do the 'Baseline: 1990 Measures' accurately reflect the energy efficiency performance of dwellings at that time?

Yes No

If not, please provide details.

No comment

Question 11: Are the suggested improvements in the 'Further Measures' and 'Advanced Measures' columns of the case studies realistic and feasible?

Yes No

All options for fabric related improvements need to be included and realistic costings are needed for all options.

Question 11 (a): Please provide further explanation of any measures that you think should not be included within the modelled case studies.

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Question 11 (b): Please provide further explanation of any measures not currently included in the case study modelling that you would like to see included?

All options for fuel types, heating systems and fabric related improvements need to be included and realistic costings are needed for all options.

The assumptions behind the all the systems need to be checked and validated. For example, there are single room heater technologies that are both energy efficient and low carbon. So, why is it so important to have a central heating system? CHS can be a very expensive option in some situations. The costs and benefits of every investment decision need careful consideration by the owner and the tenant. For example in rural areas wood burning stoves can be used as efficient low carbon space heaters and the biomass fuel (firewood) only costs 2p/kWh. This is the lowest cost of all the

fuel types!

Also need to take into account the way that people use each technology. Again using the example of the wood stove, which although as a room heater it may be classed as a secondary heater, it is actually used as the main heat source by occupiers in the spring and autumn months, so that the central heating system can be kept turned off! This allows people in rural areas off the gas grid to both maintain the comfort levels they want and to keep the cost down, all with a low carbon fuel.

However because woodstoves can be multi-fuel their EE & EI ratings in RdSAP/EPC are dragged down to 65%, even if they are CE rated at 80% efficiency.

Another, perhaps more common example, is the electric storage heater. The new Quantum Heating electric storage heater being developed by SSE/Dimplex, which can be used as a room heater will be 20-25% more efficient and with a new SMART meter able to access renewable electricity.

Basically there is a need to maintain flexibility in the systems, to allow and encourage innovation and appropriate behaviours. If the case studies and consequent regulation are too inflexible this will stifle both.

Question 12: Taking into account the factors outlined in paragraphs 6.5 and 6.6 of the consultation document, do you agree that establishing a minimum Environmental Impact rating for the main dwelling types is the most practicable format for the standard?

Yes No

If not, please explain why.

Comments

Question 13: If you think that the standard should be a minimum Environmental Impact rating, do you think that there should also be a safeguard that the dwelling's *current* Energy Efficiency rating should not reduce?

Yes No

It should depend on what is practical and cost effective, keeping the overall interests of the occupier in mind.

Question 14: In assessing your stock against the proposal for a new standard for social housing, do you foresee any significant challenges in obtaining individual property details across your stock?

Yes No

If yes, please explain why.

No comment

Question 15: Do you think that the ratings at paragraph 6.7 of the consultation document are suitably challenging?

If not, please give explanations why not and suggest more suitable ratings.

Yes No

The standards are set at a very high level, which may be practically and economically unachievable

Question 16: Do you think the suggested energy efficiency rating for electrically heated detached homes and bungalows undermines the SHQS? Please explain your choice.

Yes No

There is a danger that short term and long term issues are confused and that insufficient weight is given to the potential of innovation in heating systems, renewables, metering, thermal stores, insulation products etc. to affect appropriate choices in different time periods.

For example, in the short term electricity is not an energy efficient environmentally friendly low carbon / low CO² energy source. This is reflected in its RdSAP/EPC scores. However there is both significant innovation happening right now e.g. SSE/Dimplex Quantum Heating (electric storage heaters) that will increase the efficiency of these devices by 20-25% AND the proportion of renewable electricity being generated is increasing rapidly.

This means that care is needed not to give the wrong signal to the market. In the short term therefore a lower EI / EE is appropriate to allow time for the innovations to be implemented in a flexible way. Longer term when the technologies are proven would be the appropriate time to increase the EI / EER to influence uptake.

Question 17: What are your views on whether all social rented dwellings should be heated by gas, electricity or renewable heat sources by 2030?

Flexibility should be maintained so that innovation is not stifled. There should be a signal given as to the general direction of travel but let each organisation work out the best way to get there.

Question 18: Do you think that either of the options set aside ('Establish a set of measures that all homes would be required to meet' OR 'Set a minimum percentage reduction in emissions for each of the different dwelling types') should be reconsidered?

Yes No

If yes, please explain which option you prefer and why.

Neither option is attractive on its own without appropriate “exemptions/abeyances” because the statement does not take account of the practicalities or costs for each property. This means that hard-to-treat buildings, and their occupiers could become disadvantaged rapidly.

Question 19: Do you agree that the standard should apply to all individual homes and not be aggregated across a landlord’s stock? Is this practicable?

No, because this reduces flexibility and does not allow the organisations to manage their cashflows and balance sheets. It is not practicable.

Question 20: Paragraph 6.14 in the consultation document suggests a way of dealing with those more unusual properties that are harder or more expensive to treat. The approach is to use the 1990 base assumptions to record a baseline for each individual dwelling and then to calculate a set percentage reduction to identify a required improvement. Do you agree that this approach to **unusual dwellings could offer a reasonable way forward for applying a standard to these dwellings?**

Yes No

This would appear to be a highly technical, bureaucratic and expensive method.

Question 20(a): Do you agree that the percentage reduction for **unusual dwellings should correspond to Climate Change targets and be set at 42%?**

Yes No

If not, at what level do you think the reduction for unusual dwelling should be set that will be achievable but provide a meaningful contribution to the improved energy efficiency of social rented housing?

The issue is cost, in that the improvement should be cost effective for an organisation in a similar way as the “Golden Rule” is for individuals. There is also potential for significant financial stress to be put on organisations compelled to achieve very high cost measures.

Question 21: Do you think that there should be exceptions to the proposed energy efficiency standard? If so, how should they be treated?

Yes No

Practical issues, excessive costs etc.

Question 22: Are there any other relevant sources of funding that can help social landlords improve the energy efficiency of their stock?

The private sector

Question 23: Given the range of financial assistance available to landlords, do you agree that the standard can be achieved without disproportionate cost? If not, please explain why.

Yes No

The costs could well be higher than those that have been modelled, especially for landlords that have a significant number / high proportion of hard to treat properties, e.g. pre-1919 traditional buildings.

The Scottish Government (2011) *Impacts of options for regulating energy efficiency standards in the domestic sector* uses unrealistically low cost figures, especially for hard-to-treat houses. This has made all the subsequent calculations on how much money will be required inaccurate.

Question 24: We see an opportunity to advance gender equality in the creation of jobs to undertake the retrofitting works in industries that have traditionally been male-dominated. Your views on how we can maximise gender equality in job creation would be welcome.

No comment

Question 25: Are there any other data sources you could suggest to monitor the proposed energy efficiency standard?

No comment

Question 26: Would you welcome the Scottish Housing Regulator (SHR) monitoring the proposed standard both in the interim period and longer-term or would you prefer an alternative body to carry out this role? If so, who and how?

Yes No

The improvements to energy efficiency and CO₂ emissions reductions are already being monitored through the EPC database and in a variety of other ways. In a period of austerity setting up more systems to monitor compliance should be checked carefully in terms of costs/benefits.

Question 27: Are there any other costs associated with monitoring landlords' progress towards the energy efficiency standard?

Yes No

The cost to the RSL of EPCs and any other monitoring system that is created. Again each request for additional information should have a specific and rigorous cost/benefit appraisal made.

Question 28: Should there be regular milestones to measure progress towards 2050? If so, what dates would you suggest?

Yes No

Dates can be arbitrary in relation to progress and if innovation substantially alters our understanding of the main factors / drivers for change then may not be as worthwhile as other measures. There should be a range of Key Performance Indicators used.

Question 29: Do you agree that setting the longer-term milestones should be deferred until progress towards 2020 can be reviewed?

Yes No

Comments

Question 30: Do you consider there to be any further opportunities within the Energy Efficiency Standard for Social Housing to promote equality issues. If so, please outline what action you would like us to take.

No comment