

**4. Please indicate which category best describes your organisation**

**(Tick one only)**

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

## CONSULTATION QUESTIONS

1. Are the vision and objectives as set out in sections 19 and 20 appropriate for Scotland's Sustainable Housing Strategy? Please answer Yes or No and provide fuller explanation if you wish.

Yes, taken together SSE believes the vision and objectives are appropriate for Scotland's Sustainable Housing Strategy.

2. What do you think are the main barriers that prevent home owners and landlords from installing energy efficiency measures?

SSE believes that there are 3 main barriers to consumers investing in energy efficiency measures:

- **Lack of information**- consumers are often not aware of what measures or practices they could adopt and the benefits that would result. In the case of insulation, the measures are invisible therefore homeowners are not encouraged by their neighbours' decisions;
- **Upfront capital expense**- apart from the measures offered under CERT, energy efficiency measures and improvements require upfront expenditure; and the most energy efficiency upgrade or improvement e.g. boiler replacement, new windows or appliances, are often the most expensive. Therefore whilst the lifetime savings may be significant the high upfront costs act as a disincentive and prevent uptake;
- **Hassle factor**- Any measure which improves the fabric efficiency of a home is likely to cause some disruption such as requiring occupants to clear lofts and rooms;

It is important to note that the financial barrier is not the only significant barrier to uptake of simple energy efficiency measures. Rather it is the combination of both financial and nonfinancial barriers that has led to widespread consumer apathy towards energy efficiency. SSE's experience of delivering CERT supports this as despite offering free insulation many people still refuse due to factors such as inconvenience.

This is further illustrated by UK Government evidence - the Energy Efficiency Deployment Office Evidence Brief stated that 41% of homes with cavity walls don't have them insulated despite it being freely available through CERT. The same applies for loft insulation – and by independent analysis. A recent Accenture report<sup>1</sup> on Green Deal opportunities, which noted that an energy solution is more likely to be taken up if it overcomes or partly overcomes multiple barriers, for example: financial, outcome, experience or social impact.

Typically consumers will do what is obviously sensible. As such a combined set of incentives need to be in place for uptake to occur e.g. if increasing the efficiency of a property were to significantly increase its value; currently the value is low compared with the hassle factor.

The barriers are similar for landlords as for home owners yet the benefits are greatly reduced. This is because in most case they do not pay the energy bill and therefore will not see the cost savings. For this reason there is little benefit to private landlords in investing in energy efficiency, or organising free insulation.

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<sup>1</sup> Accenture, 2011. Achieving high performance in the home energy services market.

Another significant barrier for landlords is that currently the energy efficiency of a home is not reflected in its value. Therefore they cannot charge more to reflect the savings from the increased energy efficiency. The consultation document recognises this as a problem and suggests that regulation may be the most effective way to make energy efficiency a social norm therefore can begin to be valued. This is particularly a problem for the Green Deal where the loan is attached to the home where the efficiency measures have been installed. In the private rented sector this means that tenants will be paying for measures on their bill which they didn't install. SSE is also aware of the concern that the value of a home may be significantly lower when selling a property with a Green Deal attached to it due to the perceived debt/mortgage associated with the property.

3. Please explain any practical solutions and/or incentives to overcome any barriers you have identified.

As mentioned above SSE and other energy companies have incentivised home owners to install energy efficiency measures with gift vouchers and cash payments. These have had some success but don't overcome the inconvenience of taking up measures.

SSE has recently introduced new Smart Services energy advisers who will visit people in their home by appointment and offer free, practical and professional advice personalised to the resident and home. The advisers will provide smarter ways on using less energy and reduce bills as well and recommending solutions tailored to the customer. It is hoped that this will help energy users understand the benefits associated with installing energy efficiency measures and changing their behaviour.

SSE believes that there is also a role for independent information perhaps from organisations such as the Energy Savings Trust.

SSE is supportive of appropriate regulation in this area. This includes: private rented sector minimum energy efficiency standards for accommodation which would force energy efficiency take-up and reduce energy bills for tenants helping those who are fuel poor, private owners requirements to encourage the retrofit of measures when selling a home, and undertaking consequential improvements as consulted on in previous building regulation consultations.

4. Given Scotland's diverse range of housing, what support is needed to enable people to get energy efficiency measures installed?

Scotland has lots of solid walled properties diversely scattered across the country and a large proportion of tenements.

A Scotland wide roll-out of solid wall insulation could potentially transform the energy efficiency of our housing stock but its high cost is prohibitive. Solid wall insulation will not meet the golden rule under the Green Deal therefore will require ECO funding to top up the remainder. The willingness of home owners to sign up to measures costing several thousand pounds on a promise it won't add to their bills is untested.

As discussed in question 3, information about the benefits of efficiency is essential.

5. (a) What specific issues need to be addressed in respect of improving energy efficiency in rural areas, particularly more remote or island areas?

Rural homes are more expensive to treat with energy efficiency measures because of the extra cost of travel and sometimes a lack of competition among local installation contractors. Despite this SSE is committed to delivering energy efficiency measures in hard to treat areas and has a good record of funding and delivering energy efficiency improvements in the highlands and islands. SSE doesn't want hard to treat areas to be disadvantaged.

The other issue aside from cost is finding eligible households as fuel poor pockets are often masked by wealthy neighbours.

5. (b) How should these be addressed?

There is a role for local government here as different areas have different challenges. Local government are likely to be better placed to find those in their area who are fuel poor or homes which are eligible for ECO funding.

The proposed National Retrofit Programme could give local councils the opportunity to tailor supports to encourage the take-up of energy efficiency measures in areas where costs are higher or uptake is low.

6. Taking into account the models and funding sources outlined in section 1.20-1.37, what role might local authorities and other agencies play in bringing about a step change in retrofitting Scotland's housing?

Local authorities have a good knowledge of the demographics of their area, where the fuel poor areas are and what the house types are. Local authorities are also likely to be trusted more than energy companies therefore could play a significant role in working with energy companies to deliver energy efficiency measures in their areas. Local authorities could help raise awareness in the local community as well as specific local projects and working with obligated ECO parties.

7. What role should the Scottish Government play in a National Retrofit Programme?

As described above delivering energy efficiency measures has challenges specific to the local area therefore a beneficial role the Scottish Government could have is to coordinate the role of the local authorities and provide information to them.

8. What role could the devolution of additional powers play in achieving more retrofit?

No comment

9. What further action is needed to achieve the scale of change required to existing homes?

No comment

10. How can we make sure a National Retrofit Programme maximises benefits to all consumers (for example, older people, those from ethnic minorities, those with long term illness or disability)?

SSE believes that the National Retrofit Programme should work with the local

communities, local authorities and energy suppliers to find vulnerable consumers and make sure they are given advice.

11. (a) Should the Scottish Government consider whether a single mandatory condition standard (beyond the tolerable standard) should apply to all properties, irrespective of tenure?

No

11. (b) If so, how would that be enforced?

There are significant challenges associated with enforcing a minimum standard to all properties. Home owners should be able to make their own decision on the efficiency of their homes based on the information available to them.

However SSE does support the principle of requiring consequential improvements in existing buildings. This joined up policy approach to buildings and fabric efficiency is important to encourage homeowners to install energy saving and more efficient measures, with the option of taking out Green Deal finance, where appropriate, at key trigger points such as when doing other building work.

SSE would like to highlight that any obligation placed on building owners which requires them to do work to their property is a sensitive issue, particularly in the domestic sector - therefore a lot of thought needs to go into setting a suitable and fair requirement. However SSE believes that if implemented correctly this could be an extremely successful policy and could encourage property owners to go further than just installing the required improvements.

As noted above SSE supports the introduction of minimum requirements for the private rented sector.

12. (a) In box 6 we identify a checklist for maintaining a quality home. Do you agree with our proposed hierarchy of needs?

Yes  No

12. (b) If you think anything is missing or in the wrong place please explain your views.

SSE agrees in principle however every house is different therefore the hierarchy should meet the needs of the home in question.

13. Should local authorities be able to require that owners improve their properties, in the same way they can require that they repair them? For example, could poor energy efficiency be a trigger for a work notice? Please answer Yes or No and provide further explanation if you wish, for example on how this might work.

Yes  No

*No comment*

14. Should local authorities have a power to enforce decisions taken by owners under the title deeds, tenement management scheme or by unanimity? For example, should they have explicit powers to pay missing shares of owners who are not paying for communal repair work, in the same way they can for agreed maintenance work? Please answer Yes or No and provide further explanation, if you wish.

Yes  No

*No comment*

15. Should local authorities be able to automatically issue maintenance orders on any property which has had a work notice? Please provide further explanation if you wish.

Yes  No

*No comment*

16. Should the process for using maintenance orders be streamlined, and if so, how? Please answer Yes or No and provide further explanation, if you wish.

Yes  No

*No comment*

17. Should local authorities be able to: a. issue work notices on housing affecting the amenity, and b. require work such as to improve safety and security on properties which are outwith a Housing Renewal area? Please answer Yes or No and provide further explanation if you wish.

Yes  No

*No comment*

18. Should local authorities be able to issue repayment charges for work done on commercial properties, in the same way they can for residential premises? Please answer Yes or No and provide further explanation below, if you wish.

Yes  No

*No comment*

19. What action, if any, do you think the Government should take to make it easier to dismiss and replace property factors?

*No comment*

20. What action can be taken to raise the importance placed by owners and tenants on the energy efficiency of their properties?

SSE believes that the following actions should be taken to raise the importance of energy efficiency.

- Increased information
- financial incentives e.g. cash back for the Green Deal
- community engagement

21. Should the Scottish Government introduce minimum energy efficiency standards for private sector housing?

See answer to question 11.

SSE believes that homeowners need to have choice in what measures they install in their homes, and therefore mandation of minimum standards for all housing is would not be the best solution.

However SSE does support the principle of a minimum standard when consequential improvements are undertaken; when selling a property, and in the private rented sector. It also supports minimum standards for all new build properties.

22. How could we amend EPCs to make them a more useful tool for influencing behaviour change to improve energy efficiency?

EPCs need to be clearly laid out and provide advice specific to that house.

23. Are there other key principles that we ought to consider when looking at the possible introduction of regulations?

*No comment*

24. How could regulation be used to support the uptake of incentives?

*See answers to question 11 and 22.*

25. In section 2.68 we identify design options for the standard. Do you have any views on the options set out in that report? Are there other options that we should be considering?

No comment

26. Do you agree that any regulations for private sector housing ought to reflect the energy efficiency capacity of the property and/or location, as is proposed for the social sector?

Yes  No

Yes

27. If you agree with Q26, should houses of the same type in the social and private sectors be expected to meet the same standard?

Yes  No

No comment

28. Are there other specific issues we need to consider in introducing regulation on the energy efficiency of the home for particular groups of people, for example older people, those with disabilities, people from minority ethnic communities?

As explained in question 11, introducing regulation is a sensitive issue. It will be hard to ensure that this is enforced and there is also a risk that vulnerable consumers will be mis-sold to. Therefore SSE does not believe that regulation should be introduced to all homes. However SSE does think there is benefit for minimum standards at the point of sale or in the private rented sector, additionally certain consequential improvements.

The requirements need to be clear and easily understandable to those who are required to increase the efficiency of their homes. An information booklet issued to all private landlords, to home owners when selling properties and to those doing certain improvements to their properties could have value in providing independent advice and a list of contacts.

29. Should we consider additional trigger points to point of sale or rental? If so, what?

Yes  No

Yes, as described above these are sensible times to do improvements to a property.

30. Should rollout of any regulation across the owner occupied and PRS sectors be phased or all at once? If you think that rollout should be phased how do you think this should be done?

Yes  No

It depends on the level of regulation imposed however consideration needs to be given to the supply chain pressures.

31. What other issues around enforcement do we need to think about when considering how different approaches to regulation might work?

No comment

32. In sections 2.76-2.79 we suggest that one way of regulating would be to issue sanctions.

(a) Do you think that sanctions on owners should be used to enforce regulations?

Yes  No

(b) Should owners be able to pass the sanction or obligation on to buyers?

Yes  No

No comment

33. The Scottish Government does not intend to regulate before 2015. The working group will consider what options for timing of any regulation might be appropriate, but, given all the

points set out in sections 2.80-2.81, from when do you think it might be appropriate to apply regulations?

*No comment*

34. (a) In Section 3.4 we describe the range of legislative and policy levers that we believe are available to help us transform the financial market such that it values warm, high quality, low carbon homes. Do you agree that this is the full range of levers?

Yes  No

34. (b) Can you suggest any other ways to help transform the market for more energy efficient, sustainable homes?

*No comment*

35. What changes would be required to current survey and lending practice to enable mortgage lenders to take account of the income from new technology or savings on energy bills?

*No comment*

36. Section 3.15 lists a range of challenges that may prevent the benefits of a more sustainable, energy efficient home being fully recognised in its value. What further challenges, if any, need to be addressed?

*No comment*

37. (a) Sections 3.16-3.22 set out the action that Scottish Government is currently developing to encourage greater recognition of the value of sustainable homes. Do you agree that this action is appropriate?

Yes  No

37. (b) What further action is needed to influence consumers and the market?

*No comment*

38. What steps can we take to ensure that we design and develop sustainable neighbourhoods?

SSE believes that the following should be included in the design:

- decent public transport links;
- local amenities;
- allotment spaces for those with no gardens;
- cycle paths;
- community space (inside and out);
- Secure by Design features;
- community policing enforcement so that public spaces are safe for all;
- Include water saving; and

- energy saving features as standard.

39. Section 4.10 sets out the main challenges to address in taking forward our aim of new build transformation. What further challenges, if any, need to be addressed?

How properties are valued is a significant drawback. Energy efficiency measures such as insulation and any on site microgeneration are not included in the assessment to value the property. This means builders struggle to pass through the additional costs and buyers see little value in these improved measures.

40. What action is needed to increase the capacity for developing and bringing to market innovative methods of construction?

SSE thinks that more can be learnt from other countries. Building regulations should give support for off site construction and make it easier to get planning permission for buildings with proven alternative construction methods. In addition support for the BRE Innovation Park at Ravenscraig to deliver a testbed and educational site for these new methods.

41. What further changes to the operation of the Government's affordable housing supply programme would help to enable it to champion greener construction methods and technologies in the medium term?

No comment

42. What further action is needed to influence the construction industry to make greater use of innovative methods to deliver more greener new homes?

SSE understands that innovators have problems with the time and loopholes they need to jump through to gain accreditation is prohibitive therefore a way of simplifying this process would be helpful.

43. (a) Has Chapter 5 of this consultation identified the key challenges to ensuring Scottish companies have the skills to take advantage of the opportunities expected to be on offer?

Yes  No

43. (b) If not, What other challenges are there?

No comment

44. What further action is needed to ensure there is appropriate investment in skills and training to meet these opportunities?

No comment

45. How can the construction industry be made more aware of the potential funding and support for skills and training development opportunities and engage effectively with those providing training to ensure that it meets their current and future needs?

*No comment*

46. How do we ensure that skills and training opportunities are provided on an equitable basis to all groups in society?

*No comment*

47. Apart from training and skills opportunities are there any other issues that should be addressed to make employment in construction and other industries becomes more representative?

*No comment*

48. Please describe any specific difficulties relating to skills and training that apply to those in remote and island areas and your view on how these may be addressed.

*No comment*