



Scottish Housing
Regulator

**Consultation
Energy Efficiency Standard
for Social Housing 2
indicators**

November 2020

About our consultation

Consultation on indicators for the Scottish Government's new milestone on the Energy Efficiency Standard for Social Housing

Dear Colleague

Today we launch a consultation on our proposed indicators to monitor the Scottish Government's second milestone on the Energy Efficiency Standard for Social Housing.

This consultation will be open until Friday 15 January 2021. We will then reflect on the responses ahead of publishing the outcome by Spring 2021. In tandem with this consultation Scottish Government will be publishing its guidance on EESSH2 which you will be able to find [here](#).

We have been monitoring and reporting on landlords' progress with the first EESSH milestone since its introduction in 2014. Landlords are expected to reach that first milestone by 31 December 2020.

Our consultation sets out how we plan to monitor the second milestone. Currently landlords give us information on four EESSH indicators. We will only collect information that is essential and our proposed indicators will mean a more streamlined and straightforward return for landlords to complete. Our proposed indicators are:

- percentage of homes meeting EESSH2;
- percentage of homes below EPC band D;
- anticipated temporary exemptions from EESSH 2 (for properties below EPC Band D); and
- investment in EESSH2

We aim to publish EESSH2 indicators and accompanying Technical Guidance in the spring of 2021. EESSH2 will not be incorporated into the Scottish Social Housing Charter until Scottish Government reviews it in 2022. So for the first data collection we will issue a form to landlords. The first collection will be on 31 May 2022 and will cover the period 1 January 2021 to 31 March 2022.

The appended paper explains our proposals and how you can participate in this consultation. You can also find this and details of how to respond on our website.

I look forward to hearing your feedback.

Yours sincerely

Michael Cameron
Chief Executive
Scottish Housing Regulator

1. Giving us your feedback

- 2.1 We welcome feedback from organisations and individuals with an interest in our work on four new indicators. These will allow us to monitor and report on landlords' progress with the second EESSH milestone for social rented houses to meet by December 2032.
- 2.2 The second EESSH milestone was confirmed by Scottish Government in June 2019 following a consultation exercise. It states that, "All social housing meets, or can be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent." The standard also says that no social housing is to be re-let below EPC Band D from December 2025, subject to temporary specified exemptions.
- 2.3 We currently ask landlords to provide information on four indicators in their Annual Return on the Charter. We propose to keep the number of indicators to four and streamline the form which landlords will complete. Landlords will make their first submission to SHR on EESSH2 by **31 May 2022**. This will cover the period **1 January 2021 to 31 March 2022**.
- 2.4 When landlords complete their Annual Return on the Charter for **31 May 2021 this will only cover EESSH1**. We will engage with those stakeholders who wish to discuss the proposed new indicators further, as well as considering written responses.
- 2.5 You can respond with feedback by 15 January 2021. We welcome general feedback on our proposals as well as answers to the specific questions we have raised. Please do not feel you have to answer every question unless you wish to do so.
- 2.6 If you wish to respond on a question by question basis, you can find a form to use [here](#). Please email or post your feedback to the address below. Please include your contact details in case we need to check anything with you.
- 2.7 To help make this a transparent process we intend to publish on our website the responses we receive, as we receive them. If you do not wish your response to be made public please let us know. If you are responding as an individual please let us know if you are happy for us to publish your name.
- 2.8 You can send your feedback to us by:

Email: shr@shr.gov.scot

Or post to: Scottish Housing Regulator
Buchanan House
58 Port Dundas Road, Glasgow, G4 0HF

Or please contact us if you wish to submit in an alternative format.

Please note: due to the COVID-19 pandemic our office is closed and there is a delay in us receiving mail which is sent to our office. If you can please send your response by email to help ensure we receive it in a timely way.

- 2.9 If you have any queries please contact us on 0141 242 5642. You will be asked to leave a message, which we will pick up and respond to.

2. Proposed EESSH2 indicators

Background

- 1.1 This paper sets out indicators we wish to consult on to allow us to monitor, assess and report on landlords' performance against the Scottish Government's (SG) EESSH2.
- 1.2 SG introduced the EESSH (referred to in this paper as EESSH1) in March 2014 and set a first milestone for social landlords to meet by 31 December 2020. Following a SG consultation exercise in 2018 the second milestone for EESSH2, to be met by December 2032, was agreed in June 2019.
- 1.3 The EESSH2 milestone and the responses from SG's consultation were considered by the EESSH Review Group established by SG and with membership from RSLs, LAs, representative bodies and the Scottish Housing Regulator. Some strong concerns were raised by consultees and these were incorporated into SG's draft guidance. You will be able to find SG's EESSH2 guidance [here](#).
- 1.4 EESSH2 comes into effect from 1 January 2021 but will not be incorporated into the Scottish Social Housing Charter (the Charter) until SG carries out its next review in 2022. Landlords will provide their first EESSH2 submission to SHR by the end of May 2022, covering the period 1 January 2021 to 31 March 2022. Landlords next Annual Return on the Charter due by 31 May 2021 will cover only EESSH1.
- 1.5 In comparison to the data requirements for EESSH1 landlords will complete a simplified, more streamlined form. It will no longer ask for information to be provided by property and heating type.
- 1.6 EESSH2 will contribute to the requirements of the Climate Change (Scotland) Act 2019, which sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, and 90% by 2040.
- 1.7 The EESSH milestones are defined by the Standard Assessment Procedure (SAP) 2012 methodology recorded in Energy Performance Certificates (EPCs).

1. Indicators

- 4.1 We have four indicators currently for EESSH1:
 - C10 Percentage of properties meeting the EESSH1;
 - C11 Anticipated exemptions from the EESSH1;
 - C12 Energy performance certificates (EPC); and
 - C13 Investment in the EESSH1.
- 4.2 We propose having four indicators for EESSH2. These are summarised below and set out in full at Appendix 1:
 - Percentage of homes meeting EESSH2;
 - Percentage of homes below EPC Band D;
 - Anticipated temporary exemptions from EESSH2 (for properties below EPC Band D); and
 - Investment in EESSH2.

2. EESSH 2 milestones

- 5.1 The EESSH 2 milestone states that, “All social housing meets, or can be treated as meeting, EPC Band B, or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology and necessary consent.” The standard also says that no social housing is to be re-let below EPC Band D from December 2025, subject to five temporary specified exemptions.
- 5.2 SG will carry out a formal review in 2025 to assess progress and confirm any additional requirements of the 2032 milestone. Part of the EESSH2 milestone is that there should be no detriment to the Standard Assessment Procedure (SAP) modelled environmental impact of a building and also to reduce the risk of energy efficiency measures making internal air quality worse.
- 5.3 Landlords are required to collect environmental impact information which is contained in EPCs but the Scottish Government’s guidance makes clear that for the period up to 2025, it will not be required as a formal target to assess landlord performance. Likewise, landlords are required to collect air quality impact data for energy efficiency measures (before and after installation data on carbon dioxide, temperature and humidity). SG plans to develop further guidance on both Air Quality and Environmental Impact.

3. Meeting the EESSH2

- 6.1 In practical terms the most immediate issue for landlords will be to ensure that all their homes are EPC band D as a minimum by December 2025. For properties which do not reach EPC Band D by this date SG’s guidance allows for five temporary exemption categories which landlords should review at least once every five years. These are:
 - **Houses that are currently occupied.** Sitting tenants are not required to vacate property;
 - **Social objections.** Where other tenants or owner occupiers in the building refuse to participate in the installation of energy efficiency measures;
 - **New technology.** An exemption may be appropriate if there are reasonable grounds to consider that improvements in the evaluation of energy efficiency of buildings will recognise the impact of measures that have been installed;
 - **Legal.** If the necessary work required to bring a house up to at least EPC band D cannot be carried out legally, there will be grounds for an exemption; and
 - **Demolition or disposal.** An exemption may be appropriate for homes subject to an approved decision to demolish, or dispose by way of sale, the property by Committee (for Local authorities) or Governing Bodies (RSLs), where the landlord considers that investment is not cost-effective by reason of the intention to demolition or dispose of it.

6.2 The table below summarises which properties landlords can treat as compliant with EESSH2 and what information they will need to evidence this.

Table 1 Meeting EESSH2 by 2032

	Category	Meets EESSH2	SG Guidance	Landlord Requirements
1	Home has an EPC band A or B	Yes		No additional action, home already complies with EESSH2
2	Home can be treated as meeting EPC band A or B	Yes	SG guidance acknowledges that new technology is not always well reflected in SAP assessments.	Landlords should satisfy themselves that an innovation provides tangible benefits for energy efficiency and is in the best interests of tenants. SG guidance gives examples of evidence landlords could use to support this. The EESSH2 form will have a comments box for landlords to briefly summarise this.
3	Properties which are either Band C or D. Home is as energy efficient as practically possible and within the limits of cost, technology and necessary consent	Yes	SG guidance acknowledges that EPC band B will not be achieved for all stock.	Landlords should satisfy themselves that “all reasonable efforts have been undertaken to improve the energy efficiency of the stock”. The form will have a comments box for landlords to briefly summarise this. All measures are “subject to consideration of cost effectiveness”. Landlords should have a policy on cost effective investment. SG’s guidance suggests areas the policy could cover. The guidance specifically reminds landlords that “investment to reduce fuel poverty does not lead to rent poverty”. Tenants and/or owners may refuse to participate in schemes. Landlords should make every effort to inform and explain why work is necessary and explore potential grant support. Landlords should review any decisions that improvement to band B is not technically possible at least once every five years.
4	Home is EPC band E, F or G but is temporarily exempt	No		Show which of the five temporary exemption categories the home is in. We will expect Landlords to be able to evidence this.

3. What happens next?

- 4.1 Once we have reflected on your feedback, we will publish the ESSH2 indicators.
- 4.2 To help make this a transparent process we intend to publish on our website the responses we receive, as we receive them. Please let us know how you would like us to handle your response. If you are responding as an individual, we will not publish your contact details.
- 4.3 We aim to publish ESSH2 indicators; the form we will use to collect information from landlords and supporting Technical Guidance in Spring 2021.

APPENDIX 1

EESSH2 Proposed new indicators for consultation

Indicator 1 : Percentage of homes meeting EESSH2

- 1(i) Total number of homes in scope of the EESSH2;
- 1(ii) Total number of homes in EPC band **A**;
- 1(iii) Total number of homes in EPC band **B**;
- 1(iv) Total number of homes that can be **treated as** meeting EPC Band **A** (i.e. homes where innovative technology provide equivalent benefits but not recognised by SAP);
- 1(v) Total number of homes that can be **treated as** meeting EPC Band **B** (i.e. homes where innovative technology provide equivalent benefits but not recognised by SAP);
- 1(vi) Comments box for landlords to summarise/evidence work re homes at 1(iv) and 1(v);
- 1(vii) Total number of homes in EPC band **C**; (*homes considered to be as energy efficient as possible within constraints of cost, technology and consent*); (**this excludes homes in EPC band E, F or G**);
- 1(viii) Total number of homes in EPC band **D**; (*homes considered to be as energy efficient as possible within constraints of cost, technology and consent*) (**this excludes homes in EPC band E, F or G**);
- 1(ix) Comments box for landlords to summarise/evidence work re homes at 1(viii);
- 1(x) **Total percentage homes meeting EESSH2**. (Auto calculation field - the sum of (ii), (iii), (iv), (v), (vii) and (viii) divided by (i) x 100.
- 1(xi) Total homes where energy efficiency rating is not known.
- 1(xii) Comments box for landlords to explain why they don't know the energy efficiency rating.

Indicator 2: Percentage of homes below EPC band D

- 2(i) Total number of Homes in EPC band E, F or G
- 2(ii) **Total percentage of homes below EPC Band D**. (Auto calculation field - 2(i) divided by 1(i) and multiplied by 100.
- 2(iii) Comments box. Give a brief description of plans for these properties. For example, energy efficiency improvements planned before 2025 deadline or plans to dispose by way of demolition, sale or transfer.

Indicator 3: Anticipated temporary exemptions from EESSH2 (for properties below EPC Band D)

- 3(i) Total homes that are currently occupied;
- 3(ii) Total homes that are subject to social objections;
- 3(iii) Total homes where it's anticipated that improvements in evaluation will recognise new technology measures;
- 3(iv) Total homes where legal issues prevent work;
- 3(v) Total homes where demolition or disposal is proposed
- 3(vi) Total anticipated temporary exemptions from EESSH2. (Auto calculation field – the sum of 3(i) to 3(v) inclusive.
- 3(vii) percentage of homes in scope which are temporarily exempt (Auto calculation field - 3(vi) divided by 1(i) multiplied by 100.)
- 3(viii) Comments box. This can be used to provide further information on Indicator 3.

Indicator 4: Investment in EESSH2

- 4(i) The total number of homes brought up to the EESSH2 during the reporting year;
- 4(ii) The percentage of homes in scope of EESSH2 which were brought up to the standard in the reporting year. (Auto calculation field – 4(i) divided by 1(i) multiplied by 100.
- 4(iii) Amount invested in bringing homes up to the EESSH2 from subsidy;
- 4(iv) Amount invested in bringing homes up to the EESSH2 from the landlords own resources;
- 4(v) Amount invested in bringing homes up to the EESSH2 from another source;
- 4(vi) Comments box. If investment came from “another source” please describe this.

General

- 3.1 Comments box for any additional information or explanation landlords would like to provide about EESSH2.

Appendix 2

Consultation on indicators for the Energy Efficiency Standard for Social Housing 2: Consultation questions

We welcome your general feedback on our proposals as well as answers to the specific questions we have raised. Please do not feel you have to answer every question unless you wish to do so.

Send your completed questionnaire to us by **15 January 2021**.

By email @: shr@shr.gov.scot

Or post to: Scottish Housing Regulator
Buchanan House
58 Port Dundas Road, Glasgow, G4 0HF

Name/organisation name

Address

<input type="text"/>		
Postcode	Phone	Email

How you would like your response to be handled

To help make this a transparent process we intend to publish on our website the responses we receive, as we receive them. Please let us know how you would like us to handle your response. If you are responding as an individual, we will not publish your contact details.

Are you happy for your response to be published on our website?

If you are responding as an individual ...

□□□

Please tell us how you would like your response to be published.

Pick 1

Publish my full response, including my name

Please publish my response, but not my name

1. Is there anything not covered by the proposed indicators? (if yes, please explain)

2. Are there any indicators that you feel are not appropriate and, if so, why?

3. Is there any information we ask for that you feel does not need to be included or that we have been missed?

4: Would you like to make any other comments or suggestions about our proposed indicators?

Thank you for taking the time to give us your feedback!



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