



# Consumer Focus Scotland's response to the Scottish Government's consultation: Developing an energy efficiency standard for social housing

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respondent  
information for EESSF

# About Consumer Focus Scotland

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Consumer Focus Scotland is Scotland's independent consumer champion.

Our work is about helping to improve energy, post, water, digital, legal and many other essential public and private sector services in Scotland.

This means securing a fair deal for consumers by promoting fairer markets, more responsive public services and improved customer service. It also means using our statutory powers to investigate when things go wrong.

These are tough times for consumers and the most vulnerable are those who are most dependent on essential services and those in need of help and protection. That is why we are doing all that we can to support those who need our help most.

Our wins for consumers help put money back in people's pockets and improve lifeline services now. Importantly, we are also making the big arguments to shape the best possible services for life in 21<sup>st</sup> century Scotland.



# Developing an energy efficiency standard for social housing

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## Consumer Focus Scotland Response

### Introduction

Consumer Focus Scotland welcomes the opportunity to respond to this consultation.

Scottish Government data show that the social housing sector has made considerable progress in improving energy efficiency in recent years, driven by a combination of the existing Scottish Housing Quality Standard and the need to ensure tenants have access to affordable warmth.

Despite this welcome progress, increasing energy prices have meant that levels of fuel poverty in the sector have remained relatively high. It is therefore timely and appropriate to consider what more can be done in terms of energy efficiency to help reduce fuel poverty in the sector, while at the same time helping reduce climate change emissions.

In our view, energy efficiency work in the social housing sector also has wider relevance. The parallel Scottish Government consultation *Homes that don't cost the Earth*, to which we have also responded, highlights the progress which has been made in improving Scottish housing through loft and cavity wall insulation. Although Scottish Government data show that there is still more to do to widen take-up of these low cost measures, particularly cavity wall insulation, it is clear that increasing emphasis will now be placed on more complex measures, such as solid wall insulation, microgeneration and district heating.

As with any new technology, there will be barriers to overcome in the early stages of adoption. These barriers are likely to include issues around consumer understanding and acceptability on the one hand, alongside industry capacity and market development on the other.

We believe that the social housing sector is already leading in the adoption of these technologies, in both new and existing housing. While delivering benefits directly to tenants, adoption of new standards and new technologies to meet them also helps address wider barriers and builds capacity to deliver wider Scottish and UK Government policies, such as the National Retrofit Programme (NRP) and the Green Deal.

We expand, below, on these points in answer to some of the specific questions raised in the consultation; we concentrate on those questions which are not aimed specifically at social landlords.

## **WHY IS A NEW STANDARD NECESSARY?**

**Q1: Do you have experience, or know of, social landlords acting as 'pioneers' in addressing energy efficiency?**

**If 'yes' please provide details, including any web links / contact details.**

Following from our introductory comments above, we believe that the social housing sector has led, and continues to lead, on the adoption of a number of new technologies. For example, we recently published *21<sup>st</sup> Century Heating in Rural Homes*<sup>1</sup>. This report looked at the experience of social landlords and tenants' use of renewable heating systems in properties without access to mains gas.

The report shows that these technologies can deliver affordable warmth for tenants but, at the same time, emphasises the importance of supporting tenants to understand and get the best from the new technologies, alongside technical aspects of installation. Case study social landlords highlighted in the report have clearly learned from their experiences to provide lessons which are transferable both to other social landlords, and, more widely, to the private sector. We believe that this is a valuable role, because it highlights how new technologies can help vulnerable or disadvantaged consumers, as opposed to take-up being concentrated among better off groups.

**Q3: What has been your experience in improving properties in mixed tenure estates? If you have developed solutions to work with owners and / or private sector tenants, please provide details.**

One of the key questions in relation to the adoption of energy efficiency measures in urban Scotland is the question of how best to deal with multi-tenure tenements. We recently commissioned research on this area, and are seeking views of social landlords, both councils and housing associations, as part of this work. The Scottish Government is represented on the steering group for the study, and we hope our research, when complete, will help address this question.

**Q4: 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?**

**If yes, are the suggested potential benefits broadly the right ones? Are there any others you would suggest?**

**If no, why is this? How would you suggest we increase tenant awareness of the importance of energy efficiency?**

**Q5: 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.**

**Q6: Do you think the implementation of the Standard will cause an undue financial burden on any particular equality group?**

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<sup>1</sup> <http://www.consumerfocus.org.uk/scotland/publications/21st-century-heating-in-rural-homes>

## **Q7: What else would you suggest to help tenants better manage their energy consumption?**

Consumers across all housing tenures are increasingly concerned about energy costs. However, our forthcoming research shows that, while actions in response are becoming more common, there remains a gap between concern about costs and adoption of energy efficiency actions and measures. We consider that tailored advice which reflects the circumstances of individual households is a critical part of the response needed, alongside installation of physical measures.

We therefore agree with the proposal (section 4.12) that the new standard should include a duty on social landlords to encourage tenants to reduce their energy consumption; we are aware that a number of social landlords, on a discretionary basis, already provide this type of service<sup>2</sup>. The experience of delivering advice more widely will also be relevant to the development and delivery of the proposed National Retrofit Programme (NRP).

Advisers delivering the service should receive training in supporting and working with different minority or vulnerable groups, to ensure the service is accessible by all tenants.

Sections 4.14 – 4.15 note that smart meters will be rolled out from 2014; as stated in 4.15, we agree that smart meters can offer advantages, but that information and advice for tenants will be necessary to ensure benefits are delivered in practice. Advice could easily be incorporated into ongoing energy services, as outlined above.

We would also suggest that a face to face advice service provides wider opportunities to integrate support for tenants on other relevant issues, such as advice on energy tariffs, income maximisation, and on Scottish Government policies, such as water efficiency or waste minimisation.

## **DEVELOPING THE STANDARD**

**Q8: Do you think that the example case studies will be helpful or not in taking forward the Standard? If you think they are helpful:**

- **Are these the right range of dwelling types to be represented?**
- **Are there any other types (including hard to treat) that you would like to be included? If yes, please state type and reasons for inclusion**

The list of case study archetypes is helpful. There are obviously other, less common house types omitted from the list, such as those with different types of solid wall construction, but we appreciate that questions 18 and 20 explore this issue.

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<sup>2</sup> See, for example, <http://www.g-heat.org.uk/> and <http://www.cunninghame-housing.org/wider-action/heat.aspx>

**Q9: What are your views on using the SAP / RdSAP methodology for regulating energy performance in the social rented sector?**

SAP / Rd/SAP approaches have the advantage that they are well understood. However, research<sup>3</sup> shows that consumers are much more concerned about energy costs than about environmental impact, and it is also critical that any modelling used to assess energy use reflects the real world situation, including aspects like the real thermal performance of solid walls, and the effects of the Scottish climate.

We would therefore suggest that:

- The Energy Efficiency rating, rather than the environmental impact rating, from Energy Performance Certificates (EPCs) are used to guide decision making, as that will ensure that costs for tenants are minimised,
- In line with proposals for the Green Deal, EPC ratings should be adjusted to reflect the Scottish climate, rather than a generic GB average, and real, rather than modelled data on the performance of different types of solid walls should be used.

**PROPOSED ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING**

**Q12: Taking into account the reasons above, do you agree that establishing a minimum Environmental Impact Rating for the main dwelling types is the most practicable format for the standard? If not, please explain why?**

**Q13: 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?**

As noted above evidence shows that consumers are more concerned about energy costs than about associated environmental impacts. Although we agree that these drivers will almost always result in the same actions, we appreciate that there could be circumstances when different measures could be required to reduce costs or to minimise emissions. In such cases, it would be better to prioritise the solution which delivered the lowest running cost for tenants. This would imply that the standard should be based on the energy efficiency rating, rather than the environmental impact rating.

**Q15: Do you think that the ratings above are suitably challenging? If not, please give explanations and suggest more suitable ratings.**

**Q16: Do you think the suggested energy efficiency rating for electrically heated detached homes and bungalows undermines the SHQS? Please explain.**

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<sup>3</sup> Scottish Environmental Attitudes and Behaviours Survey, Scottish Government 2008; and As easy as EPC? Consumer views on the content and format of the energy performance certificate; <http://www.consumerfocus.org.uk/uncategorized/as-easy-as-epc-consumer-views-on-the-content-and-format-of-the-energy-performance-certificate>

Scottish Government data show that rates of fuel poverty among consumers using gas central heating are lower than for those using electric heating<sup>4</sup>. Electricity also has a higher carbon impact per kW hour than gas<sup>5</sup>. It therefore seems counter-productive on both counts to set lower targets for electrically heated houses, and we would suggest that this approach should be reconsidered.

**Q17: What are your views on whether all social rented dwellings should be heated by gas, electricity or renewable heat sources by 2030?**

As noted above, Scottish Government data show clearly that rates of fuel poverty are higher among consumers using heating oil, LPG or solid fuel. Further, the price of heating oil, in particular, is directly linked to the price of crude oil and is therefore volatile<sup>6</sup>. We therefore agree that the use of these fuels should be phased out.

**Q18: Do you think that either of the options above should be reconsidered?  
Y/N**

We agree that neither of these options, for the reasons given, would be suitable for use as a mainstream standard. As suggested, however, we appreciate that there will be particular house types for which the second approach could be useful; it is important that an approach is put in place which seeks to provide benefits for all social housing tenants.

**Q19: Do you agree that the standard should apply to all individual homes, and not be aggregated across a landlord's stock? Is this practicable?**

We agree that the standard should apply, as far as possible, to all housing stock, so that all tenants benefit from improvements.

**Q20: Do you agree that the approach to unusual dwellings outlined above could offer a reasonable way forward for applying a standard to these dwellings?**

**Do you agree that the percentage reduction should correspond to Climate Change targets and be set at 42%?**

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

Following from Q19, we agree that the approach to unusual dwellings seems sensible. We believe that, as with the existing SHQS, it would be appropriate to set an aim for absolute energy performance which would mean tenants can heat their homes at affordable cost. A percentage reduction in emissions would have different impacts on affordability depending on the starting point of each individual house.

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<sup>4</sup> Scottish House Condition Survey,

<http://www.scotland.gov.uk/Topics/Statistics/SHCS/Downloads>

<sup>5</sup> <http://www.defra.gov.uk/publications/2012/05/30/pb13773-2012-ghg-conversion/>

<sup>6</sup> <http://www.boilerjuice.com/heatingOilPrices.php>



**Q21: Do you think there should be exceptions to the proposed energy efficiency standard? If so, how should they be treated?**

The proposed exceptions seem sensible.

## **MEASURING AND MONITORING PROGRESS OF THE ENERGY EFFICIENCY STANDARD**

**Q25: Are there any other data sources you could suggest to monitor the proposed energy efficiency standard?**

**Q26: Would you welcome the Scottish Housing Regulator 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?**

**Q27: Are there any other costs associated with monitoring landlords' progress towards the energy efficiency standard?**

Our recent research on experience of the use of microgeneration by social landlords and tenants highlights the needs both for support for tenants, as discussed in Q7 above, and also for monitoring to take place of the installed performance of energy efficiency measures. We therefore suggest that the new approach should be backed up by 'in-use' case studies, including (anonymous) information on actual bills and tenants' experiences. This information will help inform delivery of similar projects by social landlords elsewhere in Scotland and, in the longer term, any future revisions to the policy.

We appreciate that there will be a cost to case study monitoring, and we would suggest that, given the information will be of use across the sector and beyond, it would be appropriate for the Scottish Government to contribute towards that cost.

We do not have a view of on the organisation best place to monitor delivery of the strategy, but we would emphasise that the information needed to monitor delivery of the strategy should be accessible to all of those with an interest in energy efficiency, fuel poverty and climate change.

## **TIMESCALES FOR THE ENERGY EFFICIENCY STANDARD**

**Q28: Should there be regular milestones to measure progress towards 2050? If so, what dates would you suggest?**

**Q29: Do you agree that setting the longer-term milestones should be deferred until progress towards 2020 can be reviewed?**

It seems sensible to encourage landlords to bear long term goals in mind while delivering progress towards medium terms milestones, not least because the majority of measures installed will be in place for decades.

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