

REPORT TO: NEIGHBOURHOOD SERVICES COMMITTEE - 11 SEPTEMBER 2017

REPORT ON: ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING (EESH) / EXTERNAL WALL INSULATION (EWI) UPDATE

REPORT BY: EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES

REPORT NO. 277-2017

1. PURPOSE OF REPORT

The purpose of this report is to update members on progress towards meeting the EESH Standard to the end of March 2017 .The Standard aims to encourage landlords to improve the energy efficiency of their stock supporting the Scottish Governments vision of warm, high quality, affordable, low carbon homes for all.

2. RECOMMENDATIONS

It is recommended that Neighbourhood Services Committee notes progress towards meeting the EESH standard in the Councils housing stock as detailed in this report.

3. FINANCIAL IMPLICATIONS

3.1. The main mechanism for improving the thermal efficiency of the Council's housing stock and delivering compliance with EESH is the External Wall Insulation (EWI) programme. The programme costs are met by three funding streams: Home Energy Efficiency Programme Scotland – Area Based Schemes (HEEPS-ABS), Energy Company Obligation (ECO) from the utilities companies and the Council's Housing Revenue Account (HRA) Capital budget.

The table below shows the funding since the inception of the EWI programme at the end of financial year 2013/14. The Planned funding for 2017/18 includes £3.116m of additional funding for Energy efficiency works in 2017/18 agreed as part of the rent setting for 2017/18.It also includes £1.885m for carry forward of those projects that did not complete in 2016/17 as planned.

	HEEPS-ABS	ECO	HRA Capital
2013/14	£1.500M	£0.544M	£4.100M
2014/15	£1.700M	£0.697M	£4.176M
2015/16	£2.465M	£0.379M	£4.300M
2016/17	£1.960M	£0.240M	£3.250M
2017/18 Planned	£1.345M	£0.360M	£10.587M
Total	£8.970M	£2.220M	£26.413M

4. MAIN TEXT

4.1. Compliance

The EESH Standard is based on minimum EPC (Energy Performance Certificate) Energy Efficiency Ratings. These vary depending on the type of property and the fuels used for heating and are detailed in the table below. The targets are measured by Standard Assessment Process (SAP) ratings.

Dwelling Type	Gas SAP	Electric SAP
4 in a Block	65	65
Houses (other than detached)	69	65
Tenement	69	65
Detached House/Cottage	60	60

Compliance as at 31st March 2017 is shown in the table below

Dwelling type	Gas	Electric
4 in a Block	1121 (79.3%)	12 (33.3%)
Houses (other than Detached)	1876 (59.3%)	23 (25%)
Tenement	5453 (71.6%)	80 (45.5%)
Detached House	30 (83%)	0

Overall compliance is **68.6%**, comparative average figures for Scottish Local Authorities are not available at this time

As with the Scottish Housing Quality Standard (SHQS) there is an option to apply for temporary exemptions for individual dwellings where it is not possible to meet the standard for the following reasons:

- Excessive/disproportionate cost
- Social reasons
- Potential disposal
- Unable to secure funding

At this stage temporary exemptions have been identified at Dudhope Court MSD and at the timber houses at Linlathen. This reflects the difficulties of finding a solution at proportionate cost of meeting the EESSH standard at these locations however this will be reviewed as the programme progresses and the target date for achievement of EESSH (31st December 2020) approaches. The future requirement for temporary exemptions will depend on levels of external funding and the level of agreement of owner occupiers to works in mutual blocks as well as finding cost effective solutions for the locations highlighted above.

4.2 Programmes to meet EESSH

Under the EWI programme to March 2017 2,596 houses had been insulated including 842 owner occupied dwellings. This programme is being delivered in partnership with Scottish and Southern Energy (SSE) who have provided £1.86M of ECO funding to the programme. In addition to this during the same period £7.625M of HEEPS funding was utilised to ensure that there was no cost to owner occupiers in the programme and that as a result of this the maximum number of tenants in mutual blocks could benefit.

There are other ongoing programmes which positively impact on the energy performance of the stock including heating replacement, in particular where an electric heating system is being replaced by energy efficient gas central heating and roof replacement providing enhanced levels of insulation.

Once works are complete all residents who have benefited from the External wall insulation programme are offered a visit from an energy adviser from the DEEAP team to ensure that heating systems are set in such a way to maximise savings whilst ensuring comfort. The opportunity is taken at this time to carry out a Customer satisfaction survey on how the works were carried out and for the residents view on the complete package from initial information /consultation stage to completion.

The EWI programme is particularly welcomed by householders. EWI enhances the thermal efficiency of people's homes increasing comfort levels, reducing fuel bills, tackling fuel poverty

and reducing carbon emissions. An additional benefit is the positive uplift in the overall appearance of estates.

Results from the ongoing customer satisfaction surveys have been very encouraging. Of the responses received in 2016/17 residents have reported that 88% of them feel their home warms up more quickly and 93% were completely satisfied with the work carried out in the programme. Furthermore as an overall measure 82% of residents reported that they can now afford their heating bills

4.3 **Governance and Risks to successful delivery**

The Council's governance of progress towards EESSH is headed by an EESSH/SHQS Project Board chaired by the Executive Director of Neighbourhood Services and attended by other Heads of Service involved. A Risk Matrix is in use for consideration by the Board which tracks all identified risks to compliance and utilises a traffic light system to identify urgent actions and other risks that should continue to be monitored. At present all risks are green and adequately managed, there are no red or amber risks on the matrix. The risks monitored are:

- Meeting EESSH by 2020
- Insufficient external funding
- HRA Capital resources insufficient for tenanted properties in EWI programme
- Reliable information on EESSH
- Future changes to HEEPs /ECO
- Non participation of owners
- Inability to comply with EESSH on non traditional house types

The two major risks to delivery from the matrix are those that are not wholly under the control of the City Council, these relate to external funding and any future changes to the HEEPS and ECO income streams. Although the HEEPS grant for 2016/17 reduced to £1.238M this had been mitigated by an award to the council of a national underspend of HEEPS in 2015/16 and additional funding for 2016/17 amounting to £722,000 which had to be spent by the end of May 2017. Dundee City Council was successful in bidding for this additional funding due to the Council's ability to initiate projects through the framework with SSE. The Allocation of HEEPs for 2017/18 has been confirmed as £1.345M. An opportunity to bid for a further grant of up to £75,000 has arisen and a bid is to be submitted

A review of EESSH and HEEPs is currently underway by the Scottish Government which may change the availability of funding for energy efficiency works including their scope and criteria. An early outcome from this process has led to the launch of a Pilot Scottish Energy Efficiency Programme (SEEP) which focuses on non domestic energy savings and how these can link in with the domestic sector. This pilot is in place until 2019.

5. **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of sustainability, Strategic Environmental Assessment, Anti Poverty, Equality Impact assessment and Risk Management. There are no major issues.

6. **CONSULTATIONS**

The Council Management Team have been consulted in the preparation of this report.

7. **BACKGROUND PAPERS**

None

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14 August 2017