

ITEM No ...2.....

REPORT TO: NEIGHBOURHOOD SERVICES COMMITTEE - 22 AUGUST 2016
REPORT ON: ENERGY EFFICIENCY STANDARD FOR SOCIAL HOUSING (EESH) / EXTERNAL WALL INSULATION (EWI) UPDATE
REPORT BY: EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES
REPORT NO. 249-2016

1. PURPOSE OF REPORT

1.1 The purpose of this report is to update members on progress towards meeting the EESH Standard to the end of March 2016. 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

2.1 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.

	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 (planned)	£1.885M	£0.240M	£3.250M
Total	£7.550M	£1.860M	£15.826M

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 (inc multi storey flats)	69	65
Detached House/Cottage	60	60

Compliance as at 31st March 2016 is shown in the table below

Dwelling type	Gas	Electric
4 in a Block	1706 (73.2%)	13 (38.2%)
Houses (other than Detached)	1830 (55.7%)	6 (27.3%)
Tenement (inc multi storey flats)	4561 (66.2%)	27 (42.2%)
Detached House	22 (61.1%)	0

Overall compliance is on target at 64.5% this compares to an average of 64.7% for Scottish Local Authorities reporting to the Scottish Housing Network¹.

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 no exemptions have been identified or applied for however this will be reviewed as the programme progresses and the target date for achievement of EESSH (31st December 2020) approaches. The requirement for temporary exemptions will depend on future levels of external funding and the level of agreement of owner occupiers to works in mutual blocks.

4.2 Programmes to meet EESSH

Under the EWI programme to March 2016 1,786 properties had been insulated including 842 owner occupied dwellings, a further 1,100 multi storey flats have previously received external insulation and district heating through CESP and ECO schemes. This programme is being delivered in partnership with Scottish and Southern Energy (SSE) who by March 2017 will have provided £1.860M of ECO funding to the programme. In addition to this £7.550M of HEEPS funding has been utilised to ensure that there is no cost to owner occupiers in the programme and that as a result of this the maximum number of tenants in mutual blocks do 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. Over £26 million has been invested in heating replacement over the last 4 years.

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 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.

The opportunity is also 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.

¹ <http://bnchmark.shbvn.org/core/Reporting/Benchmark%20Query%20Tool.aspx>

Results from the on going customer satisfaction surveys have been very encouraging. Of the responses received so far, residents have reported that 91% of them feel warmer in their homes and 88% were completely satisfied with the work carried out in the programme, with up to 88% of respondents turning their heating down. Furthermore as an overall measure between heating bills over the same period for the year prior to EWI being installed, 97% of residents reported their heating bills have reduced.

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. The Council has been successful in being awarded £1.238 million HEEPs – ABS funding from the Scottish Government for 2016/17 as well as a national underspend amounting to £647,002 which has to be utilised by the end of September 2016. 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.

A review of HEEPs and ECO is currently underway by the Scottish and UK Governments 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 2018.

Potential locations for External wall insulation have been provisionally drafted until the deadline for EESSH compliance (December 2020). Locations are prioritised by solid wall / non traditional hard to heat properties within areas recording the highest Scottish Indices of Multiple Deprivation (SIMD) indices. These locations will be subjected to further Energy assessments to ensure that the properties in greatest need are prioritised for work required to comply with the deadline for 2020. Locations that already comply but remain hard to heat and so continue to contribute to fuel poverty levels will be addressed post 2020. These priorities are subject to sufficient levels of external funding being made available from the Scottish Government and Utilities Companies.

5. POLICY IMPLICATIONS

- 5.1 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

6.1 The Chief Executive, Executive Director of Corporate Services, Head of Democratic and Legal Services and all other Chief Officers have been consulted on the preparation of this report. No concerns were expressed.

7. BACKGROUND PAPERS

7.1 None.

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2nd August 2016